

**LEONID GRININ AND  
ANDREY KOROTAYEV**

National Research University  
'Higher School of Economics'

**POPULATION  
AGEING IN  
THE WEST**

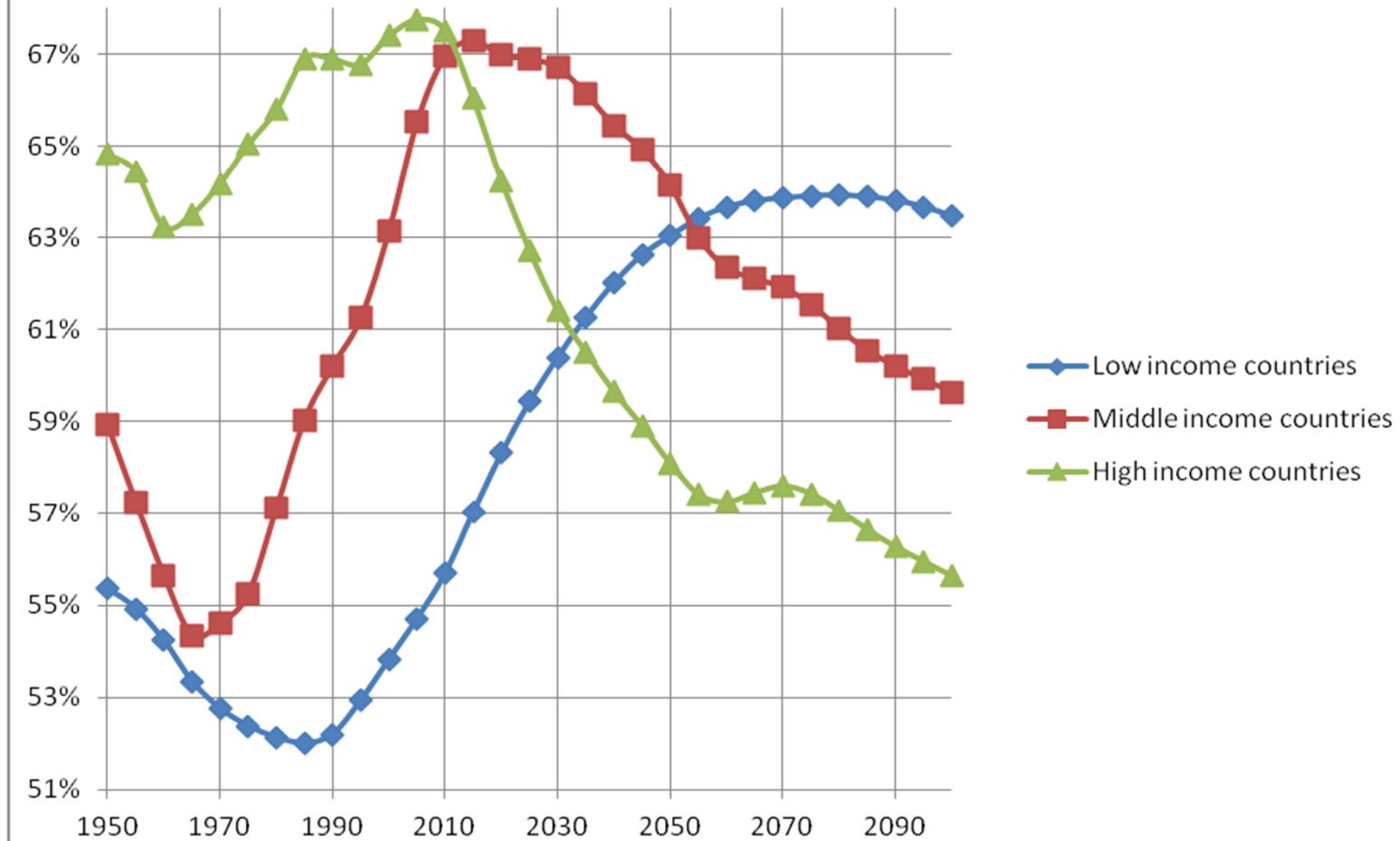
**AND THE GLOBAL  
FINANCIAL  
SYSTEM**

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# Human capital and population ageing

- In the West the rapid population ageing actually devaluates the national human capital in every developed country.
- The situation with demographic structure of human capital in the First world and the Third one is different.
- While the West has apparently depleted its demographic dividend, many developing countries, in fact, are only accumulating it.

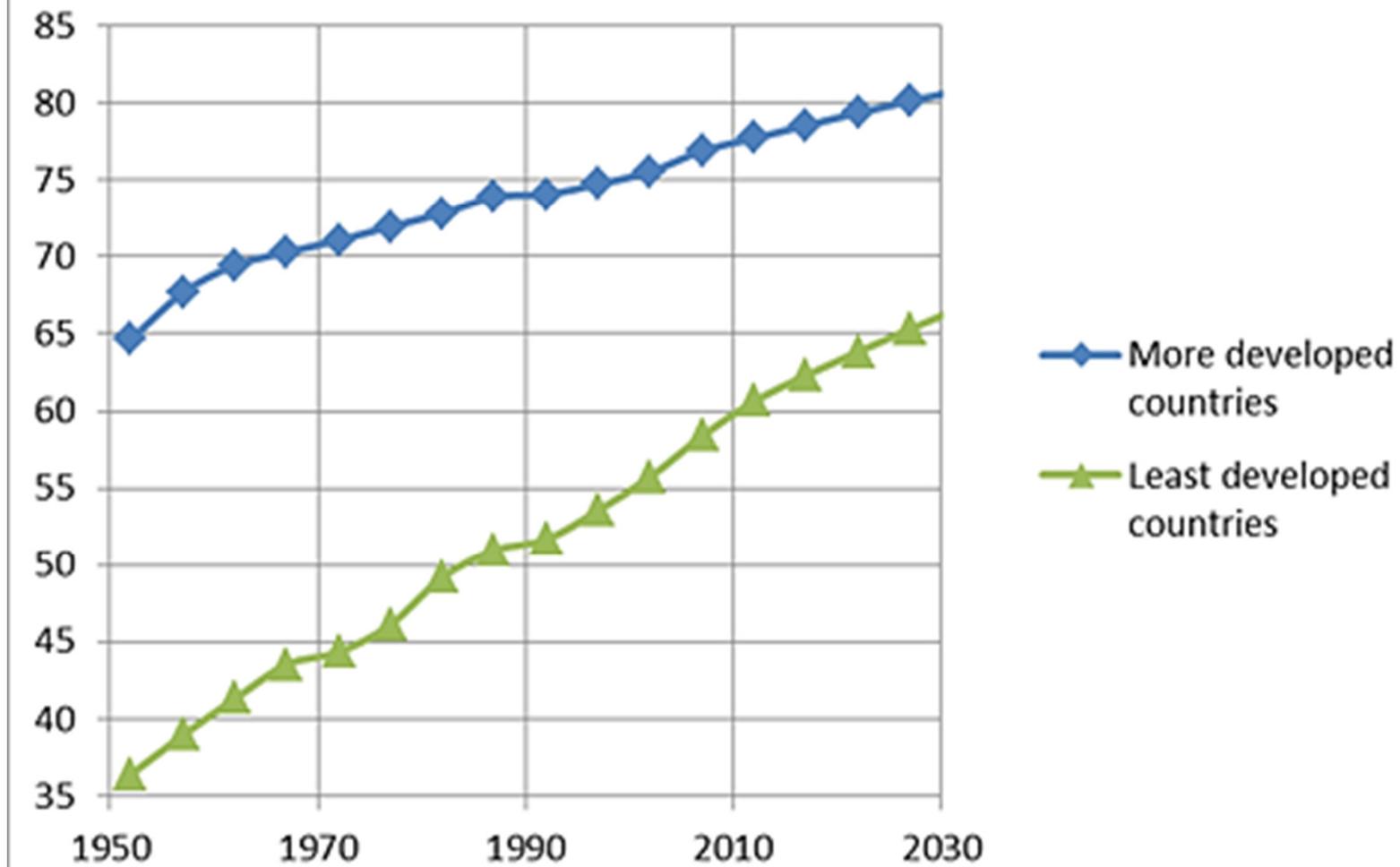
## Working age population percentage in total population



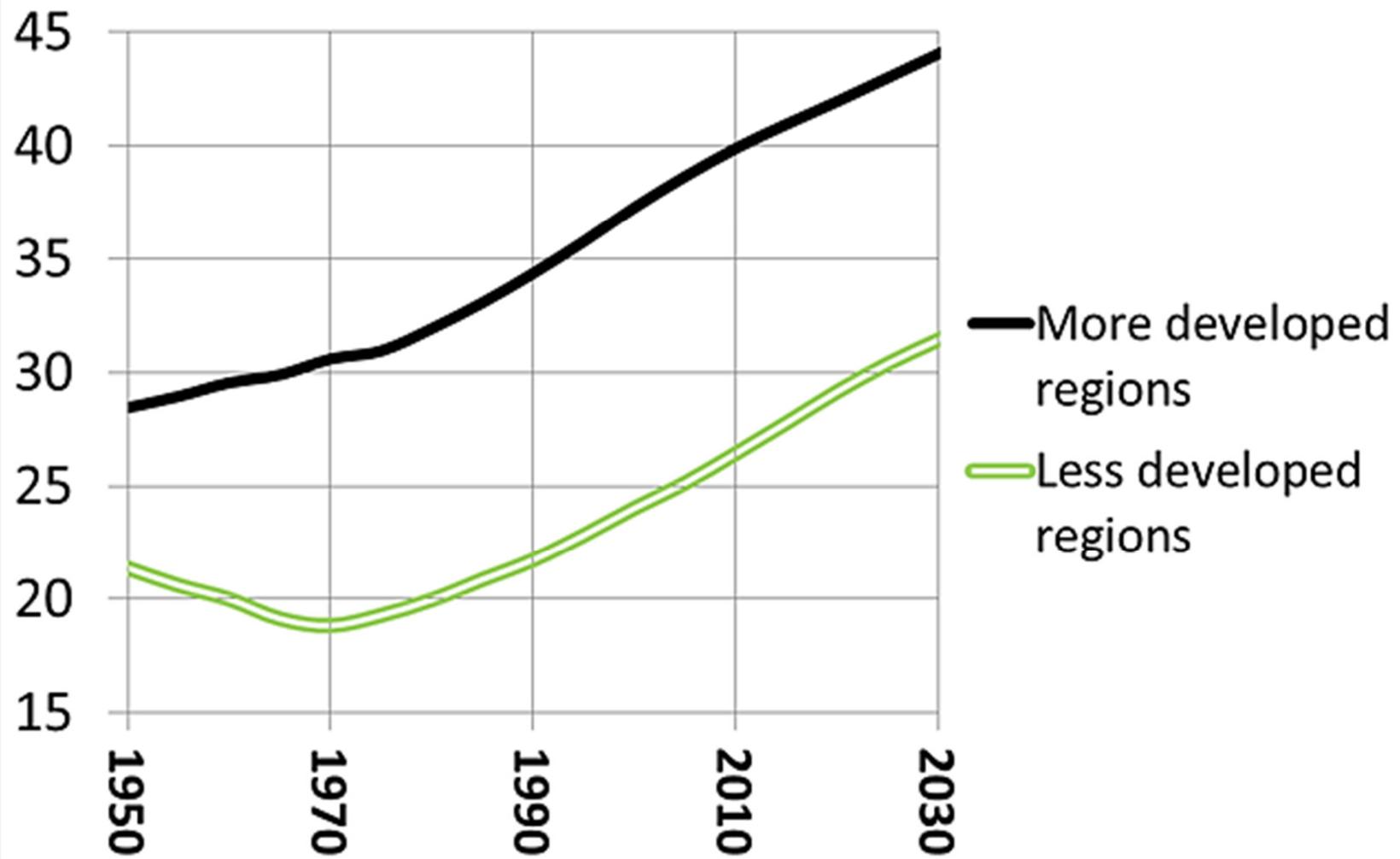
# Demographic dividend and economic growth

- Due to the current differences in the demographic structure and potentialities of the demographic dividend, the developing countries will get the most important advantage in the coming decades.
- It will favor growing convergence between the developed and developing countries, whose growth rates at least in the next two decades will be on average higher than those of the developed countries, although this process can proceed irregularly.

## Life expectancy at birth, years



## Median age, years



# Is the West moving to gerontocracy?

- The number of older people per working age adult will increase. This will evidently lead to the decline in living standard and increasing tension between generations.
- The older population will form the major part of voters and increase its influence to the politicians. The transition to such a sort of gerontocracy also poses many other threats to a society and to its homogeneity, because older people are more apt to conservatism which may reduce focus on innovation.

# The ways to solve the problems

It will possible to trace the following opportunities for the solution of the specified problems:

- The increase of retirement age and active rehabilitation of the disabled people.
- The increase of the number of immigrants in the developed countries. Still the opportunities of this pattern to a large extent are depleted. Besides, it leads to the erosion of the society's major ethno-cultural basis.

# The ways to solve the problems

- The development of labour-saving technologies, in particular of robot techniques for nursing and care for elderly and disabled people. This will allow a partial reduction of expenses for care and different services, but it can hardly bring a complete solution of the problem of scarce resources.
- Finally, the development of the financial system opens another way to the solution of the pension system problems.

# Some weak points of the financial system

- The random and extremely rapid development of new financial centers and financial flows.
- The non-transparency of many financial instruments, which led to the actual concealment of risks and their global underestimation.
- An excessive level of public debt in many developed and developing countries combined with ineffective use of credits.