

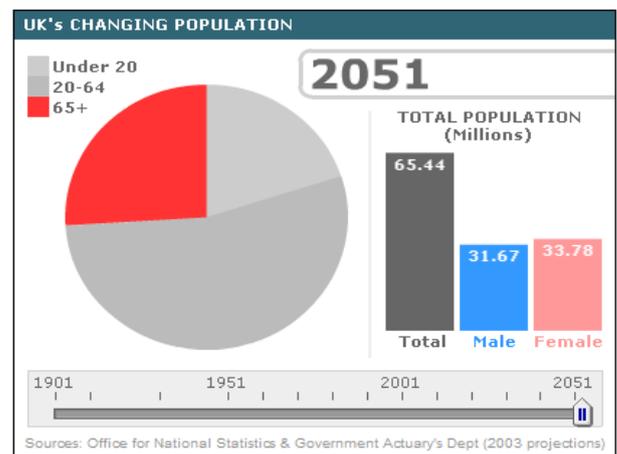
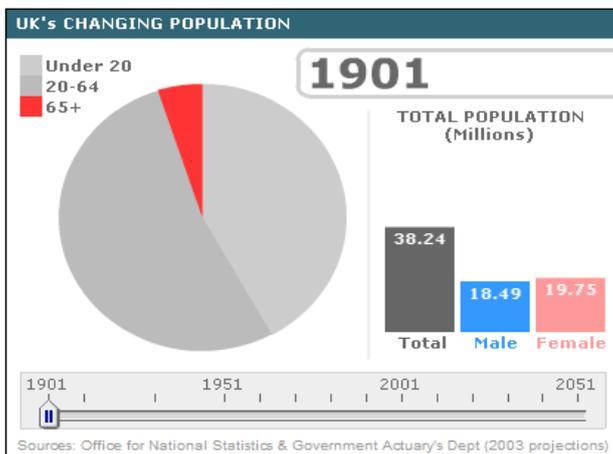
What is the issue?

The “baby boomers” were a section of the UK population born during a period of rapid population growth and social change during 1946-64 with **17m births recorded** in Britain alone during this period. Those born at this time are now beginning to reach retirement age and are set to have a dramatic effect on the people, society and the economy of Britain.



As the baby boomers now approach retirement, the proportion of elderly people in the UK is rising. The issue is that the **UK's population is ageing**. For the first time ever in 2007 the number of people over 65 outnumbered those under 16. Indeed, there will be a 61% increase in the number of people aged over 65 in the UK by 2032 (ONS 2008). This change will bring a range of impacts for the UK. This booklet has been designed to help you investigate,

- What causes an ageing population,
- The positive and negative impacts an ageing population brings for individuals, the economy and society,
- How the UK is adapting to an ageing population.

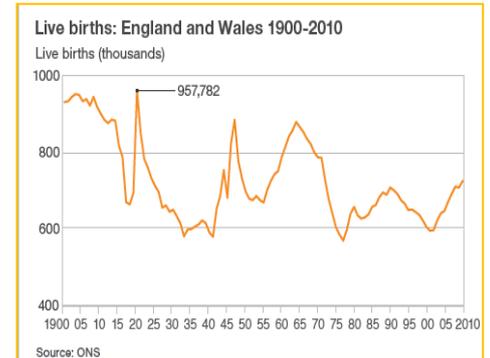


Describe the recent population issue you have investigated. (2 marks)

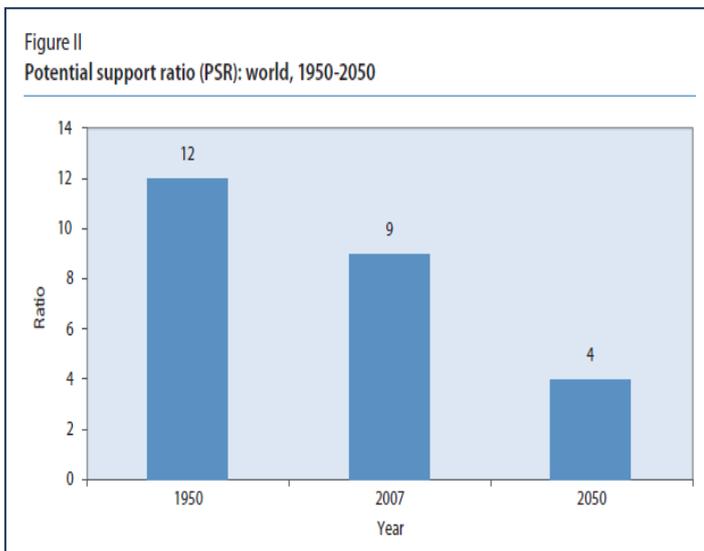
What are the causes of this issue?

There are two big causes of this population change,

- **Low/declining birth rates** - Women in the UK are having fewer children than previous generations. Women in UK are currently having 1.9 children, the highest figure since 1973, but far lower than 2.93 in 1964.
- **Rising life expectancy** – People are living longer, through improvements in health, diet and early preventative care. During the 20th Century, life expectancy increased by 30 years!



In the coming decades increased pressure will be placed upon both the British Pension and the National Health Service (NHS). With the retirement of the baby boomers, older people will increasingly become dependent on a declining population of a working age. There are currently 4 people of working age supporting each pensioner in Britain, by 2035 this number is expected to fall to 2.5, and by 2050 to just 2. The number of people of working age in relation to retirees is known as the '**dependency ratio**'.



The graph opposite came from a recent UN report into ageing populations across the world. Potential support ratio (PSR) is the number of working (non dependent people in a population supporting each person over 65.

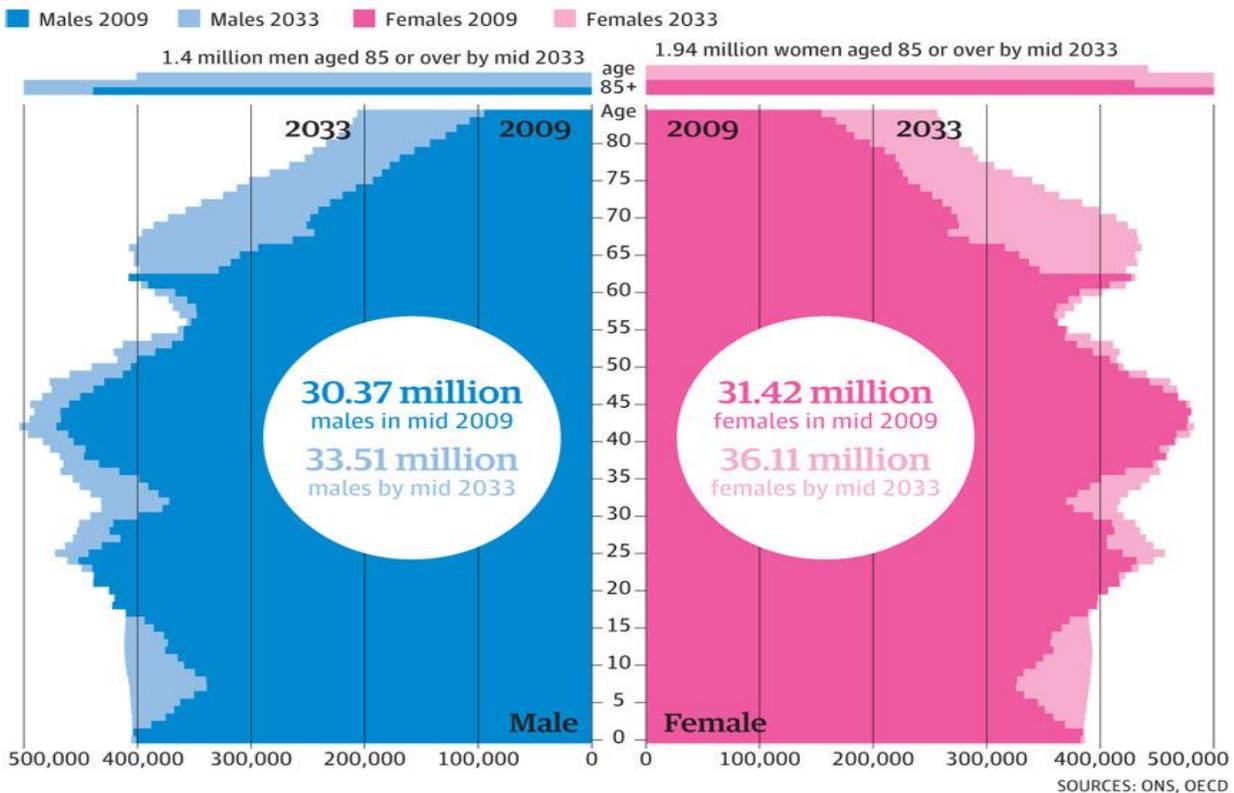
These are PSR figures for the entire planet; the ageing population issues facing the UK will soon affect many other MEDCs around the world including Germany, Italy, Spain and Japan.

What are the causes of the recent population issue you have investigated? (4 marks)

What are the short- and long-term impacts of this issue?

The changing shape of the UK

Age structure of the UK population



A population pyramid showing the changing shape of the UK population. Notice the increase in the over 60's between 2009 and 2033.

A main concern is that with the retirement of the baby boomers, the number of people of a working, taxable age will shrink or become stagnant. This could result in gaps in the jobs market, with businesses and public services lacking the workforce required.

With the elderly being the fastest growing age group in Britain, increasing pressure is being put on healthcare and social services. A report in 2005 said a key aim of government policy should be to encourage people to remain active, engage in regular exercise and refrain from behaviours that could have a detrimental effect on their health.



Some politicians think a more sustainable approach to dealing with the issue for the NHS would be a change of emphasis to prevention rather than cure, and the need to ensure the NHS benefits from new and innovative technologies. **Think – Why would a change of emphasis to prevention rather than cure help the NHS cope with an ageing population?**



Government savings is another potential dilemma; societies must save to be able to allocate funds for investment for the future, in such things as factories, offices, transportation, schools, energy and hospitals. If the Government not save enough to compensate for the shortfall in tax earnings, then a shortage of savings could seriously affect economic performance.

The recent economic crisis and the downturn in the global economy has come at a particularly difficult time, affecting older citizens dependent on their own resources. It also risks delaying a comprehensive policy to managing the ageing of our society. **Think – Why might the recent recession mean a delay to a policy on our ageing population?**

For individuals, the issues focus on the shortfall of retirement savings; the financial crisis is damaging house values, and the collapse of interest rates in Britain is affecting those who had chosen to save over the past decades.

For society, a main concern is the provision of health and social care services, the nature of work and the workplace, and the investment made in education and lifetime skill formation. These all require further funding, whether from the tax system, other public expenditure savings, public-private initiatives or economic growth. The next few years are expected to be very difficult following the downturn in the global economy, and with less and less money, making decisions regarding public spending is now especially difficult for the government.

Think – Why might

- **the provision of health and social care services,**
- **the nature of work and the workplace,**
- **the investment made in education and lifetime skill formation**

be significant issues for a society with an ageing population?

For the economy, the challenge is to generate growth and financial resources needed to meet age-related spending needs. The rescue of the banking system has dramatically increased public debt. The question now is how will we cope with paying the bill for age-related spending?

What are the short and long term impacts of the population issue you have investigated? (6 marks)

Are there any positive impacts of the population issue you have investigated? (4 marks)

How is this issue managed?

The 'maturing' of global societies is certainly a major achievement, with people today living far longer and healthier lives than previous generations. This demographic change offers opportunities to harness the experience, expertise and creativity of such an historically large number of older people.

There are various options available to both government and private companies to deal with the ageing of Britain's population. It is however, essential that now the best economic, social and political structures are developed to avoid a catastrophe.

The Age and Employment Network (TAEN) – say that this change in demographics provides great opportunity for businesses. **Tapping into a wider pool of talent, experience and skills** enables businesses to increase productivity, build competitive advantage and improve the bottom line.

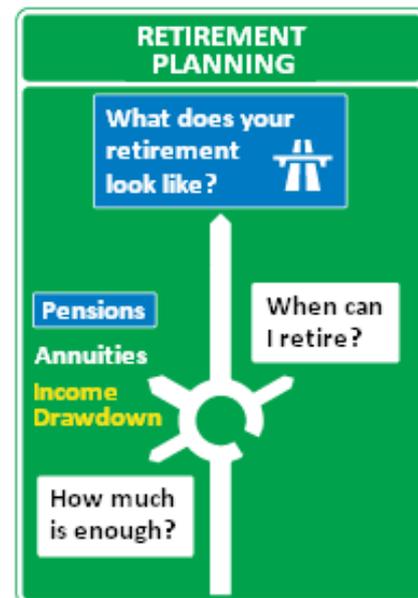
Increasing the age of retirement is a politically and socially controversial policy. The UK Government has recently introduced proposals to raise the age you claim for a state pension. The state pension age for women will gradually rise from 60 to 65 between 2010 and 2020. For both men and women it will rise further, from 65 to 68, between 2024 and 2046.

Forcing people to save a proportion of their income has been suggested as a way of solving the UK's pension crisis. Many people seem to favour this option, provided that their employers contribute as well.



Another option is to **encourage higher labour force participation**. In developed economies, a high percentage of men of working age tend to work, however participation rates are relatively lower for women and older workers aged 55-64.

Special efforts will be required to make it more attractive for both women and older workers to **stay on at work** or to find economically useful and personally challenging work once they approach or pass the age of retirement.



A further option is the **immigration of skilled labour**, which can help boost the labour market in general or specific types of skilled labour. But Britain would be required to drastically increase its current level of immigration of economically active workers to offset the impact of demographic change. This could certainly add further stress to an already controversial area of political debate.



Explain the options for managing the population issue you have investigated? (6 marks)

Which two government options do you think will be the most sustainable in terms of managing the issue of an aging population? Explain your choice. (6 marks)

How do you think the recent population issue you have investigated will develop in the future? (4 marks)

Explain why different groups of people will have different opinions regarding the population issue you have investigated. (6 marks)