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American School Foundation of Monterrey



Economic and Social Council

Topic: Protecting the development of the global economy from aging populations

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I. Committee Background

The Economic and Social Council (ECOSOC) is one of the six primary organs of the United Nations (UN). Its main purpose is to coordinate the diverse economic, social, cultural, educational, and health programs of the UN. To do this, the council works with non-governmental organizations (NGOs), occasionally inviting them to their meetings to gain insight on pending problems occurring across the world. The council consists of 54 member states and the General Assembly selects 18 new members each year which serve 3-year terms. Additionally, in order to properly address all topics, this council divides itself into a series of commissions that specialize in specific areas of social development. Some of these include the Commissions on Human Rights, Sustainable Development and Narcotic Drugs. Contrary to how many organs of the United Nations function, ECOSOC has no binding resolution; this means that they are passed on to the General Assembly to be considered as recommendations for all countries to adopt. Member countries are elected to serve in three-year terms by the General Assembly and are chosen strategically to achieve full regional representation. The Council meets once a year, during a six-week-long session held in either Geneva or New York. During these meetings, voting procedures are done by a simple majority of votes, each state having a single one.

II. Introduction

Description and Definition of the Topic

Various countries from all over the world, especially in Asia and Europe, have increasingly aging populations. This entails a dramatic increase in the share of older people in the population, which is a large transformation and the first instance of this economic issue at this scale, causing grave issues in society and financial markets. However, as recent as the issue is, the protection of the global economy's development from aging populations has been an issue for decades and already has worldwide effects. Some specific problems developing due to aging populations are economic recessions, declines in productivity, and a general shortage of labor supply. However, the aging of the population affects all aspects of society including health, social security, socio-cultural activities, family life, and education.

While the global population has almost always been slowly shifting its age balance towards the elderly side of the scale, the scale of this current trend is an outlier in demographic history. While a 2012 report published by the United Nations argued that this trend is one of humanity's greatest recent achievements, most governments didn't properly see the scale of the

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issues incoming, and consequently, global infrastructure is not prepared for such a drastic demographic fluctuation.

The Problem

Aging populations currently pose a threat to the fiscal and macroeconomic stability of various countries, as they lead to increased government spending on pension, healthcare, and social benefit programs. These expenses add to the large amount of public spending which lots of countries already have and which affects their ability to support elderly programs in the long-term, by minimizing their “investments”. As such, government revenues also decrease, accentuating the problem, because there is a net decrease of citizens receiving an income which may be taxed.

Naturally, as life expectancy increases due to medical innovations, and the legal retirement age stays the same, the dependency ratio of those which are working-age to those retired will increase. For instance, in the US in 1970 there were said to be ten workers for every citizen above the age of 64. Now, by the start of 2050, the anticipated estimate is hardly four workers (Nikolova, 2016). As a result, governments will be forced to divert their public spending on their elderly instead of other aspects such as infrastructure and education (Nikolova, 2016).

Moreover, an aging population might lead to the overall reduction of workers, lowering firms’ supply and creating an increase in wages, leading to a rise in inflation. Such an effect would also be augmented by the fact that those retired would draw on their savings and no longer add to them, increasing the ratio of money spent versus that saved. This presents a serious challenge for governments, as minimizing inflation is never clear cut and there’d be no easy way to ensure fiscal and macroeconomic sustainability in the long run despite the issue.

Additionally, the problem is getting worse, as this year the amount of people that were 65 or older accounted for 20% or more of the population in only three countries, but by only 2023 this number is expected to rise to 34 countries (Borji, 2016). Such an alarming rate is guaranteed to significantly affect the economies of those nations, especially as few have prioritized this issue and prepared for it.

III. History of the Topic

Chronological History of the Topic

After the 18th century, the world underwent an exponential population growth due to a sudden rise in birth rates, eventually reaching its peak in 1968 after certain setbacks (Roser, Ritchie, & Ortiz-Ospina, 2013). In the beginning, as the industrial revolution introduced the ideas of child labor and new economic stability, families saw having multiple children as an economic advantage, as they could all contribute to the family’s overall income. At this point in time, the notion of child rights was uncommon, and most children were viewed as young adults which had a responsibility to help provide for their family. Furthermore, the industrial revolution was accompanied by a boom in the medical field which saw a stream of steady developments in children's medicine, decreasing the infant mortality rate considerably.

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The 19th century's wave of rights movements also led to the realization that children require special protections. Due to increased birth rates, governments began paying more attention to children, as they were the driving sector of demographic growth; as such, reforms affecting the rights of children came to be proposed. With France serving as a pioneer, laws to abolish child labor and promote education began surfacing between 1841 and 1881. From that point on, children became a common topic in global politics, until the Declaration of the Rights of the Child was drafted by the League of Nations in 1924 (Humanium, n.d.). Birth rates, nevertheless, kept rising since the turn of the century, eventually reaching their peak for numerous countries during the “Baby Boomer” generation of the 1950s and 1960s.

The political turmoil of the Cold War coupled with the introduction of China's infamous One Child Policy led to a sharp decrease in fertility rates, which also coupled with the increased rates of women education & birth control (Roser, 2014). However, the formerly high birth rates had already created quite large populations, plus global life expectancy doubled during the 20th century, creating a chain of events leading to increases in the elderly population (Roser, n.d.). After this change in demographic distributions began, the ever-increasing global spending on education seemed misguided, as some argued governments should have begun focusing on preparing their infrastructure for their increasingly elderly populations.

It wasn't until 2002 that governments recognized and united to act on this issue, when the Madrid International Plan of Action on Ageing was drafted and approved. This paper encourages governments to act upon the issue by considering the rights of the elderly, with the purpose of improving infrastructure and provide equal opportunities for aged populations (UN Department of Economic and Social Affairs, 2017). While the declaration was widely supported by a number of governments, the United Nations still encourages stronger action.

Since then on, however, single countries have worked on numerous measures to prevent the problem from escalating, mainly through incentivising stabilized birth rates. In 2017, for example, China finally decided to abolish its controversial one child policy, as its fertility rate was down to around 1.5 children per woman (Gallagher, 2018). Additionally, the United States Social Security Administration published a report in 2005 in which it proposed measures aimed to continue providing benefits to the ageing population without being impacted by a decrease in taxpayers. This would primarily be achieved by raising the retirement age and using the techniques of “longevity indexing” and “progressive price indexing” – these measures slightly lower retirement benefits but protect those of workers below the 30th percentile (Reznik, Shoffner, & Weaver, 2005).

Historical Case Studies

China's One Child Policy

During the 20th century, China was on track to reach 1 billion citizens. Due to fears of an overpopulation crisis, the government implemented its famous “One-Child Policy” (OCP) in 1979. The policy was simple, it would limit families to one child – with few, specific exceptions – through the implementation of harsh economic punishments and forced family planning

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methods (Pletcher, K., 2019). The implementation of this policy, though, was uneven across the nation; urban areas were usually more gravely affected by the policy, leading to forced abortions and abandoned children.

It succeeded, however, in that birth rates rapidly decreased with the implementation of this program, plummeting from 2.81 to 1.51 after the policy's 20th anniversary. Due to this quick decrease, China's demographic structure shifted just as sharply, and by the 21st century, the country's dependency ratio was skyrocketing each year, as the demographic group of prime workers kept shrinking in relation to the rest of the population (Wharton School, 2018).

The most evident, lasting impacts of China's OPC today are the economic impacts, both at the macroscopic and microscopic scales. Families across China faced drastic financial problems after the implementation of the OCP, as the average fine for a second child was 2 years of a family's income. Families in rural areas were also deeply impacted, even if they didn't follow the policy as strictly, as it still limited their ability to have children and posed constraints on the number of family members they had that could work (Huang, W., 2017). This caused the national economy itself to suffer significant impacts, although most of them were not tangible until the 21st century, when the OCP-affected generation began reaching the working age.

As China's older generations begin to retire, the workforce will keep lowering significantly, and although unemployment rates will decrease and the financial situations of individual workers will likely improve, the government must find a way to prevent companies from being negatively impacted from the future lack of employees (Kuepper, J., 2019). Some solutions that have already been implemented in China include the implementation of the two-child policy in 2015 and the increased efforts to develop artificial technologies in order to satisfy industrial needs (Wharton School, 2018).

South Korea

Over the last few decades, South Korea has also been facing a population issue where they are having a rapidly aging population, as well as low fertility rates, which will have a large impact on their economy in the future. South Korea has the fourth largest economy in Asia behind India, China, and Japan but due to population ageing this situation could be gravely affected and could leave the nation with difficult problems to resolve. In addition to aging populations, South Korea has one of the lowest fertility rates averaging just 1.1 children per woman, which is a very low amount when compared to the world average of 2.5 (Quick, 2019). This wasn't always the case, as in the early 1950s, South Korea had an average of 5.6 children per woman, which then sharply declined.

The underlying problem in South Korea comes from the fact that children are born at a slower rate than the people dying which clearly doesn't stabilize the population. There are several reasons why this is occurring, one of which is the "sam-po" generation. The word "sam-po" means giving up relationships, marriage, and children. Due to the rise in popularity of this phenomenon, many people are avoiding relationships at all and focusing on more so on their own lives. In the 1970s, this was the complete opposite, as 90% of women in the age of 25-29

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were married. Now, only 23% of women in the same age range are married (Quick, 2019). These statistics are a clear indicator of how South Korea has changed drastically from the past socially, and faces some serious economic implications due to the rise of the aging population in their country.

Japan

Japan's population problem has existed for decades. A population estimate recently conducted by the Health, Labor, and Welfare Ministry points to Japan's accelerating decline in population, caused by fewer births in the country; the number of babies born in the year 2018 was calculated to be about 921,000; this is 25,000 less than the previous year, 2017, and it's the third year that the birth rate falls below the 1 million mark ("Facing challenges of a shrinking, aging population", 2019). The decline of the population has been attributed to multiple factors, some of these include changing lifestyles, people deciding to get married later in their life or not getting married at all, and the economic insecurity and instability of their younger generations in modern times – which leaves couples hesitant to have children.

Due to these problems, a Japanese policy has called for a phaseout of the mandatory retirement-age system, which is present in Japanese businesses and organizations. The government wants to encourage more elderly people to remain in the workforce for as long as possible. Therefore, they are planning to extend the system's retiring age from the age of 65 to possibly 70. Policies and social system reforms that can support the shrinking and aging population are needed in Japan, seeing as the drastic drop in birth rate and the aging of the population over time is leaving Japan without a young workers, leading to economic/financial insecurity and problems in its workforce.

United States

In the United States, low fertility rates have demonstrated to be an immediate cause of an unbalanced ratio of young workers and retired elders, leading to feeble levels of financial security and high rates of unemployment.

Historically, during periods of economic crisis, fertility rates in the country were prone to decline. Thus, during the Great Depression, the United State's fertility rates dropped from 3.2 to 2.1 births per woman. The recovery of said birth rates was promptly followed by another recession; the 1970s energy crisis where birth rates dropped to a low of 1.6 (Mather, 2012). Furthermore, since 1973, the legalization of abortion in some US states has caused a significant decrease in childbirth.

As fewer children are being born, there will be insufficient laborers to sustain the rapidly aging population, especially when it comes to the country's keystone Social Security program. For instance, in 1980 there were 5.0 workers paying the Social Security fund for each retired elder, which lowered to 4.6 in 1995. This difference might seem insignificant, but that margin continues to rise exponentially. The ratio of workers to retirees is predicted to draw closer to 3:1; a situation hard to imagine. It is estimated that by 2025, the United States will use over half of

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the government's budget to be able to afford Social Security and other benefits retirees are presumed to obtain (Clowes, 2017).

Past UN Actions

Since this issue began relatively recently, the United Nations rarely visited it throughout the organization's first decades. Yet, some of their resolutions drafted prior to the late 1970s had a significant influence on the current increase of aging populations. Throughout this period, the United Nations was pressured by member states to counter what were seen as alarming overpopulation rates; therefore, in 1968, Resolution XVIII on the Human Rights Aspects of Family Planning was approved. In short, this resolution—coupled with the 1969 Declaration on Social Progress and Development — promoted education on the subject of birth control and guaranteed access to the resources needed for efficient family planning campaigns (United Nations, n.d.). However, once fertility rates began to decline during the late 1970s, the United Nations realized that this trend would continue until the demographic balance shifted towards older populations.

In 1982, the United Nations hosted the first World Assembly on Ageing, where the Vienna International Plan of Action on Ageing was officially adopted. The United Nations' approach to this issue mainly focuses on reintegrating aged workers into the labor market and society as a whole; therefore, some of the measures proposed by the Plan of Action aimed to tackle problems such as the lack of income security for aged workers, labor-related discrimination against the elderly, and the absence of high-quality health care. While this plan was part of a non-binding General Assembly resolution, the ECOSOC's Commission for Social Development monitors the implementation of this plan every four years in order to suggest new measures needed to achieve its original objectives. Keeping these recommendations in mind, the United Nations drafted a follow-up act called the Principles for Older Persons, which reiterated the points made in the 1982 Plan of Action while also encouraging member states to stop using mandatory retirement strategies and allow the elderly to decide when they want to abandon the workforce (Ontario Human Rights Commission, n.d.).

By the end of the 20th century, a total of 32 General Assembly resolutions regarding the issue of aging populations had been approved; nonetheless, the resolutions that managed to raise awareness among the globe efficiently were those proposed during the late 1990s (Department of Economic and Social Affairs, n.d.). Resolution 50/141 officially declared 1999 as the International Year for Older Persons, during which various United Nations bodies organized events to raise awareness on the issues faced by the elderly, while also working hard to persuade governments to adopt measures to ensure the rights of this demographic group. Furthermore, 1999 showed increased involvement in this issue, as multiple agencies—such as the UN Department of Public Information and the United Nations Research Institute for Social Development—began doing research into solutions & campaign in order to contribute to the efforts laid forth by the General Assembly (United Nations General Assembly, 1996). All the contributions made throughout that year eventually helped the International Labor

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Organization to organize relevant solutions for the problem, which were then proposed at the 2nd World Assembly on Ageing (ILO News, 2002).

Later on, in 2010, the UN implemented resolution 65/182, which helped establish “The Working Group” with hopes of strengthening the protection of the human rights of older people. This group’s proposals consisted of creating a feasible framework to ensure the implementation and protection of these rights across the globe. Moreover, the Working Group worked alongside the Human Rights Council in order to implement this framework into each respective nation.

Recently, the United Nations held an assembly to address the rising number of people aged 60 or older, which was already 962 million in 2017, reaching more than double the 382 million people in the 1970s (World Population Aging, 2017). This led to the creation of the 2030 agenda for Sustainable Development for Older persons, which is a universal plan to ensure that older persons are taken into account and looks to fulfill everyone’s human rights. Furthermore, this resolution will help seamlessly integrate the elderly as “active agents of societal development” in order to obtain sustainable outcomes. In essence, the UN believes that solving the problems of aging populations could be vital to help solve other issues such as poverty, gender equality, and economic growth, which is the reason why this issue is significant (Ageing, Older Persons And The 2030 Agenda For Sustainable Development).

IV. Key Players and Points of View

Japan

Japan is the perfect example of a demographic time bomb. The number of babies born in the country has dropped dramatically in recent years, reaching 946,060 in 2018 - the second consecutive year in which the birth rate dropped under 1 million (Berke, 2018). Nonetheless, the number of deaths in the country hit a postwar high, reaching 1.3 million people, which is due to Japan’s aging population. An aging population like Japan’s poses numerous problems for the government and the country’s financial stability; for instance, the nation will have to spend more on healthcare, there will be a shortage of pension and social security related funds, as well as a lack of young people to care for the elderly. That is not the only problem, however, as an aging population means that there is a lack of young people to enter the workforce. As such, as the elderly retire there are fewer people with jobs, lowering the performance of the country’s economy. Fertility rates in Japanese women have also dropped; in the 1970s, Japanese women would typically have 2.1 kids; but today, that number is 1.4, far below the rate at which Japan could maintain its population (Berke, 2018).

Japan’s rural population has also been dispersed in recent years, contributing to the problem. Since most people move to cities in search of jobs, where an aging populations vacate these spaces, rural areas are being vacated. Older people living in these rural areas have less access to basic necessities, the most important of them being healthcare. The rural population is expected to keep declining; according to data from the U.N., the estimate is a decline of 17% in merely 12 years (between 2018 and 2030). Furthermore, the decline will continue after that short period of time, with the population falling 2% annually in the 2030s (Takeo and Dormido,

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2019). By the 2040s, the rural population in Japan is expected to be smaller than in any other country except Bulgaria and Albania; in the midst of this, it is predicted that hundreds of small cities and towns will become completely vacated. Many people currently living in rural areas have already reported a struggle with obtaining the basics of life, with a survey of people living in these areas showing that 80% reportedly struggled to obtain groceries, citing the aging population as the main reason for their struggle. As schools and businesses keep closing in these areas, people flock to cities in search of a better life with higher-quality standards of living.

It has been reported, however, that Japan launched a new economic policy package in 2017 addressing the problem. This plan has been tailored to supply system innovations such as robots and human resources developments, and finally, a social security system not only for the elderly and youth, but also for Japan's working-age generation; this way, they can be provided with child support and nursing care (Ingber, 2018). Robots have been implemented in many Japanese locales such as restaurants, stores, and banks. The International Monetary Fund (IMF) stated in 2017 that due to the aging population, robots will be found in places such as schools, hospitals, and even temples (Ingber, 2018). Also, due to Japan's economic problems caused by the aging population, many couples do not conceive children because of the simple fact that they can't afford to do so.

Germany

As the world's fourth-largest economy, the rising challenge of an aging population demands proper attention, being that the failure or success of Germany will have an enormous impact on the global economy. Germany is known for its productive workforce and for having the highest income per capita in Europe; nevertheless, what is inhibiting economic prosperity is the rising longevity of the population and falling fertility rates. Since World War II, the number of German women who did not conceive a child expanded from one in ten to one in every three (Kirschbaum, 2010). Additionally, in regards to life expectancy increase, 40 years ago, the citizens at the age of 60 were estimated to live up to 76 years; however, today they are expected to live up to 81 (Jackson, 2003). The five-year increment has increased the cost of public pension by approximately one third.

Similarly, the support ratio between working-age residents and retirees has plummeted and is presumed to keep decreasing, falling from 4.3 in 1950 to a current ratio of 2.6, and possibly dropping again to 1.4 in 2040 (Ferguson, 2019). In order to transcend labor demand induced by the demographic decline – according to a study conducted by the Institute for Employment Research and the University of Coburg – Germany will require at least 260,000 new immigrant workers every year until 2060. However, the study claims that only 38,000 immigrants ended up joining Germany's workforce in 2017. In other words, Germany is only getting 16% of the immigrant workers they need for their economy to withstand the aging population (DW, 2019).

Moreover, what poses a severe problem in Germany, is that its welfare state is known to be one of the largest and most overpriced in comparison to other countries. For instance, after

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retiring, citizens get 70% of their pay replaced, in opposition to the usual 40% in the US (Ferguson, 2019). In the near future, Germany's authorities will be investing in the well-being of its elderly citizens four times more than what they currently spend on national defense. In 1972, the Basic Population Pension Plan was amended, as the option of early retirement was introduced. Consequently, the retirement age has decreased, even though life expectancy has increased. Most countries such as the Netherlands, Switzerland, and the United Kingdom heavily rely on private pension systems, which form 75 to 125 percent of its GDP. On the other hand, Germany's private pension system amounted to a low measure of 15% of the GDP in the year 2000 (Jackson, 2003). Thus, the elderly in Germany are solely dependent on the government's pay-as-you-go state system, established shortly after WWII.

Past solutions implemented by Germany to strive to control the problem have entirely been directed towards increasing migration and private pensions. For instance, the coalition government has enforced new legislation making it easier to hire immigrants in order to abate illegal migration and enhance Germany's workforce (Germany VISA, n.d). Respecting the importance of balancing both private and government pensions, Labor Minister Walter Riester introduced the Reister reform in 2001. The new legislation was keen on the expansion of private pension options, and encouraging workers to provide some extent of financial security for themselves for when they retire. The Riester Reform generates an auspicious view; however, only 2.1 million individuals have bought the Reister pensions out of the 31 million people eligible. Therefore, without participation, any reform will do no good (Jackson, 2003).

Greece

Greece has been facing a myriad of issues concerning their aging population due to a low birth rate and a high life expectancy. It has been reported that by 2050 the population will dramatically change, where it will drop by between 800,000 and 2.5 million. Currently, the fertility rate in Greece is 1.26 compared to 1.49 in the European Union. This number is very low seeing that in order to maintain a stable population, the fertility rate must be at least 2.1 (Bouloutza, 2018). This is a clear indicator for Greece's urgency to find a quick solution to avoid any severe impact on the nation. In addition, a study conducted by the International Day of Older Persons showed how the negative migration balance will also contribute to the reduced population in the future. eAging populations have put Greece in a very difficult position moving forward because of the economic issues.

Another major issue in Greece is the fact it has the world's weakest pension system due to several reasons such as sovereign debt, low retirement ages, and high ratio of pensioners to workers. Specifically, citizens of Greece and the government were at a standoff due to issues with the pension system and were forced to reduce pensions. This in turn had the goal of reducing early retirement as well as addressing the loopholes for some jobs that allowed this mishap. However, Greece still faces the issue of not having enough money to fund pensions. Because of this, there are over 400,000 pension applicants awaiting their response which will add to the list of the 2.65 million pensioners in Greece (Ghelani, 2012).

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Recently, Greece was on the spotlight due to the welfare fraud that was occurring in the nation. The government revealed how thousands of dead greeks were still receiving pension. The number came to be around 4,500 people in total and it costed around 20.5 million dollars a year for the taxpayers (Nardelli, 2015). This event even caught the attention of the international community which then forced Greece to immediately switch their pension system. Greece's new policies focuses on decreasing early retirement to avoid any future mishaps.

China

Due to the frightening impacts of the infamous One-Child Policy, China currently faces an aging population crisis. While the OCP was eventually abolished, the government insisted on restricting births by implementing a two-child policy. However, even with the two-child policy, birth rates kept stagnating, primarily due to women's increased involvement in China's economic expansion. If the current trend continues, the population will reach a peak point in 10 years and begin a rapid decline. Afraid of these statistics, a pension consultant group has urged the government to take measures in order to tackle this issue, which it deems China's most significant economic challenge (Campbell, 2019).

In a desperate attempt to encourage the population to have more children, the Chinese government introduced multiple pieces of legislation regarding family planning. While contraceptive devices used to be readily available in China, the government recently began controlling their supplies in order to prevent widespread use of these family planning methods. Furthermore, the government is employing intense propaganda to pressure single people & couples who do not desire to have children (Campbell, 2019). The Chinese government's backup plan is to make sure future generations of workers are as productive as possible; therefore, the government has boosted funding for education and promoted the Healthy China 2030 initiative (Gietel-Basten, 2019).

However, academics across China contend that their government should also focus on the economic aspect behind this issue. For instance, multiple experts have suggested that social maintenance fees—which are fees imposed on families who breach the TCP—should be replaced with procreation fees, which would encourage larger families by providing them with economic incentives and removing financial limits that made life with large families complicated. This proposal caused an intense backlash, primarily as the population believed that if single children have to maintain their whole families, extra financial pressure should not be placed on them (Campbell, 2019).

While the private sector recently began investing in better pension & retirement strategies, the fact that most citizens cannot afford these plans only creates a more significant disparity among the population. Furthermore, big corporations fearing for their future have begun investing significant capital into technology and the automatization of labor, which would help companies but decrease the opportunities for Chinese workers. However, China's premier Li Keqiang approved a financial strategy that will provide economic support to companies dedicated to developing new technologies for the labor market (Yang, 2015).

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Besides these solutions, China has to implement a new pension system and review its retirement ages. Currently, workers in China are allowed to retire by the age of 55 in some instances, meaning they will be receiving at least 20-25 years of pension according to the national life expectancy (Yang, 2015). Experts have argued that this age limit should be increased significantly, as workers older than 55 can still be mostly productive. Consequently, the vast amount of retired workers has also made the public pension program ineffective. The most notable impact of this issue comes in the form of debt towards the elderly, as 13 provinces currently lack the funds to pay for more than a year of pension to their populations. In order to counter this issue, the government will begin paying with equity in government-owned corporations (Reuters, 2017).

V. Possible Solutions

In order to protect the world economy at large from the problem, yet reach solutions beneficial to both the individual countries and their citizens, the committee must make a thorough action plan with viable solutions.

One of the solutions could be following a gradual retirement scheme which helps elderly people to reduce their working hours while staying in the workplace and pay taxes until a later age. This would also allow for highlighting options that reward volunteering, care, and artistic activities among senior citizens. Since encouraging older workers to remain in the labor force is often said to be the most sensible solution to fiscal pressures and macroeconomic challenges related to the aging population, a phased retirement gives rise to a scheme in which older workers could opt to work fewer hours, yet remain in the labor force for longer (including after they retire or are pensioned). This solution would be beneficial not only to society itself, but to the employers and workers as well, as a phased-in retirement plan would allow continuity and flow in tax revenues and reduced spending on pensions, which is important for fiscal and macroeconomic stability. Plus, older workers could be advantageous to companies, organizations, and younger professionals due to the experience they have gathered in a certain field. And finally, late-life work has proved to be healthy for older employees, and increases their well-being.

A similar but simpler solution would be raising the retirement age; especially for a country's economy. This would be beneficial due to having more tax revenue and more consumers saving. This is also a good solution to implement because it will also increase the capital intensity as well as increase wages. However, this wouldn't be a popular option with the elderly who would have to continue working. At the very least though, the person still working would be able to have more money saved.

Moreover, another solution worth implementing is the encouragement of migration in countries possessing the dreaded overturn ratio of those working-age to those retired. This solution is not only beneficial for the economy, but it helps increase fertility rates and meet labor market demands. Immigrants considerably improve a country's economy as they generate high demand for goods and services and about 50 to 75 percent pay taxes, which would help pay for

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social security for the elderly (CBO, 2007). Furthermore, some countries have a population that is not fertile enough to sustain the country without the help of immigrants. Pregnancy increase is crucial for all countries that are below the 2.1 fertility rate average, given that it does not matter how perfectly a certain health-care system is organized, or how retirement funds are sustained, everything still needs to be staffed and financed by the young and working. In 2017, immigrants had an average 2.18 fertility rate, whereas most natives had a 1.76 (Camarota, 2019). The 0.42 difference might seem insignificant, however every point the fertility rate raises is a clear advantage into tackling the main issue. Likewise, the admission of immigrants into a country's labor market will help with the shortage of workers that is consequently stirring the supply and demand ratio (IOM, 2012). Eventually, immigrants will be essential in providing the needs for an aging population. Thus, it is relevant to collaborate on new migration policies so that they entwine with the needs of each country.

VI. Current Status

Currently, the vulnerability of the global economy's development induced by aging populations is statistically known to keep increasing in the near future. Today the population's age is continuously rising, 8.5% of people worldwide are 65 years and older and it is predicted that by 2050 the percentage will increase by another 8.5%. (NIH, 2016) This issue is currently slowing down the economy due to a sizeable decline in labor participation. There is a deficient number of workers in many developed countries, and as such these cannot provide the services and products their still sizable populations demand. The decrease in the labor force has damaged productivity worldwide, and this situation is also hindering relations between certain countries due to the effects of deteriorating, flailing economies fighting over international competitiveness. Overall, this matter is influencing a large number of societies directly and indirectly in numerous facets, including family relations, labor market, health, education, and social security.

Not only does the aging population mean that there are problems in the workforce but it also accounts for an increase in healthcare costs. To set a benchmark, the U.S. home care market is expected to grow from \$100 billion in 2016 to \$225 billion by 2024 (Meola, 2019); this is due to the fact that aging populations require more healthcare resources. Since more and more people are becoming senior citizens while there is less youth across the world, healthcare costs will rise due to the increased demand in care and the diminished supply of workers in the overall economy which might help meet this demand. There would also be a great need to invest in new technologies to help diagnose and treat diseases, as well as manufacture enough treatments for those who need them. All of this makes it harder for national economies and the global economy to handle the widespread presence of chronic diseases, let alone sufficiently address the needs of the rapid-aging population which is more prone to sickness (Meola, 2019).

And of course one of the greatest problems arising from this issue is the increase in the dependency ratio. Countries that have a large elderly population depend on the small pool of young workers to collect taxes, which help pay for the higher health costs, pension benefits and

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other publicly-funded programs for the retired (Pettinger, 2017). This is more accentuated in developed countries with an advanced economy, where retirees live on a fixed, steady income and a small tax bracket, while the younger workers are more vulnerable due to variations and changes in the market as well as elevated taxes. This combination of lower tax profit and higher spending on things such as retiree pensions and healthcare has become an alarming issue for advanced nations (Borji, 2016). These rapid and sudden changes to the economy are extremely important, seeing as the rapid and vast demands made by aging citizens cannot be met by the current young workforce. It is believed that immigration could fill in the void left by age, and that developed societies currently struggling with this problem could thrive with incoming foreign workers. Countries struggling with this problem, though, would have to adjust to the changing demographics in order to satisfy all of their citizens needs sustainably.

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