

# Consequences Of The Demographic Crisis

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*Abstract: - Major dysfunctionalities can arise from the demographic decline, both on a social level and from the perspective of the economic-financial evolution of the world's states. The obvious aging of the industrialized states' population overlapping the import of cheap workforce in the developing countries can start mutations whose consequences are somewhat predictable but discouraging. An accelerated urbanization of the states is foreseen, as well as the decrease of birthrates, negative external migration, increase of mortality and its stagnation in a larger value than that of the birthrate, and not least the population's aging will hinder a part of the developing countries to sustain a high rhythm of long-term economical increase. The social-economic consequences will be reflected in the labor market, the householders' amount of income as well as in the education's level. All of these aspects call for a rethinking of the public politics, especially of the social insurance's system and of the education, a reorientation of the economy based on the increase of specializing in production and productivity, as well as a financial stability unburdened by the politics' interference in the business environment.*

*Key-Words: - demographic decline, population aging, migration, urbanization, public politics, economic growth.*

## 1. Introduction

Demography studies the dynamics of human population. It is the science referring to the size, structure and territory repartition of the population as well as the method in which this population evolves in time for the births, deceases, migrations and aging. Societies' basics can be analyzed from a demographical standpoint or we can refer only to groups defined after certain criteria: the level of culture and civilization, nationality, standard of living, religion etc.

In 1878 within the second International Congress of hygiene, Emile Levasseur proposes the term of "demography" to designate a distinctive science, a term that replaced the already acknowledged theories regarding social statistics, social physics or theories of the population. It was only after four years after this statement that the term "demography" was officially introduced during the international Congress of hygiene and demography by describing the new science of population.

While demography emerged at the same time with statistics in the 19th century, it separated from said to become an independent science with a distinctive domain of research and analysis. Demography is now a border discipline: by its research processes, it belongs to mathematics, however through the analysis of the investigations' results it belongs to the field of social-economic and political sciences. At present, on an European and global level, demography records the most rapid progresses within the field of social sciences.

In the demographic study, quantitative and qualitative numerical data are used, which are gathered through censuses, questionnaires or through the mean of governmental institutions which offer statistical data regarding the population's changes (births, deaths, marriages, etc.). The demographic data can also result from media surveys carried out with a commercial purpose and based on methods of indirect estimation. The first modern census is considered to be the performance one that took place in 1790 in the United States.

Renowned authors have contributed with their theories and analyses to the demographic science: John Graunt, who is considered to be the first statistician and demographer, Thomas Robert Malthus, whose theory says that the population is growing in a geometrical progression, while the sustenance means are growing in an arithmetical progression – as a consequence of this relation between the population and the economic state, Malthus considers poverty, diseases, epidemics and wars to be positive factors for humanity, given the fact that they insure the equilibrium between the population's number and the quantity of sustenance, Achille Guillard, who defined demography as “the mathematical knowledge of the populations, their general moves and physical, civil, intellectual and moral states”.

Demographic studies focus not only on the demographic evolution of a certain area, country or even an entire terrestrial civilization, but they also serve an economic and political environment purpose, as the reports between the population and human groups and the production, repartition and consumption of natural resources and treasures can be tracked.

Demographical analyses are also necessary from the social and economic politics point of view, for the knowledge of the tax payer population or from the perspective of the economic capacity and military potential of a country. The public politics of a government, including those regarding medical assistance, insurance system and pensions, increase their consideration for the demographical analyses, evolutions and prognoses.

The demographical changes from the last years have multiple consequences under an economic, social, political and durable development aspect. This study is aimed at emphasizing a part of these consequences and their implications on the governmental politics and strategies.

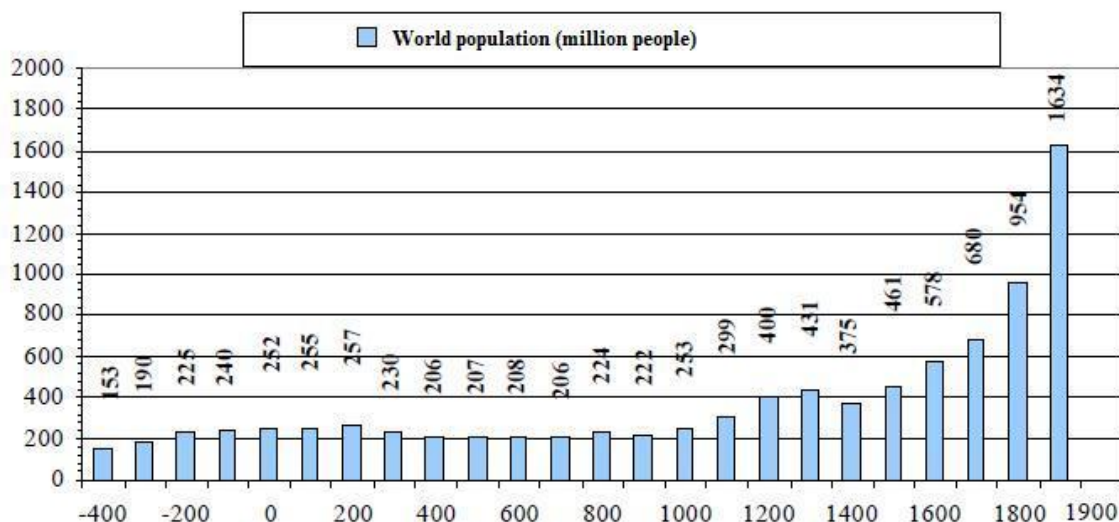
## **2. Theoretical background**

In 1999, UNO announced the birth of the 6th billion person on this planet (Adnan Nevic, born in Sarajevo). After only 12 years, on October the 31st 2011, the planet's population reached 7 billion inhabitants. In only 12 years the globe's population increased with 16,66%. If we take in account the fact that the evaluations of the UNO statistics Committee's secretariat show that throughout approximately 70 years, from 1930 until 2000, the globe's population had tripled by gradually rising from 2 billion to 2,518 billion in the year 1950, followed by 3,024 billion in 1960 and at the end of the year 2000 exceeding 6 billion inhabitants . The population's projection made by UNO's demographic division in 1958 proved to be a realistic one for the year 2000, being placed between the estimation limits of 4,88 and 6,9 billion inhabitants.

Furthermore, according to statistics, the globe's population will increase towards reaching nine billion around the year 2050 even in the situation in which the birth rate will follow the descending course foreseen by the UNO's specialists. They estimate a 50% decrease of the global population's growth rate, in relation to the one recorded between 1959 and 1999.

This growth is not equally distributed (figure 2) since it requires totally different approaches regarding the public politics aimed at all the aspects of economic and social life influenced by these demographic evolutions.

The global economy has been based until now on a growing population and this trend will continue in the developing states and only in a small matter in the industrialized states. Out of the strongly industrialized countries, it is only for the United States of America (312 million inhabitants in the 2010 census) that the specialists have a significant positive prognosis for the year 2050. On the other hand, the risks of overpopulation are real and much more serious than those of under-population.



**Fig. 1.** The population's evolution on a global level until the beginning of the XXth century

Source: Gheorghe Săvoiu, *The number of population, a statistical and economic synthesis of the alternative evolution towards demographic explosion or implosion* (2006) apud Vladimir Trebici (1991), *Earth's population*.

The specialists of "Vladimir Trebici" Demographic Research Center contend that the decrease of birthrates, negative external migration, increase of general mortality and its stagnation on a larger value than that of the birthrate are the main causes that lead to demographic aging. These tendencies are more accentuated in Europe especially.

Year	Total world population	in which					
		Africa	North America	South America	Asia	Europa	Oceania and Australia
2010	6 843	1 007	346	599	4 130	726	35
2015	7 219	1 115	361	634	4 351	721	37
2020	7 578	1 228	375	667	4 554	715	39
2025	7 905	1 344	388	697	4 728	707	41
2030	8 199	1 463	401	722	4 872	698	43
2035	8 463	1 584	411	744	4 992	688	44
2040	8 701	1 705	421	761	5 092	677	45
2045	8 907	1 823	429	774	5 168	666	47
2050	9 076	1 937	438	783	5 217	653	48

**Fig. 2.** The population's medium protection on continents for the 2010-2050 period

Source: *World Urbanization Prospects: The 2005 Revision, Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat*.

Image – from left to right: Year, Total of world population, Millions of inhabitants out of which Africa, North America, South America, Asia, Europe, Oceania and Australia

The demographic evolution's main consequences are:

- A. On a social plan:
  1. The birthrate's increase in certain geographical zones and its decrease in other areas;
  2. The birthrate's decrease in the strongly industrialized countries;

3. Infantile mortality;
  4. Emigration and immigration;
  5. The changes of consumption tendencies;
  6. The population's aging;
  7. The extending age of retirement;
  8. The rethinking of social politics.
- B. On an economic plan:
1. Substantial changes of production in certain branches and under-branches of activity;
  2. Negative evolutions and tendencies of labor productivity in certain domains;
  3. The need to adapt to consumption needs;
  4. Changes in the technology of exploiting resources;
  5. Differences related to the way of satisfying necessities.
- C. On a political plan:
1. The changes of industrial power poles;
  2. Conquering new areas of influence.

## **A. Outcomes of demographic evolution on a social plan**

### **The demographic decline and emigration**

When confronted with a scarring demographic decline during the second half of the XX century, many strongly industrialized states in Western Europe tried to substitute the labor force deficit by importing cheap workforce from poorly industrialized countries, especially from the Middle East. Consequently, large ethnical minorities were constituted and were unable of becoming socially and culturally integrated, a problem which still exists today, as it is shown by the tensions existing in the French society, for example. Although it is not a viable long-term solution, soon Romania will become an attraction point for immigrants from poorer countries that will try to occupy the niches left open in the labor market by the Romanian people that left. This is what happened in countries such as Italy and Portugal, which constituted for a long time sources of emigration and which have now become points of attraction for the Romanians on the lookout of winning opportunities. For the time being, the number of immigrants in Romania remains reduced (10 000 people in 2008, 5% more than in the previous year). The total number of labor permits released to foreigners was of 76,700 in 2008, with 30% more than in 2007. Out of these, one third represents citizens of countries part of the EU, 24 percent being from Italy and 18% from Germany, however the main origin country of immigrants in Romania remains the Republic of Moldova.

Romanian emigrants mainly go to Italy, Spain and France, perhaps because of the similar and easy to learn languages. Romania is becoming more deserted and mediocre, thus reaching the point of losing its elites, which leave to continue their studies in greater universities such as Harvard or Cambridge. Romanians' migration is a phenomenon which no government can keep under control because of the lack of competitiveness. Hence, the labor force's migrations have continuously been one of the main preoccupations of the Romanian government but without any efficient measures taken in order to combat this problem. Simultaneously, the migrations have a negative impact on the business environment, to this extent losing money along with the loss of people. Romania's population, estimated in 2002 at 21,680,968 inhabitants, will decrease down to 19.433.700 in 2022, and eventually will reach 18.136.724 in 2032. Romania's population has already reduced with more than 2,6 million since 2001, presently being represented by 19 million inhabitants, as shown in the latest census.

Officials have placed this accelerated decrease of population next to the reason that many have left the country in order to find a job in European countries such as Spain, Italy and France. The number of Romanian emigrants in the year 2009 (at the beginning of the economic crisis) was of 2769 million, which represented 13,1% of the total population. The money sums send in the country, in 2009, by the workers hired outside the country's borders, represented 4,4% of the GDP. When it comes to the deliveries during 2008 and 2009, Romania was surpassed only by Ukraine. The sums sent home by the Ukrainians throughout the two-year

period exceeded 5 billion dollars a year. According to the data published by the World Bank, over 6,5 million Ukrainians live in foreign countries.

We are currently facing two problems. First: Romanians are migrating from poor areas in the country to the big cities. Second: Romanians are leaving the country to find work places in other states of the European Union. Both migration trends provoke an enormous demographic erosion in the rural areas because those who leave are young, educated and professionally prepared. Those who remain in the country are either old, or without any training or talent. These cannot determine the Romanian economy's success. Referring to those who do return, however, in the country, they return from Spain and Italy, where the economy in recession, especially in constructions, is causing people to lose their jobs. As soon as the conditions will change, we will assist to their new departure from this country. Nonetheless, we must consider that most Romanians have accommodated in the countries they work in, their families are already there and returning in the country is not a solution for them.

For example, at the beginning of the year 2010, 439 people, young and old (48% of which were older), came back to 1000 adults, as opposed to 509 young and old people, as it was recorded in 1992 when the older population represented only 33 percent. The researchers from the "Vladimir Trebici" Demographic Research Center admit that the 65 years old population share....(Cercetătorii de la Centrul de Cercetări Demografice "Vladimir Trebici" susțin că ponderea populației de 65 de ani și peste va crește numeric până în anul 2015) a mancat cuvinte..And the results of the population's projection confirm the continuation of the demographic aging process in the following decades, through the numerical and proportional decrease of the young people under 15 years old and the increase of the mature population.

The result of an analysis made by the European Committee, Romania's population has reduced with over one million people from 1992 and the prognoses indicate a decrease of approximately 2 million until 2020, especially for the young people with ages between 0 and 24, as shown by the experts from the Romanian administration. The birthrate has reduced, the number of young people with ages between 0 and 14 has dropped from 22,7 percent in 1992 to 15,9% in 2005, and that of old people over 65 years old has risen from 11 percent to 14,7 percent in the same time interval. The Romanian administration experts admit that the decreasing tendency of birthrates and the population's aging process will continue. The total number of live-births has drastically and continuously dropped from 1987 to 1995, when it stabilized for a while but restarted a new decrease from the year 2000 and lasted until 2002. According to studies made by the "Vladimir Trebici" Demographic Research Center, the number of live-births was with 40 percentages lower than in 1985. Starting with 1992, the deceases number constantly surpassed the live-births, thus contributing to the population's numeric decline. As far as the demographic aging is concerned, the specialists sustain that in less than two decades, every five Romanian inhabitant will enter the "elder" category.

## **The demographic aging**

The demographic aging is a phenomenon that has been affecting modern states for several decades. The modernization has produced marking changes in the family structure, with significant demographic implications. As a result of the increasingly higher level of participation of women on the labor market and of the usage on a large scale of contraceptive methods, the number of births has significantly dropped and the family model that included a family with many children and fertility close to the natural one, has been replaced with the model that includes one or two children. On the other hand, the technological development has lead to new medical treatments accessible to the entire population. This matter, combined with the significant life quality improvement, has lead to the increase of the average life expectancy. In other words, in the industrialized states, people have begun to live longer than 50 years ago, but fewer and fewer children are being born, paradoxically, within the wealthy families.

The aging phenomenon is especially present in Europe and Japan. It is estimated that Europe has already reached a critical state: after one century of natural demographic growth, the perspective for this century is, on the contrary, a natural decline and an excessive aging of the population. A large part of the eastern European countries are already experiencing the demographic decline and numerous western countries will do so too in the near future. According to the UNO's demographic projection, the diminution of the population's effective will reach southern Europe in a couple of years, followed by Western Europe after 2010 and northern Europe after 2030 . The decline will be very scarring in Federal Russia, Eastern and middle Europe and more moderate in western and Northern Europe . Some countries will be in advance or late towards

one of the demographic processes. For instance, Western and Eastern Germany have already known a population decline in the mid '80s, as opposed to Ireland which, thanks to its high fertility, will experience the continuous growth of its population in the first half of this century as well. Despite the intensity and rhythm differences that will persist between various countries, all European societies have or will have to mainly face the same tendencies of demographic decline and aging. As far as longevity is concerned, everyone aspires to live a long life and in good health, but society has to provide a favorable environment for the old people, by continuing to ensure an intergenerational equity in all the social life's domains. The population's tendency to age has a profound impact on all generations and on the highest parts of the economical and social domains: labor force, social protection, education, culture and politics.

Out of all the demographic evolutions, the increased 80+ age segment is also the most intense and most rapid one. Regarding this tendency, one might say that the various regions of Europe are not affected in the same way. The asymmetrical demographic impact represents by itself a challenge since it implies the politics' need to adapt to the regional realities. In some countries, such as Italy for instance, the overrepresentation of very old people is the result of the accumulation of the effects of high fertility between the two wars and the massive decrease of birthrates in the '80s. Given the life expectancy increase as well, we will assist in most part of the countries to a strong increase of the age 80+ group after 2025. It is also expected that the very elderly people (80+) will be part of the group that will experience the fastest growth. In the first half of the XXI century their number will practically triple, thus reaching 65 million, as opposed to the present 22 million. The highest increase rate is foreseen for the period between the years 2000 and 2015. According to UNO's medium projection version, in 2050 the very old people will represent 7% of Eastern Europe, 10% in Northern Europe and 12% in the south and west.

The implications are major for the society's functioning method in its ensemble. A first consequence resides in the fact that the dependent population, mainly composed of retired people and of children, numerically surpasses the active population and can lead in the future to society's incapacity to insure incomes for the inactive. To this extent, the first ones aiming towards a potentially collapse are the pension systems and the medical assistance, both large resource consumers and dependent on the active population's incomes. The population's aging process has been for several decades in the political agenda of all powerfully industrialized states, and the solutions adopted vary from keeping those that reach their retirement age as long as possible in activity, to stimulating fertility through the work program's flexibility and offering public children-care facilities.

### **Romania: demographic aging or demographic decline?**

The demographic aging phenomenon is more accentuated in the rural environment than in urban areas, approximately 19 percent of the rural population surpassing the age of 65. The aging process will have negative effects in time. On January the 1st, Romania's population was of 21658,5 thousand inhabitants, out of which 48,8 percent were men. Romania's actual demographic situation is not an isolated case in the European context. The entire Europe has known evolutions similar to the one in Romania, however the decrease of fertility is more accentuated in the ex socialist countries. At the end of the previous year, it was estimated that the global population surpassed 7 billion inhabitants and specialists considered that in the year 2050 the level of 9 billion inhabitants will be exceeded. According to the specialists' expectancies, in the XXI century the world population will continue to grow but in a slow rhythm, after which, in the last decades, it has experienced an exponential increase.

Recent studies confirm the scarring demographic decrease that our country is experiencing. Relieving the restrictions imposed by the communist regime regarding the family planning and contraception, as well the economical decrease through which the Romanian society has passed in the first years of transition, have led to the drastic decrease of birthrates. The fertility rate is part of the most reduced in Europe, even if from the beginning of the year 2003 a slight increase was felt, mainly in the urban areas. Demographic studies show that in Romania the number of children that are born is a lot under the one required for replacing generations. Unlike the strongly industrialized European countries, in Romania people are living less, the medium life expectancy being more reduced in comparison to states such as Sweden or Holland. Poverty, low access to medical services and lack of sanitary education represent only a part of the factors that explain this situation. Nevertheless, the number of children that are born does not insure the replacement of generations. Furthermore, it is expected that the economical and social development will raise the medium life expectancy. All these will

aggravate the population's aging process. Beyond the population's "universal" aging process, Romania has been confronting in the last years with a powerful external migration. Although there are no official data referring to this phenomenon, the unofficial estimations mention almost one million Romanians that are working in Italy and another one in Spain. You can hear the Romanian language spoken everywhere in many European countries, which thus shows that the migration phenomenon for finding jobs in foreign countries is indeed a massive one. Those who leave are in general part of the active population, adult people with a qualification.

All these aggravate the country's demographic decline. The predictions made in this context by demographers are worrying. According to the United Nations Population Fund's estimations, Romania's population will reach 16 million inhabitants until 2050 if long term measures will not be taken. Practically, in 40 years the dependency rate will be of 1 to 9, meaning that one adult will have to support the vulnerable age groups (children and elders). This is the gloomiest scenario imagined; nevertheless it represents an alarm signal to which the required attention must be paid.

Romania's National Bank economists estimate that the demographic problems (the population decrease and aging process and the labor force migration) will hinder Romania from sustaining a high rhythm of long-term economic growth, the migration's demographic shock could be reversible but the birthrates' decrease, which began in 1992, cannot be compensated and will be reflected in the labor market starting with the year 2010. Moreover, the "demographic time bomb" concept is not a new one, as it is the main factor which determined the states to launch private pension systems in order to overcome the pressures which the population's decrease and aging will have on a global level on the public pension budgets.

Only seven countries could manage to reach economical growths above 5% for more than 20 years, among which are China, Ireland and Macau, but none of them had demographic problems. Romania cannot hope, because of the demographic problems, that it will reach such growth rhythms for a medium or long term. According to a study presented by Bianca PAUNA, representative of the Economic Research National Institute, the external migration represents in Romania's case 10% of the total population and almost 25% of the active population. As we previously emphasized, migration has as a main disadvantage the emergence of labor force deficit, which presently mostly affects the big cities in Romania. In accordance to the Eurostate data, the statistical division of the European Union, Romania will suffer until the year 2060 a dramatic loss of population – which will affect the public pension system and which will make private economy absolutely necessary. According to the same data published by Eurostate, Eastern Europe's population is aging more rapidly than the Western one. Consequently, the eastern migration will decrease and the ex communist countries will have to find in the next decade new solutions for maintaining the rhythm of development.

Eastern Europe also has the most decrease rates of participation in the labor force by young people, women and elderly.

If the actual migration and demographic trends will be maintained, and the economy will not offer stimulants to investors and autochthonous labor force in order to remain in the country, Romania will not have the possibility to recover the economic discrepancies that separate it from the civilized world. According to a study made by the Institute for Population and Demography in Berlin, the most unattractive regions in Europe, from an economic and standard of living point of view, are in the rural areas in Romania, Poland, Bulgaria, Italy and Greece. The qualificative expresses a complex of factors taken in consideration for the study's elaboration: birthrate, economic development, population income, level of education, living conditions, migration etc. In three decades, a decent life, if not a prosperous one, and functional economies will be present in countries such as Switzerland, Sweden, France, Great Britain, Austria and Germany. While countries like the Czech Republic, Slovakia, Slovenia and Hungary will be, in their turn, places with a certain degree of economic development. Even if they are facing the same problems, specific to their ex socialist camp, they have started the reforms early, are decisive towards their objectives and have allocated the resources necessary to reaching them. Dr Reiner Klingholz - one of the authors of the German study, considered that the low score obtained by Romania, which placed it among the countries with an uncertain economic and demographic future, was calculated based on the indicators that quantify economy in general, labor market, housekeepers incomes, level of education etc. Even if the Romanian economy also recorded growth rhythms superior to European developed economies, the statute of a country that recently entered the European Union is noticeable since high development differences exist towards the old member states, as well as towards other ex communist countries.

Depending on the human resources' dimension, four of the fifteen countries members of the European Union, such as Germany, France, Great Britain and Italy are large countries, two are part of the middle countries group (Spain and Holland) and the others are considered small countries.

Also, the diminishing active population also attracts the drastic decrease of labor productivity in economy. The specialists believe in the existence of methods through which the economical growth cannot be affected by this situation, such as the development of modern industry and services sector, simultaneous with the education's level improvement. Thus, the following question arises: how fast and especially how efficient can Romania invest in competitive education, service and industries, in order to insure decent living conditions for the aging population?

## **B. Romania's case regarding the demographic evolution's consequences on an economic plan**

Eight or nine years ago, some authors considered that the demographic crisis manifestation and the labor force's migration towards countries of the European Union represented a positive process through which national product can be formed, money can be brought in the country, a new culture and civilization model can be implemented or a business can be set on the basis of the accumulated incomes. Also, from a macroeconomic point of view, the migration's effects were beneficial because the small investors started and coordinated business in the country, created working places without private or public investing support from the national economy. The incomes created by this sector joined the internal consume fund, funds destined for development and, on some measure, for economy's budgetary resources. Also, the money transfers, with powerful implication on a microeconomic level as well as macroeconomic, were considered another positive effect of migration. Regarding these transfers, Romania's National Bank's estimations reached 1.753,5 billion USA dollars in 2004 and 4.440,9 million USD in 2005(4), which represents 4,51% of Romania's GDP for the year 2005. The effects of the money transfer on a macroeconomic level are difficult enough to be measured because of the multiple interactions on the macroeconomic variables level. These transfers have visible effects on investments and economies. The most visible impact of these transfers is recorded on the home's expenditures, which is highly important on a macroeconomic level, being recorded in the internal aggregated demand, part of the GDP. The money transfers towards homes represent direct sources of income increase, which leads to the growth of consumption and implicitly to the temporary reduction of poverty. These sums have the capacity to reduce the social polarization through their redistribution effects.

After a while it was considered that that category of Romanian people existed that left the country to work, people disappointed by the lack of opportunities in this country, the poor living conditions and the low degree of civilization. The most often encountered economic motives are related to the low salaries as well as the lack of working places. Another complaint is related to the number and level of imposed taxes, which do nothing more than deepen the citizens' level of frustration and the business environment. The minimum economy wage, unemployment aid and social services do not compare to their level offered in other countries. The politicians that gained power in the last period have not managed at all to change the situation. Everybody considers that the educational system must be strongly improved so that the Romanian elite will not leave the country but in spite of this, nothing is happening. More and more young, well-educate people but members of separated families or with reduced incomes, choose from more and more younger ages to leave in foreign countries.

At the present we can notice the dramatic potential of the well qualified labor force that Romania has to generously offer to foreigners. The Romanian state spends approximately 10.000 Euros for every citizen before hiring him, for those that stay in school until the age of 18. Among others, the money is spent for education, transport and social services. In addition, the sum spent for those that finish university studies is almost doubled. This is why when a qualified worked leaves, a corresponding restitution of the investments made for his professional training is less likely.

Today, Romania's labor market is characterized by a rate of relatively low activity compared to the EU's medium, high rates of unemployment for the group ages of 15-19 and 20-24, a high percentage of early retirement from the formal labor market and a significant degree of occupation in the agricultural sector characterized by the lack of taxpaying. Also, in the occupied population's structure split into sectors, a few negative tendencies manifest :



- the increase of the population working in agriculture, associated with the emphasized demographic aging process and the feminization of this branch and the rural environment;
- the decrease of the population involved in industry and agriculture, with direct effects on the ensemble economic results, on the human factor quality, labor motivation, economic and social efficiency;
- the extremely slow evolution in proportion and rhythm, unequal on branches, of the population occupied with services;
- the exports decrease (as a result of the internal production decrease), the artificial support of the national currency.

This evolution was the result of the simultaneous action of numerous economic, demographic and social factors. Between these, the highest share is represented by the economic factors and, above everything, by the economic organism's restructuring, which led to an accentuated economic decline. In consequence, in Romania's labor market more types of unemployment exist (conjunctural, frictional, as well as other types that, naturally, are present in a "settled" market economy), but the most predominant is the structural one. In this context we must not forget the influence of a demographic factor. The unemployment, as a result of the game between labor force supply and demand has risen, on one hand through the compressing of the first, and on the other hand through increasing the second one through: a) the massive redundancies of the occupied labor force (over 60% of the unemployed people number); b) the new presence on the labor market of some labor force contingencies – graduates of the secondary and superior school system and, in addition, of other categories of unoccupied population.

### **C. The demographic evolution's consequences on a political plan**

On a global level, the demographic situation is in full evolution. This phenomenon is reaching all states of the world. If in order to reach 2 billion inhabitants, 130 years were required for the world's population (1880-1930), in order to surpass from 6 billion (1999) to 7 billion (2011), only 12 years were required. This evolution is different from one state to another, from one region to the next. In the last decades, the world's population has known an accelerated growth, especially in the developed states. In Europe a great demographic tendencies diversity is observed, which is characterized by a diminished population in Germany and Russia and, on the other hand, a rapid increase in France and Great Britain, mainly caused by migrations. To this extent, it is important for the demographic challenges to be transformed into opportunities of such matter that guarantee a durable economic growth and international security. The population's scheme of growth is very different in the developing countries or underdeveloped and developed countries. In the first case, demography is characterized by a strong proportion of young people that represent more than half of the population. The enormous proportion of young people in these underdeveloped regions, often instable, imposes a great social burden and serious problems of the governments' infrastructure that have no means of offering them education, social services, homes and lasting work possibilities. On the other hand, if the young ones do not find a working place in their country they tend to emigrate, heading for Europe or North America, where they hope to be able to work and be better paid than in their natal country.

Simultaneous with the numerical growth, the global population is aging. According to projections, until 2050, the number of people over 60 years old will triple on a global level, thus reaching 2 billion individuals. Europe, according to the same source, will have a larger number of elderly people, which will maintain for several decades. Indeed until 2050 more than one third of the European population should surpass the age of 60. This situation will impose major changes in politics and the attitude towards age. We are talking about the social protection and the medical assistance which these people over 60 years old regularly require more. The developed countries are facing the aging of their populations. The rate of births is a lot under the developed countries. UNO foresees that the number of 60 year old people and higher, in the developed regions of the world, will increase from 245 million, in 2005, to 406 million, in 2050, while the number of those younger than 60 will diminish from 971 million, in 2005, to 839 million in 2050 .

A special place among the demographic phenomena is occupied by the urbanization. According to the UNO reports, 60% of the world's inhabitants will be living in cities by 2030 (70% in 2050) . In 2008, the global urban population equaled the rural population level. It is foreseen that due to the demographic growth, the majority of the population will be in urban areas. The demographic projections presume that the number of townsmen will reach 4,9 billion near 2030 and the number could reach 9,2 billion in 2050. The cities will totally absorb this increase and will continue to attract people from the rural environment in search of a better

and well paid working place. This demographic growth will be concentrated in the urban areas in less developed countries, especially in Asia, Africa, Latin America and Caribbean .

In parallel with the globally urbanization, we are assisting to the expansion of cities with more than 10 million inhabitants. In 2007, 19 such cities existed, number which should increase to 27 until 2025; 80% of these cities are situated in developing countries. These already huge cities, which will literally be taken by assault by a multitude of new residents during the next decades, will suffer various calamities such as poverty, road block and pollution, as well as critical transport services and questionable living conditions. As a result, the poor townsmen will often live in insanitary homes, without water, electricity or sewerage. Uncontrolled urbanization and growth of megalopolises will generate security problems. The large cities expansion will basically reach the shore regions situated at less than 100 km of coast.

At the present, 60% of the world's inhabitants live at less than 100 km off shore and 70% at 320 km from the sea. These regions are exposed to environment threats such as hurricanes and floods. Taking in consideration that the majority of large cities are in developing countries, they will lack infrastructures and sanitary homes. The development of these countries will put pressure on the municipal installations and state institutions. The competent governments that have sufficient resources will probably manage to insure a good management, but the townsmen from poorly developed states and fragile countries will probably suffer repercussions because of the absence of financial means and of adequate infrastructures. The global urbanization will continue. The big cities' deficiencies in underdeveloped countries will increase the risks of diseases, pandemy and humanitarian crises, thus emphasizing the more and more urbanized character.

### 3. Conclusions

The measures that the EU expects in order to support the defiance of the population's aging are circumscribed in mainly general frame, out of which components we mention:

- The population's aging requires a complex political approach, by also including the aspects related to economy, occupation, social problems. Societies must not only guarantee the supply of an adequate frame for elderly people, but also economic and social viability in an old world. The politics related to this domain must take in consideration the entire complexity of interactions between demography and society. The EU's responses to the aging population's challenges are part of the global strategy launched by the European council in Lisbon and confirmed afterwards by the councils in Nisa, Stockholm, Götteborg, Laecken;
- Adaptation politics are required as much as change politics. The reactive type of politics tend to adapt society's structures to the demographic evolution, the politics based on change aim at modifying the demographic factors in order to obtain the effectives wanted by the population and a composition of equilibrated ages. They do not exclude each other, instead they can be integrated in various combinations;
- States must act now in order to resolve problems because later on the solutions will complicate. The cost of corrective measures is higher;
- The politics and practices are based on what is called active aging (oldness), which involves the education and shaping throughout the entire life, the later and progressive withdrawal from activities, the practice of activities that preserve capacities and health. This also implies reducing dependency and just as well reducing the costs of withdrawing from activities and those of health care;
- Substantiating politics in regard to aging must be based on the course of the entire life and on society's ensemble. Adapting to the population's aging concerns people of all ages, thus increasing the politics' degree of adequacy through including measures that take in consideration the requirements of people from all age groups. All generations will have to contribute to finding solutions and means of adaptation. The objective must be "a society for all ages";
- Integrating the dimension of equality between men and women. Aging is a phenomenon characterized by important differences between men and women.

Taking in consideration the long-term demographical hypotheses, the increased fertility rate is essential for ameliorating the scenery which, in the actual given conditions, includes a rapid aging rhythm of the population. To this extent, Romania's government adopted the 396/2006 Law regarding the offer of financial support for constituting a family, which includes the offering of 200 Euros for every family with the

condition that both partners are at their first marriage. Furthermore, with the purpose of increasing the birthrate, the no. 148/2005 OUG (the government's emergency ordinance) was modified so that families will receive support for raising their children, by introducing the option with which the monthly allowance of raising the children is 85% part of the monthly average of the professional incomes from the last 12 months (but 4000 lei maximum) or 600 lei and an additional monthly stimulant of 100 lei. Also, mothers benefitiate of maternity vacation for raising the brat for two years or, in the case of a child with disabilities, up to three years

The main objectives of the health system's reform are:

- insuring an adequate financing of the sanitary system so that the population's needs are fulfilled as much as possible;
  - decreasing costs for hospital medical assistance by improving the management of the hospitals that function on the principle of financial autonomy;
  - increasing the ambulatory medical assistance's capacity to resolve the population's health problems, inclusively by insuring family medical cabinets with computing technique, computational programs and communication services;
  - creating and consolidating the national system of urgency medical assistance and qualified first-aid.
- On behalf of insuring the financial resources, the following measures have been or will be adopted:
- multiplying resources in order to increase the tax payers number;
  - regulating the performance of the private (additional) health insurance system in order to diversify the resource base and increase the competitiveness within the system;
  - introducing and completing the concept of co-payment and minimal health services package.

The additional implication of the private sector in providing medical services is essential for reducing the pressure wielded on public resources and for improving the medical services' quality. An additional source for investments was insured by introducing in 2006 the vice tax, with the purpose of combating the excessive consumption of tobacco products and alcoholic drinks, improving the infrastructure of the health public system and by financing health programs.

Other economic measures for overcoming the demographical crisis can involve reorienting the economy towards unique services and products with global impact, increasing productivity, encouraging the development of industries that can create a high added value, increasing specialization in production.

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