EXECUTIVE SUMMARY

The Challenges of an Aging European Society
Introduction

Population ageing amongst other technological advancement is a great achievement of the 20th century. Now most countries have a rising life expectancy and an ageing population (first noticed in More Economically Developed Countries, but now easily noticed in Developing Countries). People live longer because of improved nutrition, sanitation, medical advances, health care, education and economic well-being. A recent survey carried out by the UN suggests that ‘-aged population is currently at its highest level in human history’. Also it predicts the rate of population ageing in the 21st century will exceed that of the previous century. The number of people aged 60+ has tripled since 1950, reaching 600 million in 2000, surpassing 700 million in 2006 and rising to 900 million by 2015. It is projected that the combined senior and geriatric population will reach 2.1 billion by 2050; population ageing is a phenomenon that cannot be ignored. Frequently, we hear about ‘a demographic time bomb’ and the fears of future generations struggling to meet an ever increasing number of retired workers and pension commitments.

It is believed that the main causes for ageing population are:

1. Longevity – in most cases due to advances in medical treatment
2. Decline in fertility - people in some countries deciding not to have children due to number of reasons

What are the challenges?

An increase in longevity rises the average age of the population by increasing the numbers of surviving older people. A decline in fertility reduces the number of babies, and as the effect continues, the numbers of younger people in general also reduce. Of these two forces, it is declining fertility that is the largest contributor to population ageing in the world today.

In the developed world ageing is escalating at a greater rate. For example, in the last half a century the median age in Europe has risen by 8.3 years from 31.5 in 1960 to 39.8 in 2010 and is projected to rise by another 7.4 years to 47.2, by 2060. The percentage of Europeans aged over 65 is also projected to rise from 16.0% in 2010 to 29.3% in 2060. Furthermore, the number of Europeans aged over 80 is set to rise significantly. In 1960 just 1.4% of the population was over 80. This figure reached 4.1% in 2010 and is projected to increase to 11.5% by 2060. By 2050, it is expected that the population of Europe will be older than any other developed region with 34 per cent of the population aged 60+. 
Demographic change in Europe is seen as a challenge for many policy areas: from family policy through to education, lifelong learning and labour market policy, to social protection systems and pensions, health and long-term care in particular. As many of these areas involve a significant share of public finance expenditure population ageing is also subject to examination from the perspective of fiscal sustainability.

This issue is currently being looked at various countries, countries such as Japan, Canada, USA, China and EU. For example, in Japan the government has already spent millions in advanced health care facilities and on a strategic level has encouraged employers to create part-time jobs for senior citizens. The paid work contributes not only to material well-being but also to psychological well-being through social interactions and opportunities for personal and professional growth. And unpaid work, like volunteering, care work, and artistic work, can provide these same psychological benefits. To tackle this issue some supermarkets in Japan now have a dedicated section for the elderly where they can find all items they need, also the stores are now providing medical assistance on the premises.

Other governments such as Canada have already introduced retirement insurance along with the pension scheme. They are also investing in advance medical care for the elderly. In UK the government has already taken a step by increasing the retirement age to 67 (63 for women, previously 60).

Possible solutions

The initiatives taken so far are positive and give some hope and comfort; however, the ageing issue cannot be resolved simply by introducing new legislation. There is scope for the following to play a role:

- **Politicians / governments** must tackle this issue more seriously as failure to act now can widen the gap between young and the old. It will also lead to an insufficient labour force (while this could be resolved by allowing people from other countries to work in the EU, migration is a sensitive issue and most politicians don’t like talking about it). The younger generation will have to pay for the up keep of the elderly.

- **Phased-in retirement, fiscal sustainability, and well-being**: Encouraging older workers to remain longer in the labour force is often cited as the most viable solution to fiscal pressures and macroeconomic challenges related to population ageing. Phased-in retirement entails a scheme whereby older workers could choose to work fewer hours yet remain longer in the labour force even after they retire. And gradual retirement can be beneficial to societies, employers, and workers.
Employers: There is a desperate need for culture changer in in the employment market. A general observation is that in most cases (if not all) age has been a hindrance in obtaining job – employers prefer younger employees over older ones to change.

Encouraging the elderly: Older physically able people may need encouragement to take up employment. The benefits to them include extra income and the chance to socialise with others.

Promoting and rewarding volunteering, care, and artistic work among the elderly: In cases where individuals are unable to take advantage of phased-in retirement—due to health issues, family obligations, or skills mismatch—governments could promote and reward volunteering, care work, and artistic work among the elderly. Such unpaid activities improve the quality of the social fabric, help the well-being of those engaging in them, contribute to the economy, and reduce healthcare and welfare costs.

Family: the immediate family can play a vital role by simply looking after their parents and grandparents, and nursing homes should be the option of last resort. A survey could be carried out to find out what options are preferred by the elderly.

Conclusion:
Longevity is a great blessing as all of us would like to live long and healthy lives, however this does not come cheaply. Japan has a large ageing population and they are the front runners in establishing new ways to deal with the issue of living longer. The EU has commissioned a study to look into every aspect of ageing within its borders. Elderly in society are not a liability, we must find ways to use the wealth of knowledge, and experience that they have. It is not solely the government’s responsibility to tackle these issues, employers, communities and families also have significant roles to play.