THE OLD AGE POPULATION IN THE EUROPEAN UNION

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Abstract:
The demographic changes that are likely to be experienced in the European Union in the coming decades determine governments to find solutions in order to provide the sustainability of social public expenditures. We consider that the main aims of future policies should be creating better job opportunities and working conditions for the growing number of older people in Europe. It is very important to help older people play an active role in society and encourage healthy ageing and independent living. Retirement should happen at an older age but only if appropriate jobs are available for older generations. Consequently we reveal the demographic changes and propose the necessary policies which governments could make.

Key words: demography, pensions, public expenditures

JEL classification: H00, H55

Acknowledgements

Within the current paper we are revealing the main issues regarding the ageing of the EU-27 population by focusing mainly on the facts offered by the European Commission, Eurostat (2012) through a very interesting statistical portrait, entitled Active ageing and solidarity between generations A statistical portrait of the European Union. The European Union's (EU's) population structure is changing and statistical data proves that population is becoming older and older – there were slightly more than 87 million persons aged 65 and over on 1 January 2010 in the EU‑27, some 17.4 % of the total population. These latest figures can be compared with data from 1 January 1985, when there were 59.3 million persons aged 65 and over in the EU‑27 (12.8 % of the total population) (Eurostat, 2012).

Table 1 – Median age of population on 1st January

(years)

	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
EU-27	:	:	:	:	:	:	:	36.5	38.0	39.5	40.9
BE	35.2	34.7	34.5	34.1	33.9	35.2	36.2	37.3	38.7	40.1	40.9
BG	30.3	31.8	33.2	33.6	34.1	35.1	36.5	38.0	39.1	40.7	41.4
CZ	33.2	33.7	33.5	32.7	32.8	33.9	35.1	36.2	37.3	38.7	39.4
DK	33.0	32.8	32.5	32.7	34.1	36.0	37.0	37.7	38.2	39.4	40.5
DE	34.8	34.5	34.0	35.2	36.6	36.9	37.6	38.2	39.8	41.8	44.2
EE	:	:	33.6	:	:	:	34.2	36.2	37.8	38.8	39.5
IE	:	:	:	:	:	:	29.1	30.8	32.4	33.5	34.3
EL	:	28.9	33.9	33.9	34.0	35.2	36.0	36.9	38.1	39.9	41.7
ES	:	:	:	30.1	30.5	31.8	33.4	35.4	37.4	38.6	39.9
FR (¹)	33.0	32.8	32.5	31.6	32.2	33.5	34.7	35.9	37.3	38.6	39.8
IT	:	:	:	:	:	35.4	36.9	38.5	40.1	41.5	43.1
CY	:	:	:	:	:	:	:	32.0	33.3	35.0	36.2
LV	:	:	34.0	34.8	35.0	34.7	34.6	36.0	37.9	39.2	40.0
LT	:	:	30.7	31.5	31.7	31.9	32.4	33.9	35.8	37.7	39.2
LU	:	:	:	34.9	35.0	35.7	36.3	36.7	37.3	38.1	38.9
HU	32.0	33.3	34.1	34.2	34.3	34.9	36.1	37.6	38.5	38.9	39.8
MT	:	:	:	:	28.8	:	:	34.5	36.3	38.0	39.2
NL	28.7	28.5	28.5	29.2	31.2	32.9	34.4	35.8	37.3	38.9	40.6
AT	35.5	35.1	33.9	33.9	34.7	35.1	35.6	36.1	37.9	39.7	41.7
PL	26.4	27.5	28.3	28.2	29.4	30.7	32.2	33.7	35.1	36.5	37.7
PT	27.8	28.5	29.4	28.6	30.4	31.4	33.9	35.9	37.6	39.2	40.7
RO	:	:	30.9	30.8	30.5	31.6	32.6	34.0	34.4	36.4	38.3
SI	:	:	:	:	:	32.5	34.0	36.0	37.8	39.9	41.4
SK	27.5	27.9	28.3	28.1	28.7	30.0	31.2	32.4	33.9	35.3	36.9
FI	28.4	28.5	29.4	30.5	32.6	34.5	36.3	37.7	39.2	40.8	42.0
SE	36.0	36.3	35.5	35.3	36.0	37.6	38.4	38.4	39.3	40.1	40.7
UK	:	:	:	33.8	34.2	35.3	35.8	36.4	37.5	38.7	39.5
IS	25.6	24.2	24.3	25.2	26.7	28.1	29.8	31.3	32.8	34.1	34.8
LI	27.7	27.2	:	28.0	29.5	31.1	32.6	34.6	36.1	38.3	40.8
NO	34.3	34.2	33.0	32.2	33.2	34.5	35.3	36.0	36.7	37.8	38.6
CH	32.6	31.5	31.7	32.8	34.6	36.0	36.9	37.2	38.5	40.1	41.5
ME	:	:	:	:	:	:	:	:	:	34.5	35.6
HR	:	:	:	:	:	:	:	:	:	40.2	41.3
MK	:	:	:	:	:	:	:	30.7	32.3	34.2	35.8
TR	20.1	19.0	18.6	19.3	19.8	20.7	22.0	:	:	:	28.8

(¹) 1960-1990, excluding overseas departments.

Source: Eurostat (2012)

An increase in life expectancy across the EU during the last century led to increased longevity, while in more recent decades – from the 1970s onwards – the EU has experienced falling fertility rates. Those demographic changes had very strong effects regarding ageing in the last 30 or 40 years and it is expected, by many, that the ageing process will further affect society during the next half century, as the absolute number of older people and the percentage in total population of older persons are still growing. These demographic changes will lead to significant challenges for families and individuals. For example, it could become usual for people to move into retirement while still having one or both of their parents alive.

This process should be mainly considered by governments as the ageing of the population could determine implications for public policies and budgets. At present, there are severe constraints on fiscal policies and a strong need for fiscal consolidation over a number of years in the EU, all this happening also because social security expenditures are influencing policies and the pressure regarding the sustainability of pension expenditures is steadly growing. The changes in the demographic profile of the EU will also affect the labour and product markets, families and individuals. In order to defeat the obstacles occured by population ageing, a long-term view seems necessary, well beyond the horizon of electoral cycles. Many of the challenges that arise from population ageing are universal and include (Eurostat, 2012) :

• pressure on public budgets and fiscal systems;
• strains on pension and social security systems;
• adjusting the economy and in particular workplaces to an ageing labour force;
• possible labour market shortages as the number of working age persons decreases;
• the likely need for increased numbers of trained healthcare professionals;
• higher demand for healthcare services and long-term (institutionalised) care;
• potential conflict between generations over the distribution of resources.

It is hopeful to state the fact that many people lead active, healthy and participative lives after the retirement age, which is often referred to as the 'third age', but many Europeans are faced with problems, such as poverty, illness or disability, all this restricting and harming their lifestyles. The key to tackling the challenges of an increasing proportion of older people in our societies is "active ageing": encouraging older people to remain active by working longer and retiring later, by engaging in volunteer work after retirement, and by leading healthy and autonomous lives.' Active ageing is defined by the World Health Organisation (WHO) as 'the process of optimizing opportunities for health, participation and security in order to enhance quality of life as people age'. The definition therefore includes the notion of extending the activity of older persons, both:
• within the labour force, through delaying their retirement;
• within society, through participation in a range of social, economic, civic or cultural activities.

An other important aspect is to limit unemployment and to determine active living within the European Union. One of the targets for the time horizon 2020 is to reach an EU‑27 employment rate of 75 % for those aged 20-64 by. If this target is to be achieved then a higher proportion of the population needs to remain in employment up to a later age. This will be particularly important given, that as of 2012, the size of the working age population in the EU is projected to start shrinking. The European Employment Strategy (EES) has a range of actions and guidelines targeted at older people, including measures calling for improved (occupational) health status and incentives to remain in work and discourage early retirement (Eurostat, 2012).

Employment policy also seeks to improve human capital through better education and skills. As such, efficient lifelong learning strategies including workplace training may enhance the prospects of older workers to remain in the workforce. The EU's employment strategy seeks to establish a lifecycle approach, putting in place conditions that allow people to prolong their working lives, such that employment rates for older workers and average exit ages are raised. The European Social Fund (ESF) has, since 1957, helped millions of Europeans to get (better) jobs and acquire skills for work. It is one of the EU's structural funds, which was set-up to reduce differences in the prosperity and living standards that are experienced between Member States and regions of the EU. The European Commission proposed a new set of rules relating to how the ESF might work during the period 2014 to 2020. The goals of the ESF during this programming period are to improve employment opportunities, promote education and lifelong learning, enhance social inclusion and contribute to combating poverty. In order to achieve these goals, greater emphasis will be placed, among others, on promoting active and healthy ageing and supporting the most disadvantaged groups and marginalised communities (Eurostat, 2012).

Eurostat population projections (Europop2010) suggest that the median age is growing in the coming decades. By 2060 the median age of the EU‑27 population is projected to stabilise at 47.6 years, around 15 years higher than a century before. The EU‑27 population stood at an estimated 501.1 million persons on the 1 January 2010; of these some 87.1 million were aged 65 or over. As well as being two of the largest Member States in terms of absolute population numbers, Germany and Italy are also

characterised as having relatively old populations. There were 16.9 million persons aged 65 or more in Germany on the 1 January 2010, while there were 12.2 million in Italy.

Old age could often be associated with illness – although this should be reduced. Those older members of society should make a significant contribution to society, for example, by extending their stay in the labour market or participating in family and community life. Policy developments within this area may be focused on encouraging older persons to remain healthy and autonomous for as long as possible. An indicator of healthy life years provides a pertinent measure in this respect; it is based on the concept of disability-free life expectancy. In 2008, females aged 65 within the EU‑27 could on average expect to live a further 8.4 years free from any disability, equivalent to 40.5 % of their remaining lifespan. There was little difference in the overall number of healthy life years that men aged 65 years could expect to live free from any disability (0.2 years less than the figure for women), although this was equivalent to almost half (47.8 %) of men's remaining life expectancy.

Table 2 - Life expectancy and healthy life years of elderly persons, 2009

	Life expectancy at age 65 (years)		Healthy life years at age 65 (years)		Healthy life years at age 65 as a proportion of life expectancy at age 65 (%)	
	Male	Female	Male	Female	Male	Female
EU-27 (¹)	17.2	20.7	8.2	8.4	47.8	40.5
BE	17.5	21.1	10.5	10.1	60.2	48.0
BG	13.8	17.0	8.4	9.1	61.1	53.8
CZ	15.2	18.8	8.0	8.4	52.9	44.5
DK	16.8	19.5	11.2	12.0	66.9	61.5
DE	17.6	20.8	6.4	6.5	36.4	31.0
EE	14.0	19.2	5.5	5.3	39.0	27.7
IE	17.2	20.6	10.2	10.5	59.1	50.8
EL	18.1	20.2	7.2	6.6	40.0	32.6
ES	18.3	22.5	9.2	8.4	50.1	37.1
FR	18.7	23.2	8.8	9.2	47.0	39.6
IT (¹)	18.2	22.0	7.3	6.8	40.4	30.9
CY	18.1	20.9	9.9	8.5	54.9	40.6
LV	13.4	18.2	4.7	5.7	35.2	31.2
LT	13.4	18.4	5.9	6.7	44.0	36.4
LU	17.6	21.4	10.8	11.4	61.5	53.2
HU	14.0	18.2	5.7	5.6	40.7	30.6
MT	16.8	20.6	11.0	11.2	65.7	54.4
NL	17.6	21.0	9.4	10.3	53.3	49.2
AT	17.7	21.2	8.1	8.0	46.0	37.9
PL	14.8	19.2	6.8	7.4	46.1	38.8
PT	17.1	20.5	6.6	5.4	38.4	26.6
RO	14.0	17.2	7.2	7.0	51.4	40.6
SI	16.4	20.5	9.3	9.9	56.6	48.3
SK	14.1	18.0	3.4	2.8	24.3	15.7
FI	17.3	21.5	8.1	8.9	46.9	41.4
SE	18.2	21.2	13.6	14.6	74.8	69.1
UK (¹)	17.7	20.3	10.7	11.8	60.5	57.9
IS	18.6	21.0	12.7	13.6	68.3	64.6
NO	18.0	21.1	13.5	14.0	75.2	66.3

(¹) 2008 instead of 2009.

Source: Eurostat (2012)

Those countries where a higher proportion of older persons remain free from any form of disability are likely to be characterised by more active, healthy and participative elderly populations, with less recourse to medical and care facilities. Sweden stands out from the other Member States in this respect, as Swedish males aged 65 could on average expect to live an additional 13.6 years free from any form of disability in 2009, while the corresponding figure for women was one year higher at 14.6 years. This equated to almost three quarters (74.8 %) of the expected remaining lifespan of Swedish men and 69.1 % of the remaining lifespan for Swedish women; these shares were by far

the highest recorded across the EU Member States, while other relatively high ratios were recorded in the remaining Nordic countries (Eurostat, 2012).

Eurostat's population projections suggest that there will be less than two people of working age (15 to 64 years) for every older person aged 65 or more in the EU‑27 by 2060, compared with a ratio of almost four to one today; it is important to note that demographic dependency ratios such as these may be further influenced by underemployment or unemployment (which have the potential to reduce further the number of persons actually in work and supporting the remainder of society). The most rapid changes in the size of the working age population are expected to take place during the period from 2015 to 2035, when a large part of the babyboom cohorts are projected to retire.

Population projections foresee little overall change in the total number of inhabitants in the EU‑27 between 2010 and 2060. However, the structure of the population is expected to become much older, with a marked change in its age profile, as the older sections of the population account for an increasing share of the total number of inhabitants. The changes that are foreseen are unprecedented, as there are no historical examples of age distributions being shaped like inversed pyramids, with the oldest age classes bigger than the youngest ones.

Figure 1 –a. Projected structure of the population by age group, EU‑27, 1 January/ b.Old age dependency ratio EU-27

a.

(% share of total population)

- Aged 80+
- Aged 65–80
- Aged 50–64

(¹) 2010, estimates.
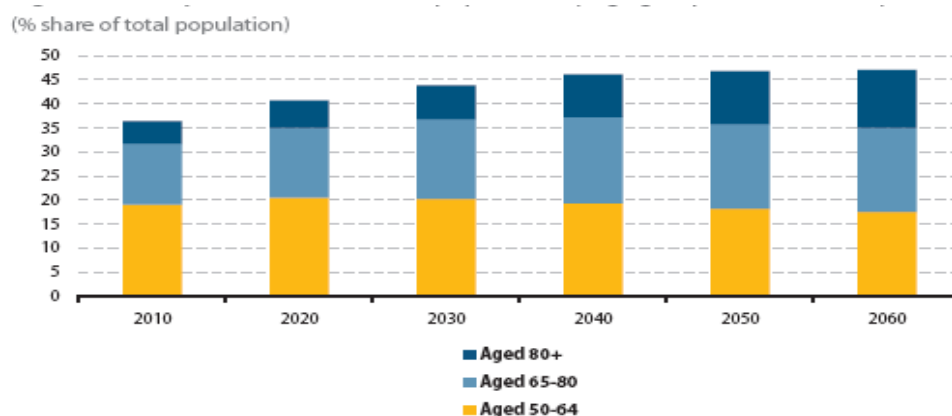
b.

(%)
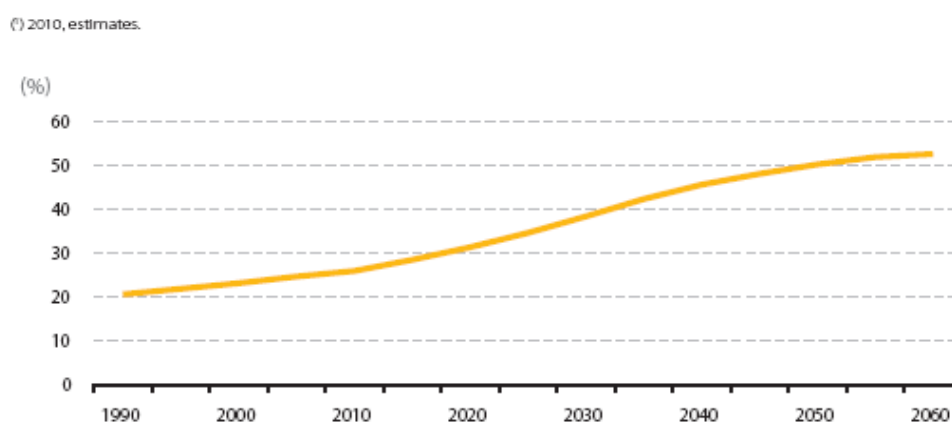
(¹) Population aged 65+ in relation to the population aged 15-64; projections, 2015-2060.

Source: Eurostat (2012)

Conclusions

Considering all the aspects mentioned above, we think that urgent and useful measures are necessary in order to keep social expenditures sustainable and to hinder the potential suffering of ageing people. It is important to promote the active participation of older persons and to increase pension ages according to life expectancy,

while early retirement schemes should be reduced. Furthermore providing accessible and effective healthcare services that promote early detection of diseases and help older people to maintain their health and capacity to live independently is also a main political target but it is also necessary to ensure that healthcare spending remains under control. An other public objective refers to the fact that older persons have adequate incomes generally through pensions systems and support mechanisms that seek to reduce the proportion of older persons that are at-riskof- poverty.

The development of new products and services which are constructed in order to serve older people may allow older people to stay autonomous and live longer in their own homes, avoid the delivery of assistance from other employees and save public or private money.

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