



Web link: <http://knowledge.insead.edu/impactofageing080206.cfm>

The impact of ageing

---- by Saher Latif -----



“Ageing of populations is often viewed very negatively. Yet we need to constantly keep in mind that it is a sign of success,” says Gavin Jones, co-editor of a new book called ‘*The Impact of Ageing - A Common Challenge for Europe and Asia*’. That’s because ageing populations in Europe and East Asia represent success in terms of lowering unsustainably high birth rates to replacement level, and prolonging life expectancy, he says.

Except for Japan, Asian countries have not yet aged as much as European countries, but that said, they are set to age at a much faster rate. In Singapore, the percentage of the population aged over 65 will treble between 2005 and 2030.

The combination of much longer life expectancies and very low fertility rates will result in much smaller, and older, workforces; and societies will have to deal with much larger dependent populations.

‘Asia needs to learn from Europe’s experiences’

Jones says Asia needs to learn from Europe’s experiences and plan ahead. “You can predict ahead quite well how the ageing process is going to go.”

A key lesson that Asia can learn is related to pension schemes. Jones says that countries need to consider shifting away from the current pay-as-you-go system that many currently have - where pensions are paid out of current taxes. “As the elderly population gets bigger, that becomes a tougher and tougher burden on the working population. But if, as people go through the workforce, they are contributing ahead for their own expenses - an income contributory approach - then that’s not putting the burden on a particular group in the workforce.”



Gavin Jones

Jones says the ‘crisis’ of pension systems can be dealt with if the labour force participation rate is increased and people work five years longer. “The fact is that the elderly can remain productive. In many countries, the age at retirement tends to be too early,” says Jones. Figures from the UK show that, on average, men retiring at 64 spend 31 per cent of their lives in retirement, as opposed to the situation in 1950, when a man retiring at 67 would have spent 18 per cent of his life in retirement.

In order to maintain the quality of the workforce, it will be important to invest in training and retraining of older segments of the working population.

Not only can the elderly contribute to the workforce, but, Jones says, “they can also be productive in all sorts of other ways: in the community, through voluntary work, within the family, and through their role in looking after their grandchildren.”

Keeping people ‘younger’ for longer



Gabriele Sinigoj

Gabriele Sinigoj, a researcher in diplomatic history who also co-edited this book, notes that biomedical research is an area where little distinction can be found between Asia and Europe. Between the ages of 65 and 95, the prevalence of dementia doubles with every five years of age, giving rise to fears of the increasing numbers of the elderly resulting in ‘an epidemic of dementia.’ Sinigoj says there is a universal approach to dealing with keeping so-called ‘young-olds’ (those below 75) younger for longer, and for finding solutions to the problems which may afflict those above 75. She notes that “we have an immense industry coming up in terms of ... how people could actually look forward to a wonderful final stage in their life under the circumstances that these decisive old age diseases are taken care of in a way that prolongs life in a positive way.”

Gabriele Sinigoj of the Institute of East Asian Studies at the University of Vienna took part in the Healthcare2020 forum at INSEAD’s Europe campus last year.

Gavin Jones is a professor at the Asia Research Institute at the National University of Singapore.