



# Features and Challenges of Population Ageing: The European Perspective

*by Asghar Zaidi*

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## I. Introduction

The phenomenon of population ageing is an issue which we can refer to as the spirit of the time: all of us are thinking about the issue of longevity gains and we all have views on how best to meet the challenge of longer life. My views on this issue, as you would see from this Policy Brief, bear a very optimistic tone. The population ageing will have to be viewed as an achievement of our societies and not a potential disaster waiting to happen.

In this Policy Brief, the issue of population ageing and its possible implications will be sketched out. And then I go on to discuss public policies that are required to address the challenges posed by ageing. My main perspective would be the Europe as a region facing this challenge and how individual countries as well as the European Union and the UNECE could steer strategies to deal with these challenges, and to come up with solutions in the form of policy preparations to meet these challenges. At the outset, two messages would summarize the contents of this Policy Brief:

- Population ageing could be considered a hazard or it could offer new opportunities for the society depending upon how well we prepare for it. It is a challenge that societies will have to prepare for and if prepared (well) and much in advance, this would actually become an opportunity to develop even faster and with a greater extent of social cohesion across generations. But it could also become a hazard if we fail to take into account all the challenges that this population ageing phenomenon is posing to us.
- Another message that would stand out is that not just public policies that need to be reformed to account for population ageing issues; in fact the private sector and the civil society as well as the individuals



concerned will all be key factors in adapting to the new situation and in coming up with innovations that could provide solutions to this challenge that our societies are facing.

The outline of the Policy Brief will be as follows. Firstly, I describe what we understand by the population ageing phenomenon within the context of European countries. Next, it is mentioned what responses are required by public policies, the private sector and the civil society in major areas of action.

**Undoubtedly, international action plans under the auspices of the UN have been playing a significant role in the efforts to understand better and prepare for the challenges associated with ageing population. The European Centre Vienna has played a major role in providing technical expertise for UNECE's work for the European region.**

Let us start by briefly touching upon the international plan of action on ageing that is already in progress. In April 2002, in Madrid, the representatives of a large number of governments met at the Second World Assembly on Ageing and adopted an International Plan of Action on Ageing, to respond to the opportunities and challenges of population ageing in the twenty-first century. The Madrid International Plan of Action on Ageing (MIPAA) is a worldwide plan that actually provides international collaboration across countries and also offers coherent recommendations towards how individual countries should monitor their progress in dealing with the challenges of population ageing. In the same year (September 2002), the United Nations Economic Commission for Europe (UNECE) adopted a Regional Implementation Strategy (RIS) at the Berlin Ministerial Conference and this strategy is designed exclusively for the UN European region. The first five-year cycle of the review and appraisal of MIPAA in the European region has been concluded with the Ministerial Conference in León, Spain, from 6 to 8 November 2007, and with its presentation at the 46th session of the Commission for Social Development, New York, 6 to 15 February 2008.

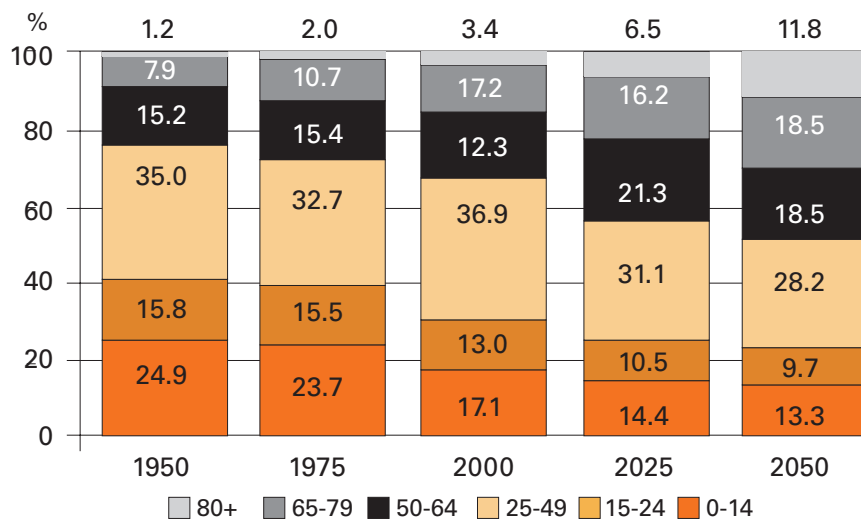
## 2. What are the Features of Population Ageing in Europe?

**What we identify as the population ageing phenomenon is: a rising share of older people living in our societies and this will be accompanied by a shrinking population overall.**

Figure 1 on the next page shows the data for the 25 member countries of the European Union; it shows how population shares of different age groups (between the ages of 0-14, 15-24, 25-49, 50-64, 65-79 and 80+) have changed in the last 50 years and will continue to change in the future 50 years.<sup>1</sup> The youngest age group (0-14) is in the lowest part of the bar diagram and the oldest age group (80+) is at the top. And, the data covers the period from 1950 to 2050. Thus, we see from these hundred years of data how population structure is changing in the European Union countries. And if you just focus on the last two bars at the top (representing the age groups 65-79 and 80+), you see how quickly the share of

those two age groups is increasing. You see that from 10% in 1950 it will rise to be close to 33% in 2050. So, that is the context, and that is what we identify as the population ageing phenomenon: a rising share of older people will be living in our societies in the future and this will be accompanied by a shrinking population overall.

**Figure I:**  
Rising share of elderly population in EU-25



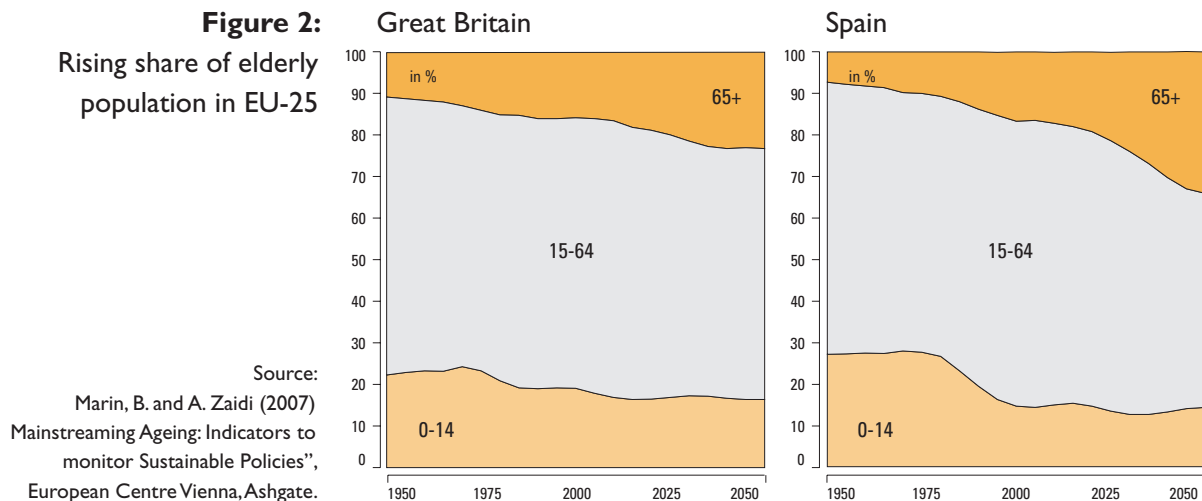
Source:  
UN World Population Prospects (2002 Revision) and Eurostat 2004 Demographic Projections (Baseline scenario)

**Almost all European societies are experiencing population ageing, but some age faster than others and so the challenges associated with ageing come quicker for some countries than for others.**

Let us also compare this phenomenon across two individual countries of Europe: Spain and Great Britain (see Figure 2 on next page). This comparison shows that the challenge and extent of the population ageing phenomenon is different for each of these countries. Spain will be absorbing a much quicker rise in the share of older people than most of the other European countries (and Great Britain is presented as a contrasting example here). If you view the top part of the graph, you will notice that from 2000 onwards the share of older people in the total population is increasing at a much faster rate for Spain than it is increasing for Britain. We see that almost all European societies are ageing but we will have to be aware of the fact that some societies are ageing faster than others, so the challenges of an ageing population come quicker for some countries than for others. Another notable phenomenon obvious from this figure is the middle part (representing the age group 15-64), which is shrinking. This shows that as we move into the future we will have a smaller fraction of our population falling in the working age group. This challenge of a shrinking population is one of the main challenges that

we will have to deal with in the future and this poses a serious challenge to European economies to continue to grow and be competitive in an increasingly global world.

**Figure 2:**  
Rising share of elderly  
population in EU-25



So what are the main factors that are driving the ageing of European societies? Three obvious factors can be identified as:

1. Ageing of the baby-boom generation (1945-65) as they reach 65+ in 2010 and beyond;
2. Much lower fertility since the baby boom phenomenon; and
3. Rising life expectancy at older ages (a critical factor that is likely to continue!)

The one that is quite easy to understand is the ageing of the baby-boom generation: this generation was born 1945 and 10-20 years after that. And, this is the generation that will be retiring from the early 2000s onwards. Thus, there will be a large number of people (who were born during 1945-65) who will be retiring in the next couple of decades. The main problem has been that this phenomenon of a high baby boom did not continue. Actually, we observed a much lower fertility rate after that period. That can also be regarded as a success of our societies: the society offered much more choices to women, and women had much better control over when to have children, how many children to have in the family, even not to have children at all. This reflects a better em-



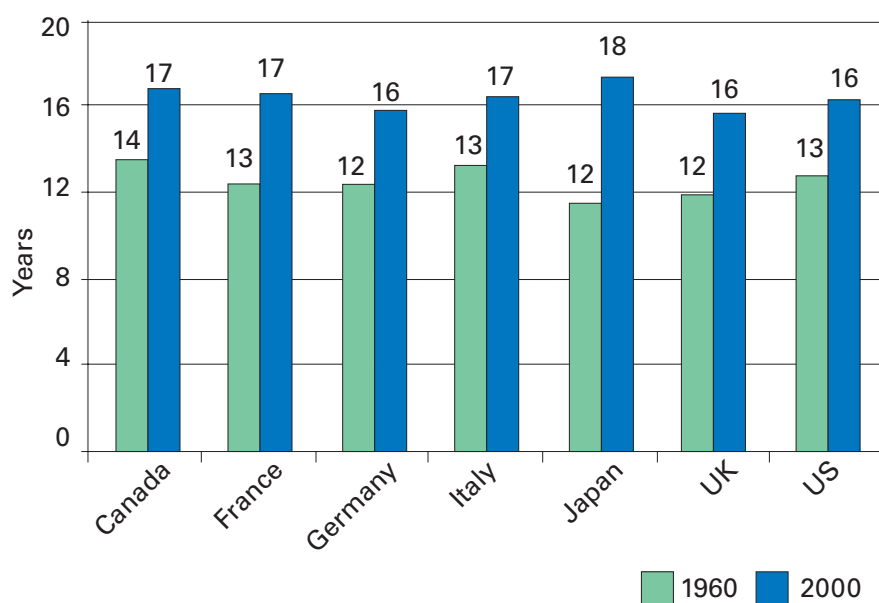
powerment of women in society and that is also undoubtedly a success of our society. Our civilization now also offers different opportunities to women than just to be living in a family in which the male was the breadwinner and women stay at home and take care of children. In fact, women can expect to get much better and more equal opportunities in the future and thus they are more likely to be more often active in the labour market. And, one of the consequences has been that there either was a lower number of births per women or the births have been delayed to a later age.

**The life expectancy gains at older ages are 4-5 years over a period of last 40 years in the majority of developed countries. The gains are larger for women than for men.**

But the most successful phenomenon that we often associate with population ageing is indeed the rise in life expectancy, particularly at older ages. Those who make it to the age of 60 to 65, they actually have much higher chances of surviving till much later in life. For this purpose, two graphs are presented which would give us a comparison of some EU and North American countries as well as Japan.

This graph (Figure 3 on next page) presents the situation for men: on average men live 16-20 years after they have reached the retirement age of 65. The main message is that the life expectancy gains at older ages are 3-4 years over a period of 40 years in the majority of developed countries (Japan observed even higher gains: 6 years). The other message is that the phenomenon of population ageing is not just restricted to one or two countries, it is an issue observed in almost all countries of Europe. The fact that most of these bars are quite similar shows that actually the rise in life expectancy is observed across the globe in particular in developed countries. Here, I will not be discussing the population ageing phenomenon in less developed countries, it is also becoming a challenge for very many of those developing and transition countries, and the issue has been discussed at length elsewhere.

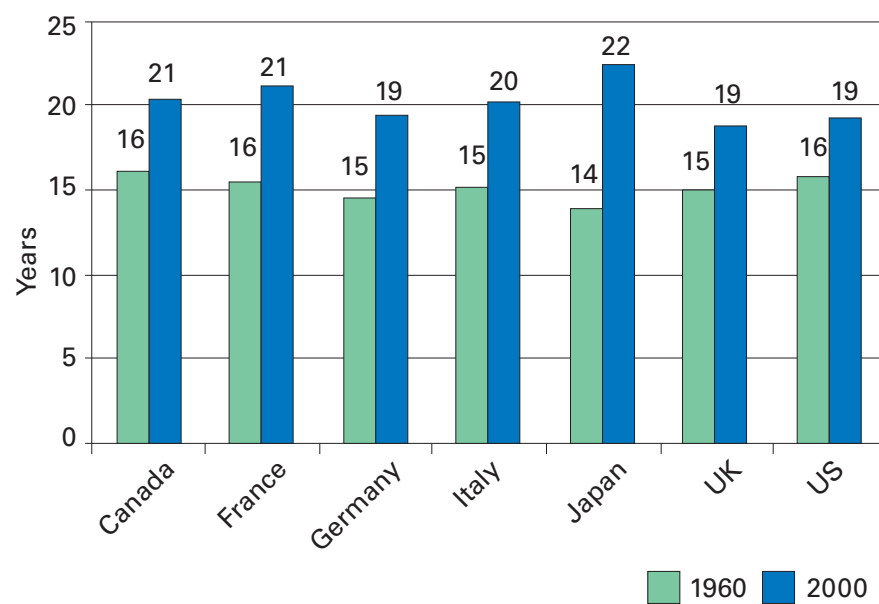
**Figure 3:**  
Life expectancy gains in recent times for men at 65: Selected EU and other advanced countries



Source:  
Author's manipulation of UN data on life expectancy

We see from Figure 4 below that women live longer: 19-22 years at the age of 65. Once again, we note that the longevity gains are substantial and that this phenomenon is quite similar across countries (once again the exception is Japan, where life expectancy gains for women are as much as 8 years). The main message coming out of these two graphs is that life expectancy gains have been observed by most advanced countries. And, just not to forget, this is a challenge that will be faced by very many developing countries.

**Figure 4:**  
Life expectancy gains in recent times for women at 65: Selected EU and other advanced countries



Source:  
Author's manipulation of UN data on life expectancy



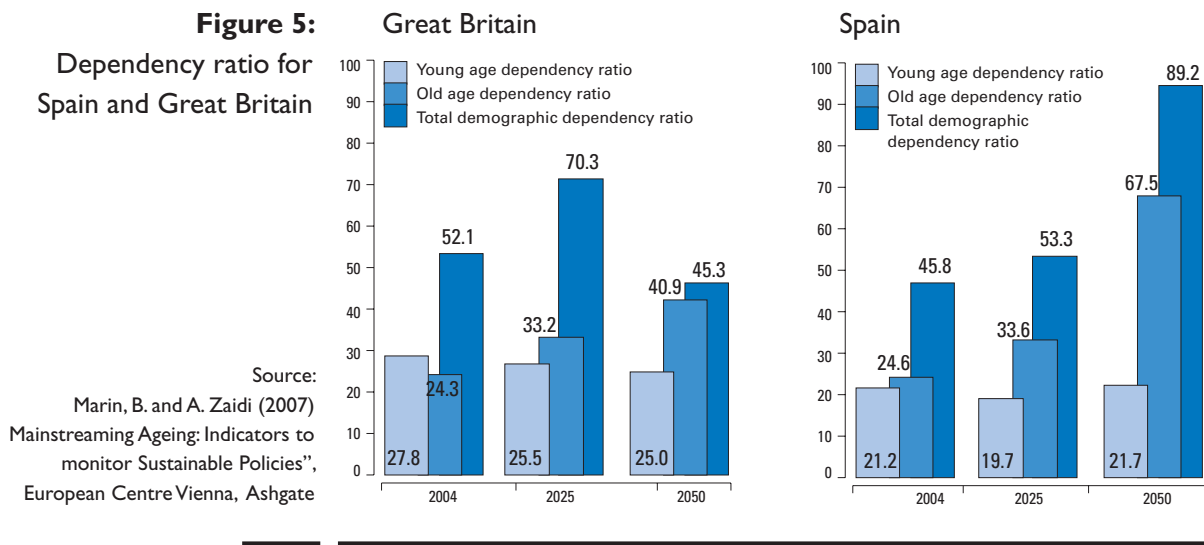
**The European welfare states had in the past introduced innovative ideas in providing resources and services to older people, and there is no reason to expect that these societies will not be able to live up to the challenges posed by population ageing in the future.** If we take a step back in time, we see that Europe has actually been at the forefront of many innovative policies that were introduced in the past century to provide resources and services for older people. It was in Europe that we first had the retirement income systems: such a system was introduced first in Germany, then in the UK and other countries. It is in Europe that we have innovative ideas towards providing long-term care for the elderly: the institutionalised long-term care for older people is observed first time in Europe. Now that we face this problem at a greater extent, there is no reason to expect that we will not be able to live up to the challenge and provide solutions for that.

The population ageing has been a success and we all share the opinion that this success also offers challenges to us. It raises concerns in particular for pensions and long term care. For example, pensions will have to be provided for much longer duration of retirement. Moreover, as we are living longer and not every year gained in life would necessarily be spent in absolute good health, we could expect that a lot more resources will be required in providing health and care services to future population of older people. This is all very well understood, but what we often miss out in such debates is the challenge of social cohesion across generations: we will be living in a society in which one out of three people would be aged 65+, so we will have to find new ways to balance interactions across generations. Social coherence across younger and older generation will be at the heart of solutions to population ageing challenges, and it is not just the public policies but also the civil society and the media that will be required to play a role in finding social cohesion across generations. We have to find a way in which we will continue to provide support to older people but at the same time not to consider them as a burden on the society.

As soon as we talk about pensions and long term care challenges, we think of dependency ratios. This is a very useful indicator as it shows the number of people above the age of 65 as a proportion of working age people. Let us look at an example here. In a typical pension system, you have a pay-as-you-go (PAYG) system in which the working age population put money in a pot and then the money from the same pot is used to pay for the pensioners of that time. So, changes in the dependency ratio tell us that, in the future, there will be less people contributing to that PAYG pot and more people who will be receiving from that PAYG pot. In most European countries, the dependency ratio has risen to an extent that now we have only about five people contributing for one pensioner.

At this point, I present again some results for Spain and compare them to Great Britain and focus on the total demographic dependency ratio indicator. Figure 5 shows the trends in the dependency ratio for Spain and Great Britain. In recent times, the dependency ratio has been ris-

**Figure 5:**  
Dependency ratio for Spain and Great Britain



ing in both countries, although the rise is observed to be much faster in Spain than in Britain. This implies that the speed of ageing is much faster in Spain. The third bar in the graph (which is the total demographic dependency ratio) is showing that in Spain the dependency ratio between 2004 and 2025 will rise at a much faster rate than in Great Britain. For Spain, the dependency ratio will continue rising between 2025 and 2050, whereas a reversal of this trend is expected in Britain. So, Spain will face the challenge of ageing and the issues arising out of population ageing much sooner than other European countries and for a much longer time period. Public policies must react much sooner in Spain than in other European countries.



### 3. How to prepare for the Challenges associated with Population Ageing?

Five different areas of public policies are selected here for their importance in preparing for ageing societies of the future:

1. Pension policy
2. Health and long-term care policy
3. Employment policy
4. Migration and integration policy
5. Infrastructure development

At the start, challenges faced by the pension policy are outlined. Next, the same discussion is undertaken for the health and long-term care policy; and then I move on to employment policy and migration and integration policy and also infrastructure development that are necessary in ageing societies of the future. The scope of this brief would not allow us to go into many details of each of these policy domains: my objective here is to actually raise awareness about different issues within each type. This is one reason that it is useful here to outline the overall philosophy that countries will need to adopt to come up with the right kind of policies.

**Policies should be mainstreamed into an overall strategy in which Europe seeks to become a region with high growth and a region with a high degree of competitiveness. Resources will have to be mobilised in a manner to benefit from the full potential of older people. Involvement of key stakeholders will also be essential in all policy formulations.**

- The ageing-related policies will have to be transversal so much so that they become a part of the overall strategy in making Europe a highly growing and competitive region; thus, the importance of 'mainstreaming ageing' will have to be emphasized;
- The policies are to be pursued so as to benefit from a 'full potential' of older people and make our societies fit for people of all ages; thus an 'active ageing' concept will have to be at the centre of all our future policy strategies; and
- Involvement of key stakeholders, especially of the private sector and the civil society, will be key to our success in finding a comprehensive ageing strategy.

Most importantly, we do not consider ageing people as a burden and as non-productive parts of our societies but actually we find innovative ways in which we continue to use the full potential of older people. We continue to use all the skills and the experience they have developed during their active lives for the progress of society. Active ageing is another concept that has been promoted strongly in Europe and the whole idea is that while ageing we remain contributing to the well-being of society and that of our own. One philosophy that has to be adopted in future policies

is that they should involve all the key stakeholders of society. It should not be the challenge for public policies alone; it is a challenge that is also faced by the private sector and the civil society (including the research community). The private sector enterprises and the civil society will have to come up with innovative ways in which they would provide for a society in which more and more old people are living alongside younger people.

### 3.1 Pension policy challenges

**The main challenge that the pension policy will be facing is to combine the adequacy and financial sustainability considerations, so as not to risk experiencing higher poverty among older people and continue to keep the systems financially solvent.**

To start with, societies will have to continue to provide adequate pensions so as to maintain decent living standards and it is useful to emphasize here that one major objective of the pension policy has always been to provide adequate resources to pensioners. If a pension policy failed that objective, it would have to be reformed and new ways to be found to provide resources for that pension policy. Here, some of my earlier work (see Policy Brief, September 2006) has shown that recent pension reforms that are happening in the European countries are overly concerned about fiscal balances. Countries are concerned about what proportion of GDP that is going towards pension provisions and how it will rise in the future. In order to ensure fiscal balances in the future, the pension benefits of the future population are often reduced in these reforms. Countries with such kinds of reforms will face challenges again in the future when a greater number of older people will have the risk of falling into poverty.

Having said that, the societies also have the challenge to provide pensions which are financially sustainable: the pensions systems should not get overly generous, i.e. generous to an extent that they become unsustainable and we will not have enough resources to continue honouring the pensions promise made during the contribution stage. One other challenge that the pension policy would be facing is to actually continue to modernize its operations, its functioning in a manner that it covers most of the groups that are likely to be at risk of having low pensions. There is a need to ensure pension entitlements for those people who are not normally covered in the formal systems: for instance, those women who take time off from their formal working careers, to provide care not only to their own kids but also to their parents. The pension system will have to come up with ways to take into account that those groups which provide services to the society in some other (non-quantifiable) manner should also be provided for in the pension system. Here, we take the example from Sweden, which has come up with very satisfactory ways



to provide pension credits to those women who take time off from their work to take care of their own children or of their elderly parents.

Another challenge that the pension policy of the future will be facing is to ensure intergenerational fairness. If we promise too much generosity in pension benefits to the current generation of workers, we run the risk that future generations of workers will have to pay the bill of this generosity. Thus, the pension policy will have to be devised in a manner that it is fair across generations. More importantly, perhaps in the context of Spain but also in the context of very many other European countries, the private sector will have to play a significant role in providing for pensions. In fact, more and more innovative financial products should be available for individuals to save and then benefit from those savings in their retirement

### 3.2 Long-term care policy challenges

**The preventive measures as well as the continuity of importance of informal care provisions will be the key factors required for the future long-term care policy directions.**

Long-term care policy will be facing a great deal of challenges and, importantly, there is considerable uncertainty about the nature and extent of these challenges. One important aspect with respect to the preparation lies in preventive measures: awareness should be raised in adapting to lifestyles that would result in improvements in health and functional status of people in later life. We have to realize during early stages of our life course that a healthy lifestyle will provide us not just additional years in life but also a good health status in those additional years. That is a challenge that the societies as a whole faces and we as individuals are responsible for making appropriate changes in our daily life.

As for public policies and private sector provisions, the ageing societies will have to facilitate the supply of formal as well as informal care mechanisms so as to respond to long-term care needs of the oldest old. One important point is that public policies will have to ensure that informal care provisions continue to play a significant role in the future. Public policies need to provide incentives to individual family members so that they would take care of their own older family members.

What is also very important is the coordination of all actors involved in the provision of affordable long-term care. Here, a partnership between public and private sectors as well as between different layers of the government is to be desired, so as to come up with solutions in which more

affordable and good quality long-term care will be provided in the future. The private sector has always been the leader in coming up with innovative ideas, and the private sector should see a clear motive to come up with innovations that will help meet additional demands of social and health care, care that can be provided at home, care that can be provided at day care centres or in formal institutions.

### **3.3 Employment policy challenges**

Moving on to the employment policy, let us recall the phenomenon linked with ageing population: the shrink in the working age population. This phenomenon implies that in the future we do not only have a smaller share of our working age population but also a decline in the overall population. The best way to ease the transition towards a smaller population would be, obviously, to encourage people to work for longer and remove the barriers that prevent them from doing so. The pension policies have already been making changes to improve incentives for longer working careers, by raising the state pension age, by restricting pathways to early retirement and by eliminating mandatory retirement. It is important to refer here to the potential of employment of women, not just part time employment but actually full time employment. Policies to encourage women into the workplace, through better provisions for child care and parental leave, will help redress the balance between work and family for women.

The employment potential of other groups, which often suffer from low employment, should be utilised (for example, policies towards greater employment amongst persons with disabilities should be pursued with a greater effort). One should also keep in mind the importance of the employment status of the migrant population, which would also contribute to the labour force capacity of their new homelands (provided their employment levels remain high!).

In countries where early-retirement pathways have been heavily used, notably in Europe, a number of reforms have already taken place to restrict access to formal early retirement (e.g. Austria, Belgium, and France). Also, measures have been introduced to tighten qualifying conditions for other pathways such as disability benefits (e.g. Denmark, the Netherlands, and the United Kingdom) and unemployment benefits (e.g. Austria, Finland, and the Netherlands). There has also been a higher pension eligibility age for men and women (e.g. Denmark, Germany, Italy, and the United King-

dom). However, caution is necessary in interpreting these trends. Country experience shows that, unless reform is comprehensive, there is a risk of substitution between early-retirement pathways. For instance, the phasing out of formal early retirement schemes in Belgium and France has been offset by a rise in the number of older unemployed exempt from active job search. Disability benefits remain a major early-retirement pathway in many OECD countries. Consequently, the effective retirement age is still well below official retirement age in many OECD countries.

**Considerable changes will be required in the employers attitudes in hiring and retaining older workers and in providing training to older workers.**

One critical aspect in improving employment for older workers is their employers' views on whether the productivity of older workers is aligned with the rising labour costs of older workers. Empirical studies show that the hiring rate of older workers is lower in those countries where the relative labour costs of hiring older workers are higher. This phenomenon reflects the negative employer attitudes that labour costs rise with age faster than productivity. Such an attitude leads to a push to older workers from their employers to find an appropriate pathway towards retirement. If public policies towards improving older workers' employment must work, it is essential that employers remove their negative perceptions of older workers and facilitate a better working environment in which older workers continue to improve their productivity. At the same time, rigid salary structures in which pay rises with seniority should also be replaced with more flexible ones. Thus, employers and trade unions also have the responsibility to find ways to restrict rising labour costs with age.

What would also be required are the sectoral changes so that we find more and more people working in the sectors that provide for older people. More people should be trained to work in the nursing sector, in the health provision sector, and in the social care provision sector. This is an important infrastructural development that societies will have to go through so as to prepare to meet the challenge of an ageing population in the future. One other way we could deal with this challenge of a shrinking population is that those who are working become more productive in their work so that the productivity growth contributes to increasing the output of society. We have to adopt the life course approach and think where more people could get into employment and where more people could do employment more productively.

### 3.4 Migration policy challenges

**Out-migration is a key issue affecting many Eastern European countries, and at the same time benefiting other Western European countries in providing cheap but skilled labour force. Policies advocated are to create life insurance and other forms of voluntary savings mechanisms that can be paid directly through remittances, and to reduce income vulnerability of those elders, who were migrants during working lives.**

Ageing societies will consider attracting younger workers from other societies as it will ease labour shortages, though it would not stop the ageing of societies because the numbers required would be too many. And, here lies one of the major challenges for the European countries: the integration of these migrant workers into the workforce as well as into the overall society. We looked at the example of Spain above, and in this respect Spain is quite ahead of other European countries. Spain has been able to bring migrants (more than anticipated!) and Spain has been reasonably successful in integrating them into the labour force. If we consider Europe as a region that includes Central Asian countries and other Eastern European countries, we have a great potential to benefit from migration within the region. Caution is necessary here, though. Those societies which lose young workers are also ageing and the emigration would exacerbate challenges in some countries while offering solutions to others. For instance, in some of the Eastern European countries almost one out of every two persons in the productive phase of their working life has either already left for Western Europe or is planning to leave. So, some of the countries can deal with this problem by importing younger workers from other countries but then it generates more problems for the countries that are exporting these younger migrants.

At the same time, the migration policy challenges should not be viewed too negatively: if we see this whole region as one global village then we see that some of the people who do not have employment opportunities in their own countries will be able to find employment opportunities elsewhere and will be able to bring back resources to their own country and over the longer term this will contribute to the development of their own country.

### 3.5 Infrastructure development challenges

The population ageing phenomenon is nothing that we do not understand, and this Policy Brief provides a simplistic overview of issues associated with ageing. Population ageing is a phenomenon in which we have a rising share of older people and a falling overall population. This is not a disaster waiting to happen, in fact it is offering us new opportunities to find new ways to continue to live together and continue to prosper. The core message of this Policy Brief is that the population ageing can lead to a disaster or it can become an opportunity but it all depends on how well ageing societies prepare for it. The analyses included here go through different policy domains and also discuss ideas about how public policies in the European countries ought to change in the future. The aging

population phenomenon is offering us a new setting in which we have to realise and benefit from the full potential of older people. A new social coherence will have to be found in a society in which younger and older people live well and productively with each other. And this phenomenon is actually not just a challenge for public policies but also for the private sector and there is even greater need than ever before for all these key stakeholders to work together for the future.

## 4. Conclusions

**The core message of this policy brief is that the population ageing can lead to a disaster or it can become an opportunity but it all depends on how well ageing societies prepare for it.**

The population ageing phenomenon is nothing that we do not understand, and this Policy Brief provides a simplistic overview of issues associated with ageing in the European region. Population ageing is a phenomenon in which we have a rising share of older people and a falling overall population. This is not a disaster waiting to happen, in fact it is offering us new opportunities to find new ways to continue to live together and continue to prosper. The core message of this Policy Brief is that the population ageing can lead to a disaster or it can become an opportunity but it all depends on how well ageing societies prepare for it. The analyses included here go through different policy domains and also discuss ideas about how public policies in the European countries ought to change in the future. The aging population phenomenon is offering us a new setting in which we have to realise and benefit from the full potential of older people. A new social coherence will have to be found in a society in which younger and older people live well and productively with each other. And this phenomenon is actually not just a challenge for public policies but also for the private sector and there is even greater need than ever before for all these key stakeholders to work together for the future.

## Further Reading

Marin, B., Zaidi, A. (Eds.) *Mainstreaming Ageing. Indicators To Monitor Sustainable Policies*. Ashgate, 2007. Book Series "Public Policy and Social Welfare", Volume 32.

MA:IMI - Monitoring RIS website. The voice of the process.  
<http://www.monitoringris.org>

Policy Brief, Zaidi, A.: *Pension Policy in EU25 and its Possible Impact on Elderly Poverty*. European Centre, Sep. 2006





## About the European Centre for Social Welfare Policy and Research

The European Centre is a UN-affiliated intergovernmental organization concerned with all aspects of social welfare policy and research.

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- A platform initiating future-oriented public policy debates on social welfare issues within the UN-European Region

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### Geographical Domain

All governments of States that are members of the United Nations, in particular those of countries of the UN-European Region, are invited to participate in and contribute to the activities of the European Centre. This results in a geographical domain of potential Member Countries of more than 50 European nations as well as the United States of America, Canada and Israel.



The European perspective. Authors at the European Centre for Health and Consumer Policy. Asghar Zaidi. PUBLICATION YEAR. In this Policy Brief the issue of population ageing and its possible implications are sketched out. It also discusses what public policy responses are required to deal with the challenges posed. The main focus would be on Europe as a region facing these challenges and how individual countries as well as the EU and the UNECE could steer strategies to deal with them. Two messages would summarize the contents of this Policy Brief. Firstly, the population ageing phenomenon could be considered a hazard or it could offer new opportunities for our societies depending upon how well we prepare for it.

1. Population ageing is a global phenomenon: Virtually every country in the world is experiencing growth in the size and proportion of older persons in their population. There were 703 million persons aged 65 years or over in the world in 2019. The number of older persons is projected to double to 1.5 billion in 2050. In discussions around the challenges of social protection associated with population ageing, the most common measure is the old-age dependency ratio, which equals the number of persons aged 65 years or over divided by the number of persons aged 20-64 years. This measure is often used as a proxy for the economic dependency of the older population. Given the diversity among older persons with respect to. Europe's innovation potential for tackling the challenges and embracing the opportunities brought about by demographic change. The partnership seeks to translate innovative ideas into tangible products and services that really respond to the needs of older Europeans and thus boost the EU's competitiveness, growth and potential for job creation through generating new opportunities for our businesses. the European approach to demographic change and presenting population ageing from different perspectives. Consequently, it looks into a number of key questions related to economic growth, labour market, well-being, transition to retirement and other issues.

35 Chapter 6 : Population Ageing: Macro Challenges and Policy Responses David E. Bloom, Axel Borsch-Supan, Patrick McGee and Atsushi Seike.

39 Chapter 7 : Social Capital, Lifelong Learning and Social Innovation Simon Biggs, Laura Carstensen and Paul Hogan.

42 Chapter 8 : Leadership: The Elders S. Jay Olshansky. I welcome this timely book, which deals with some of the many other perspectives of population ageing. The diverse chapters within it can help us invent the kind of society we might want to be part of in the 21st century.

Global Population Ageing: Peril or Promise? The European Union has designated 2012 as the Year of Active Ageing and Solidarity between Generations.