

# Scenarios in a Demographic Counter Ageing Society

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## Poster description

Ageing process, in Italy, is apparently recent. Indeed in the last century, life expectancy tripled and fertility had a plummet. These phenomena caused a radical change within the age structure of the Italian population, with a real overturning of the age pyramid. Whereas in the past the pyramid was characterised by a large bottom and a thin top, nowadays the same pyramid appears to have a thin bottom and a large at top.

The actual scenario is therefore characterised by a decreasing share of younger age groups in the overall population, and the increasing share of elder age groups. The current age structure evolution is an inevitable outcome of an effective birth and death control which determined a significant increase of the elderly population, throughout these past decades. This leads Italy to be, by far, one of the oldest world countries.

It is self evident that population ageing poses major challenges to society, and, these challenges can only intensify in the next years.

Accommodating policies to face up the multiple impacts of population ageing are urgently needed and should be multidimensional: labour market, social and health care, housing, education, social protection and pension schemes.

Currently, in the Italian statistical system, a person is considered 'aged' if his age is over 65; this definition is based on economic criteria, if we consider that 65 years old is the apparent threshold for the entry into the retirement system.

The debate on the population ageing process is very relevant, because it involves several aspects related to people's life, both in terms of economic and social life, that deserves particular attention. With regards to the economic factors, this involves consequences on saving, consumption, investments, as well as on the present debate on the tax system and pension plan. With regards to the social factors, health assistance, family's composition and life conditions are at stake.

The traditional political answer to the current demographic changes of the aged population mainly takes into consideration the pension and the health system. However, the path of the new policy on ageing, seems more oriented to merge with the family and housing policy.

This phenomena is international and, most of all, is 'irreversible' as declared by United Nations (2002). Because of this alleged characteristic, it becomes compulsory to consider another relevant aspect about ageing: the consciousness in the process (Cagiano de Azevedo, 2003). The radical fertility reduction together with the mean age extension, are the result of diverse rational individual choices, which reflect a more important social and cultural revolution, characterising the western countries.

In this demographic scenario, Italy, because of it has one of the lowest fertility in the world and one of the fastest increase of survival at the oldest age, gains an 'eccentric' position compared to the European average (Istat, 2007).

As a matter of fact, Italian fertility has always been characterized by the lowest level compared to the European countries, both during the highest growth from the post-war period to the middle sixty age, well known as 'baby boom', and during the decline period, lasted thirty years, that led to the historical minimum in 1995 and in the last years that it has been marked by a rather weak fertility increase.

With regards to length of life, demographic indicators clearly show that Italy is one of the European countries with the highest life expectancy for both genders.

If we compare the population structure in the last half century, we can appreciate how these two phenomena have greatly modified the Italian age structure, causing a sort of imbalance between young population and adults on the one hand, and between the young and old population on the other hand.

The percentage of the old population results doubled; the so-called 'elderly' (65 years and over) population mounted to 8,2% of the total population (1951, Census), to 19,9% (Resident population on January 1st 2007). Nowadays, the 8,2% of the total population is represented by the over 76.

In the same period, the median age increased from 28 years to 41; this means that, in 13 generations, in other words 12.110.643 result 'made young again', passing from the older population to the younger population during the 56 years spent; and, considering that in the 2020, the median age will reach the 46 years old, in the next 14 years 5 generations more will be made young again.

Otherwise, while a proportion of adults slightly unchanged, the indicators show a drop in the young population.

The *ageing ratio*, that is the current indicator of the demographic relation between the elderly (the grey pressure, over 65 people) and the youngest (green pressure, under 15 people), shows a great unbalance destined to increase; in 2007 there were 141,7 elderly to one hundred young.

If we compare these indicators with the forecasted ones in 2020, the unbalances caused by ageing will be more and more evident, in terms of social, economic and organizing structure; without changing in the threshold definition, the ageing ratio will grow until 176%.

It is to be pointed out that life conditions of today's older is significantly different from the 50's, which means that calling 'old population' those people who reach a threshold based on vital age might be inadequate: 'it is to be stressed that what is really going to "make old", is the ageing concept' (Giarini, 2001). In fact, the new 'old population', reflects a heterogeneous universe of people and the characteristic related to ageing are always less associated to over 65 people.

This means that nowadays, the old population is younger, not only because they live longer than in the past, but, also and especially because their life conditions have progressively and significantly improved.

The recent term used to mean this 'rejuvenation' is *counter ageing*; this definition means that our demographic structure is going to become younger, because we live better and longer and because our capability are growing up; according to other opinions, it points out that the increase of immigrants in the younger demographic ages gives a contribution to the counter ageing of autochthones populations.

If we consider the fixed threshold of 65 years old between 1951 and 2020, it becomes evident how the situation has changed during 56 years: the number of aged population has drastically increased both in absolute (+198%) and relative terms (+140%). Life expectancy has also increased of approx 5 years for males and approx 8 years for females; moreover, this increase is going to raise respectively to 1,1 and 1,5 years during the next 13 years.

In other words, if it is true that Italian population is hardly aged, in a demographic interpretation, it also true that it is going to be rejuvenated, because, for each year reached one person can live more years and in improved conditions.

If the threshold remained the same in the next 13 years, the number of old population would reach 13.676.265, which means that almost one Italian out of four is considered 'old'.

As confirmed by the national population projection by age and sex, ageing is a growing trend destined to last across the coming the years.

An interesting way to go over the ageing definition based on an vital age criteria, it is to assume the 'dynamic' thresholds that succeed in shaping the real population need, thus trying to take over the impact of ageing on the Italian socio-economic system.

So, to avoid comparing with the same criteria group of population really different during the year, because they are subjected to condition completely different, an interesting hypothesis could be considering 'old', a person with a determined horizon of time in term of life expectancy (e.g. considering the reference of

the life expectancy at 65 years in 1981, Census); according to this assumption, the amount of old people decreases, in line with the increase of the ageing threshold (70 years old).

Also, the share of the older population would be about 50% lower than the one relating the over 65 threshold of the same year. This difference is supposed to have an important impact on the social and economic system.

Another hypothetical scenario could be built up by considering a fixed proportion of 'old population' of the overall population, for instance, the one at the beginning of the observation (1981).

Maintaining the 11,2% and 15,2% (over 65 people in 1981) of the old population during the period under consideration respectively for males and females, the ageing threshold points out a considerable increase thus reaching in 2007, the age of 71 (males) and 72 (females), and which is destined to reach the age of 73 and 74 in 2020.

Otherwise, if we consider a fixed number of the 'old population, the Italian population would be rejuvenated, because the share of the elderly relative to the overall population would decrease from 13,2%, in 1981, to 12,3%; but, with comparison to the previous scenario, the horizon of time would be shorter.

This scenario shows that, as a result of the population growth, the ageing threshold would reach in 2007 the age of 72.

The demographic indicators on ageing would be more bounded given the re-inclusion of the population over 65 in the productive activity which is currently excluded from the industrial system.

Thus, the young generation contribution would appear less pressing which would help to reduce sustainability problems created by the consequences on the economic and social system of ageing, hence giving a new balance between young and old people.

This hypothesis is characterised by a limited number of old people which reaches approx. one third compared to the over 65.

However, because of the demographic growth, population over the ageing threshold is destined to increase even if at a more limited rhythm if compared to traditional threshold.

Another hypothetical scenario called '*the recovery of adult people*', provides a progressive exit and entrance from labour market in particular age classes, using part-time in order to improve economic balance and welfare state through the yearly increase in the contribution standard.

This new hypothetical form of entry and exit to/from the labour market through the part-time system, would guarantee a grater balance between younger and older generations, hence obtaining more standard contribution years and 'including a number of people, the so called 'demographic treasure', on younger generation.

All these scenarios, which might appear 'paradoxes', are due to the determination of the 'ties' of the problem: an economic tie (i.e. by setting the number of old people enable us to set the amount of expenses); these hypotheses are based on the acquaintance that today old people live longer and in improved conditions and therefore they still represent an important source not only for the economic system, but also for the social and cultural systems.

The traditional threshold based on the demographic age, does not answer to the changed needs. Taking into account the differences between the today's and the past situations of the elderly, it would be probably more useful to consider the counter ageing of the population in terms of working population.

The ageing threshold shifting would also allow a new balance between the young and the old generations, thus bringing about a better bearing of current problems due to the combination of low and late fertility and the growing of number of old people.

To sum up, the working age extension might represent a crucial element towards the 'counter ageing revolution'.

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