

Active Ageing: An Analysis

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Abstract: The problem of ageing is a highly topical for Romania and for European Union. In this framework, to create and implement some strategies for active ageing is an important objective. The international and regional forums set (supported by official statistics) that the number of older people growing rapidly. Romania needs some programmes (with labour, social, economic, health care aspects) to deal with the demographic changes, programs that will reform the existing working life structures and legislation. Despite the actual pension reform, which tries to close the opportunity of early retirement (by penalizing the total pension flows, or increasing the retirement age, etc.), the labour system does not sets some important targets for this area.

Keywords: active ageing; social protection; older people

JEL Classification: MO; M31

1 Introduction

World Health Organization define “active ageing” as “the process of optimizing opportunities for health, participation and security in order to enhance quality of life as people age” (http://www.who.int/ageing/active_ageing/en/).

If in 1950 the older age population (aged 65 and over) represented 5.2% in the total global population, this part of population will exceed 15% of total population.

The Third Demography Report of the European Commission shows that the percentage of the total population aged 65 and over in the European Union grows from 13.7% in 1990 to 17.4% in 2010. In addition, the predictions are that this segment of population will be in 2060 over 30%. These demographic changes will affect all member states, but some regions will suffer more. (Turtureanu, 2011) In this respect, the increase of the elderly people dependency ratios create some challenges to health care system, pension system, and social protection programs, which will affect the budget and the public finance sustainability.

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2. Longevity: A Challenge

In this context appears the need to rethinking the socio-economic system that will face longevity problem and will put together solidarity between generations and active ageing to a more healthy living and to a higher level of welfare for all generations.

It is known that older people have increased societal and health care needs, but the truth is that the elderly people have in the same time experience and knowledge that can be used for the modernization of the society. Sometimes, they even have the financial resources that can help the others.

Romania must find new ways for involve actively the older people, for sustain people to work longer. The European Year for Active Ageing and Solidarity between Generations (2012) will “serve as a framework for raising awareness, identifying and disseminating good practice and encouraging policymakers and stakeholders at all levels to promote active ageing and solidarity between generations”. The fields for active ageing are: employment framework, implications in society, health and independent leaving and intergenerational solidarity. In this context, Romania must involve in all EU action and propose others to help elderly people to activate their lives and to sustain, in this manner, the future (partial) independency of the older.

In addition to EU Strategy Europe 2020, that sustain growth (smart, sustainable and inclusive) and set some directions for longevity, and to the fact that EU declared 2012 the Year for Active Ageing and Solidarity between Generations, “European Commission has launched a pilot European Innovation Partnership (EIP) on Active and Healthy Ageing, that will foster partnership between all the relevant stakeholders around overcoming obstacles to the take-up of innovative solutions in: prevention and health promotion; integrated care; and independent living of elderly people”. (EC, 2011, p. 4)

3. The Labour Market Analysis

The possibility and interest of local and regional actors to sustain and develop services to maintain active the elders is a key factor. Services may include education facilities and LLP that may promote active ageing to employment, urban and transport facilities to sustain the mobility and active societal implication of the older people, pensions schemes and health care programs and long-term care services that will create a better and healthy life for this people. In this way, the quality of life for elderly will be better and the community’s level of well-being will be higher. “Finding ways in which the national and European levels can support local and regional actors in promoting active ageing and solidarity between

generations will be a major added-value to successful policy development". (EC, 2011, p. 5)

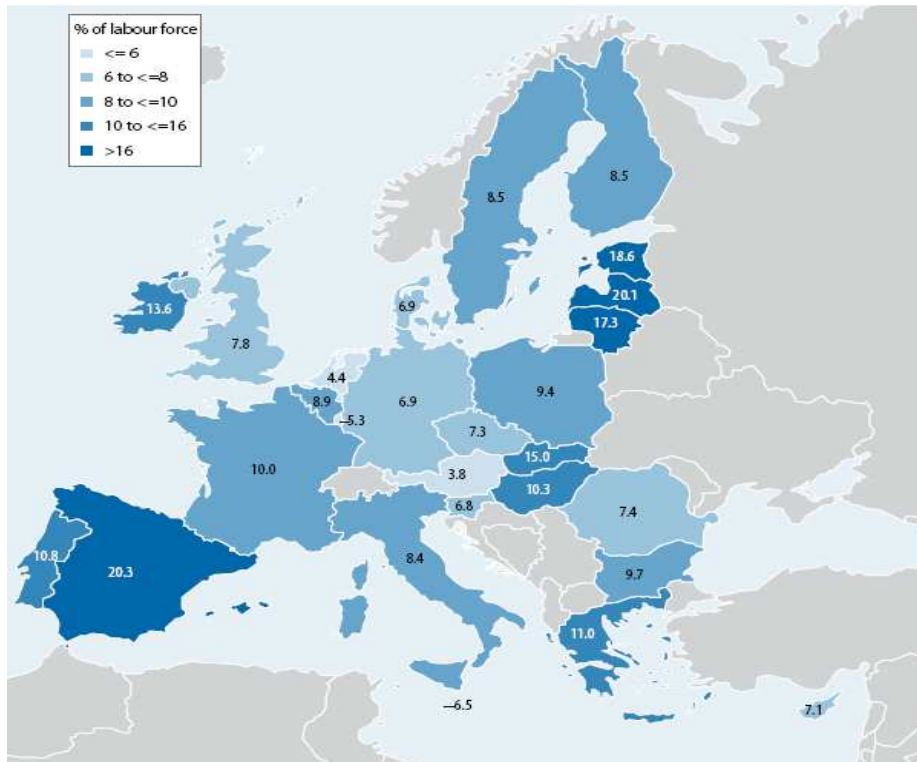


Figure 1. Unemployment rates, July 2010

Source: Eurostat, series on unemployment. Data seasonally adjusted

In the context of the reduction of the working-age population, the idea of the implication of older people in the labour market can increase the productivity. The mobilizations of the elders in working programs can reduce the problems of labour force in the future (Nuta, Arnton, Nuta, 2011). In this manner, this segment of population will not more be funded by public budgets, and more, the dependency ratio will be reduced. To create this opportunity for the older people the local, national and regional actors must be responsible, and improve the working conditions (by consideration of all the needs of older workers, involvement in training programs, and, why not, fiscal incentives).

Considering the situation of unemployment in 2010 in European Union and in Europe as a hole, we can observe in the figure above that Spain has the highest

unemployment rate (20.3%) and it exceeds the double average level of EU. “The particularly pronounced rise in unemployment in Spain reflects to a large degree the role played by the low-skilled-intensive construction sector that attracted many foreign workers from abroad and was subsequently hit by a particularly strong collapse of the housing bubble in that country” (EC, 2010, p. 38). The minimum levels of unemployment rate belong to Austria (3.8%) and the Netherlands (4.4%).

The total employment rate of the EU (for population aged 15-64) was 64.6% in 2009, according to Eurostat (2.4% more than 2000). Only five Member States registered an employment rate higher than Lisbon target (set at 70%). Romania (58.6%), together with Malta (54.9%), Italy (57.5%), Hungary (55.4%), Poland (59.3%), and Spain (59.8%) remained at a long distance from de Lisbon target.

Regarding the EU employment rate for persons aged 55–64 we find that the level of this indicator increase in 2009 to 46% (but, the same situation: it is less 2001 Stockholm Council target (50%) (see the figure below). These results are determined by the recent reforms of the labour policies and social protection which have encouraged older workers to remain economically active.

	Total employment rate				Older people's employment rate			
	2009	Change 2009-08	Change 2009-00	Gap below 2010 target	2009	Change 2009-08	Change 2009-00	Gap below 2010 target
BE	61.6	-0.8	1.1	8.4	35.3	0.7	8.9	14.7
BG	62.6	-1.4	12.2	7.4	46.1	0.0	25.3	3.9
CZ	65.4	-1.2	0.4	4.6	46.8	-0.8	10.6	3.2
DK	75.7	-2.4	-0.5	>	57.5	0.5	1.8	>
DE	70.9	0.2	5.4	>	56.2	2.4	18.5	>
EE	63.5	-6.3	3.1	6.5	60.4	-2.0	14.1	>
IE	61.8	-5.7	-3.3	8.2	51.0	-2.7	5.7	>
EL	61.2	-0.6	4.8	8.8	42.2	-0.6	3.3	7.8
ES	59.8	-4.6	3.5	10.2	44.1	-1.5	7.1	5.9
FR	64.2	-0.7	2.1	5.8	38.9	0.8	9.1	11.1
IT	57.5	-1.2	3.8	12.5	35.7	1.3	8.1	14.3
CY	69.9	-0.9	4.3	0.1	56.0	1.2	6.6	>
LV	60.9	-7.7	3.5	9.1	53.2	-6.2	17.2	>
LT	60.1	-4.2	1.0	9.9	51.6	-1.5	11.2	>
LU	65.2	1.8	2.5	4.8	38.2	4.1	11.5	11.8
HU	55.4	-1.3	-0.9	14.6	32.8	1.3	10.6	17.2
MT	54.9	-0.3	0.7	15.1	28.1	-1.1	-0.4	21.9
NL	77.0	-0.2	4.0	>	55.1	2.1	16.9	>
AT	71.6	-0.5	3.2	>	41.1	0.1	12.2	8.9
PL	59.3	0.1	4.3	10.7	32.3	0.8	3.9	17.7
PT	66.3	-1.9	-2.1	3.7	49.7	-1.1	-1.0	0.3
RO	58.6	-0.5	1.0	11.4	42.6	-0.5	5.4	7.4
SI	67.5	-1.0	4.7	2.5	35.6	2.8	12.8	14.4
SK	60.2	-2.1	3.4	9.8	39.5	0.3	18.2	10.5
FI	68.7	-2.4	1.5	1.3	55.5	-1.0	13.8	>
SE	72.2	-2.1	-0.8	>	70.0	-0.1	5.0	>
UK	69.9	-1.6	-1.3	0.1	57.5	-0.5	6.8	>
EU15	65.9	-1.4	2.5	4.1	48.0	0.6	10.1	2.0
EU27	64.6	-1.3	2.4	5.4	46.0	0.4	9.1	4.0

Figure 2. Employment rates in EU Member States in 2009

Source: Eurostat, EU LFS

In 2009, only 11 Member States had an employment rate for persons aged 55–64 of above 50%, with Portugal just edging back below the target in that year. “With a value of less than 30%, however, Malta had the lowest employment rate for older persons among all the Member States, having made no significant improvement since 2000”(EC, 2010, p. 68).

Moreover, to promote the employability of older workers the local and regional actors can support the elders to update their skills to be more competitive in the labour market. At the European level exist some programmes that may be use for promote active ageing. (Dragomir & Dragomir, 2011)

On the other hand, “active participation in society can mean providing their time, energy and experience to active citizenship initiatives, voluntary organizations and community groups as well as within the family” (EC, 2011, p. 17). This modality of activate older people help the older people and the society in the same time, creating the volunteer networks, informal careers, avoiding social isolation of elders, and, in this way, insuring a better participation in society of older people.

4. The Financing Opportunities

In addition, improving the health of the older people is an essential objective to better solve these new demographic changes. “Health promotion and preventive health care through measures that maximize healthy life years and reduce the risk of dependency are to be further strengthened”(EC, 2011, p. 22). To respond to these needs the policy making actors must use EU founding and exchange the good practices between regions. “Local and regional actors have an important role to play in modernizing, improving and rationalizing the delivery of health and social-care services to produce models that achieve better results for individuals and society. Approaches can involve working for better understand needs and how these can be met in cost-effective ways.” (EC, 2011, p. 25)

The EU funding instruments to promote active ageing and intergenerational projects in the 2007-2013 are:

- European structural and cohesion funds (The European Found, The European Social Fund (ESF), The European Regional Development Fund (ERDF), Technical assistance instruments);
- European rural development funds (European Agricultural Fund for Rural Development);
- European research, innovation and ICT funds (The Seventh Framework Programme for Research and Technological Development, Competitiveness and Innovation Framework Programme (CIP), The Ambient Assisted Living (AAL) Joint programme, European Research Council (ERC));

- European education and culture funds (Lifelong Learning Programme, Youth in Action programme, Europe for Citizens programme);
- Other European funds (PROGRESS, Health Programme, Daphne III2A. European structural and cohesion funds).

According to an analyze made by European Commission, the problem of ageing of population are due to increasing life expectancy and low levels of fertility sustained for decades. In this respect, the table below shows that between 1990-2011, the proportion of the older population grows rapidly, for EU 27 at 13.7% to 17.7%.(Cretu, Gheonea & Sirbu, 2011)

GEO/TIME	EU 27	Bulgaria	Germany	Greece	Spain	France	Italy	Hungary	Romania	United Kingdom
1990	13.7	13.0	14.9	13.7	13.4		14.7	13.2	10.3	15.7
1991	13.9	13.4	14.9	13.8	13.8		14.0	15.1	13.5	15.8
1992	14.1	13.8	15.0	14.1	14.1	14.2	15.5	13.6	11.0	15.8
1993	14.3	14.2	15.0	14.4	14.4	14.4	15.8	13.8	11.3	15.8
1994	14.5	14.6	15.2	14.7	14.8		14.6	16.2	13.9	15.8
1995	14.7	14.9	15.4	15.0	15.1	14.8	16.5	14.1	11.8	15.8
1996	14.9	15.2	15.6	15.3	15.5	15.1	16.9	14.3	12.2	15.9
1997	15.1	15.3	15.7	15.6	15.8	15.3	17.2	14.5	12.4	15.9
1998	15.3	15.6	15.8	15.9	16.2	15.5	17.5	14.7	12.7	15.9
1999	15.4	15.9	15.9	16.2	16.5	15.7	17.8	14.8	13.0	15.8
2000	15.6	16.2	16.2	16.5	16.7	15.8	18.1	15.0	13.2	15.8
2001	15.8	16.3	16.6	16.8	16.9	15.9	18.4	15.1	13.5	15.8
2002	16.0	16.9	17.1	17.2	17.0	16.0	18.7	15.3	13.9	15.9
2003	16.2	17.0	17.5	17.5	16.9	16.1	19.0	15.4	14.2	15.9
2004	16.4	17.1	18.0	17.8	16.9	16.2	19.2	15.5	14.4	16.0
2005	16.6	17.1	18.6	18.1	16.8	16.3	19.5	15.6	14.7	16.0
2006	16.8	17.2	19.3	18.5	16.7	16.4	19.7	15.8	14.8	16.0
2007	16.9	17.3	19.8	18.6	16.7	16.3	19.9	15.9	14.9	16.0
2008	17.1	17.3	20.1	18.6	16.6	16.4	20.0	16.2	14.9	16.1
2009	17.2	17.4	20.4	18.7	16.6	16.5	20.1	16.4	14.9	16.3
2010	17.4	17.5	20.7	18.9	16.8	16.6	20.2	16.6	14.9	16.5
2011	17.7	17.7	20.6	19.3	17.1	16.8	20.3	16.7	16.7	16.6

Figure 3. Proportion of population aged 65 years and more

Source: Eurostat

More complete, the next figure presents “the growth in the proportion of older people that can be explained by gains in longevity and is known as ‘ageing from the top’ of the population pyramid. A significant increase in life expectancy at birth was recorded in all EU-27 Member States for the past decades”. (EC, 2001, p. 64)

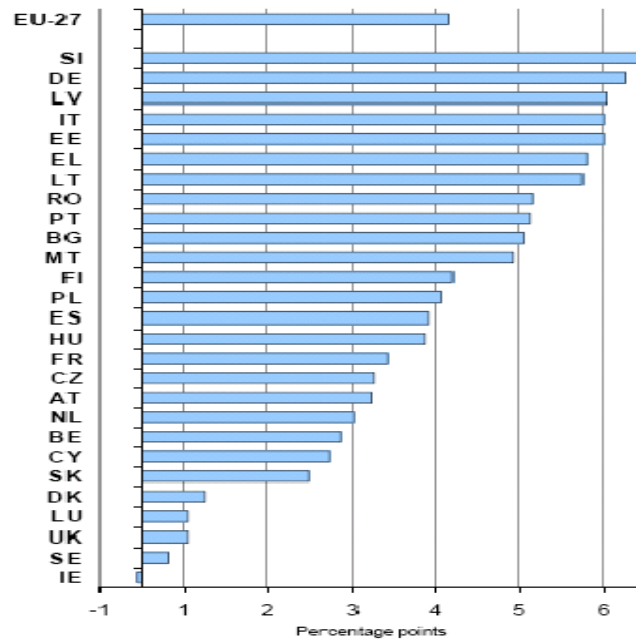


Figure 4. Proportion of population aged 65 years or over (% increase/decrease 1990-2010)

Source: Eurostat (online data code: demo_pjanind)

The dependency ratio, calculated as a ratio of the older population to the population of working age support the same interpretation like above. In this sense, the table below is representative.

	Median age (years)	Dependency ratio			Pop. aged 80 or over
		Young age	Old age	Total	
		(%)			
EU-27	40.9	34.8	28.4	63.2	4.7
BE	40.9	38.2	28.6	66.8	4.9
BG	41.4	30.1	27.7	57.7	3.8
CZ	39.4	31.0	23.5	54.6	3.6
DK	40.5	41.2	27.5	68.8	4.1
DE	44.2	31.0	34.1	65.1	5.1
EE	39.5	34.4	27.7	62.0	4.1
IE	34.3	44.9	18.5	63.4	2.8
EL	41.7	31.5	30.7	62.3	4.6
ES	39.9	31.3	26.6	57.9	4.9
FR	39.9	41.5	28.6	70.2	5.3
IT	43.1	31.2	33.3	64.5	5.8
CY	36.2	38.1	20.7	58.8	2.9
LV	40.0	32.2	27.8	60.0	3.9
LT	39.2	36.0	26.0	62.1	3.6
LU	38.9	38.0	22.4	60.4	3.6
HU	39.8	33.2	26.5	59.7	3.9
MT	39.2	35.4	23.5	58.9	3.3
NL	40.6	38.9	25.1	64.0	3.9
AT	41.7	33.9	28.6	62.5	4.8
PL	37.7	33.7	20.9	54.6	3.3
PT	40.7	33.3	29.0	62.3	4.5
RO	38.3	32.9	23.3	56.2	3.1
SI	41.4	29.9	25.7	55.6	3.9
SK	36.9	33.7	18.7	52.4	2.7
FI	42.0	38.0	28.3	66.3	4.6
SE	40.7	40.1	31.0	71.0	5.3

Figure 5. Median age and age dependency ratios, 1 January 2010

Source: Eurostat (online data code: demo_pjanind)

The table shows that in 2010, the old-age dependency ratio of the EU-27 was 28.4 %. This means that the EU-27 had around 3.5 persons of working age for every person aged 65 years or over. In 2010, the lowest total age dependency ratio was in Slovakia (52.4 %) and the highest in Sweden (71.0 %).

Some fiscal measure was taken in some Member State to stimulate the evolution of the employment rate of older people (Pripoaie, R., Pripoaie S., 2011). For example, in Portugal, a 50% reduction in employer social contributions is granted for hiring older unemployed people (55 years or older, reduced to 40 years or older in 2010), in Germany, vocational training programmes have been temporarily (until end-2010) extended to workers at risk of unemployment, older workers in small- and medium-sized enterprises and temporary workers rehired by their agency.

5. Conclusion

Even if the new Laws regarding the pension system (263/2010 and 119/2010) sets the retirement age at 65 years for men, respectively 63 for women (the gender difference in the age of retirement does not necessarily take into account the life expectancy issues), to be completed by January 2030, that means an increase in the retirement age, and limits the early retirement, the problem of the employment (hiring and keeping in the market) of older workers was not solved.

In addition, with respect to the Life-Long Learning (LLL), the national strategy need to be and will be elaborated by the end of 2011, and will contain some aspects and objectives in line with the Europe 2020 recommendations.

All measures taken (recalculation of special pensions, revising the conditions for granting disability benefits, increasing the retirement age and discouraging early retirement, increasing the number of contributors, reforming the granting benefits changes in the taxation of pensions, the introduction of a new form of income tax on rich households) are expected to restore the financial sustainability of the Romanian pension system over the next decade, seriously affected by the recent crisis.

The Romanian National Reform Programme (2011-2013) and Convergence Programme 2011-2014 set the Romanian Europe 2020 targets and measures for their achievement. In this social framework, Romania have to reduce by 580 000 the number of people at risk of poverty, increase R&D investment at 2% of GDP, increase Employment rate at 70%. With respect to the prolonging the active life, pension system aims are based on: the gradual increase of the standard retirement age, the discouragement of the anticipated and invalidity retirements; the inclusion of persons registered in the special pensions' systems within the unified public pensions' system, but no measure was taken by the labor laws, that contains specific measures for young people and for women, but not for older people. In line with the European Year for Active Ageing and Solidarity between Generations, 2012, Romanian responsive institutions will have several initiatives to take advantage of such an opportunity to address age discrimination.

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