



Silver economy - a reply to challenges of population aging

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Summary: Society aging is among the biggest challenges of the century, and it is amazing that we are still not fully aware of its dimensions and implications. Actually, the very concept of “elderly” has changed, and the demographic pyramid has turned around the first time in history: there are more people above 60 years than youngsters below 20 years. Only a few countries around the globe have recognized the huge potential of the seniors, intellectually being about a half, and economically 30-40% of the key global assets. The only rational response to this new reality is Silver Economy, not covering just the output and consumption by the seniors, but allowing the optimal mobilisation of all human and technological resources. And this is possible only if the entire socio-economic system is properly adjusted, and governments - as well as economic operators - act consistently in favour of Silver Economy. Especially when combined with the sustainable, innovation ecosystem, the potential of Silver Economy is enormous. Economically it contributing to fuller mobilisation of all resources, socially enabling full integration of seniors, and politically enabling governments to treat all citizens - including the seniors - as equal members of society..

Key words: silver economy, population aging, seniors integration

Srebrna ekonomija - odgovor na izzive staranja prebivalstva

Povzetek: Staranje je eden največjih izzivov stoletja in prav presenetljivo je, da se še ne zavedamo vseh njegovih razsežnosti in posledic. Dejansko se je spremenil sam pojem “starejši” in demografska piramida se je obrnila prvič v zgodovini. Več je namreč starejših od 60 let, kot mladih izpod 20 let. Samo nekaj držav sveta se zaveda ogromnega potenciala starejših, ki predstavljajo intelektualno približno polovico, ekonomsko pa 30 - 40% ključnih potencialov. Edini racionalni odgovor na novo stvarnost je srebrna ekonomija, ki ne pokriva le proizvodnje in potrošnje seniorjev, ampak omogoča optimalno mobilizacijo vseh človeških in tehnoloških virov. A to je mogoče samo, če je celotni družbeno-ekonomski sistem ustrezno prilagojen in če vlada - kakor tudi ekonomski akterji - delujejo dosledno v prid srebrni ekonomiji. Zlasti v kombinaciji s trajnostnim, inovativnim ekosistemom je potencial srebrnega gospodarstva ogromen. Ekonomsko prispeva k polnemu aktiviranju vseh virov, družbeno omogoča polno vključenost starejših, politično pa omogoča vladam, da obravnavajo vse državljane - vključno s seniorji - kot enakopravne člane družbe.

Ključne besede: srebrna ekonomija, staranje prebivalstva, vključenost starejših

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Population aging - a major challenge

Due to dramatically improved life conditions, healthier nutrition, and better than ever healthcare and medical services, over two generations life expectancy has extended for about 30% - meaning that people die in their mid-to-late eighties, while before this was happening in their early seventies. For the first time in history the demographic pyramid has turned around: there are more people above 65 years, than those under 20 years of age. It is difficult to fully understand the complete implications of this big change. The very concept of "the elderly" has changed: it is not any more covering people above 60-65, but primarily those above 70-75 years - while the second group is growing bigger than the first one. This is even stronger with the group above 85 years. Now, again first time in history, very often even four generations live parallelly.

The delay in adjusting public perception of the elderly is only part of the problem, but it is creating lack of needed policy adjustments. Governments are faced with steeply rising expenditures on elderly care and health services - both being under increasing pressure, which is giving a negative connotation to the challenges of the aging process. And who is paying the price for this situation? Undoubtedly, it is the seniors: for example in UK officially even 28% of pensioners are living in poverty (The Guardian, 26 January 2023) !

Among OECD countries there is a problem of maintaining the level of pensions - actually in many countries pensioners are experiencing shrinking the real value of their pensions, but except their occasional protests, nothing adequate is being undertaken. What is actually happening is that in 14 OECD countries the mandatory working time has been extended to 67-68 years, which is fine but insufficient to solve the problem.

In public opinion, seniors are predominantly perceived as the people to be cared about, and imposing growing public expenditures. However, for example the statistics for France give a very different picture: only 6% of people above 50 years are actually in a dependant state. During the decade of 2015-2025 the seniors are expected to contribute even 50% to the global Gross Value Added growth, about 30% to growth of productivity, and 13% to overall employment. Actually, seniors are the most intensely growing segment of society - with highest potential for spending and contributing greatly to paying taxes.

It is important to keep in mind the economic implications of the population ageing process, as according to World Data Lab globally the number of seniors is expected to grow from 900 million in 2015 to 1.4 billion in 2030, and to 2.1 billion in 2050.

The table below tells us a lot. While the total population will grow between 2020 and 2030 for 41%, the seniors group (65+) will grow for 66% (and youngsters only for 38%). Another important feature is the growth of the consumer class: here the difference between children and young adults (shares of 53% and 63%) come in stark contrast compared to seniors with 76% in consumer class.

	2020	2030	absolute change	% change	% of age group in consumer class (2030)	% of consumer class at total (2030)
Children (0-14 years)	728	1008	280	38%	53%	18%
Young adults (15-29 years)	858	1185	327	38%	63%	21%
Professionals middle (30-44 years)	890	1206	316	36%	69%	22%
Professionals old (45-64)	1000	1402	402	40%	76%	25%
Seniors (65+)	459	760	301	66%	76%	14%
TOTAL	3935	5561	1626	41%	66%	100%

Source: World Data Lab; Note: Consumer class is defined as spending \$11+ (2011 PPP) per person per day, which includes the Middle Class (\$11-110) and the Upper Class (\$110+)

In most societies the economic and intellectual potential of the seniors is underestimated and consequently strongly underutilised. On top of it basic human rights of seniors are not fully recognised and implemented. We could say that half of humanity's brain power is unfortunately underutilised. For the civilization of the 21st century this is totally unacceptable and needs to be properly addressed.

A survey »The Silver Economy in European Cities« conducted in 2021 by Italian University of Brescia, among 12,000 senior inhabitants in 83 European cities showed that senior residents of 50 cities replied they find their city a good place to live for elderly (80% and above satisfaction). In 23 cities the average satisfaction was between 60% and 75%, however, in 10 cities (including Paris, Rome, Athens, Naples, Ljubljana and Sofia) the seniors rated their satisfaction below 50%.

Defining the Silver Economy

The Silver Economy includes all those economic activities, products and services designed to meet the needs of people over 60 - offered at the market, and partly supplied by senior economic actors themselves. We are referring to products and services offered to seniors, as well as those produced by them for the general market - including senior consumers. It is important to emphasize that Silver Economy has a stronger growth than the rest of economy.

When defining the dimensions of European Silver Economy the following figures speak for themselves: we are referring to about 100 million people, and Merrill Lynch estimates the value of the Silver Economy at \$7 trillion (in 2015 it was 3.7 trillion). If ranked among nations, the Silver Economy would be the third largest economy in the world - after the US and China.

Another important indicator of the importance of Silver Economy in EU is its share in key consumption groups - the average being 42%:

Health	54%	Goods & services	38%
Food & beverages	47%	Transportation	37%
Furnishing, household	42%	Restaurants, hotels	36%
Communication	40%	Clothing	36%
Alcohol & tobacco	39%	Education	28%

Source: "The Silver Economy" Final Report prepared for the European Commission by Technopolis Group and Oxford Economics, Brussels, 2015.

The Brussels-based Age Platform Europe (launched in 2001, with member organizations from all EU member states) defines the following as Silver Economy's core values and guiding principles:

- Respect for human dignity and human rights, freedom, democracy, equality, and the rule of law.
- Human rights and dignity do not diminish with age and must be respected throughout each individual's life course.
- Older people are self-advocates. Everyone should be supported to speak on their own behalf as the ultimate experts of their own lives.
- Older women and men are a resource for our societies with their contributions through work, volunteering, informal care, creativity, experience and as consumers.
- Intergenerational solidarity strengthens inclusion and justice between generations, respecting and benefiting everyone's experiences, sensibilities, and expectations.
- Age-friendly environments are essential for equitable and inclusive communities for all ages. Source: <https://www.age-platform.eu>;

All projections indicate further extension of life expectancy (towards 85 years by 2050). The IBRD and WHO statistics indicate that we lived globally in 2020 an average of 72.5 years, which is even 20 years more than in 1960, and that the total population over 60 years will have doubled by 2050 compared to 2000.

According to the World Bank, the share of Silver Economy in global GDP is currently about 30%, and this will grow to close to 40% by 2050, as it is expected to grow annually 5%. The age group, whose contribution will grow significantly faster than others is the senior group, as they are the wealthiest age category in the world. This is the case not because old people are inherently richer, but because rich countries are older and poor countries are younger. Until 2030, the silver economy will gain even more absolute strength because the number of seniors is growing by 3.2 % every year, compared to 0.8 % of the whole population.

According to the latest demographic forecasts, in Europe by 2060 the elderly will represent over 1/3 of the total population, and that implies that the age structure of the labor market will undergo major changes. Mandatory working age will have to be extended for at least 5 years, and a much higher share of seniors above 70 years will continue working in various modalities for another 5 years or even more. Many of the seniors will decide to open their own companies, and will receive free advice, training and consultancy.

Training on modern technology - specially in the ICT - should be offered to seniors for free or under favourable conditions, in order to equip them for work in new, fast changing conditions. These require also improved communication skills, that should be trained as well.

Seniors' challenges and expectations

It is becoming increasingly clear that Silver Economy represents a major opportunity, however there are several major reasons for its slow development:

- (a) Only partial awareness of the implications of changed demography (most people and many governments are still not realizing the implications of intensive aging of society - reflected in relationship of active vs. retired has fallen from 4:1 to 2:1;

(b) Regulatory environment and policies still not fully adjusted to specific needs of seniors. For example: only a few countries have government departments dedicated specifically and exclusively to seniors (Japan, Nordic countries, France, Spain).

(c) Seniors are politically insufficiently active to push their demands onto the priority agenda of their governments.

Let us list some of the key problems and concerns of seniors, not being properly addressed by most countries around the globe:

- Forcing people to retire at 65-68 is in contradiction to actual life expectancy and unfair to people interested to continue working, plus economically unsustainable;
- Public pensions being paid to seniors are usually out of proportion to the money having been paid into pension funds, and governments should control these funds more closely - preventing them to make excessively risky investments;
- Only some service providers take particular care of the specific needs of their senior customers (taking them for granted), instead of making a small effort - surely to be rewarded;
- Banks should be requested by governments to avoid any type of age-discrimination in their credit policies;
- Governments should support associations and networks of seniors, helping them to be as efficient and productive as possible

In modern democratic conditions the seniors are fully entitled to expect to be treated as equal citizens, and that their legitimate expectations to be favourably answered - taking into account their specific needs. This is additionally understandable in the process of building an innovation and knowledge-based Silver Economy.

The contribution of seniors to Silver Economy and indeed to a more productive socio-economic system can be optimally performed under proper conditions, which can be summarised into the following points:

- Decent level of pensions - proportionate to corporate and private payments, and preventing poverty among pensioners;
- Reduced ageism - stereotyping seniors as the old people maintained by society;
- Government departments to be responsible for seniors only - separate from social care departments;
- Age balance among employees - in line with »seniority friendly environment« - and similar to gender balance principle;
- Preventing discrimination in credit access based on age of bank clients.

Under such conditions the seniors should also be more active in three directions: demonstrating their readiness to remain professionally active longer, contribute in modernizing the legislative conditions, and showing to youngsters that they are not occupying their future jobs, but willing to mentor them in preparing for their jobs. Last but

not least, the seniors should also be much more active in the media, helping the public to fully and properly understand the nature and implications of the aging process.

Looking at the most successful countries and their good practice, one could propose the following policies and measures to address various challenges of Silver Economy:

- Adoption of a Silver Economy Strategy - at every level, from national to company. Only by addressing the challenge in a wholistic fashion, the approach can be elaborated enough, and individual measures/policies mutually supportive. This also creates needed mobilisation of all decision-makers and actors.
- Extended professional engagement is unavoidable, but with flexibility for pensioners linked to level of pension (as already in some countries), but it should be done in a politically acceptable way (not like recently in France).
- Raising public awareness and presentation of the positive impact of ageing population and benefits of Silver economy for the society (Silver Day - Normandie, EU Silver Economy Award).
- Accelerators for seniors (Next Age, Ancona; AC75 Start-up Accelerator - Fondazione Marche), and training courses in management and ITC;
- Senior Expert Pools (operating in 14 EU countries, European Confederation of Pools;)
- Support to seniors' associations, is important, also by governments, foundations, etc.
- Silver economy deserves more attention by researchers, it should be introduced as an academic discipline at universities.

The key factor making seniors productive is their accumulated knowledge and experience, which they are ready to share with younger colleagues, and this collaboration often generates innovation. While seniors are generally weaker in using ICT, the youngsters are very keen and efficient in using it - so this is an additional reason for inter-generational collaboration. Company management should create conditions facilitating this collaboration, which fulfills three targets: retaining seniors active in the company, facilitating youngsters to learn from their senior colleagues, and this collaboration generates best possible results in terms of product and satisfaction of all involved.