



AGEING HORIZONS

Policies for ageing societies

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Globalisation and global ageing

Editorial

Demographic ageing is a global phenomenon, which is to say that there are very few countries in the world that are not experiencing a similar kind of shift in the age structure of their populations: they are being transformed from societies in which children outnumber old people to societies in which old people outnumber children. Europe as a region is already made up of 'mature' societies, with more old people (aged 65 yrs or more) in their populations than children (aged 15 yrs or less). By 2050 Asia and the Americas will have passed the same landmark in their population structure – as indeed will most of the world apart from Africa. Although the process of change is moving at different rates in different places, it is nevertheless most emphatically a global phenomenon – driven everywhere by downward trends in both fertility and mortality.

This process of demographic ageing is not only unfolding globally, it is unfolding in an increasingly globalised world, a world shaped by ever larger flows of goods, capital and people across national boundaries. Globalisation has indeed become an essential feature of the policy environment in which ageing societies try to understand and deal with the challenges and opportunities of demographic change. It is also – and notoriously – a focus for controversy and disagreement about policy. There is disagreement about the best (and fairest) way of regulating the movement of goods and capital (labour tends to be treated rather differently) between nations – and disagreement about the implications of an increasingly integrated world economy for national policy-making.

The implications of an increasingly integrated world economy for policy responses to demographic ageing is the theme of this issue of Ageing Horizons. The paper by Axel Börsch-Supan lays the ground for this discussion by providing a broad overview of current thinking on the effects of ageing on economic growth and the global economy.

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Globalisation and social protection

Globalisation presents a complex set of challenges to Europe's ageing societies. It may lead – and the argument is one that has been often made – to a fall in tax revenues (as a result of tax competition, ballooning electronic commerce and mobility in factors of production) at the same time as governments will be under increasing pressure to spend more – either because of demographic ageing or as a direct response to globalisation itself (Tanzi, 2000). The European Commission appears to accept that the effective tax on labour in many of the member countries of the European Union is now too high for a 'globalised world', and that it is therefore necessary to look at alternative ways of financing their preferred model of social protection – even perhaps rethinking the distribution of risks between State and citizens (European Commission, 2005). Among all the various 'social models' that are to be found in Europe, it is the Scandinavian system which is most frequently held up for admiration and emulation – because of its apparent ability to combine relatively high levels of taxation with relatively high economic growth; and the paper by Torben Andersen considers the durability and adaptability of this Scandinavian social model in the light of increasing globalisation.

Globalisation and migration

If globalisation presents a challenge to Europe's ageing societies by adding to the pressures on their systems of social protection, it also presents them with potential opportunities, largely because of the differential rates of demographic ageing across the globe. The movement of capital out of the region to faster growing areas could give a powerful lift to national incomes and the movement of people into the region could make good their demographic deficit. If ageing societies are able to export capital to areas that are in need of it and import people from areas that have a 'surplus', it may prove possible not just to turn the increasing integration of the world economy to their advantage, but to do so in a way that enhances welfare for everyone. The papers by Daniel Rauhut and Kenneth Howse summarise different aspects of current research and debate on the second of these opportunities. What is the potential of immigration to help ageing societies deal with the economic and fiscal challenges of increasing life expectancy and below-replacement fertility? And what would this mean for the countries that are the potential sources of migrants to ageing societies?

References

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Tanzi, V. (2000) *Globalization and the Future of Social Protection*. IMF Working Paper WP/00/12. International Monetary Fund: Washington DC.