



# The Silver Economy

Revival of a concept

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# What I am going to address?

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- The SE-idea in a nutshell
  - SE in an overview: Definition, economic relevance, economic prospects.
  - Initiatives and activities to develop SE
  - Ageing @ home: A selected example for a future SE-construction site of SE
  - A (personal) evaluation of activities to develop SE
  - Lessons to learn / Hints for FLAREs
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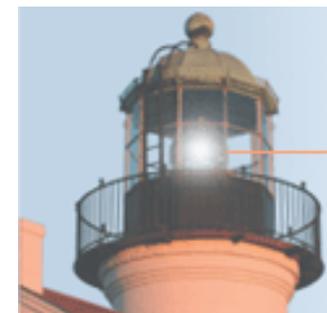
## Meeting the needs of older persons in a paradigm shift: From money-pit to economic powerhouse

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- Meeting the needs of older persons was and is a predominantly social-policy responsibility – at least in most European countries.
- But, it is often criticized that responding to rising and demanding needs of the elderly may burden the agility and competitiveness of non age-related parts of the economy.
- However, meeting the needs is an essential precondition for mobilizing old age potentials, abilities and knowledge for successful economic performance.
- And more recently it becomes clear that meeting the needs also is a major driver for innovation, employment and growth.
- Therefore, more and more institutions, companies (and also regions, countries as well as the EC) go for innovation to combine activities to better meet the needs of older persons with strategies to develop a vital Silver Economy.

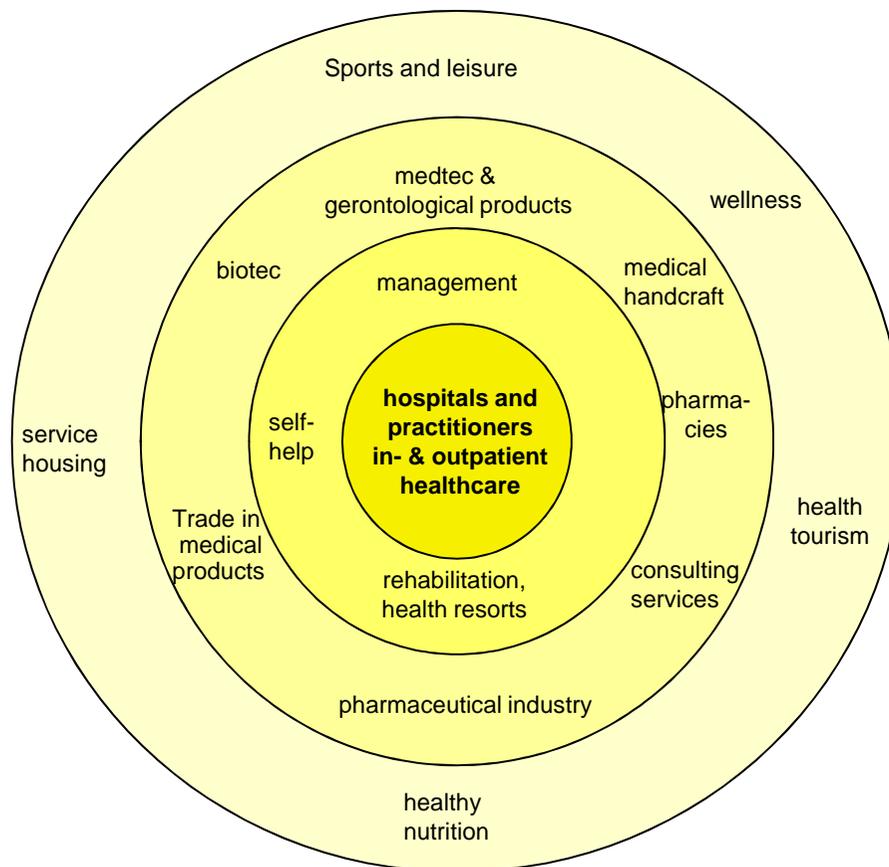
## The Silver Economy: An „old idea“ is going for a revival

- "The elder generation will mould the future of economy and society. The improvement of quality of life in old age is an approach to mobilise potentials for growth and employment." *Memorandum "Economic Potential Age", 1999*
- „... not as a threat but rather as a challenge and an opportunity for regional economic growth and for improving Europe's competitiveness." *raison d'être of SEN@ER, 2005*
- "... economic opportunities arising from the public and consumer expenditure related to population ageing and the specific needs of the population over 50." *European Commission, 2015*



# What is Silver Economy?

## A systematic answer

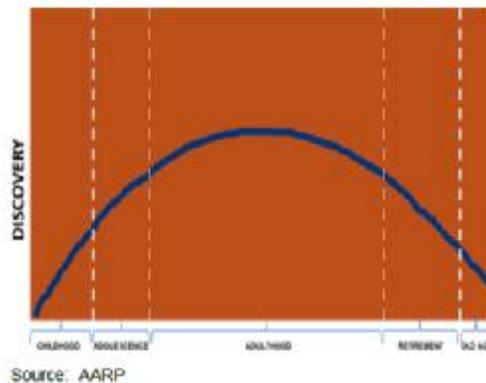


### Top-Areas for Silver Products and Services:

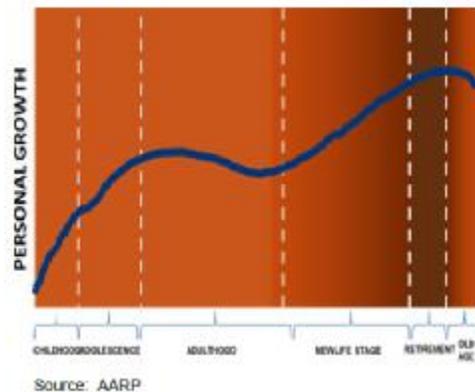
- Health care & assistance services
- Housing, age friendly flats and home based services
- Leisure, travel, culture and entertainment
- Products and services supporting everyday-life
- Education and training (university)
- Vital-ageing: exercise, pills & nutrition
- Most promising: Health, flats, leisure (Börsch-Supan, 2005)

# Longevity economy: „Silver“ products and services plus old people as workforce and fountain of know-how

Traditional view of life



New view of life



- Dollar spent by customers, companies, and governments on products, services and activities as people age
- Employment, personal income, corporate revenue and profit, personal and corporate paid taxes, and other macroeconomic multiplier benefits
- Productivity increases from changes that integrate the physical capabilities and behaviour of workers aged 50+
- Value creation by new 50+ entrepreneurs
- Tangible and intangible benefits of older skilled workers

## People aged 50+: Huge (economic) potentials

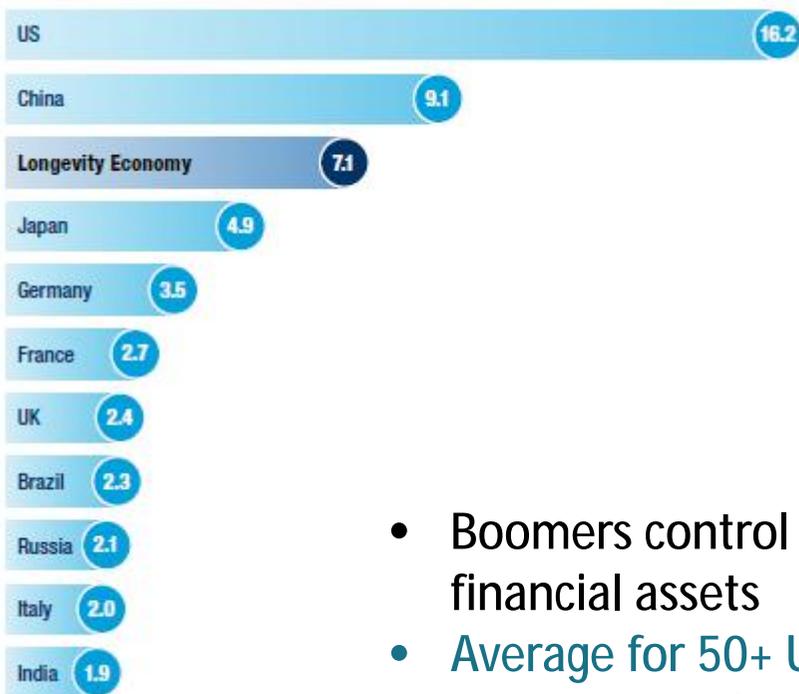
- “Merrill Lynch estimates the Silver Economy at \$7 trillion per year, which makes it the 3rd largest economy in the world.
- **By 2020 the private spending power of the elderly generation will reach \$15 trillion globally.**
- As for public spending: in the EU it accounts for 25% of GDP or about 50% of general government expenditure and it is projected to grow by more than 4% of GDP until 2060.” (EC 2015, Background paper Silver Economy)

To compare and to make it easier to understand:

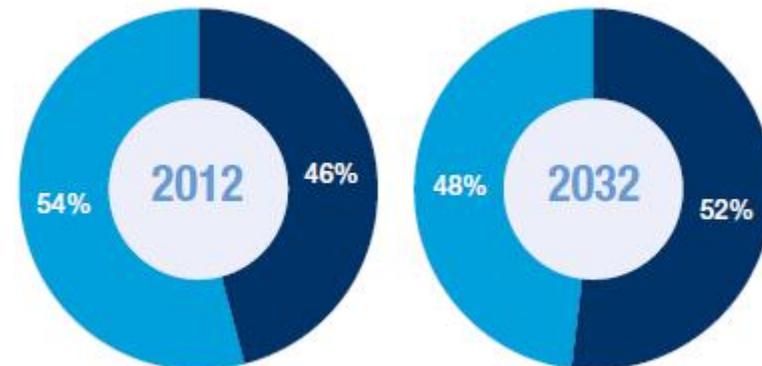
- **All public and quasi public expenditure in German sum up to 1,11 trillion €**
- 0.65 trillion € of them for social policy issues, including 0,26 trillion € for old-age pensions

# People aged 50+: Needs and potentials are going to profile the global economy

The Longevity Economy in global perspective (2012 GDP, \$ trillions)



US longevity economy (as % of US GDP)



- Boomers control over 80% of personal financial assets
- Average for 50+ UK households is £541,000, and £723,000 for age 60-64

# People aged 50+: Needs and potentials are going to profile the global economy

## Network of German Health Regions (NDGR)



- à Many HR are PPP
- à Many of them are very vital

## Silver Economy Network of European Regions (SEN@ER) Partner-Regions



November 2005

SEN@ER

11

- à Only small support by EC.
- à Cooled down since 2011.

# Quality of life, jobs and growth, no discrimination: The main objectives of regional initiatives to develop the Silver Economy (Sen@er 2005)



ü improvement of quality of life in old age



ü stimulation of growth and jobs



ü fight against age discrimination and ageism

# A socially oriented Health Care Business: A recent perspective of German Social Democrats and ver.di – the German service sector trade union

The triangle of aims:

Better health



Good jobs

Qualitative growth

- A joint working group of the Friedrich-Ebert Foundation (think tank close to Social Democratic Party) and ver.di developed a strategy for a new synergy between health and economy
- The label was **Soziale Gesundheitswirtschaft (socially orientred Health care Business)**
- It is very close to the Silver Economy.
- **Core pillars are**
  - redesign of health care work
  - **productivity.**
  - increased health care budgets

## The gods don't allow success to come easily – Silver Economy can profit if...

- ...productivity in health care (prevention, healing, LTC) increases, i.e. becomes better and more efficient;
- ...health and age related services become significantly more integrated;
- ...it stimulates innovations in other business sectors than health care, i.e. housing or tourism;
- ...an advanced spirit and capacity for collaboration can be developed and established;
- ...there is support by adequate health, R&D, economic & industrial policies – less austerity, more focused investments.



# Regional initiatives as a driving force for innovation and growth for the Silver Economy – Main areas and subjects of activity

- Design of integrated health care delivery systems.
- Ageing at home: To make the private household a better place for prevention, healing and care.
- Becoming more and more attractive for health tourists from both neighbouring and from abroad.
- Becoming a preferred age-friendly, comfort and quality place to live in old age („European Florida“).
- Encouraging and supporting business start ups in health & age related areas.
- To make prevention work – from medical wellness via advocating healthy living and working conditions to individualized medicine.
- Exploiting ICT for redesigning of existing services and innovating new offers (e.g. telecare).



# Age friendly environments – Ageing at home

What could be helpful:

- **Barrierfree and safe flats**
- Age friendly neighbourhoods
  - § safe and barriere free roads
  - § neighbourhood meeting points and shops
  - § Enabling of mutual self-help
- Integrated design of health care delivery
- New house and flat sharing communities (e.g. dementia communes)
- eHealth@home



Source: [www.barrierefrei-leben.de](http://www.barrierefrei-leben.de)

# eHealth@home: High Tech ways to strengthen the household as health location

- ⇒ “Empowerment“ of the patient by providing health information online
- ⇒ Expansion of social alarm systems
- ⇒ Remote monitoring of vital signs (TeleHealthmonitoring)
- ⇒ Ambient Assisted Living (AAL) or: The health-promoting design of housing and living environment
- ⇒ Social Media as a means to enable neighbourhood vitality and help





## Macro-economic aspects: SE seems to be good for overall economic performance, however: More research is needed

- There is no doubt that age related services and products will be booming businesses in the next decades.
- A RWI-expertise (Augurzky & Neumann, 2005) – based on state-of-the-art econometric modelling – on regional economic and fiscal effects of promoting senior citizens economy will significantly create more jobs in the state of NRW (Germany).
- A RWI-expert study (Augurzky et al., 2012) – again based on state-of-the-art econometric modelling – surprised with the result that Germany's economy will be flourishing in 2030 although the percentage of public and private health expenditure has grown significantly.
- A study understanding the economic impact of increased public SE-expenditure on the overall European economy is still missing.

RWI (Rhineland Westfalian Institute) is one of the leading German economic research institutes.

# Silver Economy: A personal and interim evaluation of a contemporary witness!

## Yes, it works!

- Awareness for the opportunities is rising
- In marketing and advertising we are witnessing a paradigm shift: the mania for youth motives becomes less dominant.
- More and more public R&D-programmes were launched, most of them with a focus on high-tech.
- There is a growing „archipelago“ like landscape of pilot activities in tourism, fitness, health & nutrition.

## However!

- Dissemination of innovative silver products & services is weak.
- Many new products and services, but only few of them are part of an integrated service chain.
- Only little support by media. Media people love demographic crisis and ignores promising opportunities.
- Policy makers like SE as strategy to go for health care efficiency and voluntary self help, however do not dare to go for a „big“ investment strategy.
- R&D is obsessed with health related high tech and underestimates the need to redesign of services.

# Lessons to learn / Hints for FLARes

- Consolidated evidence that public investment in Silver Economy, Active Ageing, health can be a boost for the overall European economic performance.
- More applied social gerontology/public health is needed to design, initiate, moderate and (formatively) evaluate innovations, particularly if they are hybrid, i.e. need cross firm & cross sector collaboration.
- Silver Economy growth can significantly profit from better and more efficient age-related services. More FLARe-courage to go for productivity could be a push.
- Big business “ante portas”: Big US/Silicon-Valley firms started to develop new age and health related businesses. Europe has to figure whether that´s an opportunity, a challenge or a burden for welfare traditions.

**Thank you very much for your attention!**

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Further information

[www.deutsche-gesundheitsregionen.de](http://www.deutsche-gesundheitsregionen.de)

[www.iat.eu](http://www.iat.eu)

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