

# Looking to understand an ageing world

**P**OPULATIONS are ageing and we need pension programmes to match the challenges ahead, according to demographer and economist, Dr Jim Smith of the Rand Corporation.

Politically it's always difficult to change those system, says Mr Smith, and the problem is worldwide and not unique to Ireland.

He is chair of the Scientific Advisory Board of Tilda, Ireland's longitudinal ageing survey.

The eminent economist and expert in demographics is broadly in favour of the Government's proposals to change the current pension programme, in the face of a worldwide trend towards longevity and falling fertility levels.

However, Ireland has a younger population than the rest of Europe and needs to move fast to safeguard the future prosperity of an ageing population, he says.

Populations around the world are ageing faster and we need to move sooner rather than later, and our current income programmes are not sustainable over the long term.

"Ireland has less of an ageing problem — so something has to be done soon and some sharing of the fiscal burden would be something I'd approve of," he says.

Increasing the pension age is a step in the right direction, says Mr Smith, as pensions are in deficit.

"At some point you have to reduce benefits and this is a hard time to put something through, but it's necessary.

"I don't know the specifics of how

An renowned expert on demographics says the country must move fast to safeguard the future prosperity of an ageing population, writes **Rose Martin**



the Irish system works, but usually in the beginning of a retirement system, those retired receive a benefit.

"The system has to pay for itself in the same way, but in Europe, they're not paying for themselves because the benefits drawn are much larger than the contributions — especially in the defined benefit schemes.

"Systems have to be adjusted to reduce benefits and people have to retire later — there's usually no easier way to do it. And we have to pay more taxes."

The failure of pension systems to provide is a direct result of world ageing, he says.

There will be more people over 65 than children under five in the next 10 years — the first time the world's population has hit this level.

And there are three reasons for the failure of our current pensions systems, he says — equity funding, generational change and economics.

The current crisis will pass and he predicts a return to reasonable growth rates in Ireland within five years.

"An older population is more skilled — a 50-year old is more skilled than a 30-year old — but dynamic change comes from a younger society.

"You want a mixture of the two, embedded skills and dynamism and economic advantage comes from the ability to change. Trying to preserve the status quo in the long run is self-defeating — the Europe of 30 years ago was very different from what it is today and Ireland successfully navigated that and now we have to do it again."

Many European countries have atrophied in terms of specialities, he says, and the weight of the past ties them down. That's not the case in Ireland. Ireland was a cheap labour pool with a door to Europe, he says, but that model has changed and moved eastwards and we need to adapt to that change.

"I think in general you're doing the right thing — investing in high skills and continuing to be a dynamic country on the edge of Europe. There's a very optimistic outlook for this country — times are hard, I don't dismiss that, but then time will pass and relatively quickly. I'm very confident for the next five years."

Mr Smith's speciality, the science of demographics, is a relative baby,



**Jim Smith: 'Systems have to be adjusted to reduce benefits and people have to retire later... And we have to pay more taxes.'**

he says, and it took until the early 1990s before the first longitudinal study began in the US — prior to that there was no data to study people after age 50, he says.

Today, there are longitudinal studies on ageing taking place all over the world, with Tilda being Ireland's first entry, but also a world leader in terms of measuring disability.

"What's really great about Tilda is that they're far ahead of everybody in this technology and disability is fundamentally important for old people."

Tilda plans to use a statistically

representative sample of the over-50s in Ireland which will last 10 years over a continual period.

The Rand Corporation, (Research and Development), was created in the US in the early 1940s and grew out of an alliance between the Douglas Aircraft company and the American military.

Shortly after the war, it became an independent research foundation with, controversially, funding from the Ford Foundation, initially, and later the Carnegie and Rockefeller foundations.

"People wanted analytical advice and studies independent of the

military and Rand moved outside of that structure to become the original 'Think Tank'.

"In the late 50s and 60s, it seemed necessary to have a security research division for non-military reasons. Now it's 50% on national research projects and the remaining 50% on international issues and that portion is funded by grants," says Mr Smith, who describes himself as similar to a university professor, but without having to teach.

The Rand Corporation says much of its research is carried out on behalf of public and private grantors while it also conducts its own research on issues that might not receive funding.

Every publication, database, or major briefing is held up to rigorous review, Rand says, and is the basis of its "impeccable worldwide reputation".

Run by a board of trustees, it continues to do classified work for the military and national security but says approximately 95% of its work is declassified.

On its list of achievements, Rand takes credit for the design and build of one of the earliest computers, the development of an early online interactive computer system, and the technique that has become the basis for modern computer networks.

It also claims credit for "path-breaking economic analyses of major social policy issues" while admitting that Rand's research agenda has always "been shaped by the priorities of the nation."

■ [www.tcd.ie/tilda](http://www.tcd.ie/tilda).