

Demographic Ageing in Switzerland – the Critical Importance of a Multi-Stakeholder Dialogue

Lecture: OECD – APEC Conference, Tokyo, September, 14, 2012

**Hans Groth - Chairman, World Demographic Ageing Forum, St.
Gallen/Switzerland**

Good afternoon ladies and gentlemen and again Professor Obi thanks so much for inviting a “voice” from Switzerland - although Switzerland is not part of the APEC region - to this wonderful meeting. Today I would like to share with you how the St. Gallen-based WDA Forum tries to develop solutions capable to tackle the demographic challenges in the case of Switzerland – a country with about 8 million citizens in the heart of Europe.

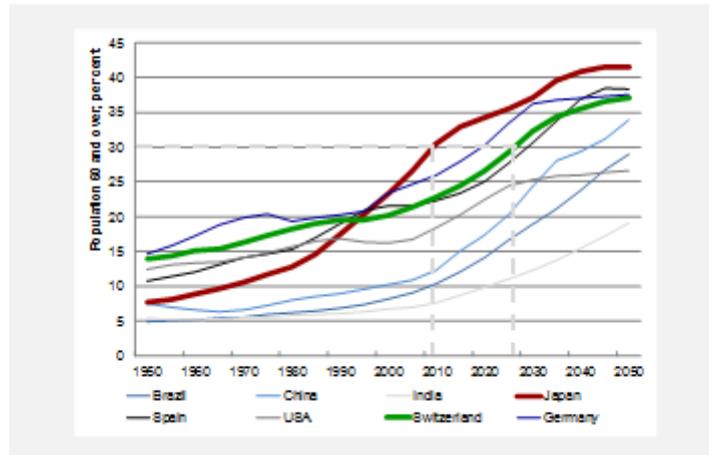
The first slide I would like to share with you is where Switzerland and Japan – depicted in green or red, respectively - are positioned in terms of demographic ageing. This slide shows that in terms of ageing, Japan is by all means the most advanced society on our planet – however, more or less all other 196 nations in the world will follow this demographic ageing sooner or later.

The only question that remains is at what speed will we follow Japan since this has serious social and economic implications. To what degree do we expect increases in the aged or 60+ population cohorts?

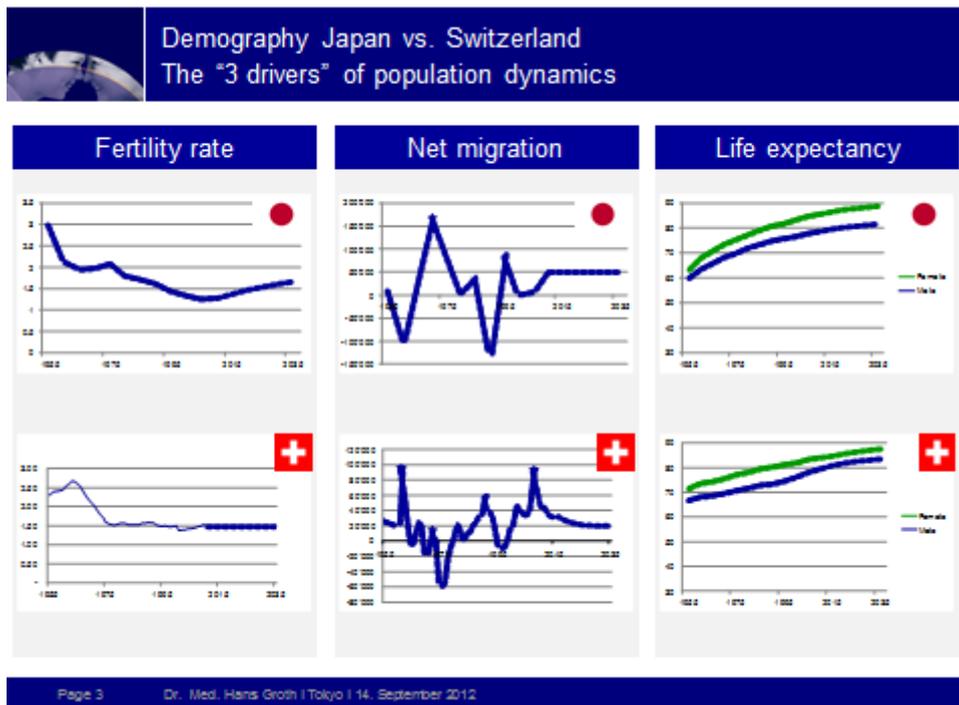
Global Demographic Change Development of 60+ population in selected countries



Major developing countries will start to catch up with developed countries
In 1950 Japan was a "younger" country than Switzerland, but now it is 15 years ahead



To make any prediction on this it is helpful to compare Switzerland's demographic evolution with Japan – as illustrated in my second slide. There is no doubt: Switzerland is already advanced in terms of ageing and if you compare the pattern, you can easily recognize that Switzerland lags behind Japan by about 10 to 15 years. This implies: We still have some time left to prepare for a significant shift in our population composition - however, it's not time to rest, it's time to prepare, it's time to act and develop a new societal order.

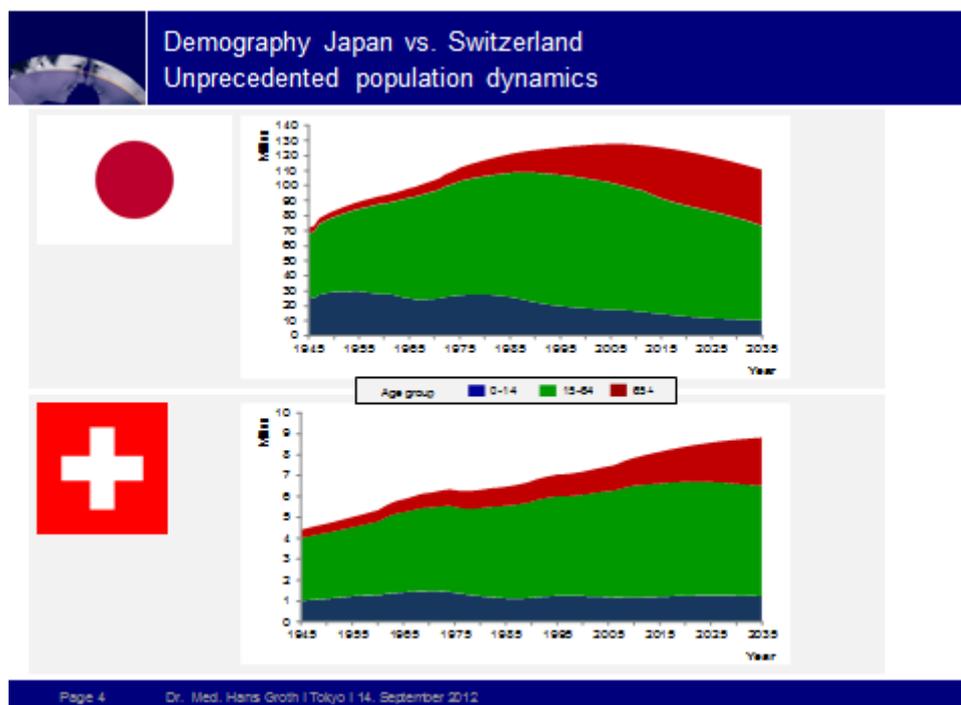


As part of the preparations for this unprecedented change it is critical that we fully understand what is going on in our country and what is going on in those countries we should learn from – Japan is one of these countries. On the second slide you can see the three drivers of population dynamics:

- fertility
- migration
- life expectancy

Furthermore, the slide reveals how Switzerland differs with regards to these drivers from Japan till today. On the left side of the slide you'll see that in the past 40 years fertility rates in both countries dropped significantly by fairly the same amount. Today, Switzerland's fertility rate is somewhere between 1.4 – 1.5 and we see no sign that it will return to replacement levels. But there is a very big difference between your country and our country: It is migration – for centuries migration has played a huge role in the demographic evolution of Switzerland. The dimension of migration is best understood if one compares absolute numbers: Today Switzerland has close to 8 million and Japan has more than 120 million inhabitants. My slide compares net migration in absolute numbers per year for the period from 1955 to 2035. If you adjust these figures for population size, it implies that Japan would have to welcome at least 1 million foreigners as permanent residents each year to strike a similar effect as Switzerland. It is a fact that Switzerland's population dynamics are extremely driven by migration. The Swiss people recognize migration at least as one solution to manage demographic

ageing as the immigrants entering Switzerland today are extremely well-educated, in their prime-age and therefore drive the economy and consumption.



The third driver of demographic change is life expectancy – by comparing the life expectancy of Japan and Switzerland over the past 30-40 years one can discover another interesting picture. Although Japan started from a lower level it has experienced a much higher and steeper increase in life expectancy until today. Switzerland was experiencing a constant increase in life expectancy for over 100 years in a row. Consequently we have a situation today where both men and women have an average life expectancy of over 80 years. And there is another interesting difference: For whatever reasons - and we have yet to unravel this mystery - the difference in life expectancies between men and women are smaller in Switzerland than in Japan.

These phenomena – and this is illustrated in my third slide - result in a pattern that Japan is already a shrinking society whereas Switzerland is an ageing society - nonetheless at some stage we are reaching the “cliff” where we will shrink as well. The reasons why we will shrink at some stage are the ongoing low fertility and the unlikelihood to sustain high immigration levels forever. Consequently we are expecting a significant “reengineering” in our society during the next 20 to 30 years. By 2030 the proportion of 65-plus and 80-plus generations will have increased by at least 50% and this will become visible everywhere.

We have to familiarize ourselves with the fact that ageing, more precisely “super-ageing”, will impact the physical and mental mobility of a growing part of our society, and diseases like dementia and Alzheimer’s will increase in absolute numbers.

So, what does this imply for Switzerland? The number of people who suffer from dementia will increase in absolute terms from about 60,000 to at least 161,000 citizens during the next 30 - 40 years. The huge question that will arise is how we will manage this increase.

To make the development in dementia easier to grasp I would like to provide you with an example on a community level. Consider the Swiss Canton of Glarus - a very lonely mountain valley where only 40.000 people live. In the next 18 years, the number of elderly and handicapped people who live by themselves and have no granted access to nursing care will increase from 600 to close to 1000.

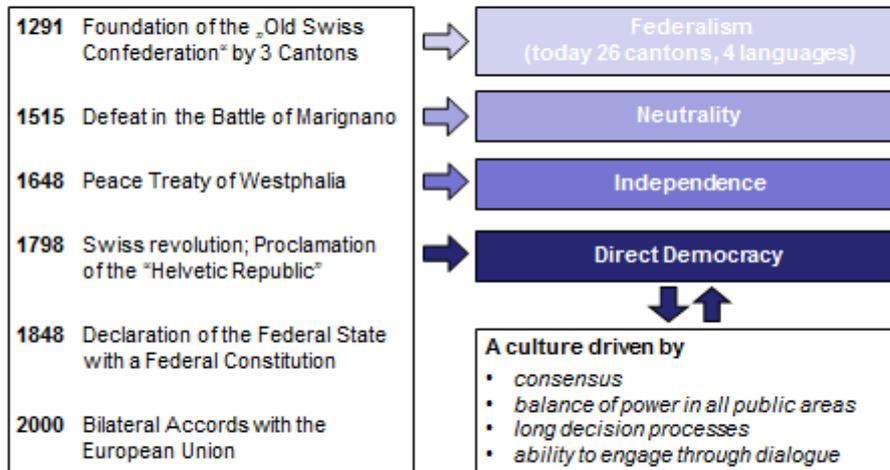
A similar pattern can be observed in the economically prospering Zurich area where about one million citizens live. The number of people in need for 24 hour nursing care is forecasted to increase from 18,000 to more than 33,000. And such a pattern can be found all over Switzerland.

The daunting and unsolved question is:

How will Switzerland, its society, and its citizens tackle their population dynamics?

It is becoming more and more obvious that demographic change is the reason the country will not have enough manpower to provide the increasingly growing amount of nursing care which Switzerland’s ageing society is demanding. One potential “key” to tackle this challenge is the country’s governance and heritage. Switzerland has a direct democracy with roots back to 1291 and I will try to explain the uniqueness of this history in my next slide.

Switzerland: evolution of a unique nation



It's more than 800 years of history in one single slide. This slide summarizes the country's values, governance and its key behaviors. It is of utmost importance if one wants to come up with suggestions for change from an NGO point of view. We are not a single centrally-governed state. Instead, Switzerland is a federation of 26 independent cantons who have own laws and rights. And then we have a history for being neutral in foreign affairs for centuries. Therefore Switzerland is not a member of most alliances and finally and most importantly we have had a direct democracy since 1848. Our government can raise proposals but cannot automatically execute these unless they are endorsed by the voting citizens. Therefore the Swiss are asked to deliver their opinions up to 4 times a year on federal, cantonal and community affairs.

To manage the challenge of ageing, to manage the turning of ongoing population dynamics and to take care of dementia patient is a question not of isolated political leadership - it's a question of consensus, it's a question of balance of power among interested parties. It is obvious that such a process can never be fast.

And this is the strength and unique position for NGOs in the Swiss society. We have multiple options to engage through dialogue and action. This is what we do and therefore we come up with proposals and ideas. The mechanism of our work as a NGO is to build bridges - and we have many bridges in Switzerland given the thousands of valleys in our alpine country.

We have to build bridges across our society, across our governance structures and across businesses. If you are able to build a bridge successfully - as for example the

famous Ganter Bridge at the Simplon Pass highway - you can really advance with your ideas even in a country with long decision processes. Through engagement and dialogue one can turn the longevity challenge of the 21st century into an opportunity and this is also what we are aiming for here at this conference.

It's a question of multi-stakeholder management. It's a question of engaging everybody who has for whatever reason a voice.

In pursuing the necessary change and in terms of demographic ageing the WDA Forum has come up with seven strategies to address an unprecedented challenge.

 "7 Strategies" to address an unprecedented challenge

	A longer and more flexible working life
	Volunteering and community contributions
	Enhanced social skills
	Redesigned environments
	New markets and new consumers
	Intergenerational transfers
	Caring and family cohesion



Page 13 Dr. Med. Hans Groth | Tokyo | 14. September 2012

Our strategic recommendations start with a longer and more flexible work life - however, there is more to the story. It's as well about redesigning environments, about intergeneration transfers, about caring, about family cohesion, etc.

Based on these seven proposed strategies, we are now in a process of dialogue with our society, our governance bodies, etc. to reveal the appropriate actions, which will be responsible for taking leadership and the implementation timelines.

However, there is another reason why I came from Switzerland to Japan these days. We have a long standing tradition in how we tackle an issue or a challenge. We always look - as part of our decision process - across our own borders in order to explore and learn what other countries are doing or were doing in a similar situation. I think Japan has this same track record, too.

So even in 1863 - nearly 150 years ago - the first Swiss delegation came to Nagoya to explore what Switzerland could learn from Japan. I look forward to learn even more in the coming days from you and your experience on demography and ageing.

Building knowledge from exchange with other countries
The first Swiss delegation in 1863



Swiss delegation in Japan (1863)