

# Die Zukunft des „Alten“ Kontinents

## Eine demographische Perspektive

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## Outline

- 1. Will the EU population decline and age?**
- 2. Does ageing endanger the Lisbon targets?**
- 3. Can demographic trends be influenced?**

# 1. Will the EU population decline and age?

# The EU population is likely to decline

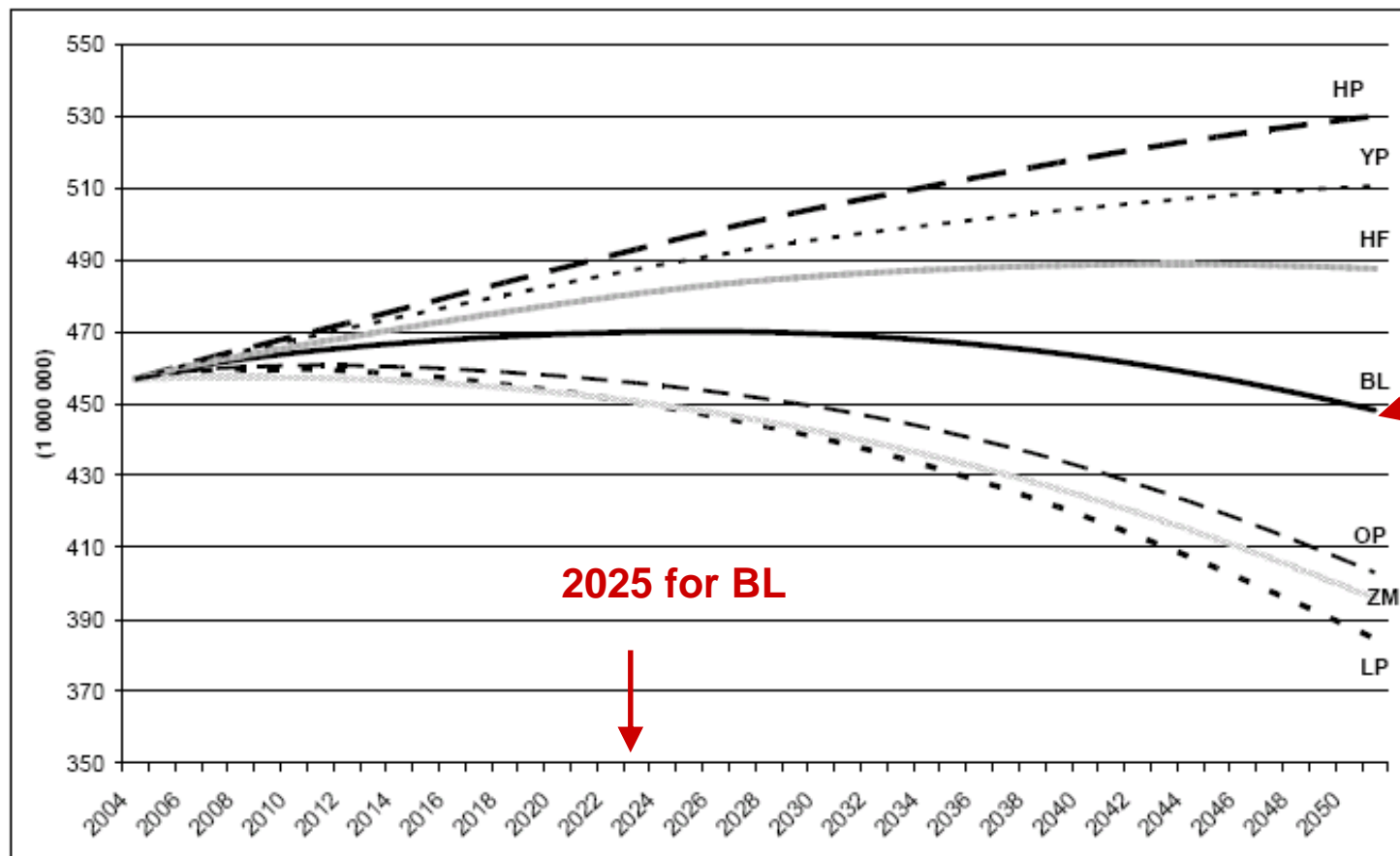
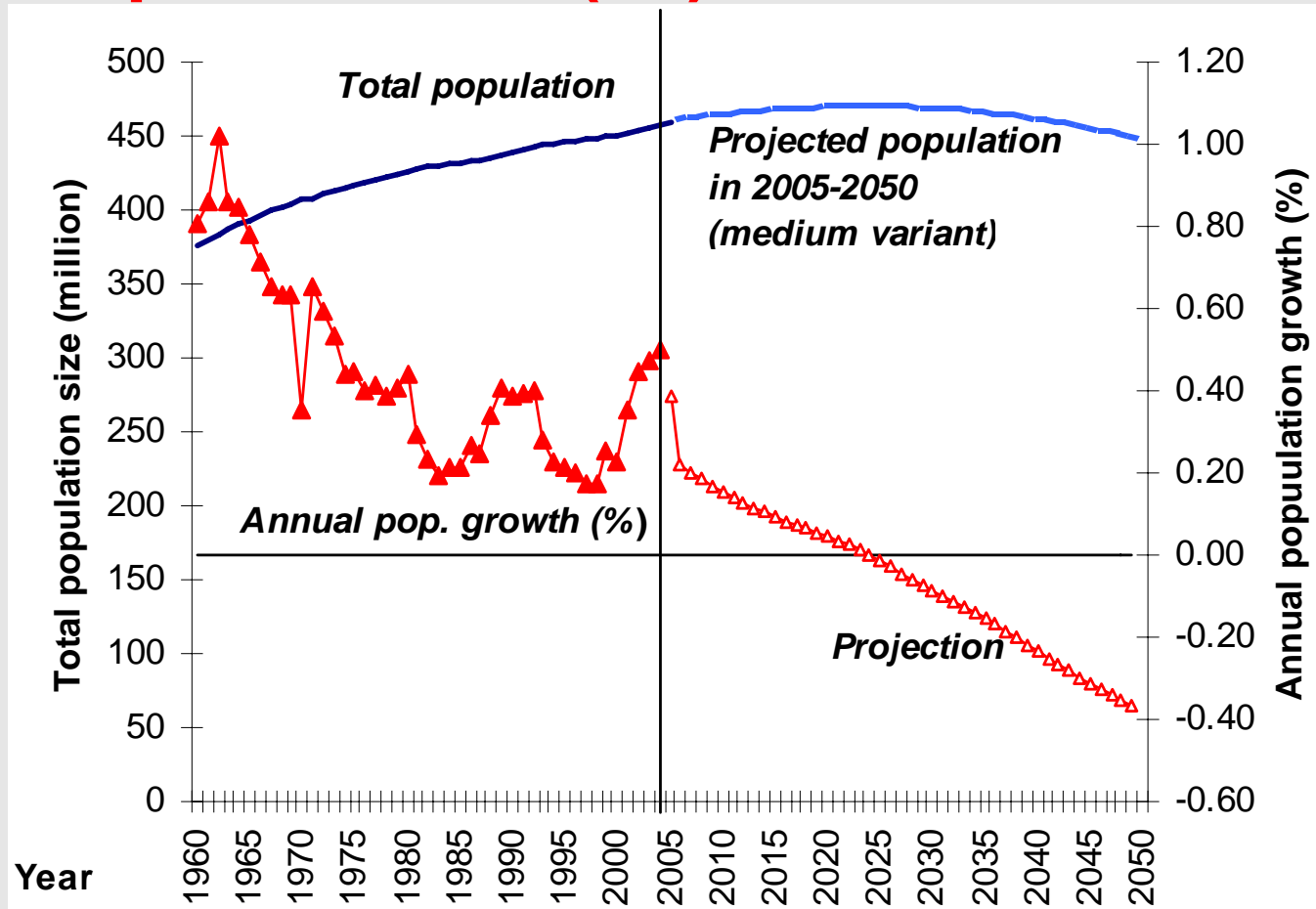
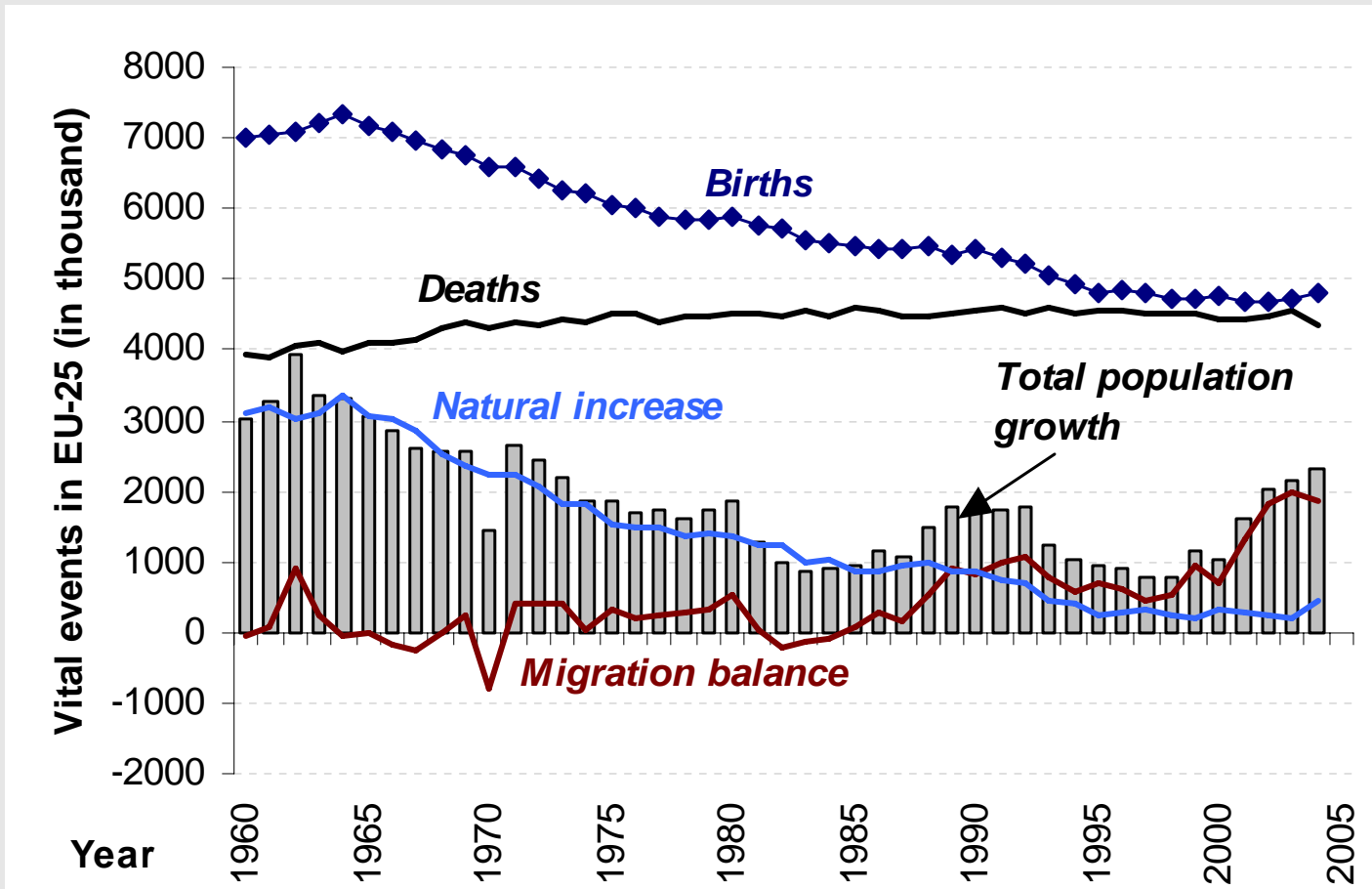


Figure 1: Projected **total population** Trend scenario variants, EU-25, 2004-2051.  
Source: Eurostat, EUROPOP2004

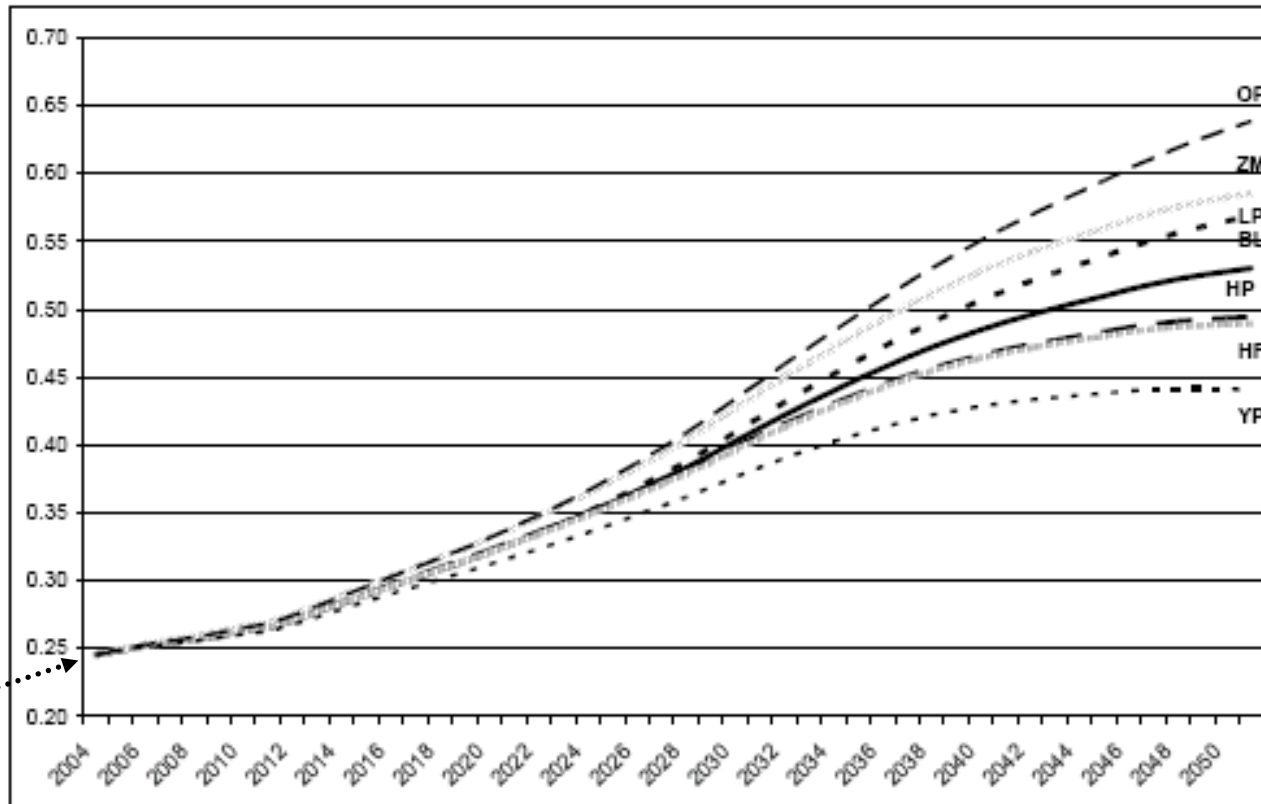
# The current & future population trends in the European Union (25): baseline scenario



# Changing components of population growth (1960-2004) in the EU-25



# The EU population is certain to age



1:4

1:2

Figure 2: Projected **old age dependency ratio** Trend scenario variants, EU-25, 2004-2051.

Source: Eurostat, EUROPOP2004

65+ / (15-64)

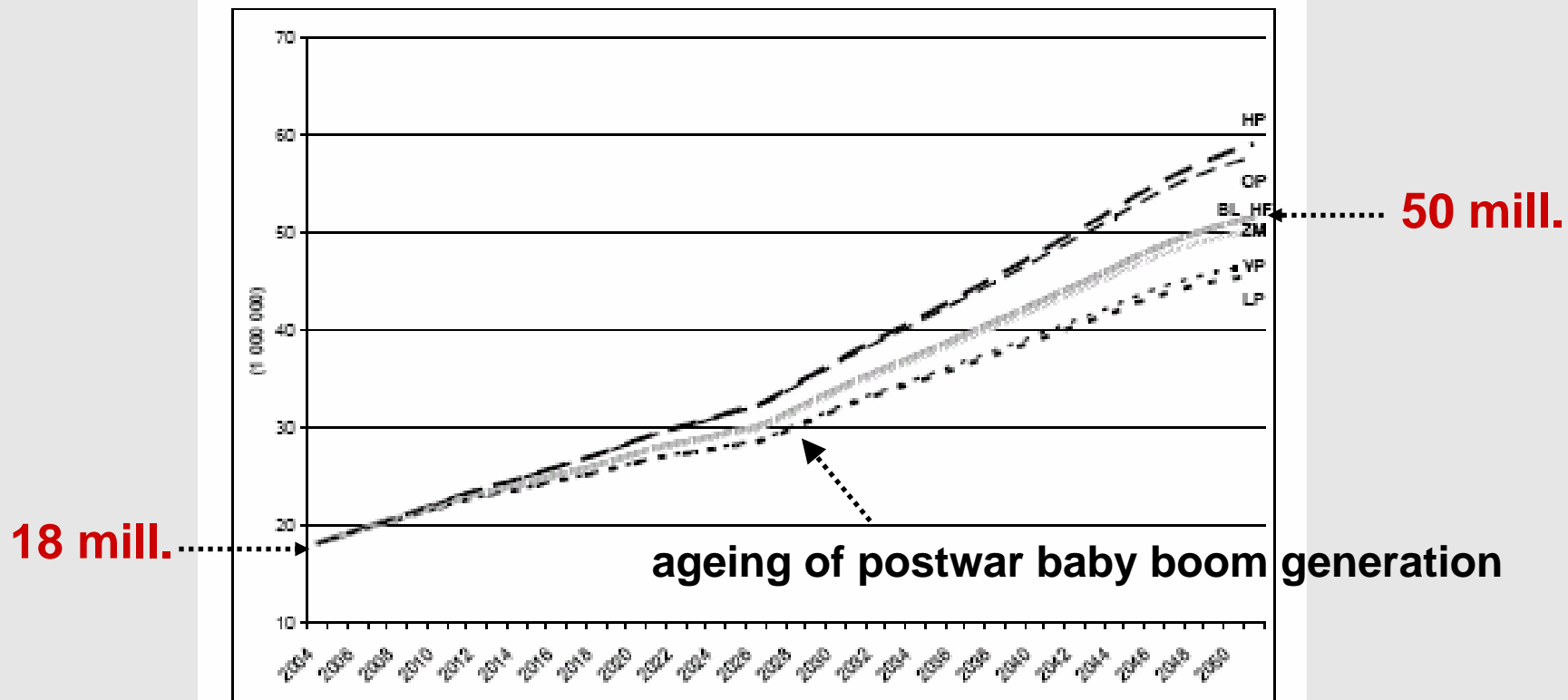


Figure 3: Projected total population aged 80 years and over, Trend scenario variants, EU-25, 2004-2051.

Source: Eurostat, EUROPOP2004

# Significant differences among countries

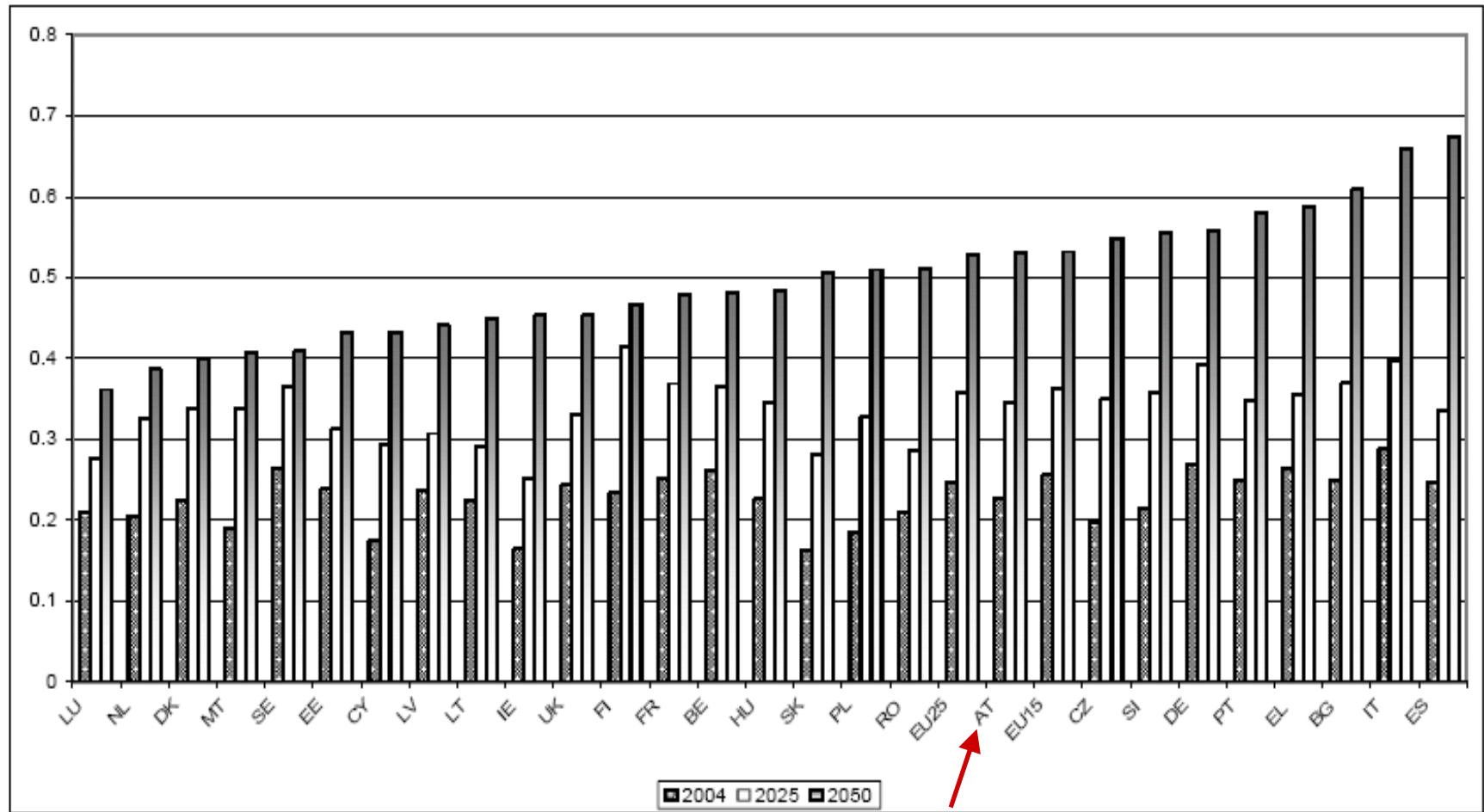
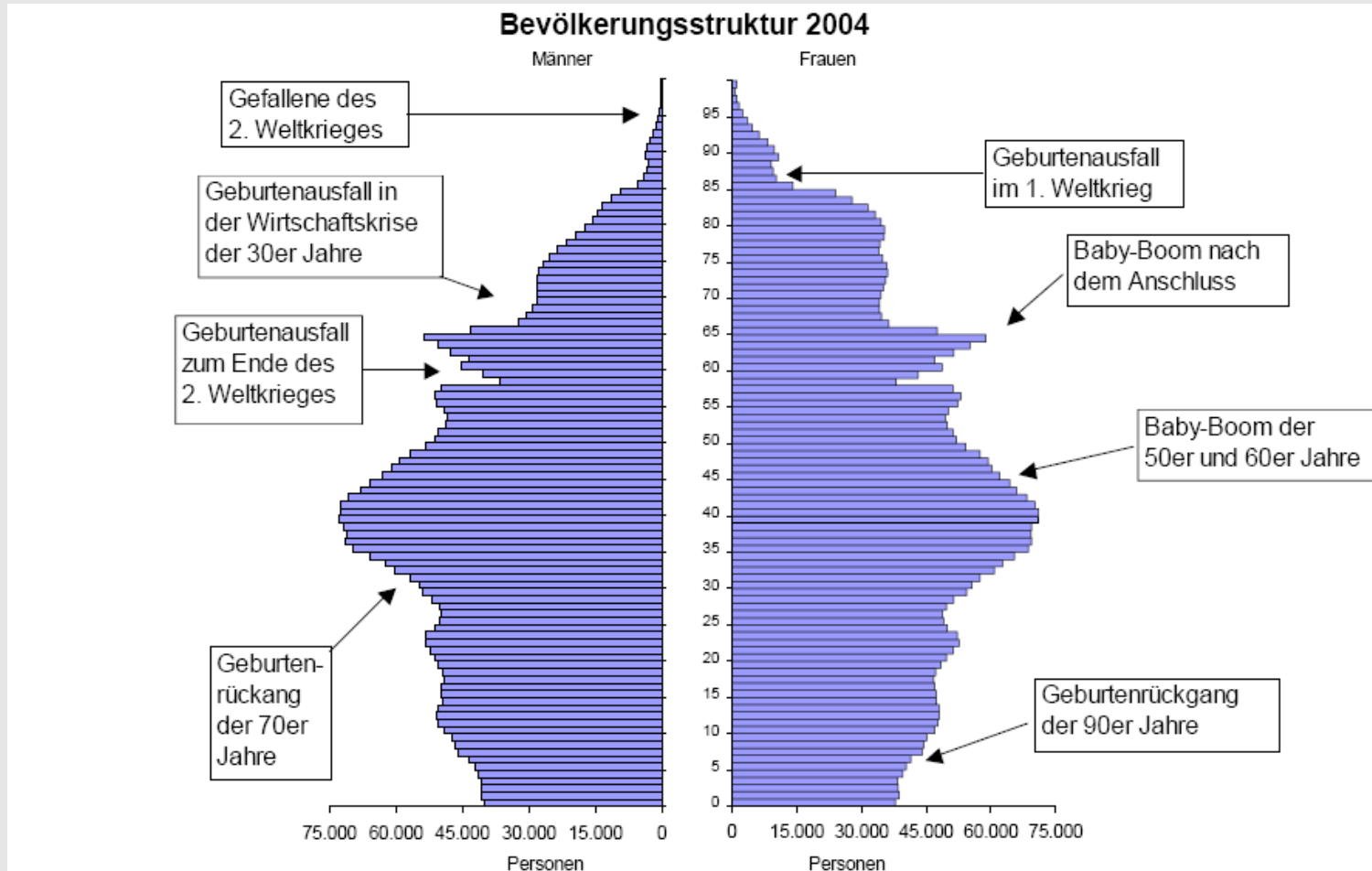


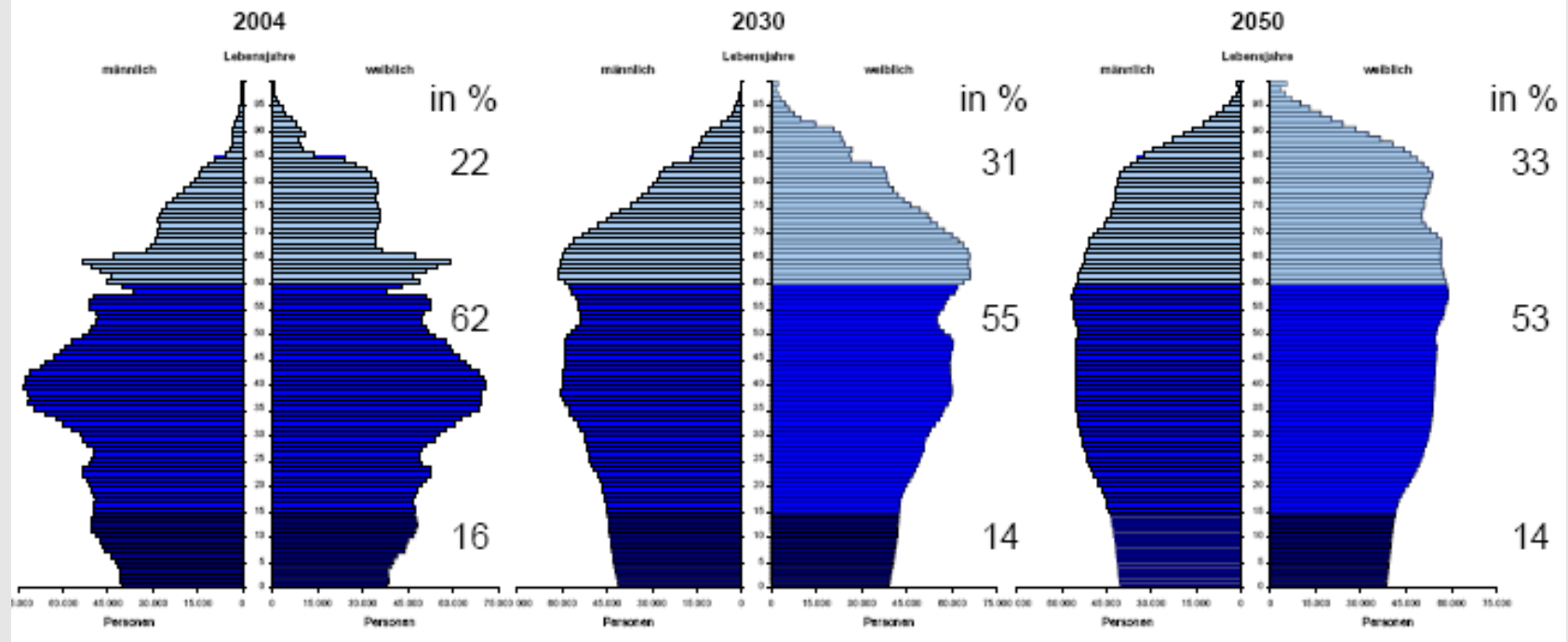
Figure 8: Projected **old age dependency ratio** by Member State and Acceding Country for selected years, 'baseline' variant of the Trend scenario. Source: Eurostat, EUROPOP2004

# Austrian population structure 2004



# Austrian population structure - projections

## Bevölkerungspyramiden für Österreich



## 2. Does ageing endanger the Lisbon targets?

- Balance of benefits and contributions in pensions systems
- Innovation and productivity
- Investments and competitiveness

## Lisbon objective/target:

Making Europe the **most competitive and dynamic knowledge-based economy** in the world by 2010.

Aim to **raise employment rates**

70% - overall employment rate,

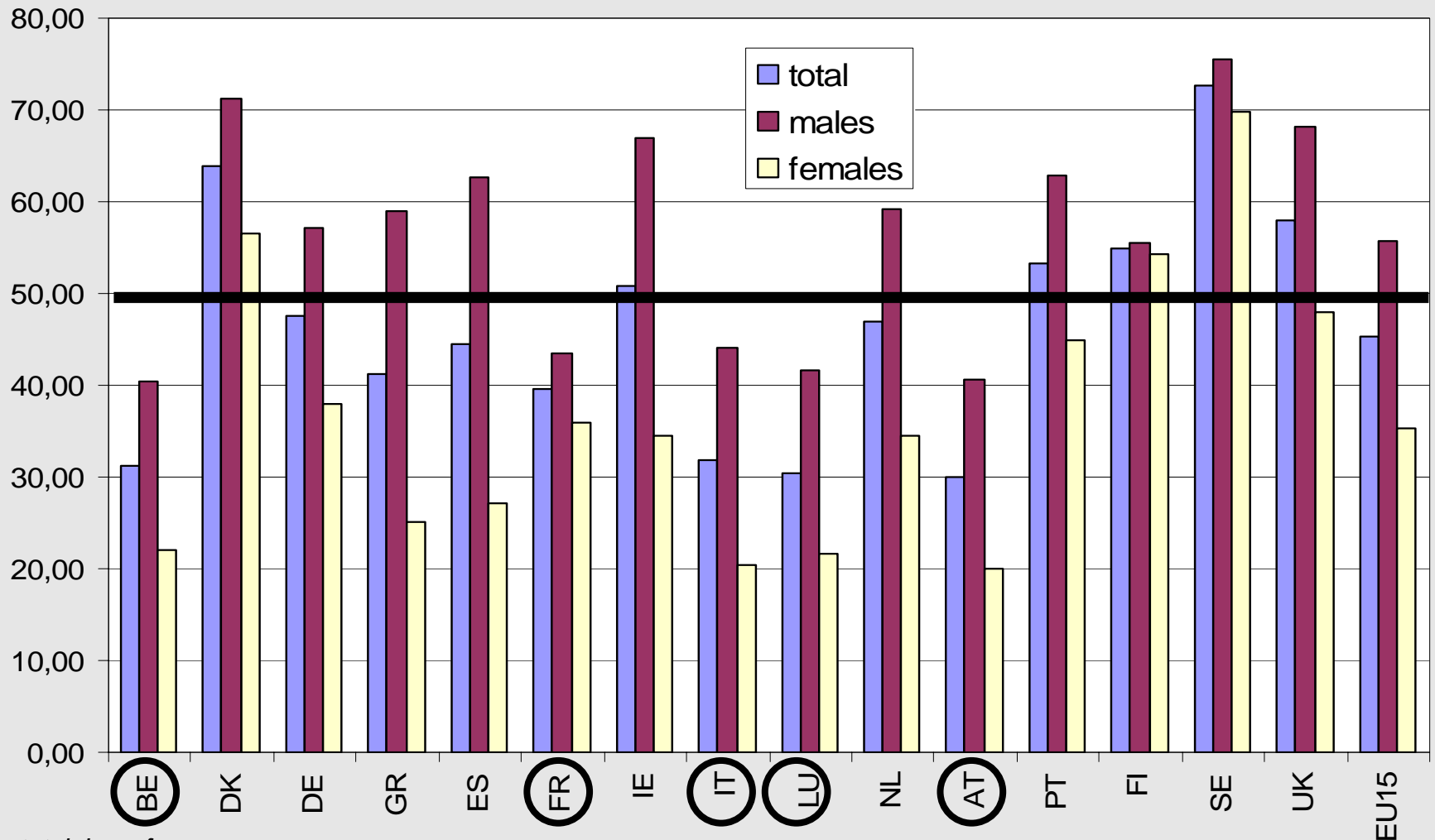
60%- female employment rate,

50%- older people

by 2010 and to improve labour market performance

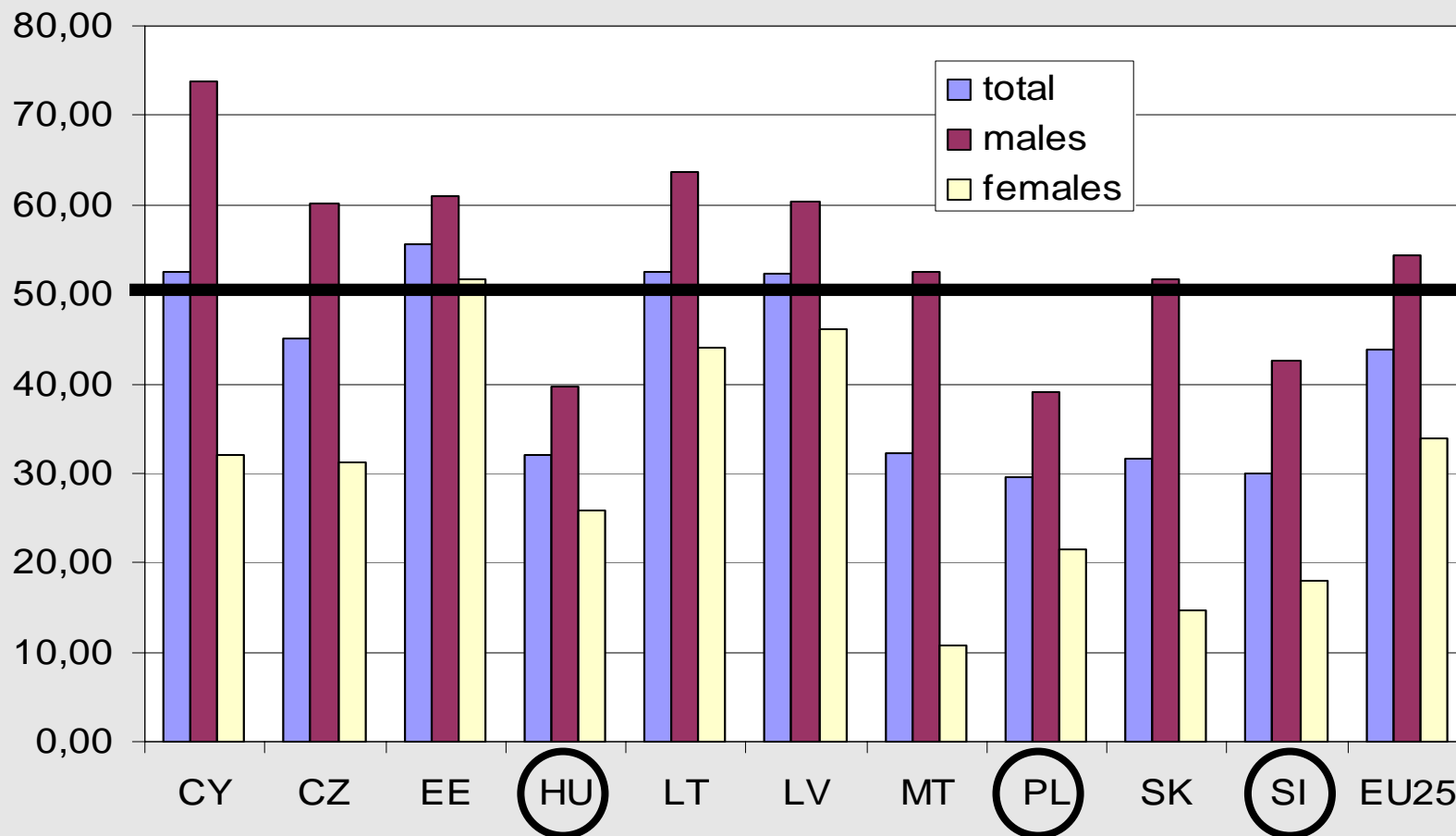
This will lead to upward pressure in the **economic support ratio (contributors to the system / beneficiaries)**

## Employment rates of **workers aged 55-64**, 2004, and the employment target according to the Lisbon and Stockholm summits



Eurostat, labour force survey

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Eurostat, labour force survey

## Important open question:

**Will a higher proportion of elderly workers lead to lower productivity growth and less innovation?**

Major factors of productivity growth in Europe:

- innovation (public and private)
- information and communication technology (ICT)
- international knowledge spill over
- human capital development
- entrepreneurship

***Evidence that*** older people are less educated, less healthy and demand more transfers.

***Open question whether*** older workers are less willing to adopt new technologies.

***Unclear whether*** innovation and new firm entry hampered, if there are fewer young workers?

Demographic ageing is not only a **problem (challenge)** for

pension system,  
health care system,  
elderly care system, ....

but also a **chance** for

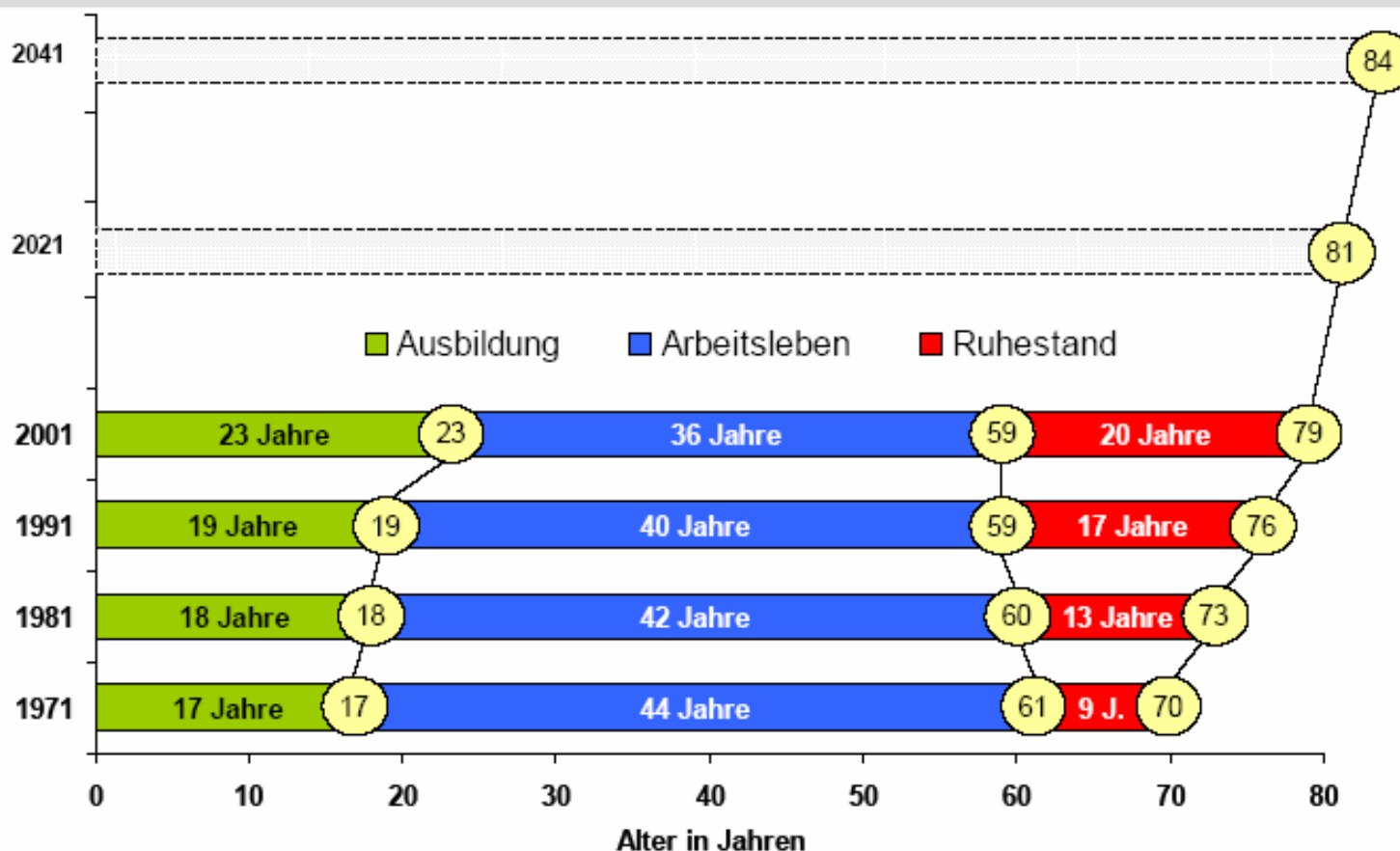


labour market,  
educational policy,  
family policy, ...

- ⇒ increase in **capital intensity**
- ⇒ increase in **female labour force participation**
- ⇒ increase in **labour force participation of elderly**
- ⇒ investment in **human capital of older workers**
  
- ⇒ change of **age sequenced society**  
(education-age-family-retirement) to a  
**„parallelisierende“** society (B. Baltes)

# Problematik des Generationenvertrags

Durchschnittlicher Lebenszyklus der Menschen in Österreich 1971 - 2001



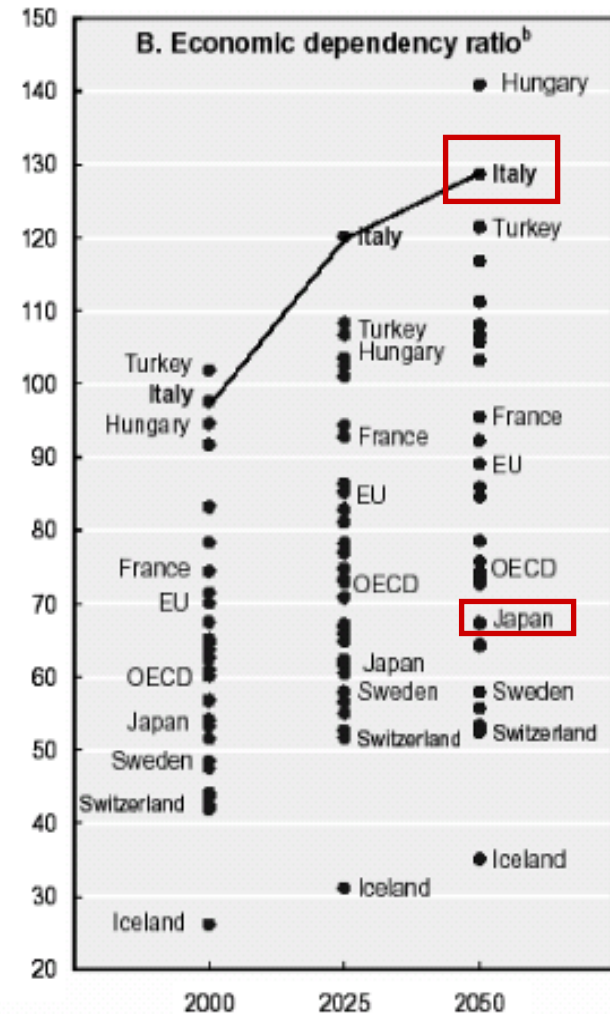
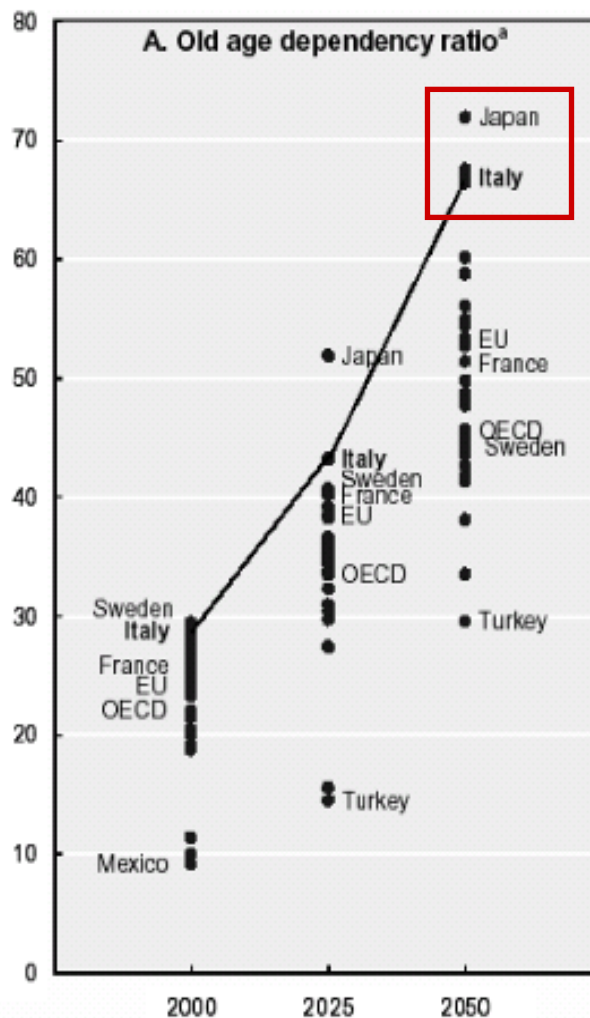
Quelle: Berechnet mittels Erwerbsquoten (Volkszählungen bzw. Mikrozensus Jahresdurchschnitt):

Annahmen: Unter- bzw. Obergrenze von „Arbeitsleben“ bei 70% bzw. 30% der Erwerbsquote; Obergrenze von Ruhestand: Lebenserwartung bei der Geburt

5. Mai 2003

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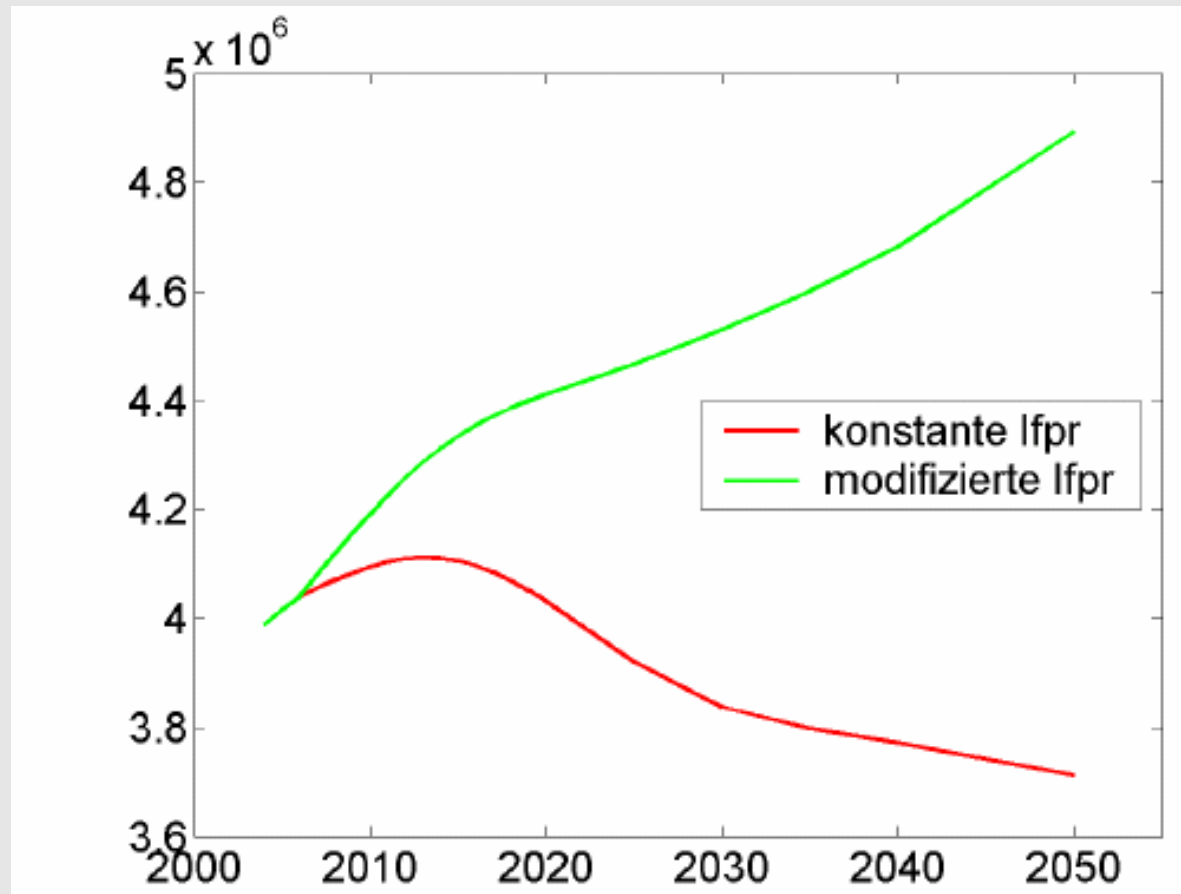


Panel A, left: People aged 65 and over to people in the age bracket 20-64.

Panel B, right: People out of the labour force to those in the labour force, excluding under 20.

Source: Oecd [2004].

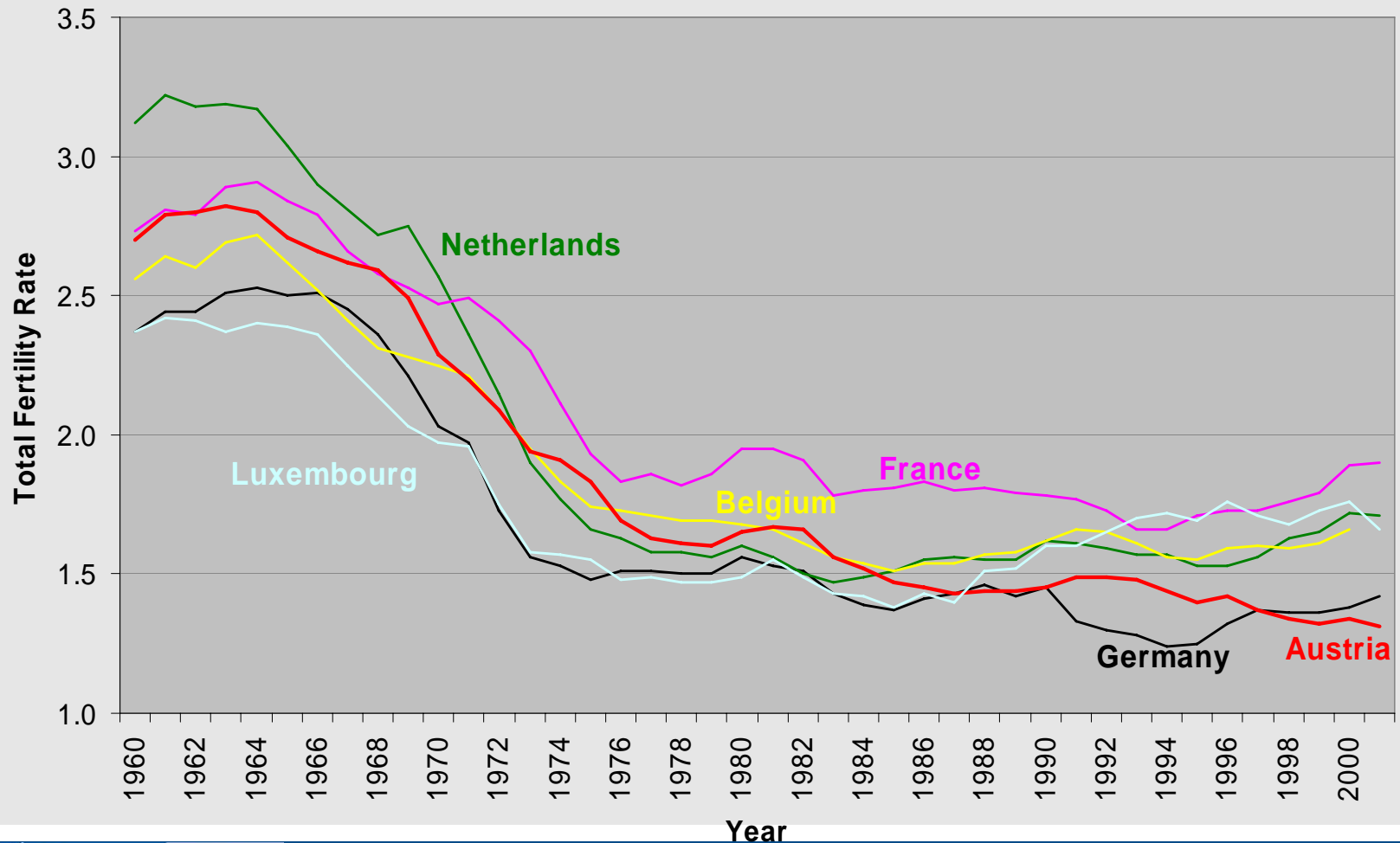
# Labour force in Austria



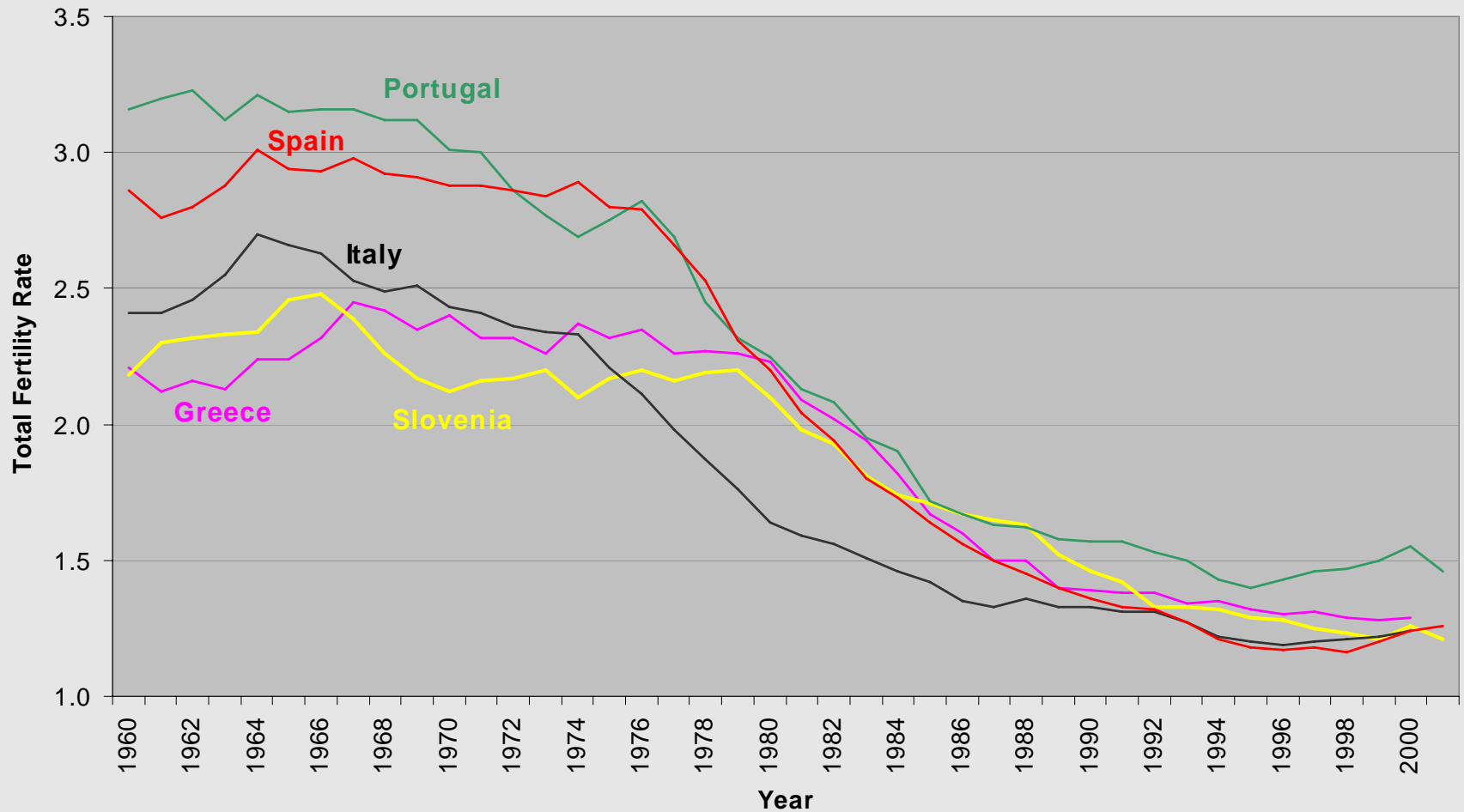
### 3. Can the demographic trends be influenced ?

- Fertility
- Migration

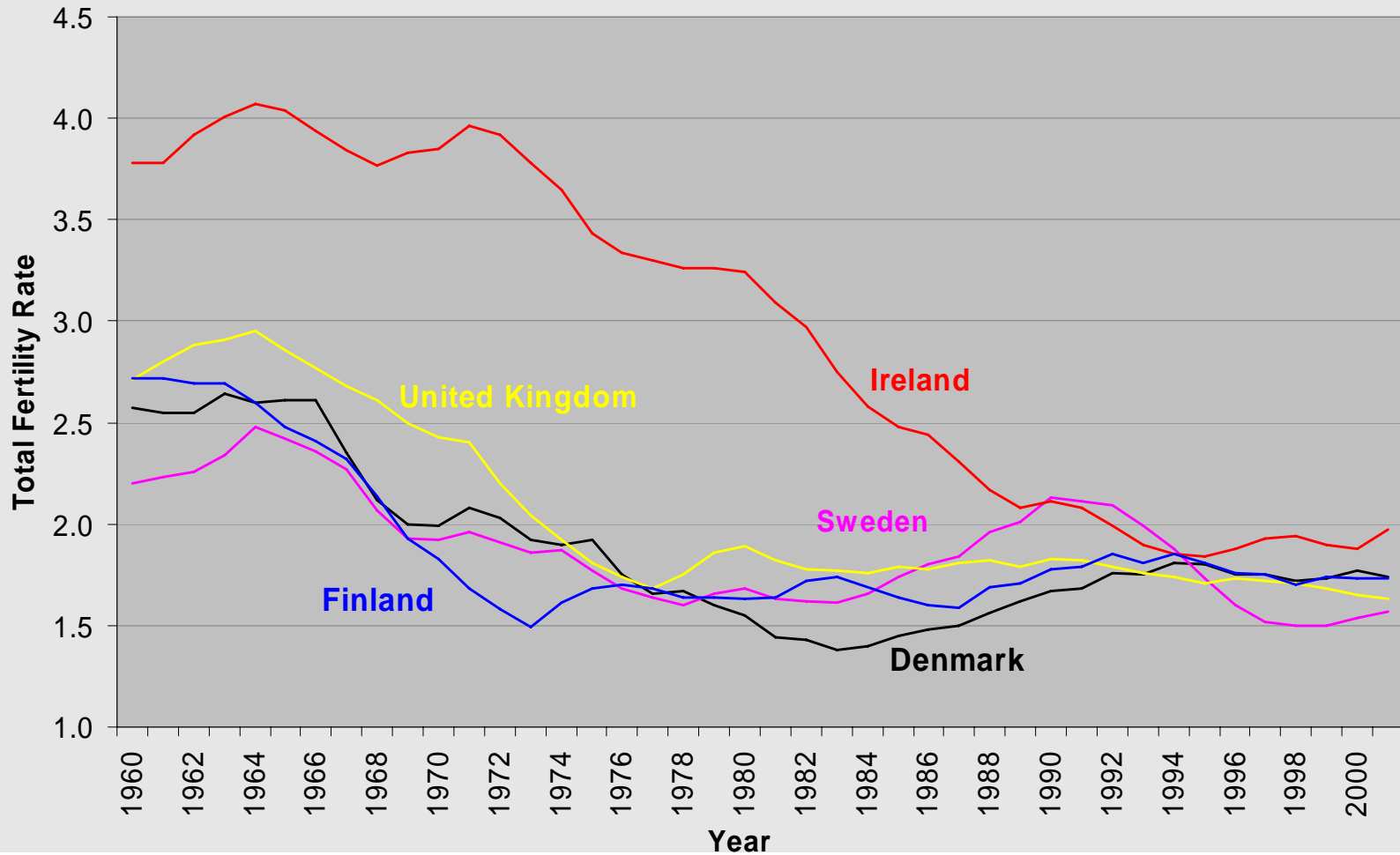
# Western Europe, Total Fertility Rate, 1960-2001



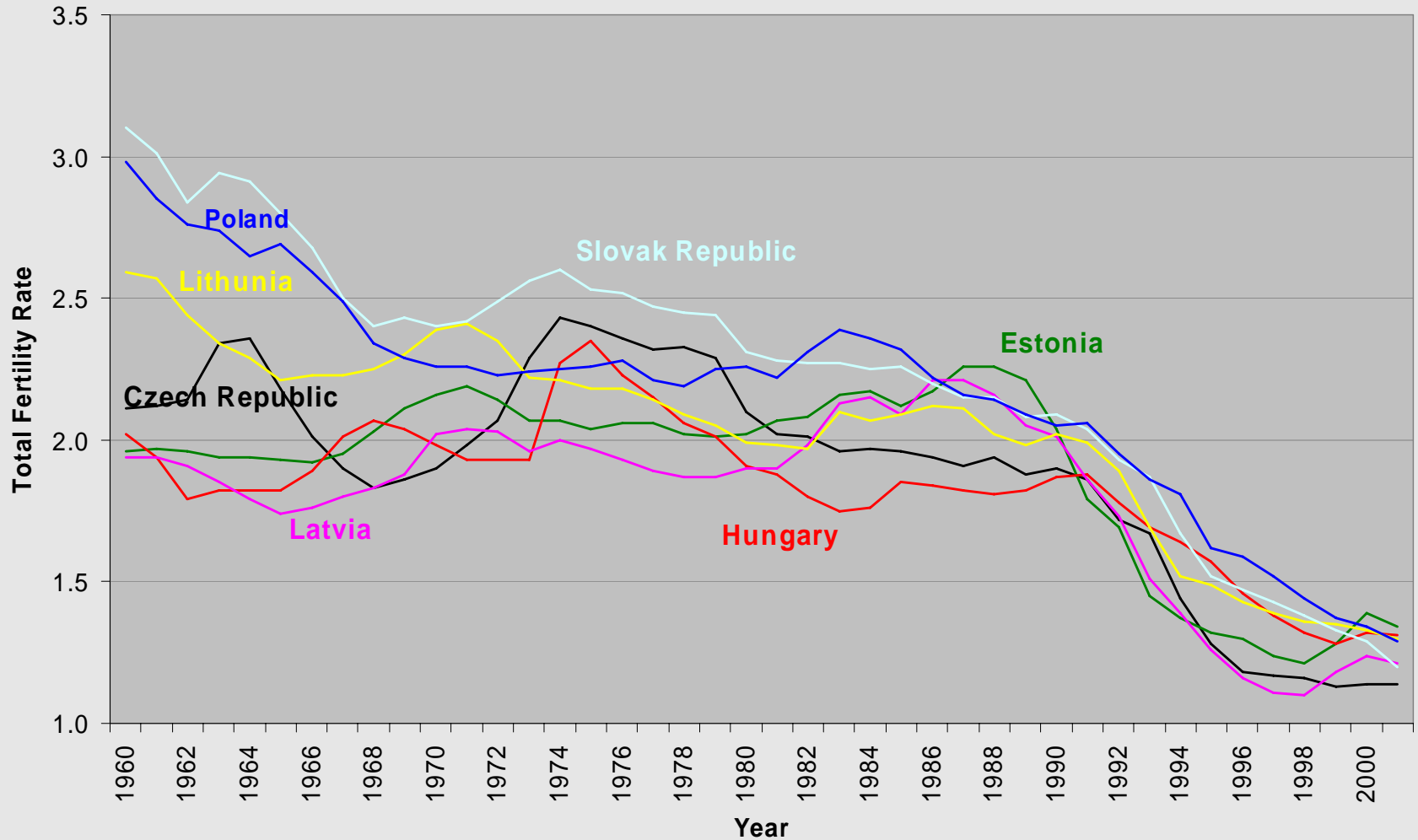
# Southern Europe, Total Fertility Rate, 1960-2001



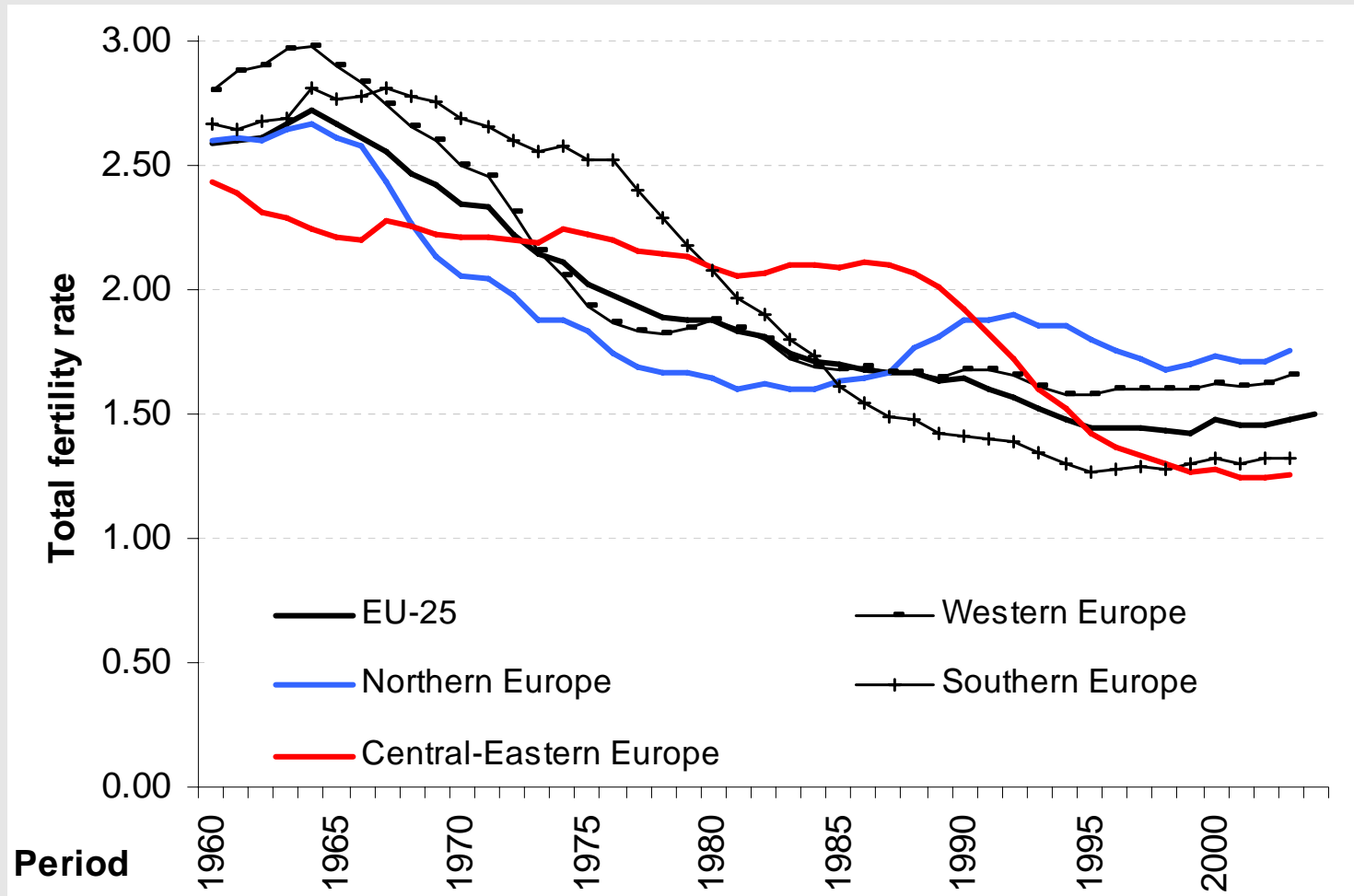
# Northern Europe, Total Fertility Rate, 1960-2001



# Central / Eastern Europe, Total Fertility Rate since 1960

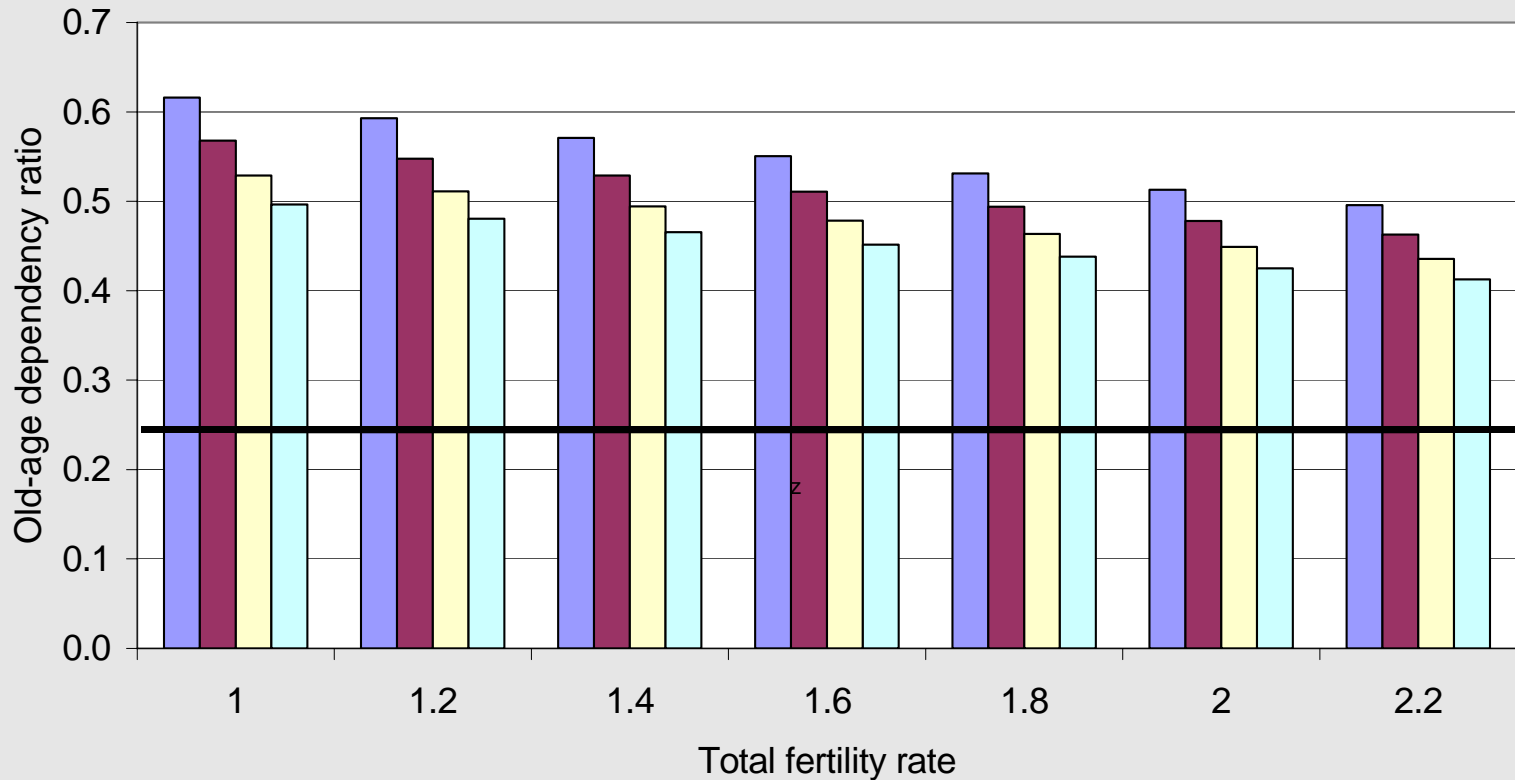


# Declining fertility rates



# Can Migration Compensate for the Missing Births?

Alternative Projections of the Old Age Dependency Ratio for the EU-15 in 2050  
based on different Fertility and Migration Assumptions  
(Black line gives the level in 2000)



MIG=0    MIG=400,000    MIG=800,000    MIG=1,200,000    — Year 2000

# Conclusions:

- Population ageing is a powerful force that will shape Europe's society and economy in the future.
- Much is predetermined in the current age structure shaped by past trends, but there is certain room for policies to influence future fertility and migration levels that will moderate the speed and extent of ageing.
- Since this is a new experience in human history and Europe is at the forefront of this process, the social and economic implications are hard to predict.
- Ageing is a challenge rather than a crisis: It is like a current affecting a boat that has means to counteract it (by rowing or engine). The Lisbon strategy could be such an engine.