

Ageing, macroeconomic implications, and financing social policies in Europe

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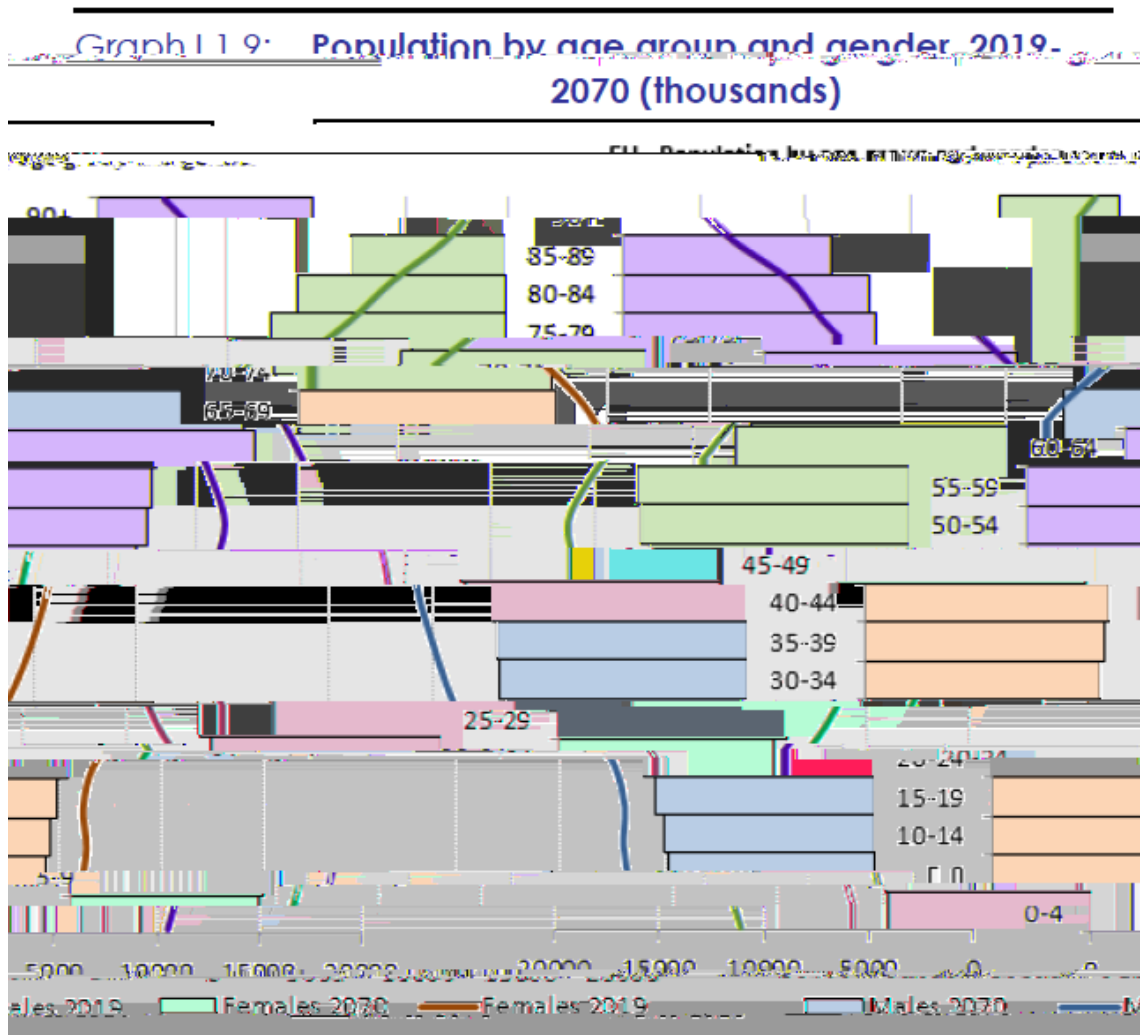
United Nations, Department of Economic and Social Affairs

Expert Group Meeting on Population and Sustainable Development, In Particular Sustained and Inclusive Economic Growth, New York, 21-22 July 2021



- (1) Diversity in ageing across Europe – role of migration
- (2) Ageing constitutes a challenge for the welfare state
- (3) Increasing intergenerational inequality

Fact 1: Europe is aging



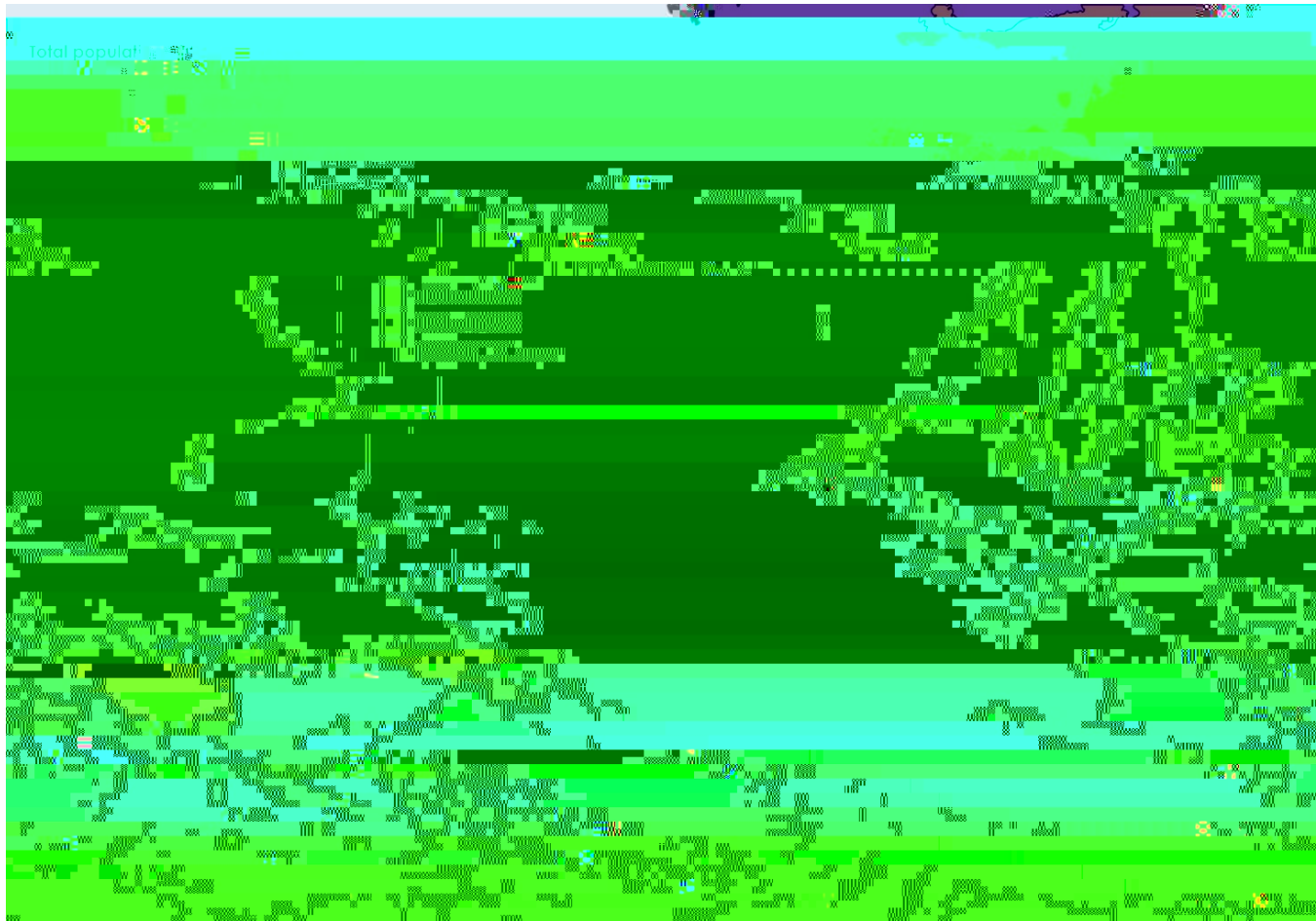
Dependency Ratio (%)

	2019	2070
65+ / (20-64)	34.4	59.2
80+ / (20-64)	9.9	25.7

Source: The 2021 Ageing Report

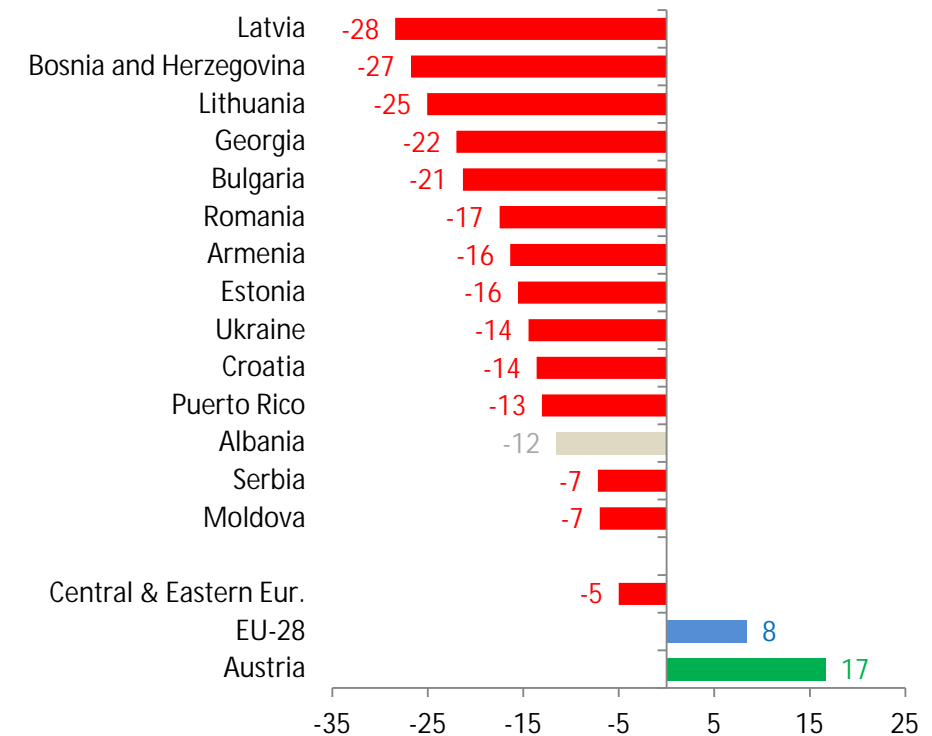
Fact 1a: Diversity in population change across Europe

East-West division in relative population change (in %) 1990-2017



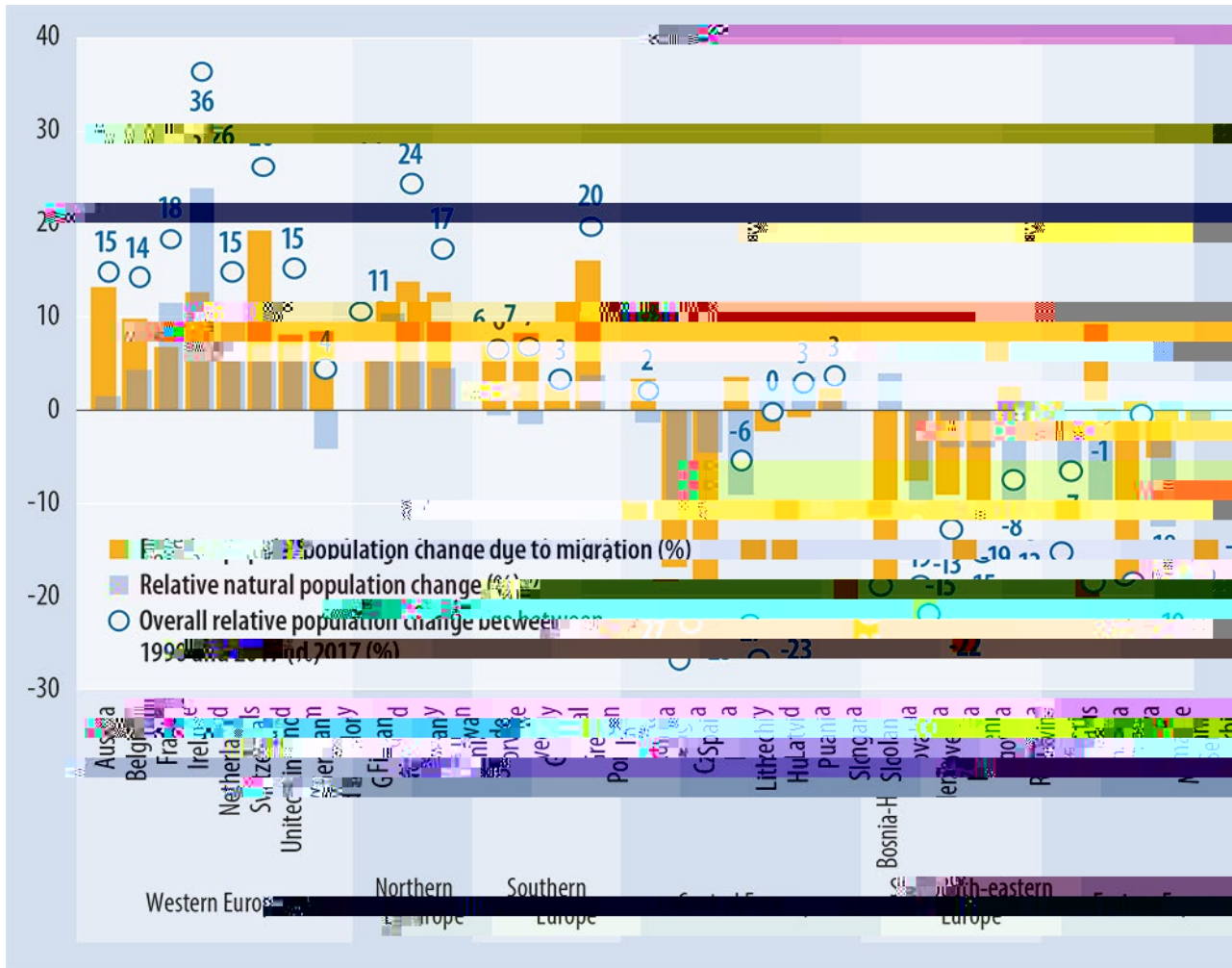
Source: European Demographic Data Sheet 2018; www.populationeurope.org

Countries with fastest population decline globally (%), 1989-2019; comparison with EU-28 and Austria



Note: Only countries with population > 1 million in 2019 ranked
Sources: UN World Population Prospects 2019: Estimated population size 1950-2020. Data for Georgia: NSO Georgia (2018) and own estimates for 1989. Data for EU-28 and Austria: Eurostat 2019

population growth/decline in Europe, 1990-2017



The impact of emigration on economic growth

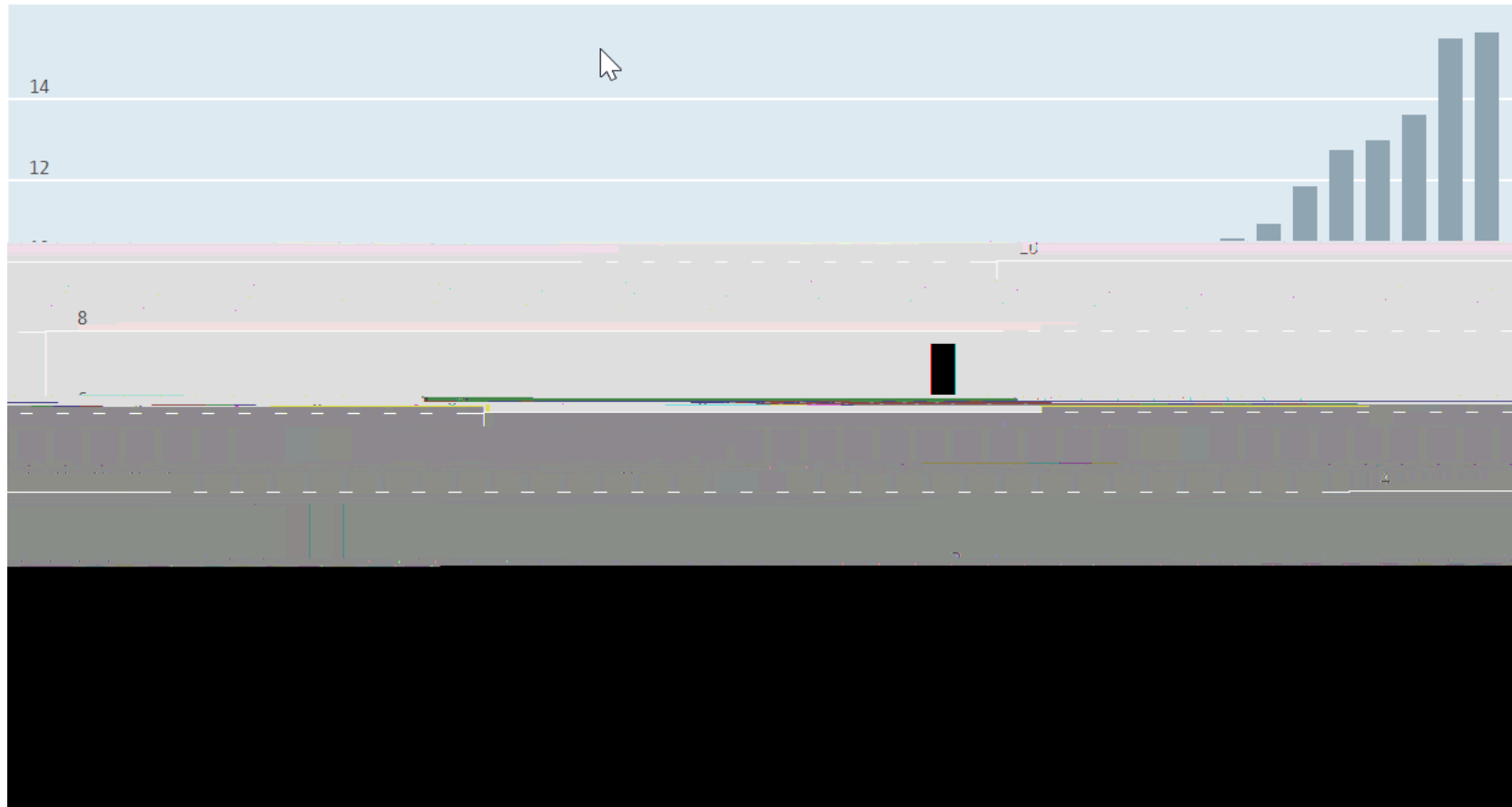
Direct effect: less workers -> lower GDP

“Brain Drain”: Emigrants from CESEE (Central, Eastern and SouthEastern Europe) tend to have a higher education than the general population.

Emigration therefore

Fact 2a: Role of public sector in old-age provision in OECD

Public Pension Spending, % of GDP, 2019 or latest available



OECD (2021), Pension spending (indicator). doi: 10.1787/a041f4ef-en (Accessed on 16 July 2021)



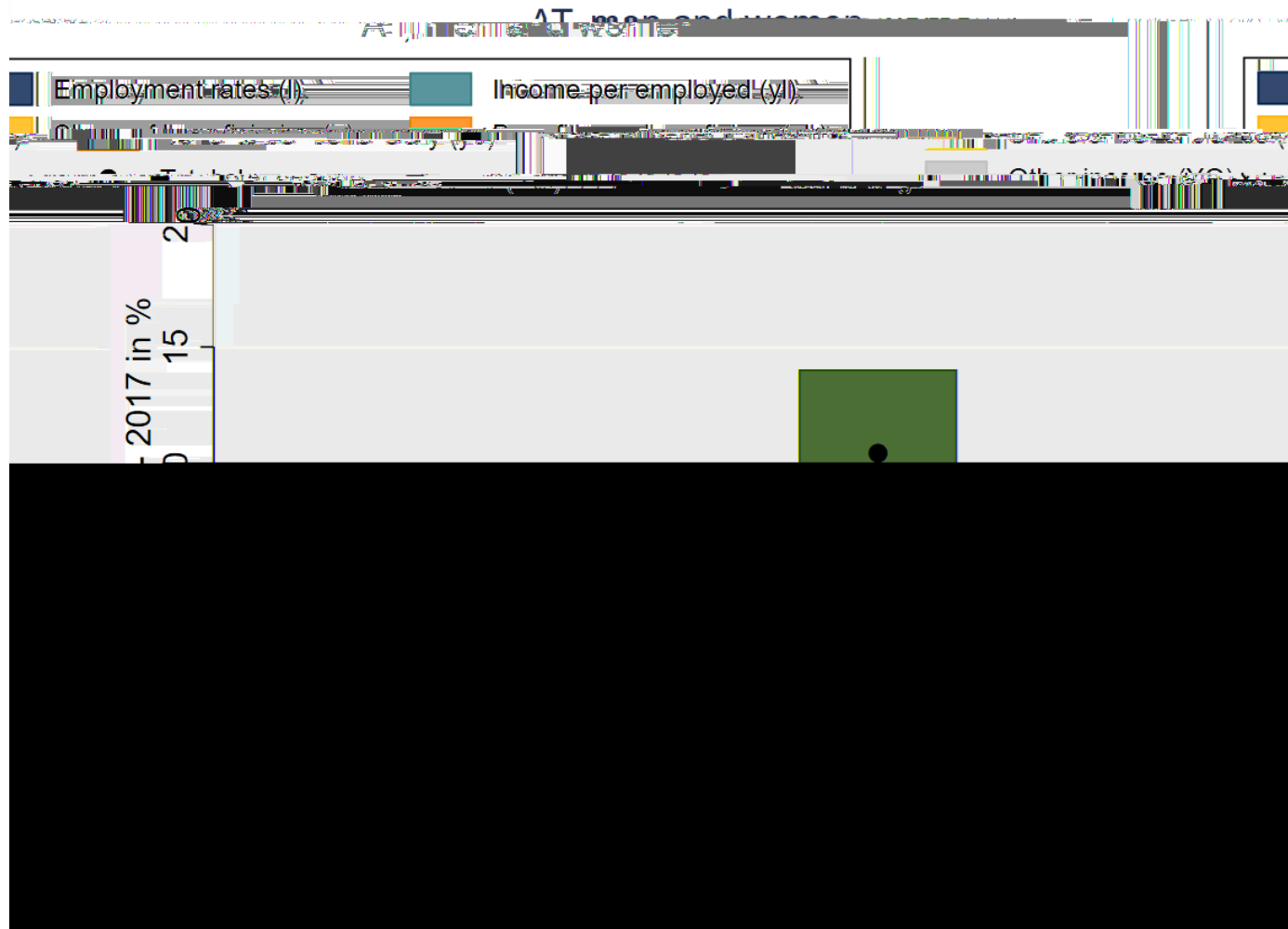
Fact 3a: Inequalities between Generations (2008-2017)



Income of the **young** decreased relative to income of the **older population**

Fact 3b: The role of employment, wages and social transfers for age-specific income trends (2008-2017), Austria

Decomposition of income changes by age and gender 2008-2017 in %



Stagnating income for the **young**

Increasing per capita pensions and **higher employment** for the **older** population

- (1) **Diversity in ageing** implies **diversity of challenges**
- (2) **Role of public sector** in old-age provision shaped by **reforms & changing age structure.**
- (3) **Decreasing** income of young and **increasing** employment & benefits for old

References

AGENTA Dataexplorer <http://dataexplorer.wittgensteincentre.org/nta/>