

# NTA and demographic change in aging populations - economic impacts and sustainability

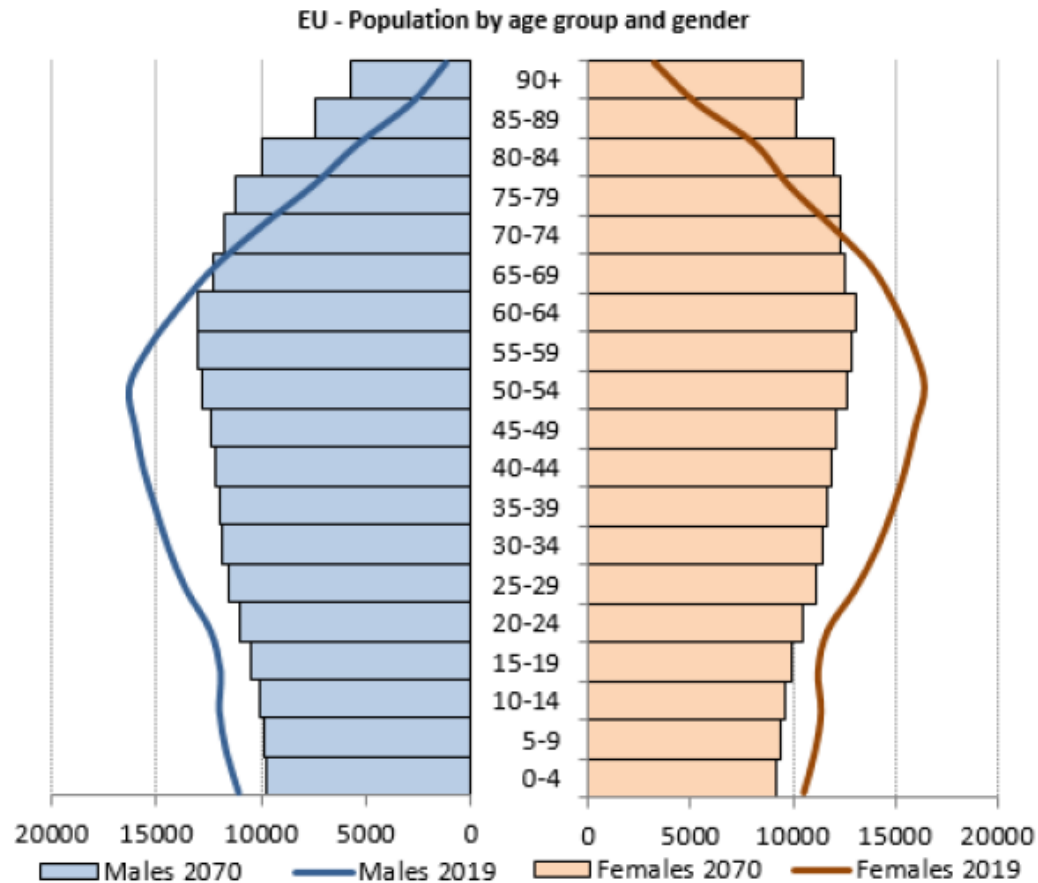
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# Fact 1a: Europe is aging

Graph I.1.9: Population by age group and gender, 2019-2070 (thousands)



## Dependency Ratio (%)

2019      2070

65+ / (20-64)

34.4 → 59.2

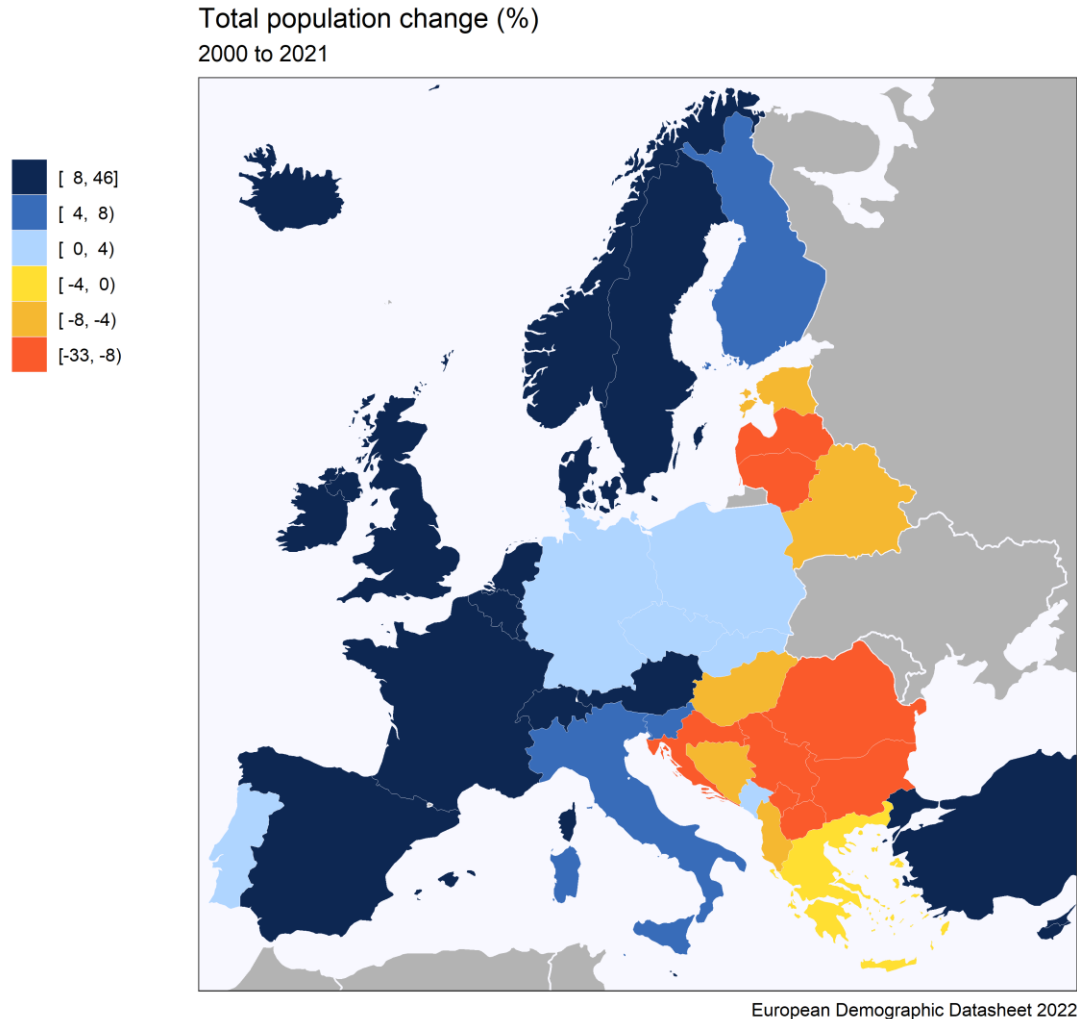
80+ / (20-64)

9.9 → 25.7

Source: The 2021 Ageing Report

# Fact 1b: Diversity in ageing across Europe

## Population change (in %) 2000-2021: East-West division



European Demographic Datasheet 2022

### Fertility

- **low** (TFR<1,5) in **Southern Europe** and parts of **Eastern & South-Eastern Europe**
- **Declining** fertility in most regions

### Mortality

- Geographical gradient: **low** life expectancy & **high** male-female **life expectancy gap** in **Eastern and South-Eastern Europe**
- Slowing mortality improvement in most regions

### Migration

- Significant immigration flows except in **South-Eastern** and **Eastern Europe** which suffered outmigration

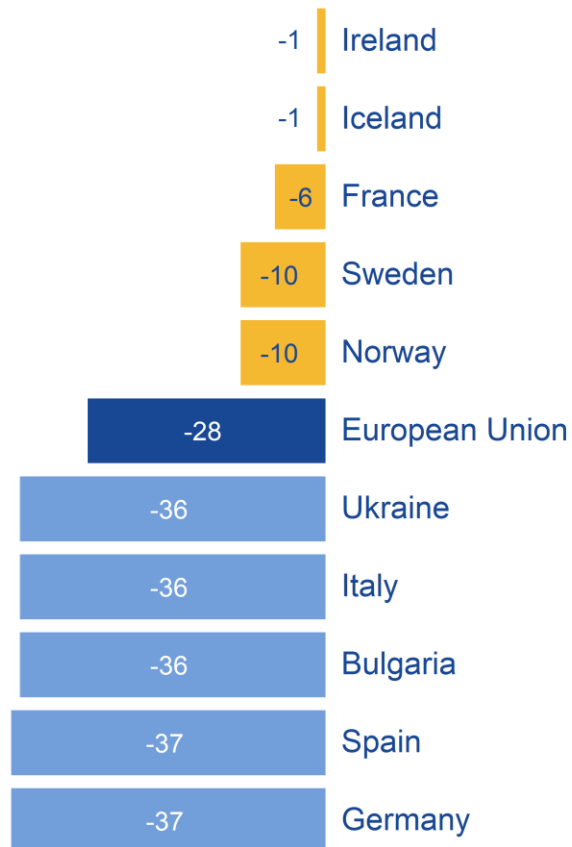
differing **Population Change** in Europe:  
fast population decline in Southeast Europe

# Fact 1c: Declining working age population (20-64 years)

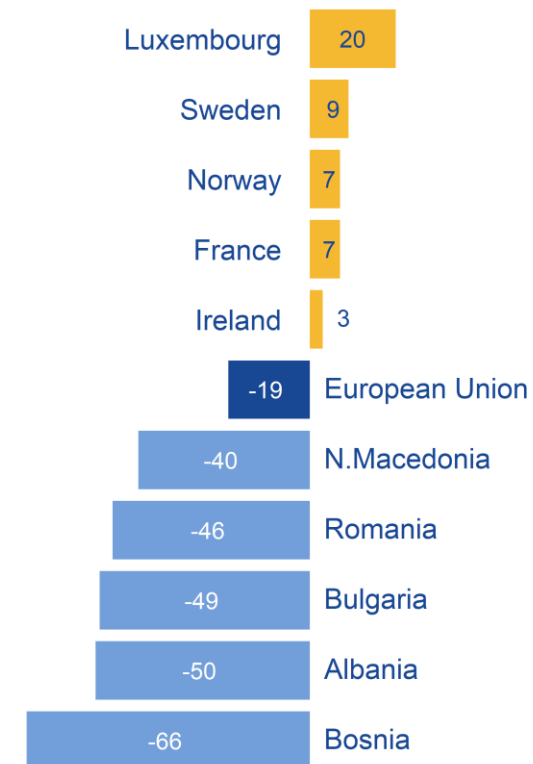
**without migration** the working age population **declines/stagnates** in all European countries, **2020-2060**

Projected change in working age population  
2020 to 2060

Zero migration (%)



Projected change in working age population (%)  
2020 to 2060

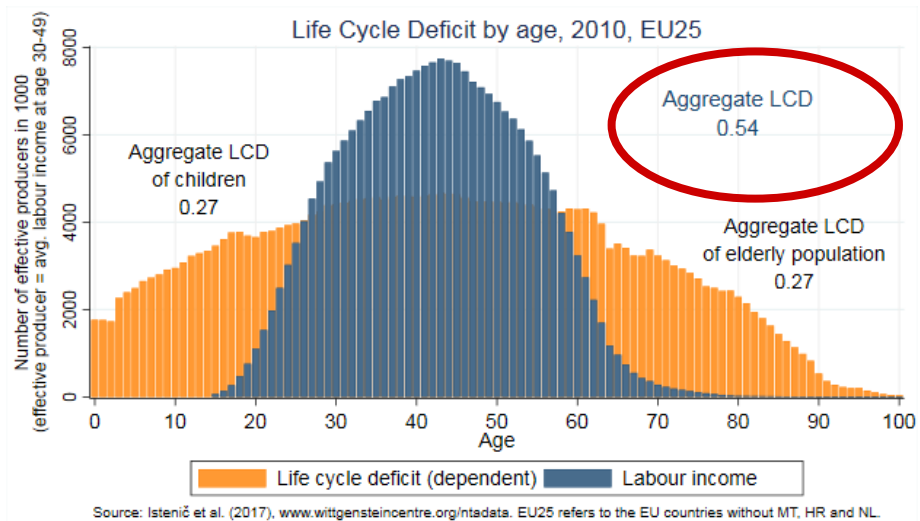
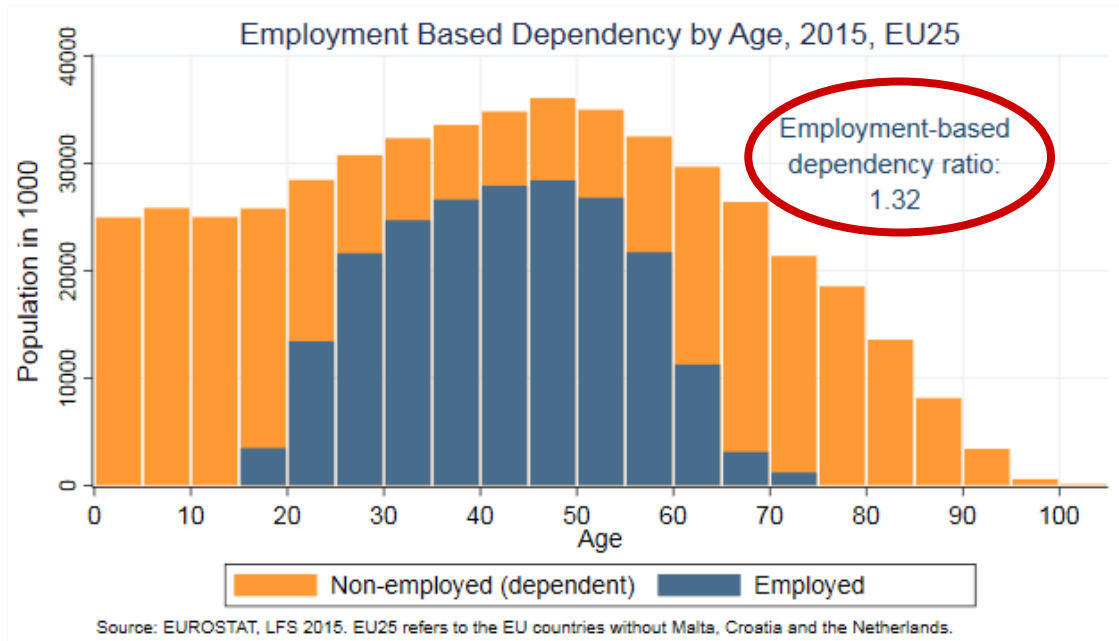
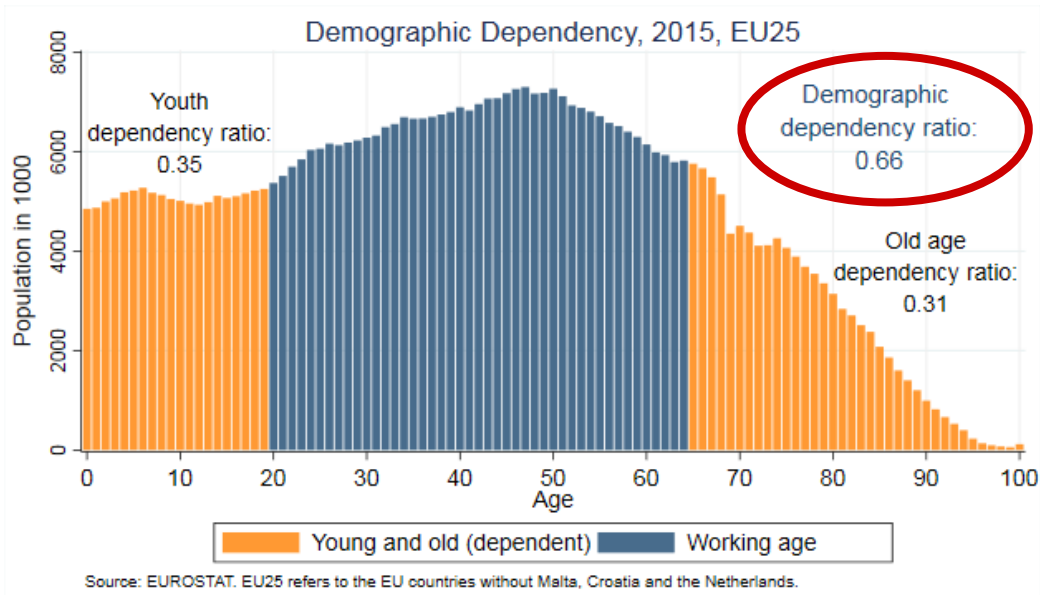


# Economic challenge of demographic change in Europe

- **decrease in working age population** - how to **sustain economic growth, innovation, pension, health and elderly care?**
- **emigration of younger, more educated people** poses a major challenge for healthcare, social security and pension systems **in CESEE** (Central, Eastern and South-Eastern Europe) countries (IMF 2019) - **vicious cycle of demographic, social and economic decline!**
- Huge role of public sector in **old-age provision in OECD** & increasing expenditures on **long-term care and health**
- **Income disparities** between young and old Europeans

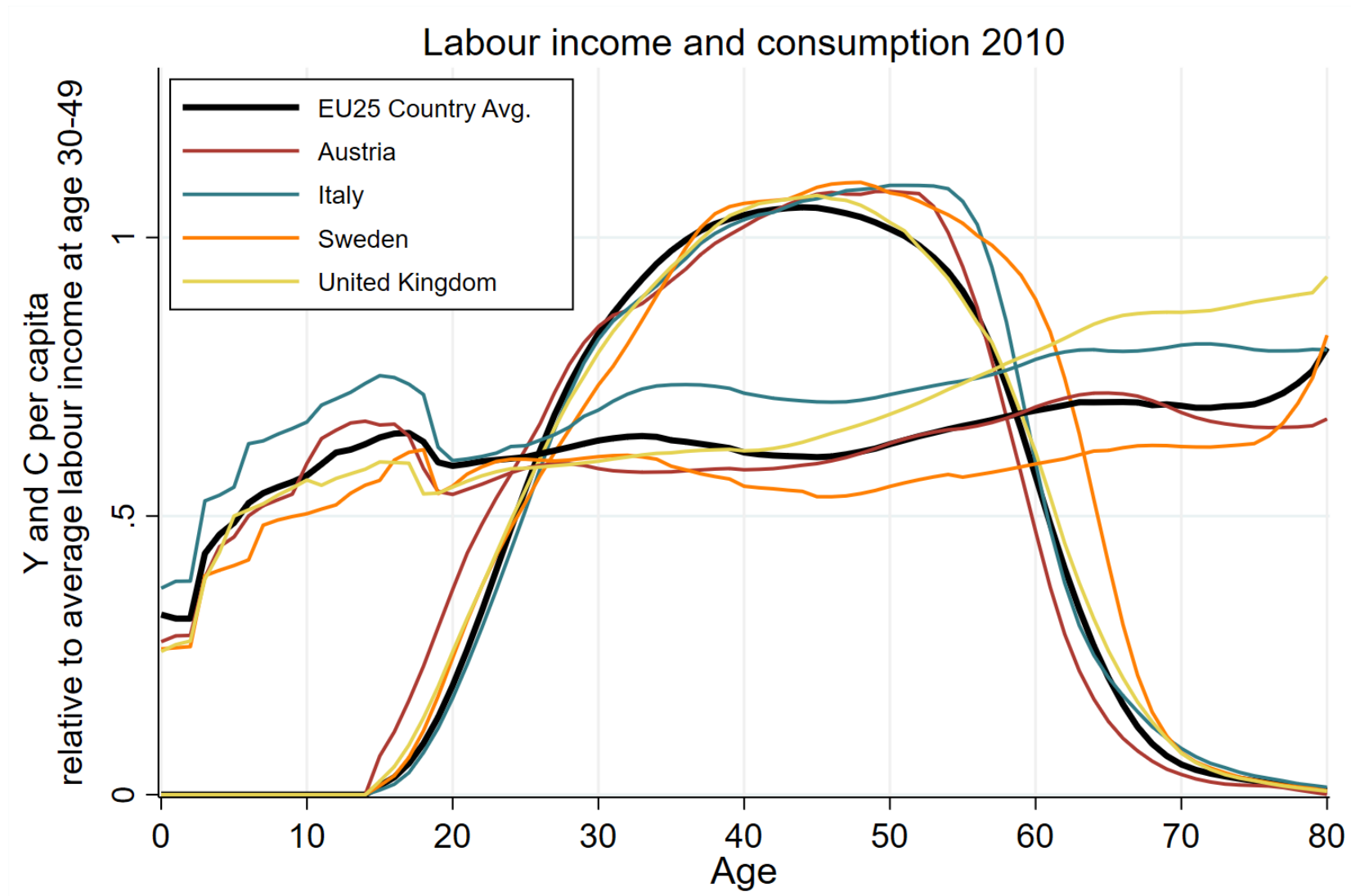
Importance to combine national variation in **life cycle needs** and **production** with national differences in **demographic change** and **institutions** → NTA

# Fact 2a: Measuring dependency – the question determines the choice



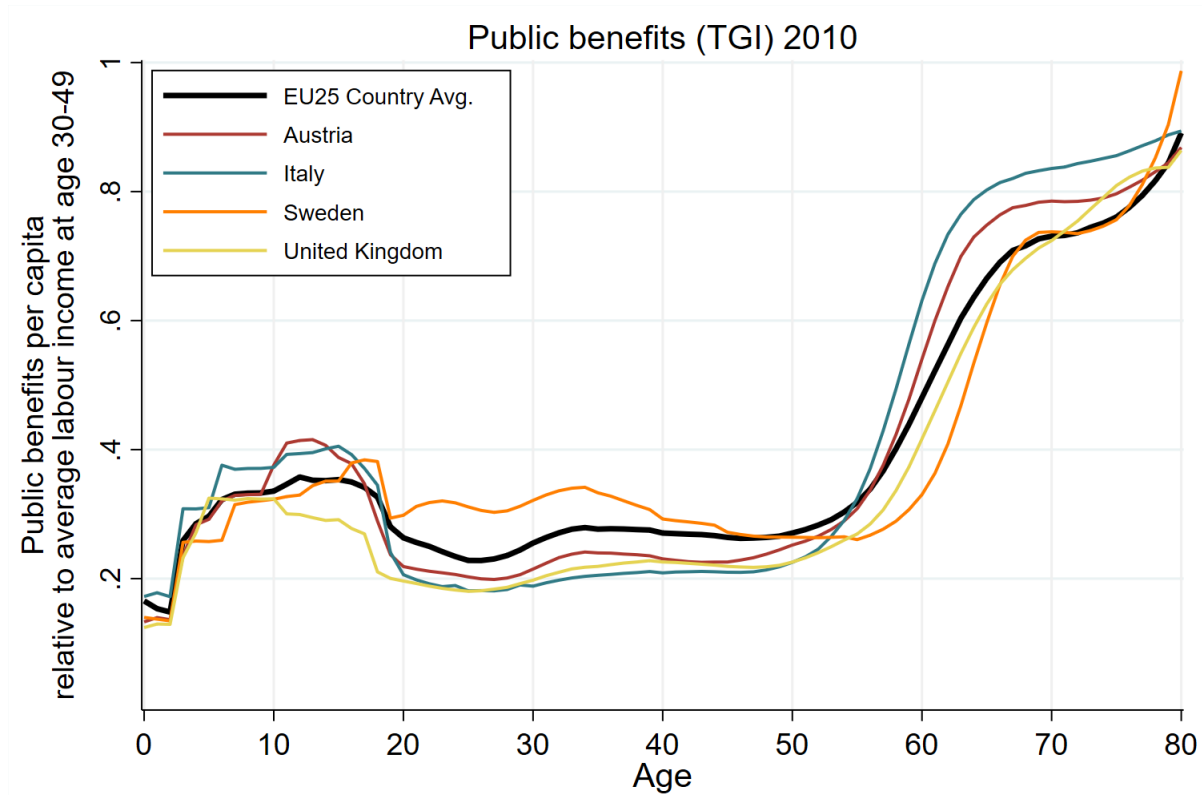
Country	Demographic DR	Employment based DR	NTA Dependancy	
AT	0.62	1.28	0.46	
DE	0.65	1.18	0.50	
ES	0.59	1.66	0.46	high unemployment
FI	0.67	1.39	0.50	
FR	0.71	1.42	0.53	
HU	0.69	1.60	0.51	unemployment, retirees
IT	0.65	1.66	0.58	unemployment, low female LFP, retirees
SE	0.71	1.10		
SI	0.56	1.50	0.47	retirees
UK	0.68	1.11	0.56	

## Fact 2b: Diversity of the generational economy across Europe

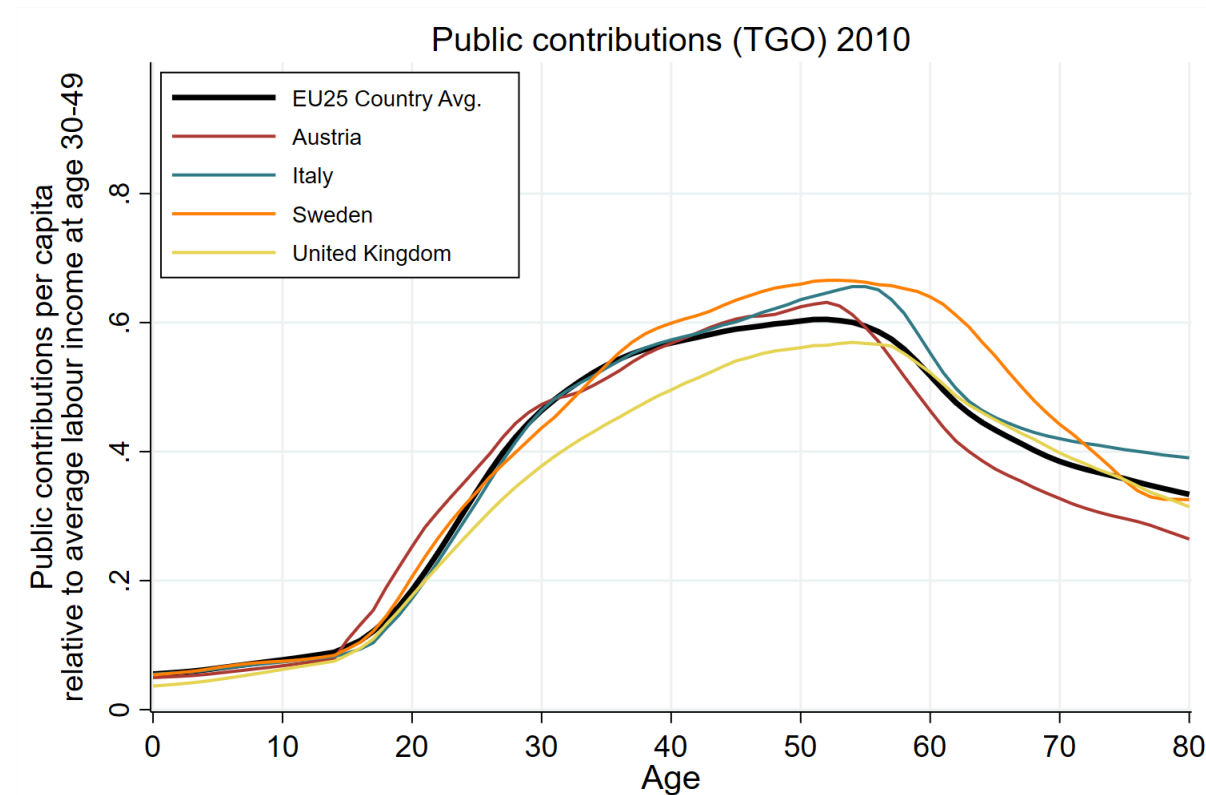


# Fact 2c: Diversity of the public transfer in- and outflows across Europe

## Public transfer benefits



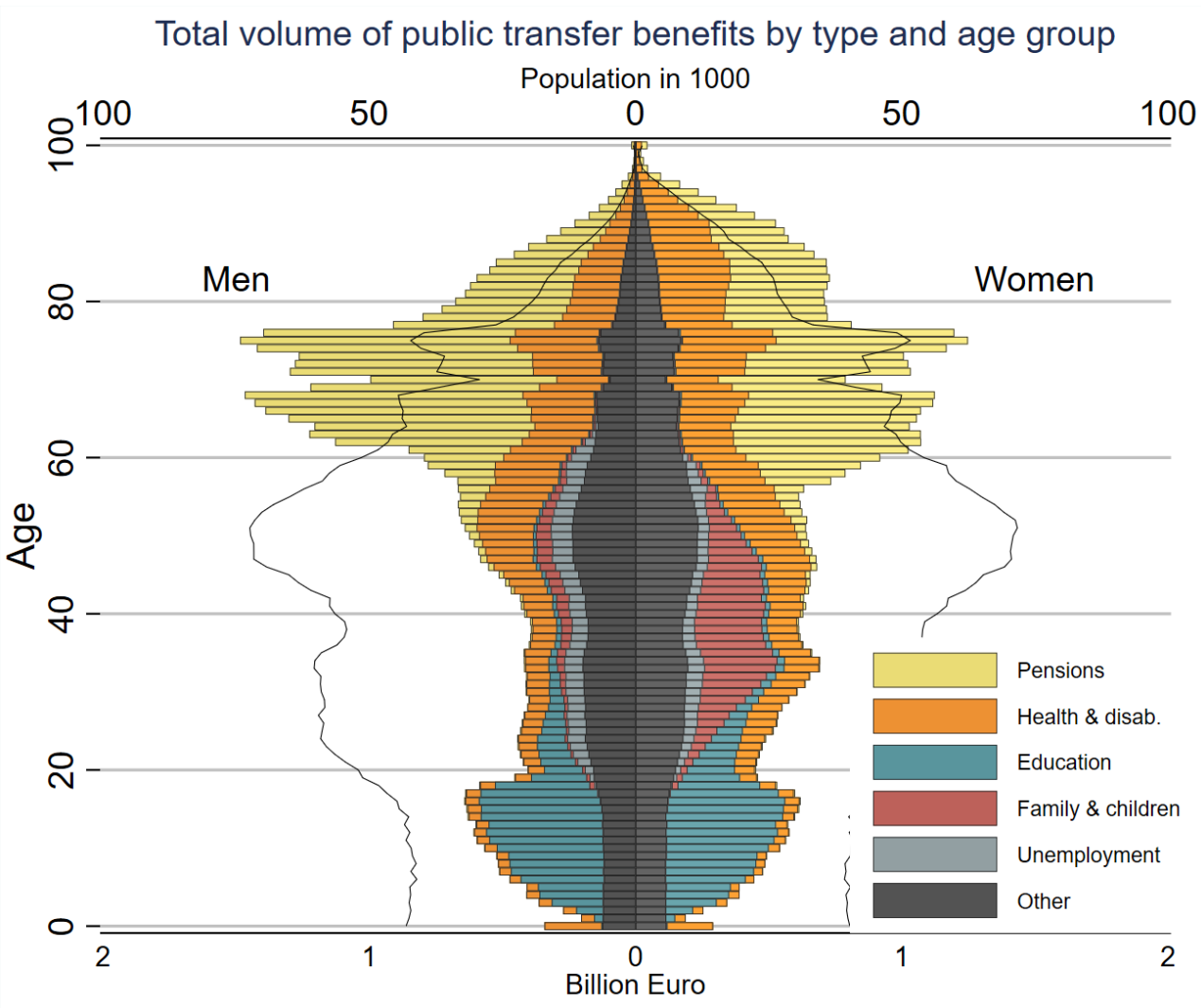
## Public transfer contributions





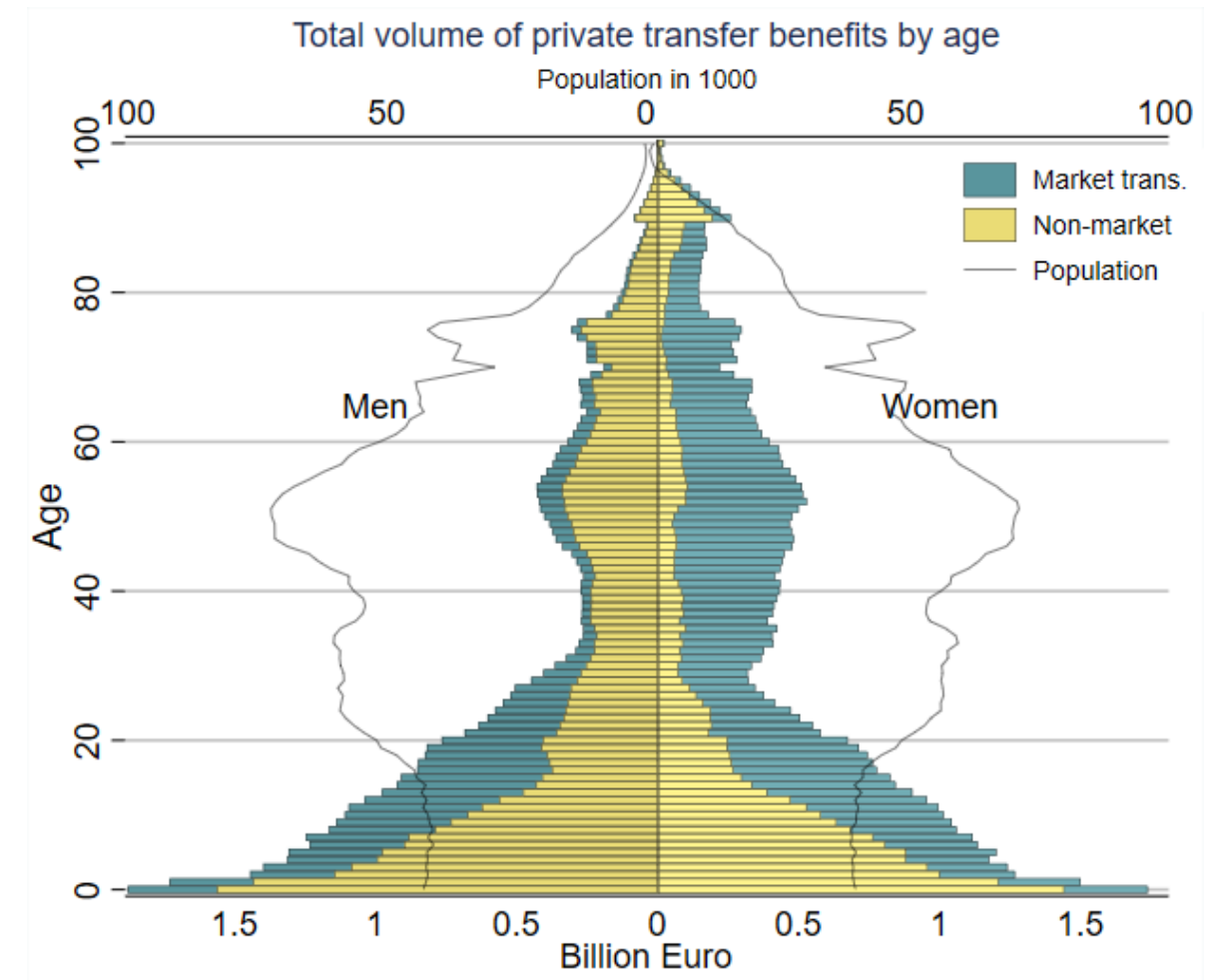
# Fact 2d: The importance of private transfer benefits

## Public transfer benefits – Austria 2015



public transfers to 60+ : 58 billions

## Private transfer benefits – Austria 2015



private transfers to < 25 : 50 billions

# Discussion

- **adapt welfare state to demographic change** taking into account  
age specific needs & production + demographic & economic inequalities
- **measure** and **value** private market & non-market transfers
- move beyond shift-share analysis and understand  
**dynamic behavioral reactions to reforms**
- Increase **resilience** to health, economic, environmental, etc. crisis

# References

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