



**1st FORUM**  
On Population Dynamics  
and Economic Prosperity  
**NOVEMBER 4, 2024**  
Center of Mediterranean Architecture  
Chania



OECD Crete Centre



# The Productivity Implications of Population Ageing

**First OECD Crete Centre Forum on Population Dynamics  
and Economic Prosperity**

**4<sup>th</sup> November, Chania, Crete, Greece**

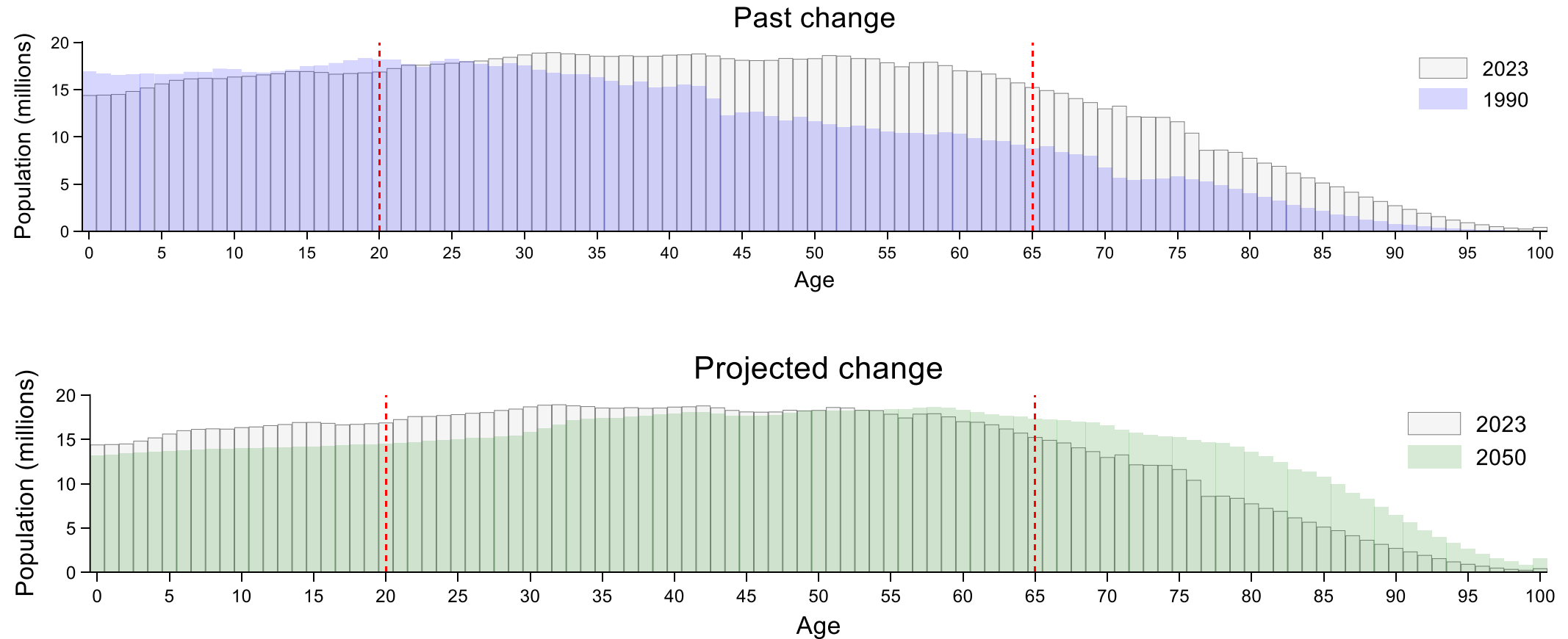
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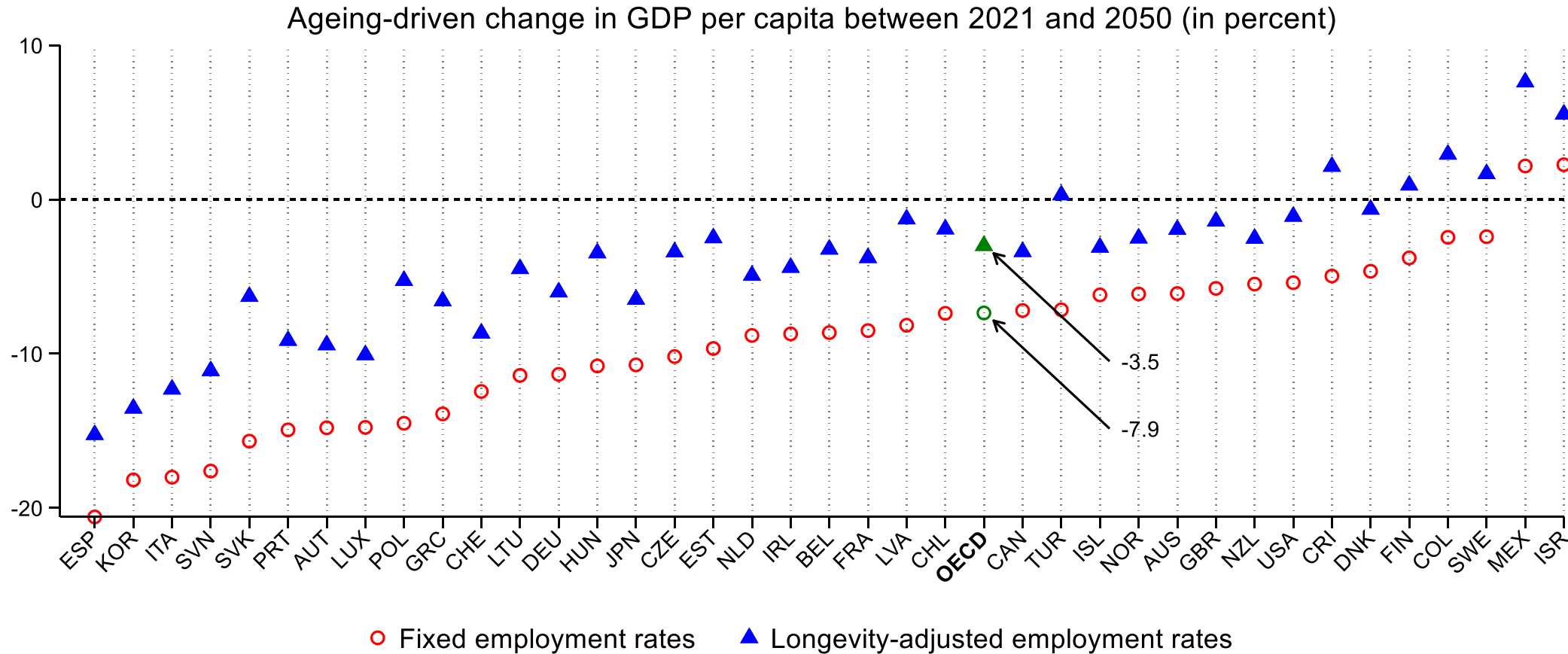
# The population of the OECD is ageing



Source: 2022 Revision of the UN World Population Prospects



# Increased employment at older ages can mitigate the costs of ageing



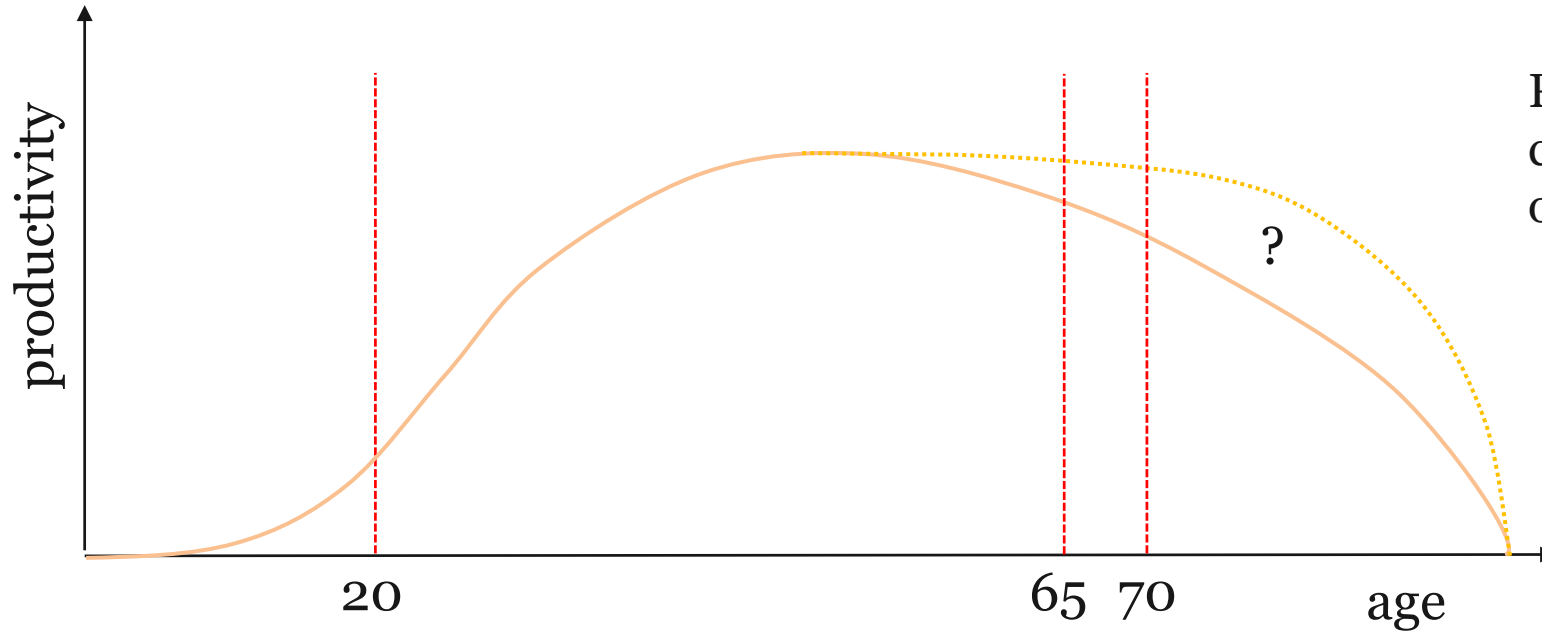
Source: Authors' calculations based on OECD Labor Force Statistics and 2022 Revision of the UN World Population Prospects



# PRODUCTIVITY GROWTH IN AN AGEING SOCIETY



# The association between individual productivity and age is complex and uncertain



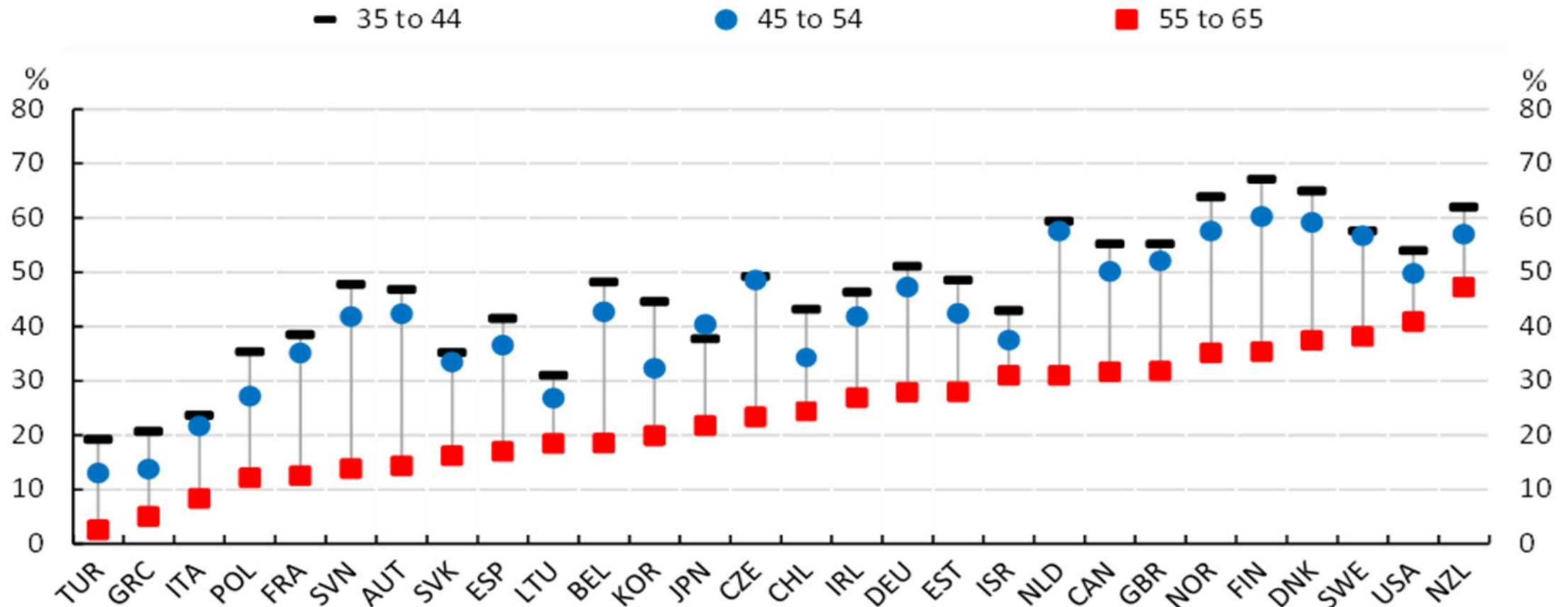
Productivity increases with experience, but can decline at older ages due to poor health or obsolescence of skills

Individual productivity is difficult to measure as work typically happens in teams and older workers contribute in different roles (e.g. managerial, advisory)



# Lifelong learning is essential in a longevity society

Share of adults who participated in formal or non-formal training over the previous 12 months



Source: OECD (2020c), based on Survey of Adult Skills, PIAAC.

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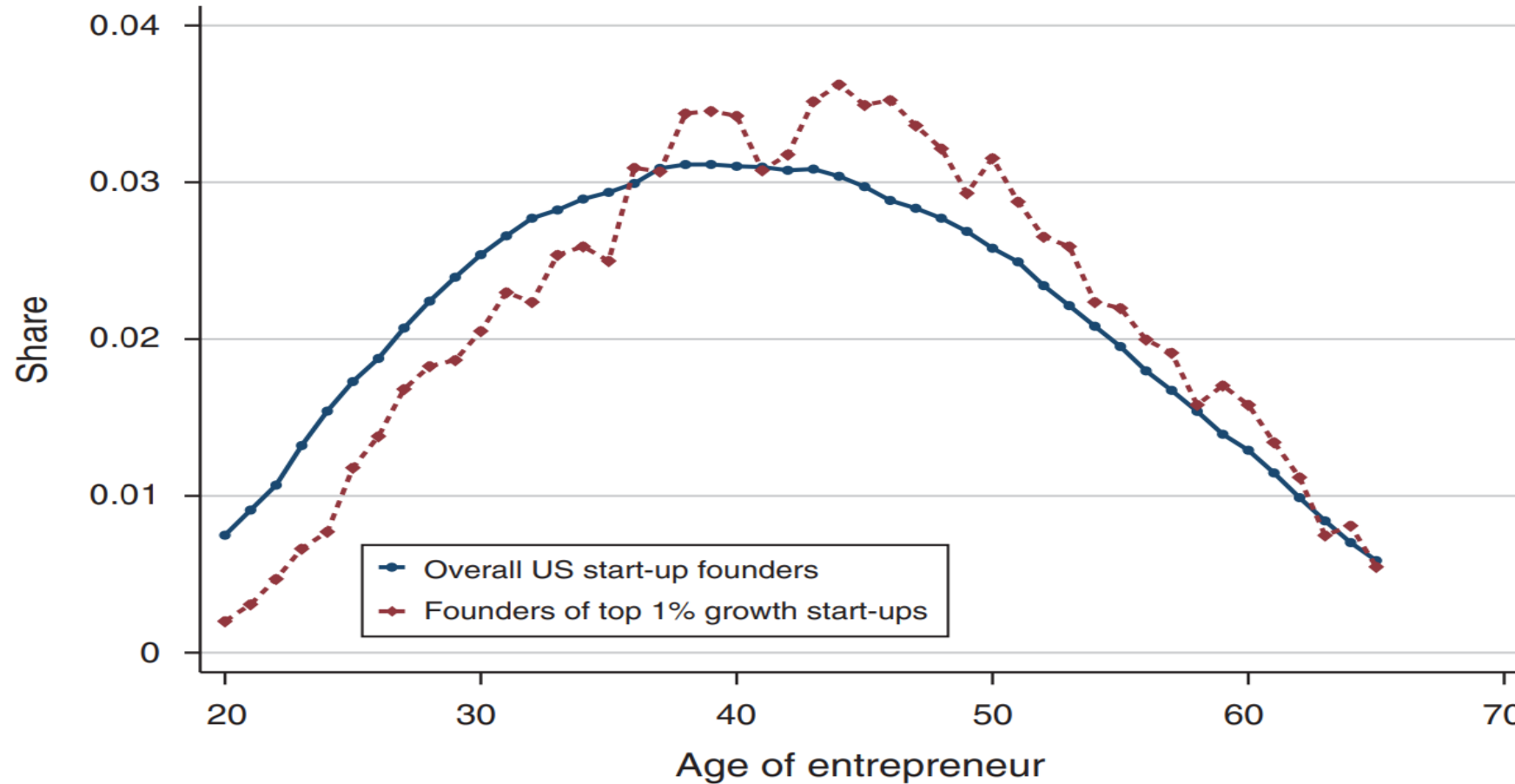
# Productivity and ageing: a summary of the evidence

Mechanism		I. Workforce ageing	II. Workforce decline	III. Rising old-age dependency
More micro ↓	1. Direct effects of age differences in individual productivity	Mixed		
	2. Dynamic effects through innovation and entrepreneurship	Negative		
	3. Adoption of labour-saving technologies (automation, robots)	Positive		
	4. Changing structure of aggregate demand towards less productive activities	Negative		Negative
	5. Capital deepening	Positive / Mixed		
More macro	6. Higher government spending on ageing related expenditures			Negative



# Most founders of start-ups are middle-aged

The age distribution of founders of new firms

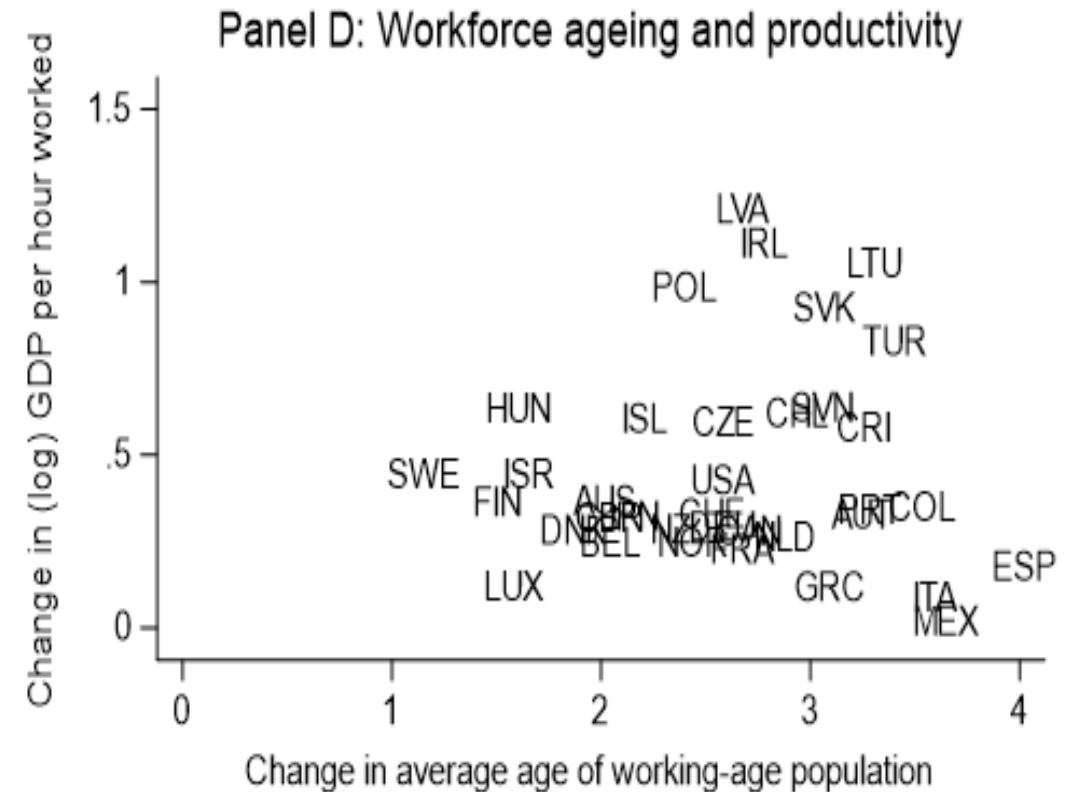
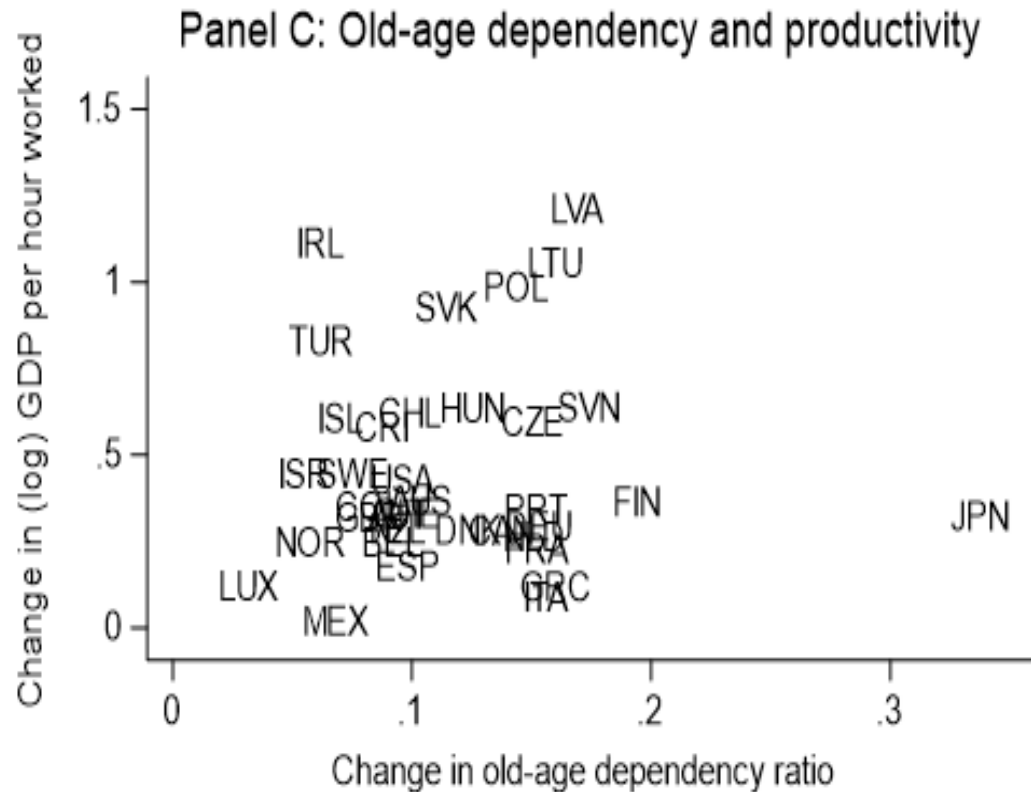






# The observed relation between ageing and productivity growth is weak

Ageing and productivity growth in the OECD (1995-2022)





# POLICIES TO MITIGATE AGEING-RELATED HEADWINDS



## Policies can support ageing societies

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Population ageing today depends largely on **past trends** in fertility, longevity, and migration → cannot be undone (“*mitigation*” difficult)

Governments need to focus primarily on creating an environment for older societies to thrive (“*adaptation*” more promising):

- ***Promote life-long learning***
- ***Harness the benefits of age-diverse teams (good use of AI and robotics)***
- ***Support business dynamism***
- Promote healthy ageing
- Mobilise existing labour resources in all age groups



THANK YOU !