



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



OECD Crete Centre



# The Economics of Demographics: Shaping Tomorrow

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

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

Alvaro S. Pereira  
Chief Economist, OECD





# Older-age populations are soaring

## Population in the OECD (in thousands)

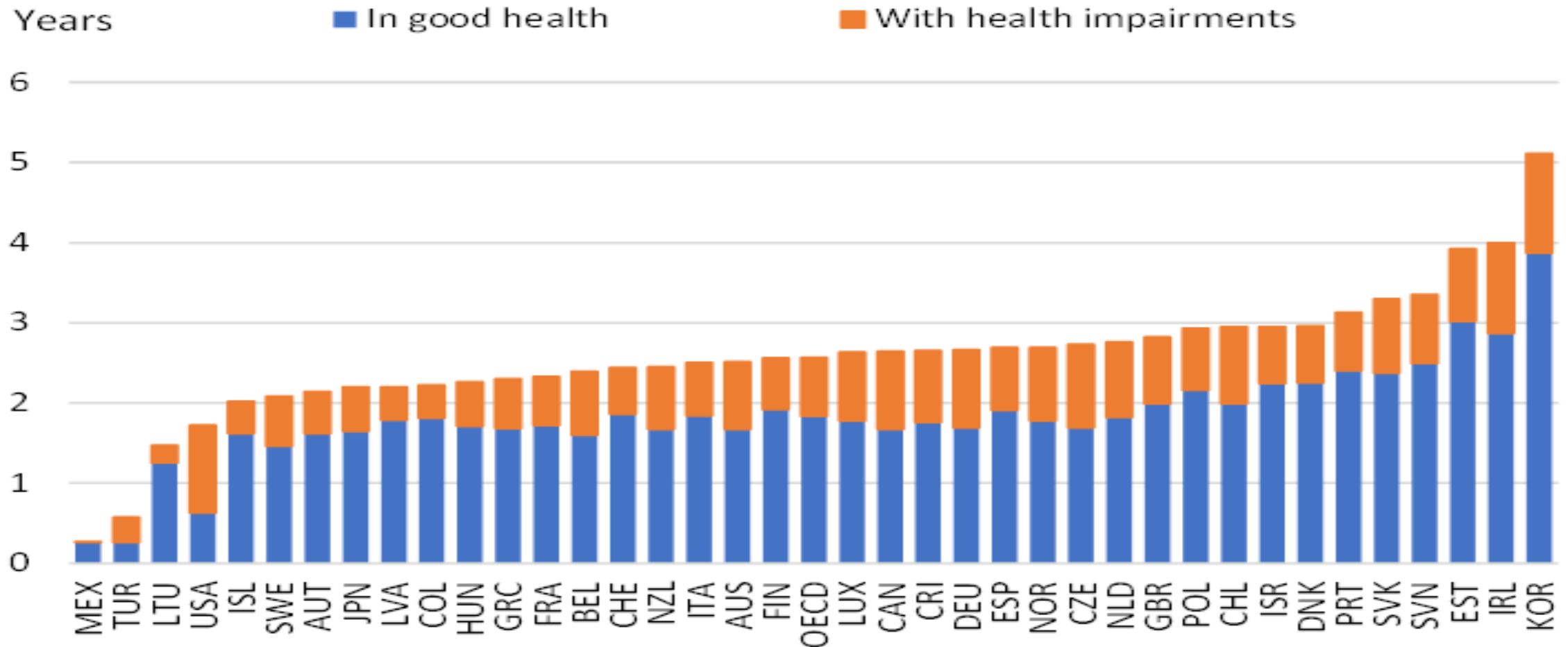
| Year                      | Population aged 65+ | Population aged 75+ | Population aged 90+ | Overall population |
|---------------------------|---------------------|---------------------|---------------------|--------------------|
| 1990                      | 123 899             | 52 872              | 3 135               | 1 098 090          |
| 2023                      | 250 500             | 115 306             | 13 009              | 1 383 436          |
| <b>Growth (1990-2023)</b> | +102%               | +118%               | +315%               | +26%               |

Source: 2022 Revision of the UN World Population Prospects



# Living longer and healthier is a great achievement

Gains in (healthy) life expectancy between 2000 and 2019



Source: World Health Organisation.



# Working lives are lengthening

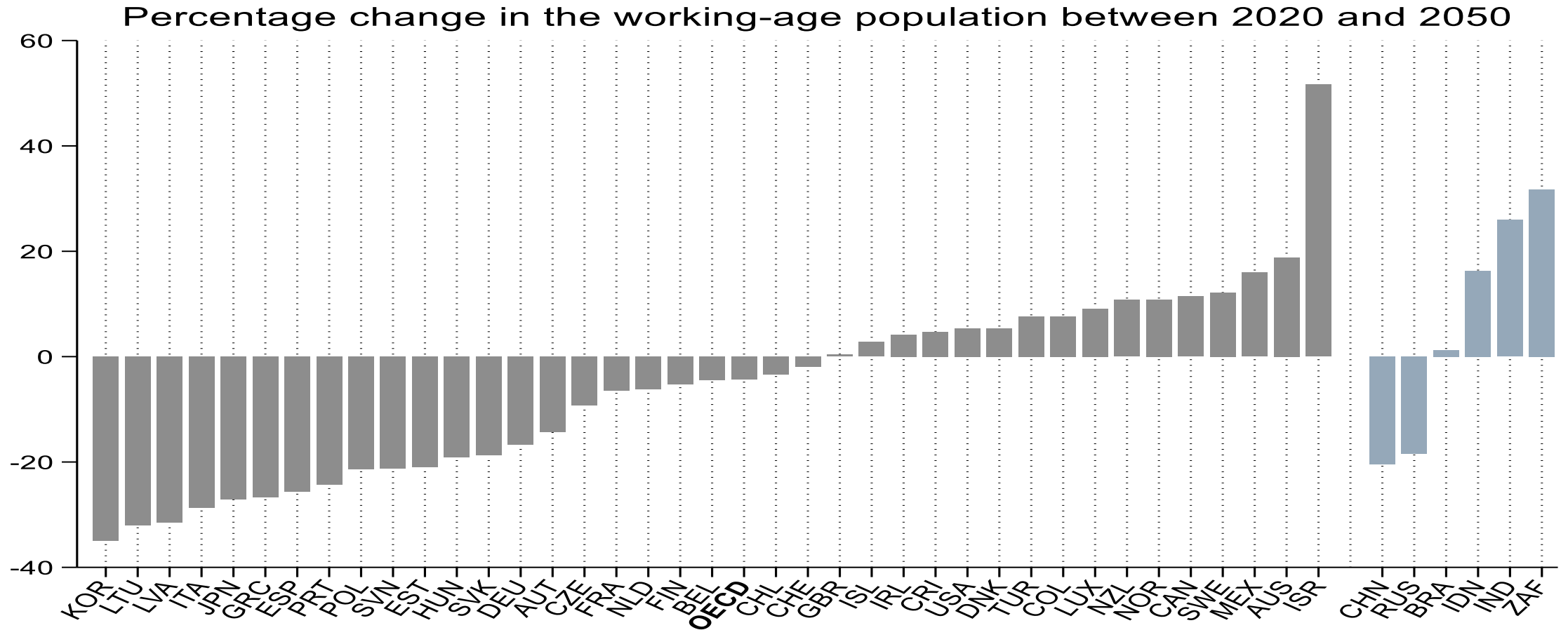


Source: OECD Labour Force Statistics

THERE ARE MANY CHALLENGES RELATED  
TO THE AGEING OF THE POPULATION



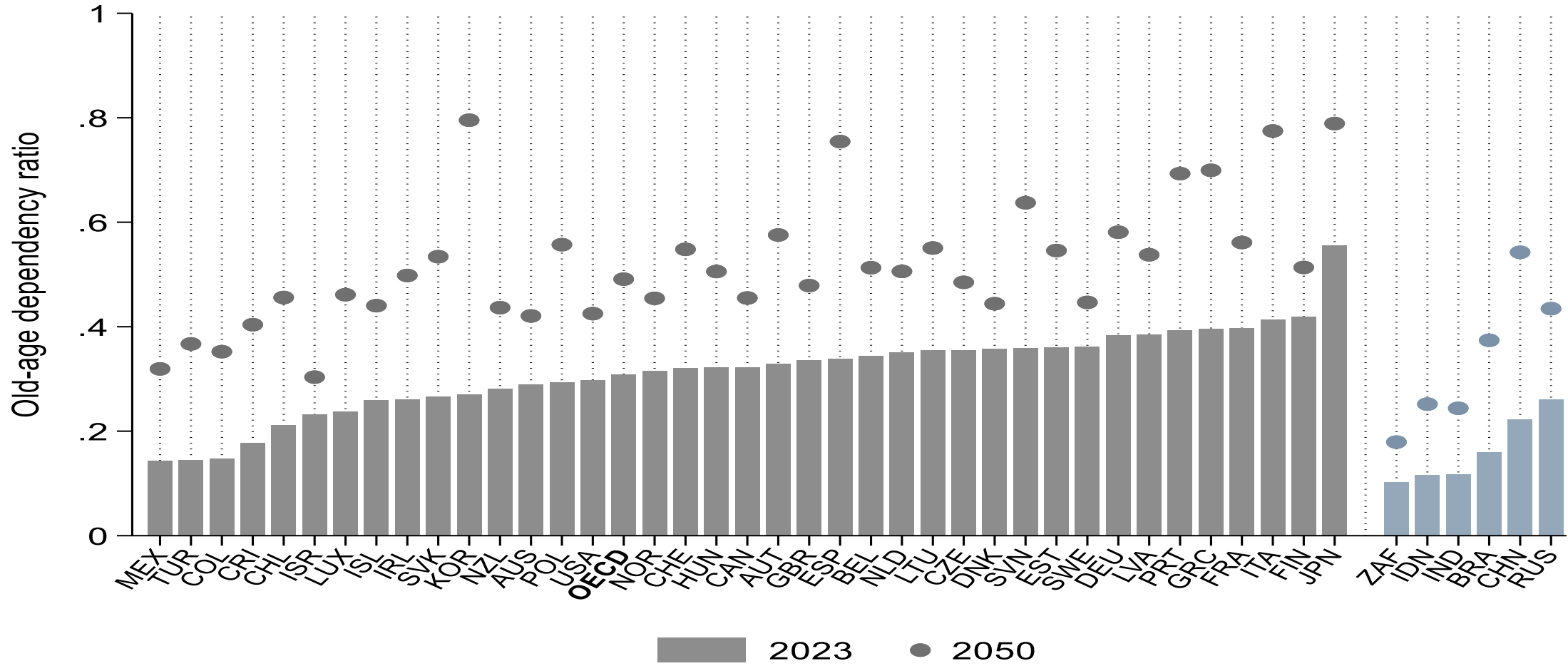
# Working-age populations will shrink



Source: 2022 Revision of the UN World Population Prospects



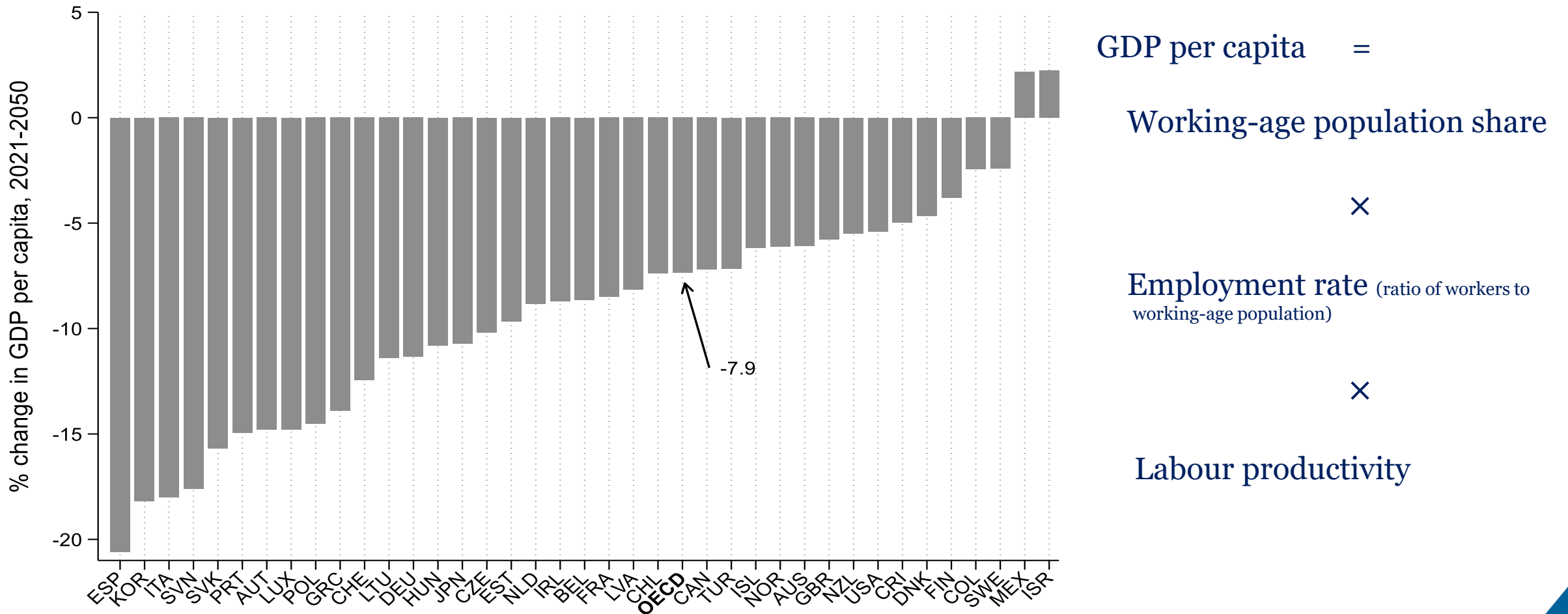
# Dependency ratios will grow



Source: 2022 Revision of the UN World Population Prospects



# Demographic trends will tend to depress GDP per capita, unless productivity and employment rates increase

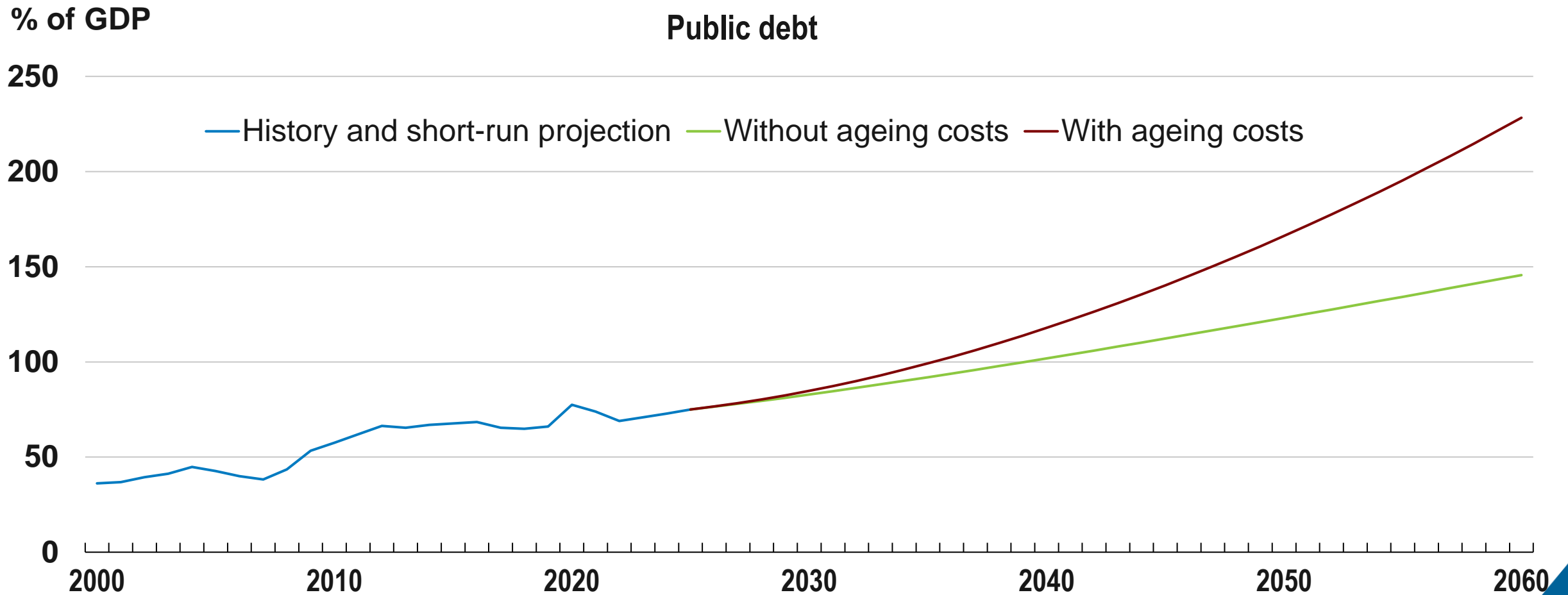


$$\begin{aligned} \text{GDP per capita} &= \\ &\times \\ &\text{Working-age population share} \\ &\times \\ &\text{Employment rate (ratio of workers to} \\ &\text{working-age population)} \\ &\times \\ &\text{Labour productivity} \end{aligned}$$





# If no policy action is taken, high debt will increase further



Source: Update of Guillemette, Y. and Turner, D. (2021), "The long game: Fiscal outlooks to 2060 underline need for structural reform"

# POLICIES FOR THE LONGEVITY SOCIETY



# The longevity dividend

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“Delivering a longevity dividend by raising our productivity over a longer life will require three distinct sets of government policies:

- increasing the retirement age,
- raising the proportion of people working in the years running up to retirement and
- boosting the productivity of older workers.”

Andrew J. Scott: ***The Longevity Imperative*** (2024)



# Policies can support ageing societies

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It will not be possible to prevent population ageing (“*mitigation*” difficult)

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

- Reduce gap between statutory and effective retirement ages to contain public spending
- Reform tax and pension systems to encourage combining pension and work income
- Promote healthy ageing and improve efficiency and equity in health care
- Ensure effective integration of immigrants
- Mobilise existing labour resources **in all age groups**
- Promote adoption of productivity enhancing technology



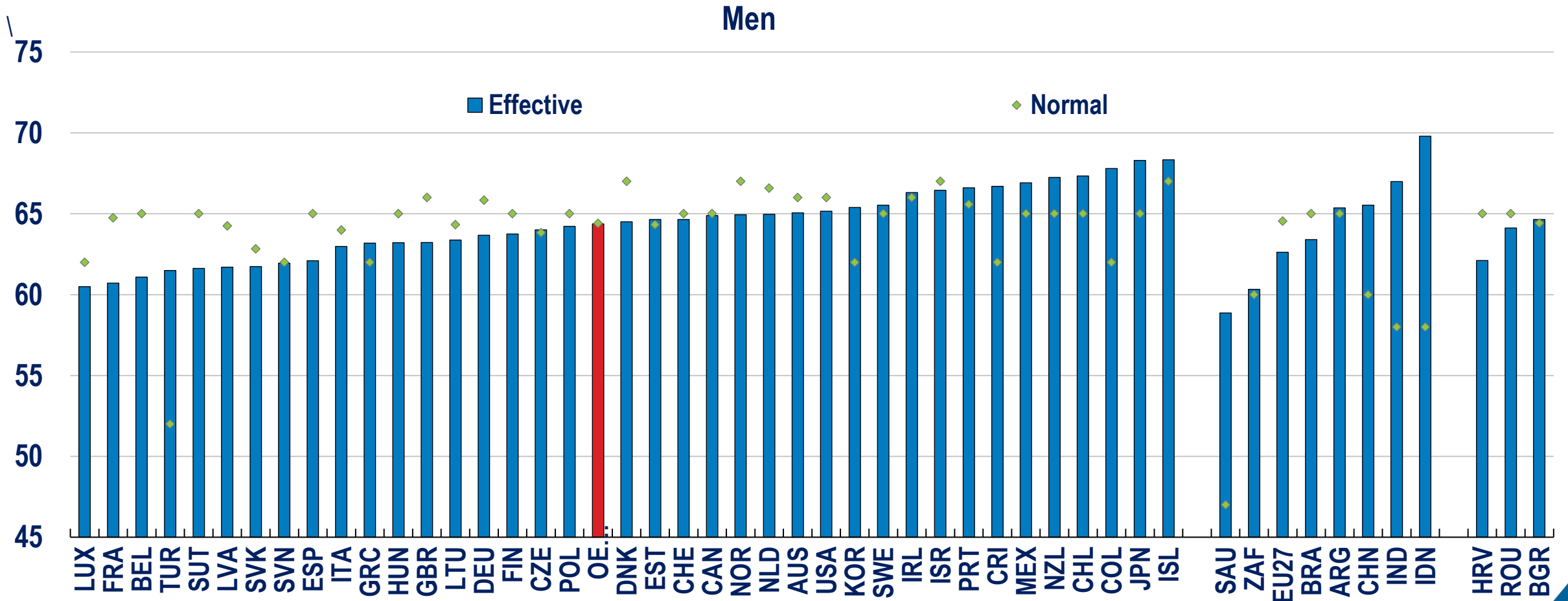
# Policies to boost growth and wellbeing in ageing societies

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- Promoting employability through life-long learning
- Promoting counselling for older jobseekers
- Fostering age-friendly working conditions (e.g., flexible working-time arrangements)
- Harnessing the benefits of age-diverse teams
- Fighting age-related discrimination



# Reducing the gap between statutory and effective retirement ages could help containing fiscal pressures

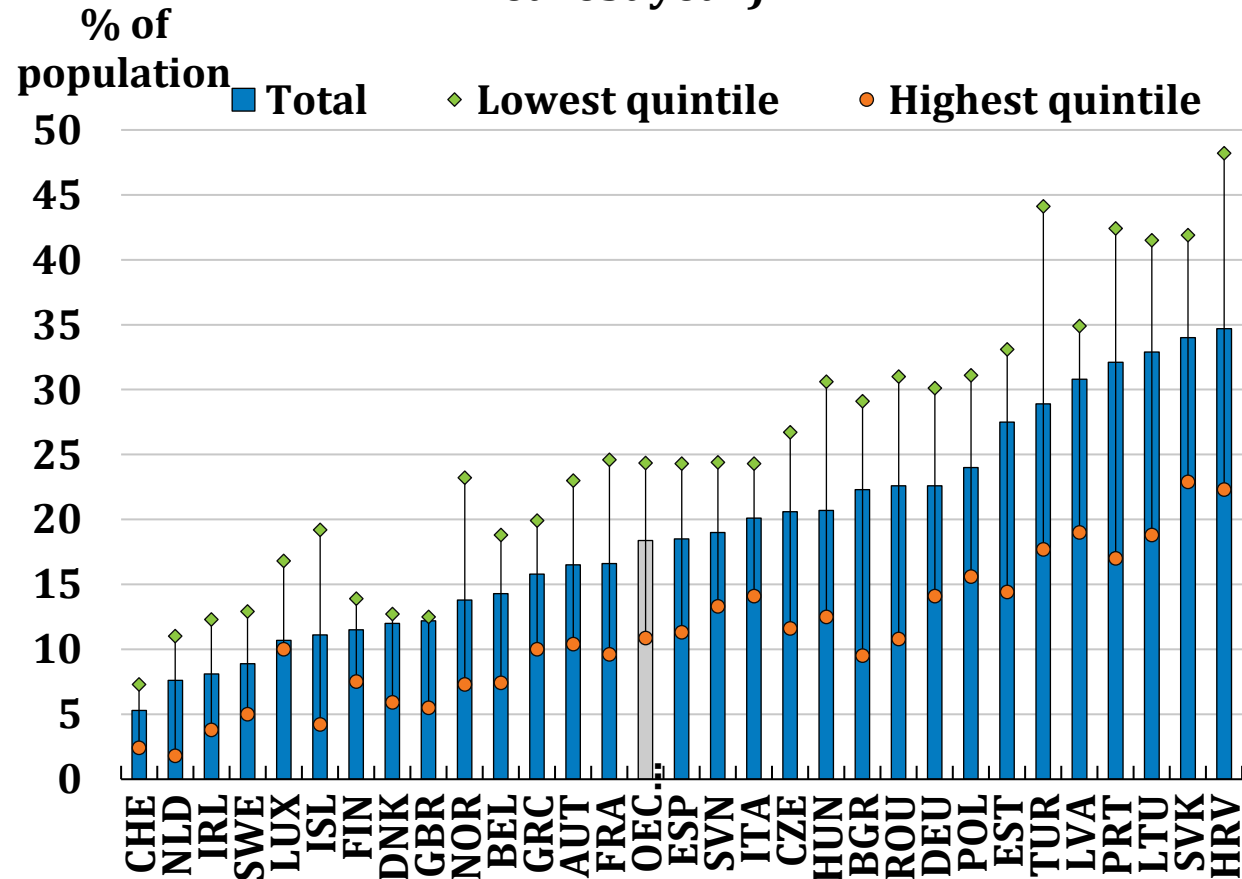


Source: Pensions at a Glance 2023: OECD and G20 Indicators.

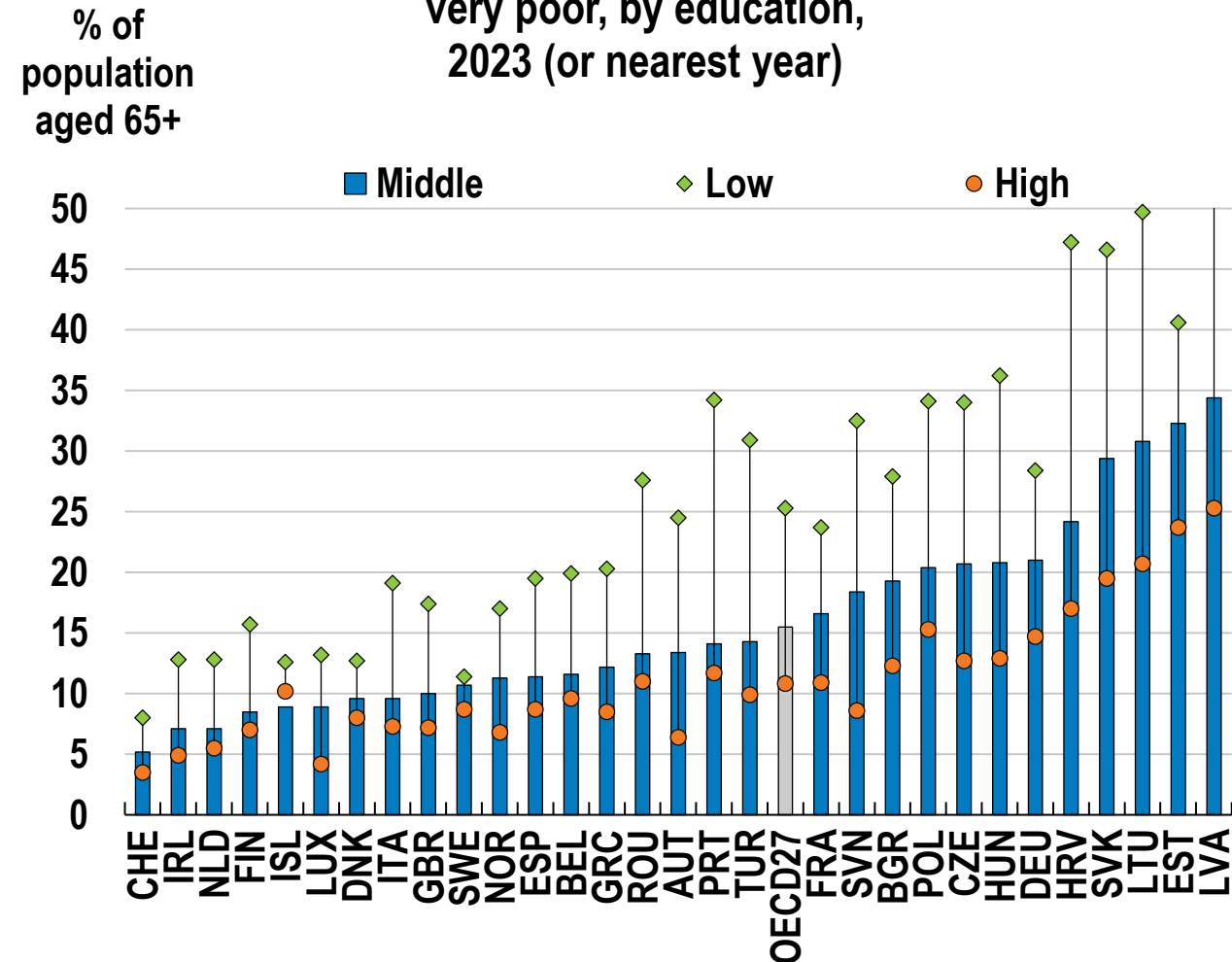


# Policies need to promote healthy ageing and improve efficiency and equity in health care

Adults aged 65 rating their own health as poor or very poor, by income, 2021 (or nearest year)



Adults aged 65 rating their own health as poor or very poor, by education, 2023 (or nearest year)

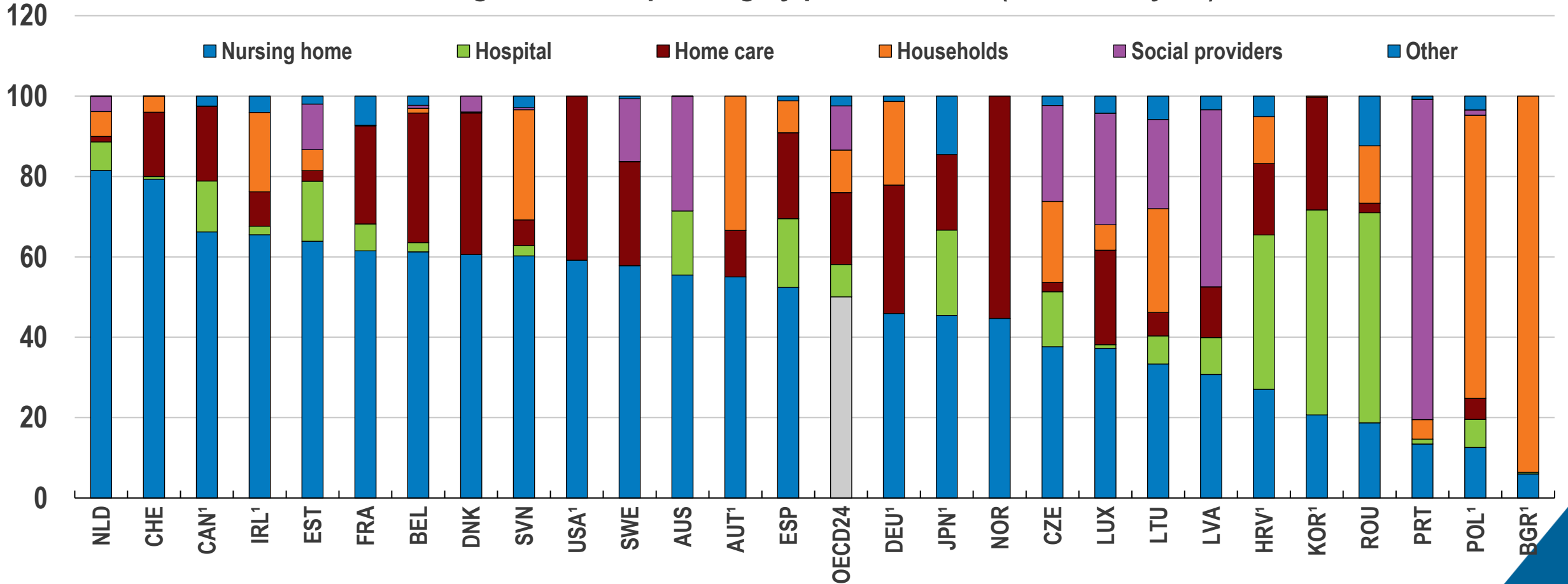




# Home care could reduce institutional costs, while satisfying older people's preferences

% of LTC spending

Total long-term care spending by provider, 2021 (or nearest year)

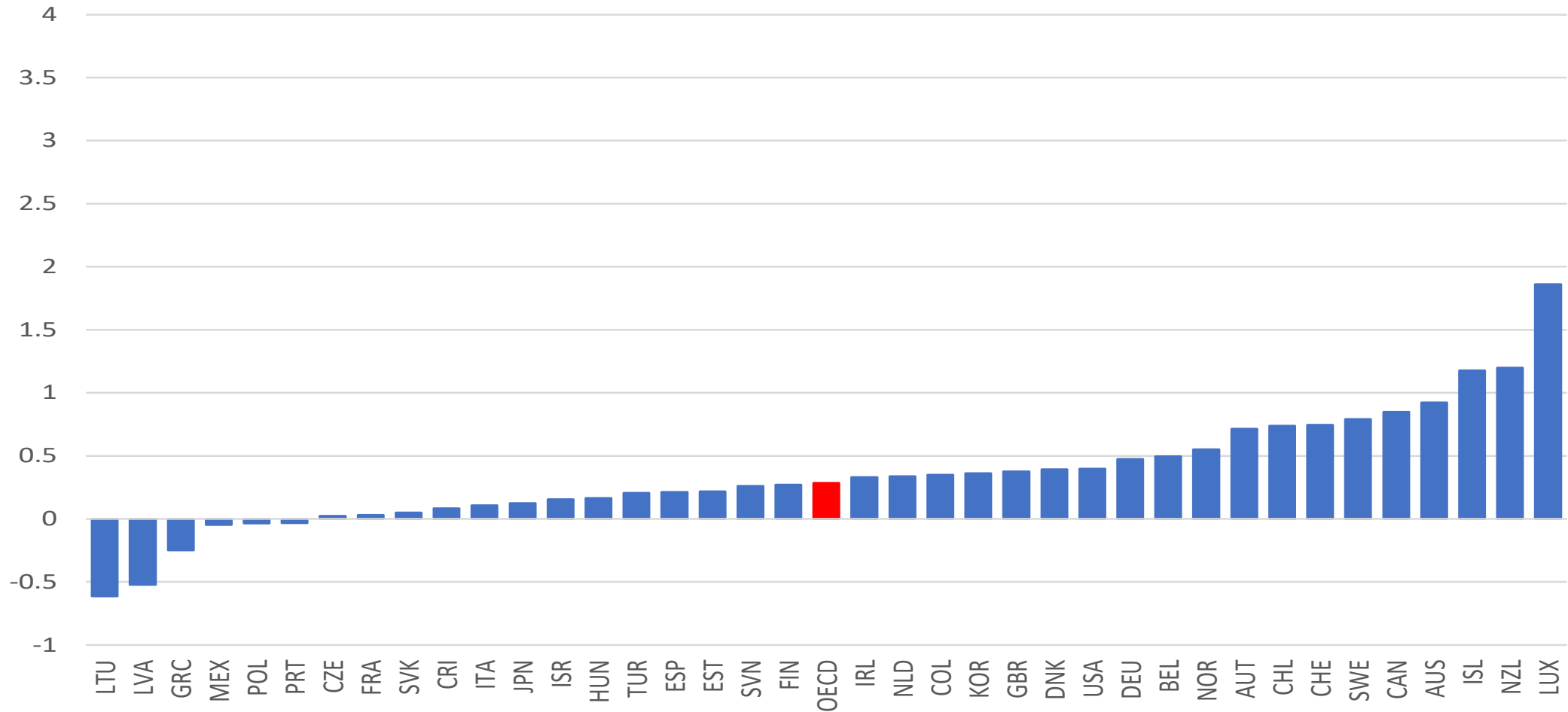






# Immigration can help countries address labour shortages in the short term

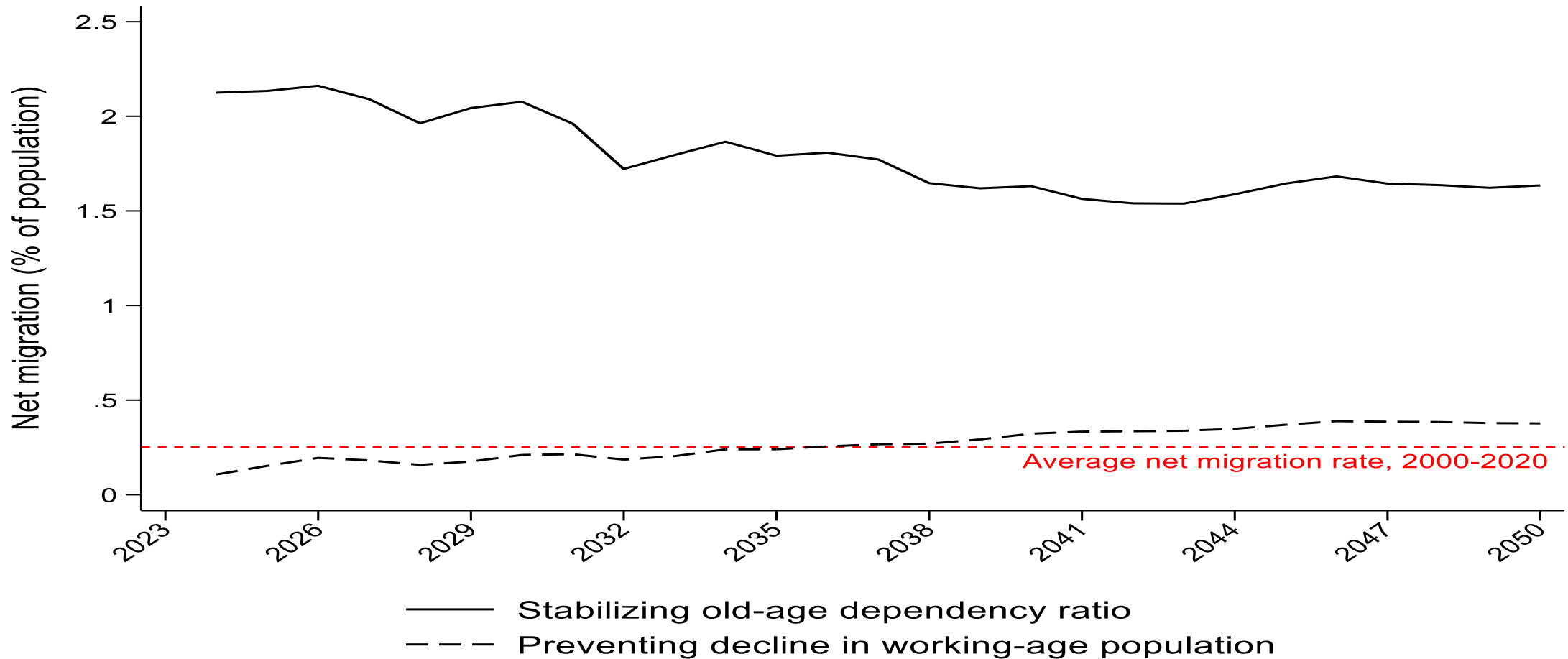
Net migration to OECD countries (% of population, average 2013-2019)



Source: World Bank



# Immigration alone is unlikely to prevent population ageing



Source: Authors' calculations using historical age distribution of migrants from Eurostat and population projections from the 2022 revision of the UN World Population Prospects.



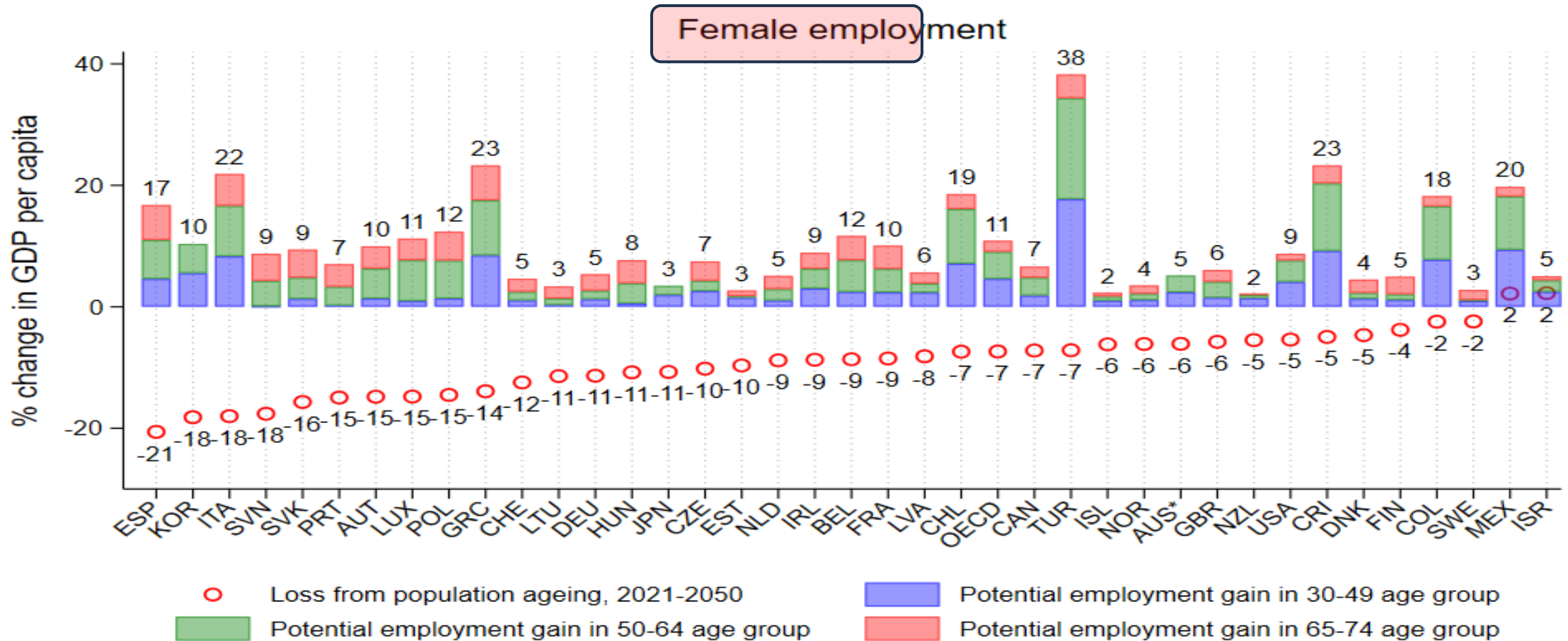
# Mobilizing people currently outside the labour force can help offset the drag from ageing



Source: Authors' calculations using OECD data on employment rates and the 2022 Revision of the UN World Population Prospects



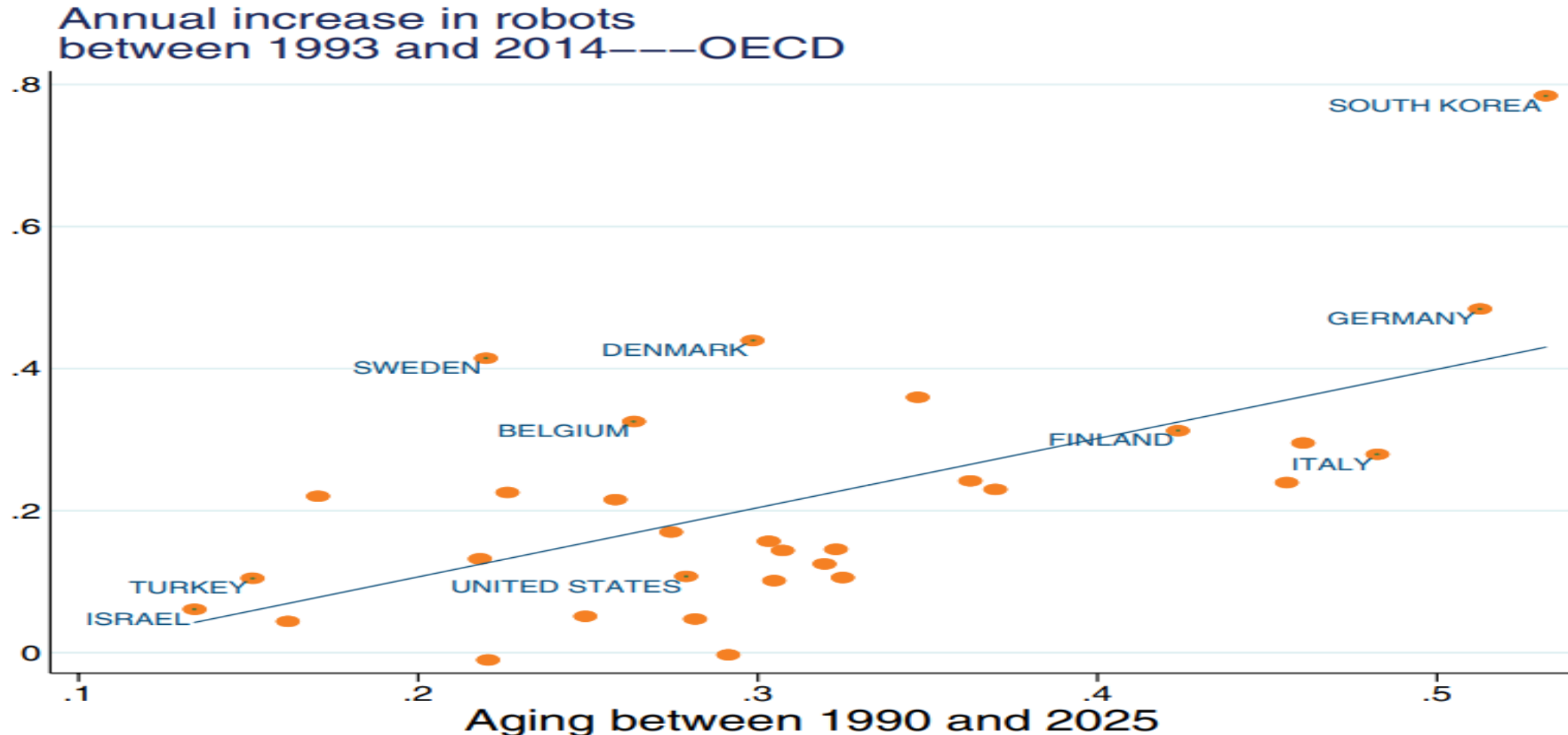
# Mobilizing people currently outside the labour force can help offset the drag from ageing (cont.)



Source: Authors' calculations using OECD data on employment rates and the 2022 Revision of the UN World Population Prospects



# Ageing can speed up the adoption of technology



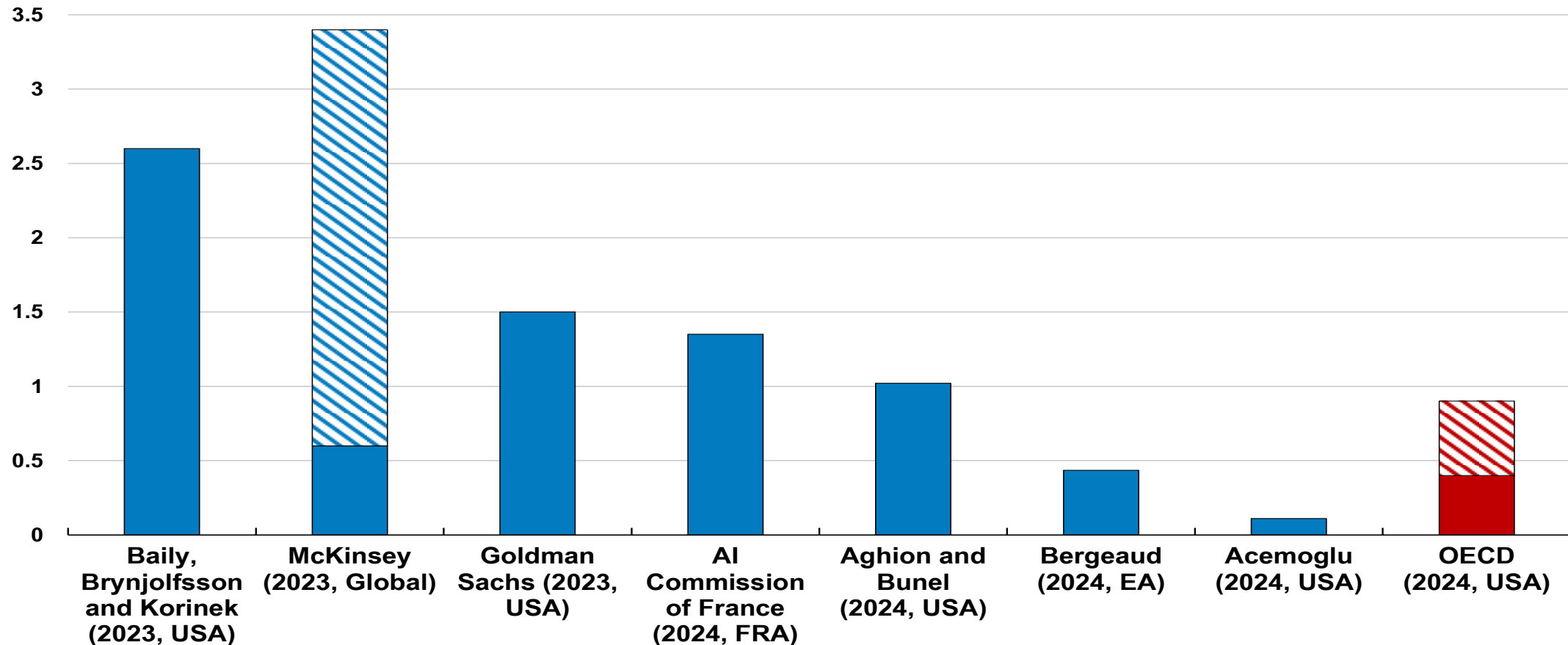
Note: The horizontal axis refers to the change in the ratio of workers above 56 to workers aged 21-55. The vertical axis refers to the increase in the number of industrial robots is per thousand workers.

Source: Acemoglu and Restrepo (2022).



# Artificial Intelligence in the context of ageing societies may provide a significant boost to productivity growth


Predictions for aggregate labour productivity growth due to AI over 10 years  
(*annualised percentage points*)








# The OECD provides recommendations to countries to better prepare for population ageing

 **OECD Economic Surveys  
JAPAN**

JANUARY 2024





Report

## OECD Economic Surveys: Korea 2024

11 July 2024



Report

## Promoting Active Ageing in Lithuania

29 June 2023



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THANK YOU !