

Europe: An Old Continent

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- 1 **The Spatial Dimension of Demographic Change**
Regional Ageing and Shrinking in the EU
- 2 **Consequences of Demographic Change**
Three Levels: Individual, Macroeconomic, Business
- 3 **Conclusions**
Demographic Change: Risk - and Opportunity?



1 The Spatial Dimension of Demographic Change

DC = Ageing, with the perspective of shrinking

- Ageing is the outcome of
 - decreasing fertility rates
 - increasing life expectancy
- Shrinking results from
 - fertility rates lower than mortality
 - migration not filling the gap

Germany is ageing since 1970 in terms of mean age and was repeatedly shrinking (last since 2003)

France is ageing since 1965, but is continuously growing (at least since 1950)

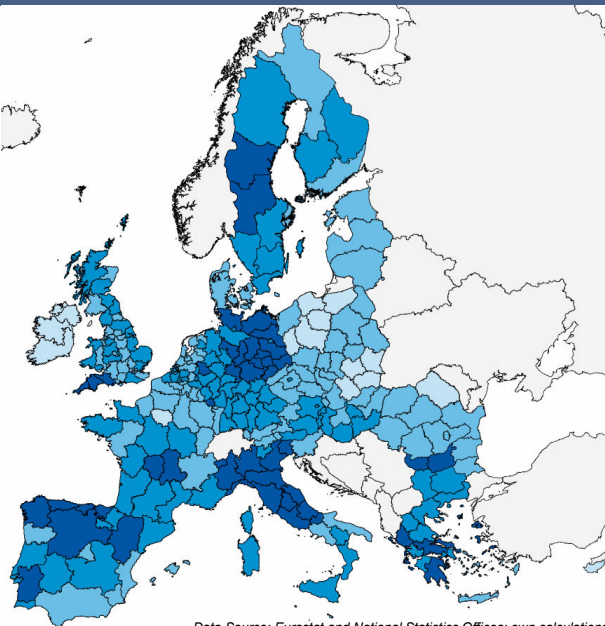
Japan is ageing since 1950 and stopped growing in 2004

1 The Spatial Dimension of Demographic Change

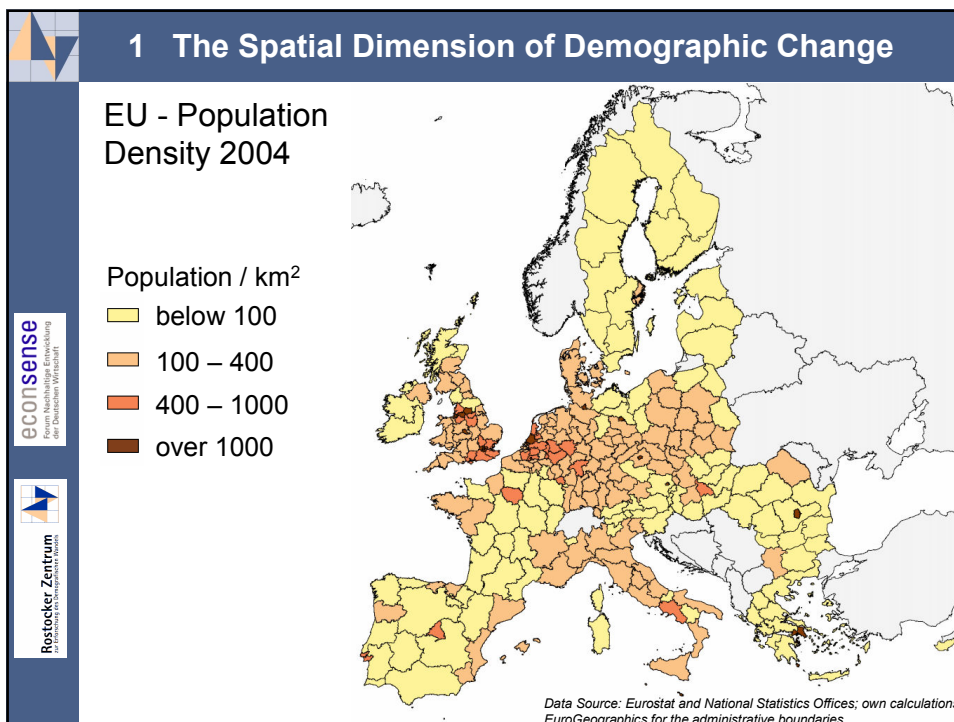
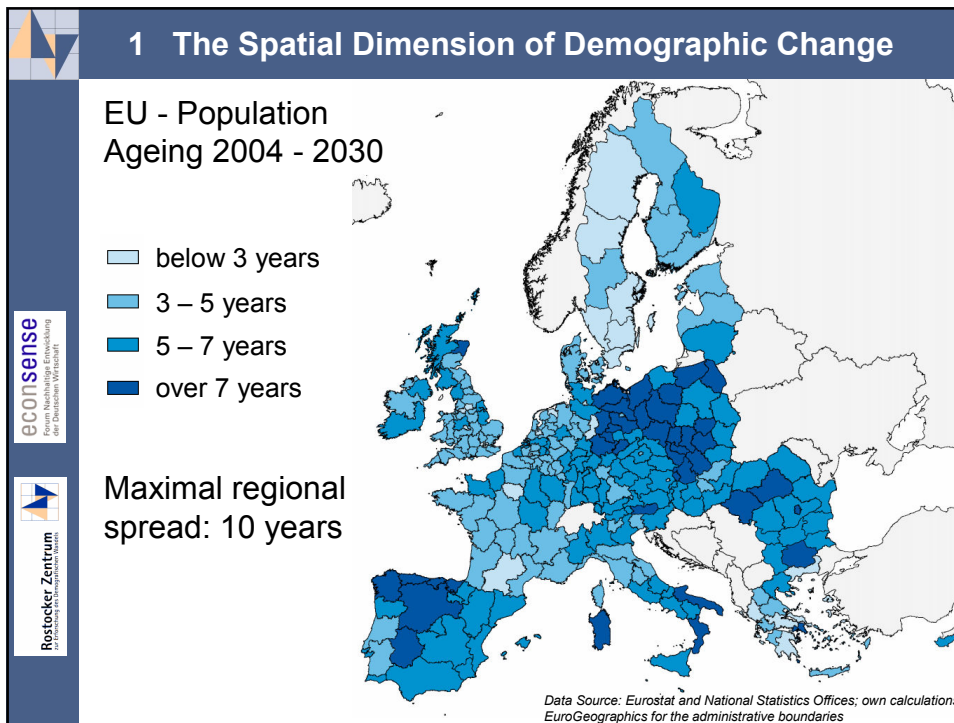
EU - Population
Mean Age 2004

- below 37 years
- 37 – 40 years
- 40 – 42 years
- over 42 years

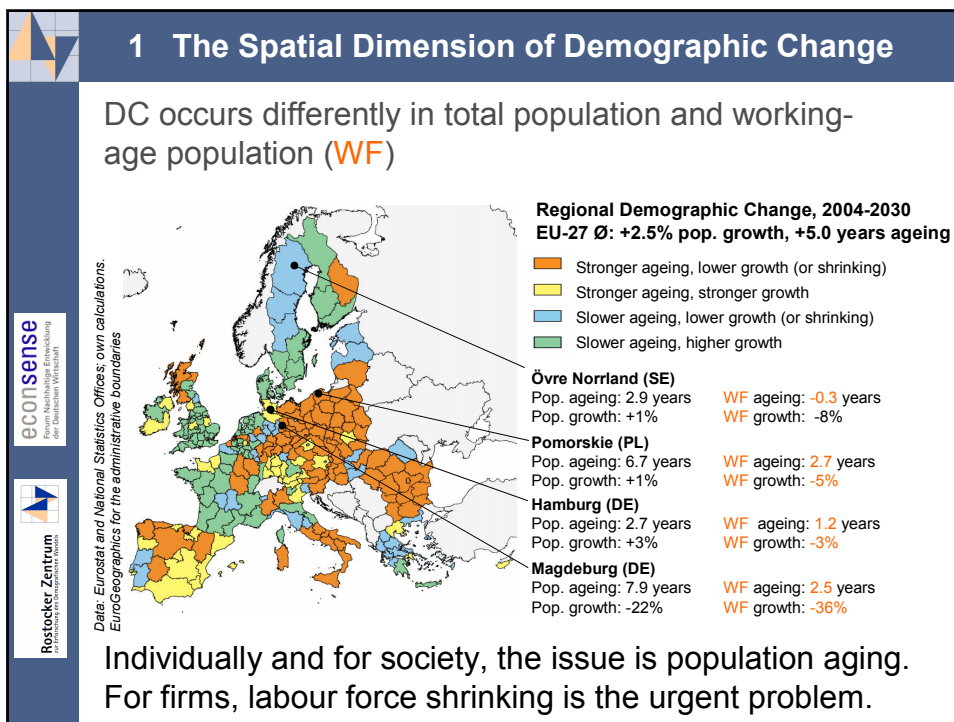
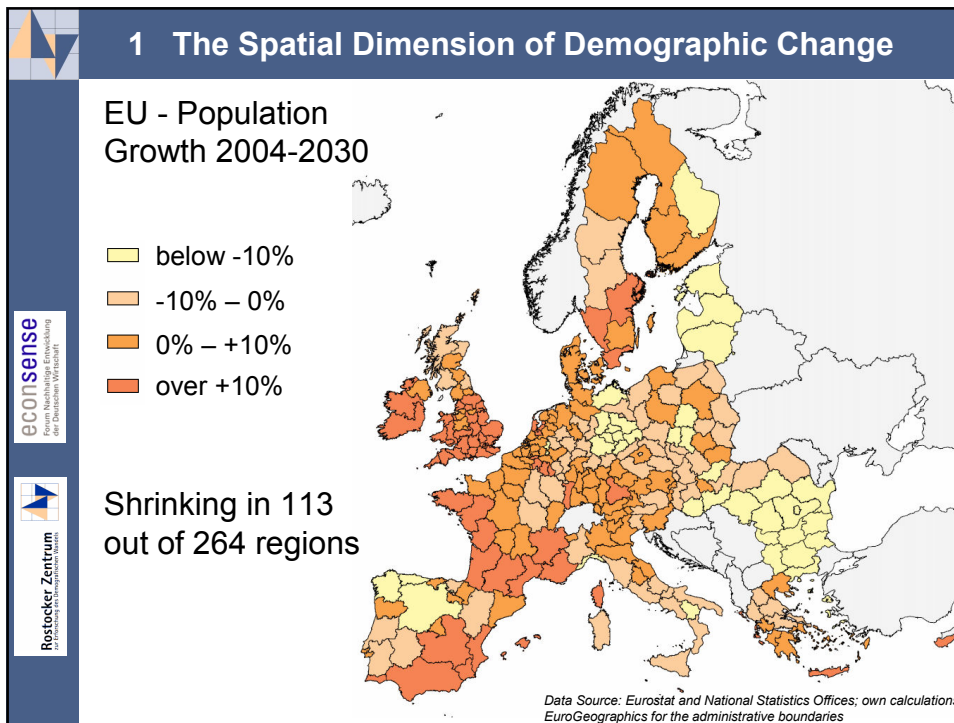
Maximal spread:
13 years



Data Source: Eurostat and National Statistics Offices; own calculations
EuroGeographics for the administrative boundaries



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2 Consequences of Demographic Change

Consequences on three levels

Individual level

... story of success

Business level

... engine of growth?

Macro level

... challenge

2 Consequences of Ageing - Individual Level

Some results for Germany

- The old feel younger as they are and wish to be younger than they feel (*Mayer/Balthes, 1996*)
- Differences in life-expectancy between women and men are determined by non-biological factors (*Luy, 2007*)
- Increases in life expectancy went along with more years spent in good health (*Doblhammer/Ziegler, 2006*)
- Still, the price for a long life is multimorbidity (*DZA*) and dementia increases exponentially with age (*Bickel, 2000*)
- In Germany, divorced people live shorter (*Doblhammer et al., 2003*)
- Early retirement implies a loss of income and lifetime (*Kühntopf/Tivig, 2008*)

2 Consequences of Ageing - Macro Level

New challenges and some opportunities

- Adaptability of institutions
Demographic sustainability of social security systems
- Demographic effects on economic growth
Slowdown of economic productivity and growth
Knowledge diffusion with a shrinking labour force
- Infrastructures planning and urbanization
Long-term planning under high internal mobility
- **Biggest chance: Reformatory pressure**
Helps solving new problems - and some old ones, too
- **Biggest risk: Budgetary discipline**
- **Most interesting research question:**
Is technological change age-biased?

2 Consequences of Ageing - Business Level

It's all a matter of innovation.

- Growing demand for new products and age-specific advertising and distribution
- Shrinking of the labour force, the ultimate resource
Scarcity of (skilled) labour; enough talents?
- Ageing of the labour force
Organization of bilateral knowledge transfer
- Age-specific motivation and incentive schemes
- **Biggest chance: Reformatory pressure**
- **Biggest risk:**
High fluctuation (the young), **low motivation** (the old)
- **Most interesting research question:**
Age-dependency of creative productivity

3 Conclusion

- Demographic change in Europe is pervasive, albeit ageing is global, shrinking is local
the pattern of DC is regionally different
- DC is accelerating in many parts of the EU until 2030
- Firms are affected by ageing *and* shrinking
- If DC is an expression of our preferences, it should not be fought but its consequences accommodated
- DC opens new chances and responsibilities on all levels
- Little is known about age-specific creative productivity, therefore "... free competition should be opened for people of all ages"

The best population / human resource policy is continuous education

Thank you for your attention !