Economic Dependency Ratios in a Comparative European Setting: National Transfer Accounts and the AGENTA Project

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Alexia Fürnkranz-Prskawetz

Institute of Mathematical Methods in Economics, Vienna University of Technology
Vienna Institute of Demography, Austrian Academy of Sciences
Wittgenstein Centre for Demography and Global Human Capital
Europe is Ageing

Source: The 2015 Ageing Report, graph I.1.2

2013 → 2060

- < 15: ~ 15%
- 15-64: 66% → 57%
- 65+: 18% → 28%
- 80+: 5% → 12%
Demographic Dependency ≠ Economic Dependency

\[
\frac{< 20 + 65+}{20–64} \neq \text{Non-working workers}
\]

Non-working: (children + unemployed + housewives) – (men + retirees + other inactive)
Working: full-time, part-time, compulsory military or civil service
Employment-Based Dependency

Source: EU-Silc 2011, EUROSTAT
Economic Dependency from a Lifecycle Perspective: NTA Dependency Ratio

Need to consider also

- **degree of dependency** within dependent population
- **degree of economic ability** of those who support others

age-specific difference of average consumption and income based on NTA
The Life Cycle Deficit in European NTA Countries

Source: www.ntaccounts.org

24(A) – 27(I)  
58(SI) – 64(SE)
NTA-Based Dependency

life cycle deficit of young and elderly

life cycle surplus of adults
NTA-Based Dependency

Source: EU-Silc 2011, NTA
Forecasts of Employment-Based Dependency

constant scenario

- AT
- DE
- ES
- FI
- FR
- HU
- IT
- SE
- SI
- UK
Forecasts of Employment-Based Dependency

equalization scenario

- AT
- DE
- ES
- FI
- FR
- HU
- IT
- SE
- SI
- UK

2011 2015 2020 2025 2030 2035 2040 2045 2050
Forecasts of NTA-Based Dependency
Covering Stages of Dependency

Austria 2010

Euros per Capita

Age

Consumption
Labour income
Asset Reallocation
Private Transfers
Public Transfers
Unpaid Work: The Life Cycle Deficit by Gender

Women produce more non-market goods and services than they consume except during teen ages.

The life cycle deficit is very low for men and stays positive over the whole age range in the case of Italy.
Gender differences are lower compared to only using NTA

High contribution of women to production in Slovenia and Spain
Conclusion/Discussion

- Consequence of population ageing is not just determined by demographic change but to a large extent by the shape of the economic lifecycle.

- LCD is a new measure of dependency that takes into account age-specific levels of production and consumption.

- To maintain the fiscal sustainability of the current public transfer system in many European countries requires changes in the shape of the average economic lifecycle.

- Reforms of the transfer system need to take into account not only public transfers but also private transfers, particularly those in form of services to other household members through unpaid work.
Institute for Mathematical Methods in Economics

Ageing Europe – An Application of National Transfer Accounts for Explaining and Projecting Trends in Public Finances

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Thank You