Embracing the Opportunities of Demographic Change

By Dubravka Šuica

In 1950 there were 2.5 billion people on this planet. In 1987 we numbered 5 billion. In 2022 the world’s population surpassed 8 billion. The global population is projected to continue growing, and aging, for at least another 40 years. According to current projections, the world population could reach 10 billion by 2058 and peak around 10.4 billion around the 2080s, then remain at that level until 2100.

Many factors have contributed to the rapid growth of the global population. One has been an increase in longevity resulting from improvements in public health, nutrition, and therapeutic solutions. High birth rates have also driven this growth in some parts of the world. Managing the effects of both of these factors must be a priority for policy makers worldwide.

We must develop and apply targeted policies in the field of demography and beyond, aimed right where they are needed. Demographic data and knowledge are key to this target as demographic trends touch many aspects of our lives.

In the European Union the prevailing demographic trend is population aging. The European Commission has taken a deep look at some of the key issues that shape aging, adopting a Green Paper on Ageing in 2020. This document set out possible ways to anticipate and respond to the socioeconomic impacts of Europe’s aging population with lessons that are without borders and could reach beyond the European Union. The implications for economic growth, fiscal sustainability, health, long-term care, and social cohesion were addressed in depth. The results pointed to the need to capitalize on the opportunities linked to the demographic transition while addressing the challenges that it brings.

The role of the European Union is to support its 27 member states and hundreds of regions to develop their own tailor-made policy responses to aging. Several key principles have been identified:

- Maintaining high quality of life across all generations by fostering intergenerational solidarity and considering the economic and environmental impact of our policies
- Reaping the benefits of age by applying technology for all generations and providing flexible retirement policies and end-of-career paths
- Capitalizing on the resources within our regions by seeking to reverse brain drain and in fact harnessing talents in the places that develop them and that tend to need them most
- Maximizing talent through encouraging lifelong learning and skills development
- Ensuring high productivity and longevity by guaranteeing appropriate work–family balance by providing affordable childcare and family support services

To implement these principles, a careful analysis of accurate data and evidence, gathered in interactive and user-friendly ways, is key. One of the tools that we have developed in the EU is the Atlas of Demography. While it currently focuses on the European Union, we aim to roll out a global version in 2023. As mentioned previously, we firmly believe that the factors driving the demographic transition are not limited by borders. We must therefore think in terms of global solutions, pooling our experiences and resources to ensure maximum impact.

Maintaining High Quality of Life

A significant challenge facing all aging societies is the potential increase in health care costs and social protection support systems resulting from higher numbers of older people needing these services. We can turn this challenge into an opportunity only if we start with policies aimed at active and engaged retirement. Volunteering is one solution that can be implemented by promoting intergenerational solidarity and cooperation and benefiting both younger and older generations by allowing sharing of knowledge, experience, and mentoring. Active, engaged retirement includes practicing sports and remaining mobile, which can improve well-being, so particular attention should be given to these activities.

Reaping the Benefits of Age

These demographic transformations are driving the shrinking of the working-age population in the EU. The working-age population is expected to further diminish by 35 million by 2050.
Against this backdrop, higher productivity is key to underpinning sustainable and inclusive economic growth and higher standards of living. Increases in productivity need to be driven through higher and more innovative use of technology as well as broader labor market inclusion, including women and older people, as well as through managed migration. Providing flexible retirement policies and paths toward a gradual end of career can help avoid one of the biggest sources of brain drain: losing our most experienced and knowledgeable workers. Many EU countries have already taken steps in this direction, yet more remains to be done to create a truly flexible pathway tailored to the needs and wishes of individuals while protecting the sustainability of Europe’s social and welfare systems.

Harnessing Talents in Europe’s Regions

Many EU regions that are already disadvantaged receive a second blow of losing their best and brightest, who understandably depart to seek their fortunes elsewhere. If left unaddressed, this imbalance will trigger new and growing territorial disparities as regions age and fall behind in the size and skills of their workforce.

These trends will change Europe’s demographic landscapes in a way that will hamper the resilience and competitiveness of the EU as a whole and could cause harm to our social, economic, and territorial cohesion. This occurs in the context of a fierce global race for talents as well as other structural transformations, like the climate transition and technological change that also risk exacerbating disparities among regions.

Place-based policies and comprehensive cross-sectoral strategies provide solutions to boost both supply and demand for talent in these regions. If they wish to become more attractive places to live and work, these regions should seek to improve both their business environment and the quality of life. This can nurture the talents needed for their development. It will help address brain drain and create more favorable demographic trends.

Encouraging Lifelong Learning

Part of the response to the challenges of aging is investing in people’s knowledge and skills throughout their lives. People can remain employable and advance professionally by acquiring and updating skills. This keeps them employed and adds to job satisfaction. Continued learning can also help to delay the onset of dementia and prevent cognitive decline related to old age. Lifelong learning is most effective when it starts early in life, which is why access to high-quality early childhood education and care has a lasting effect on achievement in school and beyond.

Work–Family Balance Through Affordable Childcare and Long-term Care

The European Commission Care Strategy set out to improve accessibility, affordability, and quality of care as well as quality of life for carers themselves. It promotes the inclusion of women in the labor market and will have direct economic benefits through higher numbers of workers as well as reducing the old-age pension gap, which results from women working less than men by the time they retire. Providing childcare will allow for better work–family balance with positive effects on both the labor market and healthy longevity.

Since all regions of the world experience demographic change in unique ways, the demographic transition in Europe has to be compared with global trends. Identifying and understanding these changes are essential if we are to better anticipate their impact. This presents opportunities to rethink, innovate, and devise sustainable policies to help populations navigate this complex process of change.

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