



**POPULATION  
MATTERS**

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# **SMALLER FAMILIES AND AGEING POPULATIONS**

Silver linings not silver burdens

# **A POPULATION MATTERS WHITE PAPER**

## **EXECUTIVE SUMMARY**

# EXECUTIVE SUMMARY

## INTRODUCTION

- Demographic changes, especially affecting developed economies, have given rise to widespread concern that a declining birth rate and growing number of old people will lead to significant economic problems.
- Policies to encourage a higher birth rate in developed economies have been proposed to address this.

## THE BENEFITS OF REDUCING POPULATION

- Population growth is, however, a driver of critical environmental and resource challenges, and is incompatible with planetary health and long term sustainability. As economic activity promoting human wellbeing can only take place within environmental limits, pronatal policies are counterproductive.
- There are significant benefits associated with reducing overall population in developed countries, which we illustrate by projecting the progress that could be made in the UK in regard to housing, climate emissions and protecting habitats if its population trajectory was the same as Japan's over the next 15 years.

## THE WIDER CONTEXT

- While there are undoubted challenges arising from ageing, they are not as severe as is often claimed, and multiple practical and viable solutions are available.
- A transition to economic principles which are based on securing human wellbeing and environmental sustainability will provide the best framework in which to meet these challenges. However, the policy solutions identified in this report can be implemented before any such change occurs.

## ADDRESSING THE LABOUR SHORTAGE

- The gap between supply and demand for labour in developed economies is likely to be lower than anticipated, due to continued population growth, enhanced productivity, and automation replacing existing jobs.
- It can be met through measures such as increasing labour force participation, judicious immigration policies, and increasing retirement age.

## MANAGING THE FISCAL BURDEN

- Additional and significant costs to governments are inevitable, but may be less in some cases than anticipated, and will occur at a relatively slow pace, providing the opportunity to implement solutions.
- The old age dependency ratio is unfit for purpose as a guide to policy as it fails to take into account the considerable economic contribution of people over 65, or the reduction in overall dependency when birth rates fall and there are fewer children.
- Delayed retirement and enhancing the economic productivity of older workers will put more money into pension schemes and the exchequer. Pension reform can significantly reduce the fiscal burden. It has already begun in most high income countries, but must continue, reflecting the particular challenges each faces.
- Immigration is not a magic bullet but can play a role in reducing the dependency ratio and increasing government revenue.
- The overall impact of ageing alone on health budgets is relatively low and will take place gradually. The

impact on overall expenditure as a proportion of GDP is marginal within the timescale.

- Investment in preventative health is currently too low, but if properly financed can both reduce associated health care costs and boost productivity of older workers significantly.
- Tax rises to meet additional cost are viable policy options, likely to be accepted by the public if managed appropriately.

## CONCLUSION

- Embracing and promoting lower birth rates and fertility is essential to planetary health and thus long term economic sustainability. The consequent challenges of ageing populations can be met through positive policy solutions, and pose no threat to long term economic sustainability.

## SELECTED FINDINGS

- Global population will continue to grow until at least the second half of this century.
- Half the world's population is under 30.

- In 2018, the labour force participation rate for men globally was 75% – for women, just 49%.
- In 2017, the jobs of approximately 1.5 million people in the UK were assessed as being at “high risk” of being replaced by robots or other automated systems.
- The number of over-65s in work in the UK increased by 188 percent between 1999 and 2019.
- An average man aged 70 in the UK will have as many years of life left as a man of 65 did in 1997.
- In the United Kingdom, the economic contribution of people over 65 was estimated in 2016/17 to be £160bn. It is likely that in 2021 the total contribution exceeds the UK government's pension bill.
- Economic dependency has declined in the UK since 1992, despite the ageing of the population.
- Changes in population age structure alone are expected to add no more than one additional percentage point to the average annual per person health care expenditure growth rates in OECD countries over the next 40 years.
- In the EU, it is estimated that the average increase in pension expenditure as a percentage of GDP over the next 40 years will be less than 0.2% per year.

**Full report available at [populationmatters.org/silver-linings](https://populationmatters.org/silver-linings)**




# ABOUT POPULATION MATTERS

Population Matters is a UK-based charity which campaigns to achieve a sustainable human population, to protect the natural world and improve people's lives. We promote positive, practical, ethical solutions – encouraging smaller families, inspiring people to consume sustainably, and helping us all to live within our planet's natural limits. We believe everyone should have the freedom and ability to choose a smaller family. We are committed to human rights, women's empowerment and global justice.

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