Does Europe have enough babies?

What can Governments do to address the demographic challenge?

RAND Europe examines population ageing: consequences and possible solutions

**BACKGROUND**

Europe is facing a demographic challenge. Population ageing is driven on the one hand, by greater life expectancy, and on the other, by falling birth rates.

The total fertility rate is now less than two children per woman in every EU member state, all below replacement level. Yet, by 2050 almost one-third of Europeans will be over 65 years old.

This cradle-to-grave phenomenon is worrying because it not only threatens standards of living, but also social stability within Europe and its stature on the world stage.

Governments are waking up to the need for a 'population policy mix' to address the challenge.

**RESEARCH APPROACH**

RAND Europe’s initial study in 2004 of the population ageing issue analysed European demographic trends and behaviour, and assessed which policies could prevent or mitigate adverse consequences.

Finding the need for a mix of population policies, RAND Europe recently investigated the demographic impact of biomedical interventions provided by Assisted Reproductive Technologies (ART) such as in-vitro fertilisation (IVF). We developed a model incorporating fertility costs, population age structure and behaviour components, comparing data from Denmark and the UK for 2002.

**CONSEQUENCES OF AN AGEING POPULATION**

Here are just some of the effects we’re likely to see as a direct result of the ageing population in Europe 2000-2050.

- Age-related spending as a proportion of GDP:
  - 2000: 5.4%
  - 2050: 11.7%
- Fall in GDP growth:
  - 2000: 2.1%
  - 2050: 1.3%
- Growth in pensions:
  - 2000: 6.0%
  - 2050: 9.3%

But it’s not all bad news...
- Over the last 50 years, life expectancy has risen - people are living longer, healthier lives.
- Since the introduction of the Pill in the 1960s, women have had reproductive choice.

**THE RIGHT PIECES FOR A POPULATION POLICY MIX**

There’s no single solution to the challenge of an ageing population. A combination of policies is required that address biomedical, financial and lifestyle barriers to childbirth.

Effectiveness of different interventions can vary depending on the political, economic and social contexts in which they are implemented. The policies which work in one country may not work in another.

**READING THE FERTILITY ‘TEA-LEAVES’**

Fertility rates across Europe are below replacement (TFR=2.1), although the data suggest the emergence of a “two-speed” population structure.

**POPULATION PYRAMID BECOMES A SKYSCRAPER**

Europe faces fewer babies and growing numbers of elderly.

**IMPACT**

- Sparked necessary debate: RAND Europe and other related research has increased discussion about the seriousness of the demographic challenge and how governments could respond.
- Placed ART in population policy mix: The research has shown ART to be comparatively low cost when compared to potential economic benefits.
- Opened issues for further research: This work has raised some legitimate questions — more research is required to provide answers.
This PDF document was made available from www.rand.org as a public service of the RAND Corporation.

This product is part of the RAND Corporation corporate publication series. Corporate publications describe or promote RAND divisions and programs, summarize research results, or announce upcoming events.

The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world.

Support RAND

Browse Books & Publications
Make a charitable contribution

For More Information

Visit RAND at www.rand.org
Explore RAND Europe
View document details

Limited Electronic Distribution Rights

This document and trademark(s) contained herein are protected by law as indicated in a notice appearing later in this work. This electronic representation of RAND intellectual property is provided for non-commercial use only. Unauthorized posting of RAND PDFs to a non-RAND Web site is prohibited. RAND PDFs are protected under copyright law. Permission is required from RAND to reproduce, or reuse in another form, any of our research documents for commercial use. For information on reprint and linking permissions, please see RAND Permissions.