

Population ageing is a fast-accelerating, long-term trend. We can show this using the old-age dependency ratio - a demographic indicator that measures the size of non-working age groups of the population relative to that of people of working age.¹Figure 1 shows averages for OECD countries. In 1980, there were 20 people aged 65 or older for every 100 people of working age (that is, aged between 20 and 64). By 2015, this number had increased by 40%, to 28 people aged 65 or over for every 100 of working age. Project forward another 35 years, the ratio will be 53 to 100 in 2050 based on UN mortality projections (United Nations 2017) - a further increase of 90%. This is because we are living longer and having fewer children.

Figure 1 also shows past trends in the total dependency ratio - the demographic indicator which is more relevant to capture the influence of demographics on GDP per capita, because it includes individuals younger than the working age. It is defined as the number of people younger than 20, or 65 and older, for every 100 people of working age...

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