

Economic Contributions of Older Adults in Europe.

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Abstract Title:

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Abstract Summary:

This study focuses on the market and non-market productive activities of older adults to determine the nature and magnitude of the contributions they make across Europe. Particular attention is paid to how these contributions vary by country, time, and age, and the influence policy, institutions, behavior, and health may have on the economic effects of population aging.

Abstract:

Introduction: Europe's population is aging rapidly. Europeans aged 60 and over formed only 16% of Europe's total population in 1980, but they now constitute 24% and will grow to 34% by 2050 (United Nations Population Division, 2015). This aging population will create economic challenges in the form of tighter labor markets, lower savings rates, slower economic growth, and fiscal stress from lower earnings taxes and increased pension and healthcare spending.

We may, however, overestimate the magnitude of these challenges and make poorer policy choices if we underestimate the productive contributions that older adults make to society. The literature measuring these productive contributions is regrettably underdeveloped, as is the literature on what policies can enhance such contributions.

This study focuses on the market and non-market productive contributions of older adults in Europe and addresses three questions:

- (1) What is the nature and magnitude of the contributions made by older adults in Europe?
- (2) How do those contributions vary by country, time, and age, and how are they likely to evolve as the relative size of older cohorts swells?
- (3) How might changes in policy, institutions, behavior, and health likely influence the economic effects of population aging in Europe?

Methods:

These research questions are explored using multivariate statistical tools to analyze rich data from multiple countries and waves of the Survey of Health, Ageing, and Retirement in Europe (SHARE) and the English Longitudinal Study of Ageing (ELSA).

Results:

Older adults in Europe make significant productive contributions in the form of labor force participation, caregiving for family and friends, and volunteering. These contributions vary widely by country and are correlated with age, health status, official retirement age, and population age structure.

Conclusions:

The economic effects of population aging in Europe can be significantly moderated by effective retirement and healthcare policy.

References:

United Nations Population Division (2015). World Population Prospects: The 2015 Revision, DVD Edition.