Guest Lecture Announcement

On the Economic Challenges of Population Ageing
(And on the Numerous Ways to Address Them)

By Prof. Vincent VANDENBERGHE (UCLouvain)

On Wednesday, October 26, 2022, 16.30-18.30 in Aula 7 (Edificio Storico, ground floor)

Abstract

Life expectancy has been on the rise since the turn of the 19th century due to standards of living improvements and medical progress. Since then, every decade, advanced countries have recorded 2 years of longevity gains. But in combination with lower fertility, this trend is causing population ageing. Some economists consider it to be a major challenge, possibly as important as tackling other global threats. The consequences could indeed be far-reaching. Ceteris paribus, ageing will cause shrinking labour forces and a surge of old-age dependency. Since labour remains the most important factor of production, the negative impact of population ageing on economic growth is at first approximation proportional to the decline of the working-age population. This is the main rationale for a bleak outlook on economic living standards, especially in rapidly ageing countries like Japan, Italy or Germany. Yet, on second thought, the statements above exemplify a common mistake: equating demography with economics and assuming a fixed labour supply and unchanged institutions, such as labour markets and pension systems, and stable education/work/retirement sequences. These statements underestimate what societies have always done to a large extent when confronted with new challenges: adapt, evolve and reform. Simple economics for instance shows that many things could adjust to compensate for the contraction of the working-age population ratio. We expose them and discuss (some) more extensively in this lecture.

Prof. Vincent Vandenbergh was trained as an economist and has accumulated research experience internationally. He is a Full Professor at the Economics School of Louvain (ESL) of the Université Catholique de Louvain (UCLouvain), Belgium. On several occasions, he has worked on labour market issues for the OECD and other institutions. Over the years, he has acquired substantial experience in applying economic theory and econometrics to broadly-defined labour issues. Current research interests include the consequences of an ageing workforce on firms and labour markets, the barriers to working beyond 50, labour productivity or pension reforms.

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