

3. GENERAL CONTEXT INDICATORS

Demographic trends

Age-dependency ratios are a measure of the age structure of the population. They provide information about the demographic shifts that have characterised OECD countries in the past and that are expected in the future.

OECD populations became older and will continue to become older. In 2015, there were on average across OECD countries 28 persons aged 65 and over for every 100 persons aged 20 to 64, an average level up from 18 in 1970 (Figure 3.13). Cross country differences are large, varying in 2015 from less than 15% in Mexico and Turkey, to over 35% in Finland, Italy and Greece and to over 45% in Japan. By 2060, this average ratio is projected to almost double in the OECD area (to 57%) and to quadruple in Korea. By 2060, the old-age dependency ratio will almost reach 80% in Korea and Japan while remaining below 45% in Israel, Mexico and Turkey. This increase will contribute to higher public spending in health, long-term care and pensions.

Conversely, the youth-dependency ratio declined between 1970 and 2015. In 2015, there were on average across OECD countries 38 persons aged below 20 for every 100 persons aged 20 to 64, an average level down from 69% in 1970 (Figure 3.14). In 2015, the youth-dependency ratio ranged between 29% in Germany and 65% or more in Israel and Mexico. In most OECD countries, this ratio will stop declining, reaching an average level of 40% in 2060, except in Israel, Mexico and Turkey. Lower youth dependency means lower public spending in education and towards families. But overall, the declines are not large enough to offset higher spending towards the elderly.

In emerging economies, old-age dependency ratios are in general lower than in OECD countries, particularly in India, Indonesia and South Africa. By contrast youth dependency ratios are higher.

Figure 3.15 also presents the past, current and future shares of youths aged 15 to 29 – those in age to enter the labour market – in percentage of the total population. On average it declined from 23% in 1970 to 19% in 2015, with strongest declines in those “ageing” countries Japan, Finland, Italy and Spain. The average ratio is forecast to decline even further to 16% of the total population by 2060, with highest declines in countries which will particularly become older in the next decades like Chile, Mexico, Korea and Turkey.

Definition and measurement

Age-dependency ratios relate the number of individuals that are likely to be “dependent” on the support of others for their daily living – elderly or youths – to the number of those individuals who are capable of providing such support.

The old-age dependency ratio relates the number of individuals aged 65 and over in percentage of the population aged 20 to 64. The youth dependency relates the number of individuals aged less than 20 in percentage of the population aged 20 to 64. An additional ratio is also shown here: the share of youth aged 15-29 in percentage of the total population.

Estimates prior to 2015 and projections from 2015 are drawn from the United Nations, World Population Prospects – 2015 Revision. Projections used here are based on the most recent “medium fertility variant” population projections, which for each country corresponds to the median of several thousand projected trajectories of each demographic component.

Note that these forecasts do not take into account the 2015 refugee crisis in Europe from Syria. It may have an impact in the population structures of countries which integrated many migrants, like Germany, Turkey and some Eastern and Nordic European countries.

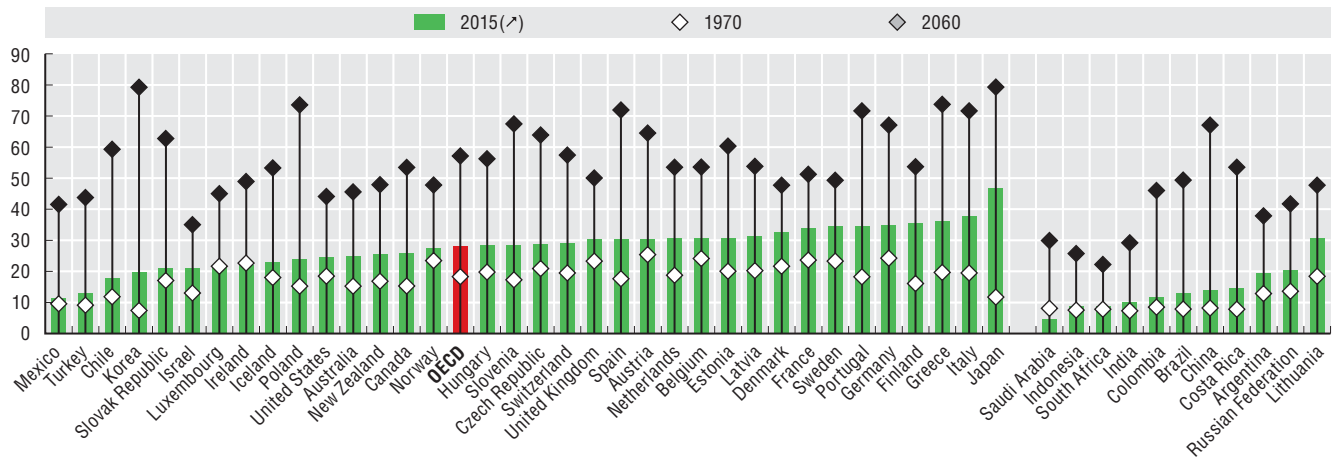
Further reading

OECD (2015), *Pensions at a Glance 2015 – OECD and G20 Indicators*, OECD Publishing, Paris, http://dx.doi.org/10.1787/pension_glance-2015-en.

United Nations (2015), *World Population Prospects – 2015 Revision*, Washington DC, <http://esa.un.org/unpd/wpp>.

3.13. The old-age dependency ratio will double in the next 45 years on average in OECD countries

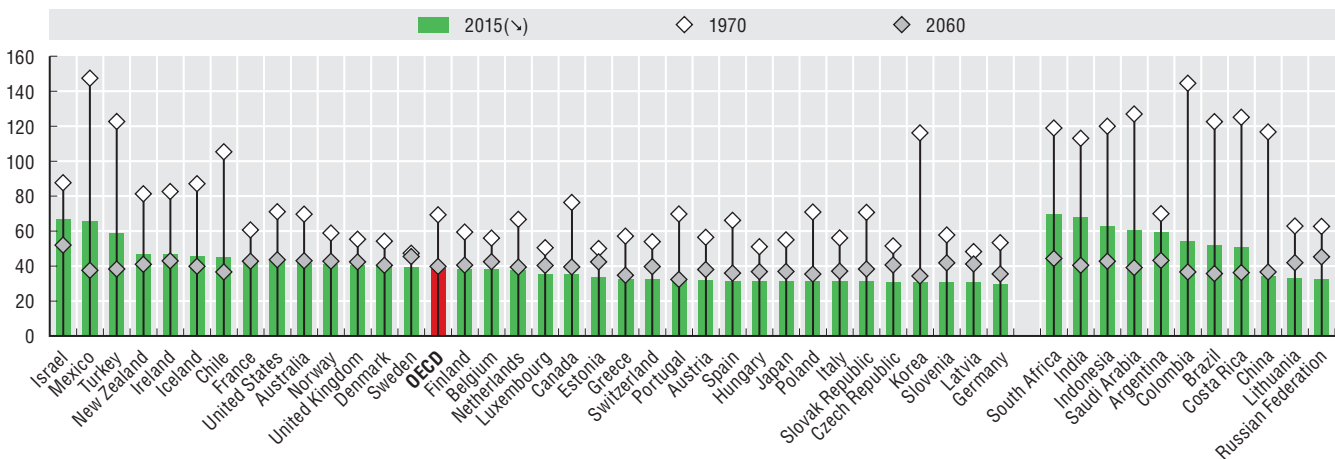
Number of people of retirement age (65+) per 100 people of working age (20-64), in 1970, 2015 and 2060



StatLink <http://dx.doi.org/10.1787/888933405231>

3.14. The youth dependency ratio will not decline in the next 45 years in most OECD countries

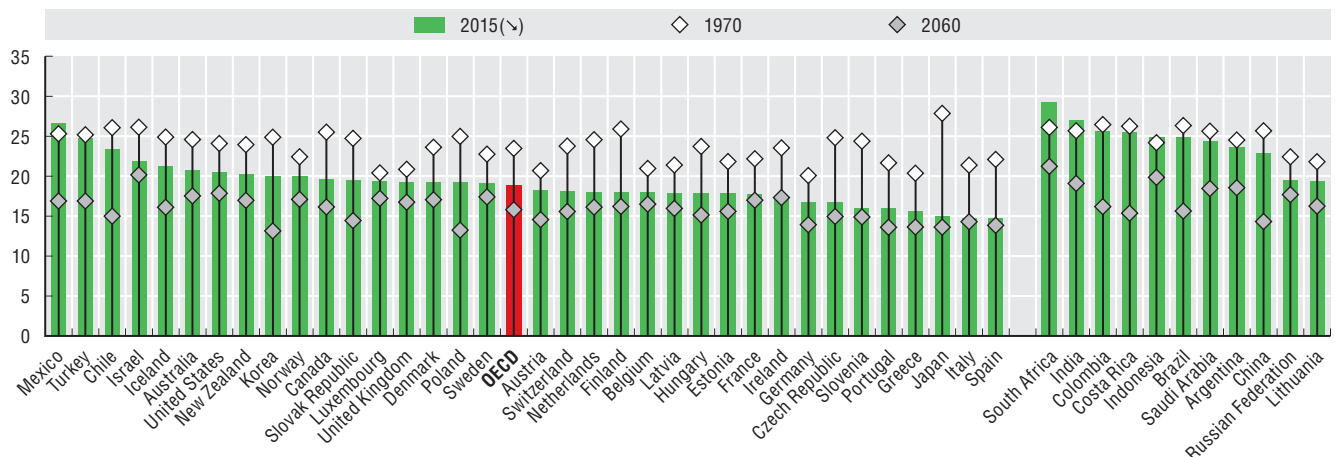
Number of young people (under 20) per 100 people of working age (20-64), in 1970, 2015 and 2060



StatLink <http://dx.doi.org/10.1787/888933405240>

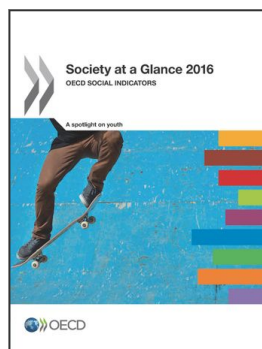
3.15. Decline of the share of youth in total population in most countries

Number of young people (15-29) in total population, percentages, in 1970, 2015 and 2060



Source: Calculations from United Nations, World Populations Prospects – 2015 Revisions.

StatLink <http://dx.doi.org/10.1787/888933405255>



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