

# Demographic Change, Ageing and Secular Stagnation: A Global Perspective

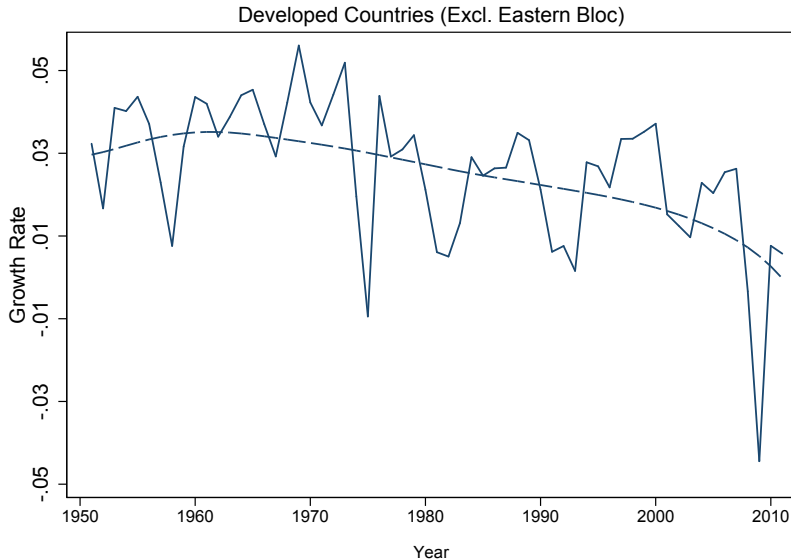
Uwe Sunde

University of Munich (LMU)

World Demographic & Ageing Forum  
30. August 2015

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- ▶ Growth perspective: Has the growth potential declined? (Gordon, 2016)
- ▶ Is rising inequality the flip side? (Piketty, 2014)

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- ▶ Will growth rates return to the “good old days”?
- ▶ What's demographics got to do with it?

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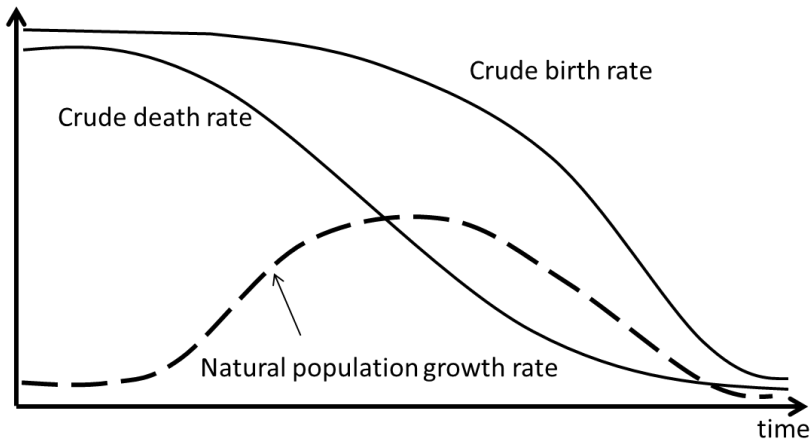
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- ▶ Demographic Transition as a global phenomenon (Reher, 2004)
- ▶ Different growth factors with different momentum
  - ▶ “extensive margin” (e.g., education, globalization) – cheap, non-recurrent
  - ▶ “intensive margin” (innovation) – harder

# The Demographic Transition as Driver?



# The Thought Experiment

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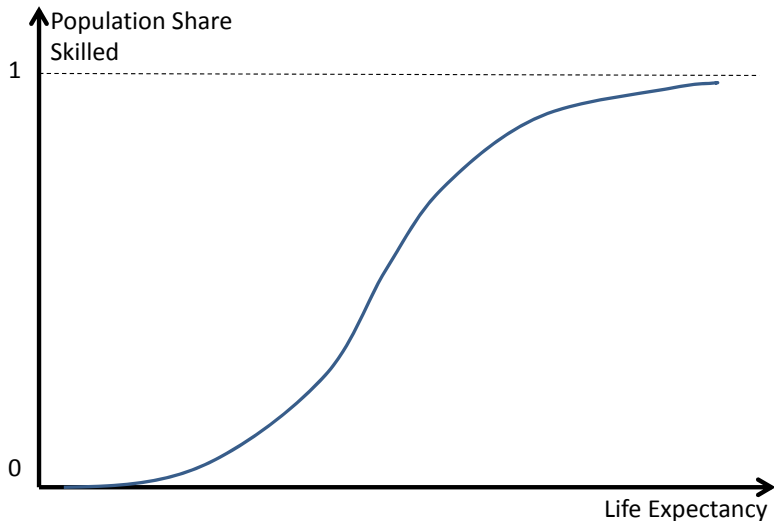
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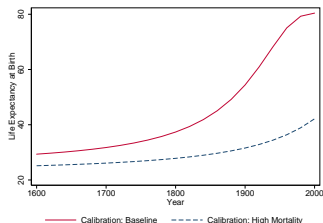
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- ▶ the timing of the transition becomes crucial!

# The Nexus between Life Expectancy and Education

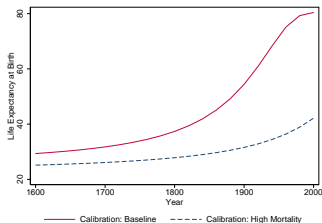


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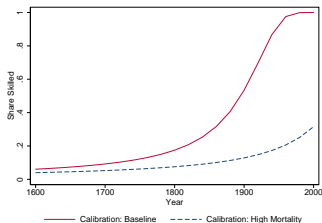


(a) Life Expectancy

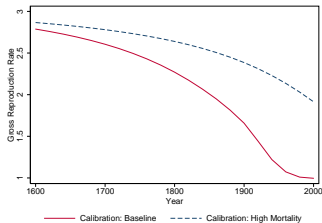
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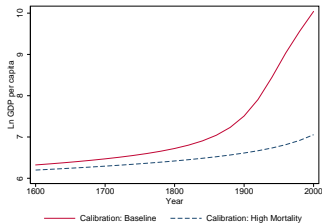
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(b) Education (share)

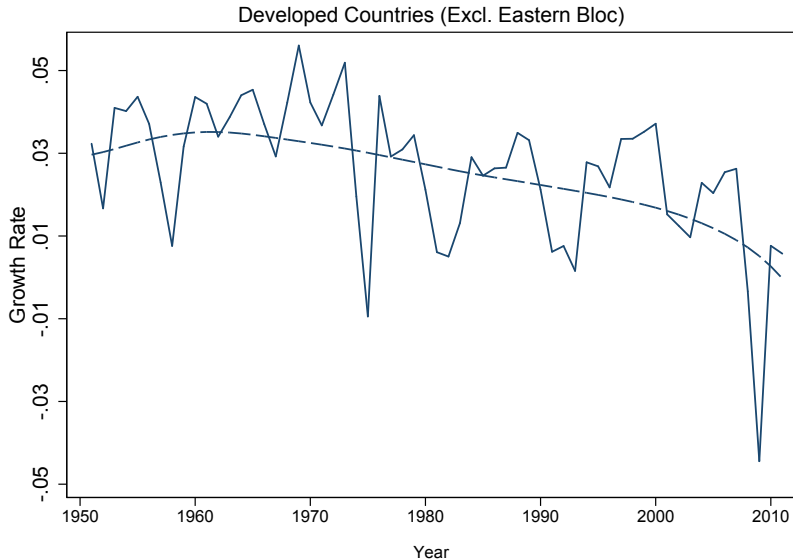


(c) Fertility

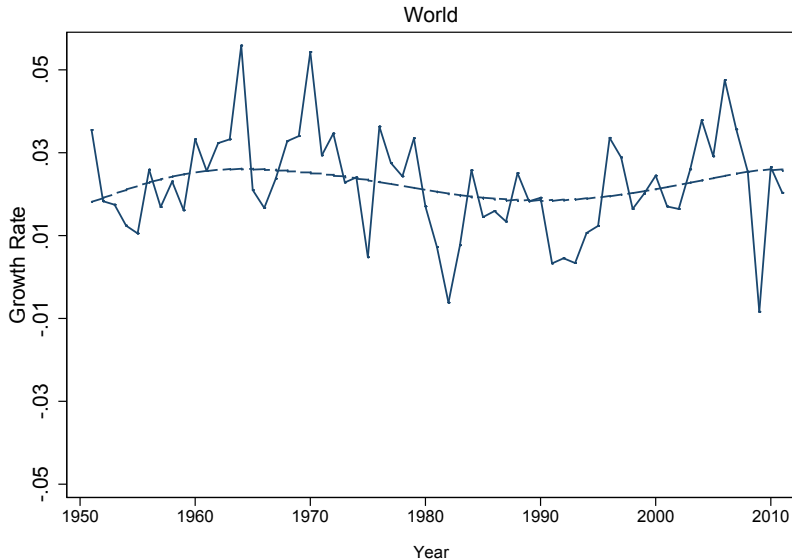


(d) Income p.c.

# Facts Again: Growth Rates in Developed Countries

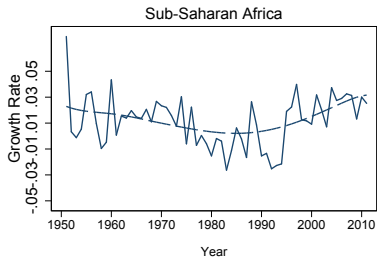
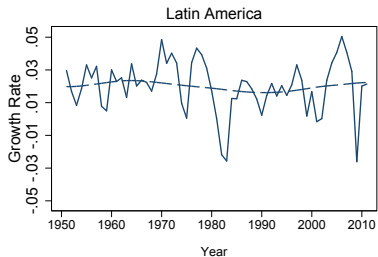
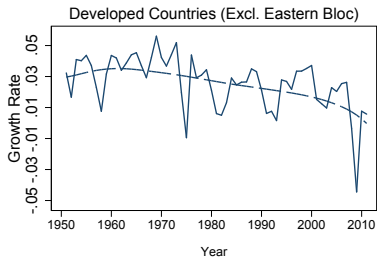
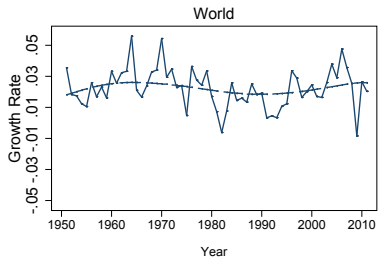


# Facts Again: Growth Rates in the World

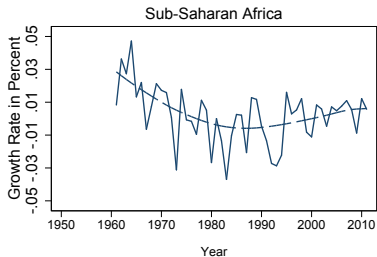
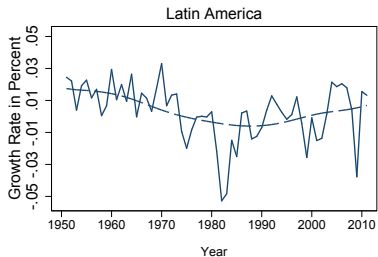
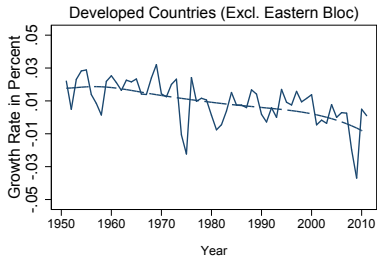
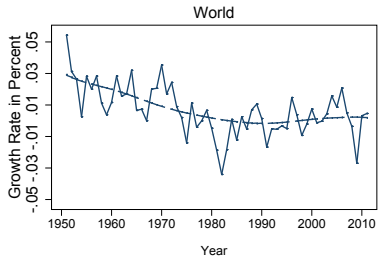




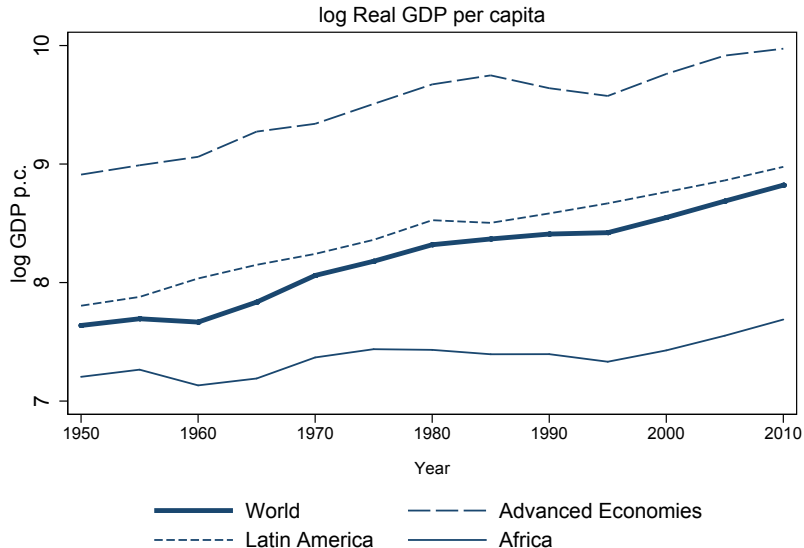
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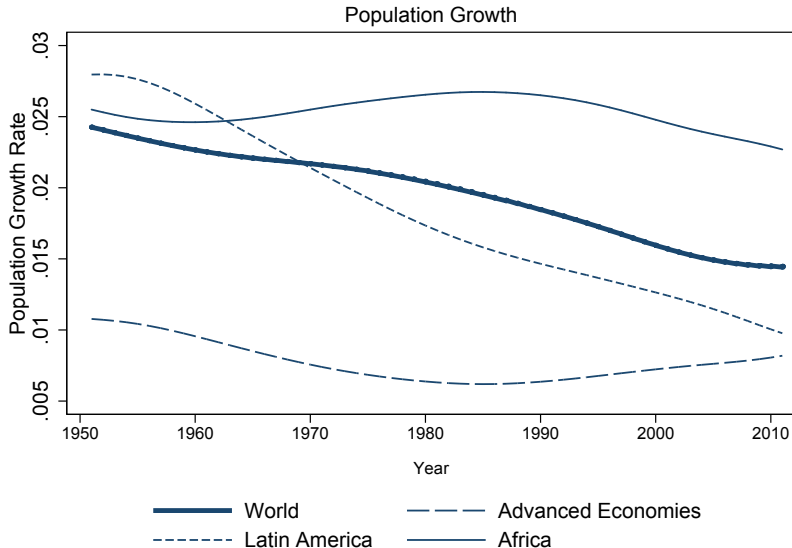
# Facts Again: Productivity Growth in the World



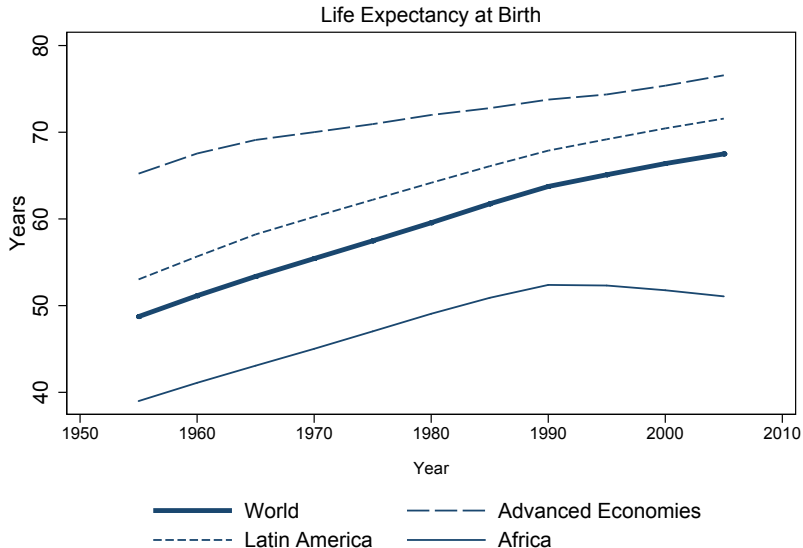
# Economic and Demographic Development



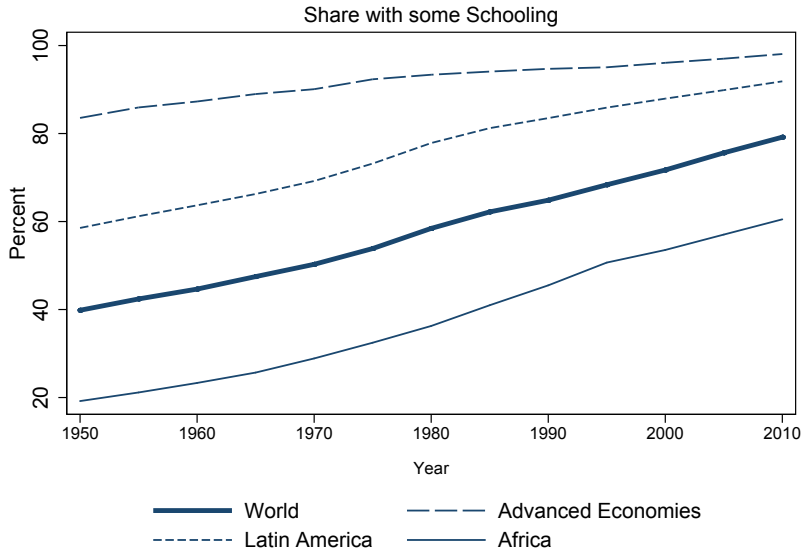
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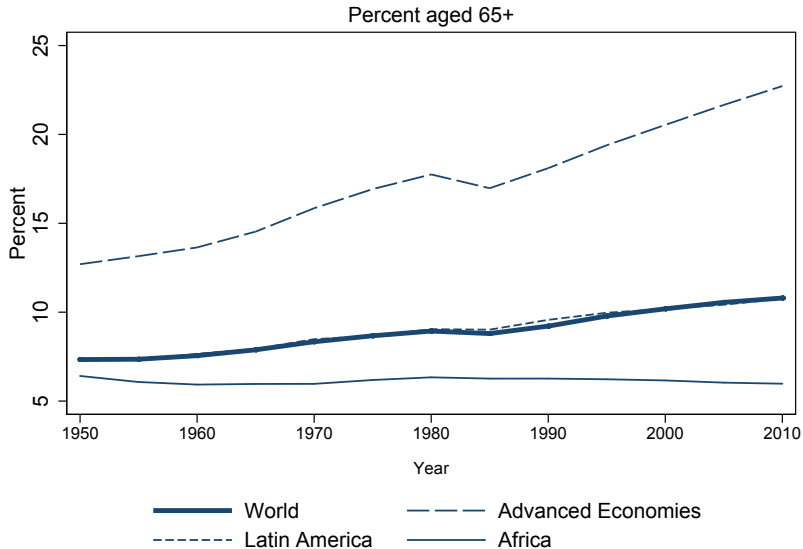
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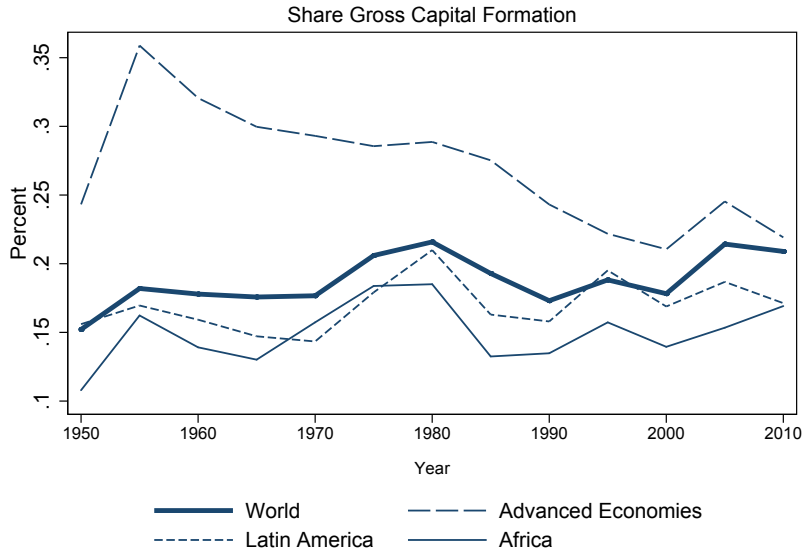
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# Aging



# Aging and Savings





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- ▶ Forerunner countries have incidentally been favored by factors balancing the slowdown (globalization)
- ▶ Growth will become harder to achieve.

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- ▶ Implications for financial markets and interest rates
- ▶ This is NOT a short-run cyclical issue!
  - ▶ monetary policy?
  - ▶ fiscal policy and stimulus?

Thank you!