There is widespread acceptance that much of the developed world faces a potential pensions and welfare crisis as a result of declining birth rates and an ageing population. However, there is considerable uncertainty about the specifics of demographic forecasting and this has significant implications for public finances. *Uncertain Demographics and Fiscal Sustainability* addresses the economic consequences of uncertainty and, with particular reference to European economies, explores the impact of demographic risks on public finances, including pension systems, health care and old-age care expenditures. Covering a spectrum of theoretical and empirical approaches, different types of computational models are used to demonstrate not only the magnitudes of the uncertainties involved but also how these can be addressed through policy initiatives. The book is divided into four parts covering demographic, measurement, policy and methodological issues. Each part is followed by a discussion essay that draws out key elements and identifies common themes.

**Juha M. Alho** is Professor of Statistics at the University of Joensuu, Finland. He is the author (with Bruce D. Spencer) of *Statistical Demography and Forecasting* (2005) and a former president of the Finnish Society of Biostatistics.

**Svend E. Hougaard Jensen** is Managing Director of the Copenhagen-based Centre for Economic and Business Research (CEBR), Professor of Economics at Copenhagen Business School and a member of the Danish Council for Research Policy.

**Jukka Lassila** is Research Director at the Research Institute of the Finnish Economy (ETLA) in Helsinki. He has co-ordinated several international research projects concerning population ageing and was scientific co-ordinator in the EU Fifth Framework research project ‘Demographic Uncertainty and the Sustainability of Social Welfare Systems’.
Uncertain Demographics and Fiscal Sustainability

Edited by

Juha M. Alho, Svend E. Hougaard Jensen and Jukka Lassila
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Contributors

NAMKEE AHN Fundacion de Estudios de Economia Aplicada (FEDEA), Spain

JUHA M. ALHO University of Joensuu, Finland

PABLO ANTOLIN OECD

ALEX ARMSTRONG Netherlands Bureau for Economic Policy Analysis (CPB), The Netherlands

VLADIMIR BORGY Centre d’Etudes Prospectives et d’Informations Internationales (CEPII), France

D. PETER BROER Netherlands Bureau for Economic Policy Analysis (CPB), The Netherlands

HARRI CRUIJSEN Democast, The Netherlands

NICK DRAPER Netherlands Bureau for Economic Policy Analysis (CPB), The Netherlands

HANS FEHR University of Würzburg, Germany

MARTIN FLODÉN Stockholm School of Economics, Sweden

CHRISTIAN HABERMANN University of Würzburg, Germany

SVEND E. HOUGAARD JENSEN Centre for Economic and Business Research (CEBR), Denmark

OLE HAGEN JØRGENSEN Centre for Economic and Business Research (CEBR), Denmark

NICO KEILMAN University of Oslo, Norway

JUKKA LASILIA Research Institute of the Finnish Economy (ETLA), Finland
List of contributors

NIKKI MÄTTÄNEN Research Institute of the Finnish Economy (ETLA), Finland

ANDRÉ NIBBELINK Netherlands Bureau for Economic Policy Analysis (CPB), The Netherlands

SHRIPAD TULJAPURKAR Stanford University, USA

TARMO VALKONEN Research Institute of the Finnish Economy (ETLA), Finland

JUSTIN VAN DE VEN National Institute of Economic and Social Research (NIESR), UK

MARTIN WEALE National Institute of Economic and Social Research (NIESR), UK

ED WESTERHOUT Netherlands Bureau for Economic Policy Analysis (CPB), The Netherlands
Preface

This book arose from two research projects, ‘Demographic Uncertainty and the Sustainability of Social Welfare Systems’ (DEMWEL) and ‘Uncertain Population of Europe’ (UPE).

DEMWEL was carried out between January 2003 and March 2006 by research teams from the following nine institutes: CEBR, the Centre for Economic and Business Research, Copenhagen, Denmark; CEPII, Centre d’Etudes Prospectives et d’Informations Internationales, Paris, France; CEPS, the Centre for European Policy Studies, Brussels, Belgium; CPB, the Netherlands Bureau for Economic Policy Analysis, The Hague, The Netherlands; ETLA, the Research Institute of the Finnish Economy, Helsinki, Finland; FEDEA, Fundacion de Estudios de Economia Aplicada, Madrid, Spain; FPB, the Belgian Federal Planning Bureau, Brussels, Belgium; NIESR, the National Institute for Economic and Social Research, London, UK; and the University of Würzburg, Germany.

DEMWEL utilized results produced in UPE. The latter ran from September 2001 to August 2004 and was carried out by researchers from the Central Bureau of Statistics, The Netherlands; the Central Bureau of Statistics, Norway; NIDI, The Netherlands; Statistics Finland; and the University of Joensuu, Finland.

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