

# Contents

Contributing Authors .....	XIII
<b>Consequences of Demographic Change in Germany: An Introduction</b> .....	1
Helmut Seitz, Martin Werding	
1 Motivation for this Book .....	1
2 The Contributions: An Overview .....	3
<b>Demographic Change in Germany</b> .....	9
Charlotte Höhn, Ralf Mai, Frank Micheel	
1 Addressing the Issue .....	9
2 The Demographic Development in Germany .....	10
2.1 Trends in Fertility .....	11
2.2 Trends in Mortality .....	13
2.3 Migration Dynamics .....	14
2.4 Demographic Balance .....	15
3 Future Trends Until 2050 .....	17
3.1 Assumptions of the 11 <sup>th</sup> Co-ordinated Population Prospects .....	17
3.2 Population Decline .....	18
3.3 Population Aging .....	18
3.4 Can Population Aging Be Reversed by Demographic Instruments? .....	20
4 Regional Aspects of Population Dynamics .....	22
4.1 Fertility and Mortality .....	23
4.2 Internal Migration .....	25
4.3 Regional Patterns of Demographic Change .....	27
4.4 Outlook: Growing or Diminishing Regional Disparities .....	28
5 Implications for Society, Economy, and Policy Makers: Challenge or Catastrophe? .....	30
References .....	32

<b>The Effects of Aging on Labor Markets and Economic Growth</b> .....	35
Willi Leibfritz, Werner Roeger	
1 Introduction .....	35
2 Main Determinants of Economic Growth .....	36
2.1 Some Methodological Observations .....	36
2.2 Past Growth Trends .....	38
3 Future Demographics and Growth .....	40
3.1 Impact Through Labor Supply .....	41
3.2 Impact Through Labor Productivity .....	43
4 Long-Term Growth Scenarios .....	50
4.1 Growth Scenarios by the OECD .....	51
4.2 Growth Scenarios by the EU Commission .....	55
5 Conclusions .....	61
References .....	63
<b>The Impact of Global Aging on Capital Markets and Housing</b> .....	65
Axel Börsch-Supan	
1 Introduction .....	65
2 The Asset Meltdown Debate .....	66
3 Aging and the Markets for Productive Capital .....	69
3.1 A Model of Overlapping Generations: The MEA-OLGA Model .....	69
3.2 The Development of Household Savings .....	73
3.3 Trends in Returns on Capital .....	76
3.4 Diversification Effects of Global Capital Markets .....	78
4 Aging and Housing Markets .....	80
5 Summary and Outlook .....	85
References .....	87
<b>Social Insurance: How to Pay for Pensions and Health Care?</b> .....	89
Martin Werding	
1 Introduction .....	89
2 Methodology .....	91
3 Assumptions and Intermediate Results .....	94
4 Projections for Individual Branches of Social Insurance .....	97
4.1 The Statutory Pension Scheme .....	97
4.2 Public Health Insurance .....	103
4.3 Public Long-Term Care Insurance .....	109
4.4 Unemployment Insurance .....	111
5 Sustainability of the Social Insurance System .....	112
5.1 Aging and General Government Fiscal Balances .....	113
5.2 Implicit Social Insurance Debt .....	116

5.3 The EPC's "Sustainability Gap" .....	120
6 Policy Options .....	122
References .....	125
<b>The Impact of Demographic Change on Fiscal Policy in Germany</b> .....	129
Helmut Seitz	
1 Introduction .....	129
2 Institutional Framework .....	130
3 Methodology.....	137
4 Data and Empirical Results .....	145
4.1 Estimating Age-Cost Profiles .....	145
4.2 The Impact of Demographic Change on Public Expenditures, 2004–2030.....	150
4.3 Building a More Complete Model.....	152
4.4 Simulation Results.....	157
5 Summary and Conclusions .....	161
References .....	162
<b>Education and Fertility in Germany</b> .....	165
Michaela Kreyenfeld, Dirk Konietzka	
1 Introduction .....	165
2 Education and Fertility .....	166
2.1 Theoretical Considerations.....	166
2.2 Germany's Socio-Political Context.....	169
3 Data.....	171
4 Descriptive Results .....	172
5 Analysis of the Event-History Model.....	176
5.1 Transition to First Births .....	176
5.2 Transitions to the Second and Third Child.....	178
6 Conclusions .....	180
References .....	183
<b>Perspectives on the Political Governance of Demographic Change</b> .....	189
Johannes Meier	
1 Introduction .....	189
2 Demographic Challenges in Germany.....	190
2.1 Shrinkage.....	190
2.2 Aging.....	191
2.3 Heterogeneity .....	192
3 Challenges for Governance of Demographic Change .....	195

4	Budget Consolidation as a Core Challenge .....	196
5	Key Factors of Success for Good Governance of Demographic Change .....	199
5.1	Experiences from Other Countries .....	199
5.2	Implications for Germany .....	200
6	Conclusion .....	201
	Subject Index .....	205
	Name Index .....	213