

Europe's plunging birth rate 'will lead to pensions crisis'

By Nina Lakhani

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Europe is getting old, and fast. Birth rates are falling below those necessary to replace older people as they die. The average birth rate in the European Union is down to 1.5 children per woman, and officials warn that unless it rises to 1.7, the EU will have difficulty financing its pension system.

Portugal's birth rate fell last year to the lowest level since records began in 1935. Poland, with one of Europe's lowest fertility rates, recently began a programme of tax breaks, longer maternity leave and better pre-school provision to encourage larger families. The Nordic model includes financial incentives and flexible working, and has seen the birth rate increase slightly in Norway and Sweden.

The population projection for the EU in 2050 is 450 million, almost 10 million fewer than in 2005. Before the end of the decade the proportion of people aged 60 or over will exceed the proportion of those under five. There are steadily fewer people of working age to support the elderly.

As well as promoting higher birth rates, other remedies being considered to cope with ageing societies are raising the retirement age to save on pensions and opening borders to migrant workers. Germany voted this year to increase the retirement age from 65 to 67 by 2012.