

# No Country for Young People

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Eurocrisis in the  
Press

By *Daniel Carvalho*

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I was with an Irish friend in a pub in Dublin waiting for a Champions League match to start when somehow we ended talking about siblings. He has three and he was surprised when I told him that it was a lot. I asked him if that was standard in Irish families and he said that it is quite common. Half-way through my pint, I did a quick mental scan through a few of my closest friends' families back home in Portugal. Most of us – including myself – only have one sibling. I couldn't remember many cases of families with three kids. In fact, I reached the conclusion that I know many more only children than people coming from families with three kids or more.



To alleviate concerns regarding a possible sample bias among my group of friends there's nothing like this figure: Portugal had one of the lowest fertility rates in the world, hovering around 1.3-1.4 births per woman in the past decade. Furthermore, it has been decreasing and reached 1.28 in 2012. But while before the crisis low birth rates were compensated by immigration, Portugal no longer receives as many foreigners as before. Whereas in the second half of the 1990s and early 2000s the difference between those entering the country and those leaving was significantly positive, the gap gradually narrowed until 2010 and entered negative territory in 2011 and 2012. There are now many more Portuguese leaving the country than foreigners wanting in: latest figures point to a net reduction of around 60,000 people in those two years combined.

The Portuguese National Statistics Institute (INE) just published a study with alarming conclusions. According to it the population will fall from the 10.5 million recorded in 2012 to 8.6 million in 2060. And it gets even worse than that: not only is the population expected to shrink, it is also expected to age considerably as the ratio of elderly to young people will likely rise from 131 to 307. These are the results of the baseline scenario, which rests on three fundamental hypotheses: a (i) fertility rate of 1.55 children born to a woman over her lifetime, (ii) male life expectancy close to 86.5 years and female slightly in excess of 92 and (iii) a resumption of pre-crisis immigration levels. INE staff also ran their simulation with a "pessimistic" scenario, which basically assumes that the fertility rate and migration values will remain close to what they currently are. The outcome is, of course, more pronounced: 6.3 million inhabitants in 2060 (by the way, they also computed an "optimistic" scenario and not even that manages to stabilise the population levels).

Although some might say this study is more alarmist than alarming and stress the accuracy (or lack thereof) of such a long forecast horizon, few would likely deny that we have a problem on our hands, which should be acknowledged and properly dealt with. Against this backdrop – and responding to a request of Prime Minister Passos Coelho – a multidisciplinary commission was set up earlier this year to study these worrying population trends and come up with proposals and suggestions to try to counter it. Their report is due by June.

Notwithstanding the importance of economic and financial measures (affordable childcare, tax deductions, etc.), obvious candidates especially in crisis times, one must bear in mind that this is an older problem, and which economic woes only made worse. The challenge could likely come from other areas of the working and organisational culture where much can be done – for instance, measures such as different working arrangements (part-time, teleworking, etc.) could be considered. The difficulty lies in devising and implementing them in a way which does not undermine the career prospects of wannabe parents, especially mothers, in a country where female labour force participation is particularly high.

Irrespective of the proposals' nature, one thing seems to be certain – they need to be substantial and far-reaching if palpable results are to be achieved. Here is how the commission's supervisor, Joaquim Azevedo, summarises it: "in order to be a country with more kids, Portugal needs a rebirth".

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*Note: This article gives the views of the author, and not the position of the Euro Crisis in the Press blog, nor of the London School of Economics, of the Banco de Portugal, the European Central Bank or the Eurosystem.*

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