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Demography and Inequality

How Europe's changing population will impact on income inequality

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Summary

Analysing future demographic trends will help policymakers successfully implement Europe's poverty strategy for 2020 by reducing at-risk-of-poverty rates for a significant number of EU citizens. Sections of the population most at risk of poverty that are likely to grow in size include the elderly and migrants, as well as elderly women and single heads of households. Successfully managing the transition to an increasingly ageing population while continuing to maintain high welfare standards will depend upon continuing reform of pensions systems, healthcare systems and labour markets. Similarly, in light of Europe's aim to reduce poverty and income inequality, changing family structures and increasing numbers of households at higher risk of poverty will require careful attention. Predicted future demand for highly skilled individuals and declining demand for low-skilled workers may amount to a stretch in earnings between low and high-income households. Finally, the predicted rise in the proportion of migrants in the European population could present significant challenges for social mobility and labour market integration policies.