

THE NORDIC POPULATION IN 2040

Nora Sánchez Gassen, Timothy Heleniak

EXECUTIVE SUMMARY



Executive summary

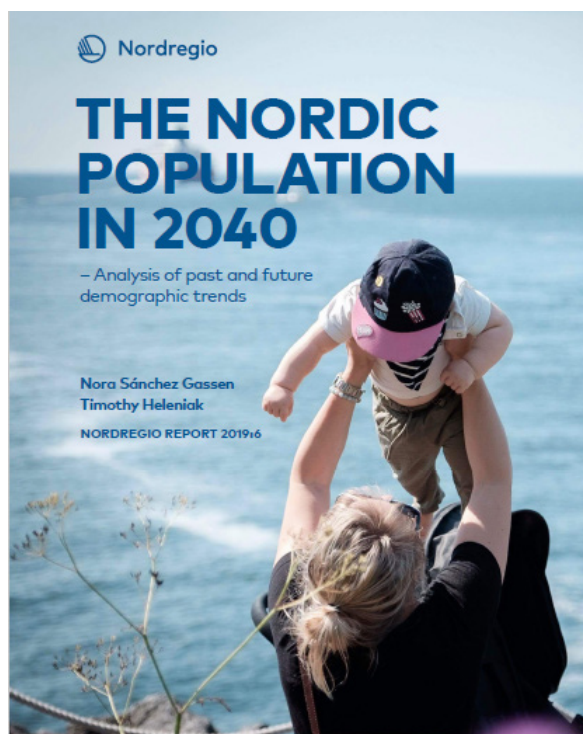
How strong is the urbazation trend in the Nordics in the long haul? Will the rural areas be depopulated by 2040? This is the executive summary of the report *The Nordic Population in 2040 – Analysis of past and future demographic trends*.

The findings show that the rural areas in the Nordic region face several demographic challenges, but at the same time the rural future does not seem as grim as often predicted. The population and the working age population will continue to grow in the Nordic Region, but the fastest growth will occur in the old-age dependency ratio challenging the Nordic welfare model with a growing group of pensioners compared to the working age population. The report is divided into three sections: projections of total urban and rural populations, projections of the age structure of the population, and projections of the working age populations.

If the expected future differs from what is desired, policy interventions can be designed and implemented to attempt to achieve the desired population outcome. This research examines the future size and age composition of the populations

in the Nordic region at the national, regional, and municipal levels. The national statistical offices of all the Nordic countries and autonomous areas regularly produce projections of their populations which differ in detail, assumptions, and length of the projection period. To allow comparison across the Nordic regions, a typology of urban and rural regions is used with five different types of regions 1) predominantly urban regions, 2) intermediate regions, close to a city 3) intermediate regions, remote 4) predominantly rural regions, close to a city and 5) predominantly rural regions, remote. This classification is adopted from the OECD and is used throughout the report.

In depth analysis can be found in the original report *The Nordic Population in 2040 – Analysis of past and future demographic trends*.



SAMMANFATTNING

Den här sammanfattningen av rapporten *The Nordic Population in 2040 – Analysis of past and future demographic trends* visar hur befolkningsstrukturen kan se ut i de nordiska länderna år 2040. Resultaten visar att landsbygden i Norden står inför flera demografiska utmaningar, men samtidigt verkar dess framtid inte så dyster som den ofta förutspås bli. Rapporten är indelad i tre delar: prognoser av total stads- och landsbygdsbefolkning, prognoser av befolkningens åldersstruktur och prognoser för befolkningen i arbetsför ålder. De viktigaste resultaten visar att befolkningen och befolkningen i arbetsför ålder kommer att fortsätta växa i Norden, men den snabbast växande befolkningsgruppen är de som nått pensionsålder eller äldre. Mer information om studien finner du i den ursprungliga rapporten: *The Nordic Population in 2040 – Analysis of past and future demographic trends*.

Key findings

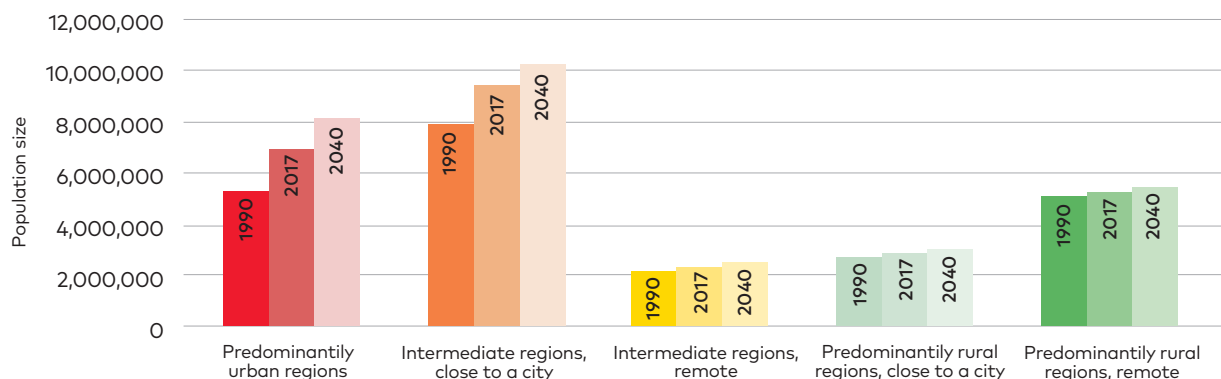


Figure 1. Population size in Nordic rural and urban regions, 1990, 2017 and projections for 2040.

Source: Own Figure, based on NSIs, Tillväxtverket (SE) and Byggdastofnun (IS).

Substantial growth

The population in the Nordic countries has grown substantially during the past decades, by 16 per cent since 1990 from 23.3 million people to 27.1 million in 2017:

- Of the total population increase in the Nordic region since 1990, two-thirds is the result of net immigration and one-third from natural increase.
- Of the total population increase of 3.8 million over this period, half was in predominantly urban regions.

The population in the Nordic Region is expected to grow further in size during the coming decades. Until 2040, the combined population size of the Nordic countries and regions is projected to increase to 29.5 million people from the current 27.1 million. As other parts of Europe, the Nordic Region is undergoing a process of urbanisation. More people are moving from the countryside to cities than in the opposite direction, leading to population growth in urban areas and population decline in many rural and remote municipalities. The differences in population increase in urban and rural areas will lead to further, slow urbanisation until 2040.

The largest increases in population numbers are expected in the predominantly urban and in-

termediate regions that are close to a city (figure 1). On the aggregate level, all five types of urban and rural regions that we distinguish here are expected to have larger populations in 2040 than they have today.

Interestingly, and contrary to popular expectation, the results show that remote rural regions will not become depopulated. They are projected to grow moderately from 5.3 to 5.5 million persons to 2040, though there are diverse trends when examining population change trends at the municipal level (figure 2):

- In the two types of regions classified as predominantly rural ("light green" and "dark green" regions), population growth largely remains concentrated in larger towns and their suburbs.
- Around half of all Nordic municipalities in predominantly urban ("red") regions are expected to have larger populations in 2040 than today (52 percent) and none will experience strong population decline. In Sweden and Norway, the share of municipalities with strong expected population increases is especially large (81 percent and 74 percent).
- At the other end of the spectrum, around 25 percent and 23 percent of municipalities in predominantly rural ("light green" and "dark green")

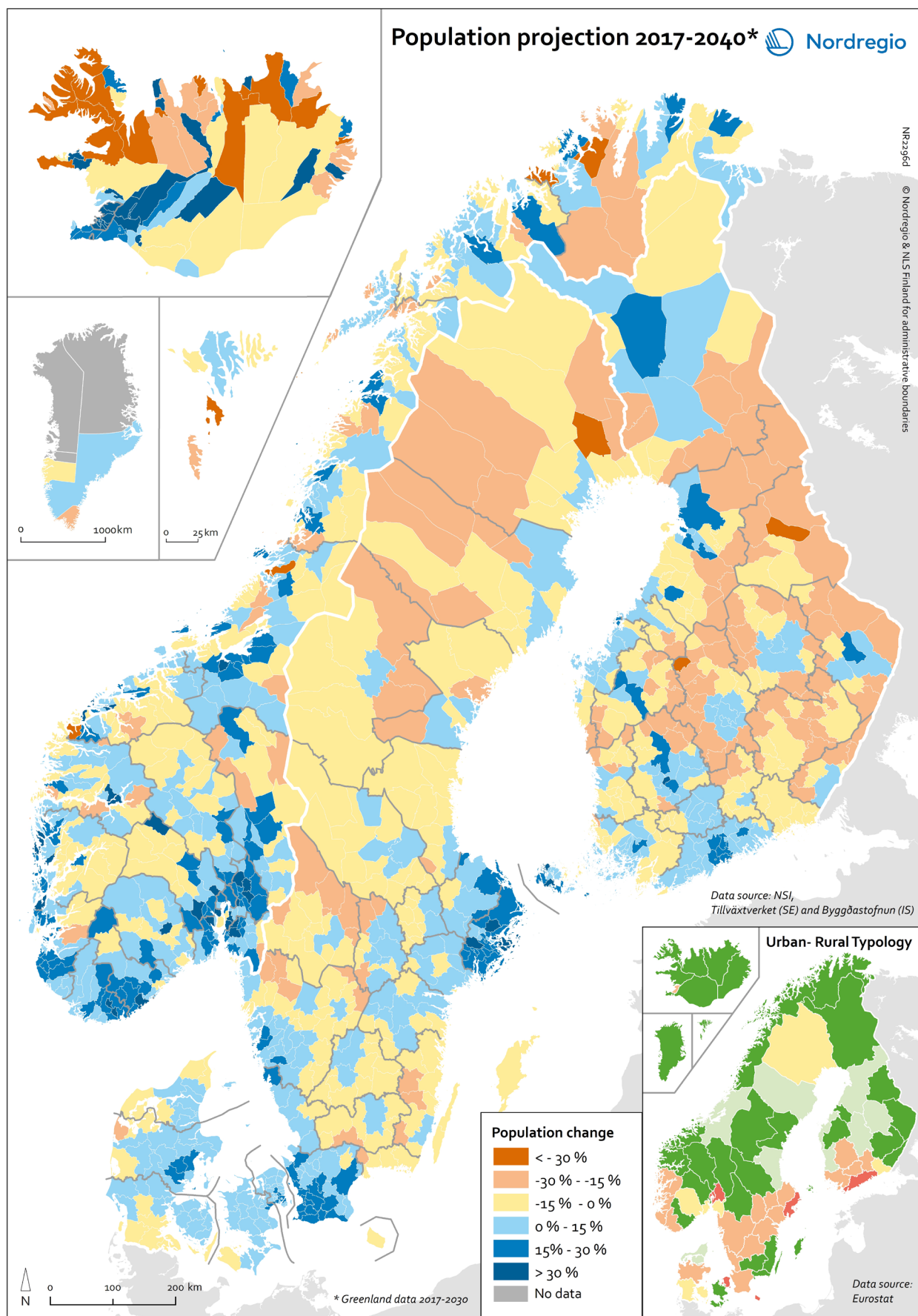


Figure 2. Expected population change in Nordic municipalities: 2017 to 2040.

regions are expected to experience strong population decline. The proportion of municipalities with expected population loss is particularly large in Finland (49 percent) and Greenland (50 percent).

Old-age dependently growing fast

When examining when Nordic municipalities had their lowest population size over the half century from the 1990s to the 2030s, two groups emerge. A first group are urban municipalities and their suburbs and hinterlands, which had their lowest population size in the 1990s are expected to continue growing. A second large group of municipalities are those located in more rural and remote regions which are expected to reach the lowest level in the 2030s. These rural municipalities hence must continue or start planning for population decline.

In the Nordic Region, the old-age dependency ratio (OADR) has increased substantially. In 1990, 100 persons in the working-age population supported 24 persons of retirement ages. In 2017, the ratio was 100 working-age persons to 30 retirement-age persons. In 2040, this ratio will increase to 40 retirement-age persons for every for every 100 working-age persons (figure 3).

The more remote and rural regions not only have substantially older population structures than the predominantly urban regions, the pace of population ageing has also been faster there. While all regions in the Nordic countries are hence ageing, the challenges are somewhat larger outside the main metropolitan areas:

- The three more remote and rural types of regions will all have OADR between 45 and 49 percent in 2040. There will hence be four to five people in pension ages for every ten people in the working-ages.

- The increase in the old-age dependency ratio has been uneven across the Nordic Region. But in Finland, there were particularly strong increases in many municipalities in all types.

The focus of public and policy debates is all too often solely placed on the negative consequences of population ageing. Potential benefits and opportunities receive substantially less attention. Rather than solely planning and preparing for the expected negative impacts of population ageing, attention should also be given to these potential benefits of ongoing population ageing.

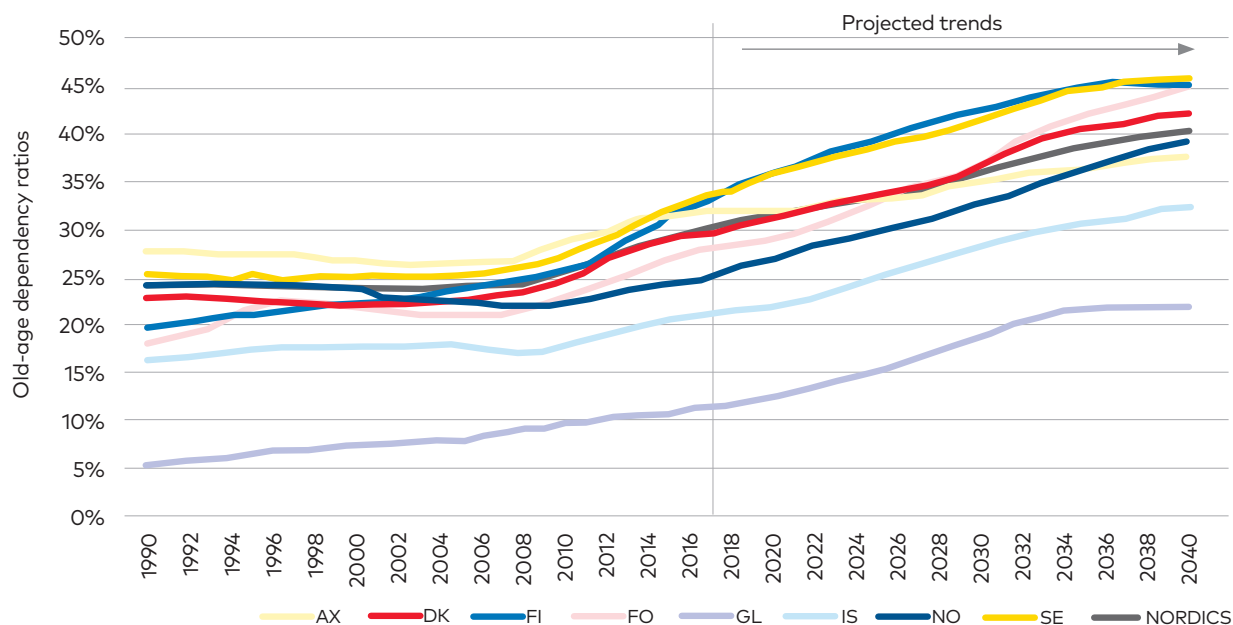


Figure 3. Past and projected development of the old-age dependency ratio.

Urban working-age population is growing

In the Nordic Region, the size of the total working-age population (people aged 15 to 64 years) increased between 1990 and 2017, from 15.3 million people to 17.2 million in 2017. The pool of potential workers is larger today than at any point during the last 27 years.

- Finland is the only country where the size of the working-age population increased between 1990 and 2003 but declined since then.

- The size of the working-age population increased particularly strongly in predominantly urban regions and intermediate regions close to a city during the last ten years. In the other types of regions, the size of the working-age population either remained roughly the same (intermediate regions or declined slightly (rural regions, close to a city or remote).

- The working-age population in the Nordic Region will increase in the years to come, even though at a low pace. The number of people aged 15 to 64 is expected to increase from currently 17.2 million people in 2017 to around 17.7 million in 2040 (figure 4). Most of this increase is projected to occur until 2025. After that, the size of the working-age population is expected to remain roughly stable.

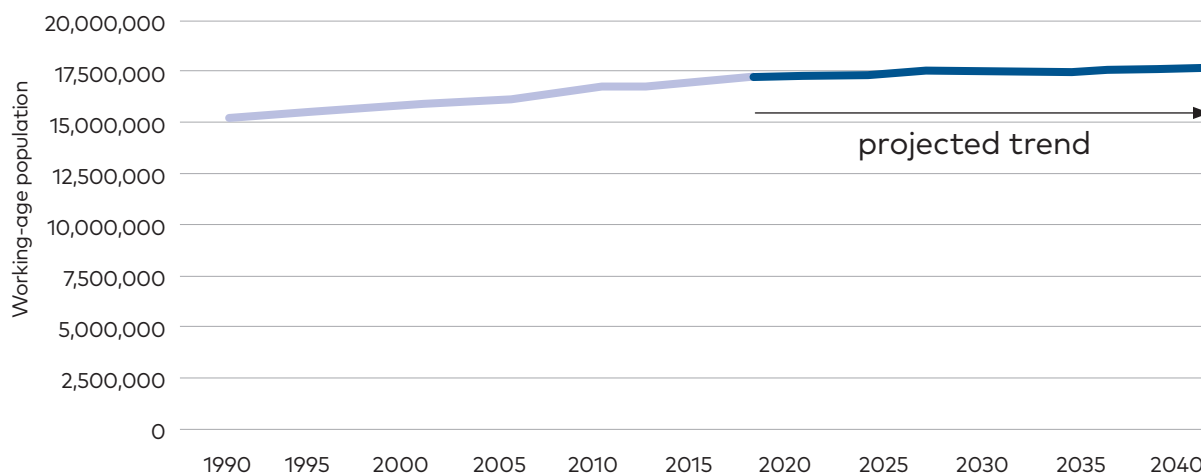


Figure 4: Development of the working-age population in the Nordic Region, 1990–2017.

Source: Own Figure, based on NSIs, Tillväxtverket (SE) and Byggdastofnun (IS).

Summary

Based on this examination of the recent population projections done by the national statistical offices of Nordic countries and regions, several trends can be expected in the future. The population of the Nordic countries will be slightly larger. Much of this increase will be the result of continued high levels of immigration further contributing to growing diversity. The ongoing trend of urbanization will continue with some rural regions expected to experience significant population decline. The aging of the populations of the Nordic countries will continue with some municipalities expected to have quite old populations in 2040. The working-age population is projected to increase slowly until 2025 and then remain the same thereafter. With the basic parameters of the size, age composition, and spatial distribution of the populations of the Nordic countries known, policy makers at the national and local levels have an important input for planning for the future.

A major goal of the report was to facilitate comparison of the future size and composition of the populations across the Nordic region. The main finding was that there would be population growth across all five types of urban and rural regions, with the largest growth in the most urban-type regions. On aggregate, even the most remote rural regions are expected to experience growth. However, within this category there is considerable variation with some rural municipalities expected to experience significant population decline. The same is true regarding trends of population aging and the working-age populations where some remote rural regions are projected to very high old-age dependency ratios in 2040. Because of the local heterogeneity of population change, policy makers are encouraged to look carefully at the projections for their country, region, or municipality.

The report examined not only future population trends but also compared these with the past to examine if there are any sharp breaks expected. When the past population size and structure is compared to the future, most Nordic municipalities falls into one of two groups. A first group includes urban municipalities and their suburbs and hinterlands, where the population numbers have been growing since the 1990s and where future growth can be expected and should be planned for. A second large group of municipalities are those located in more rural and remote regions and at longer distance from larger towns and cities. In these municipalities, they experienced their highest population size in the past and are expected to continue to decline in the future. Based on these expected trends, policy makers should base policy on what is the likely future size and composition of their populations.

This paper is one output of the 2017 to 2020 Nordic Thematic Group for Sustainable Rural Development. The purpose of this project is to provide policy makers at the national, regional, and municipal levels an idea of what the size, composition, and geographic distribution of the rural populations in the Nordic countries might look like in 2040. It does this by compiling the population projections done by the national statistical offices of the Nordic countries to examine the size, regional concentration, age distribution, and other characteristics of the rural populations in the Nordic countries in the future. The future size of the both the urban and rural populations are examined to provide context for the expected population trends in rural areas.

This paper is one output of the 2017 to 2020 Nordic Thematic Group for Sustainable Rural Development. The purpose of this project is to provide policy makers at the national, regional, and municipal levels an idea of what the size, composition, and geographic distribution of the rural populations in the Nordic countries might look like in 2040. It does this by compiling the population projections done by the national statistical offices of the Nordic countries to examine the size, regional concentration, age distribution, and other characteristics of the rural populations in the Nordic countries in the future. The future size of the both the urban and rural populations are examined to provide context for the expected population trends in rural areas.

Den här sammanfattningen av rapporten "The Nordic Population in 2040 – Analysis of past and future demographic trends" från The Nordic Thematic Group for Sustainable Rural Development 2017 - 2020, visar hur befolkningsstrukturen kan se ut i de nordiska länderna år 2040. Resultaten visar att landsbygden i Norden står inför flera demografiska utmaningar, men samtidigt verkar dess framtid inte så dyster som den ofta förutspås bli. Rapporten är indelad i tre delar: prognoser av total stads- och landsbygdsbefolkning, prognoser av befolkningens åldersstruktur och prognoser för befolkningen i arbetsför ålder. De viktigaste resultaten visar att befolkningen och befolkningen i arbetsför ålder kommer att fortsätta växa i Norden, men den snabbast växande befolkningsgruppen är de som nått pensionsålder eller äldre. Mer information om studien finner du i den ursprungliga rapporten: The Nordic Population in 2040 – Analysis of past and future demographic trends.

Research contacts

Nora Sánchez Gassen
Senior Research Fellow
nora.sanchezgassen@nordregio.org

Timothy Heleniak
Senior Research Fellow
timothy.heleniak@nordregio.org

Photos

Frontpage: Ryan Weber

ISSN 1403-2511
ISBN 978-91-87295-78-2