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## **Towards a Definition of the 'Depopulation Dividend'**

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## **Towards a Definition of the 'Depopulation Dividend'**

**Peter Matanle and Roger Martin**

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Countries with reducing populations are exclusively wealthy. Several are so concerned about their ageing populations that they are introducing pro-natalist policies, offering incentives to increase their birth rates. Yet they overlook the possibility that age-imbalance is a temporary stage of a demographic transition towards a new, lower equilibrium, as well as the many potential advantages of a reducing population. This is what we mean by a 'depopulation dividend' (See: Peter Matanle's article in *Prospect* magazine, 7 October 2013<sup>1</sup>), a concept which might include some or all of the following.

### **Environment**

*Improving bio-physical sustainability.* Japan, Korea and Germany are all ageing rapidly, and are 8<sup>th</sup>, 9<sup>th</sup> and 37<sup>th</sup> respectively on the Overshoot Index (based on 2012 Blue Planet Global Footprint Network data). They are thus dependent on renewable ecological services provided by other countries, or natural capital. To become sustainable, they must either reduce their numbers or their resource consumption by 86, 84 and 57 per cent. The more they do the former, the less they need do the latter. Most developed countries are also ecologically overshoot, and thus face the same dilemma.

*Bio-diversity conservation* may become easier with the prospect of more land being returned to *habitat for wildlife*, and strengthening human-environmental resilience. There may be opportunities for protecting gardens, urban green spaces, playing fields and local amenities from development pressures.

Less competition for land use opens the potential for *converting space and infrastructure* into expanded environmental opportunities and deliver *more liveable cities*. Urban overcrowding may be reduced and *green spaces expanded*, while *new urban functions* – such as robotics, off-grid microgeneration, and urban agriculture and forestry – are developed.

But perhaps most importantly, *CO2 emissions may reduce*, and slow climate change; in combination with improved emissions control technologies we may reduce atmospheric and other pollutants, which cause thousands of premature deaths annually.

### **Economy and Quality of Life**

Maintaining economic well-being in an ageing and depopulating society means *increasing productivity* and *expanding employment* take-up among the under-employed and older people. Increased demand for labour will *push up wages* and encourage *skill development* and *technological innovation*.

Under depopulation a flat-lining GDP (assuming stable resource consumption) translates into *rising per capita GDP* and a *more wealthy society*, and increases the potential for transition into a *sustainable steady-state economy*. Technological innovation can reduce resource consumption and accelerate socio-economic effectiveness.

*Average levels of debt may reduce*, with a greater proportion of people at the asset accumulation phase of their life (later adulthood) and fewer in the indebted phase (young adulthood), so that people save more and domestic capital is available for investment in technological innovation, for example.

Ageing and depopulation present opportunities to *prioritise feelings of subjective well-being* alongside maintaining the economy (See the new 'Happiness League' launched in June 2013 in Japan<sup>2</sup>). For example, *reduced population density* provides opportunities for a radical *reconfiguration of public and private living space*, allowing for larger homes, greater community connectedness, and expanded locations for socio-cultural interactions.

*Care for older people* can be provided by the 'fit old' and technological, infrastructural and social innovation. The increased costs can be offset by reducing overall spending in education and training, while maintaining or even increasing per capita *investment in the young*. Moreover, the return of *real inheritance* may present, as sufficient homes and public infrastructure are gifted inter-generationally, opportunities to *reduce private and public debt* through the mortgage savings accrued.

## **Conclusion**

Achieving the benefits that depopulation has the potential to deliver is by no means certain. People have an unerring capacity for wasting their opportunities and resources. Technologies often require increased energy inputs, for example, and educational systems need to bolster a long-term global strategy for converting our economies and societies into sustainable places for enjoying happy, productive and fulfilled lives. The above is merely the beginning of what might be achieved, if we act together with determination and perseverance. Nevertheless, there is much work to be done if we are to realise the 'depopulation dividend' while we still can.

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<sup>1</sup> Matanle, P. (2013) Why the 2020 Olympics Won't Solve Japan's Problems, *Prospect*, 7 October. Available at: <http://www.prospectmagazine.co.uk/politics/2020-olympics-japans-problems/#.UnIZ4ZR0rIY>.

<sup>2</sup> ISHES (2013) Municipalities Across Japan Establish 'Happiness League', Institute for Studies in Happiness, Economy and Society (ISHES) website, 28 October, Available at: [http://ishes.org/en/happy\\_news/2013/hpy\\_id001115.html](http://ishes.org/en/happy_news/2013/hpy_id001115.html).