

NO ROOM FOR INEQUALITY IN AN AGEING WORLD!

TSKB DEVELOPMENT INSIGHTS

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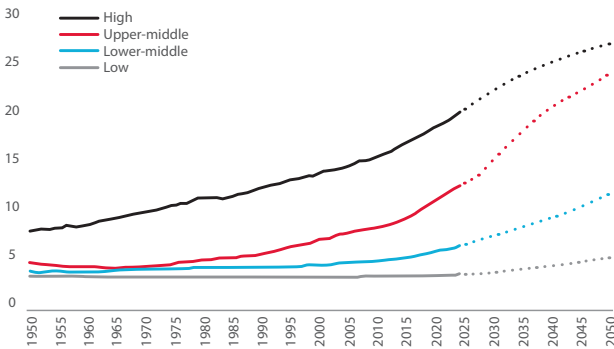
The global population growth rate, which had exceeded 1.5% from the 1950s until the mid-1990s, had ushered in a rapid rise in the consumption of natural resources, along with pollution, environmental deprivation, and socio-economic problems including unemployment, food insecurity and migration. Yet, the world's most important demographic problem is no longer population growth, as it was before.

Although the rate of global population growth has halved since the second part of the 20th century, the struggle with the problems outlined above still continues. A new source of hardship is also beginning to manifest its impacts in various areas – a rapidly ageing population. In the last 50 years, the proportion of people aged 65+ in the total population has doubled to exceed 10%. A popular misconception is that the ageing population is only an issue for developed economies, but this is contradicted by the data. According to the United Nations (UN) World Population Prospects 2024, the ratio of the population aged 65 and over in the total population in upper-middle income group countries – a group which includes Türkiye – will rise by 11.3 percentage points to reach 24% in the next 25 years, reflecting a significant narrowing in the gap with high-income countries (Graph 1).

Türkiye is in the early stages of an ageing trend similar to that seen in many other developing countries. In addition, with the median age of the Turkish population rising by 5.2 years to 34.4 between 2010 and 2024, people aged 65+ now account for 10.6% of the population, in line with the global average. However, Turksat projects that this proportion will increase to 13.5% in 2030, 23.1% in 2050 and 31.7% in 2075 (Graph 2).

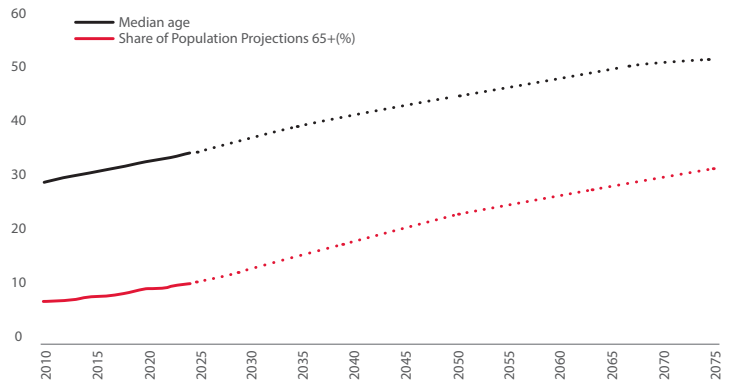
What does this aging population mean? Not only will a contracting workforce be supporting a gradually growing retired population, healthcare spending will increase in this new period, with an increasing need for investment from the public and private sector, a technological transformation and policies that will support these (Bloom & Zucker, 2023). This report, which is written to mark March 8th International Women's Day, focuses on the demographic changes as a main topic, because the ageing population may further limit women's participation in the economic and social life unless necessary steps are taken, and inevitably damage Türkiye's sustainable development process. The rest of the report focuses on the evaluation of this dynamic and possible areas of development.

**Graph 1: Share of Population Aged 65+
(%, according to income groups)**



Source: UN World Population Prospects Report 2024,
TSKB Economic Research

Graph 2: Türkiye Population Projections



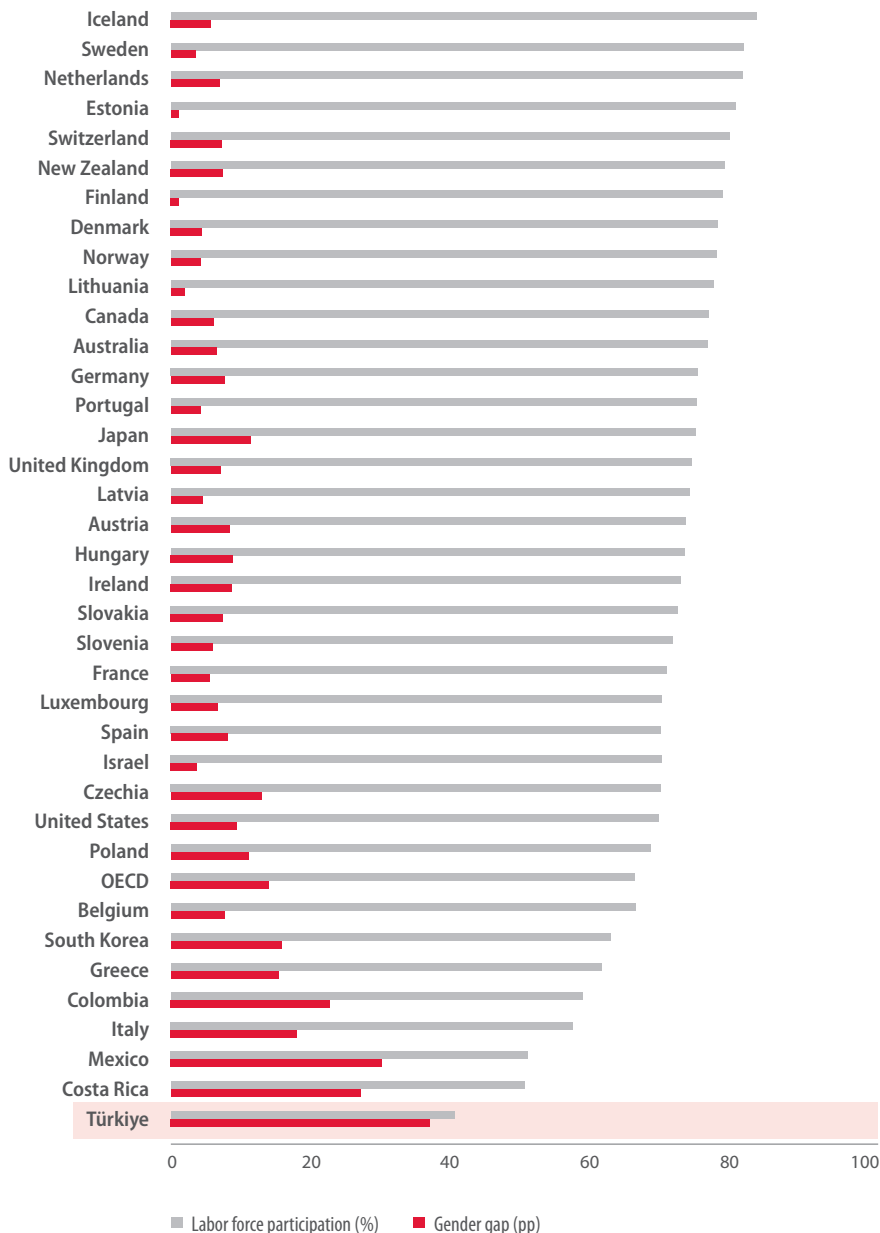
Source: Turkstat, TSKB Economic Research

Women's participation in the economic life remains far short of what we aspire to

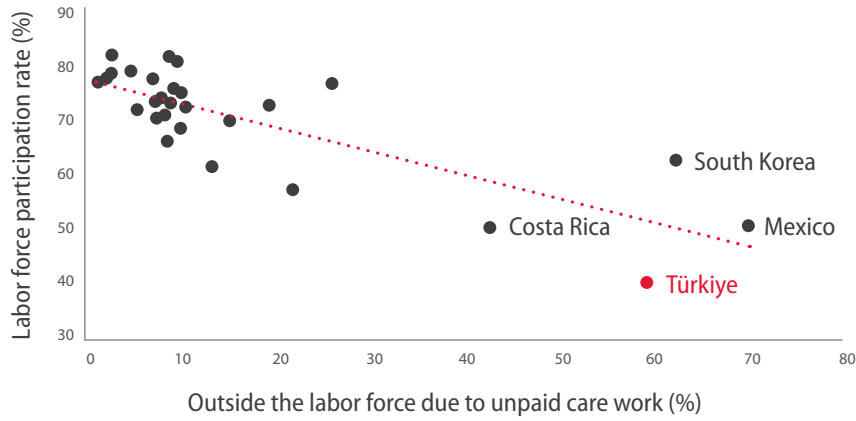
Türkiye, which is turning a corner in the demographic transformation, does not appear to be catching up with developed economies in terms of women's participation in working life. In 2023, women's participation in the labour force in Türkiye stood at 40.8%. Although this marks a 7-percentage-point increase since 2014, Türkiye stands out negatively from other OECD member countries. Additionally, the gender gap in labour market participation is 2.6 times higher than the OECD average, at a gaping 37.2 percentage points (Graph 3).

Graph 3: Women Labor Force Participation
(age 15-64)

Source: OECD, TSKB Economic Research



Graphic 4: The Role of Unpaid Care Work



Source: ILO, TSKB Economic Research

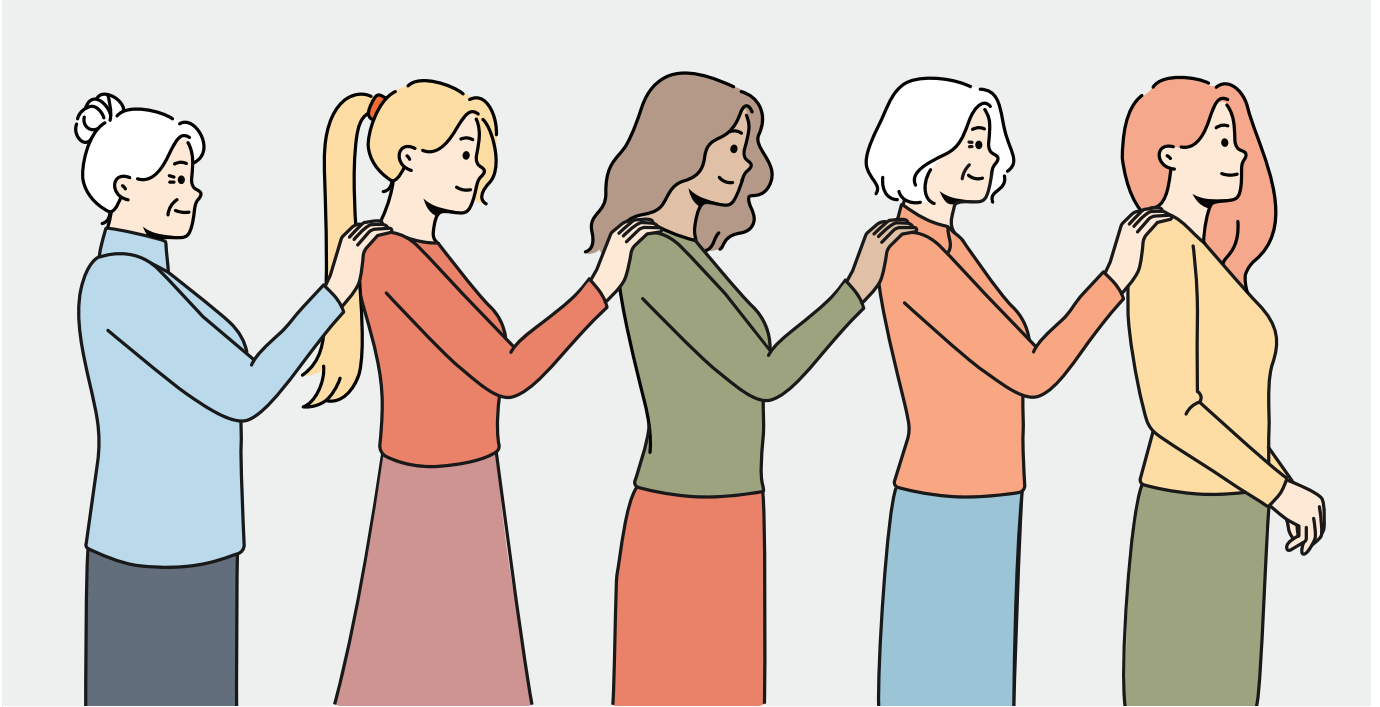
Unpaid care work has an important role in this negative outlook. A substantial 58.8% of women of working age (15-64), state they cannot participate in the labour market because of their care responsibilities (Graph 4). In the analysis, we evaluated a total of 28 countries by using data provided by the International Labour Organization (ILO), and found that unpaid care work also creates an important barrier for countries in a similar predicament to Türkiye when it comes to women's lack of participation in the labour market. The ILO's data finds that women are nine times more likely to be out of work for this reason than men, with only 5% of men unable to work because of care-related responsibilities (ILO, 2024). The impact of social norms and prejudice is common throughout the world, despite significant differences between regions.



Impact of an ageing population on women is multidimensional

The steadily declining fertility rate means that, young dependant population — which currently pushes women out of employment — will gradually shrink in the future. However, in a conjecture of an ageing population, the positive outcome of this situation will depend on the commonly accessible provision of care services for the elderly. In addition, the transformation of social norms, which had meant women often carried the burden of care work alone in the household, is becoming an important development area that will contribute to the narrowing of the gender gap. In fact, many women actively participating in the labour market may simultaneously carry the multiple burdens due to housework or care work. The physical and mental exhaustion caused by this has the potential to first negatively impact the family, and then the whole of society.

In addition to these barriers to participation in working life, there are a number of other factors to consider. Although participation in the informal labour market, a dominant characteristic of Turkish working life, is declining, it remains significant. According to ILO figures, informal workers accounted for 27.3% of total employment in Türkiye in 2023, and 34.4% of employment for women - 10.6 percentage points higher than for men. Informal workers continue to work for low wages with no social security or protection from occupational health and safety regulations. The risks associated with informal labour, when paired with the gender pay gap, have implications which go beyond working life. In fact, the proportion of married people in older age groups is declining while the rate of those who are widowed in old age has increased. The primary economic impact





is a considerable reduction in household income (Arun & Arun, 2011). Women in Türkiye have a life expectancy which is, on average, 5.3 years longer than for men, and gender inequality means they are becoming one of the most vulnerable groups in society as they age. If women's role in working life cannot be elevated to where it should be, it appears that women of retirement age may face the threat of having incomes insufficient for a decent life and the erosion of their assets. This is critical because it raises the risk of creating a large mass of people who are economically and socially discriminated against.

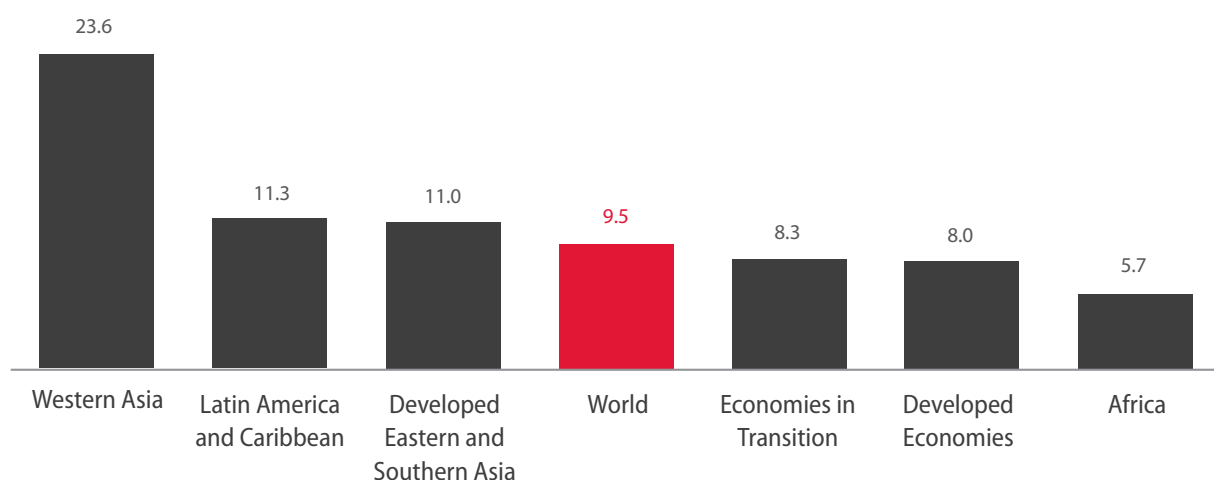
At TSKB Economic Research, we include the notion of social capital, which reflects the bond between citizens in a country, into our recently released studies (Ünüvar, 2023). In an era where development will be driven not just by physical infrastructure but also by the expansion of social capital, we believe it is vital that the elderly population remain active members of society. The ability to apply the skills and experience of these individuals in all social, political, and economic domains plays an important role in the development of a more resilient and healthy society.

Economic growth requires an effort in the demographic transformation process

To sustain economic growth, ageing societies require the participation of previously excluded groups in the labour market. Women are without doubt the group with the highest potential for growth. In recent years, changes in social norms and the gender roles that accompany them have supported the economic transition.

The UN's World Social Report 2023 discusses ways to support the world's ageing population, as well as the need of addressing gender inequality (UN Department of Economic and Social Affairs, 2023). A study in the report estimates the labour productivity growth required to meet the annual average GDP per capita growth objective for the period 2020-2050 for 167 countries (this rate is 2% for OECD countries; for other countries, the growth objective is to halve the gap with OECD countries). The study then goes on to measure the extent that the various specified factors will alleviate this need. As a result, achieving gender equality in labour force participation rates would reduce the yearly average labour productivity need required to meet the global growth target between 2020 and 2050 by 9.5% (Graph 5). The analysis, which also considers the effects of other factors such as raising the retirement age and ensuring the continuity of international migration movements identifies gender equality in labour force participation as the factor providing the greatest benefits in 99 of 167 countries. The UN report emphasizes that it does not appear possible to rely only on demographic trends to boost economic growth, even in developing nations where the working-age population is rapidly growing.

Graph 5: The gender parity impact on reducing the required rate of labour productivity growth (% , 2020-2050 yearly avg.)



Source: UN World Social Report 2023, TSKB Economic Research

It is not too late to come up with solutions

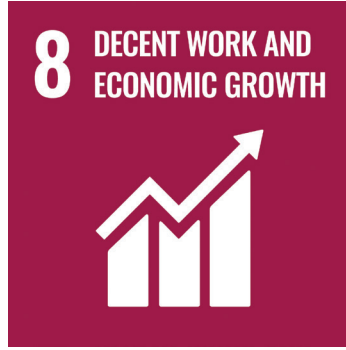
For the past six years, TSKB Economic Research has released studies to mark International Women's Day on March 8th. In addition to essential concerns such as education, skills and digitalization, these have addressed gender equality through topics like COVID-19, climate change, disaster resilience and climate finance. The demographic transformation, which is the issue we have decided to focus on in 2025 while discussing gender equality, has its own dynamics, even though it is strongly tied to the factors we have previously examined. In other words, additional steps should accompany the policies being put in place with the aim of expanding women's employment.

As supported by data in this report, alleviating the caregiving burden — the biggest barrier to women's labour force participation — holds a priority position among the necessary steps. Progress in the field of elderly care has the potential to help a significant portion of society realize their full potential. Professionalization of the aforementioned services may support economic growth as a new employment area begins to develop. An ageing population requires improvements in other areas related to healthcare. Improved preventive health services could boost productivity, not only among older workers, but also throughout the entire working-age population, while also lowering health-care costs, which tend to rise as the population ages.

The ageing population and slowing increase in the working age population have transformed the consumption profiles of societies, while putting pressure on total demand and economic growth. In this situation, increased productivity from investments in automation and other digital technologies which may supplement or replace the workforce could pave the way for greater economic output and welfare (IMF, 2019). It is vital that young people and women in particular increase their digital skills with "life-long learning" in the current era of accelerating technologic advancement. In addition, the knowledge and experience of tomorrow's elder workers may become more valuable in the workplace with a skill set that includes digitalisation. As human lifespan increases, the "longevity dividend" that comes with the improvement in the quality and productivity of life can enhance savings, support investments, and ensure the continuity of economic growth (Ünüvar B. , 2024).

Some tasks are primarily the responsibility of the private sector. We may be headed towards a working environment that is more inclusive of people of different age groups. Establishing a working culture that accommodates older people, as well as a system that considers their needs, may benefit all economic actors. For example, the more common provision of flexible working hours and part time work practices may not only benefit older people with more health care related problems, but also other workers seeking to stay in the workforce while doing care work. Given that social reform may be slow in the context of structural transformation needs, it is worth considering that these practices could prevent women from leaving the working life.

Demographic change has a more predictable structure when compared to unexpected events such as war and pandemics, being a slow and gradual process. This predictability provides societies with more time to take the steps in accordance with their unique qualities. While South Korea and Italy are already suffering the negative economic impacts of their demographic transformation, Türkiye needs to start planning ahead to overcome the hardships that this transformation will bring, since the right decisions taken today may show their tangible impacts in the long-term. It would be invaluable at this point to use this current opportunity to develop both human capital and physical capital that will enable women, the elderly and other vulnerable sections of the population to fulfil their productive potential. The improvement achieved here will directly contribute to Türkiye's progress on three of the UN Sustainable Development Goals.



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