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Introductory statement

Ladies and gentlemen,
Welcome to our first morning session on “Demography, Labor Markets, Investment and Growth.” In this session we will focus on two specific production factors that certainly have a major impact on economic growth: demographic developments and investment finance.

When you imagine the above-mentioned production factors meshing like cogwheels, the obvious questions are: Do they fit together perfectly? Do they interlock smoothly and are they well adapted to supporting long-term sustainable growth? Or is one of them stuck? Good economic policy, like a machine relying on well-functioning cogwheels, largely relies on the good coordination of the underlying drivers.

Let me elaborate on two aspects of demographic developments and investment finance to stimulate and encourage further discussion:

1. On the one hand, we find ourselves in the favorable situation of experiencing a steady increase in life expectancy. This increase is associated with population aging. A higher life expectancy in conjunction with population aging might have negative effects on growth, inter alia because of the related changes in labor market participation.

On the other hand, we face the factor of migration – both within the EU and from outside the EU. Have we managed to link both aspects: population aging and migration? Can migration – at least to some extent – cushion the potentially unfavorable implications of population aging? Can it, for example, compensate for the reduction of working-age population we would otherwise experience?

2. We currently see a sluggish investment development in Europe. One

remedy could be the envisaged Capital Markets Union (CMU). The CMU aims at facilitating raising capital – in particular for small and medium-sized enterprises (SMEs). Among other things, this aim is to be achieved by diversifying the sources of funding. Today, bank loans play a predominant role in



many European countries but in the future equity, bonds, securitization as well as lending from insurance companies, asset managers, venture capital and crowd-funding should become more important. Eventually, this means a shift from the traditional bank-based model that is now in place in many European countries to a more market-based system. Are politicians, SMEs and private investors ready for this change?

The obvious question is now: How these production factors and others can be perfectly matched and coordinated that they are working like well-functioning cogwheels?

To do this, it is necessary to abolish the borders, the borders of thinking and to promote networked thinking. And we aim to achieve this with today's conference and today's speakers.

Let me welcome two distinguished speakers to this session who will cer-

tainly give us valuable insights into how demographic developments and investment effect long-term growth and how we can improve conditions in these two fields with the aim of improving growth prospects in the EU.

Our first speaker is Professor *Alexia Fürnkranz-Prskawetz*.

Professor Fürnkranz-Prskawetz is Head of the Institute for Mathematical Methods in Economics at the Vienna University of Technology. Furthermore, she is Director of Research Training at the Wittgenstein Centre for Demography and Global Human Capital as well as Deputy Director and Head of the Research Group on Population Economics at the Vienna Institute of Demography.

Her research interests include long-run population and economic developments, the macroeconomic consequences of population aging as well as the implications of population aging on economic productivity and the labor market.

Currently, she is involved in the project “Ageing Europe: An application of National Transfer Accounts (NTA) for explaining and projecting trends in public finances,” which is funded under the EU’s 7th Framework Programme. This project aims at explaining changes in taxes, public transfers and services in the light of demographic changes in the European Union.

Our second speaker in this session is *Wilhelm Molterer*.

Wilhelm Molterer has been Vice President of the European Investment Bank (EIB) since 2011.

Before that, he held high-ranking positions in the Austrian government, including Vice Chancellor and Federal Minister of Finance as well as Federal Minister of Agriculture, Forestry, Environment and Water Management. Furthermore, Wilhelm Molterer was a Member of the Austrian parliament for many years.