Abstract
This paper combines a multi-period economic Computable General Equilibrium (CGE) modelling framework with a demographic model to analyse the macroeconomic impact of the projected demographic trends in Scotland. Demographic trends are defined by the existing fertility-mortality rates and the level of annual net-migration. We employ a combination of a demographic and a CGE simulation to track the impact of changes in demographic structure upon macroeconomic variables under different scenarios for annual migration. We find that positive net migration can cancel the expected negative impact upon the labour market of other demographic changes. (Pressure on wages, falling employment.) However, the required size of the annual net-migration is far higher than current trends. We report results for varying fertility and mortality assumptions. The impact of varying those assumptions is rather small. The policy implication suggested by the results is that active policies are needed to attract migrants. We explore the possible contribution of the Scottish Executive’s Fresh Talent Initiative in offsetting projected population changes.

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