New measures of ageing and policy implications

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UN Expert Group Meeting: Measuring Population Ageing: Bridging Research and Policy, 25-26 Feb 2019

Doom and gloom

WORLD • CHINA

China's Aging Population Is a Major Threat to Its Future

SILVER TSUNAMI

NEXTSHARK   NEWS   FEATURES   CULTURE   ENTERTAINMENT   FOOD   BUSINESS   SPORTS

South Koreans Aren't Marrying or Even Dating, Report Says

VOA   search text ...

HOME   UNITED STATES ⌄   WORLD ⌄   TECHNOLOGY   SCIENCE & HEALTH   @VOA STUDENTU   VOA NEWS ON IRAN   VOA CONNECT
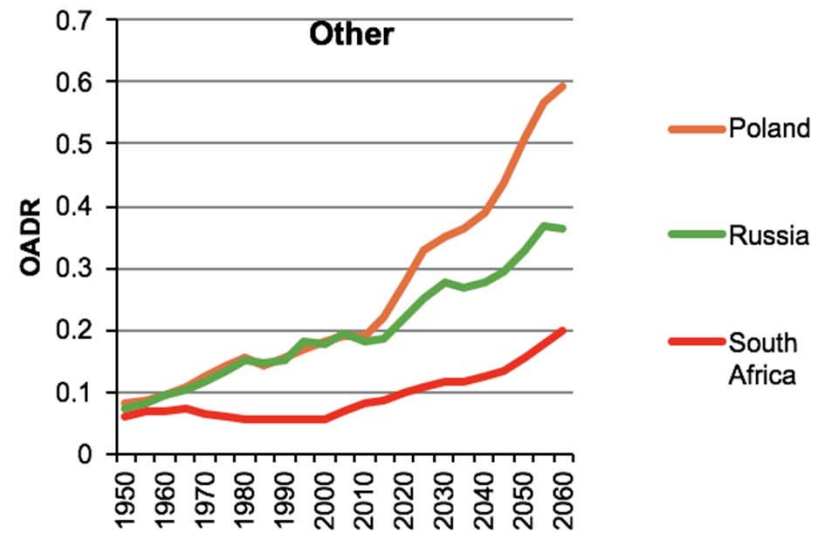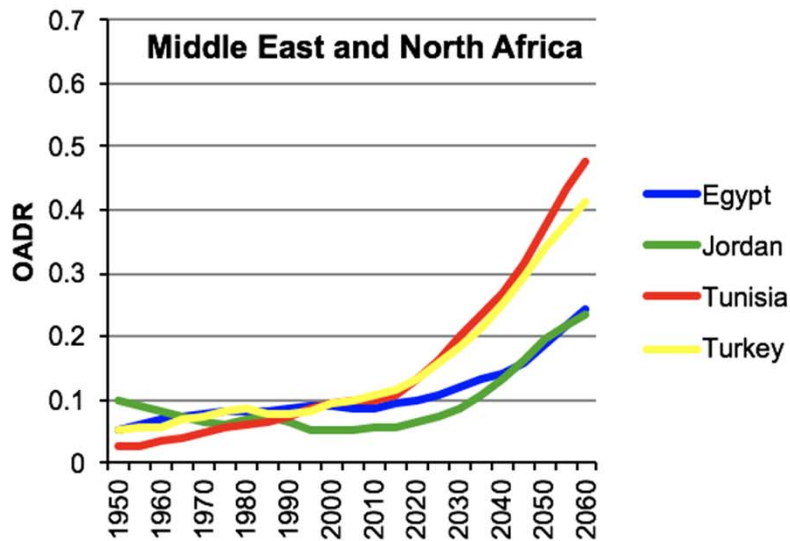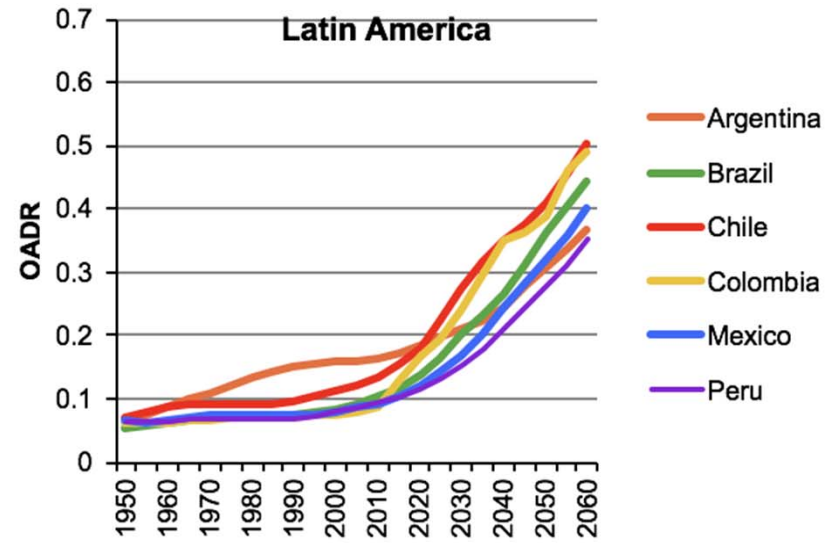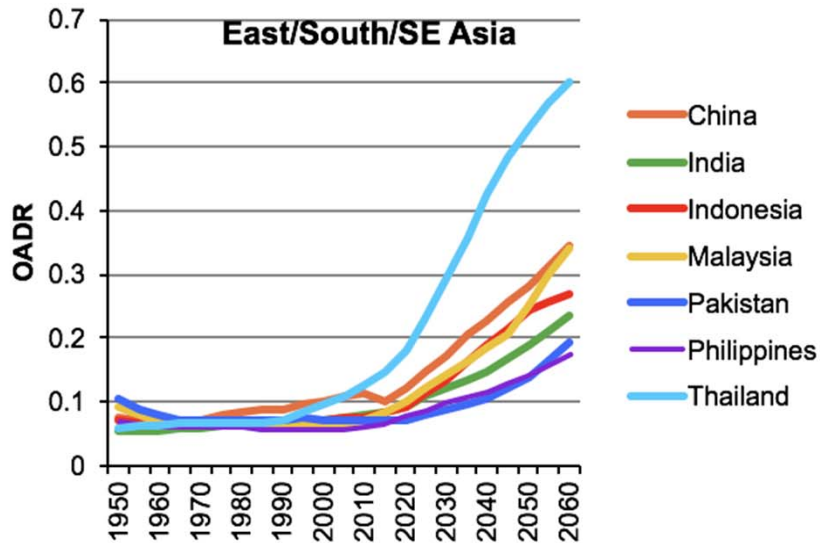
EAST ASIA

January 18, 2019 2:40 AM

Steve Miller

South Korea Aims to Turn Around 'Extreme' Birth Rate Crisis

OADRs in EMs

A range of 'better' concepts and measures

- **Measurement suites**
  - NTA
  - Pensioner-worker ratio; pension cost dependency ratios
  - Health care cost old-age dependency ratios
  - Economic dependency ratios
  - Prospective measures
- **Paradigms**
  - 'Demographic metabolism'
  - Compression of morbidity
  - Second Demographic Dividend

Trade-offs

- **Comparative vs specific**
  - Generation of data; protocol?
  - E.g. pension systems?
- **Retrospective/current vs prospective**
  - Assumptions? Consistency?
  - Certainty of population projections by age/place
- **Ease of interpretation (for policymakers)**
  - NTAs?
- **Feedback and dimensions**
  - Pensions, health and welfare

What can you do with them?

- **POADR**:
  - Misinterpreted 'retire at 75??' 🙀
  - 'Nice, but too theoretical, hypothetical'
- **NTA**
  - Tells us about now, but what about the future?
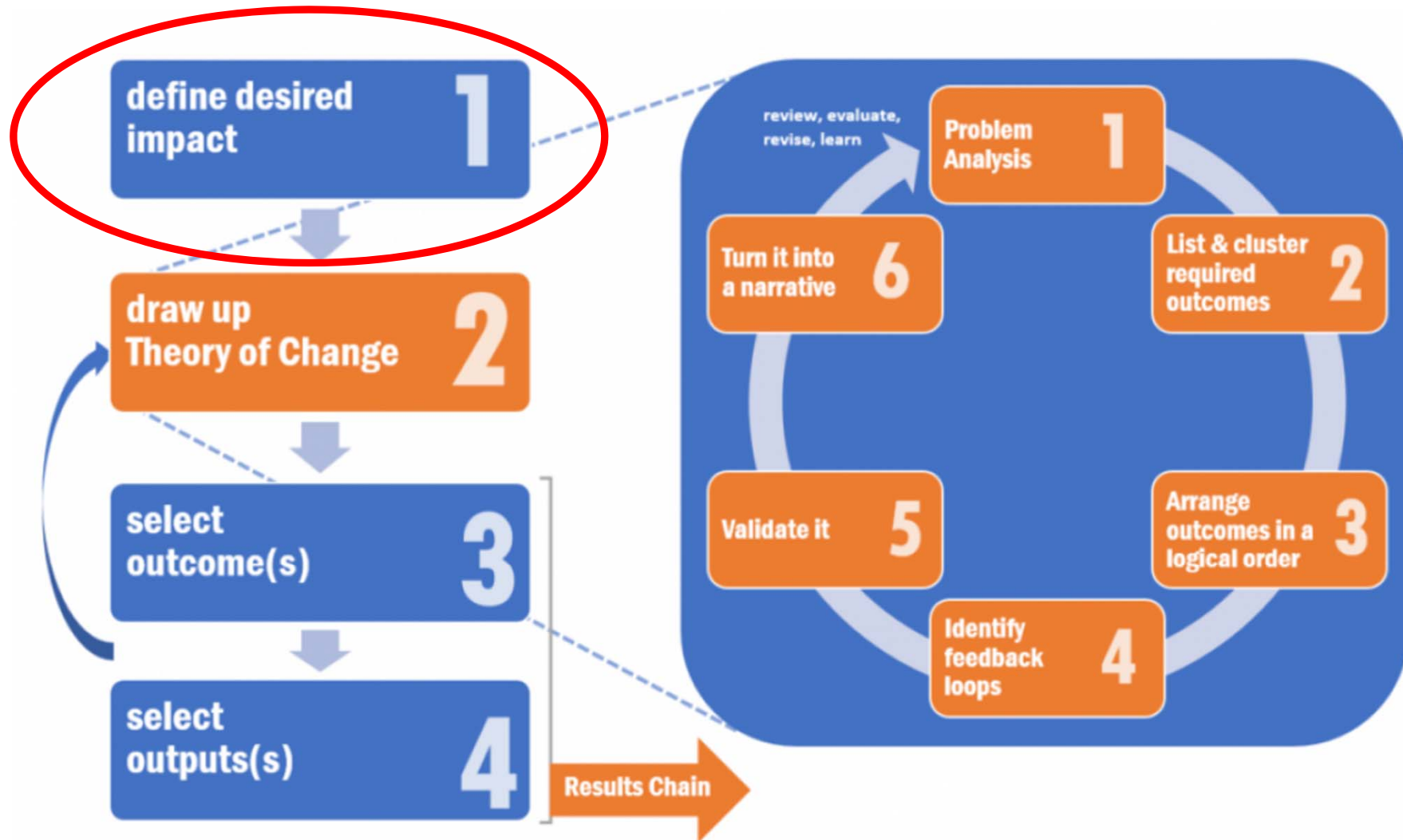- **Pensioner-worker ratios**
  - Hugely complex fiscal econometrics
  - *Economists laugh at demographers!*
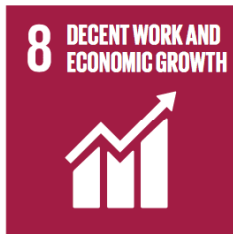
Maybe my imagination…

- Between demographers and other stakeholders
  - Measuring and estimating demand
  - Above PLUS broader aspiration for how society should/could be?

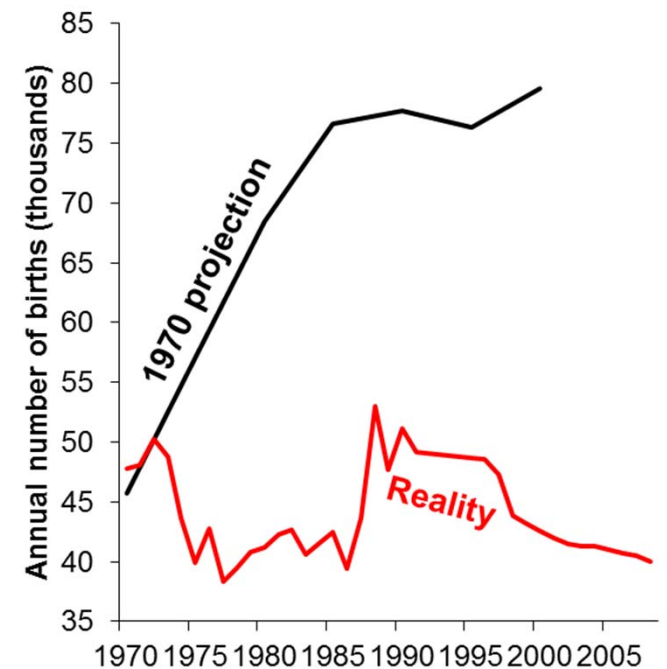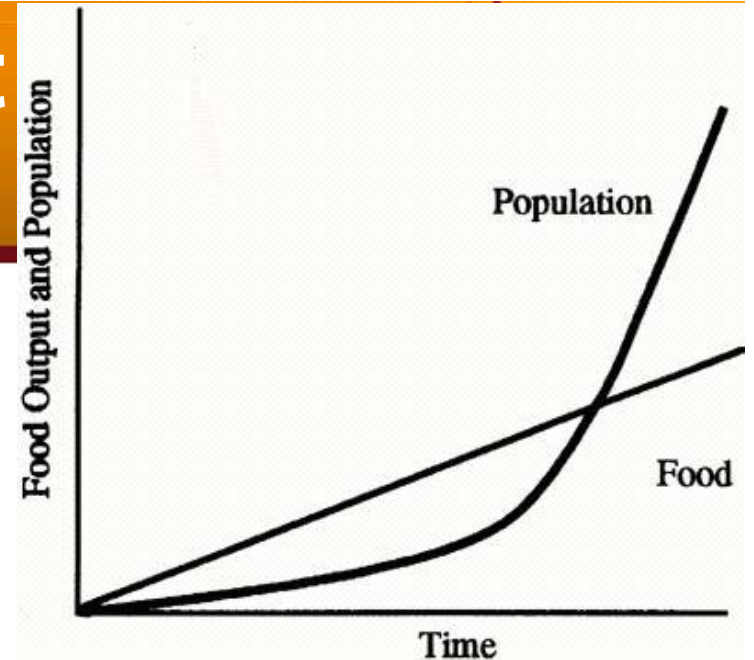# A theory of change approach?

SDGs

Can we reconcile?

- 'Silver tsunami'
  - Intuitive, easy to sell
  - Gets research money; sells newspapers
  - Fundamentally inaccurate
- New measures
  - More dynamic and positive; harder to explain
- Theory of change/end point approach
  - Aspirational? Data as baseline and evaluation
  - Universal applicability?

What do actually want of these measures?
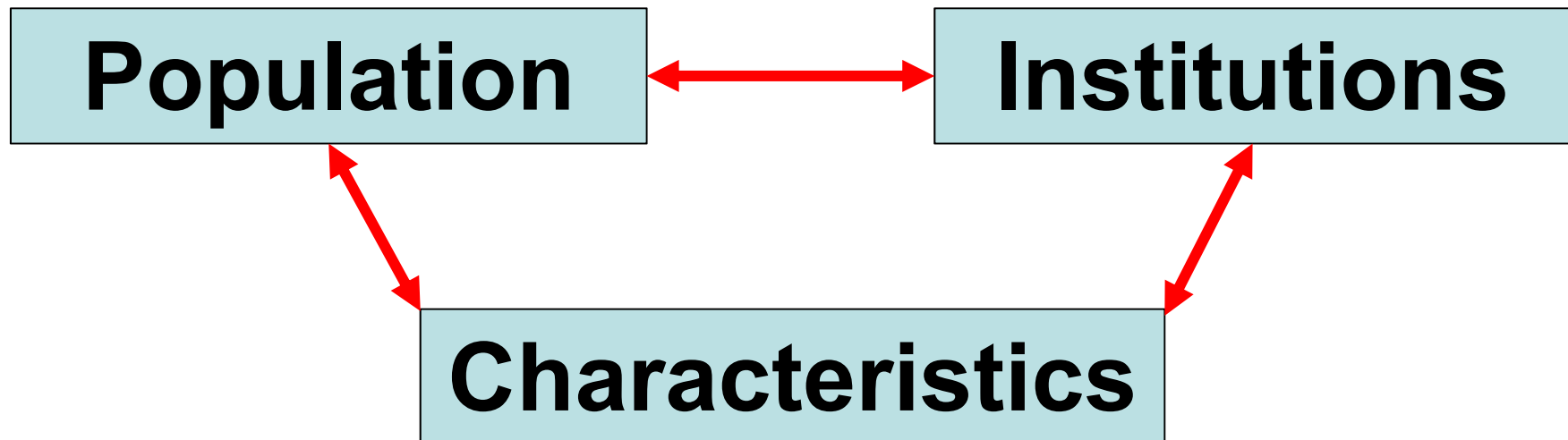

- **What is the point of a projection/forecast?**
- **To show the nature of challenge ahead**
  - *What we need to 'manage'*
  - *Passive*
- **To elicit a response?**
  - Bring a slow-moving issue into sharp focus?

The uni-dimensional, 'closed loop approach

Demographic 'Problems'

Demographic 'Solutions'

Demographic 'Causes'
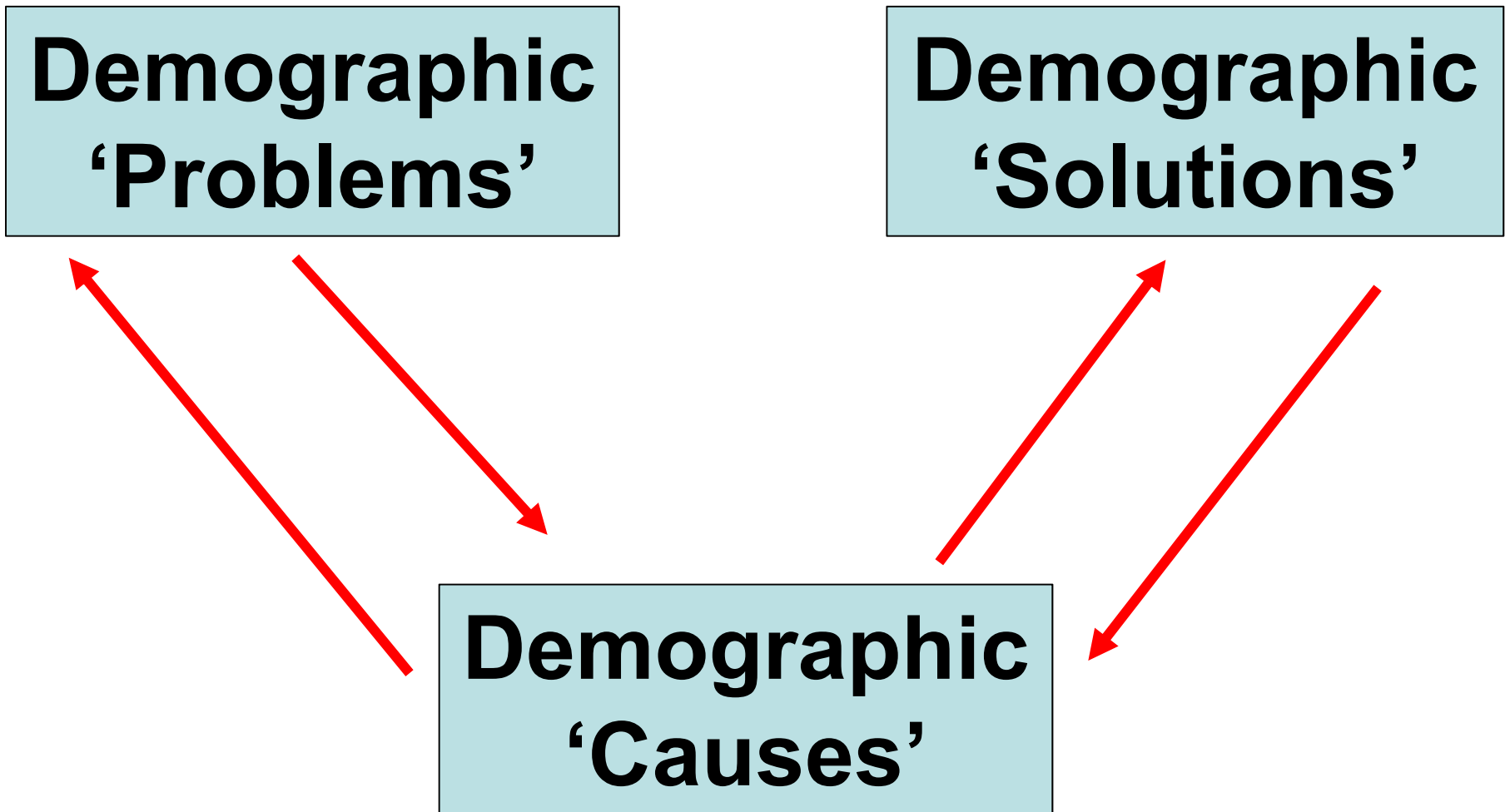
An alternative, integrated view

Applied to China

Stagnation and decline; fewer children

Major reform of systems of childbearing and parenting?

Tackle consequences: Productivity; pension systems; healthcare; filial piety; etc

Population ⟷ Institutions
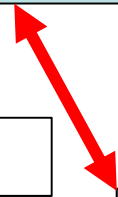
(Offset thru BRI?)

Characteristics

Healthier, better educated, able to save more: **potential for productivity gains and 'demographic metabolism'**

BUT: high un(der)employment; challenges of productivity gains [reform institutions?]

A fundamental problem

- **Static, independent measures**

- ***Dynamic, interdependent issues***
  - POADR more dynamic, but still holds some aspects constant

- Variable outcomes
- Uncertainty; feedback effects
- Almost impossible to model correctly

A possible way forward?

- A two-dimensional approach
  - *We have to do x because that's what the forecasts say*
  - *We want y, so we have to do x to get there*
- *Multiple prongs*
  - *Different measures for different people*
  - *Integrate different messages*
  - *Need for both REACTIVE and PROACTIVE policies*

Recognising a multi-dimensional future

- **Embrace uncertainty and interdependence**
- **Scenarios**
  - SSPs (Shared Socioeconomic Pathways)
  - IPCC, IIASA?
- **Translate** qualitative storyline into quantitative measure or forecast?
  - *Build upon assumption after assumption*
- *Some scenarios more favourable than others*

(Half) conclusions

- Recognise different values of different measures for different people
- Demand – aspiration – uncertainty
- Known knowns, known unknowns etc

- Embrace uncertainty and interdependence
- Scenarios can be helpful mid-way

To be iconoclastic

- Why do we bother with measuring ageing?
- Too many variables, too many differences

- Pensions, dementia, social security…

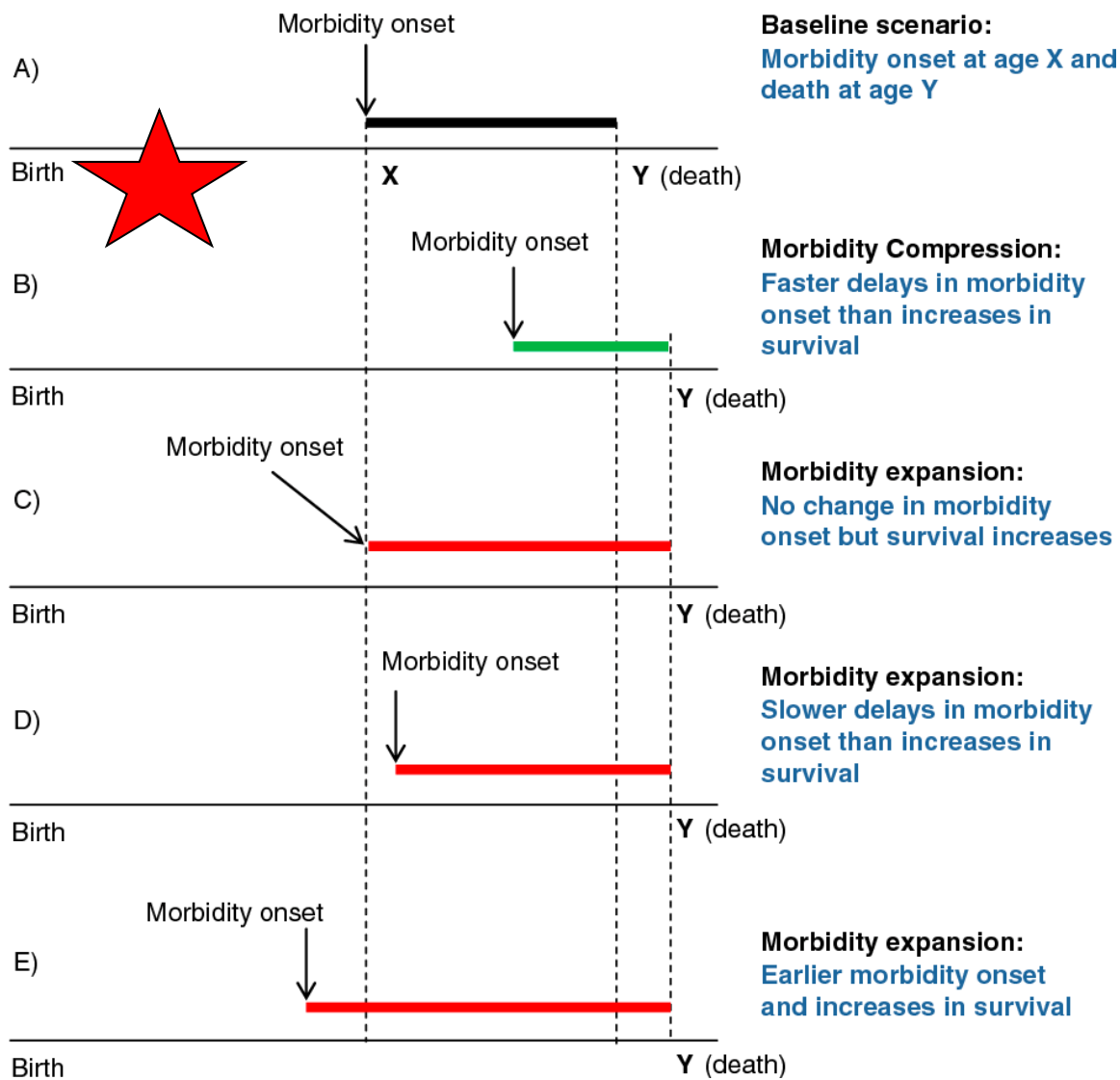- Or mainstreaming ageing?

APPENDIX

Dealing with uncertainty

- No. of 75-year old Japanese men
  - With heart disease
  - Still driving a car
  - With disposable income of x
- *GDP growth; tax receipts;*
- *Concepts like dependency? Welfare systems*
- **Danger we craft future according to forecasts; make them come true!**

Compression of morbidity

A)

Morbidity onset

Birth   X   Y (death)

Baseline scenario:
Morbidity onset at age X and death at age Y

B)

Morbidity onset

Birth   Y (death)

Morbidity Compression:
Faster delays in morbidity onset than increases in survival

C)

Morbidity onset

Birth   Y (death)

Morbidity expansion:
No change in morbidity onset but survival increases

D)

Morbidity onset

Birth   Y (death)

Morbidity expansion:
Slower delays in morbidity onset than increases in survival

E)

Morbidity onset

Birth   Y (death)

Morbidity expansion:
Earlier morbidity onset and increases in survival

At a whole population level
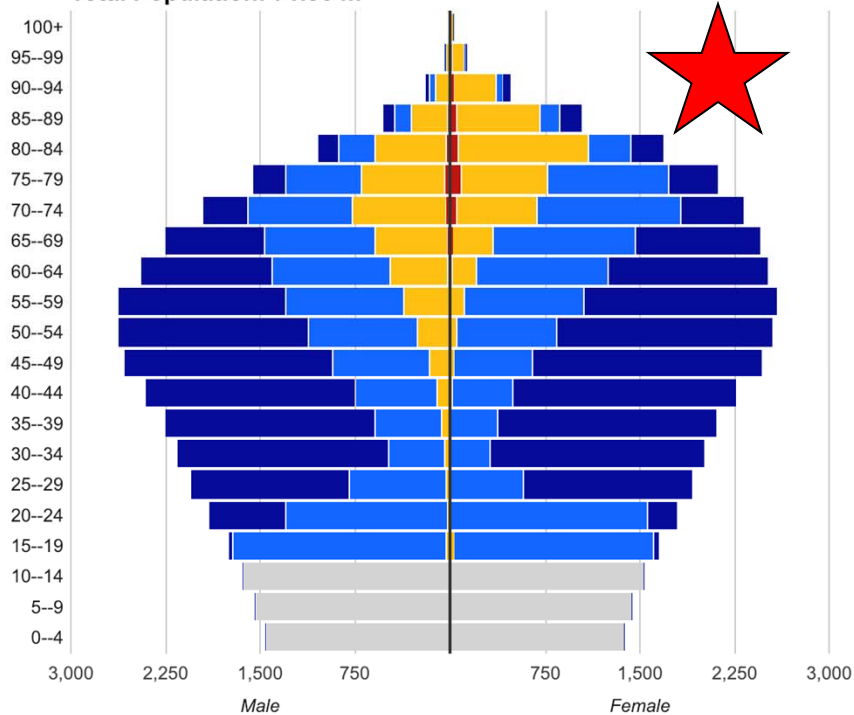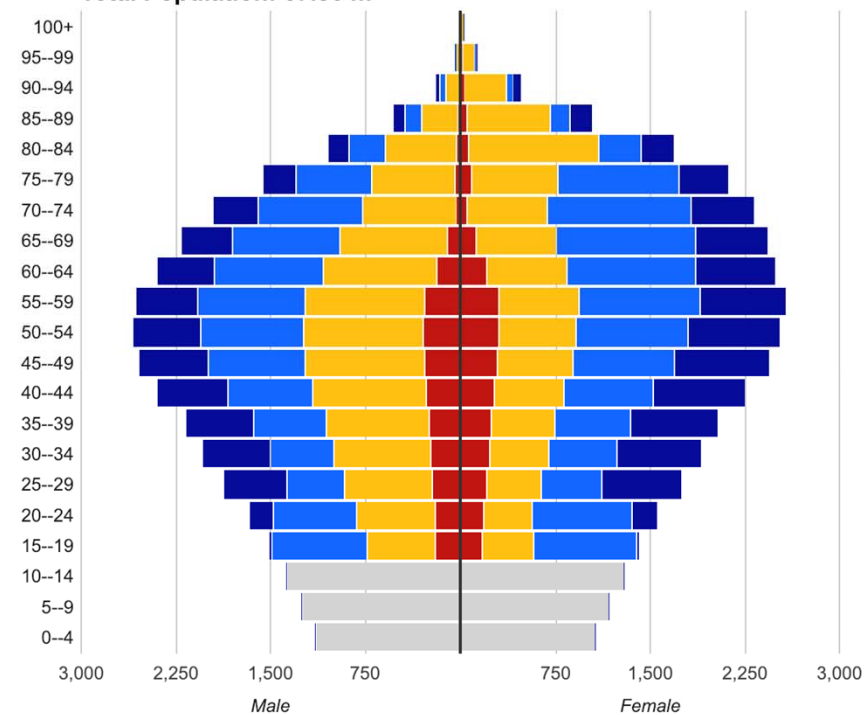
Standard critique of 'age boundary' based measures

- **Poor specification of 'problem'**
  - What happens at 65?
- **Poor specification of populations**
  - All >65 dependent?
  - All 18-64 in work?
- **Generalizability**
  - Assumes formal support systems?
- **Ignore dynamic change over time**
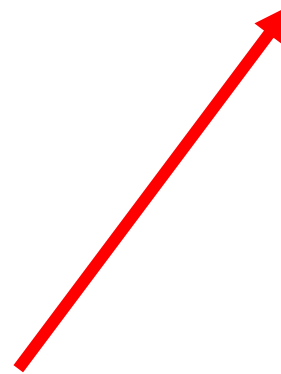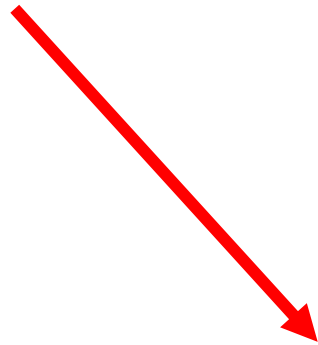 - Health, wellbeing, education, longevity, LE

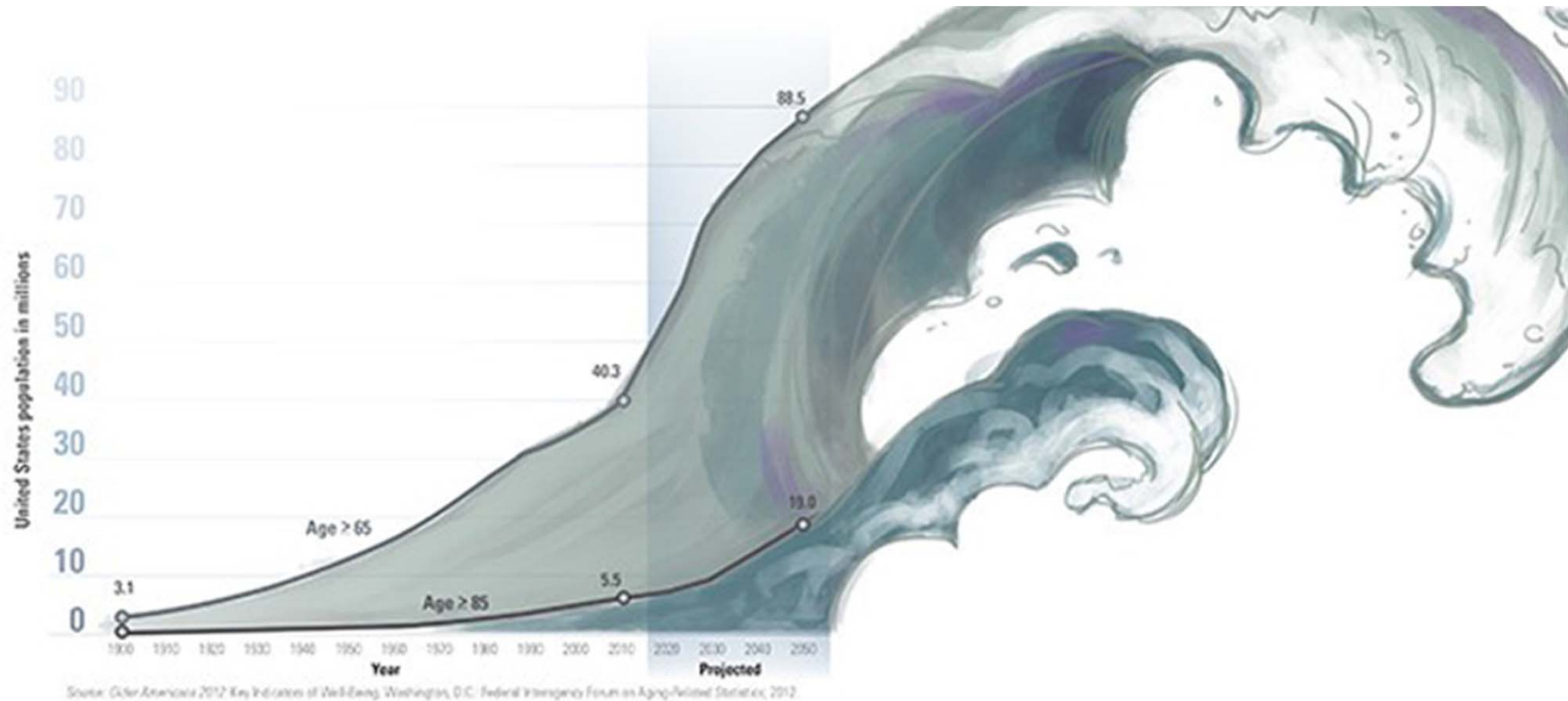# The uni-dimensional, 'closed loop approach

Demographic 'Problems'

Demographic 'Solutions'

Demographic 'Causes'

The 'silver tsunami': Policy paralysis?

Inevitable; overwhelming; slow moving, existential threat

The problem with that…

- Policies are not really working
- Or are impossible to operationalize (replacement migration)
- Children don't work (and divert resources)
- Uneven cohort
- Cost (political and economic)
- Assumes a 'optimum'
  - Population size; distribution etc