

Population Aging and Social Policy Issues

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RANEPA, Moscow, Russia

Key Issues

- How population change influence economy and society (current and future)
- What policies can be pursued to influence the outcome—research provides policy tools!

Social Policy Issues (Research Areas)

- Demographic dividend (economic growth and saving)
- Support system for the elderly
- Fiscal sustainability
- Intergenerational equity
- Retirement and pension issues
- Responsibility of private vs. public sector
- Human resources (healthcare and education)
- Implication on gender issue and inequality

Most significant efforts:

National Transfer Accounts (NTA)

- The goal is to improve our understanding of the “generational economy”
- Describes the age patterns of economic activity and the economic relations between the generations.
- Quantifies how each age groups acquires and uses economic resources.
- Constructed using existing data (population estimates, surveys, administrative records, macroeconomic data).
- Consistent with UN System of National Accounts.
- Led by Ron Lee (Berkeley) and Andy Mason (EWC)



NTA is comparative: Regional Structure

NTA Members			
Asia-Pacific	Americas	Europe	Africa
Australia	Argentina	Austria	Benin
Bangladesh	Brazil	Finland	Ghana
Cambodia	Canada	France	Kenya
China	Chile	Germany	Mozambique
India	Colombia	Hungary	Nigeria
Indonesia	Costa Rica	Italy	Senegal
Japan	El Salvador	Luxembourg	South Africa
Philippines	Jamaica	Netherlands	
South Korea	Mexico	Poland	
Taiwan	Peru	Russia	
Thailand	United States	Slovenia	
Vietnam	Uruguay	Spain	
		Sweden	
		Turkey	
		United Kingdom	

The continuing effort has been supported by many funders

- National Institute on Aging (NIA)
- Bill and Melinda Gates Foundation
- International Development Research Center (IDRC), Canada
- UN Fund for Population Activities (UNFPA)
- UN Population Division
- East-West Center, Hawaii
- Center for the Economics and Demography of Aging, UC Berkeley
- Asian Development Bank
- Japan: MEXT.ACADEMIC FRONTIER
- MacArthur Foundation
- European Union
- In-country support from governments and other funders in many countries.

Global Meetings

- 10th Beijing, China, Nov 10-14, 2014
- 9th Barcelona, June 2013
- 8th Rio, Brazil, December 2011
- 7th Honolulu, June 11-12, 2010
- 6th Berkeley, January 9-10, 2009
- 5th Seoul, Korea, November 5-6, 2007
- 4th Berkeley, January 19-20, 2007
- 3rd Honolulu, January 20-22, 2006
- 2nd Berkeley, January 2005
- 1st Berkeley, January 2004

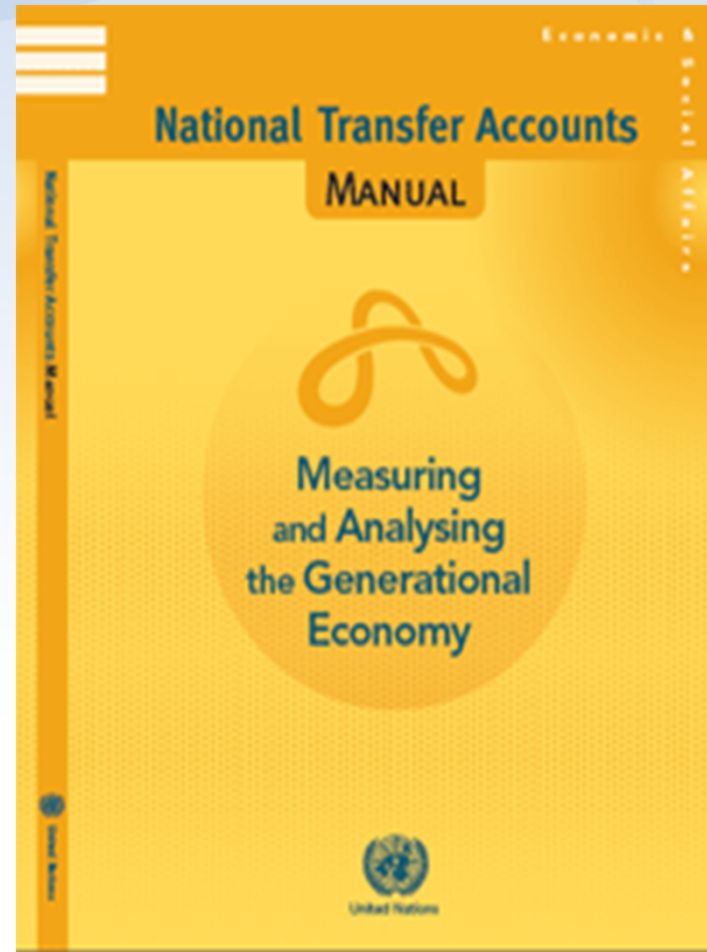
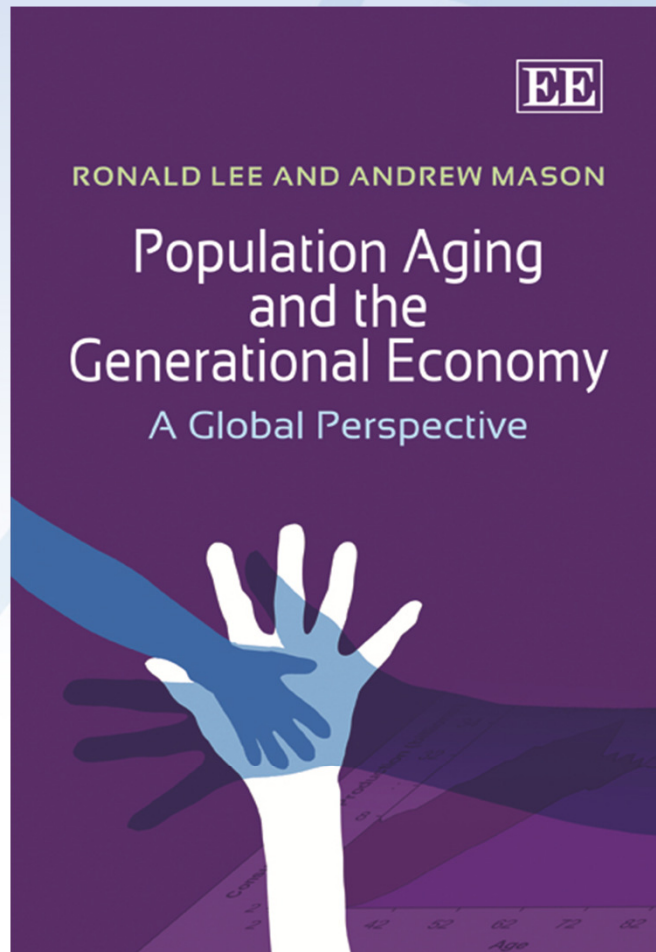
Website <http://www.ntaccounts.org>



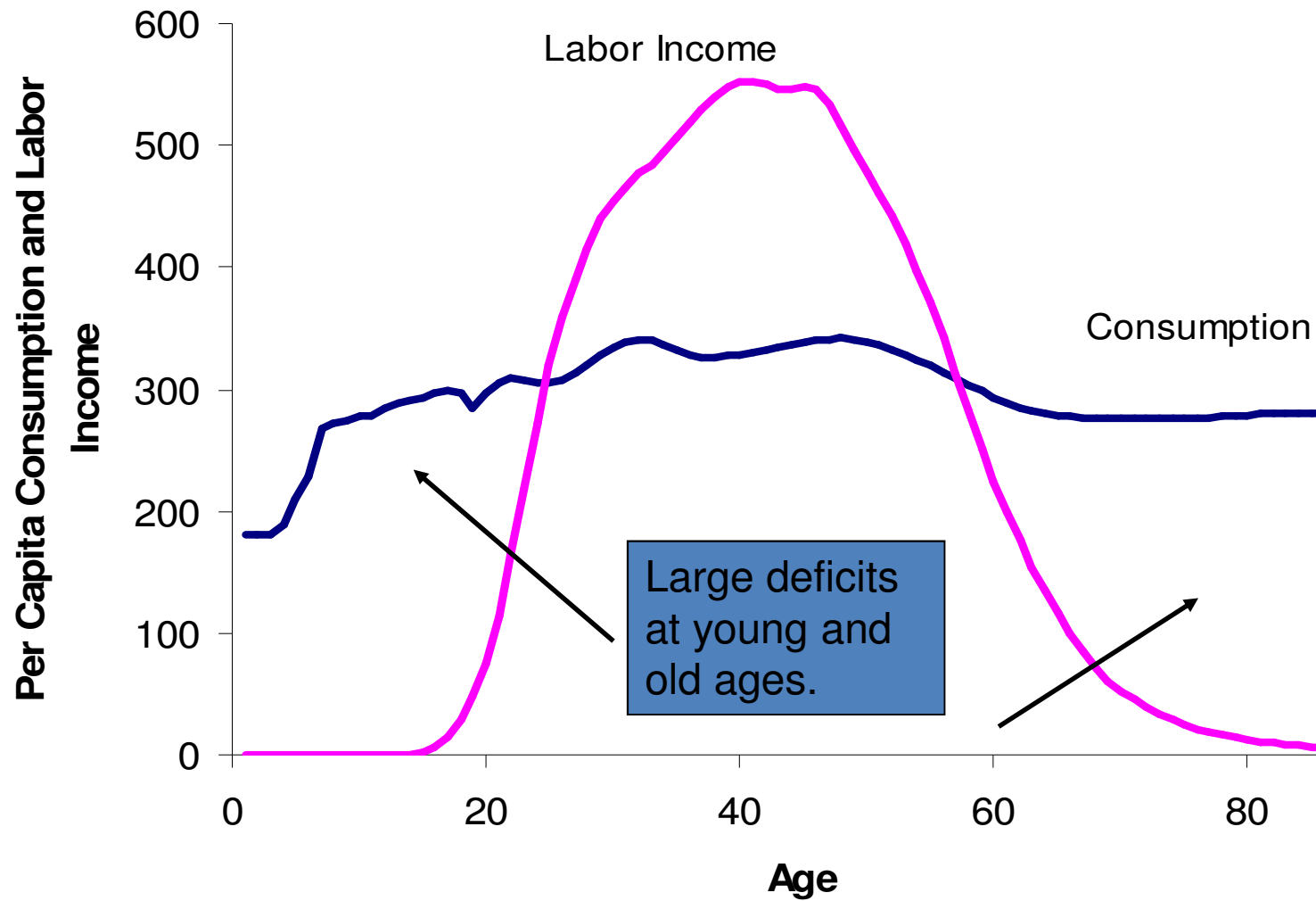
THE 10TH GLOBAL NATIONAL TRANSFER ACCOUNT CONFERENCE



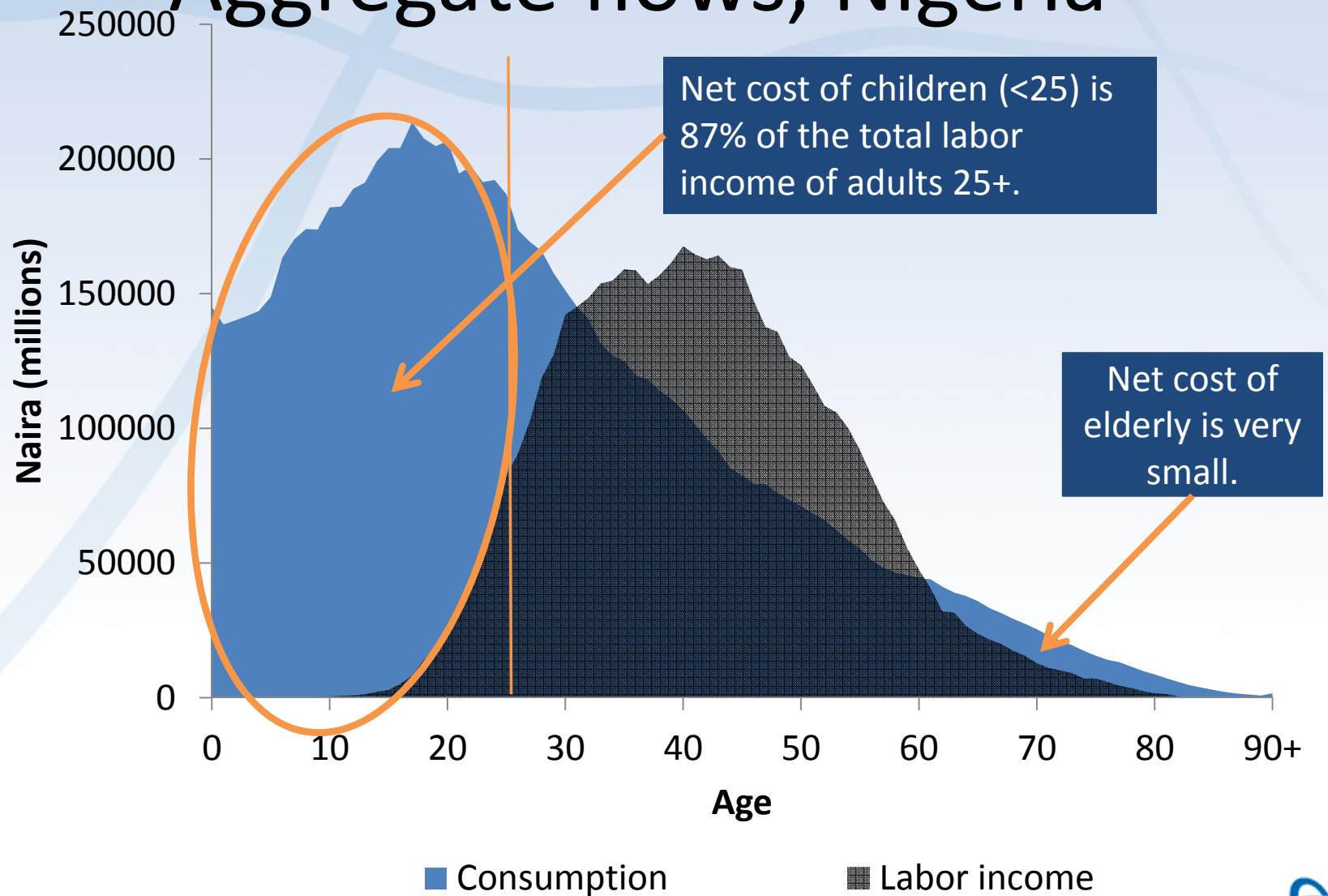
Hundreds of articles, books, and UN manual.



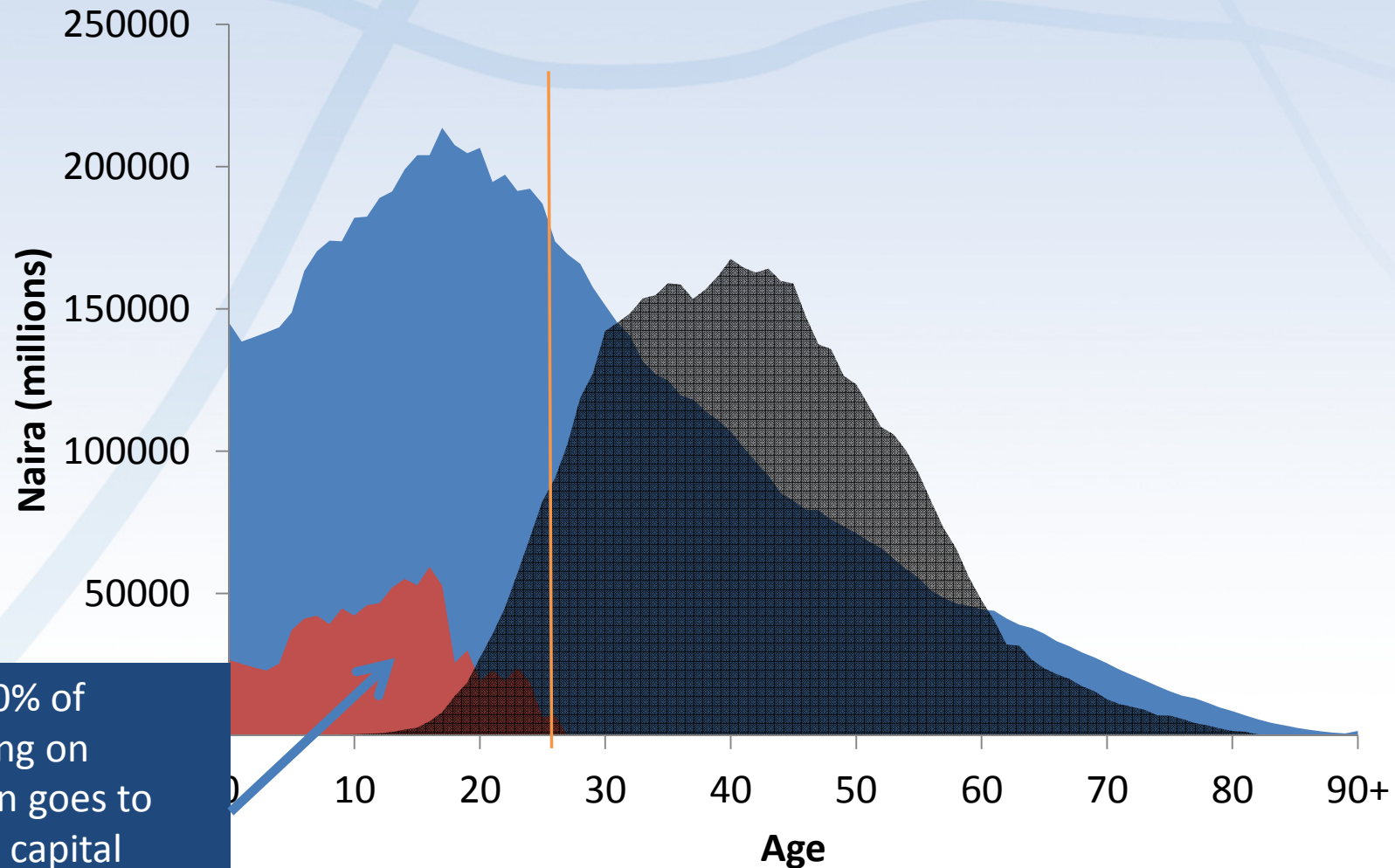
The Economic Lifecycle



Aggregate flows, Nigeria



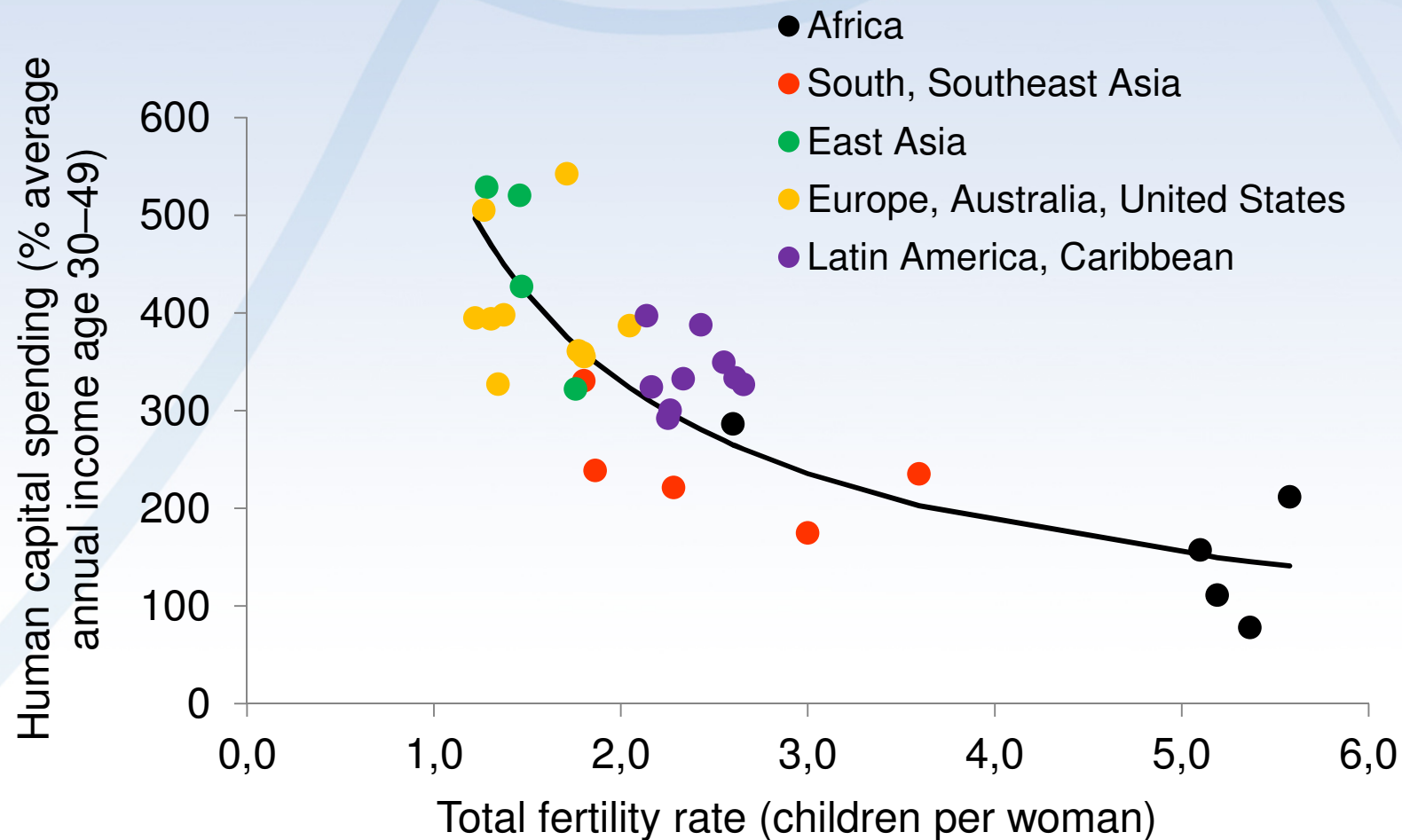
Human Capital Spending, Nigeria



Only 20% of spending on children goes to human capital (health and education)

■ Consumption ■ Human capital spending ■ Labor income

Fertility/human capital tradeoff

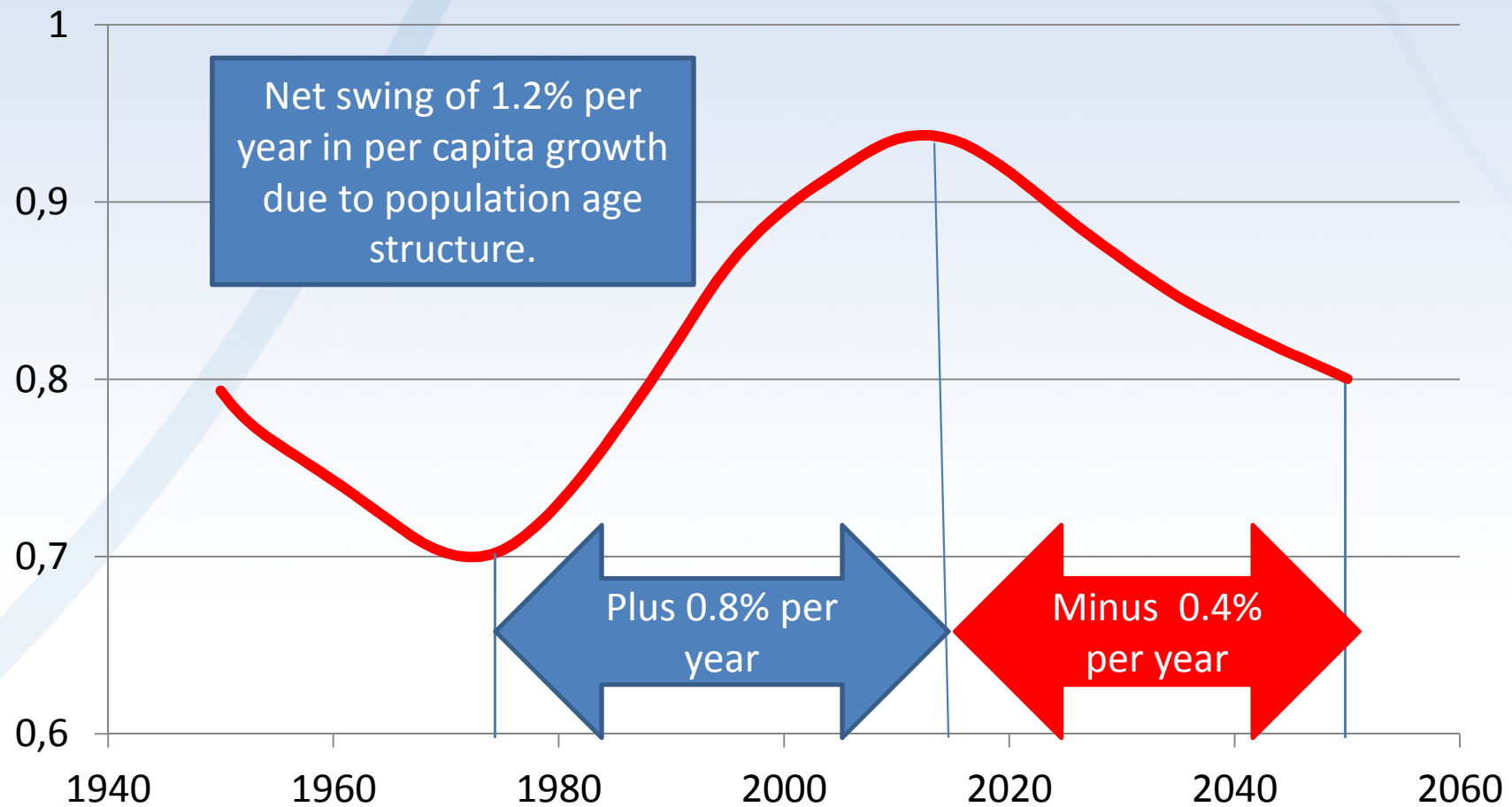


Updated from NTA database www.ntaccounts.org

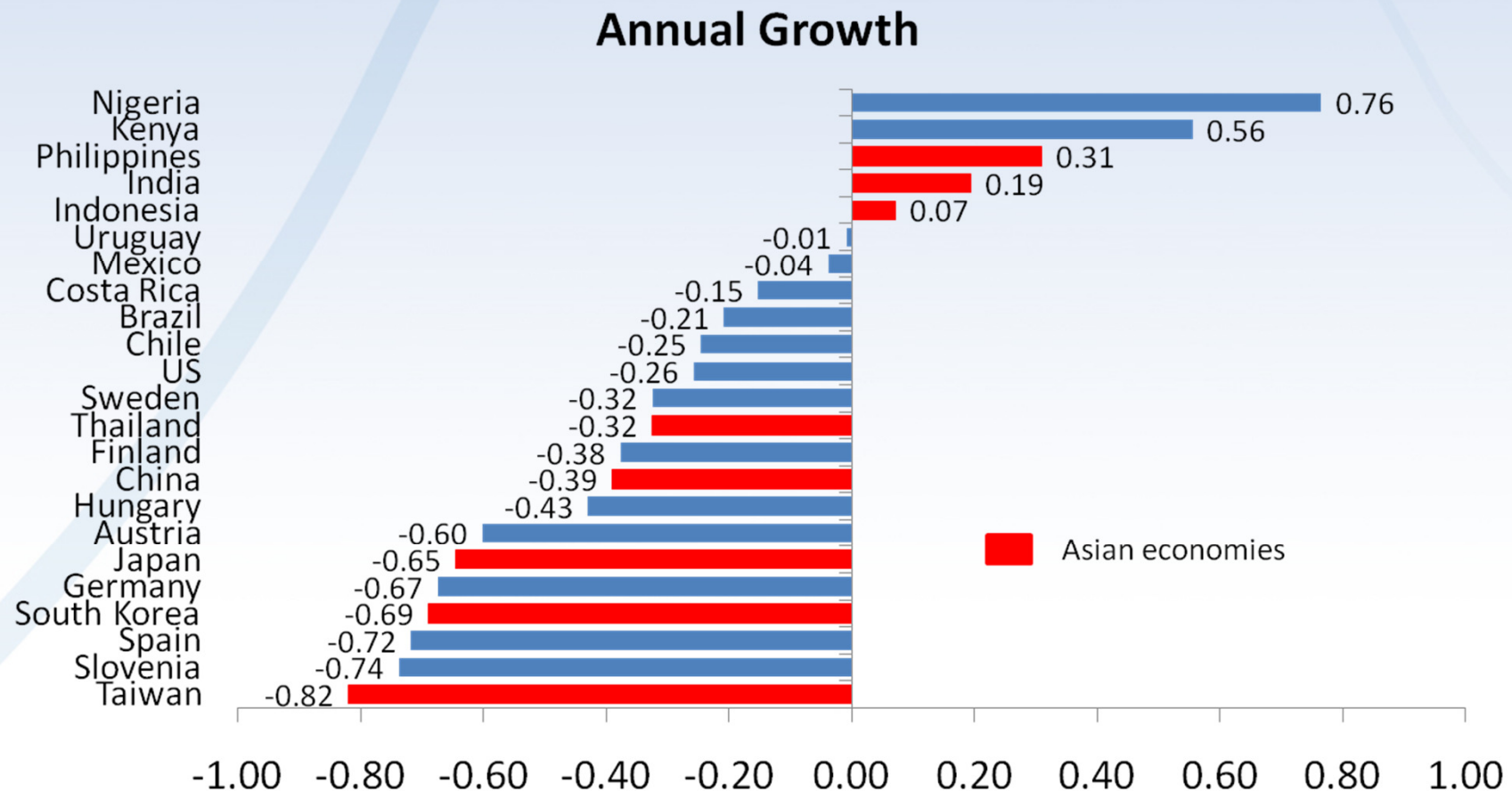
The Support Ratio

- Measures the number of workers relative to the number of consumers.
- Given worker productivity, a 1% increase in the support ratio leads to a 1% increase in per capita income (Demographic Dividend)
- Use NTA profiles as base years estimates of:
 - Age-specific variation in labor productivity
 - Age-specific variation in consumption

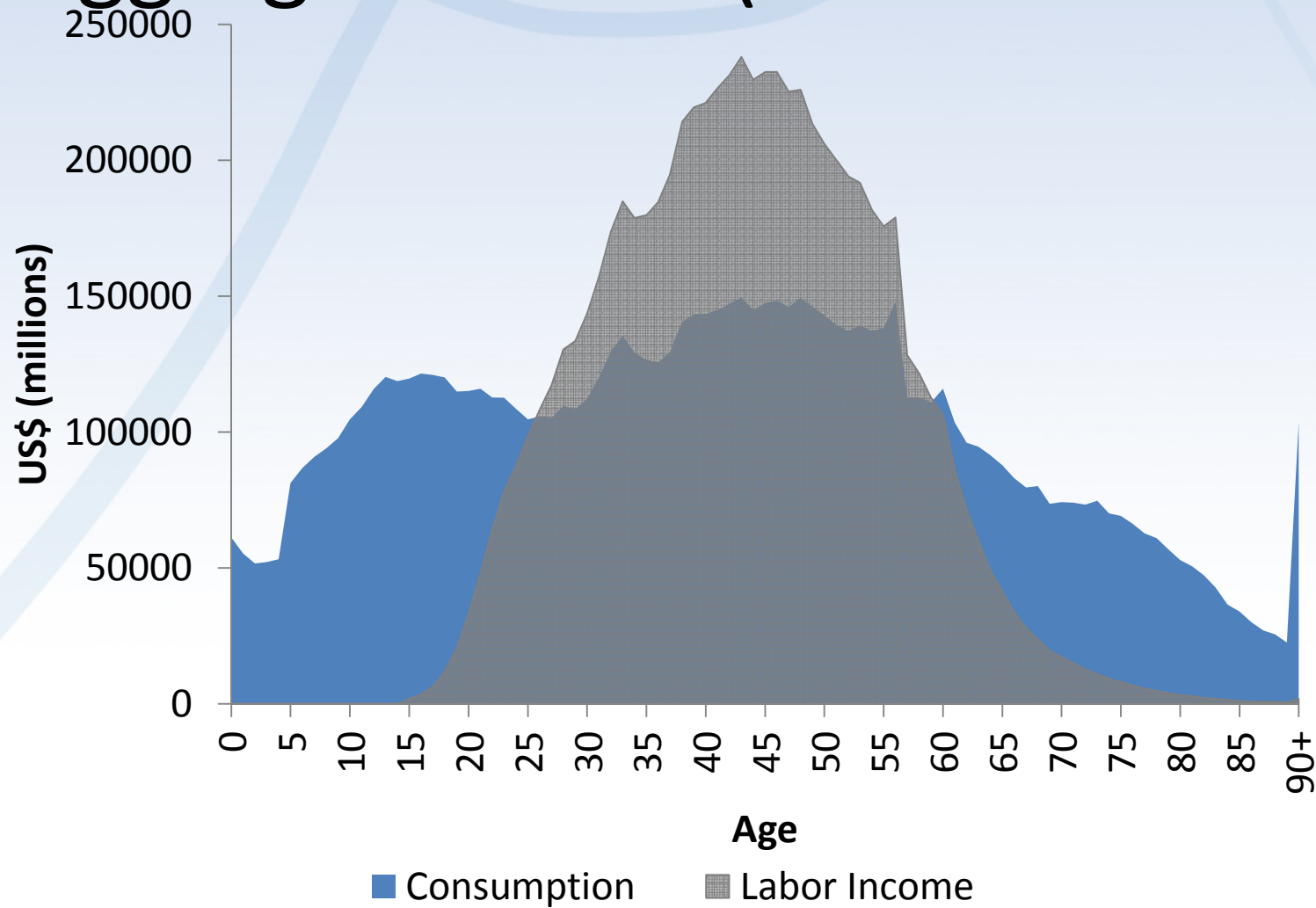
Support Ratio, China



Support Ratio, Annual Growth NTA Economies, 2010-2050

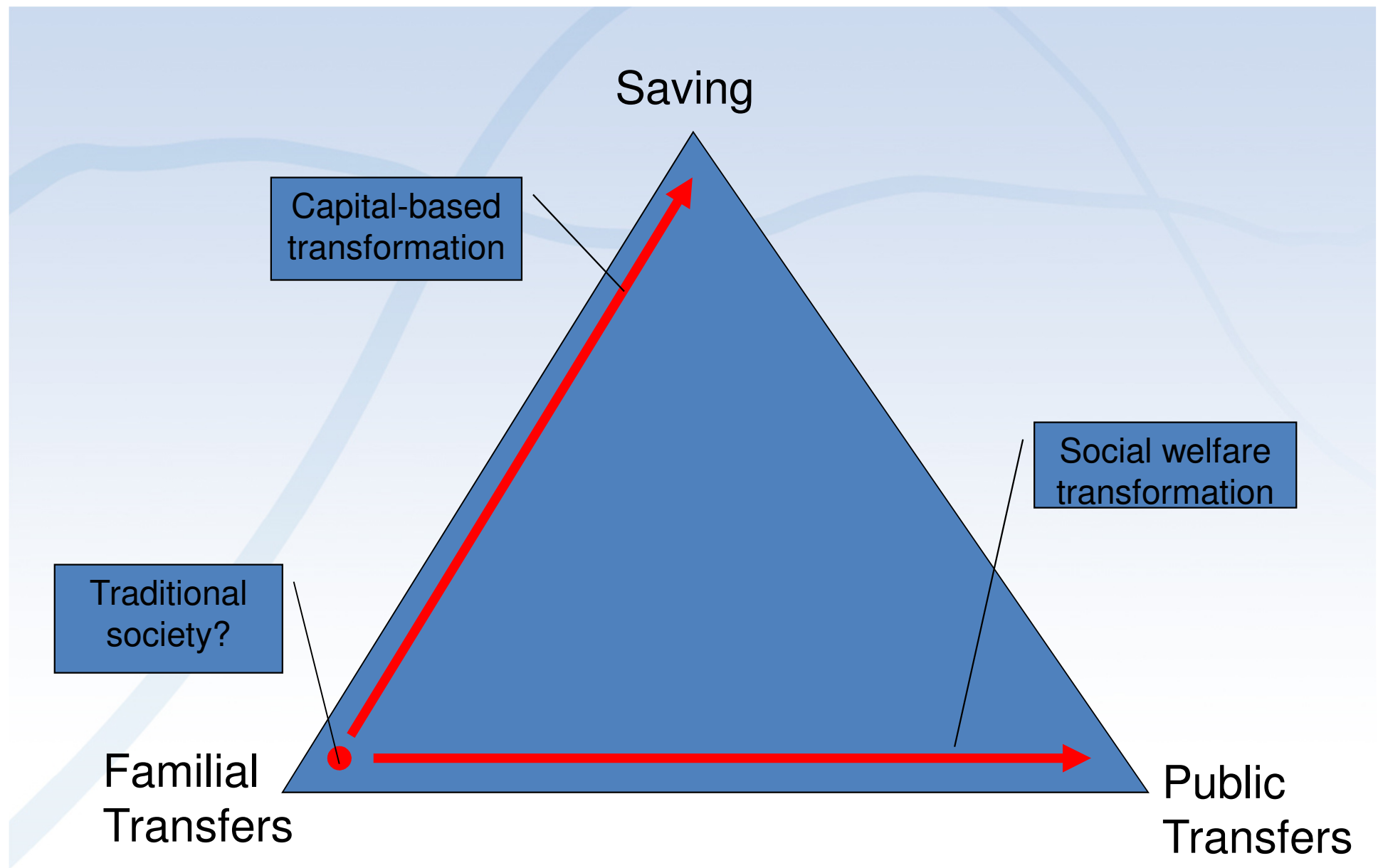


The Economic Lifecycle, Aggregate Flows (United States)

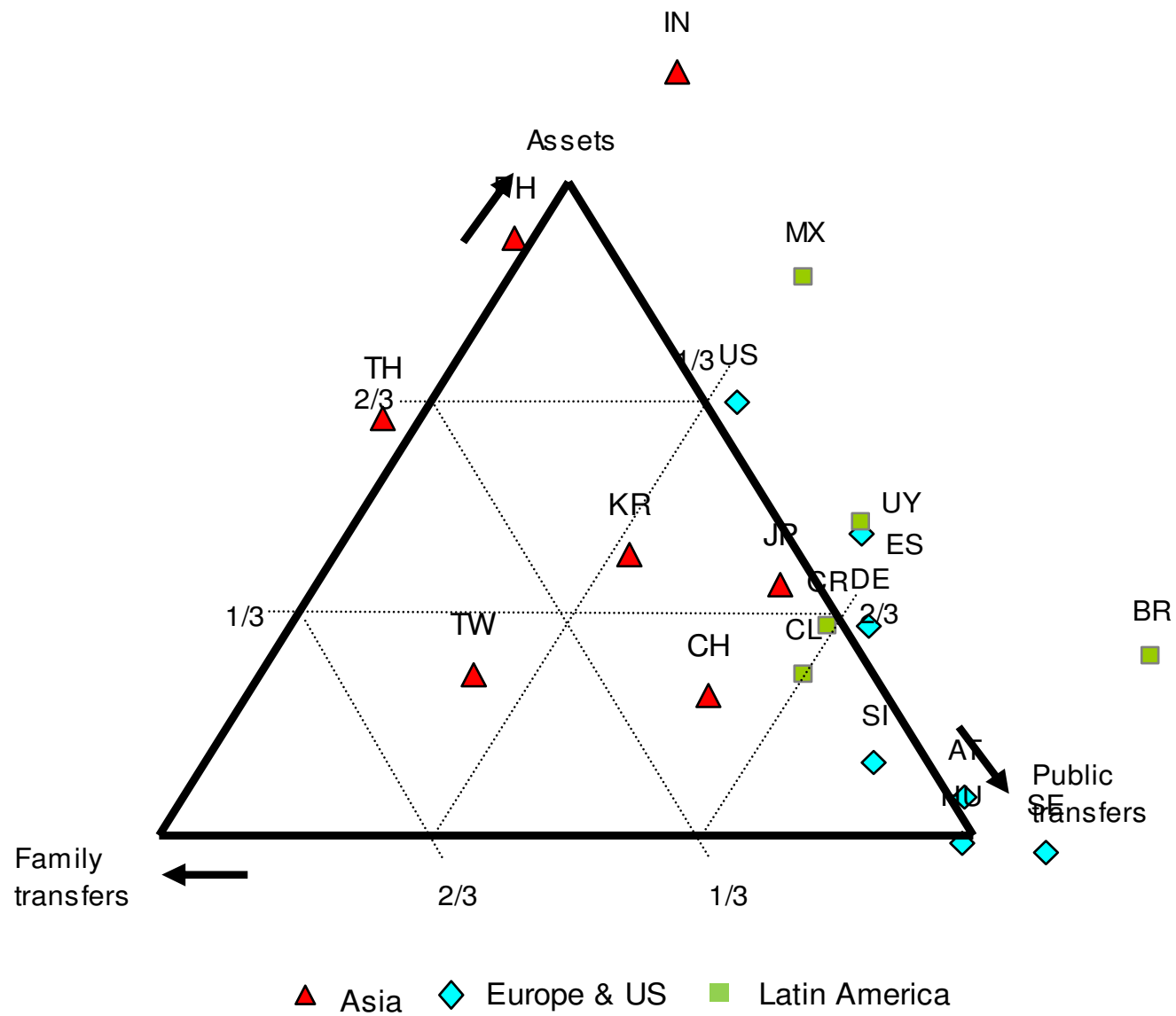


Sources of Funding Consumption (Support system)

- Labor Income
- Transfers
 - Familial Transfers
 - Public Transfers
 - Social Security System
- Asset-based Reallocations
 - Interest, dividends, rent from personal assets
 - Home
 - Dis-saving



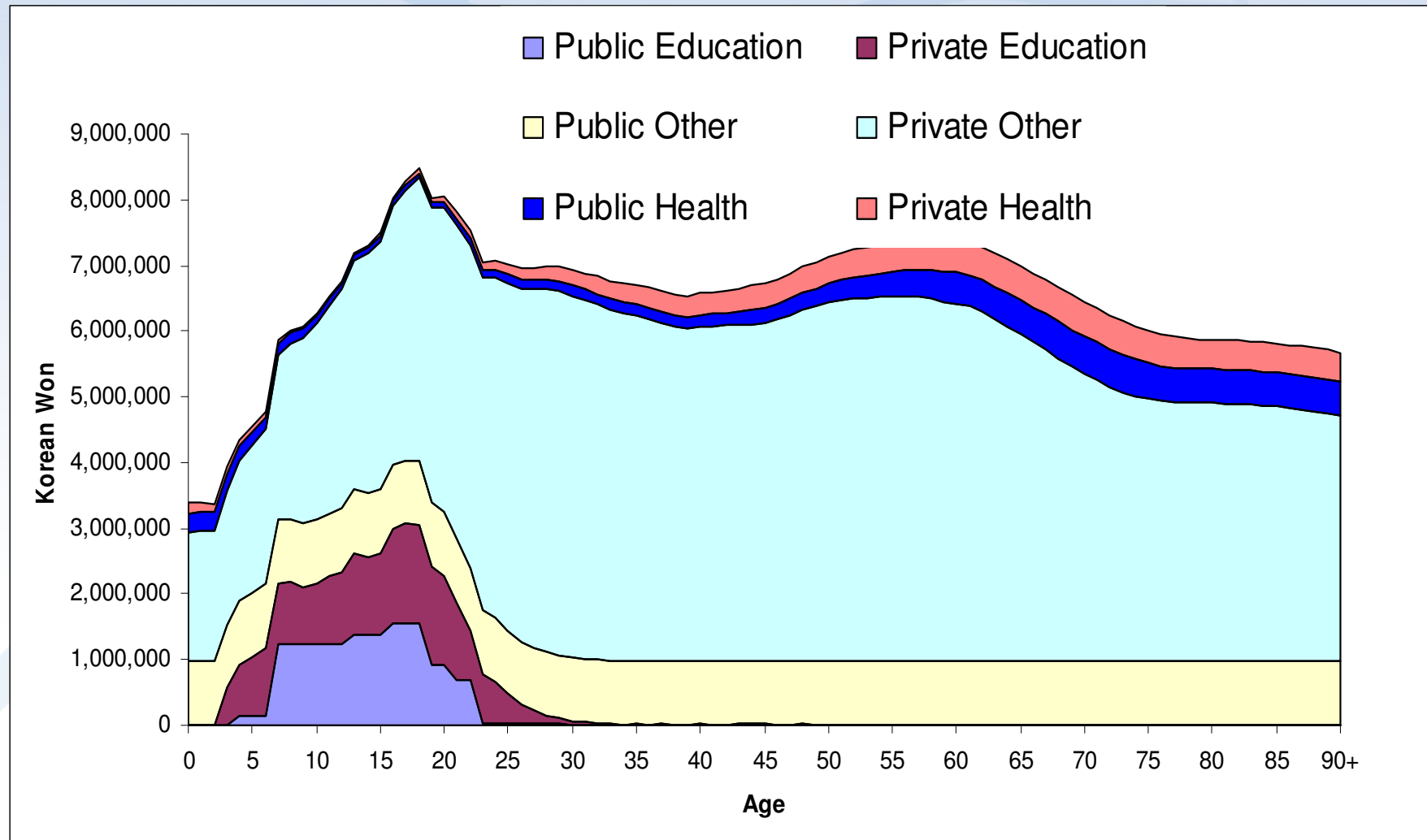
Evolution of Old-Age Support System



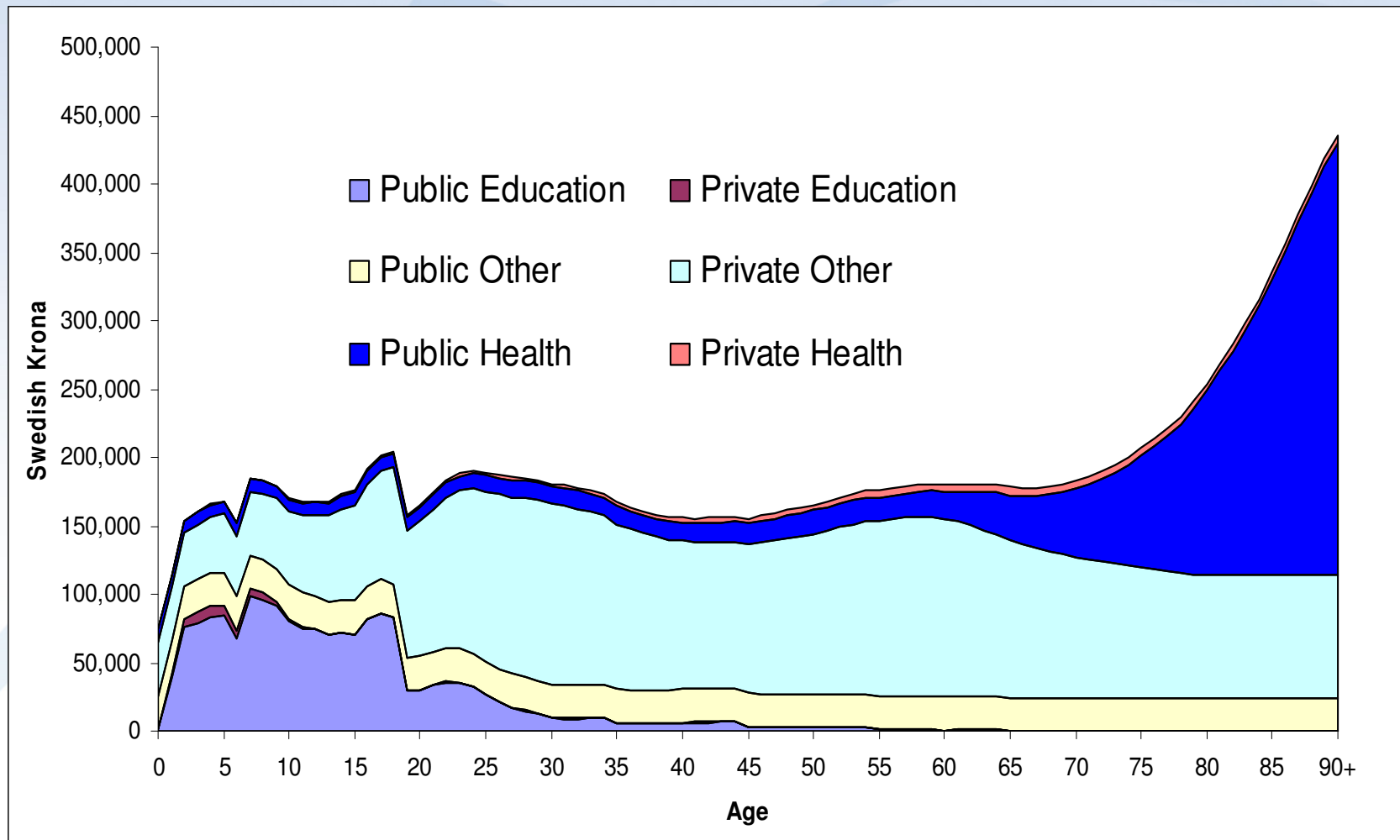
Support system is important because of its implication on

- Intergenerational equity
- Retirement and pension issues
- Demographic dividend (economic growth and saving)
- Human capital investment
- Responsibility of private vs. public sector
- Fiscal sustainability

Per capita consumption by sector (Korea)



Per capita consumption by sector (Sweden)



Fiscal sustainability: social welfare target (Thailand)

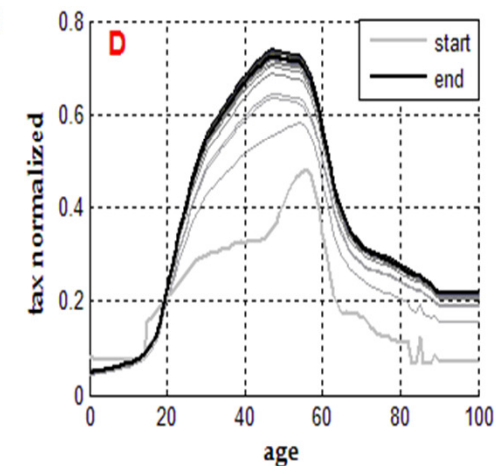
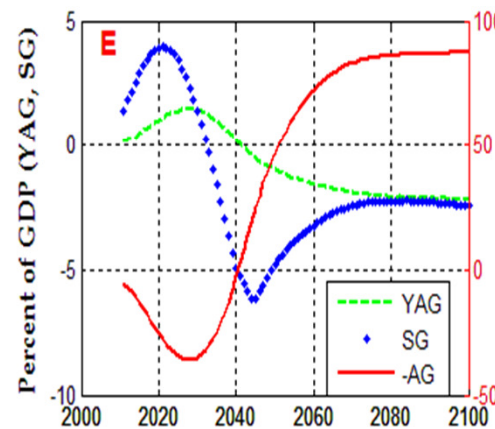
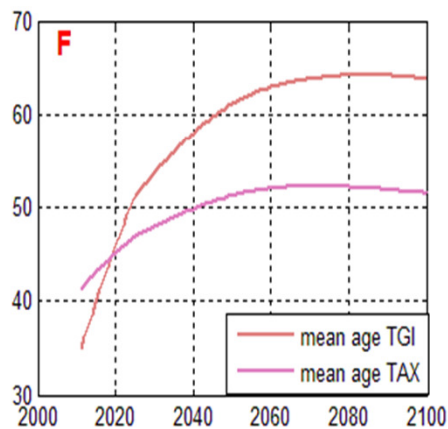
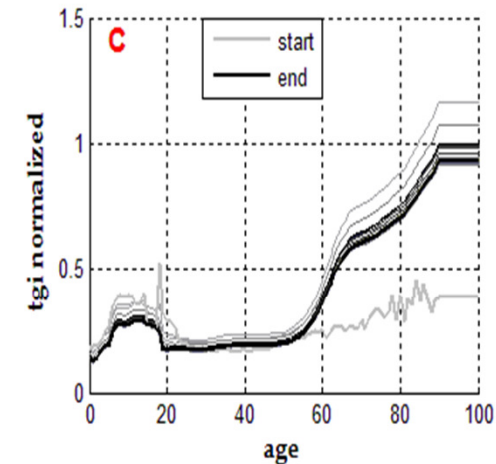
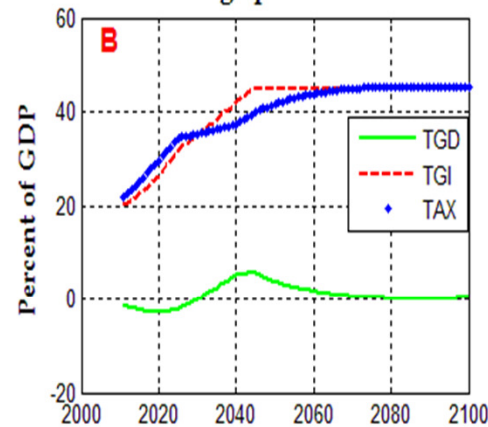
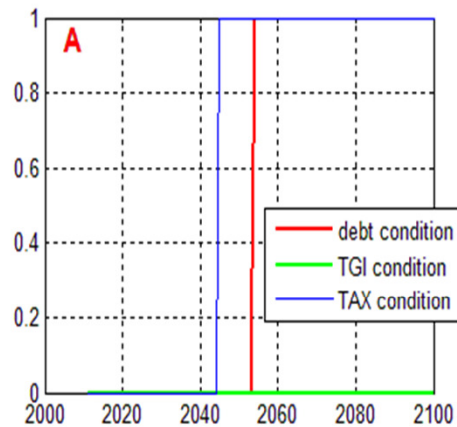
Country: Thailand

Social welfare target

Size of Government Constraint: 0.45

Public Debt Constraint: 0.9

Age profiles



Revisit: Future Support Systems in Asia?

How about Russia?

- Work more?
- Increase familial transfers?
- Increase public transfers?
 - Maybe inevitable.
 - Projections based on the “current system” suggest that public transfer system will not be terribly onerous.
- More reliance on capital accumulation?
 - Human capital & asset/savings
 - Implication on growth (demographic dividend)
 - Need to develop a system to facilitate

Concluding remarks

- Our economic systems are being tested by unprecedented changes in population age structure.
- Stakes are very large: economic growth, generational equity, economic security for children and elderly, and sustainability of support systems.
- Complex systems are involved: governments, labor markets, families, financial markets, and health care systems.
- Essential that policy be informed by the best possible data linking population and the economy.

Thank you!

Спасибо!