



Economics of health and aging in diverse societies and developmental contexts

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Health Care & Public Health Systems for Healthy Longevity:
A Workshop for the Global Roadmap for Healthy Longevity Initiative

Singapore February 3-4, 2020

Overview

- Longer healthy life spans are an enormous gain in human welfare - Income per capita is not a welfare measure
- Welfare inequality is higher than income inequality because income, health, and longevity move together
- Current institutional arrangements in many countries are unsustainable given population aging
- **Aging is not the problem – institutions are the problem.** Institutions should be changed to improve welfare, we should not change people to sustain existing institutions-
- We should change economic incentives and social norms

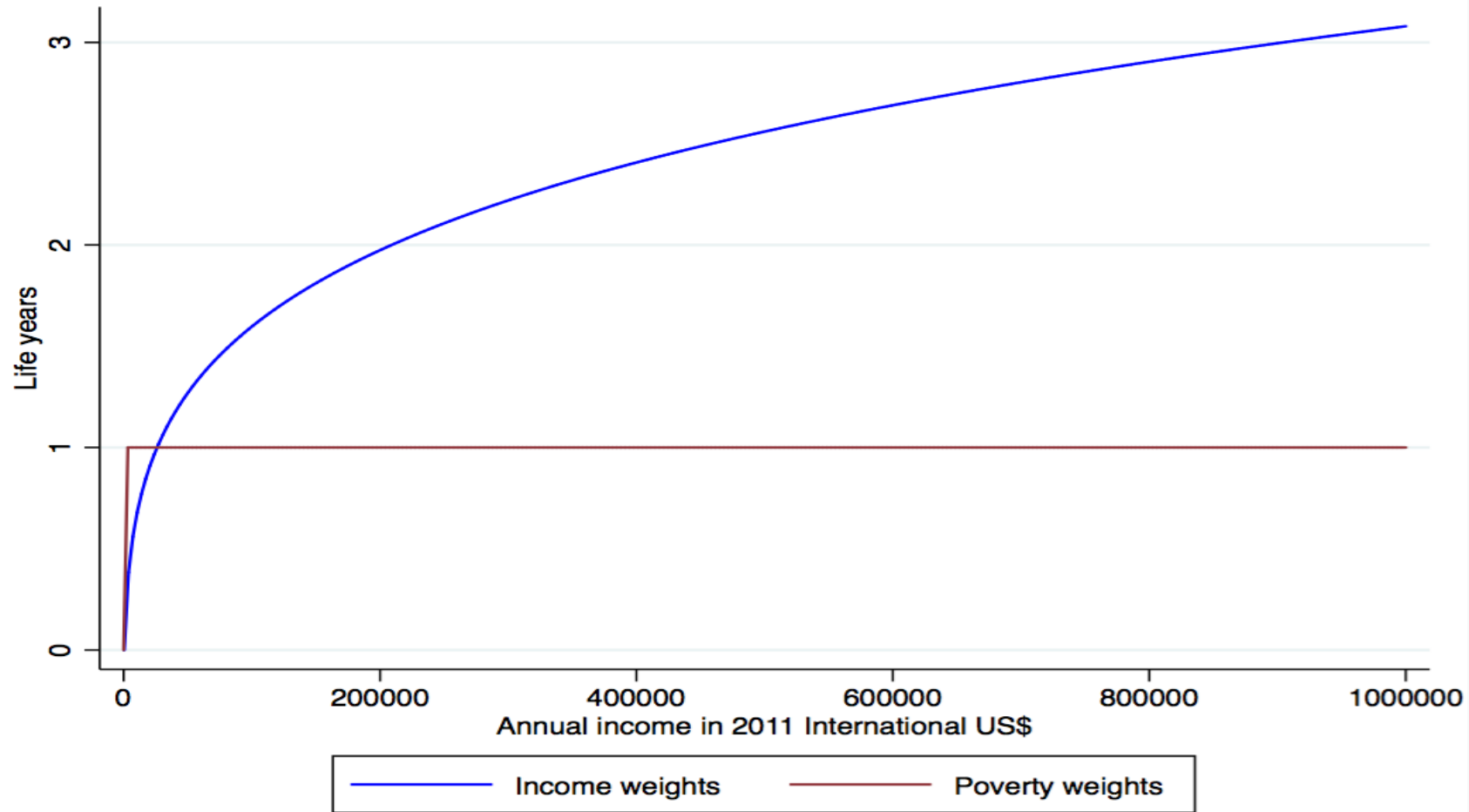


Better Ways of Measuring Welfare

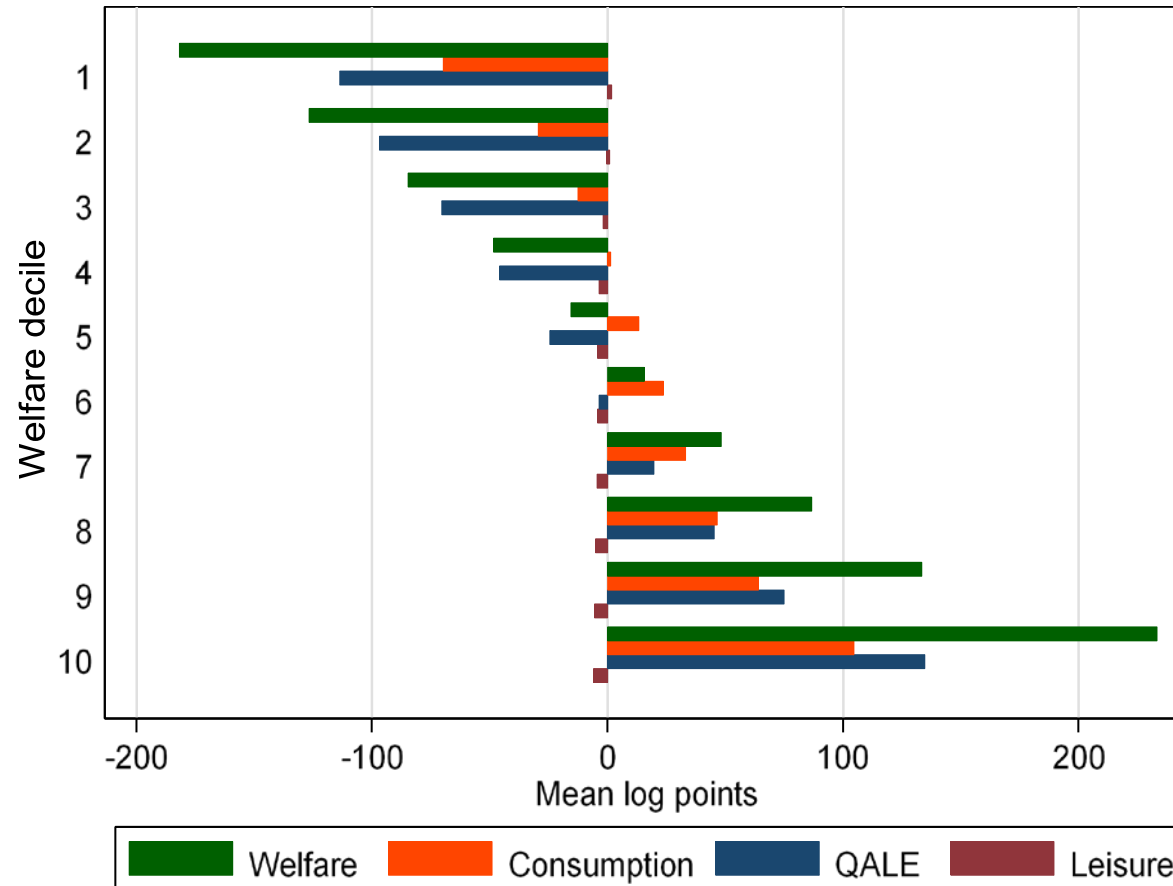
- Measuring, and maximizing, human welfare, not GDP per capita. Policies can reduce GDP per capita and increase welfare.
- Alternative measures: Include at least income, health, longevity, leisure. Income adjusted life expectancy; Capability adjusted life expectancy.
- Adjusting welfare measures for value of risk – important for policies that redistribute risk
- Use broader measures of welfare to evaluate policies



Income Adjusted Life Years



Lifetime Welfare at Age 60 By Decile USA 2016



Welfare Ratios of Deciles at Age 60

Measure	10/50 ratio	90/50 ratio	90/10 ratio
Lifetime Welfare	0.23	5.22	23.08
Lifetime Consumption	0.35	2.65	7.50
Lifetime Health QALE	0.61	1.22	2.00
Utility at age 60	0.35	3.02	8.71



Output and Welfare Effects of Effective Rural Health Insurance in China

	Pension Insurance	Health Insurance
Output	-3.10	-2.80
Consumption	-2.65	-3.33
Capital	-4.39	-2.43
Hours worked	-2.00	-9.03
<i>CEV (%)</i>	-2.76	11.35

% change from baseline



Aging in Singapore

- Not Locked into unsustainable PAYG transfer systems
 - Fiscal space for innovation
- Self reliance and limited risk pooling and redistribution
 - Potential for more risk sharing
- Rising health and long-term care costs
 - Value for money, who pays and role of the family, insurance



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