Intergenerational Justice in Aging Societies: Central Europe in Comparative Perspective

Pieter Vanhuysse
www.euro.centre.org/vanhuyse

Presentation to the thematic meeting of the Governmental council of the Slovak Republic for Seniors’ Rights and the Reconciliation of Public Policies with Population Aging, Bratislava 19.5.2014
A growing sense of alarmism about aging gerontocratic democracies

- Howker & Malik (2010) *Jilted Generation: How Britain Has Bankrupted its Youth*

Sinn (2005): ‘*Europe is gradually being transformed into a gerontocracy in which the old rule the roost.* ... Europe’s fun society is aging... fast. ... Hordes of pensioners, using the income received from the European PAYG pension systems, cruise the seven seas on luxury liners and jet off to the remotest beaches of our planet’

Council Herzog (2008): ‘we are seeing a *foretaste of a pensioner democracy*... It could end up in a situation where *older generations plunder the younger ones*’

Blog at Oxford: http://www.openpop.org/?p=403#more-403
Policy outcomes: legacies for tomorrow

1. Ecological: footprint produced currently
2. Economic-fiscal: Debt weighing on young
3. Social: child poverty levels

Policy effort: bias today

4. EBiSS: welfare state spending bias towards old

1. Burdens on ecological environment

- Lockean proviso: ‘enough and as good’
- *Ecological footprint*: the surface of land/water required by an economy to produce all goods consumed in it and to absorb all wastes generated (in global hectares)
  - Intuitive measure of the pressure put by current generations onto their natural environment
  - Only NZ, Est, NO combine small/medium footprint with net ecological *surplus*
2. Child poverty

• Particularly unjust: dynamic knock-on effects throughout life cycle
  ➥ Lower educational outcomes and cognitive skills; later higher rates of adult unemployment and poverty,... (e.g. Danziger & Waldvogel 2000; Duncan & Murnane 2011; Esping-Andersen 2002)

• Lowest-7: Nordics, SL, AT
• Highest-6: US... Southern EU, IL, CA
• NL, CA, CZ: child poverty 5.5 to 2.5 times higher than elderly poverty
3. Public debt per child
in thousands US$, 2011

Highest-10:
JA..... IT, GR... BE, GER, CA, NO, CH, AT, IRE

Source: IMF debt and World Bank population data

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*Intergenerational Justice in Aging Societies*
4. The **EBiSS**
An **Elderly-Bias Social Spending** indicator

Overall elderly-oriented state spending, *per person 65+

/ 

Overall non-elderly state spending, *per person 15-64*
4. The *EBiSS*: numerator

Spending on the ELDERLY:

- All **old age** related benefits in cash (pensions) and in kind (residential care/home-help services)
- All **survivors** benefits in cash (pensions) and in kind (funeral expenses)
- All **disability** pensions
- All **occupational injury and disease** related pensions
- All **early retirement** for labor market reasons
4. The **EBiSS**: denominator

Spending on the NON-elderly:

- All **family** benefits in cash (family allowances, maternity/parental leave) and in kind (day care/home-help services)
- All **ALMPs** (employment services and administration, LM training, youth measures, subsidized employment, employment measures for disabled)
- All **income maintenance** cash benefits
- All **unemployment** compensation/severance pay
- All **education** spending
The EBiSS

Source: SOCX and OECD (2011)

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Gerontocratic welfare states: 1/3 of OECD?
10 out of 29 countries spend 5 or more times as much on each elderly as on each non-elderly citizen

Demography is not destiny
OASR range in OECD: 2.6 (JA) to 5.6 (IRE)

• OECD’s oldest-4 a mixed bag: IT (EBiSS=6.9), JA (6.4) very pro-elderly biased; but GER (4.2) only moderately so; and SE (3.4) not at all

• Other ‘old’ Nordic countries DK, NO also low-EBiSS

‘Old’ GR (OASR=3.4) spends 7.5 times more on every elderly Greek; equally old SE spends only 3.4 times more

EBiSS-OASR R=-0.18
The special case of CE

1. ‘Middle-aged’ **HU** (OASR=3.9) spends 4.8 times more on every elderly as on every non-elderly citizen; but slightly older EST (3.6) only 2.9 times more

2. ‘Young/middle-aged’ **CZ** (OASR=4.5) spends 5.9 times more on every elderly citizen; equally middle-aged AL 3.7 times more

3. ‘Young’ **SK** (OASR=5.5) spends 6.6 times more on every elderly citizen; equally young IRE only 2.7 times more

4. ‘Young/middle-aged’ **PL** (OASR=4.8) spends 8.6 times more on every elderly Pole; equally middle-aged NZ 2.7 times more!
Pairwise comparisons on EBiSS: the V-4

Legitimate & sustainable rolling contract differences?

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ECV Active Aging Index 2013
for EU-27: 22 Indicators

<table>
<thead>
<tr>
<th>Employment</th>
<th>Participation in society</th>
<th>Independent, healthy &amp; secure living</th>
<th>Capacity &amp; enabling environment for active ageing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment rate 55-59</td>
<td>Voluntary activities</td>
<td>Physical exercise</td>
<td>Remaining life expectancy at age 55</td>
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<tr>
<td>Employment rate 60-64</td>
<td>Care for children, grandchildren</td>
<td>Access to health and dental care</td>
<td>Share of healthy life expectancy at age 55</td>
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<tr>
<td>Employment rate 65-69</td>
<td>Care for older adults</td>
<td>Independent living</td>
<td>Mental well-being</td>
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<td>Employment rate 70-74</td>
<td>Political participation</td>
<td>Financial security (3 indicators)</td>
<td>Use of ICT</td>
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<td></td>
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<td>Physical safety</td>
<td>Social connectedness</td>
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<td></td>
<td></td>
<td>Lifelong learning</td>
<td>Educational attainment</td>
</tr>
</tbody>
</table>

AAI: low for 4 of CE-5

Overall AAI scores (total population)  Gender differences in overall AAI scores

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
<th>Women lower than men</th>
<th>Higher than men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>44.0</td>
<td></td>
<td></td>
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<tr>
<td>Denmark</td>
<td>40.2</td>
<td></td>
<td></td>
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<tr>
<td>Ireland</td>
<td>39.9</td>
<td></td>
<td></td>
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<tr>
<td>UK</td>
<td>39.3</td>
<td></td>
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<tr>
<td>Netherlands</td>
<td>38.9</td>
<td></td>
<td></td>
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<tr>
<td>Finland</td>
<td>38.8</td>
<td></td>
<td></td>
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<tr>
<td>Cyprus</td>
<td>36.3</td>
<td></td>
<td></td>
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<tr>
<td>Luxembourg</td>
<td>35.1</td>
<td></td>
<td></td>
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<tr>
<td>Germany</td>
<td>35.0</td>
<td></td>
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<tr>
<td>Austria</td>
<td>34.9</td>
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<tr>
<td>Czech Rep</td>
<td>34.3</td>
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<tr>
<td>France</td>
<td>34.2</td>
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<tr>
<td>Portugal</td>
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<td>Belgium</td>
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<td>Italy</td>
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<td>Estonia</td>
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<tr>
<td>Spain</td>
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<td>Lithuania</td>
<td>31.6</td>
<td></td>
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<td>Malta</td>
<td>31.0</td>
<td></td>
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<tr>
<td>Romania</td>
<td>30.9</td>
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<td>Slovenia</td>
<td>30.6</td>
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<tr>
<td>Latvia</td>
<td>30.2</td>
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<td>Bulgaria</td>
<td>30.0</td>
<td></td>
<td></td>
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<tr>
<td>Greece</td>
<td>29.3</td>
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<tr>
<td>Hungary</td>
<td>28.2</td>
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<td>Slovakia</td>
<td>27.7</td>
<td></td>
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<tr>
<td>Poland</td>
<td>27.3</td>
<td></td>
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</tr>
</tbody>
</table>

Source: European Centre Vienna (2013) Active Ageing Index 2012: Concept, Methodology and Final Results, Vienna March 2013
CE overall social spending still below EU15 average (% GDP)

Source: SOCX database
But PL, SL, HU above EU15 on old age and survivors cash spending (%GDP)

Source: SOCX database
V-4 education spending still below EU14; CZ, SK still below IT (% GDP)

Source: OECD (2013)
4 of CE-5 at EU-bottom for PISA general performance in problem solving

PISA 2012 mean score (OECD average=500)

Source: OECD PISA 2012 database
CEE today: exception to Sanderson & Scherbov’s \( P \)-ODR rule

A tale of 2 aging Europes

Source: VID 2012
Turning point now:
By 2050 CEE will be as *ODR-old* as EU15

Source: VID 2012
...and CE will be *P-ODR-older* than EU15

Source: VID 2012
IJI rectangle: Estonia

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IJJI rectangle: USA

Vanhuysse, P. (2013), *Intergenerational Justice in Aging Societies*
IJL rectangle: South Korea

Vanhuysse, P. (2013), *Intergenerational Justice in Aging Societies*
IJII rectangle: Japan

Vanhuysse, P. (2013), *Intergenerational Justice in Aging Societies*
IJII rectangle: Germany

Vanhuysse, P. (2013), Intergenerational Justice in Aging Societies
IJI rectangle: Italy

Vanhuysse, P. (2013), *Intergenerational Justice in Aging Societies*
Aggregation to a synthetic IJI benefit-of-the-doubt weighting

• Rather than ‘play God’, respect democratic governments’ own (revealed) priorities
• Weigh the 4 IJI dimensions such that: highest weight is attached to the dimension on which a country performs best, second-highest weight to the dimension on which it performs second best, etc.
The IJI (benefit-of-doubt)

Est... KO, NZ, HU, 4 Nordics

US, JA, IT, GR, CA
Thank you.


Blog at LSE: http://bit.ly/1edtSx2

OECD Insights on the report: http://insightsblog.oecdcode.org/?p=6142

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