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Scientific Evidence against Myths about Aging Populations

[Myths, scientific evidence and economic policy in an aging world: JEOA 1, 2014]

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Prague, 03 February 2017**

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Outline

Seven myths about individual and population aging

- 1. The economics of aging is about the old**
2. Aging necessarily implies declining living standards
3. Declining health limits the capacity to work at older ages
4. Older workers are less productive
5. Keeping older workers creates unemployment for the young
6. Retirement is bliss
7. Older societies have more intergenerational conflict

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Outline

Background: a bit of demography and policy tools

Seven myths about individual and population aging

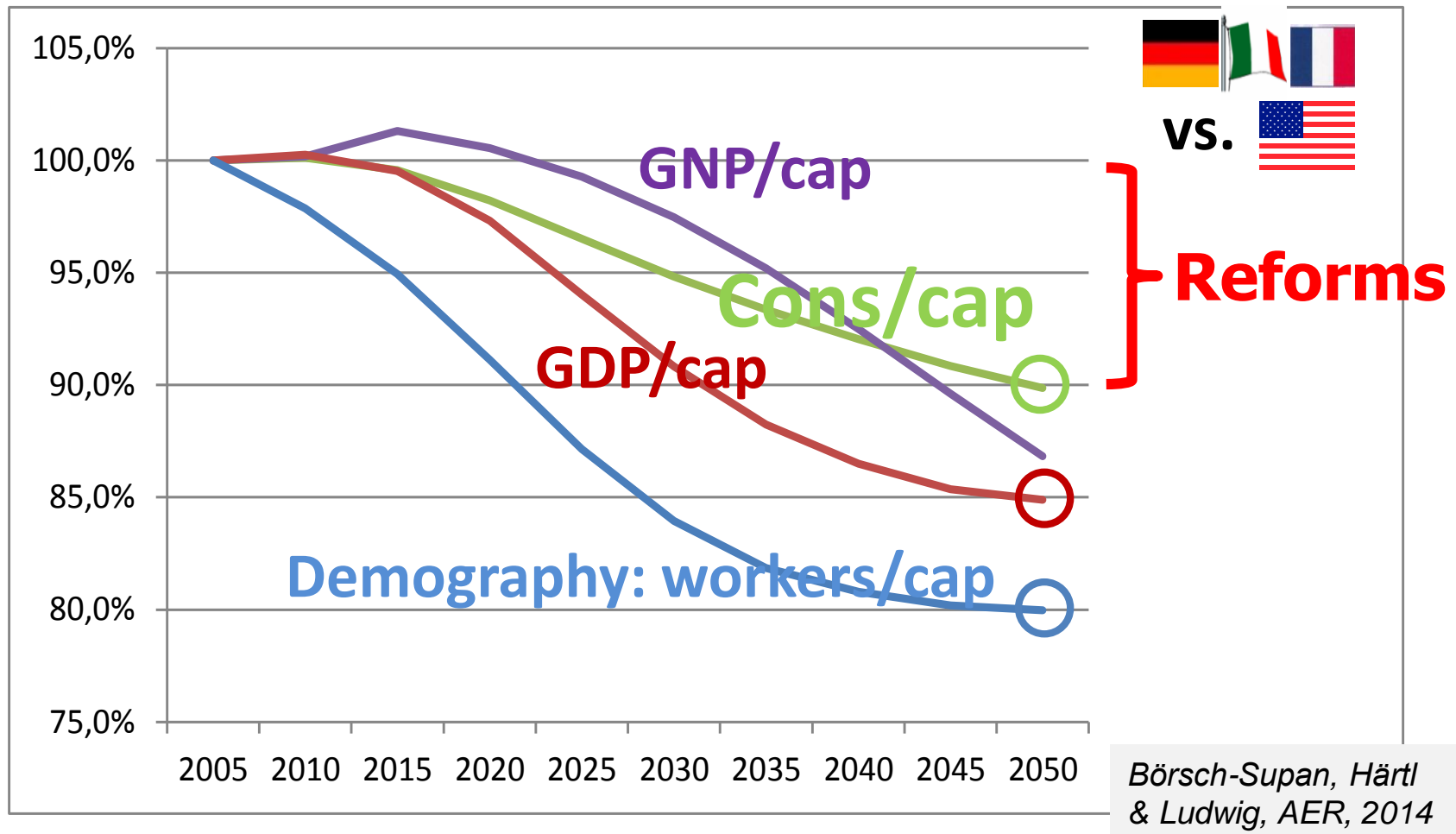
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Adaptation and reforms

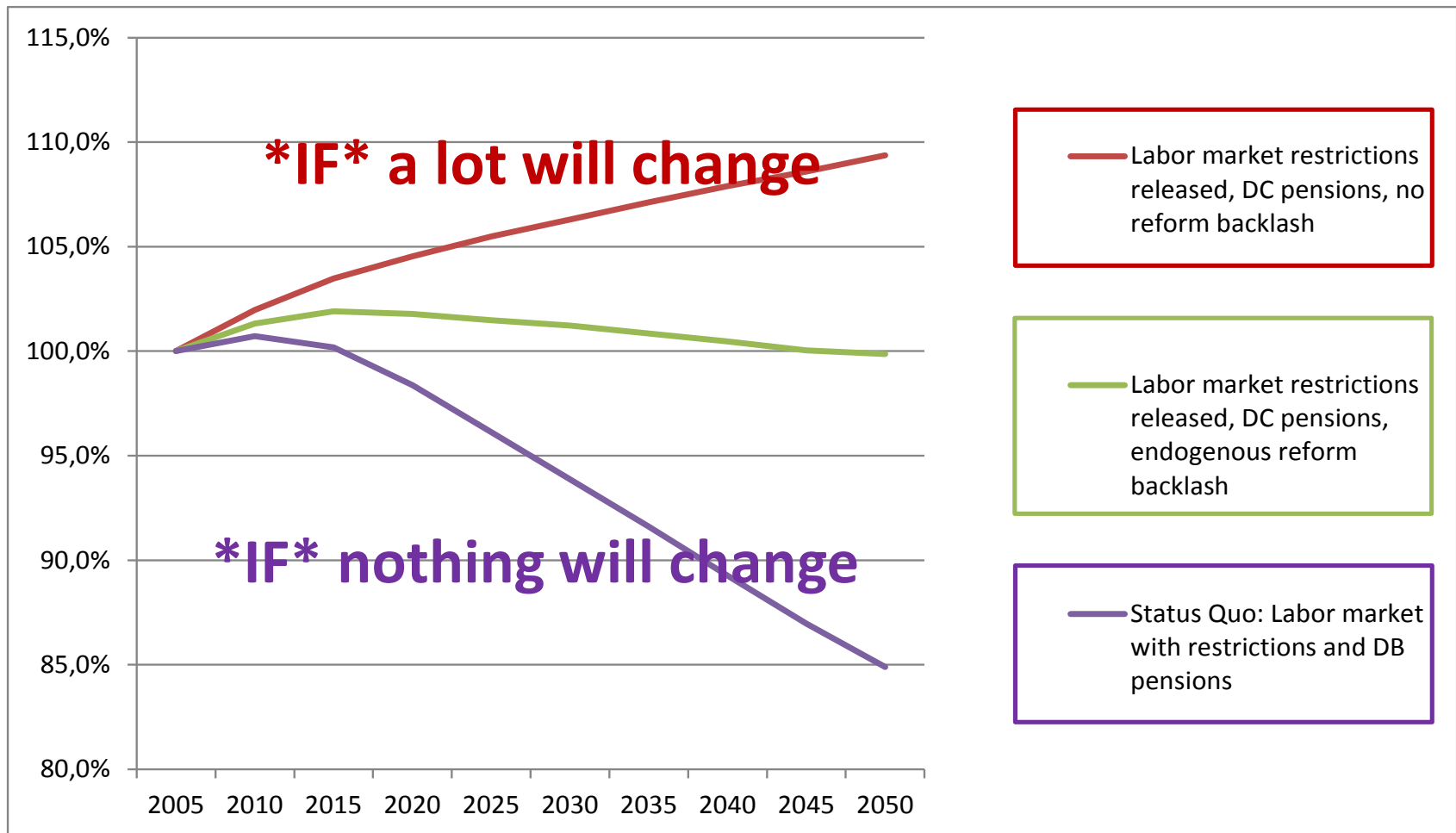
Input and **output** (2005=100%, detrended)





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Possible developments: Living standards in



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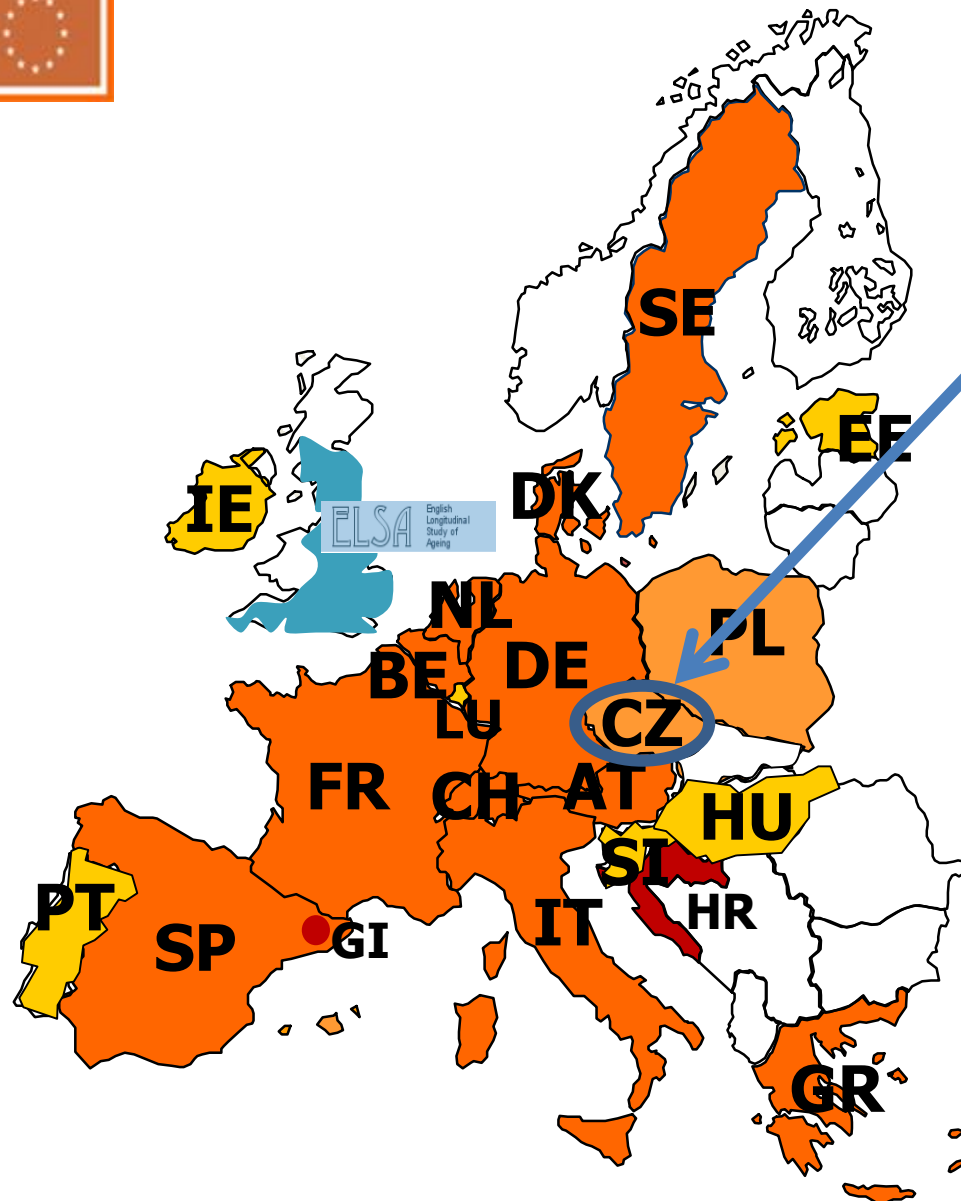


Data about:

- All aspects of health
- Economic status & work
- Social/family network

Currently available:

- 21 countries
- 83,000 respondents 50+
- 230,000 interviews
- 27,000 blood samples
- 13,500 life histories



**Korea
Japan
China**



India

IL





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Myth 3: Health is insufficient...

Health at age 60-69 in Europe



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Myth 4: Loss of productivity



1.2 mio observations over 4 years

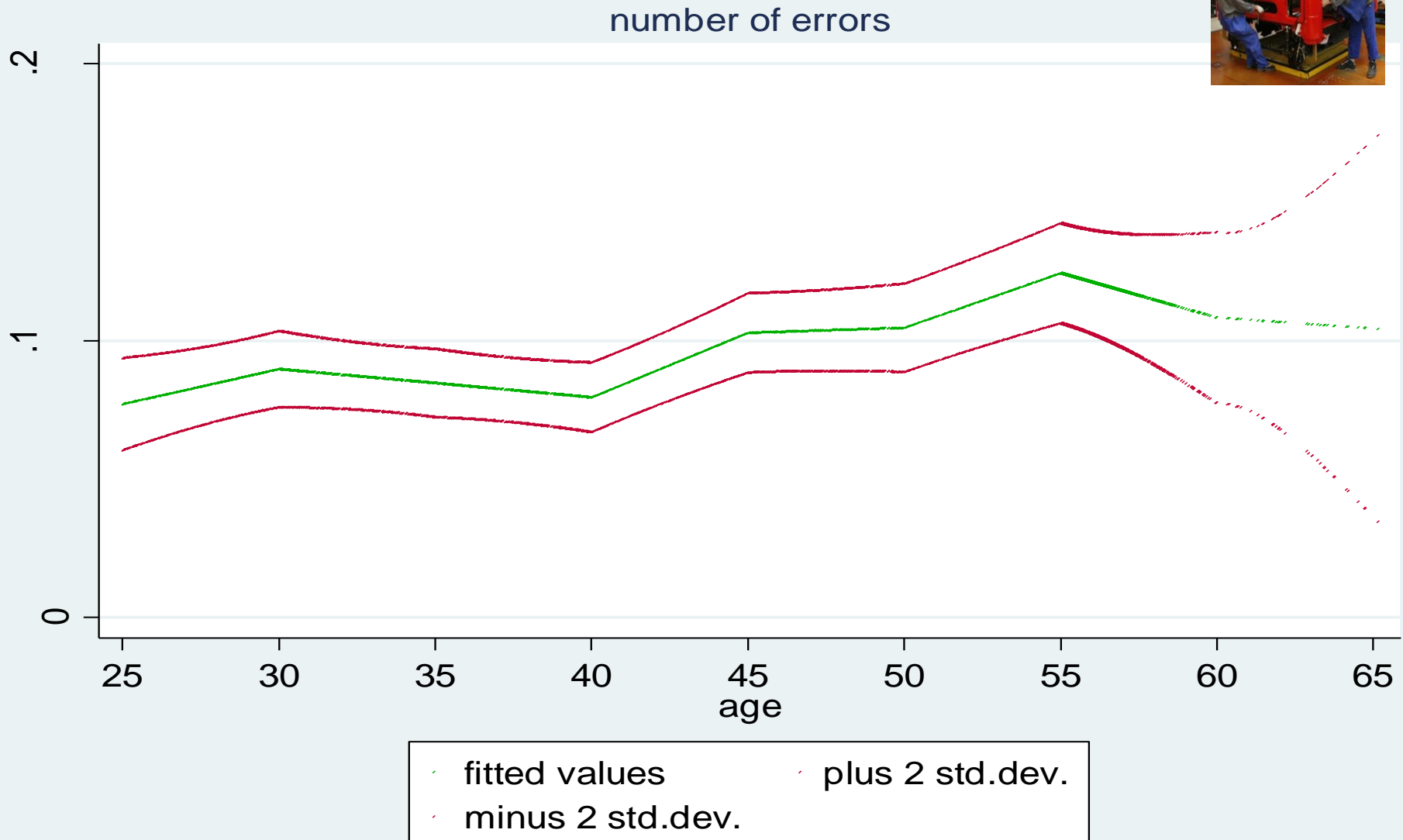
Errors as „dis-productivity“



4,8 mio output measurements

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Age and error frequency

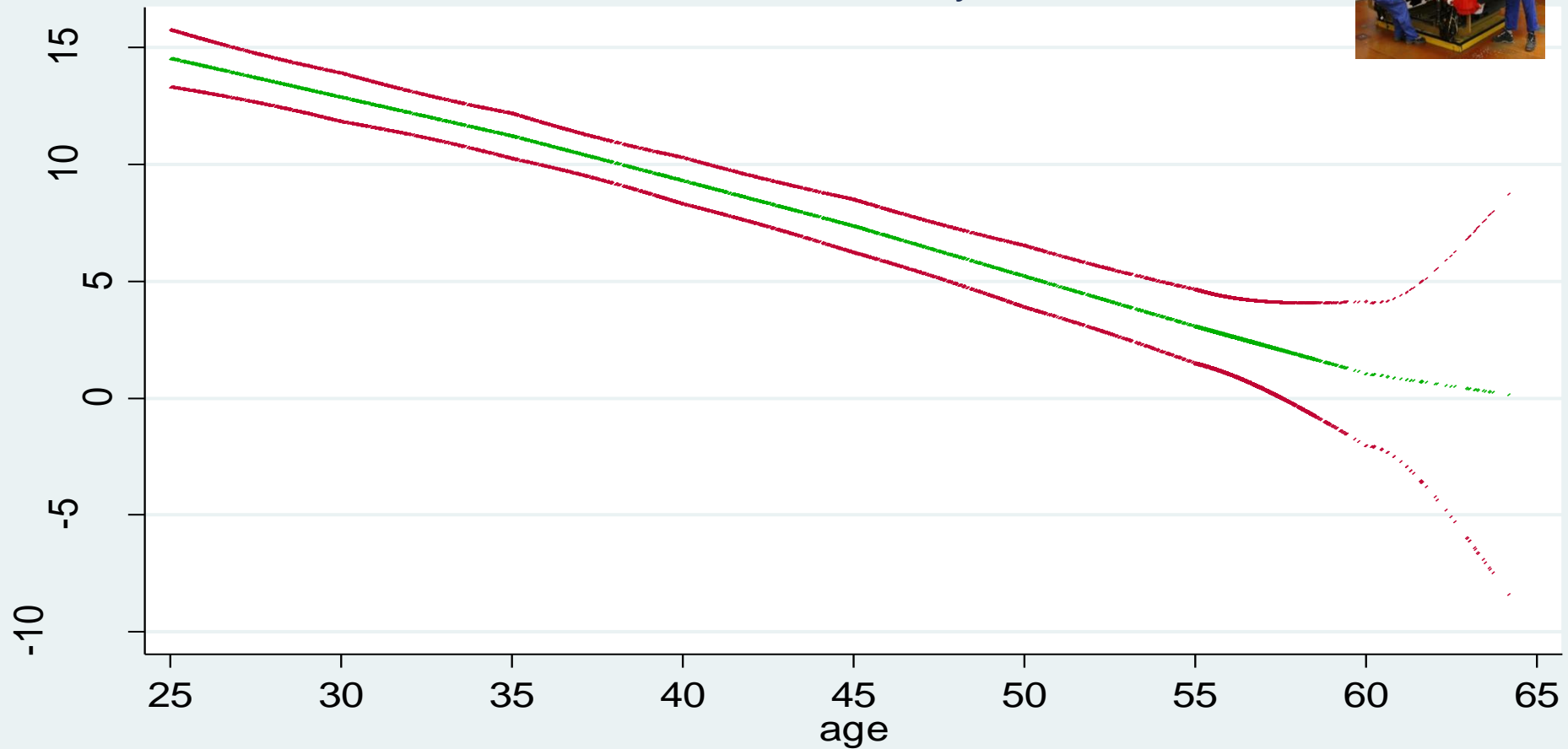


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Age and error severity



error severity



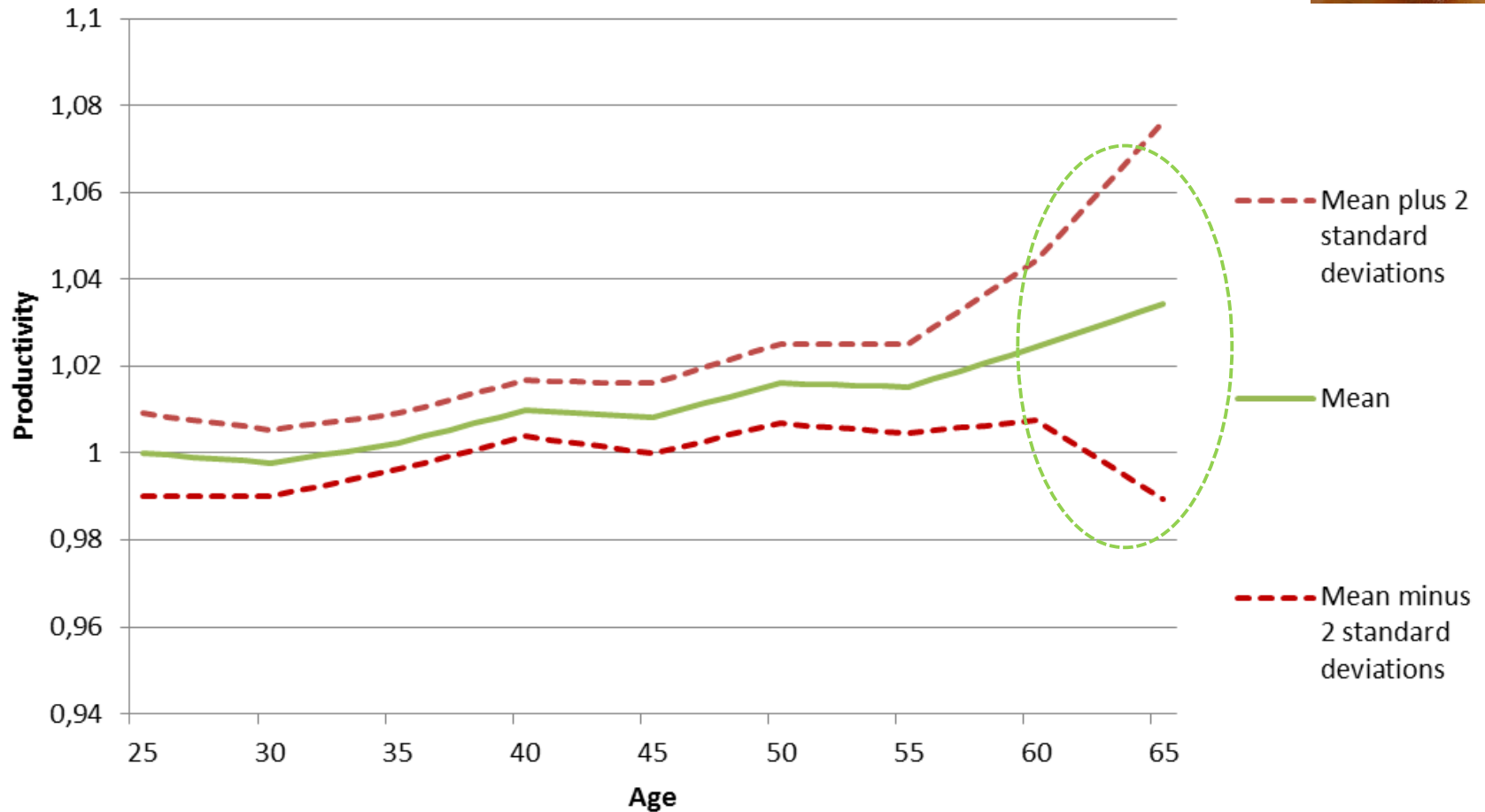
— fitted values

— plus 2 std.dev.

— minus 2 std.dev.

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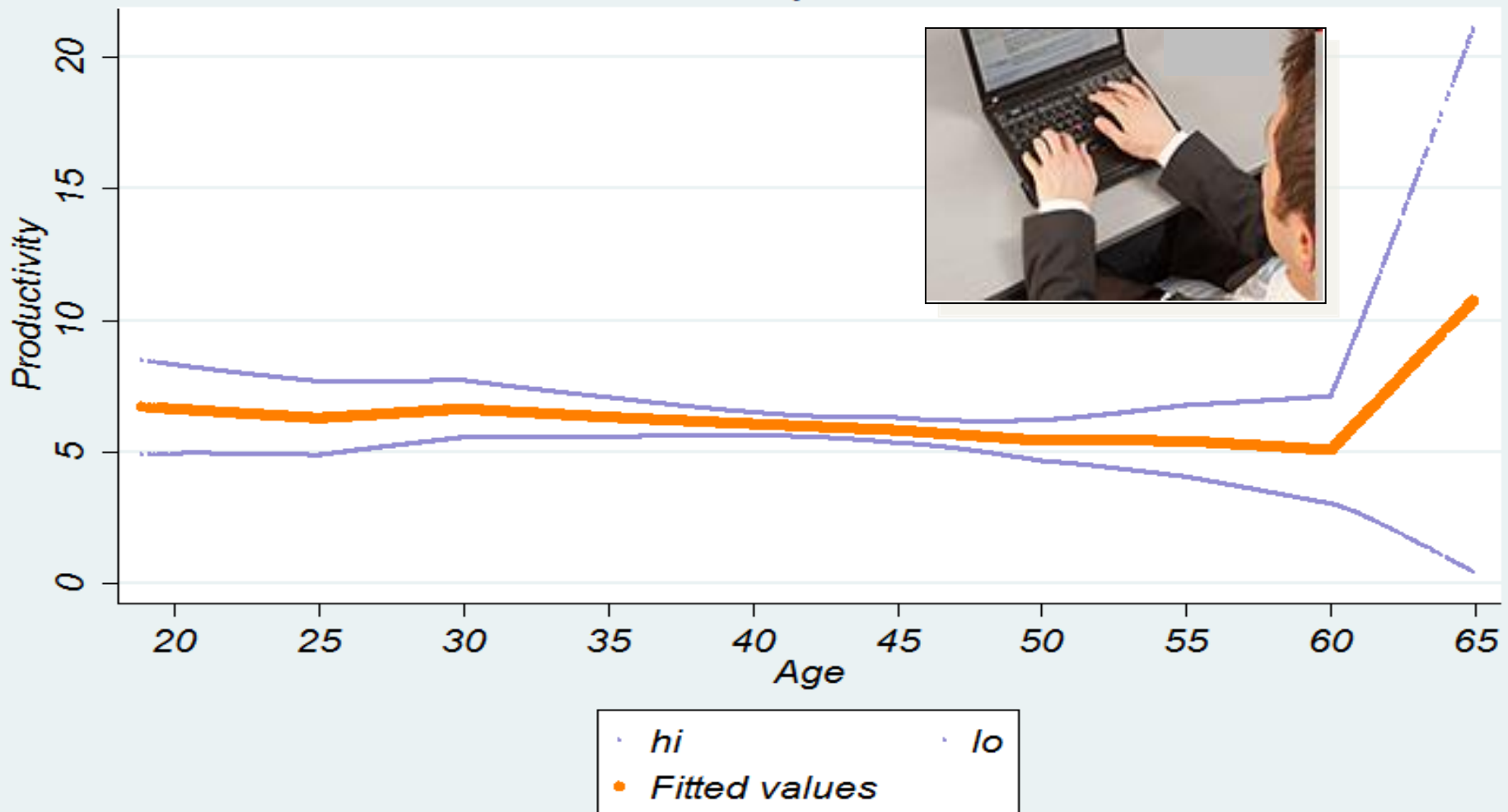
Age and productivity



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Age and productivity

worker and workplace fixed effects



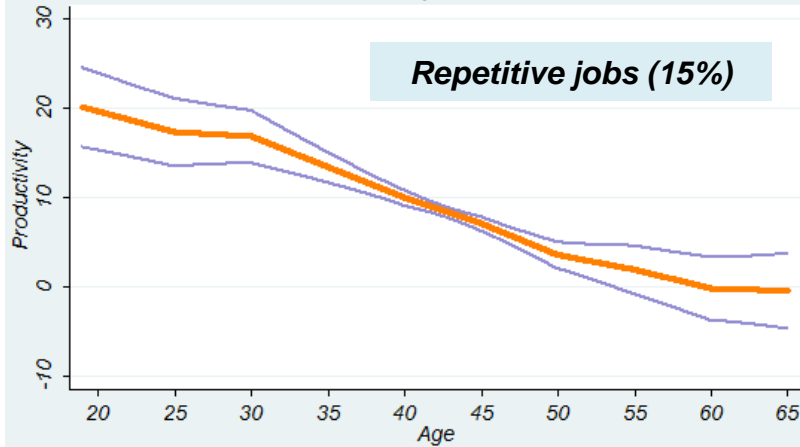


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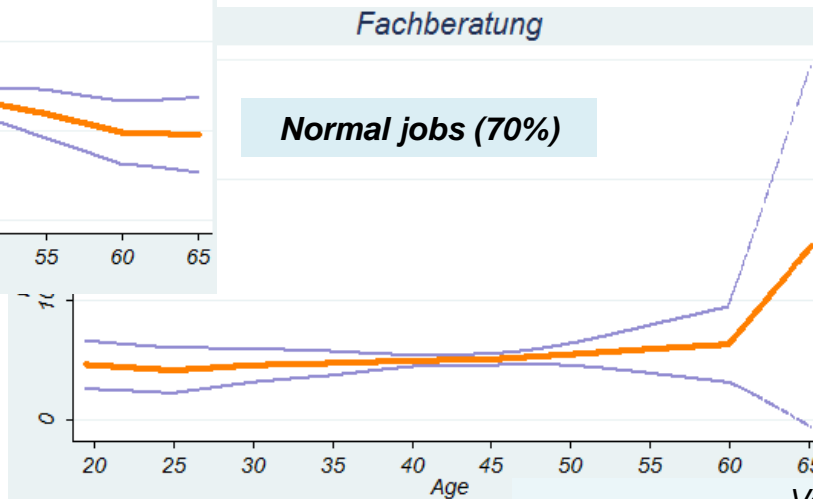
Age and productivity



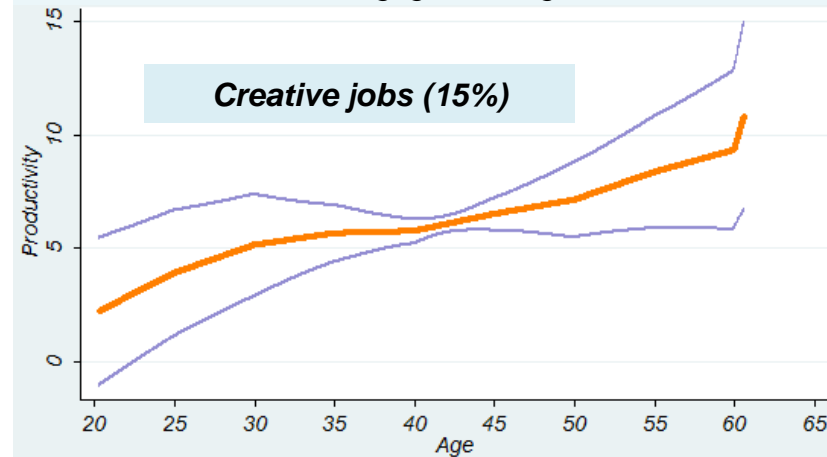
Korrespondenz



Fachberatung



Vertragsgestaltung



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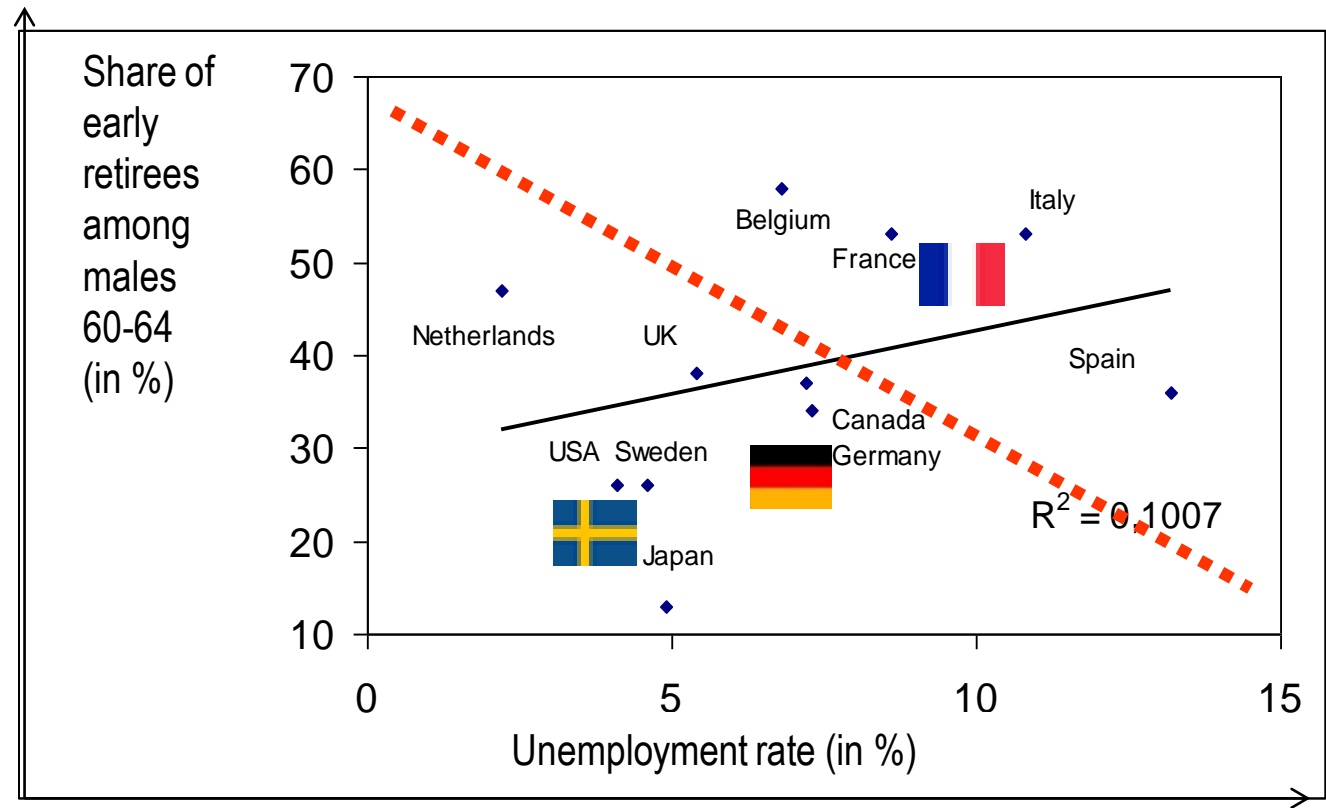
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Myth 5: Old take jobs from young



(data: OECD Employment Outlook)

„Lump of labor fallacy“

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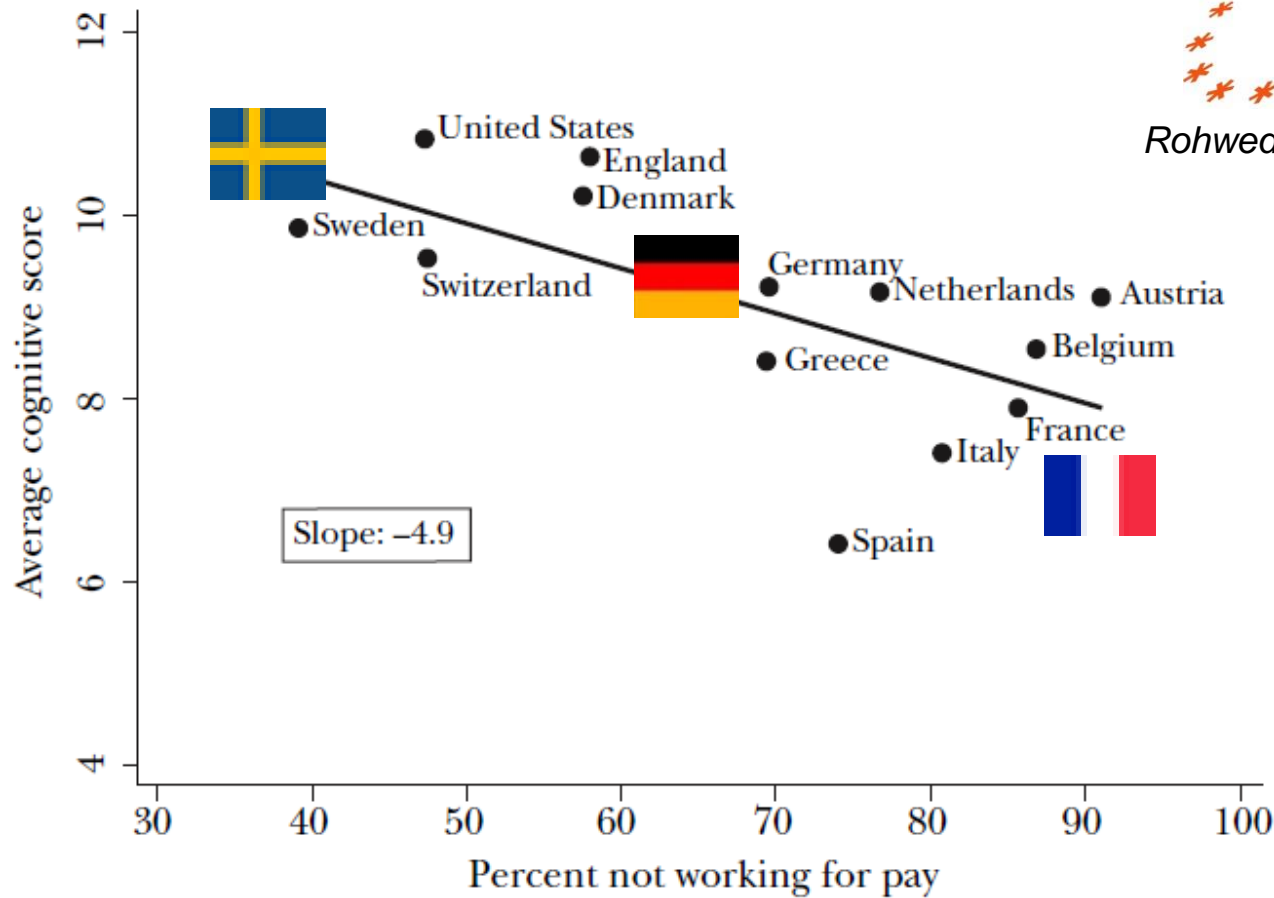
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Myth 6: Retirement is bliss...

Cognition by Percent Not Working for Pay, 60–64 Year-Old Men and Women, Weighted



SHARE
Survey of Health, Ageing
and Retirement in Europe

Rohwedder and Willis 2010

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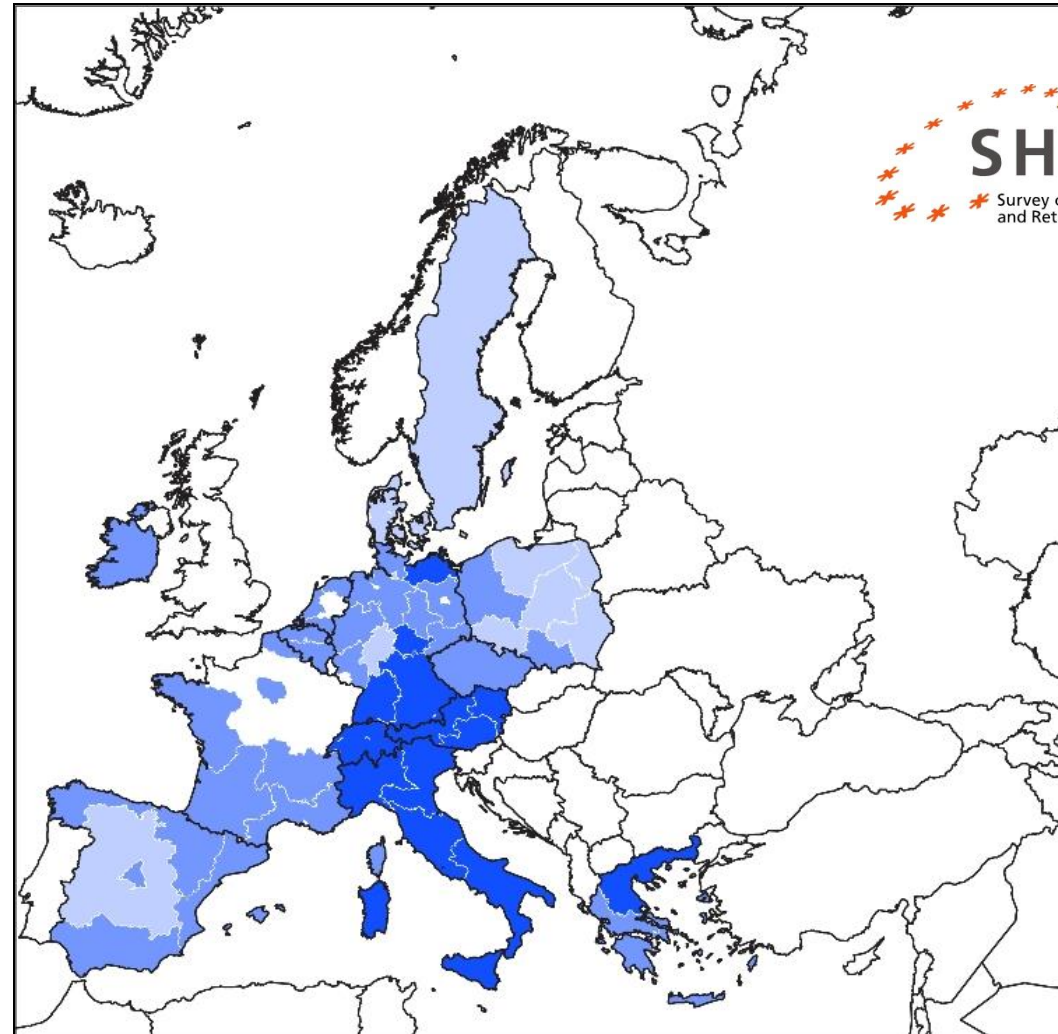
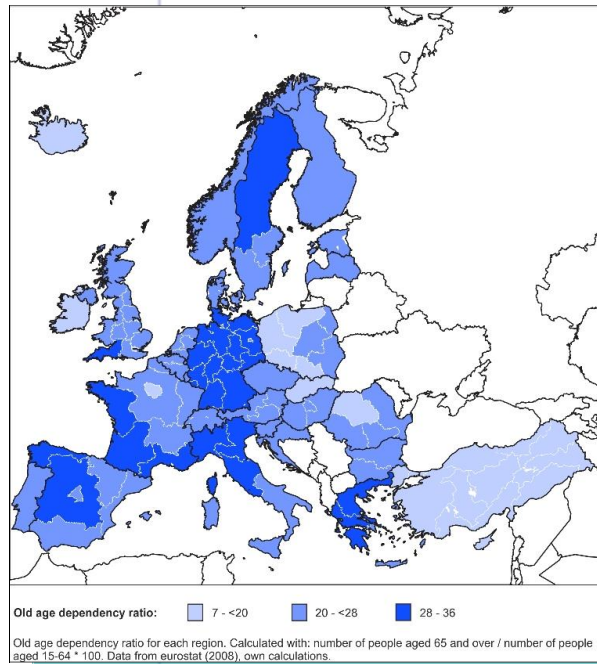
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Conflicts with children

Figure 1: Old age dependency ratio in European regions
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50+ Conflict with children

Percentage of respondents who experience conflicts with their children sometimes or often, SHARE, wave 1 (2004) and wave 2 (2006/07), weighted (except Ireland). Question was asked in past tense instead of present tense in

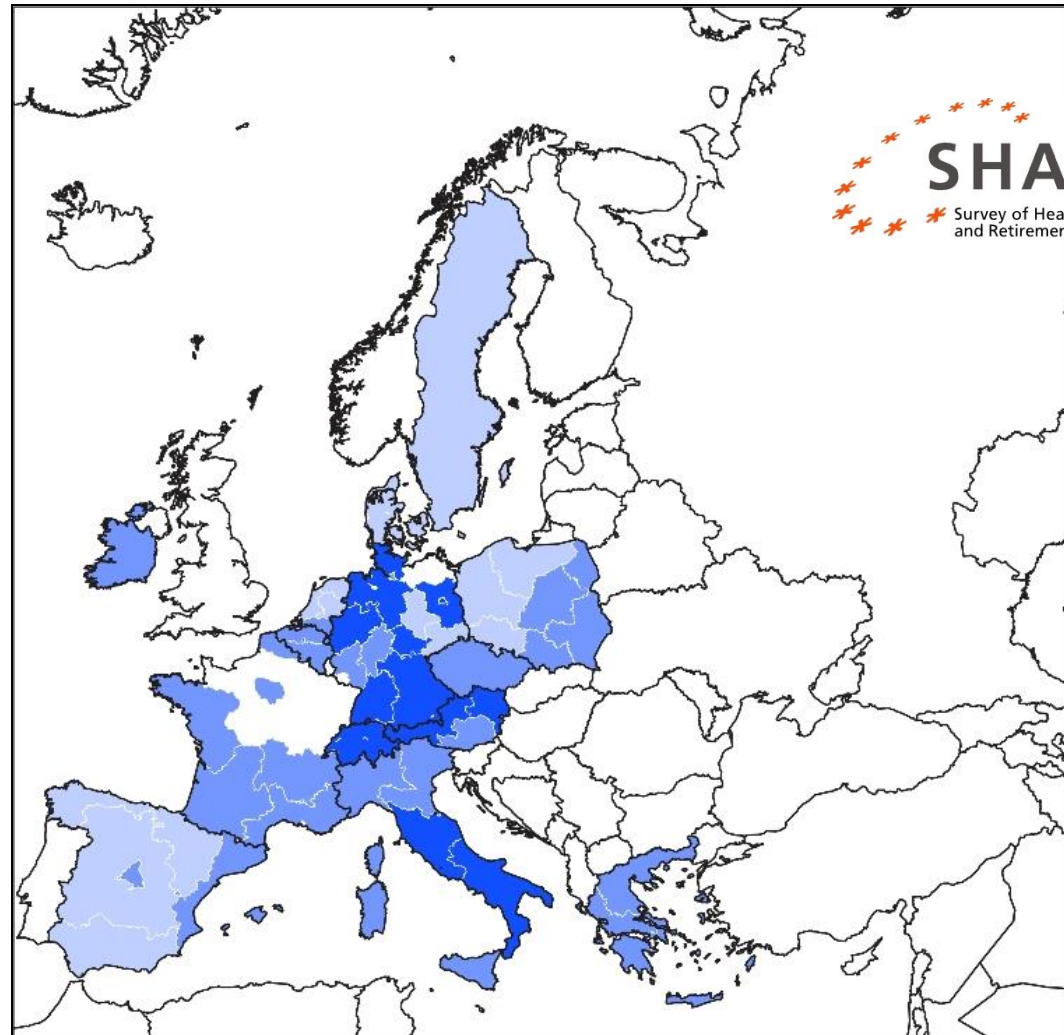
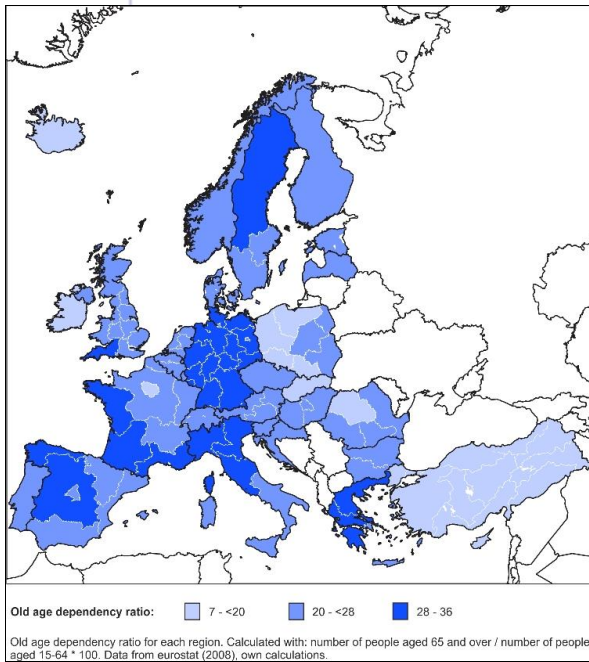


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Conflicts with parents

Figure 1: Old age dependency ratio in European regions

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50+ Conflict with parents

Percentage of respondents who experience conflicts with their parents sometimes or often, SHARE, wave 1 (2004) and wave 2 (2006/07), weighted (except Ireland), Question was asked in past tense instead of present tense in Austria, Germany and Spain and in the German and Italian version in Switzerland.



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More dimensions

Family relations:

- | | |
|--|---------|
| 1. Financial transfer provided to children | reverse |
| 2. Financial transfer received from children | yes |
| 3. Conflict with children and grandchildren | reverse |
| 4. Conflict with parents | reverse |
| 5. Trust to children and grandchildren | reverse |
| 6. Trust to family members over 70 | reverse |

Non-family relations:

- | | |
|---|---------|
| 7. Having at least one friend who is younger than 30 (all respondents) | yes |
| 8. Having at least one friend who is younger than 30 (respondents older than 64) | yes |
| 9. Having at least one friend who is older than 70 (all respondents) | reverse |
| 10. Having at least one friend who is older than 70 (respondents younger than 30) | reverse |
| 11. Meeting socially at least once a week (all respondents) | yes |
| 12. Meeting socially at least once a week (respondents younger than 30) | yes |
| 13. Meeting socially at least once a week (respondents older than 64) | yes |
| 14. Felt age discrimination (all respondents) | reverse |
| 15. Felt age discrimination (respondents younger than 30) | reverse |
| 16. Felt age discrimination (respondents older than 64) | yes |

Values and political preferences:

- | | |
|--|---------|
| 17. Higher taxes and spending more on social services? (all respondents) | reverse |
| 18. Higher taxes and spending more on social services? (respondents younger than 30) | reverse |
| 19. Higher taxes and spending more on social services? (respondents older than 64) | reverse |
| 20. Family or state responsible for financial support for older persons | yes |
| 21. Family or state responsible for help with household chores for older persons | reverse |
| 22. Family or state responsible for personal care for older persons | reverse |

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Summary and conclusions

Myths and prejudices are fatal for handling the challenges of demographic change. Dominate political process. Scientific evidence may help to overcome them:

- 1. The economics of aging is about all generations**
- 2. Reforms and adaptations stabilize living standards**
- 3. Declining health does not limit the capacity to work for most**
- 4. Inactive retirement is not bliss but harms mental health**
- 5. Older workers are as productive as younger workers**
- 6. Older workers do not take jobs away from the young**
- 7. Older societies do not create intergenerational conflict**