

**SINGAPORE
PERSPECTIVES2018**
Together

Singapore Perspectives 2018

Together

Monday, 22 January 2018
Fairmont Ballroom, Raffles City Convention Centre



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Longevity and Social Welfare In Singapore

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Singapore Perspectives 2018

Overview

- Longer healthy life spans are an enormous gain in human welfare
- Current institutional arrangements in most countries are not consistent with population aging
- Institutions, not people, have to change
 - Families, governments, communities, employers
- Changing Incentives and social norms

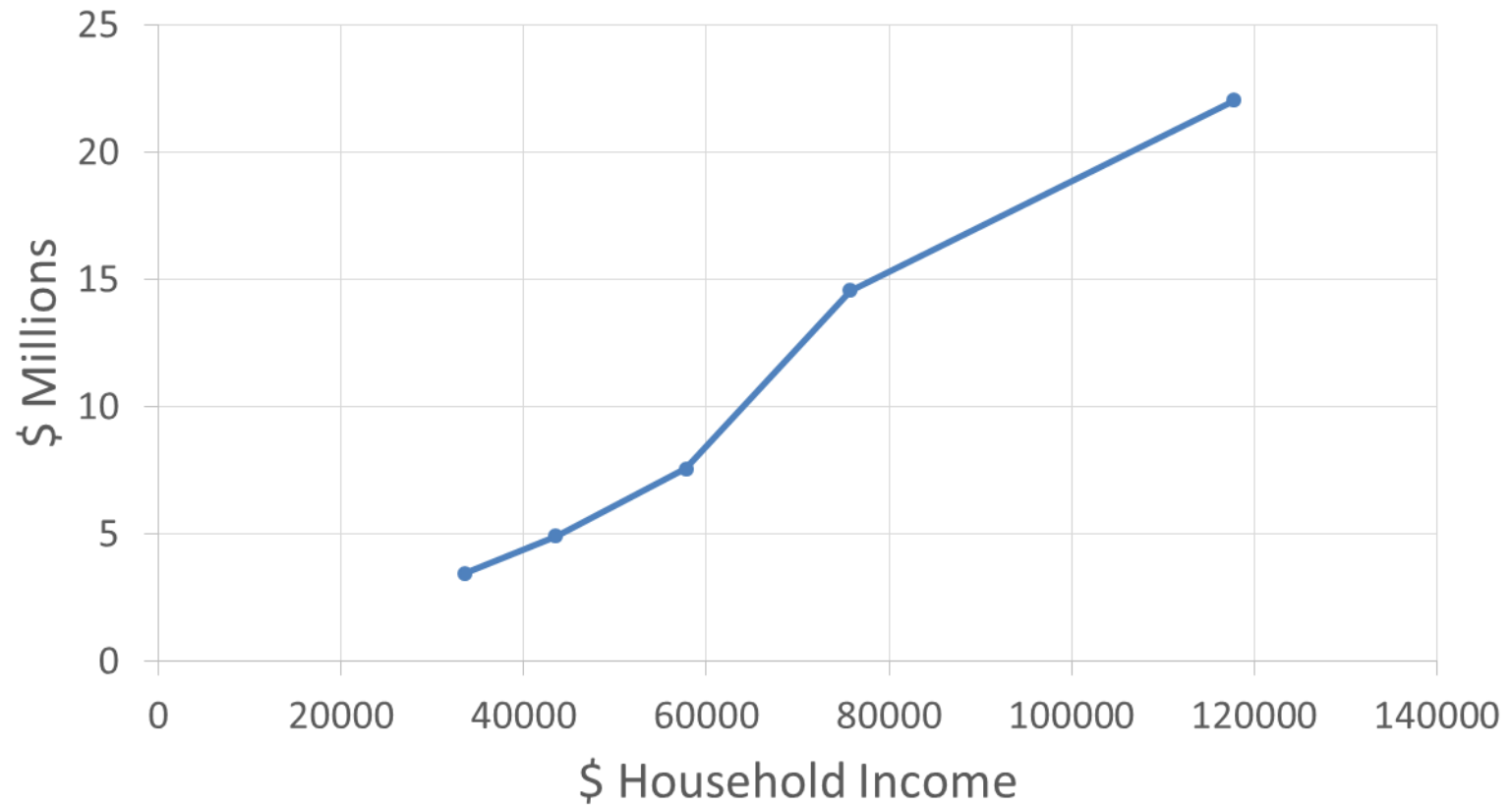
New Ways of Thinking

- Shift to measuring, and maximizing, human welfare, not GDP per capita. Policies can reduce GDP per capita and increase welfare.
- A simple alternative measure: Income, and health, adjusted life expectancy.
- Use this to evaluate welfare and policies
- Incentives versus risk pooling, savings versus transfers
- Health insurance and pensions in China, Increasing Fertility in China, Welfare inequality in USA.

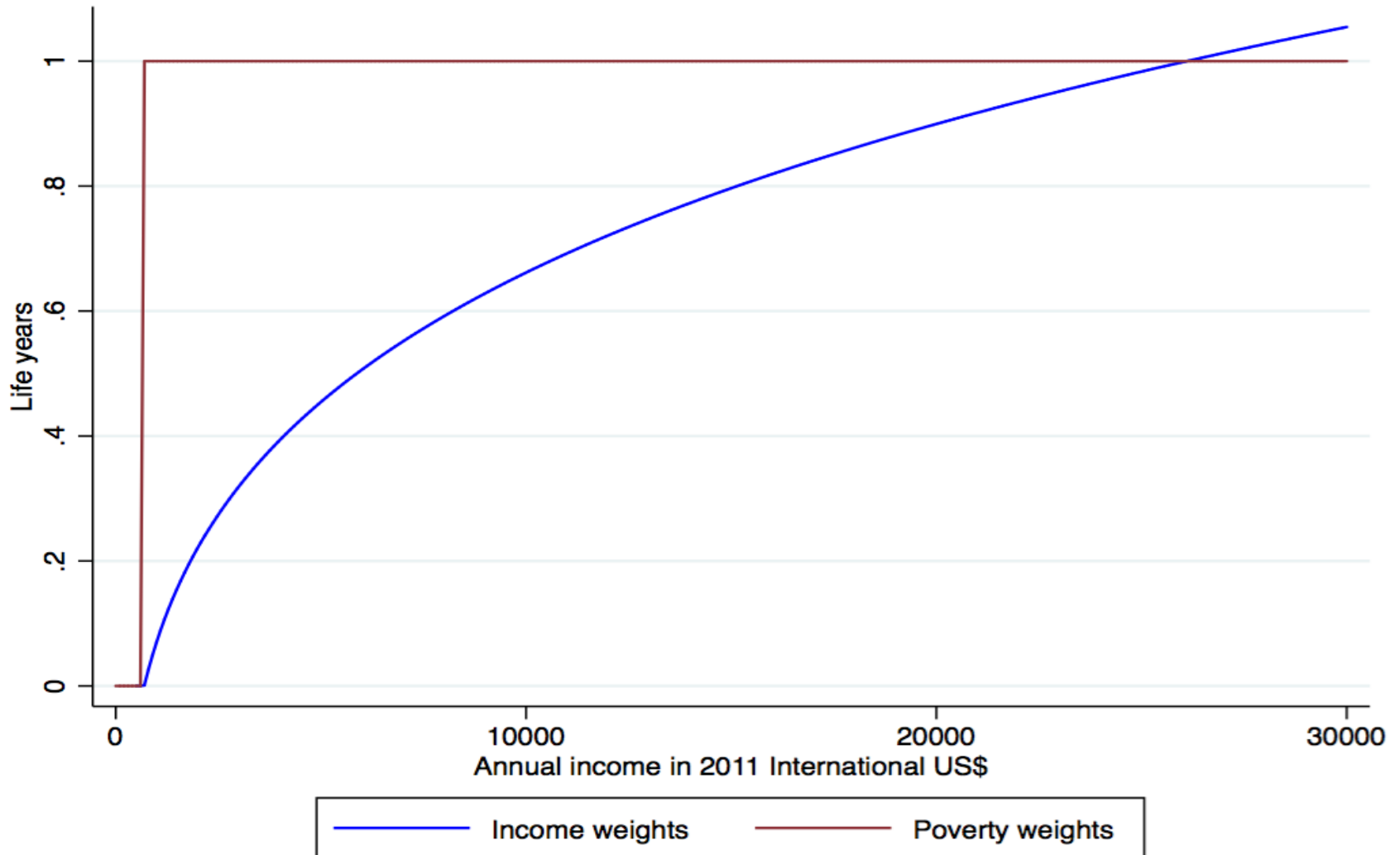
Measuring Welfare not Income per Capita

- Components of Welfare
 - Life expectancy, Consumption, Health
 - Happiness, Social networks, Children, Inequality, Environment
- GDP
 - Market activities, demand for traded goods and services, not welfare - Very misleading if used as a policy goal

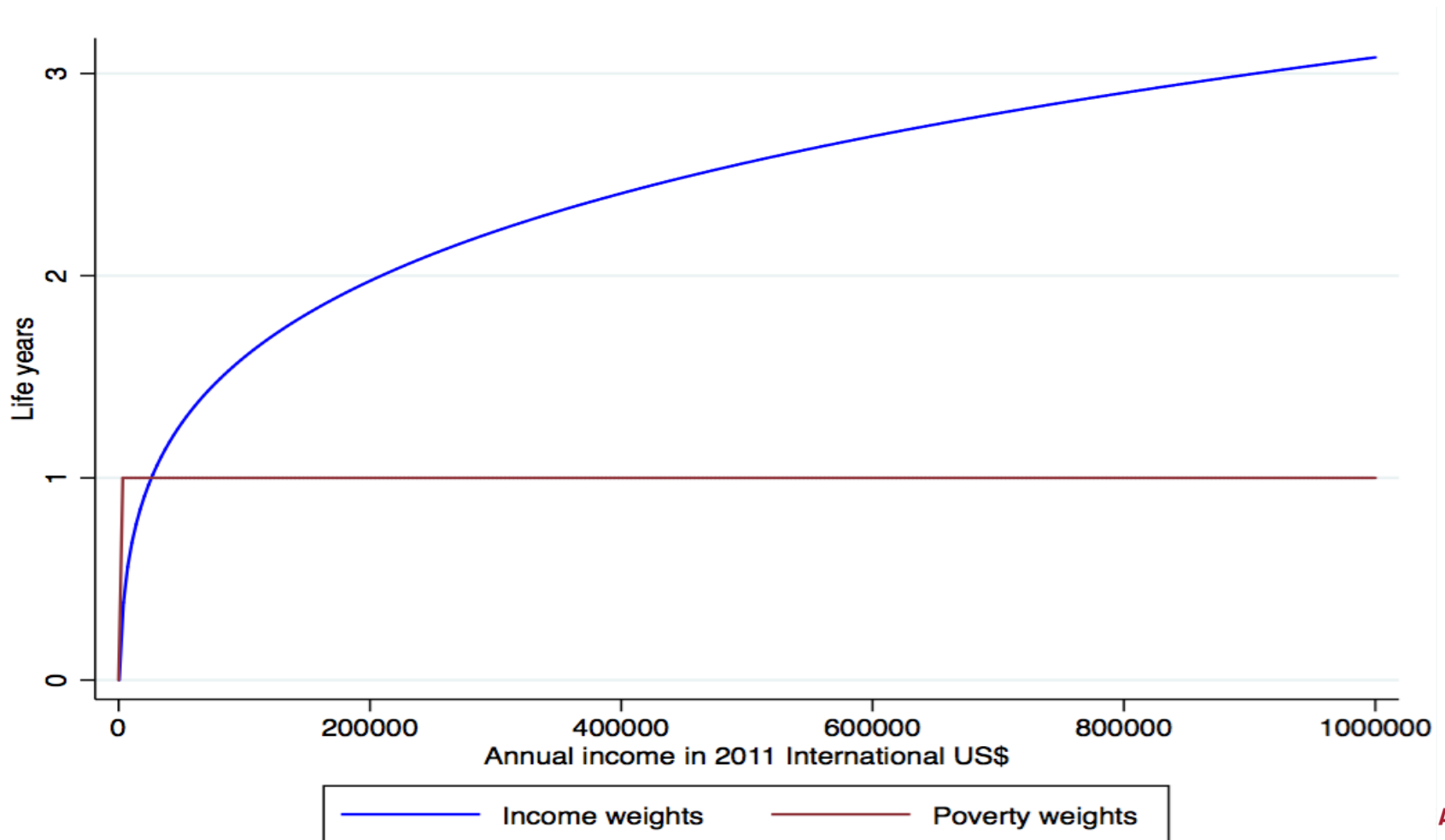
“Value” of Life by Income Quintile: United States



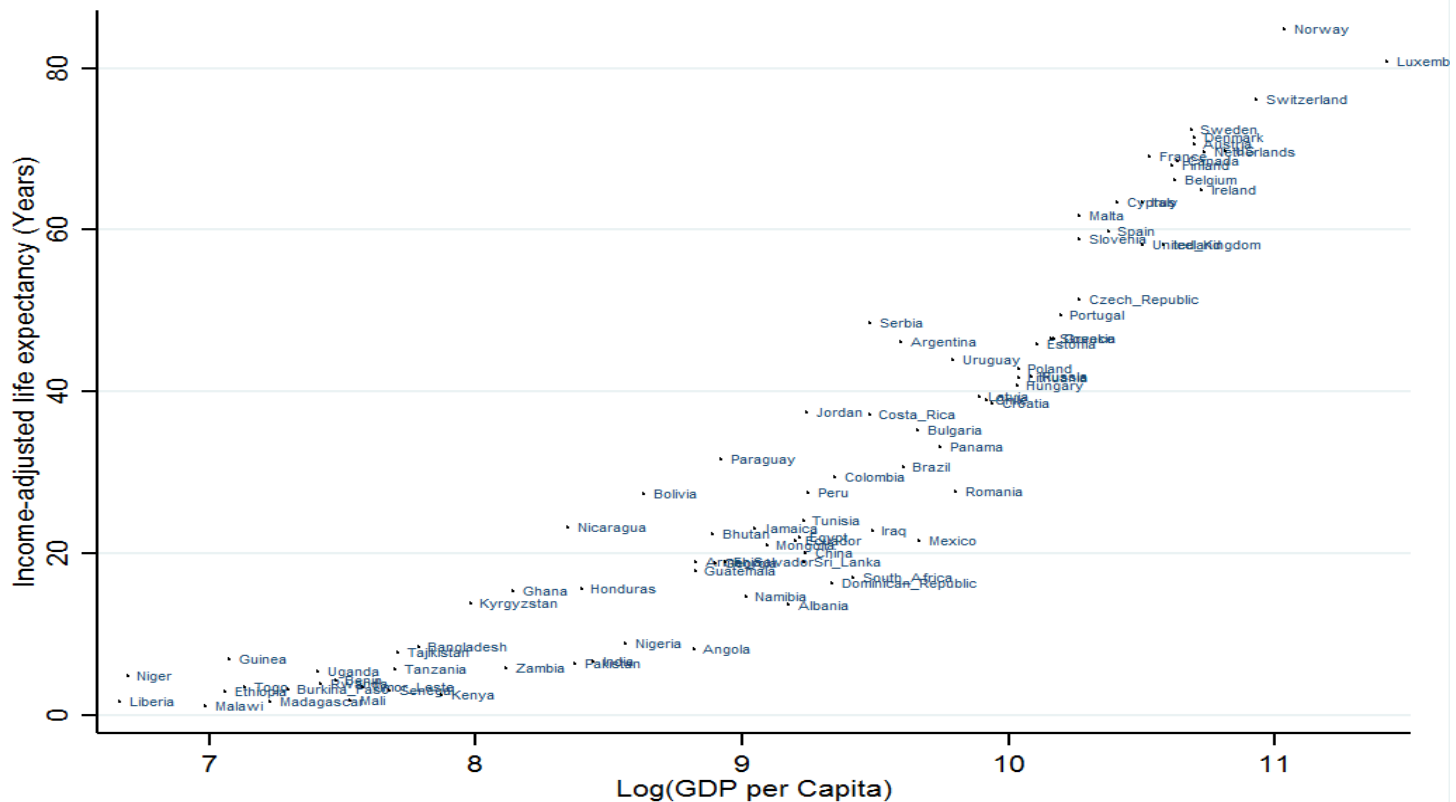
Value of Money in Life Year Equivalents



Value of Money in Life Year Equivalents



Income Adjusted Life Expectancy and GDP



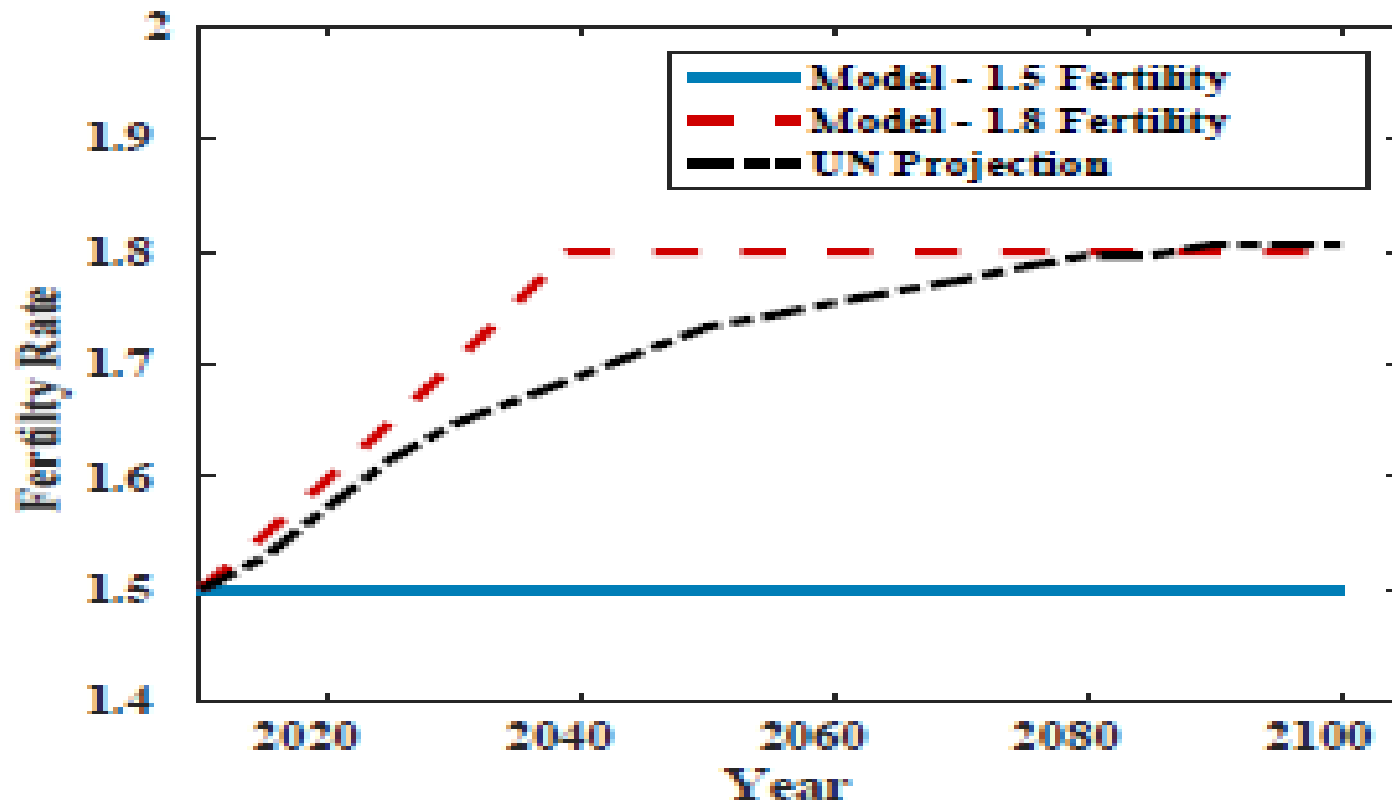
Output and Welfare Effects of Rural Pensions and Health Insurance in China

	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

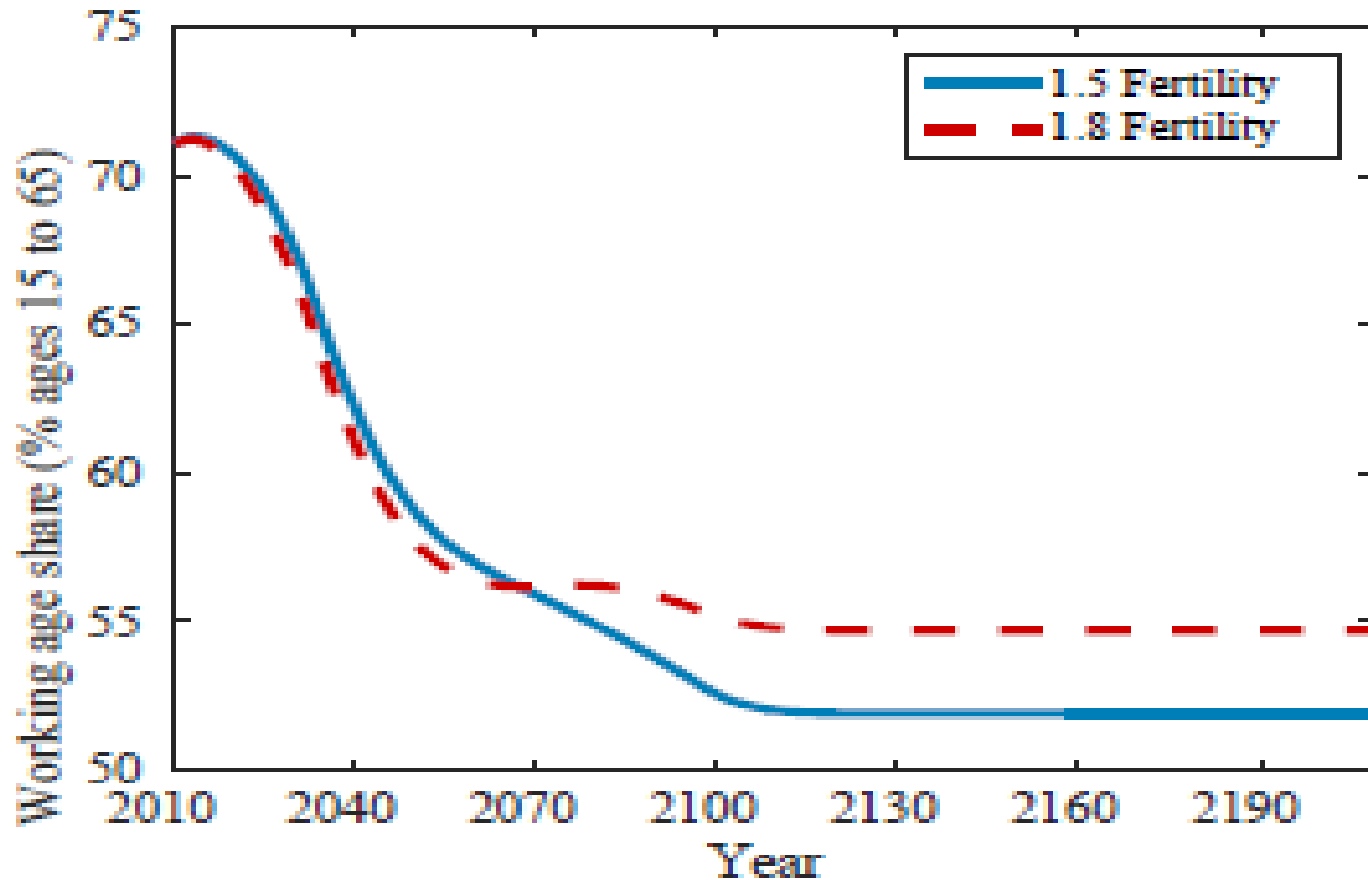
% change from baseline



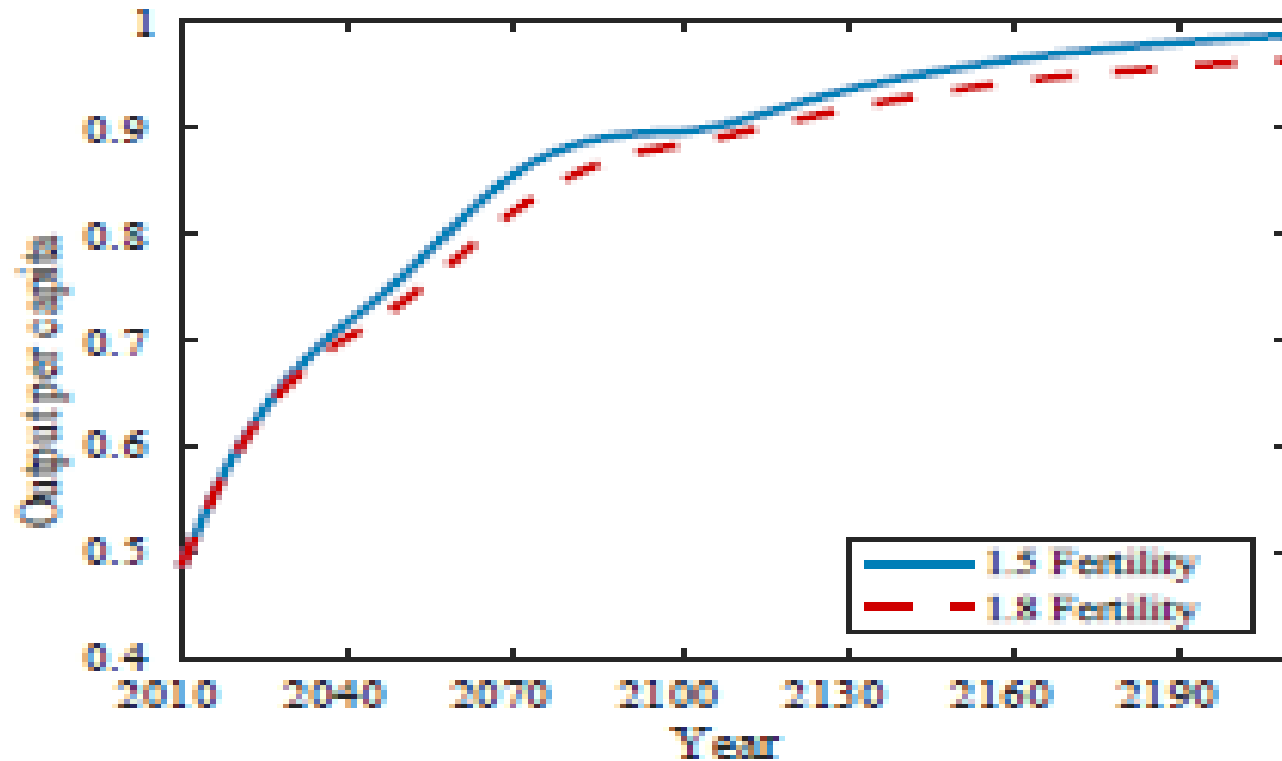
Fertility Rate Scenarios in China



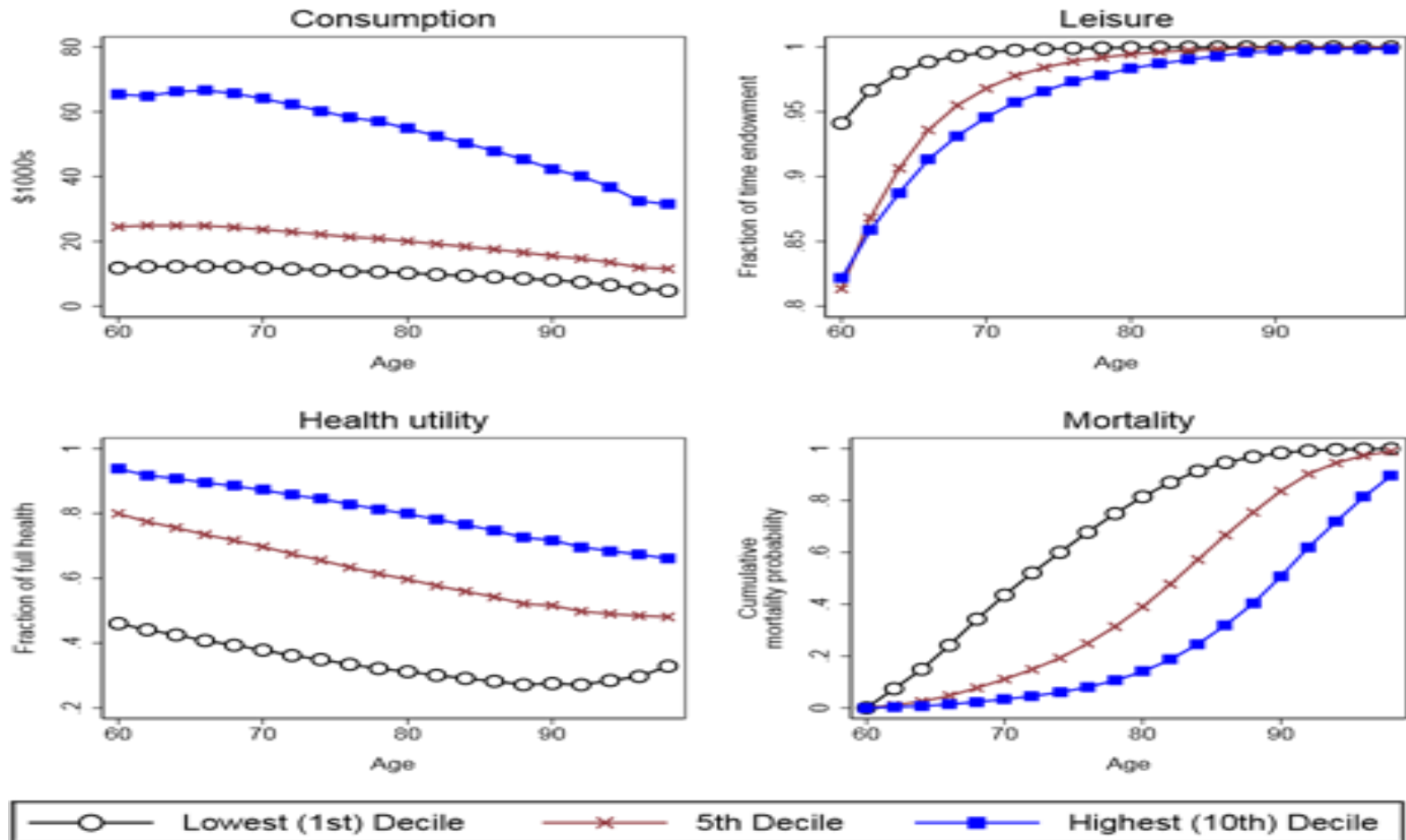
Working Age Share Scenarios in China



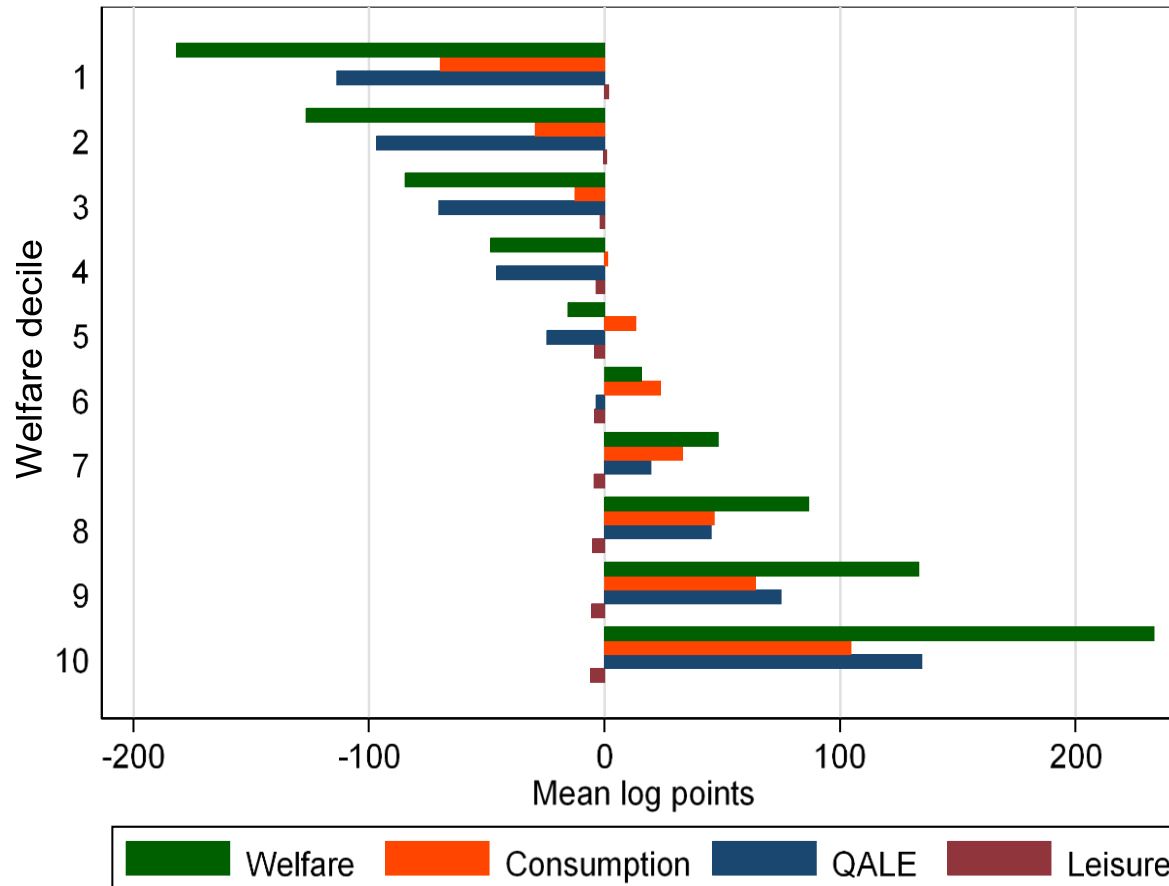
Output per Capita Scenarios in China



Components of Lifetime Welfare by Decile at Age 60: USA



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
Welfare	0.23	5.22	23.08
Consumption	0.35	2.65	7.50
Health utility	0.61	1.22	2.00
Flow utility	0.35	3.02	8.71



Aging in Singapore

- Not Locked into unsustainable PAYG transfer systems
 - Fiscal space for innovation
- Self reliance and limited risk pooling
 - Space 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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