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## Introduction to Special Collection Six on the Labour Market, Migration and Ageing\*

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This Special Collection is based on selected papers from the Fourth Australian National University (ANU) and Dhurakij Pundit University (DPU) conference, held in Bangkok, Thailand, from 26-27 February, 2015. The theme of the conference was “The Labour Market, Migration and Ageing.” The conference extended the academic partnership of the two institutions, which began in 2007, with eight years of cooperation, resulting now in four conferences and many important academic publications. As well as demography and the labour market, the ANU-DPU affiliation has promoted research and discourse in many areas, including higher education financing, education and labour market policy, and income contingent loans.

A critical part of the ANU-DPU research and outreach program has involved several internationally renowned scholars accepting invitations to be keynote speakers at the conferences. They include: Lawrence Summer from Harvard University (2008); Eric Hanushek from Stanford University (2011); Joseph Stiglitz (Nobel Laureate) from Columbia University (2013); David Card from the University of California, Berkeley (2015); and John Piggott from the University of New South Wales (2015). Participants from more than 20 countries have been involved in the conferences. We have also been fortunate to secure collaboration and financial assistance from outstanding international partners, such as the World Bank, the Australian Research Council, AusAid, and the International Economic Association (IEA). Details of these conferences are now considered.

The First ANU-DPU conference, “Financing Higher Education and Economic Development in East Asia,” took place in August 2008. Several international experts in the area of student loans (Professors Nicholas Barr, Bruce Chapman and Adrian Ziderman) contributed to the event. The conference focused on and addressed important issues pertinent to access to higher education. Different financing models and the roles of institutional arrangement in the East Asian region and selected countries outside of the region

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were explored. The conference also addressed the value of higher education in economic development, with proceedings being published in Armstrong and Chapman (eds.) (2011).

The Second ANU-DPU conference, “Economics of Education Policy,” was held in April 2011 and drew together international experts in policy related to the economics of education. Topics covered related to the issues of equity, access and education financing of both basic as well as tertiary education. Selected papers from this conference were published as a special issue of the *Economics of Education Review* (Chapman and Lounkaew (eds), 2013).

The Third ANU-DPU conference, “Education and the Labour Market: Policy and Beyond,” was the continuation of the previous two conferences in terms of contribution to the understanding of the nexus between education and economic development, with particular focus on its role in the labour market. The event was held jointly with the workshop on “Income Contingent Loan” led by Professor Joseph Stiglitz, the then president of the IEA. Selected papers from this workshop were published in an IEA Conference volume (Chapman, Higgins and Stiglitz (eds.), 2014).

The Fourth ANU-DPU conference, “The Labour Market, Migration and Ageing,” was held in Bangkok in February 2015. It was hosted jointly with the ARC Centre of Excellence in Population Ageing Research (CEPAR) at the University of NSW, and the Thai Ministry of Labour. The theme was motivated by the global trend of ageing society and changing labour market structure. International experts in labour economics, migration and ageing participated and presented recent research findings.

This year we have been very privileged to acquire permission from Associate Professor William Haller, the Editor of *Population Review*, to use the journal as the publication outlet for selected papers from the Fourth ANU-DPU conference. The collection comprises five papers, each of which contributes to the understanding of the issues in a distinctive way. Before summarizing briefly the contribution of each of the papers, we first set the scene through broad consideration of the issue of population ageing, understood in the context of migration and the labour market with specific reference to Asia.

Population ageing can be seen as one of the most important social challenges of the 21<sup>st</sup> century, ranking with climate change as a major policy frontier. It is a global phenomenon, happening almost everywhere.

The Asian region is host to more than half the world’s population. But Asian countries are at different stages of demographic transition, from China, which while still young will age very rapidly, to Japan, the world’s oldest large society. While Central and South Asian countries are relatively young and will remain so for some time, East and South-East Asia is expected to age at an unprecedented rate in the next few decades. Many of these nations are expected to “catch up” demographically to developed countries, such as Australia and the United States, over the next few decades. These latter countries are older, but they are ageing less rapidly than the younger countries of East and South-East Asia.

There is a form of demographic transition that has been associated with rising levels of per capita output (Lee, 2003). Rising life expectancy means that a higher proportion of each cohort works for a longer time period than its predecessors, and decreasing fertility means a greater proportion of them can participate in the labour market. This is known as the “demographic dividend” (see Bloom and Canning, 2003). These forces may

account for as much as one third of the growth rates in the “East Asian miracle” (e.g. see Golley and Tyers, 2012).

This concentration of working-age people, before the population gets old, leads to an evolving demography, resulting in a “headwind” that hinders economic growth. This reversal can be seen in the more developed and older countries of Asia, such as Japan, as well as much of the rest of the developed world, especially in Western Europe. In these countries, population ageing is exerting unprecedented pressures on long-established social norms and policy institutions. Early declines in fertility in the period following the Second World War, combined with life expectancy increases, especially at mature ages, have meant that these countries are the vanguard of this evolution.

But current experience suggests that the evolution does not necessarily stop at any convenient equilibrium. In developed countries, sustained falls in fertility and increasing life expectancy are raising deep questions about intergenerational exchange and equity and policy formulation. Households are facing unfamiliar and complex yet critical life choices. Employers face the challenge of adapting to an older workforce. And governments under fiscal stress are retreating from the provision of retirement income and public health benefits, raising new challenges for policy design and delivery and for the private sector in meeting the resource needs of older generations. These are all challenges-in-waiting for the rapidly ageing countries of Asia, which are likely to join the club of “getting old before getting rich” nations.

The first stage of the demographic transition, with its welcome demographic dividend, provides a window of opportunity to set up social policies favorable in the later stages of demographic shift, when the demographic forces favoring high labour force participation are reversed. Much research, and policy analysis, has focused on such issues, including some papers in this issue. This demographic shift has important implications for the development of social policy (Chomik and Piggott, 2015; O’Keefe, 2015/forthcoming).

But in the Asian region, in particular, there is a further dimension to population ageing that has so far been little explored. Nations are not self-sufficient. If they age at different rates, then demographic differentials will have major implications for the evolution of trade, investment and migration flows between countries in the Asian region. Different ageing rates across countries will mean changes in the scale and composition of trade. Capital flows driven by savings and investment opportunities will move as dominant cohorts move from production to retirement. Production and consumption structures will change. And perhaps most importantly, migration flows, both regional and international, will alter with the changing dynamics of demographic differentials.

It is with this broad perspective on the social, economic and policy implications of demographic change that the ANU-DPU conference was conceived. It brought together experts in demography, migration, and social and economic policy directed towards the aged to discuss how this interdisciplinary mix might help elucidate the unfolding drama of demographic change on a sub-global canvas. A selection of the papers presented is reproduced in the Special Collection, and these are now summarized.

The first paper, by Peter McDonald, analyses in an historical context, immigration and its relation to the Australian employment experience. The paper documents the shift to a skilled migration program in the mid-1990s and the merging of the permanent and temporary migration programs, arguing that this shift produced

major benefits for the Australian economy. These benefits include the partial mitigation of population ageing, a part of the solution to labour supply shortages and an approach to immigration that is responsive to shifts in labour demand. A clear consequence has been improved labour productivity, higher levels of growth of GDP per capita, and higher wages for low-wage workers.

Bei Lu, Xiaoting Liu and John Piggott examine the policy importance and evidence for the current patterns of long-term care for the aged and disabled in China. It is argued that policy in this area needs to be formulated with population ageing as a framework given that ageing is set to become a critical issue in this country. With the use of the recently developed China Health and Retirement Longitudinal Study dataset, the authors find that the main drivers of reduced informal care are education levels, living standards, urbanization and co-residency, findings which are contrary to the expectation that the main driver is the Chinese one-child fertility policy.

In a third paper, Titikarn Assatarakul reports the examination of the socio-economic activities, including paid and unpaid work, of the elderly in Thailand. With the use of the large sample of the 2011 National Survey of Older Persons in Thailand the research, perhaps surprisingly, shows that only about 7 per cent of the elderly do not engage in any socio-economic activity. It is apparent that engagement in such activities is associated with individuals' socio-demographic characteristics, health status, motivation and intergenerational solidarity within the family.

Sasiwimon Warunsiri Paweenawat and Jessica Vechbanyongratana consider a subset of socio-economic activities of Thai persons aged 60-75, and labour force participation (in terms of both trends and determinants). Using the Household Socio-Economic Survey, the authors trace participation rates for workers aged 60 to 75 years old over the years 1992 to 2013. They also examine the determinants of labour force participation for older workers in Thailand and show that both household and individual characteristics matter for this decision. In terms of policy relevance, it is clear that the expansion of a pension for the elderly from a targeted to a universal program starting in 2009 is associated with a decrease in labour force participation for those from low-income households.

A final contribution, from Bruce Chapman, Philip Clarke, Timothy Higgins and Miranda Stewart, examines the conceptual basis for, and the potential empirical consequences of, the collection of a "brain drain tax" (BDT). A BDT involves the collection of finances from skilled (or all) immigrants from least developed countries who have immigrated to developed countries, the idea being that compensation to the governments of poor countries is equitable (Bhagwati, 1973). The paper makes two contributions: it explains and justifies the use of the income tax system to collect such debts through an income contingent mechanism; and in a case study of immigrants to Australia illustrates the empirical potential of such an arrangement. For this country, it is calculated that for a debt of around \$5,000 (United States dollars) imposed on immigrants from least developed countries there would result in collection of between \$60-150 million (depending on the group selected for the program) for each annual entering cohort.

The papers of the Special Issue cover a very small subset of potential contributions in the area of immigration, ageing and the labour market. We hope that they will serve as exemplars for the pursuit of further important research and policy applications in this emerging critical space.

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