

Presentation¹

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The phenomenon of longevity, which is not a problem, has been accompanying most countries for more than a century, with spectacular advances since the end of the nineteenth century. Inexplicably, the dominant vision of what constitutes, in itself, great news, the fact that we are living longer and longer, is that of «aging».²

For many people, some experts, institutions and policy makers, what happens is that individuals and societies «age». And this dominant vision is not the result of even an interested intention, in the opinion of some, but of a general ignorance of causes, circumstances and expectations associated with the widespread lengthening of the lifespan of human beings.

This special *Ekonomiaz* monograph is part of a current led by more and more scientists, experts and analysts, trying to show that the growing longevity of our societies, advanced or not, is a phenomenon of extraordinary relevance, with implications of every type, among which only the negative ones would dominate if we renounced taking the necessary adaptive measures to reap the formidable positive promises that the phenomenon contains, and limit those negative implications that will appear if excessive resistance to the necessary changes and adaptations prevails.

Longevity, not «aging», will permeate everything. From the life cycles of each individual and their planning to the large welfare programs such as health or dependency pensions through the battle against inequality (including gender), the labour market or financial innovation. The future is open ended, but some of the seeds of what we will see are already germinating.

Against this general framework bestowed with dynamic elements with consequences that must be faced, the dominant vision of the «aging» population sounds dismal and even foreshadows the adoption of wrong policies whose consequences

¹ This Monographic Presentation summarizes and articulates the main ideas contributed and developed by the authors who have contributed to the volume, combining them with the coordinator's arguments, only partly agreed at the time with each of the authors when establishing the plan for this special edition. For a correct attribution of everything that is said in this part of the volume, therefore, the reader is referred to each author's respective chapters, the responsibility for everything that is said in this introduction being exclusive to the author.

² From here on, in this Presentation the term «aging» and any related terms will appear in quotation marks, when it is desired to emphasize a certain disagreement with their common meaning that, in general, will have been explained more than once in the main text.

will make the remedy worse than the alleged disease. If one sees «aging» only on a positive level, as the «silver economy»; it gives marketing the responsibility of an adaptive process that corresponds to society as a whole, through institutions and policy makers, and to each of its members in particular.

Age has several dimensions, as **José Miguel García-Pardo** describes eloquently, with the excellent mastery of the underlying scientific research, in the first article. Of course, there is the chronological (calendar) dimension, in whose framework each passing year is an elapsed year. But there is also the biological age, which in each person manifests him or herself in a unique way and, under whose meaning, in general, each passing year is significantly less than a chronological year, and «social age» (see article by Elisa Chuliá). Scientific advances, well known by the respective media but barely disclosed among the population, are reversing aging in laboratories or sowing the seeds of an explosion of longevity that could overcome even the full «compression of mortality» up to 120 years. Only the ordinary perspective of a continuation of observed trends implies the need to undertake relevant changes in life cycle related behaviours, institutions and policies. At the same time, the most recent data in Spain, but with some experience in other countries, reflects stagnation, or even a reversal, of the progress in life expectancy. General progress or for certain social groups. It is difficult to make an inference from such recent data and, on the other hand, these episodes happen over time. There is, however, a gap between social perceptions, scientific evidence and institutional adaptation. Alignment is not easy, but it can be asymmetric and, given the considerable delay that the institutional adjustment brings to past longevity advances, news that this breakthrough is slowing down may favour a certain inaction. However, in his brief essay, **Aubrey de Grey** provides an advanced view of longevity that, in effect, could put human beings on the road to the «escape» from mortality.

One of the factors that is determining the vision of growing longevity as «aging» is the collapse of birth rates, a phenomenon that society perceives, with encouragement from analysts perhaps too focused on the subject, as a catastrophe. To this perception is added an almost unanimous assumption on the part of policy makers that the birth rate needs to be encouraged. To put into perspective the incontrovertible fact that Spanish birth rates have for years presented one of the lowest rates in the world, **Julio Pérez Díaz** argues that, however, Spanish demography exhibits the best global record of its entire history in a development that affects all cohorts, at any age. The sharp increase in life expectancy and the decline in birth rates inevitably also results in a profound alteration in the age structure that results in a purely statistical result as an increase in the average age of the population and growing preponderance in the population pyramid, for people with advanced ages. A conventional view of this equivocal demographic analysis tool results in the ineffable conclusion that we «grow old». But when somewhat more advanced visions are adopted, the formalization of demographic processes already characteristic of the

21st century requires advanced explanations, such as those provided by the «reproductive revolution theory» that the author of this article defends as an explanation for the third, and more relevant, «demographic transition» lived by humanity. Not surprisingly, in his brief essay, **Luis Garrido** writes: «It may not be obvious, but the fundamental production to which mankind is dedicated is that of human beings». Perhaps this evidence conceals the fact that large companies are not organized to produce children, but that this basic product is entrusted to small businesses known as families. Well, this model of family micro-enterprises for reproduction, without the need to cross biological boundaries, has perhaps changed forever.

The focus on «aging» and its intended risks is so strong that **Unai Martín**, in the following article, wonders if the evidence justifies the catastrophic interpretations that proliferate. Only figuratively, the title that heads his contribution will come true. And only if we continue to produce what, with obvious disregard for non-scientific or even rigorous analysis, is called «demographic suicide». The real danger seems to lie in a collective fantasy, for now contained, that misperceives (or exaggerates) the (more negative) implications of the excellent news of longer lives. Using the data available for the case of the Basque Country, the author demonstrates that aging has not caused significant increases in morbidity (one of the most widespread fears) and that, by adopting affordable measures, it would not have to do so with other large welfare programs (including pensions). Especially worrying, as the analysis reveals, is the enormous echo that catastrophic ideas find among media headlines.

Among the most relevant socio-economic aspects referred to in the preceding paragraphs, are those related to the labour market, health spending or the long-term care system (dependency), not to mention that, imperceptibly, with the increase in life expectancy, distributional distortions have been exacerbated between and intra-generations that today are far less acceptable than in the past.

Regarding the labour market, **José Antonio Herce** states that it is surprising, at least, that, despite the increasing lifespan, and the best quality of this in the range of ages 55-70, there is so little employment among this population. Faced with the formidable increase in work activity, almost up to gender equality, among women observed at ages around 55, the normalization of the labour activity among Spaniards (and in many other countries) stops abruptly after of these ages, when a sharp fall in activity rates for both sexes begins until they lead to insignificant values at the gates of effective retirement that lead to all kinds of problems. The mechanisms behind this almost precipitous departure from work activity by the population, where, by the way, women contain the debacle to some extent, are both material and perceived and are little treated from an integral point of view. But the main implication is that the massive cessation of work activity at ages as early as 55 or 60 years, puts unemployment benefit systems and, especially, retirement under considerable strain. As if this were not enough, the automation of tasks of all kinds performed by workers alarms those who think that it will only exacerbate these problems.

Among the most debated implications of age structure imbalances are those related to the sustainability of large welfare programs, such as pensions and health spending. Regarding the latter, **José María Abellán** and **Jorge Eduardo Martínez Pérez** develop a detailed analysis of the impact of aging on future health spending. This analysis, which popularly, without hesitation or reflection, is resolved on the grounds that more «old» people represent greater health spending, however, shows that a structure of population ages increasingly biased towards higher ages (while not extreme) does not have to be expressed through increased health spending. Health spending depends on many factors, both demand or need (population and age structure, morbidity) and supply or cost factors (human resources, facilities, technology, «hotel portfolio»). Given the other factors, it is natural to think that the greater the population or the «older» the population, the greater the health expenditure, but against this apparently impeccable reasoning numerous counterweights act. The breakdown developed by the authors of the ratio of health expenditure to GDP clearly shows that it is precipitous to ensure that demographic trends in Spain or in many other countries will necessarily increase health expenditure making it unsustainable.

The association between aging and extension of dependence (long-term care) is more complex. A longer life expectancy is making diseases that occur at high ages seem widespread to us today in all family and personal circles. But, as it was not seen as such before, we also find more and more cases of prevalent diseases such as Alzheimer's at younger and younger ages. **Gregorio Rodríguez Cabrero** approaches the conceptualization of dependence as a «contingency of the 21st century» within the framework of great Welfare State programmes. From the complex socio-sanitary framework to the no less complex personal, family and economic spheres that intersect within the framework of an ambitious Spanish law that has not been able to boost the deployment of the system to date. Aging, meanwhile, is a dart at the centre of the long-term care system's target, which impacts when its logistics are only deployed to a lesser extent than is desirable. Not all faces are grim, however, as Aubrey de Grey argues in his brief essay, because laboratories not only have the seeds of possible solutions that will make diseases that lead to death today become chronic, but may also lay the foundations of a life... a thousand years long!

The reality of dependence, as mentioned before, is penetrating advanced societies with unusual force amidst a scarcity of resources, increasing household difficulties (sorry, women) to cope with daily multitasking and, finally, the need to face a challenge that will end up defining us as a society by the way we act. And it is precisely from these multiple perspectives, including gender that **Mertxe Larrañaga**, **Arantxa Rodríguez** and **Yolanda Jubeto** make an analytically demanding, and at the same time empirically documented, approach to the case of the Basque Country. The problem is similar in many other geographies, except for population structure distances and household and institutional behaviour. The population stagnates and ages, but at the same time advanced ages become female. This, as mentioned in the previous para-

graph, leads us to expect a higher prevalence of disabilities and illnesses that require long-term care, mostly provided by women. Given this perspective, not only are the specific material logistics to face care largely absent and/or uncoordinated, or underfunded, but an accelerated advance is needed to establish the co-responsibility of care between men and women, as well as the adequate distribution of papers with the institutions that will make possible the coverage of this contingency.

Aging greatly affects pensions ... or not? It depends. Because not only are «how» or «when» relevant, like in most conventional studies of this problem, but also the analysis of non-standard relationships which link these two phenomena. Summarizing his recent and pioneering academic work with some co-authors, **Mercedes Ayuso** clearly explains a series quite unknown, inherent features in public pension systems. Fundamentally in two dimensions. First of all, it should be noted that, as expected, life expectancy is heterogeneous not only between men and women, as is well known, but between «poor» and «rich» (it is not necessary to be very poor or very rich to register enormous differences, if this feature is also combined directly with educational level) or paired and unpaired people (men, especially). Only heterogeneity by income or education level implies that the poor subsidize the pensions of the rich to some extent, and this has always happened in Social Security systems, in every country. Secondly, this article very eloquently shows, with clear figures, something that is already revealed in Julio Pérez's work, i.e. that the way in which life expectancy is usually calculated (all over the world, with few exceptions) seriously underestimates life expectancy, with ranges of 15% to 30% error. That is to say, both public and private pension systems do not know what they are facing. The challenge is enormous, especially for the former and for certain private benefit systems.

The rhetorical question that closes the first sentence of the previous paragraph was answered evasively: it depends. Well, if, as reiterated in several articles in this monograph, «aging» is not aging (quotation marks where applicable), then it does not have to impact pensions as feared. This requires rethinking the retirement age. Social management of age, any age, is an outstanding issue, in Spain and elsewhere. Faced with the formidable advance in life expectancy worldwide, the retirement age remains mostly the same as when Social Security was invented. Very few countries have passed the age of 65 and none contemplate the age of 70. «Social management» of age is clearly not accepted, for this reason **Elisa Chuliá** gives a response to the apparent lack of collective understanding of the extraordinary phenomenon of the expansion of life expectancy based on a logical difficulty to refute: if we live longer and longer, why do we not adapt the retirement age to life expectancy? As a debate, in order to seek consensus, it cannot be bad. Consensus, on the one hand, and solutions that, on the other, emerge immediately from suitable age management, if any exists. Whether or not we have the tools to understand age from a social point of view, what we don't have are good solutions either. Rather, we have twentieth-century solutions that we insist on applying to 21st-century problems which we have not even diagnosed well.

For example, solutions to satisfy so many workers that each year, and in increasing numbers, would like to continue working past their pensionable age, if possible making their professional or employment income compatible with the retirement pension. It is well known that there are several alternatives today, which **Eva María Blázquez** analyses in detail, but also addressing little-covered areas to explore the convenience of radically innovatively regulating the employment and work relationship (which are two different things) based on retirement. Because the «all or nothing» solution, with flexibility and/or compatibility variants that are not being massively embraced by workers, does not seem to be satisfactory. A new «compatibility contract» without (many) remunerative «perks» (which in the first low-cost airlines of more than half a century ago was called «no frills») could bring a satisfactory solution if we dared to innovate in this area as well. Everything that happens in the labour market is reflected in pensions, and Social Security, supported by a regulatory and pro-operative approach, can hardly remedy (although it does so to an appreciable extent) the serious problems that are caused by the current poor quality of many jobs. To cap it all, as **Matthew Taylor** analyses in his short essay, digitalization will powerfully mark, and is already doing so, the future of work, and many questions arise from it. We need to generate good jobs and digitalization should be the way to achieve it, instead leading to a precarious situation.

Moreover, with regard to pension solutions for each worker (sufficiency) and for the whole system (sustainability); **Jorge Bravo** describes a new vision in a very conventional field, such as financial solutions for retirement. Conventional, because it gives the impression that we do not know how to break away from the parameters of the 20th century, when what is needed are new and integral financial solutions for retirement in the 21st century, characterized by a longevity that, if not higher than our numbers tell us, could be even faster. Therefore, the background of this chapter is to provide ideas on new and, especially, integrated solutions. What is new is a variant of the «old.» The annuities are «the solution», and the novelty consists of their adaptation to the new conditions of longevity to achieve an effective and efficient decumulation of pension savings. New also is the conceptualization of the idea of the combination of financial and non-financial resources for retirement, a retirement wallet that allows you to live a retirement with sufficient, sustainable and secure resources. For this, everything goes, even working once retired (as discussed in detail in the work of Eva Blázquez), the non-financial resource, because it is time, one of the most important metrics of life, more than money.

To conclude this presentation, this monograph gathers contributions that form a plot line, ranging from the verification of a demography with little known relief by the general public, poorly perceived by gross and counterproductive simplifications, that do not even predispose to the adoption of feasible solutions to the problems that (not rightly) are glimpsed, in the future of age, the demographic reproduction and work by active society members, passing through the socioeconomic or finan-

cial implications and progress of the social debate, the consensus and solutions of any kind, but necessary now. It is an effort of multidisciplinary synthesis from sociology, demography, economics, financial and actuarial science and the law, which will be improved, and which we hope will enable a better understanding of the demographic phenomena that affect our societies and their multiple implications.

The monograph is completed with a work, in the *Other Collaborations* section, in which **Jon Olaskoaga**, **Judith Ranilla** and **Juan José Mijangos** research the factors that may explain the risk of excessive indebtedness among Spanish and Basque manufacturing companies. This research shows that the characteristics of each region can influence the risk of excessive indebtedness of the companies located there. The result invites a more systematic search for differences in business behaviour related to indebtedness in different Spanish regions; and to explain them, if they occur, based on the differences in regional economies. The evidence also suggests that the independence of administrators (with respect to shareholders) can influence by reducing the probability of excessive levels of indebtedness in companies.