ELITE QUALITY INDEX
EQx2023

This PDF includes a contribution from the following book:

ELITE QUALITY REPORT 2023

Life expectancy: The flip side

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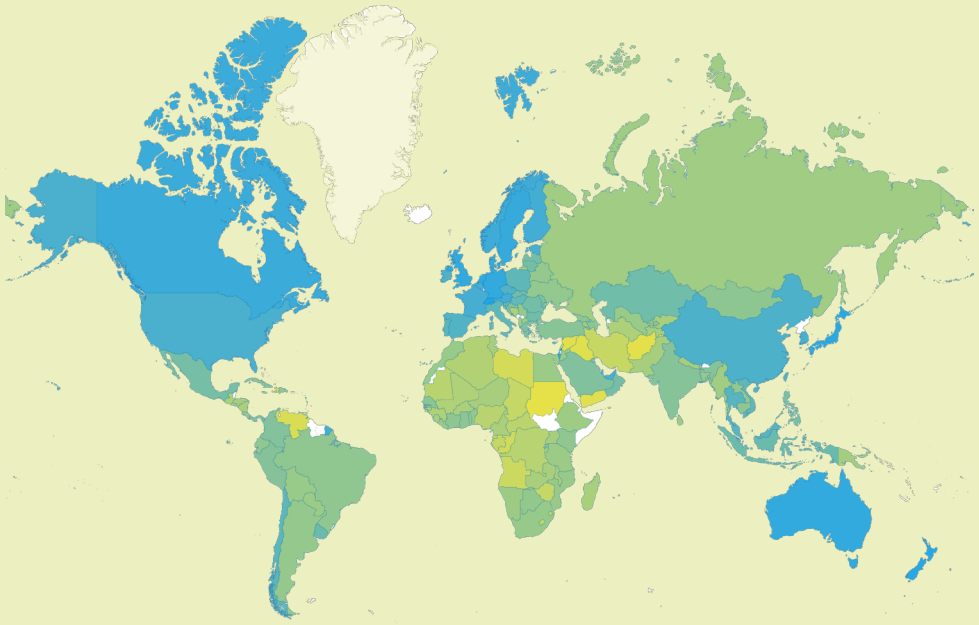

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Life expectancy women & men (LEW & LEM)

Life expectancy: The flip side

Life expectancy women (LEW, iii.7) and *Life expectancy men* (LEM, iii.7) are compelling measures of human development. Given life expectancy's importance as an indicative factor in a country's well-being, it was shocking to many that in 2022, life expectancy in the United States was lower than that of China for the first time in history, a finding that seems to have significant global implications. However, upon closer inspection of the Indicator, and in a twist, higher life expectancy might actually imply greater value extraction. In this piece, I will examine the political economies of the Hong Kong Special Administrative Region (HKSAR) and Japan to illustrate the potential challenges underlying high levels of life expectancy.

Life expectancy is a commonly available and reliable indicator that provides insights about the general level of development, especially the healthcare system of a country. A good healthcare system usually implies a value creating government that focuses on sustaining the well-being of society, and indicates the presence of high quality elites. Below, Visual 4.1 displays the correlation between the overall EQx rankings and the *Life expectancy women* (LEW) Indicator. In general, it illustrates that countries with higher elite quality also provide a higher life expectancy.

Nonetheless, the adverse implications brought about by high life expectancy are of concern to many economies. For instance, a high age dependency ratio usually accompanies high life expectancy. Consequently, high life expectancy might indicate value extraction from the young or taxpayers. Examples that illustrate this assertion include the HKSAR and Japan.

The HKSAR has been at the top of life expectancy rankings for decades. According to the World Bank (2023), the HKSAR ranked first in 2020 for life expectancy with an astonishing 85.4 years. However, this impressive number has imposed a salient problem on the HKSAR government. As of 2021, the proportion of the population aged above 64 years old was around 20%, with the total age dependency ratio being around 47%. This, combined with a shrinking proportion of the population aged between 0 and 14 years old, and continually increasing life expectancy, will lead to an utterly unsustainable age dependency ratio[1] in the coming decade. Similarly, and even more severe is the situation in Japan (LEW, iii.7, rank # 1; LEM, iii.7, rank # 3), where the total age dependency ratio is already at 71%, while its old age dependency ratio[2] is at 50%, by far the highest in countries with high-quality elites, and beating France, the second placed G20 country, by more than 10%.

Evidently, the HKSAR and Japan suffer from chronic high dependency ratios. For instance, in an open economic letter to the government of the HKSAR, Wong and Wong (2021) state the estimated lowering of total factor productivity as a result of the ageing population. Likewise for Japan, Mitchell (2019) and the International Monetary Fund (2020) have pointed out the threats that the countries' high dependency ratio pose for productivity, resource availability and fiscal sustainability.

To secure a more sustainable and value creating future for an economy, it is important for policymakers to be vigilant about demographic deficiencies. High life expectancy is a reflection of many Value Creation elite business models. Nonetheless, longer lives might also create Value Extraction from the majority while being beneficial to only a small proportion of society. We need to be aware of all of the ramifications brought about by increased life spans and come up with solutions that address ageing populations, high dependency ratios, and other problems. Examples such as promoting the 'silver economy', improving healthcare systems, digital innovations like robot pets or artificially intelligent medical consultations may prevent the blessings of high life expectancy turning into Value Extraction.

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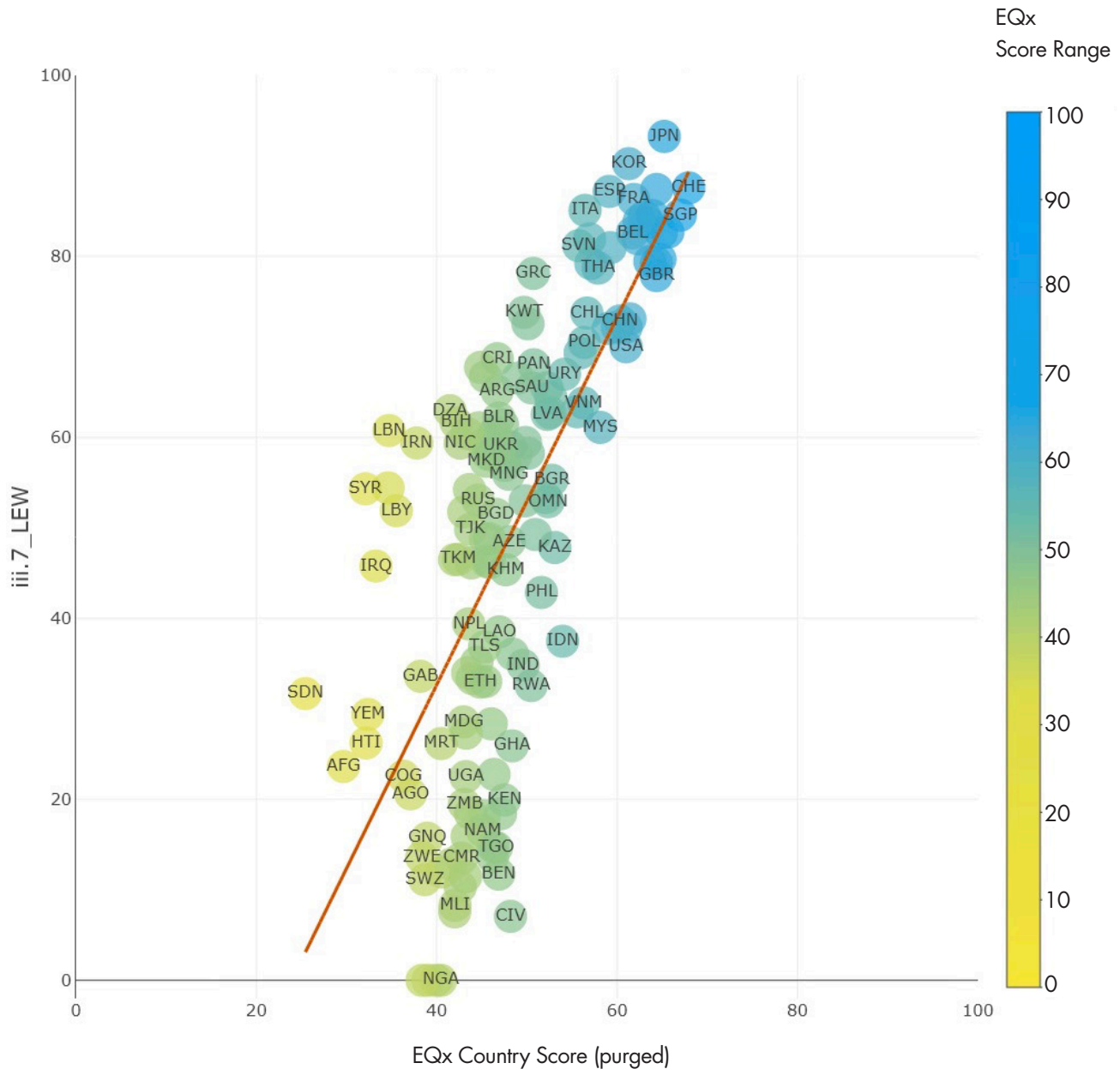
[1]According to the World Bank, the total age dependency ratio is defined as people younger than 15 and older than 64 divided by people of a working age between 15-64.

[2]According to the World Bank, the old age dependency ratio is defined as people older than 64 divided by people of a working age between 15-64.

Visual 4.1: EQx Scores correlation with *Life expectancy women* (LEW, iii.7)



Note: Vertical axis plots indicator iii.7_LEW: *Life expectancy women*.
Horizontal axis plots the EQx, purged from indicator iii.7_LEW
Orange dashed line indicates a fitted regression line. Adjusted R-squared: 0.509.
Random selection of country codes are printed in case of country overlaps.

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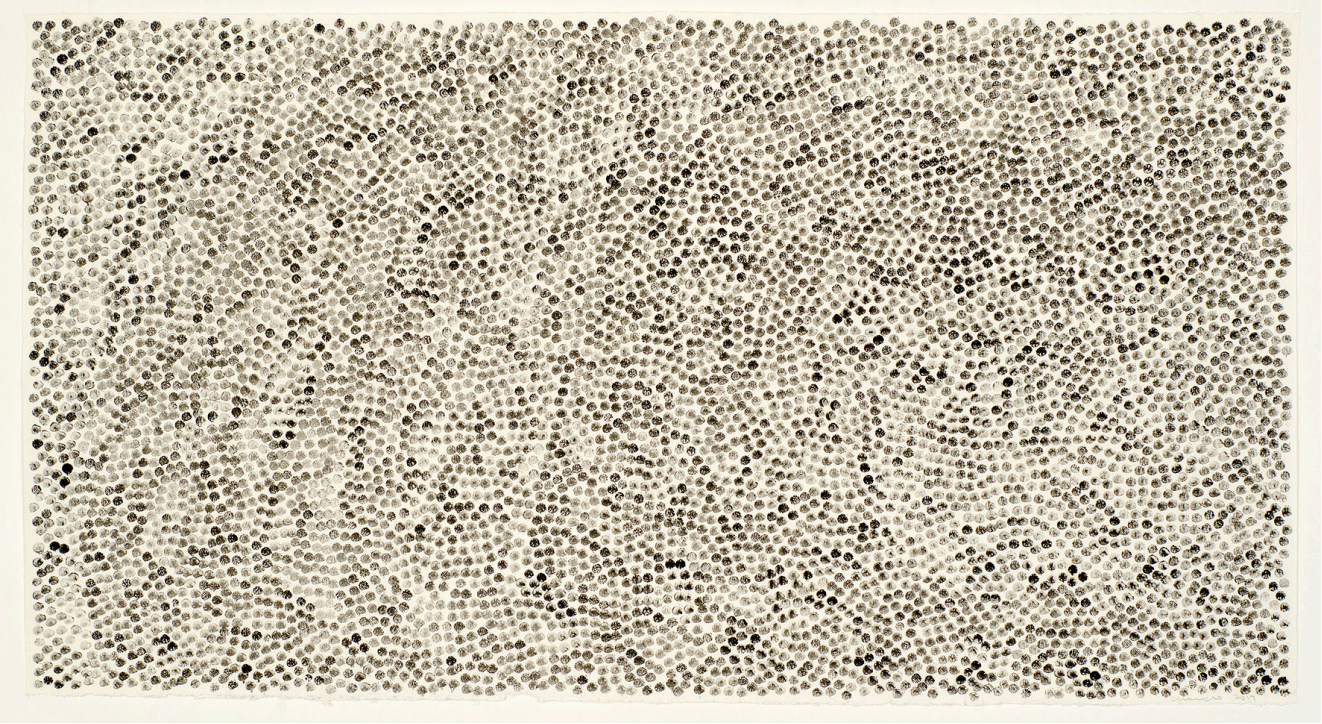

EQx2023 Indicator Scorecard

Life expectancy women

Sub-Index (Level 2)	Value
Index Area (Level 2)	Political Value
Pillar (Level 3)	Giving Income
Indicator ref. (Level 4)	iii.7_LEW
Indicator wgt. (in EQx)	0.2%
Indicator wgt. (in Pillar)	3.0%
Countries covered	151
Inclusion year	2021
Conceptual optimum	No
Data Source	United Nations, Department of Economic and Social Affairs

Description

This Indicator measures the life expectancy of women from birth.

Rationale

Life expectancy is a key measure of human development and one of the most important Indicators of inclusive Value Creation provided by governments for non-elites.

Rank /151	Country	Score
1	**Japan**	**93.3**
2	**Korea, Rep.**	**90.2**
3	**Switzerland**	**87.6**
4	**Australia**	**87.4**
5	**Spain**	**87.2**
6	**France**	**86.3**
7	**Italy**	**85.1**
8	**Singapore**	**84.6**
9	**Sweden**	**84.5**
10	**Norway**	**84.4**
11	Finland	83.9
12	Canada	83.8
13	New Zealand	82.7
14	Belgium	82.6
15	Israel	82.6
16	Austria	81.9
17	Portugal	81.9
18	Slovenia	81.2
19	Ireland	81.0
20	Netherlands	79.7
21	Denmark	79.4
22	Germany	79.3
23	Cyprus	79.2
24	Thailand	78.7
25	Greece	78.1
26	United Kingdom	77.9
27	Kuwait	73.8
28	Chile	73.7
29	Estonia	73.1
30	China	72.9
31	Croatia	72.5
32	United Arab Emirates	72.2
32	Qatar	72.2
34	Czech Republic	72.0
35	Poland	70.5
36	United States	70.0
37	Bahrain	69.3
38	Costa Rica	68.7
39	Panama	68.0
40	Sri Lanka	67.7
41	Uruguay	67.0
42	Albania	66.7
43	Turkey	66.6
44	Lithuania	65.5
45	Saudi Arabia	65.5
46	Argentina	65.1
47	Slovak Republic	64.4
48	Vietnam	63.8
49	Algeria	62.9
50	Hungary	62.8
51	Romania	62.7
52	Latvia	62.5
53	Belarus	62.1
54	Bosnia and Herzegovina	61.6
55	Ecuador	61.4
56	Malaysia	61.1
57	Armenia	61.1
58	Lebanon	60.8
59	Serbia	60.5
60	Tunisia	60.4
61	Mauritius	59.4
62	Iran, Islamic Rep.	59.4
63	Nicaragua	59.4
64	Jordan	59.3
65	Ukraine	59.0
66	Georgia	59.0
67	Colombia	58.2
68	Trinidad and Tobago	58.1
69	Morocco	58.1
70	Cuba	58.0
71	Dominican Republic	57.8
72	North Macedonia	57.4
73	Brazil	56.9
74	Mongolia	55.9
75	Bulgaria	55.3
76	Venezuela, RB	54.4
77	Syrian Arab Republic	54.3
78	El Salvador	54.2
79	Mexico	53.3
80	Russian Federation	53.1
81	Peru	53.0
82	Oman	52.9
83	Libya	51.9
84	Kyrgyz Republic	51.8
85	Bangladesh	51.5
86	Tajikistan	49.8
87	Moldova	49.3
88	Uzbekistan	48.8
89	Paraguay	48.8
90	Azerbaijan	48.5
91	Kazakhstan	47.8
92	Turkmenistan	46.5
93	Guatemala	46.5
94	Egypt, Arab Rep.	46.4
95	Jamaica	46.2
96	Honduras	46.1
97	Iraq	45.8
98	Cambodia	45.4
99	Philippines	42.9
100	Nepal	39.4
101	Lao PDR	38.5
102	Indonesia	37.5
103	Timor-Leste	36.9
104	Senegal	36.0
105	Myanmar	35.2
106	India	34.8
107	Pakistan	34.0
108	Gabon	33.6
109	Papua New Guinea	33.4
110	Tanzania	33.0
111	Ethiopia	32.9
112	Rwanda	32.6
113	Sudan	31.7
114	Yemen, Rep.	29.4
115	Madagascar	28.6
116	Bolivia	28.3
117	Malawi	27.3
118	Haiti	26.2
119	Mauritania	26.2
120	Ghana	25.9
121	Afghanistan	23.6
122	South Africa	22.8
123	Congo, Rep.	22.6
124	Uganda	22.5
125	Angola	20.6
126	Kenya	19.9
127	Zambia	19.4
128	Burundi	18.4
129	Botswana	18.4
130	Gambia, The	18.2
131	Namibia	16.5
132	Niger	15.9
133	Equatorial Guinea	15.7
134	Mozambique	14.8
135	Togo	14.7
136	Liberia	13.7
137	Zimbabwe	13.6
138	Cameroon	13.5
139	Guinea-Bissau	12.8
140	Congo, Dem. Rep.	12.0
141	Benin	11.7
142	Sierra Leone	11.5
143	Eswatini	11.1
144	Burkina Faso	10.3
145	Mali	8.3
146	Guinea	7.6
147	Cote d'Ivoire	7.1
148	Central African Republic	0
148	Lesotho	0
148	Nigeria	0
148	Chad	0

The Elite Quality Report 2023 (EQx2023) provides Country Scores and Global Rankings for 151 countries