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Regional conference on the Health and Socioeconomic Well-being of Older Persons in

Developing Asia: Role of Individual and Household Data

8 September, 2021

Social security, work, and health of the older persons: research experience and policy issues in Japan

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Today's talk

- Data for analysis: JSTAR and LSMEP
- Research experience in supporting evidence-based policymaking in Japan's aging society
- Insights/suggestions on the potential themes of comparative study in Asia and the Pacific

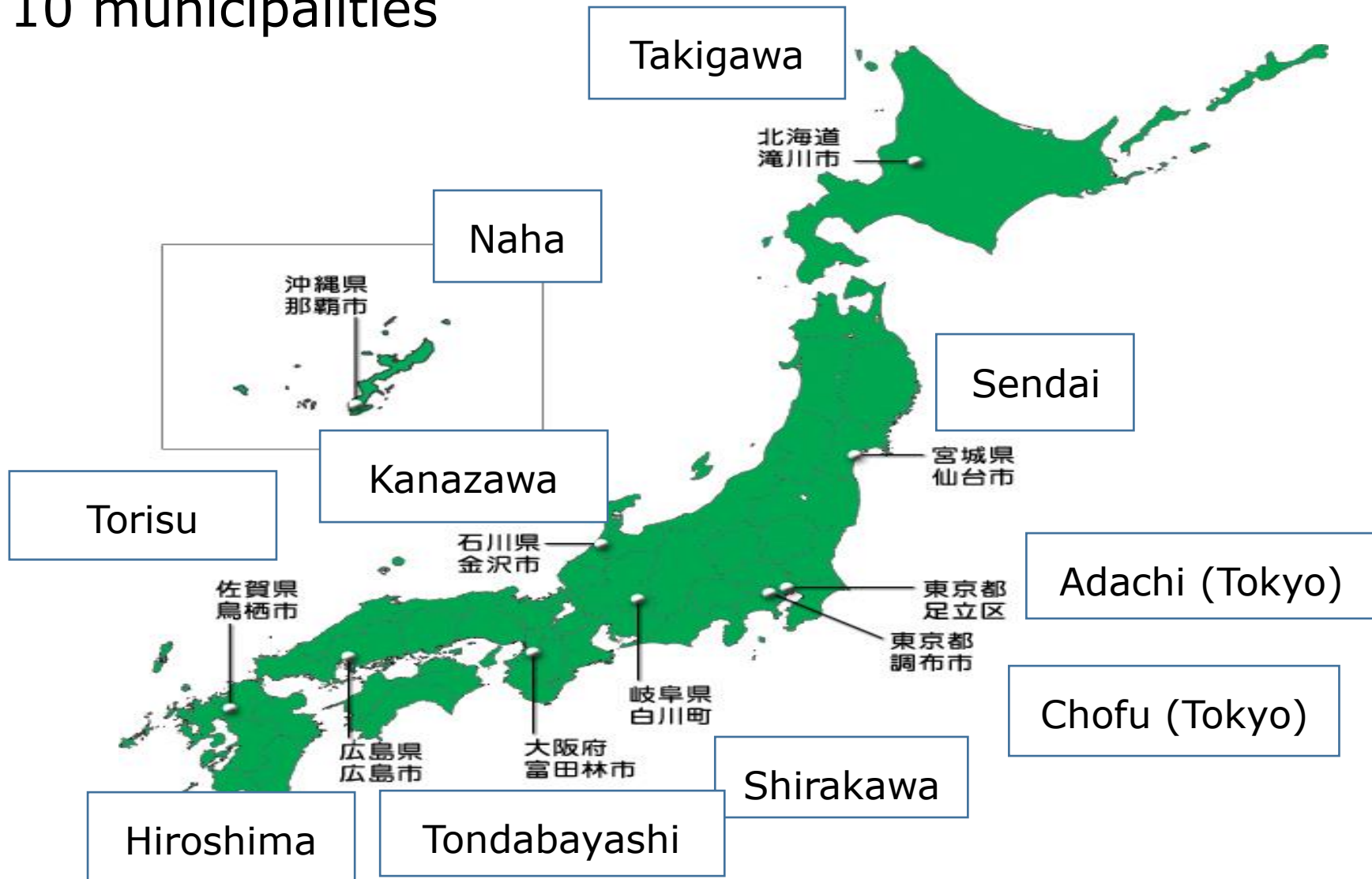
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JSTAR: Japanese Study of Aging and Retirement

- A Japanese version of HRS/SHARE/ELSA
- In-person interviews using CAPI and self-administered questionnaire plus nutrition intake survey
- Two-step stratified sampling in selected municipalities
 - (1) 10 municipalities chosen (not randomly)
 - (2) Individuals aged 50-74 chosen randomly from household registration in each municipality

10 municipalities



Data availability

Data from four waves are now available from RIETI:

<http://www.rieti.go.jp/en/projects/jstar/index.html>

Wave 1 in 2007

Wave 2 in 2009

Wave 3 in 2011

Wave 4 in 2013

(+ Wave 5 and beyond)

LSMEP: Longitudinal Survey of Middle-aged and Older Adults

- Nationwide, genuine panel data
- Ministry of Health, Labour and Welfare (MHLW)
- Conducted every year since 2005
- Started with 34,240 individuals aged 50-59 years (10 cohorts)
- Detailed information about SES, health, etc.
- 15-wave (2005-2019) data now available from MHLW's website (<http://www.mhlw.go.jp>)

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Research experience

- Contributions to NBER's *International Social Security* ISS project (from 1997 to present)
 - Cross-country comparisons based on common methods (as discussed by Prof. Börsch-Supan)
- Contributions to evidence-based policymaking in Japan

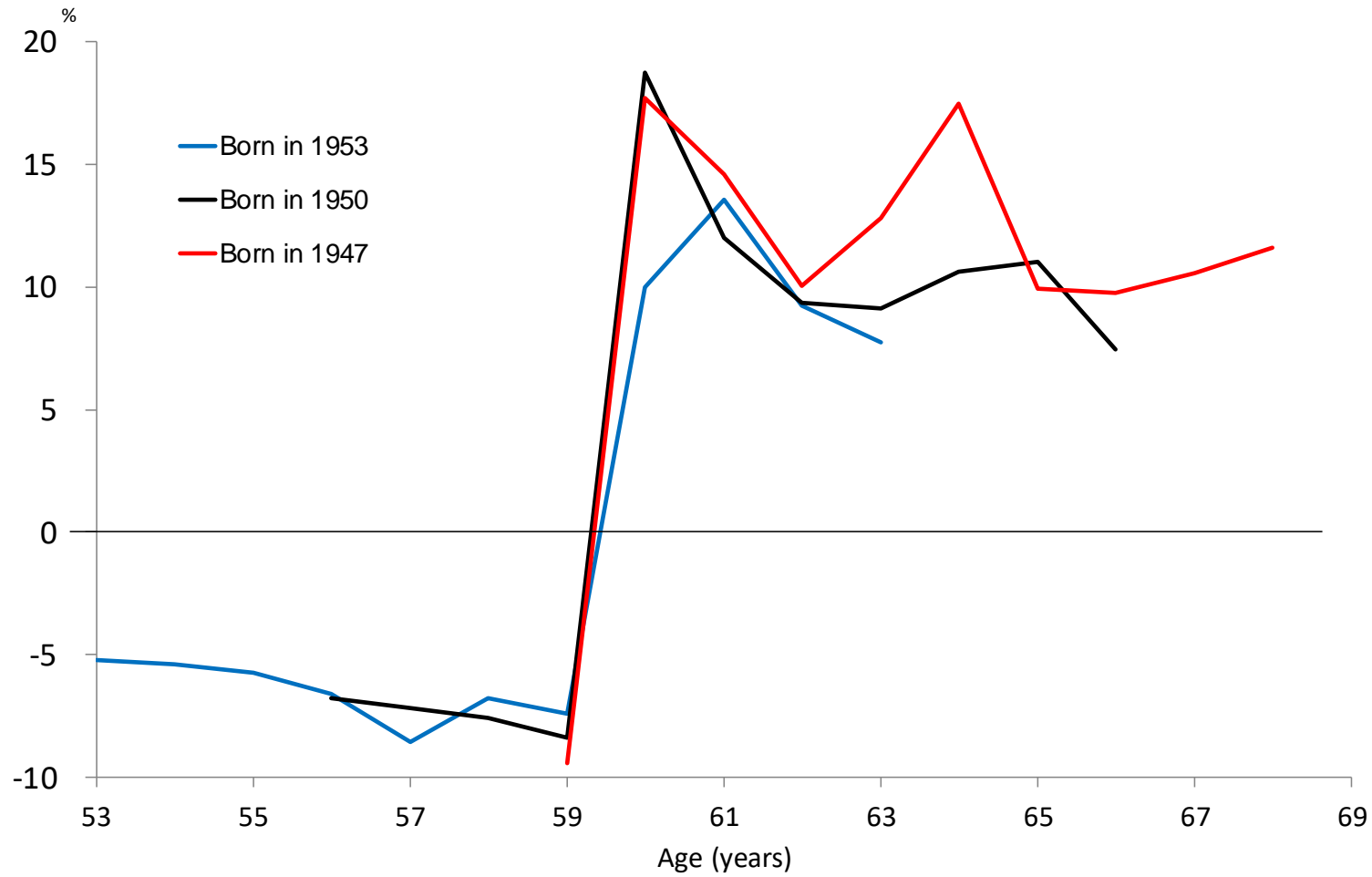
Example 1.

Implicit tax rate (ITAX) on continuous work

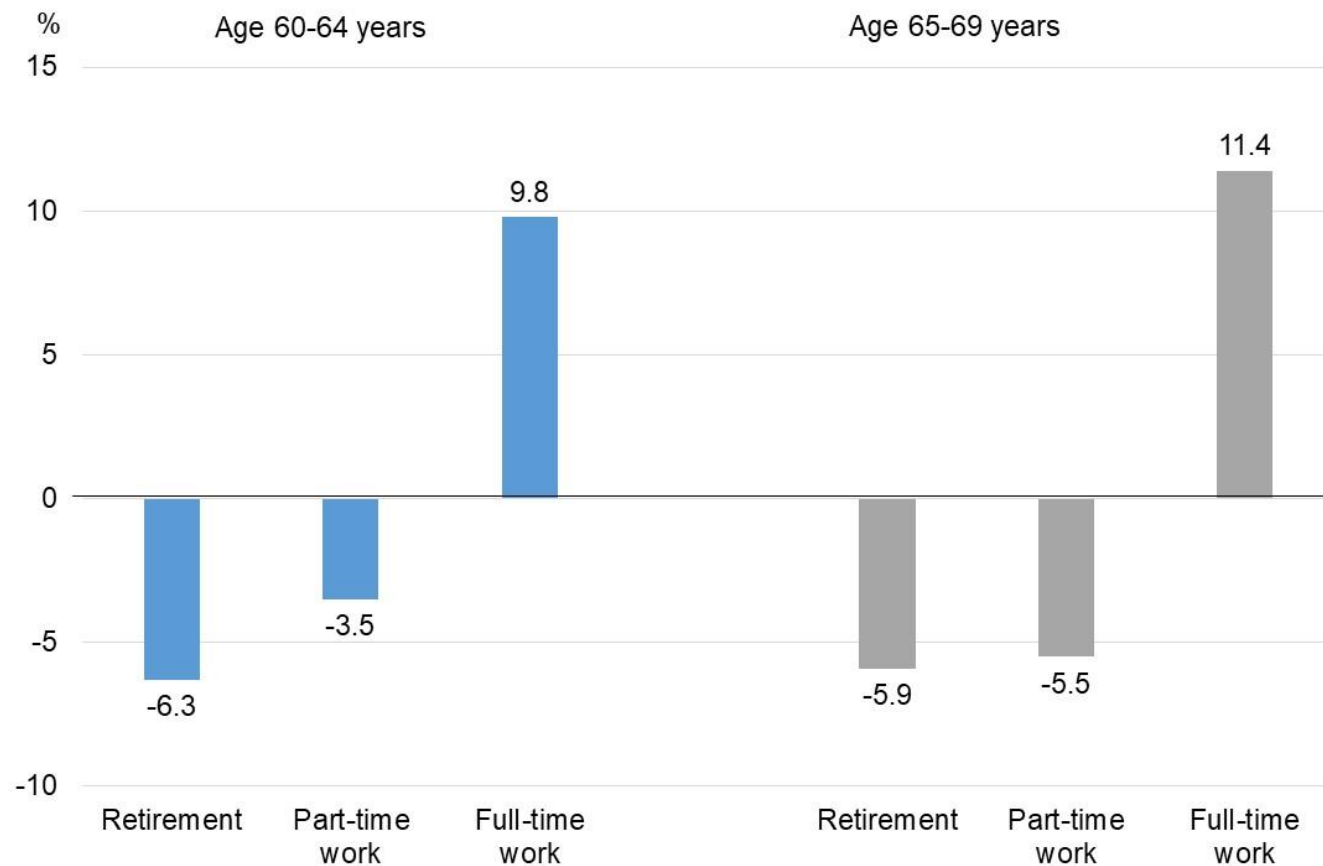
How much income do older persons lose on net pay if they keep working one year longer?

- Apply SS, tax, and other institutional parameters to each individual (or household) in each year to calculate the disincentive for work.
- Estimate the sensitivity of macro-level labor supply to SS and other reforms.

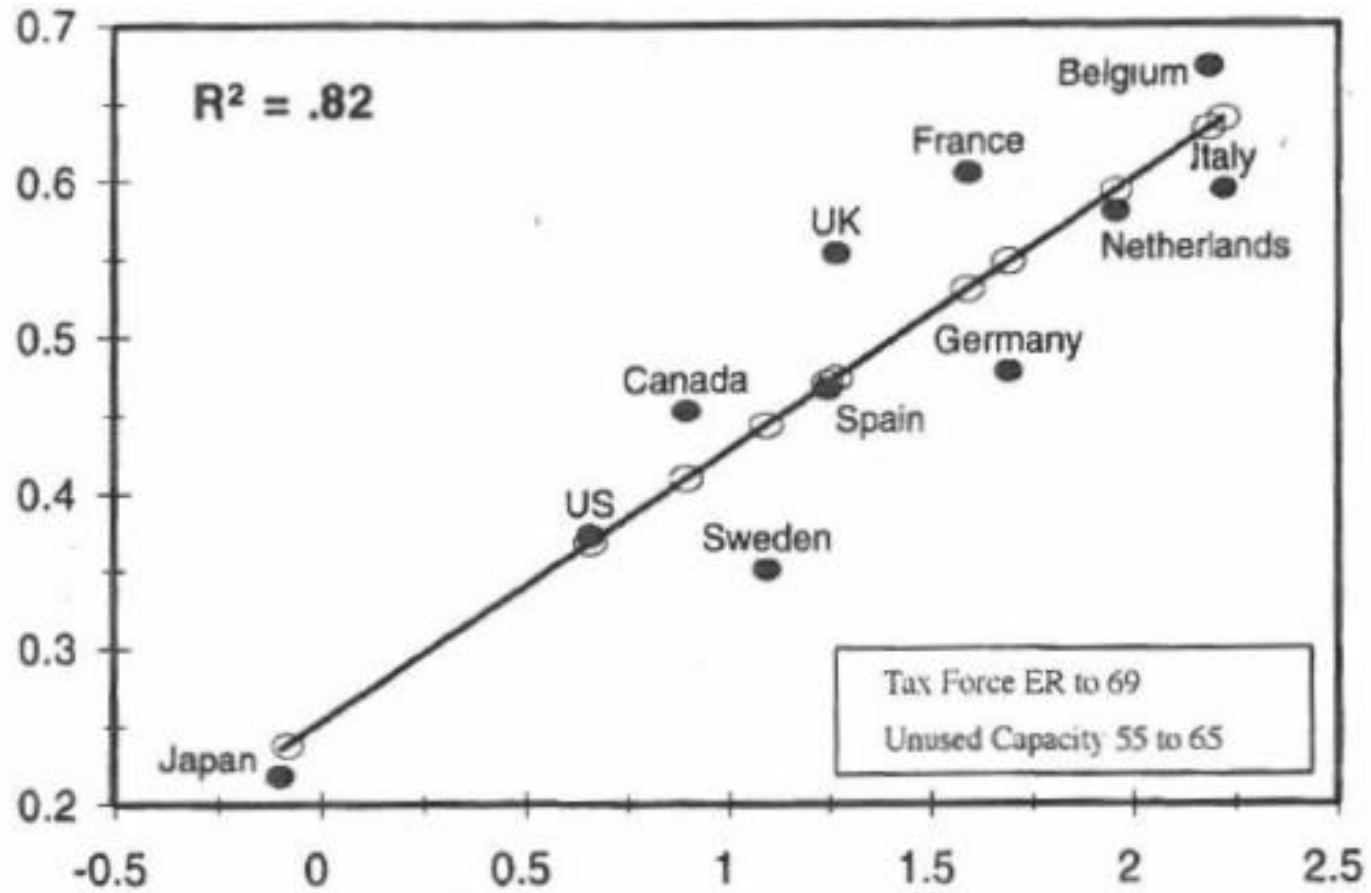
Comparing ITAX by age across cohorts in Japan



Simulated impact of raising the pensionable age to 70 on male labor force participation in Japan



ITAX and unused capacity in ISS countries, 1990s



Source: Gruber and Wise (1999), Figure 17c.

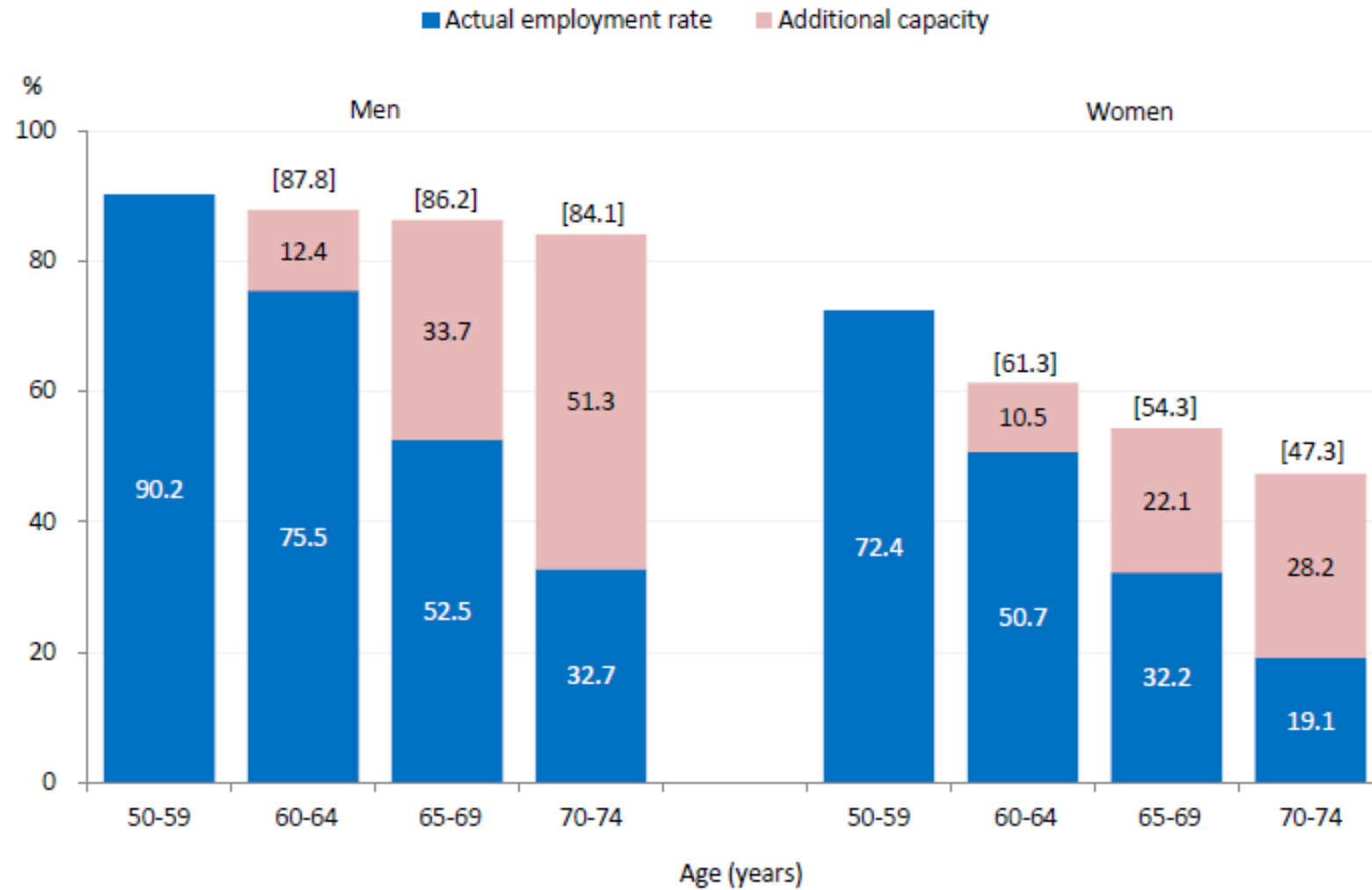
Example 2.

Health capacity to work

How much can older persons enhance labor force participation given their health conditions?

- Estimate the association between health and work among middle-aged persons (e.g., the 50s).
- Based on the observed association, simulate potential labor force participation for the 60s/70s.

Simulated health capacity to work in Japan



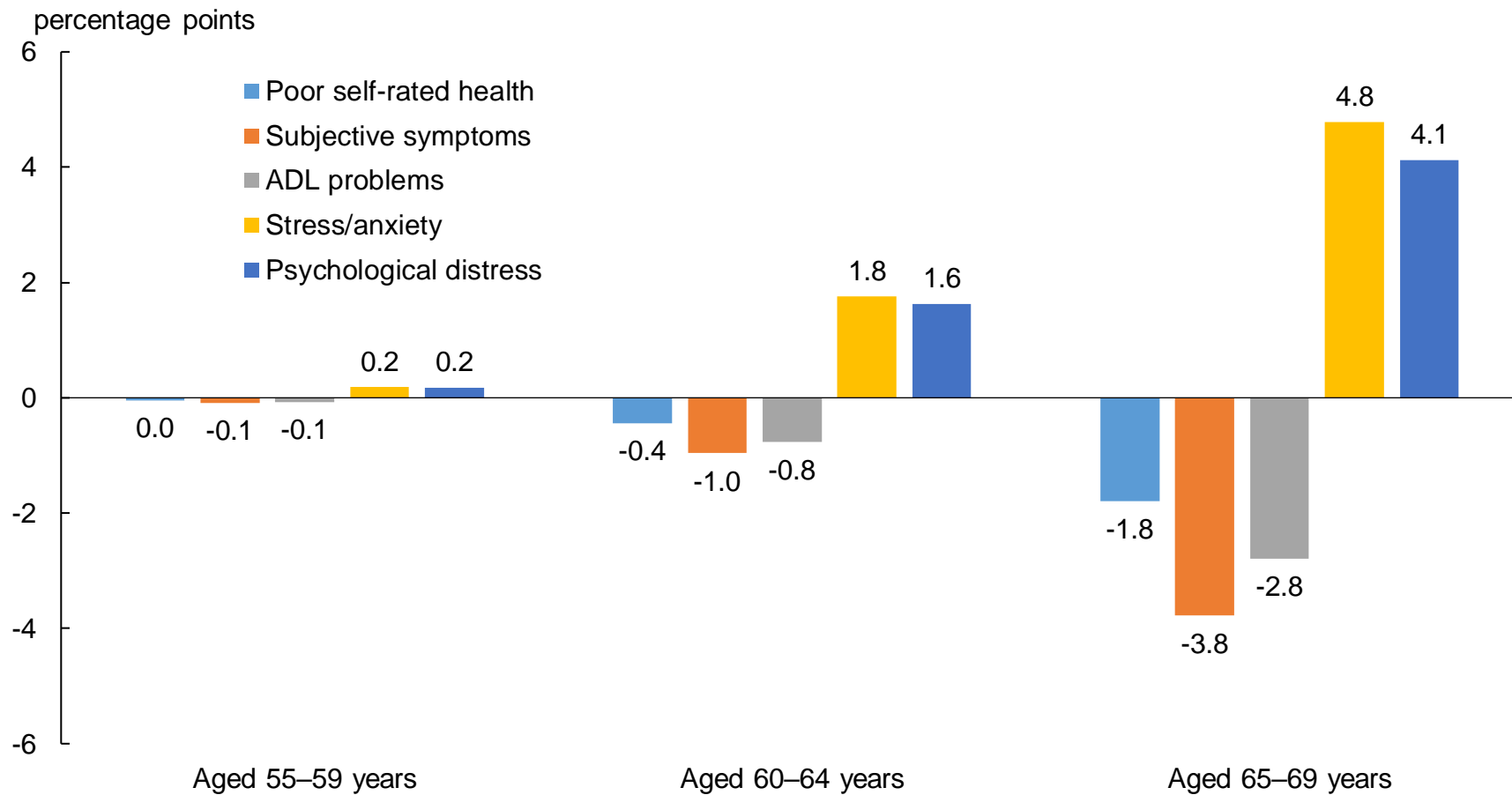
Example 3.

Impact of enhanced labor force participation on the health of older persons

Will enhanced labor force participation improve health for older persons?

- Estimate the associations across health, work, and institutional factors among older persons
- Based on the observed associations, we simulated the health impact of policy measures to enhance labor force participation on health outcomes.

Simulated impact of raising the pensionable age to 70 on health outcomes in Japan



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Insights and suggestions

- Individual and household data enable us to conduct an in-depth analysis of the associations across SES, health, and institutional factors among older persons.
 - **Longitudinal data** are very useful for mitigating simultaneity/endogeneity biases and capturing cohort-specific factors.
 - **Health and subjective well-being data** are also useful for expanding analysis beyond economics.

- Policy simulations can evaluate the impact of policy reforms on the health and socioeconomic well-being of older people.
- **Health capacity to work** is an imminent issue, resulting in a projected reduction in the working population.
- The impact on **the distribution of or inequality in** health and socioeconomic well-being can be evaluated if microdata are available.

- Experiences in NBER projects underscore the importance of the “template” for cross-country studies.
- Common methods and concepts can help us distinguish **common issues** that all countries have to address and **country-specific problems**.

Thank you for your attention!

I thank Dr. Satoshi Shimizutani for his coordination. This presentation is based on:

Takashi Oshio and Satoshi Shimizutani, "Will working longer enhance the health of older adults? A pooled analysis of repeated cross-sectional data in Japan," *Journal of Epidemiology*, in press.

Takashi Oshio, Satoshi Shimizutani, and Akiko S. Oishi, "Examining how elderly employment is associated with institutional disincentives in Japan," *Journal of the Japanese and International Economies*, 2020, 56, 101078.

Takashi Oshio and Satoshi Shimizutani, "Health capacity to work and its long-term trend among the Japanese elderly," *Journal of the Japanese and International Economies*, 2019, 51, 76-86.