

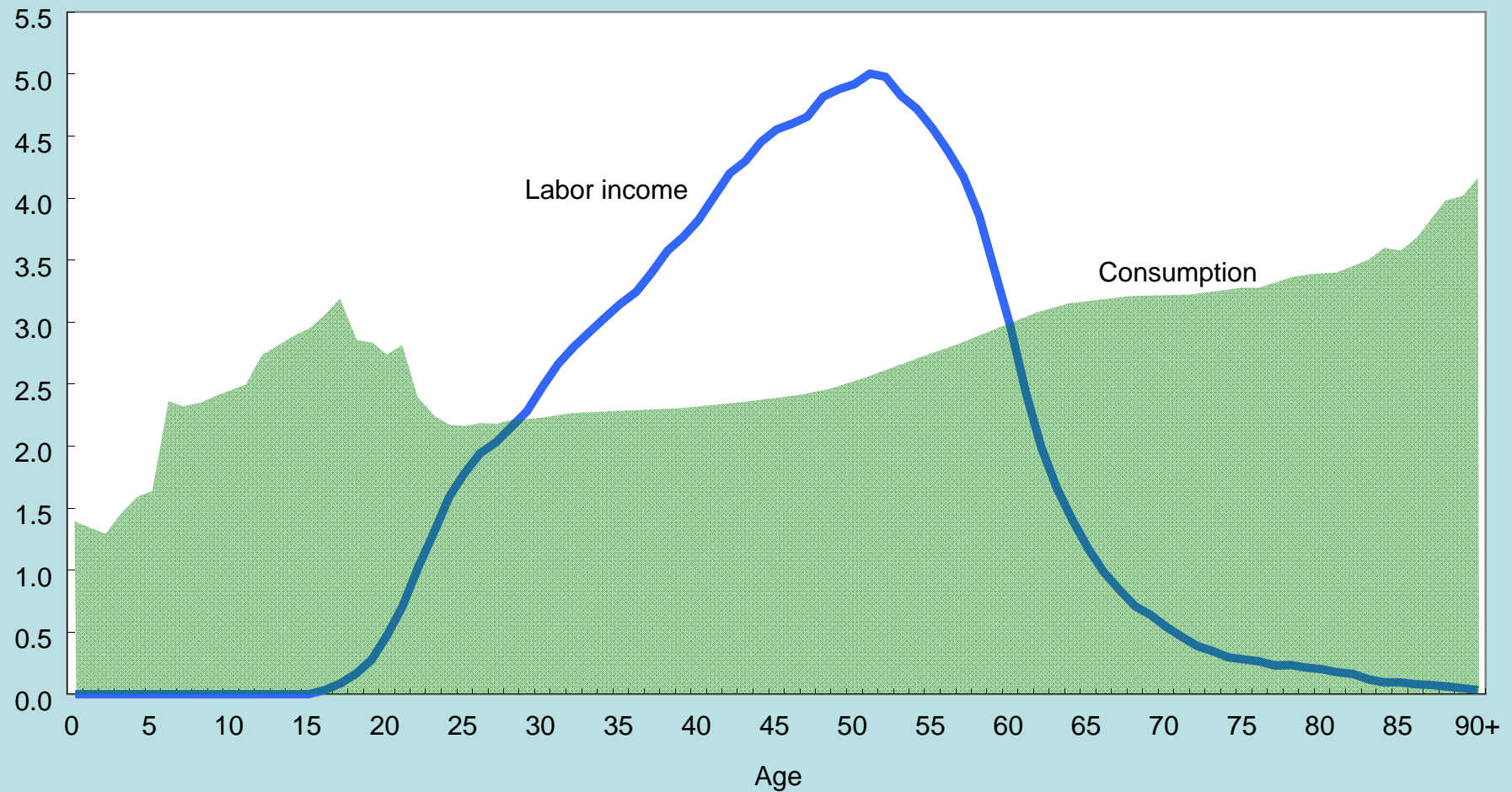
The Elderly as a Potential Source of Economic Growth in Aging Japan

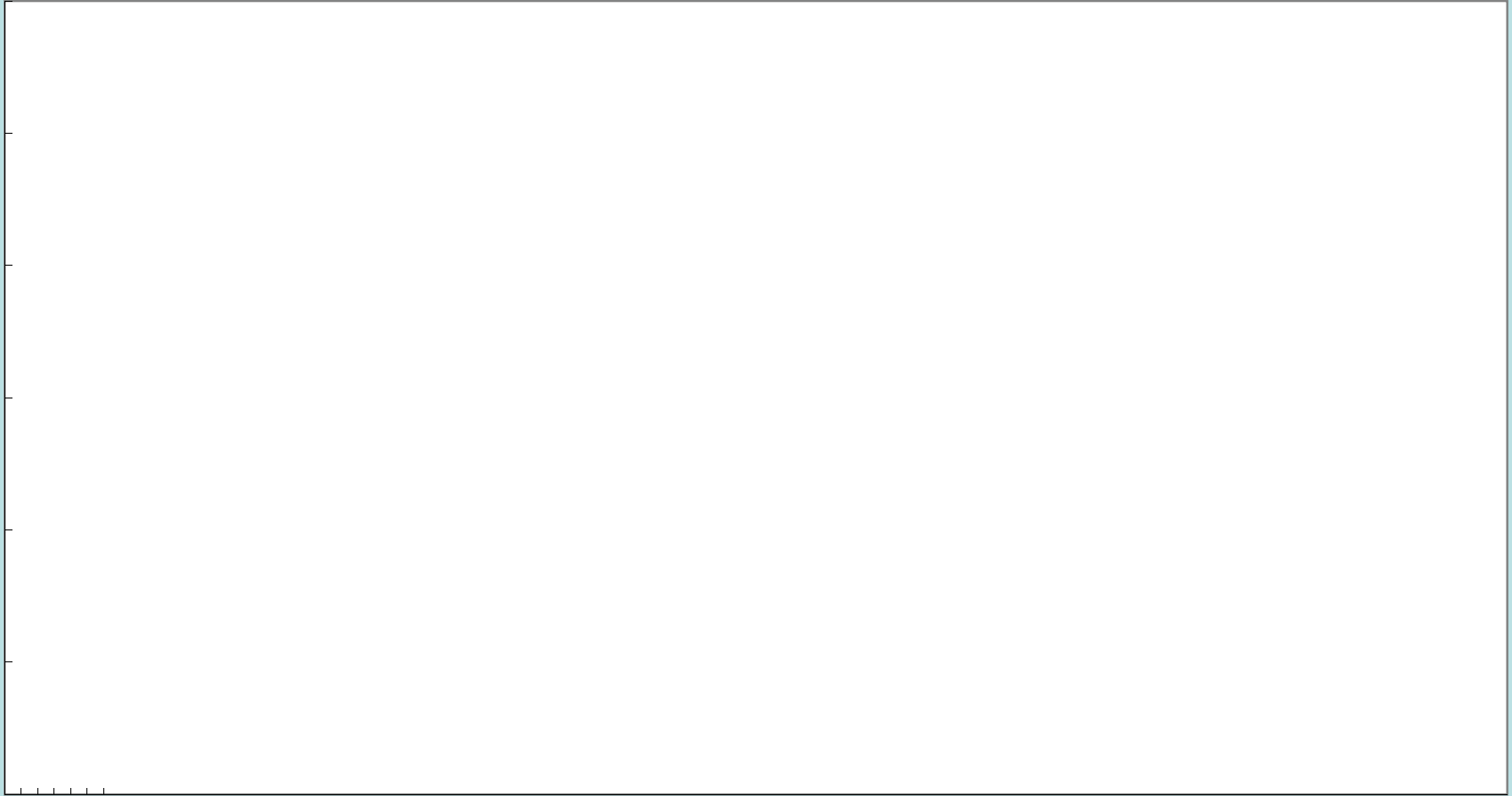
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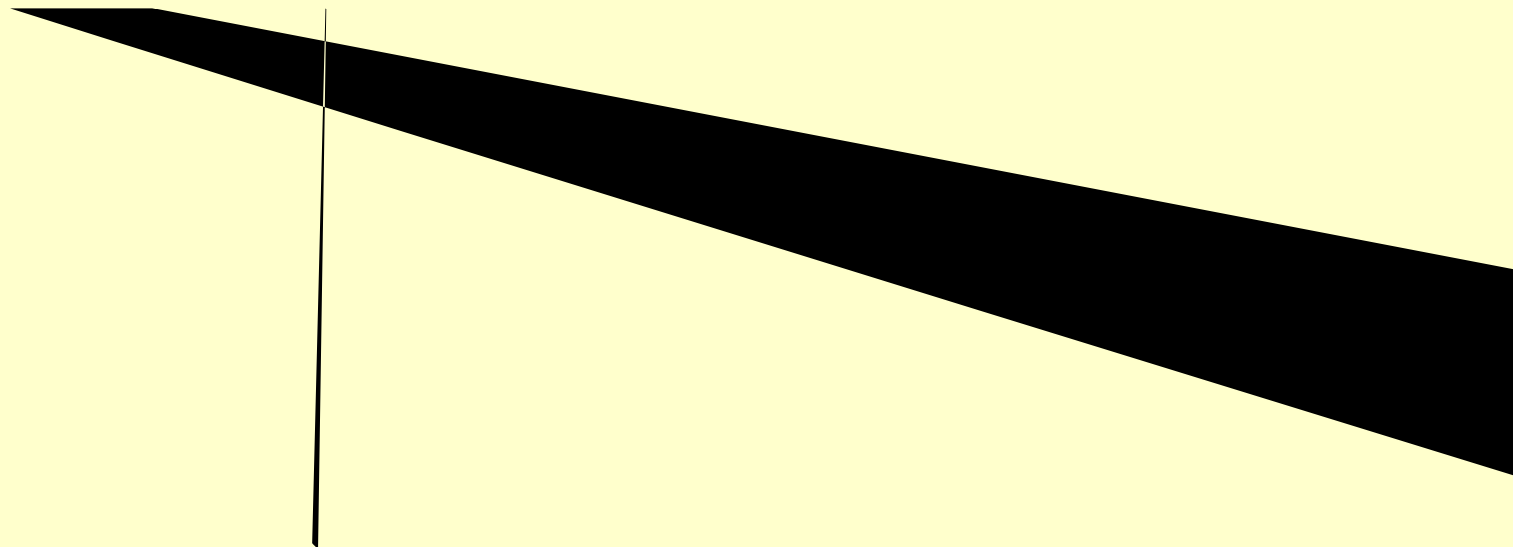
Japan's Most Important Graph

Per capita lifecycle: Japan (2009)





**Changing per capita
lifecycle deficit in Japan
1984-2009**



Message (1)

In Japan, the elderly are playing the role of the society's safety net....

Changing cutoff ages for net public transfers and net familial transfers:

60 63 years old

vs.

64 81 years old

Message (2)

**The elderly as a source
of untapped work
capacity in Japan**

“Untapped Work Capacity”

- we have attempted to **quantify the untapped work capacity** in Japan in terms of health status.
- we do not include a number of factors affecting the decision of labor supply (e.g., wages) but focus on **the health disability to examine to what extent the labor supply of the elderly is limited**

Data

- **JSTAR** (Japanese Study on Aging and Retirement).
- Comparable to HRS/ELSA/SHARE.

- We employ a linear probability model to regress **a binary**

Explanatory variables:

- (1) dummy variables for self reported health status (five point scale)
- (2) the prevalence of limitations on instrumental activities of daily living (IADLs)
- (3) the

“Untapped Work Capacity”

- The estimated regression for those 50 59 was applied to those aged 60 79 to compute the additional work force to be generated

Age specific observed labor force participation rate and potential labor force

More than
9 million workers

orce participation

0.1

- Applied the three different wage levels:
- Case1



Message (3)

**Changing cognitive
function among old age
groups and their
economic potential
contributions**

Changing cognitive function among the elderly: Global evidence

Dementia prevention, intervention, and care,

International comparison of the CADR score

USA	0.10
Northern Europe (Denmark, UK, Ireland, Sweden)	0.12
Western Europe (Austria, Belgium, France, Germany, the Netherlands, Poland, Switzerland)	0.18
Southern Europe (Greece, Italy, Spain)	0.32
Asia	
India	0.14
China	0.15
Japan	0.18

Message (4)
**Unprecedented
value shifts**

Thank you