

Peer Review of Research Project PIE-Stage 2

Economic Analysis of Intergenerational Issues: A Progress Report

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The theme of the research project is of crucial importance for any economy but it is of particular relevance for countries with advanced and continued population aging, such as Japan. Research over the recent years in OECD countries suggest that changes in population structure due to aging from below (lower total fertility rate) and from above (increasing life expectancy) have a strong bearing on economic and other outcomes within and across cohorts/generations. This requires thorough theoretical and empirical analysis, adjustments in public policies and programs, and quite likely a review and adjustment of all societal institutions. It is claimed that population aging and tipping of life-years of adulthood in advanced economies since the 19th century is perhaps the most important societal change over the last thousands of years.

The research program to investigate intergenerational issues with economic analysis is very comprehensive and rich. The program covers issues from fertility to retirement, including health care, long-term care and pensions; it investigate also how the economy can be made more competitive in order compensate the impact of population aging and lower labor force on productivity and economic outcomes; and theoretical considerations with the framework of social choice theory and welfare economics. The output of the project is impressive both with regard to diversity and quantity, but also with the regard to the quality of publications produced so far.

This review assess the research project along 4 dimensions: Relevance of selected topics – what is covered and what is missing; use of international research networks; quality of papers, as available; and process of dissemination. Within each dimension the review makes also suggestions for a next phase, if it were to be realized.

Relevance of topics

The research project includes most of the topics one would expect when investigating intergenerational equity against the background of stark demographic changes: Fertility, retirement/pensions, health and long-term care are figuring prominently in project design and publications. The issues addressed in each of the topics are relevant and allow for comparison with other high income-countries. Critical for a project that moves from theoretical introspection into empirical analysis is the establishing of the data set JSTAR (Japanese Study on Aging and Retirement) within the context on an international consortium (US, UK and continental Europe). For the latter countries the data set and now available multiple waves

prove crucial for empirical work and policy design. Establishing comparable data with these countries under the consortium should provide a vital boost for hypothesis testing and benchmarking.

Two further topics investigated are, in principle, relevant issues for intergenerational equity – technological innovation policy and institutions, and social choice theory and welfare economics – and the undertaken research has produced high-quality output. With regards to the topics addressed one would hope that the next stage links them more closely to the underlying concerns of demographic shifts to allow for more focused and relevant policy findings.

In a next stage it would be also useful to address issues that have been peripheral or missing so far, in particular education and life-long learning, labor market for the elderly, and migration. The labor market dimension under demographic shifts is conjectured to be crucial to address the issues of intergenerational equity in a shrinking and aging population.

Net-working with international researchers

As much research on the topics has been undertaken in other high-income countries, the success of the project is closely related with the capability of tapping into existing knowledge to guide design, theme selection, methodologies, and to serve as benchmark and cooperation pool. The outreach of the project team to North American, European, and Asian researchers and international institutions is comprehensive, relevant, and well done through joint meetings and publication. It would be useful to think about an (informal) international advisory panel for the preparation of any next phase of the project.

Quality of output

The output of the project that was made available and reviewed is, in general, of high quality and covers papers in refereed journals, books, contributions in books, and research papers. It follows the standards established in international economics and the quality of the final publications is at bar with research projects in other high-income countries. It mixes theoretical, empirical, and policy papers, as appropriate that are well written and referenced. For a next phase it would be useful to establish a results framework that details the quality control ex-ante.

Dissemination

A critical part of a (large) research project is not only to write papers and have them published, but to have a process for their prior discussion at national and international for a (and revision thereafter), quick availability of preliminary and final results on the web, and final publication

and distribution in the appropriate form – refereed journals as well as books with international publishers. The project does an admirable job in setting-up an impressive numbers of international meetings – special seminars and international conferences -, to publish preliminary results in discussion paper series, presenting the results at diverse seminars, workshops and conferences nationally and internationally, before having them disseminated through quality journals and book publications. The latter include a diverse set of internationally renowned such as MIT press and Palgrave.

Overall, the project is very well done and implemented. I hope it can move to another phase.

A handwritten signature in black ink, appearing to read 'R. Holzmann', with a long horizontal flourish extending to the right.

Robert Holzmann, Prof. Dr.

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