

【Grant-in-Aid for Specially Promoted Research】

Humanities and Social Sciences



Title of Project : Dynamism of economic disparities: Panel analysis of employment, education, health and redistribution policy

Yoshio Higuchi

(Keio University, Faculty of Business and Commerce, Professor)

Research Area : Social Science, Economics

Keyword : Economics, Applied microeconomics, Economic disparities, Employment, Panel data

【Purpose and Background of the Research】

Given Japan's rapidly aging society and low birth rate, Japan provides a unique case to study the relationship between disparities and changes in population trends, and thus obtain valuable academic knowledge that would be difficult to obtain in other countries. By uncovering the behavioral principles of workers and the firms employing them, it is expected that the mechanisms leading to various economic and health disparities will become clearer. Following children over a longer period of time in the children's survey is expected to help in uncovering the connections between disparities across households, disparities in economic ability, and disparities in adult life. By examining the real estate asset formation of households that were and were not affected by the Tohoku Earthquake over an extended period of time, it should be possible to uncover some of the long-term impacts, of this natural disaster. The use of a long panel data set will help uncover the relationship between movements in income and assets, changes in income and household composition, and assets. Panel data will enable us to predict the impact of the expected tax reform package that will be part of the government's integrated reform package of the social security and tax system.

【Research Methods】

This research project will use panel data collected every year on households and firms to undertake multifaceted research on economic disparities. From a dynamic perspective, it will focus on the relationships generating economic disparities, the effect disparities on economic agents and markets, and the relationship between economic disparities and redistribution policy. There are two key, but closely inter-related parts of this project. The first part is the design, analysis and public release of a large scale-panel data set. The panel data set will build on the knowledge and samples that have been obtained through the KHPS and JHPS data sets that the applicants have been closely involved in to date. The second part is multifaceted and dynamic

research on economic disparities from fields apart from applied micro-economics that will make extensive use of the panel data set. There are five major areas of this research: (1) Labor Economics Group; (2) Economics of Education Group; (3) Asset Stock Group; (4) Social Security Group, (5) Public Finance Group.

【Expected Research Achievements and Scientific Significance】

By analyzing the panel data, the Labor Economics Group will uncover the emergence, the transformation and the effect of economic disparities in relation to employment status, wages, the length of employment, education and training, and health. The Economic of Education Group will analyze the children's employment, education and income outcomes in later life, to clarify the relationships between family disparities, ability disparities, and disparities in adult life. The Asset Stock Group will undertake a dynamic analysis of household real estate asset formation and the real estate holding behavior, to verify whether an asset disparity has actually occurred and will investigate the factors leading to an asset disparity. The Social Security Group will conduct research on poverty and disparities from a new approach of disparities of social resources and disparities in life opportunities. The Public Finance Group will verify the economic effects of the current tax system, the social security system, and expenditure on public works.

【Publications Relevant to the Project】

Yano, Makoto ed. *The Japanese Economy*, Keio University Press, 2008.

Katz, Lawrence and David Autor, "Changes in the wage structure and earnings inequality," *Handbook of Labor Economics*, pp. 1463-1555, 1999

【Term of Project】 FY2012-2016

【Budget Allocation】 236,500 Thousand Yen

【Homepage Address】

<http://www.pdrc.keio.ac.jp/en/>