

# The International Social Security Project: Overview

David Wise

Japan – Economic Social Research  
Institute

August 3, 2016

## **Project Overview**

Through the coordination of work of a team of analysts in twelve countries for nearly twenty years:

The International Social Security (ISS) project has used the vast differences in social security programs across countries as a natural laboratory to study the effects of retirement program provisions on the labor force participation of older persons.

We are now on the seventh phase of the ongoing project. This phase is focused on the health capacity to work at older ages.

An important goal of the project has been to present results that are as comparable as possible across countries.

Thus the papers for each phase have been prepared according to a detailed template.

The results of the ongoing project are the product of analyses conducted for each country by analysts in that country. Researchers who have participated in this phase of the project are listed first below; those who have participated in prior phases are listed second in italics.

**Belgium:** Alain Jousten, Mathieu Lefèbvre, *Sergio Perelman*, *Pierre Pestieau*, *Raphaël Desmet*, *Arnaud Dellis* and *Jean-Philippe Stijns*

**Canada:** Kevin Milligan, Tammy Schirle, *Michael Baker* and *Jonathan Gruber*

**Denmark:** Paul Bingley, Nabanita Datta Gupta, Peder J. Pedersen and *Michael Jørgensen*

**France:** Didier Blanchet, Eve Caroli, Corinne Prost, Muriel Roger, *Luc Behaghel*, *Melika Ben Salem*, *Antoine Bozio*, *Thierry Debrand*, *Ronan Mahieu*, *Louis-Paul Pelé*, and *Emmanuelle Walraet*

**Germany:** Axel Börsch-Supan, Hendrik Jürges, Lars Thiel, *Tabea Bucher-Koenen, Simone Kohnz, Giovanni Mastrobuoni, Johannes Rausch, Reinhold Schnabel* and *Morten Schuth*

**Italy:** Agar Brugiavini, Giacomo Pasini, Guglielmo Weber and *Franco Peracchi*

**Japan:** Takashi Oshio, Satoshi Shimizutani, Emiko Usui, *Mayu Fujii, Akiko Sato Oishi* and *Naohiro Yashiro*

**Netherlands:** Adriaan Kalwij, Arie Kapteyn and Klaas de Vos

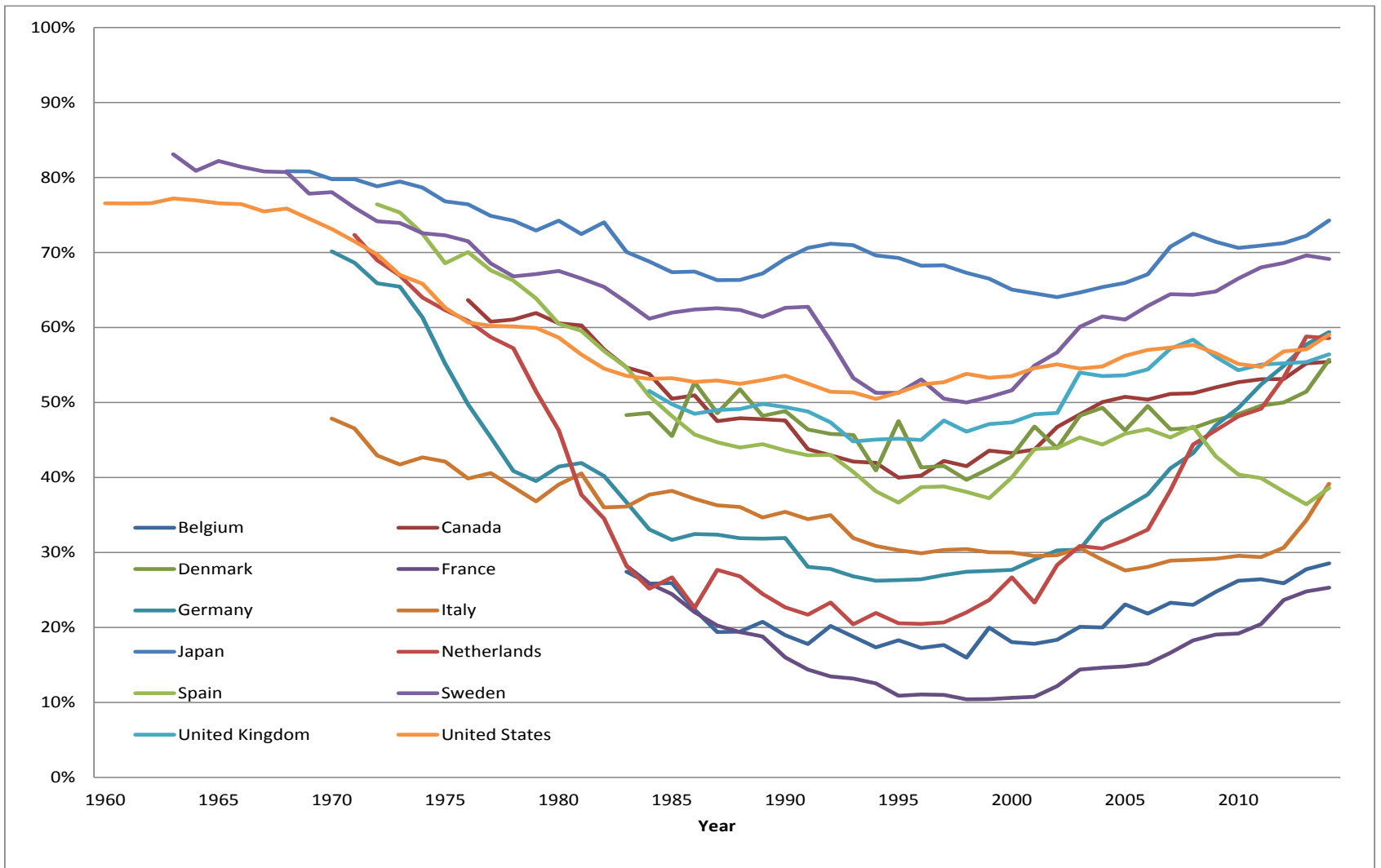
**Spain:** Pilar García Gómez, Sergi Jiménez-Martín, Judit Vall-Castelló, *Michele Boldrín* and *Franco Peracchi*

**Sweden:** Per Johansson, Lisa Laun, Mårten Palme and *Ingemar Svensson*

**United Kingdom:** James Banks, Carl Emmerson, Gemma Tetlow, *Richard Blundell, Antonio Bozio, Paul Johnson, Costas Meghir and Sarah Smith*

**United States:** Courtney Coile, Kevin Milligan, David Wise, *Jonathan Gruber and Peter Diamond*





# Employment age 60-64

To summarize the findings of the prior phases:

The **first** phase of the project described the retirement incentives inherent in plan provisions

And documented the strong relationship across countries between social security incentives to retire and the proportion of older persons out of the labor force (Gruber and Wise 1999).

The **second** phase was based on microeconomic analysis of the relationship between a person's decision to retire and the social security and other program incentives faced by that person,

And documented that incentives are a significant determinant of retirement decisions.

The **third** phase (Gruber and Wise 2007) demonstrated the consequent fiscal implications that extending labor force participation would have on net program costs – reducing government social security benefit payments and increasing government tax revenues.

In the **fourth** phase (Gruber and Wise 2010) we focused on the concern that removing incentives to retire from social security might reduce job opportunities for youth and lead to higher youth unemployment.

We found no evidence to support the “boxed economy” proposition that higher employment of older persons is associated with lower employment of youth.

The **fifth** phase (Wise 2012) shifted the focus to disability insurance (DI) and health.

We found that changes in DI participation were more closely linked to DI reforms than to changes in health

And that DI reforms often had a very large effect on the labor force participation of older workers.

The **sixth** phase (Wise 2015) extended the methodology used in the second phase

To study the effect of DI as well as SS program incentives on retirement.

We found that individuals are very responsive to retirement incentives arising from the structure of SS and DI programs and that reducing access to DI benefits would increase labor supply.

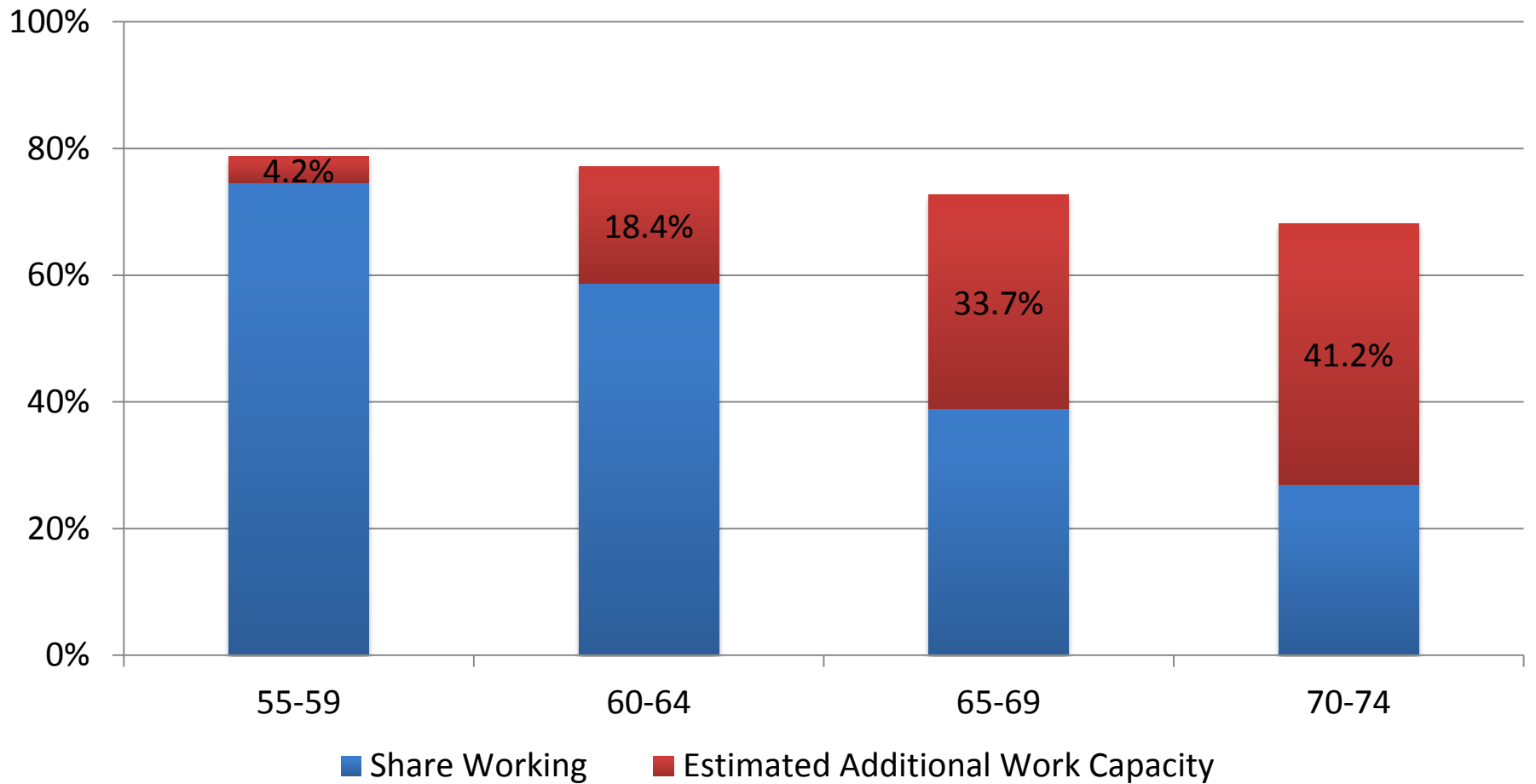
The **seventh** phase of the project explores the health capacity of individuals to work at older ages.

Fiscal challenges facing social security and other government programs may lead to policy changes that incorporate the expectation of longer work lives, such as increases in the social security early or normal retirement ages.

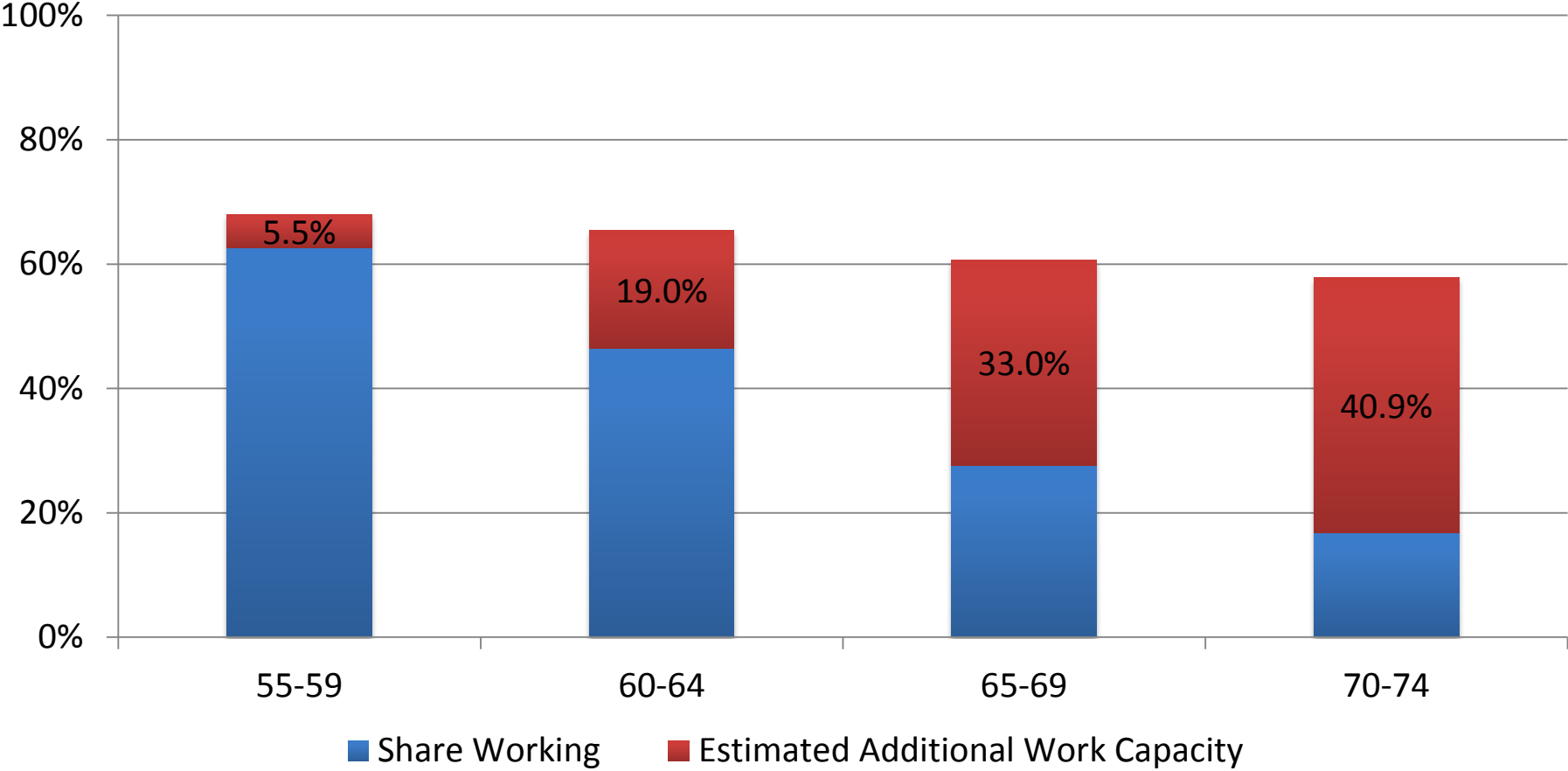
In this volume we ask: are individuals healthy enough to increase their labor supply at older ages?



## Share of HRS Men Working and Estimated Additional Work Capacity, by Age



# Share of HRS Women Working and Estimated Additional Work Capacity, By Age



**ALL for NOW**