

## Report on Ph.D. Thesis Defence

Ph.D. Candidate	Le Anh Xuan
Main referee	Minchung Hsu
Referees	園部 哲史 James Rhodes 池田 真介 Yundang Hu(東北大学)
Dissertation Title	Government Financing in Japan: Aging Population, Tax System and Female Labor Participation

Result: Pass (subject to minor changes)

### 1. Abstract

Xuan's dissertation aims to study the challenges of government financing issues in Japan. He provides a brief overview on the current challenges in Chapter 1, such as the high government debt level and the fast aging population. In Chapter 2, he quantitatively investigates the impact of population aging on the Japanese public finance situation. He finds that given all other things being equal, the financing burden will be much higher when the population becomes more aged in Japan. To avoid a hike in tax rates, some reforms have to be done. One of the potential solutions is encouraging female labor given that the current female labor participation is low. Previous empirical studies suggest the tax system and the childcare system are two important reasons for the low female labor participation. He has tried to quantify the impacts of these factors on women's working decision as well as on the whole economy in Chapter 3 and Chapter 4. He finds that the current tax system discourages female labor supply largely, and without any reform on the tax system, a subsidy on childcare will not be effective to increase female labor. In the last chapter, he concludes the above studies and provides some policy recommendations for the Japanese government.

### 2. Result /Notes from the Examining meeting / Final Evaluation

1. Xuan presented an overview of his dissertation and focused on chapter 2 and 4 for about one hour. He also briefly discussed the results of other chapters.
2. The presentation was followed by a series of comments and questions

3. The Examination Committee met immediately after the presentation, chaired by Professor Sonobe. It was agreed that some minor changes should be made to improve the dissertation and one month should be enough for the revision. Professor Hsu will be responsible for advising and approving the revision.

### **3. Summary of the comments from each committee member and Xuan' s responses in the final version of the dissertation**

#### **Comments from Professor Hu (External examiner):**

Professor Hu made a number of comments on the writing and some unclear equations/statements in the dissertation. She also asked Xuan to check whether Japan does really face the “labor shortage” problem.

Response: Xuan has followed all her comments to revise the dissertation. Xuan also changed the words “labor shortage” to “shrinking workforce” in this final version. The later term describes exactly what he means in the dissertation about the labor market in Japan.

#### **Comments from Professor Sonobe:**

1. Add one more chapter to conclude the dissertation:
2. Chapter 1: Explaining the significance and contributions of the study to the related literature. Are there life insurance market and bequest in the model? Is there foreign trade in the model? Have you done a sensitivity test in an open economy?
3. Chapter 3 & 4: Are there education choice and fertility choice in the model?

Response: Xuan has added Chapter 5 to conclude the study and one section in Chapter 1 to explain about the significances and contributions of this study. He also explained the questions in the dissertation and made the limit of the approach used in the analysis clearer.

#### **Comments from Professor Ikeda:**

Professor Ikeda made many detailed comments/suggestions on Xuan' s academic writing.

All of them are valuable.

Response: Xuan has followed all of his suggestions to revise the dissertation.

**Comments from Professor Rhodes:**

Professor Rhodes made a number of valuable suggestions on the writing in the dissertation and asked Xuan to consider the suicide issue in Japan in the context of working environment.

Response: Xuan has followed his suggestions to revise the dissertation. Regarding the comment on working environment, he will take into account the comment for his future research. The current methodology has a limit to address it.

Xuan also sent the dissertation to Academic Writing Editor at GRIPS, and followed the comments and suggestions from the editor, Mr. Paul Kandasamy to revise the dissertation.

Xuan has made the changes according to comments/suggestions from the dissertation committee members and has given a revision of the dissertation to me. I am now satisfied his responses and the revision of his dissertation.