Do the young rely on migrants for the elderly care? OLG Framework

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Abstract

The purpose of this paper is to answer three research questions on the elderly care by the family and by the migrant. We find answers by using an overlapping generation model and throw theoretical light on reasons why establishment of law and institutions around elderly care are necessary in theoretical sense. (i) Does the utility of this generation decrease in the *old employment system* with fixed working hours and care hours by population aging? "Yes", which needs to organize the 'government special committee'. (ii) How does the young decide the optimal care hours? The young finds the optimal care hours flexibly depending on only the preference, not production and policy parameters. Then, as the care hour is no more constant, the policymakers must produce a *new employment system* with 'Family Care Leave' to allow the optimal care hours. However, the utility of this generation decrease even in the *new employment system* with flexible working hours and care hours by population aging. (iii) Can the generation attain the optimal care hours? "No" because the optimal care hours depends only on preference parameters changeable, and not controlled by the government, and then the optimal care hours cannot be well adjusted. Then, the policy makers must provide 'Long-Term Care Insurance' in order to protect the elderly by themselves.

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