

Elderly Care Service in An Aging Society[†]

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Abstract

An increase in life expectancy brings about an aging society. In an aging society, the demand for elderly care service increases. This paper examines how an aging society affects the demand for elderly care service and the labor market of elderly care service. Related literatures show that an aging society raises the labor share of elderly care service. However, considering closed economy that the saving affects the capital stock, an aging society does not always raises the labor share of elderly care service because the wage rate of final goods sector increases with an aging society. This effect prevents the labor supply of elderly care service increasing.

In addition to this result, this paper examines whether the subsidy for elderly care service increases the demand for elderly care service or not. As a result, this subsidy does not always increase the demand for elderly care service because of tax burden.

Keywords: Aging society, Elderly care service, Labor mobility, Two sectors model

JEL Classifications: H14, J21, H20

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