LABOR AND POPULATION

A Comparative Study of Well-being in the US, the UK, and Continental Europe

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RIETI-RAND Symposium "What Have We Learned from the Panel Data of the Elderly?" July 29, 2011

Plan of the Presentation

- **Motivation**
- **Measurement of Depression by CESD**
- **How Depression Varies by Age and Birth year in different countries**
- **The effects of demographics and functional limitations**
- **How Health Shocks affect Depression**
- **The Role of Work**
- **Preliminary Conclusions**

Motivation

- Government policy implicitly or explicitly aims to improve the well-being of its citizens
- Well-being and health are positively correlated
- At this point we consider one particular aspect: depression
- We want to know how depression is distributed across the life cycle in different countries and how it may be affected by differences in institutions and policies

Definition of Depression Scales

- CESD items: CESD questions ask whether the respondent experienced certain feelings much of the time during the week prior to the interview.
  - A code of 0 indicates that the respondent did not experience a particular feeling.
  - A code of 1 indicates that the respondent experienced a particular feeling.

- The depression score is simply the sum of the codes (the number of times a particular feeling is reported).
- So the depression score ranges from zero to eight.

CESD Items

depressed

everything effort

sleep was restless

happy

lonely

enjoyed life

felt sad

could not get going

This is not the complete CESD, but the subset that overlaps with the EuroD used in SHARE

Explaining Depression (HRS)

- **Demographics**
- **Major health conditions** (i.e., cancer, heart disease, stroke, lung disease)
- **Minor health conditions** (i.e., diabetes, hypertension, arthritis)
- **Health behavior** (smoking or not)
- **Number of ADLs** (Limitations in activities of daily living)
- **Number of IADLs** (Limitations in instrumental activities of daily living)
- **Age and birth year**

ADLs: Difficulties to…

walk across room

dressing

bathing, shower

eating

get in/out bed

using the toilet

IADLs: difficulties to…

use a map

use telephone

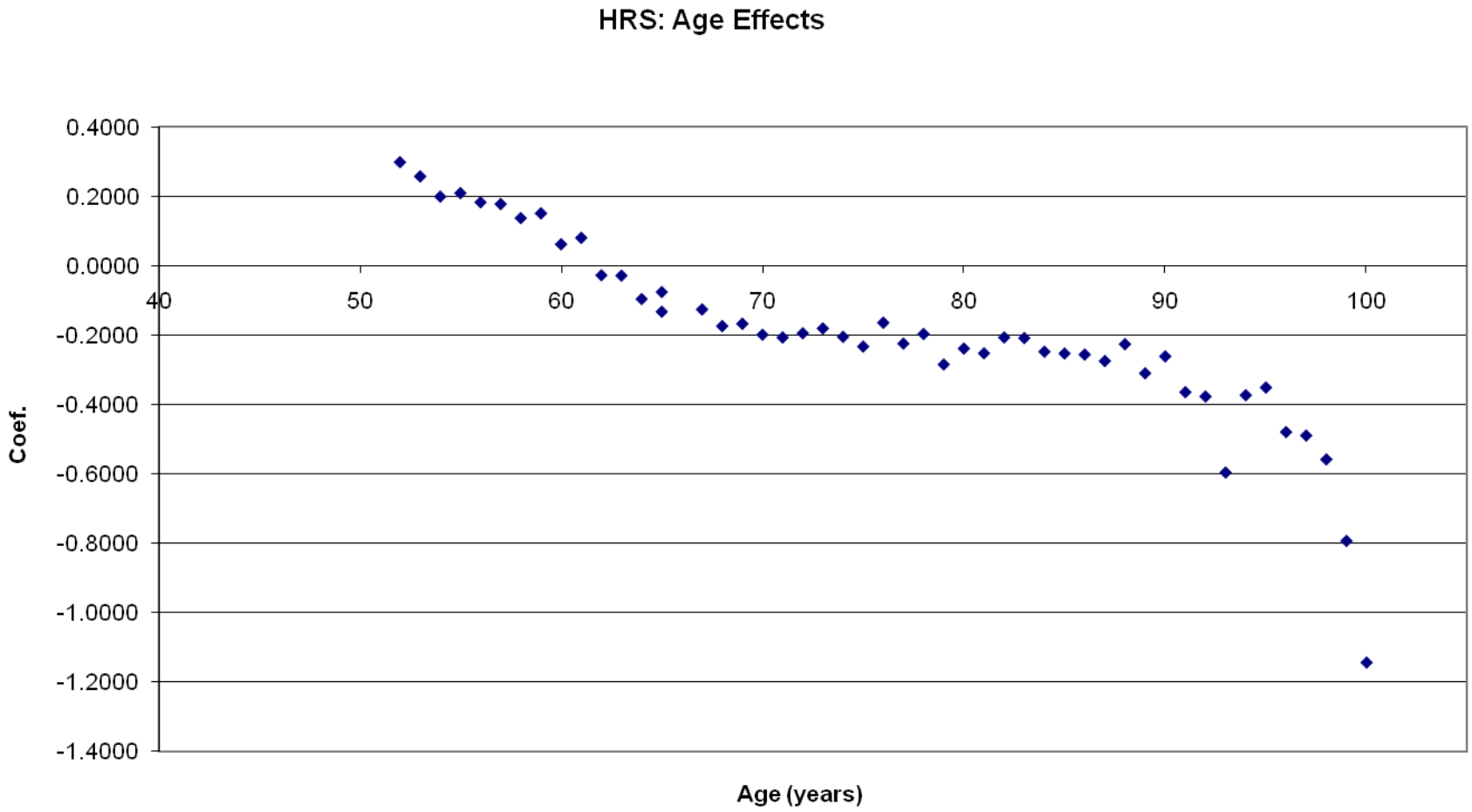
managing money

take medications

shop for grocery

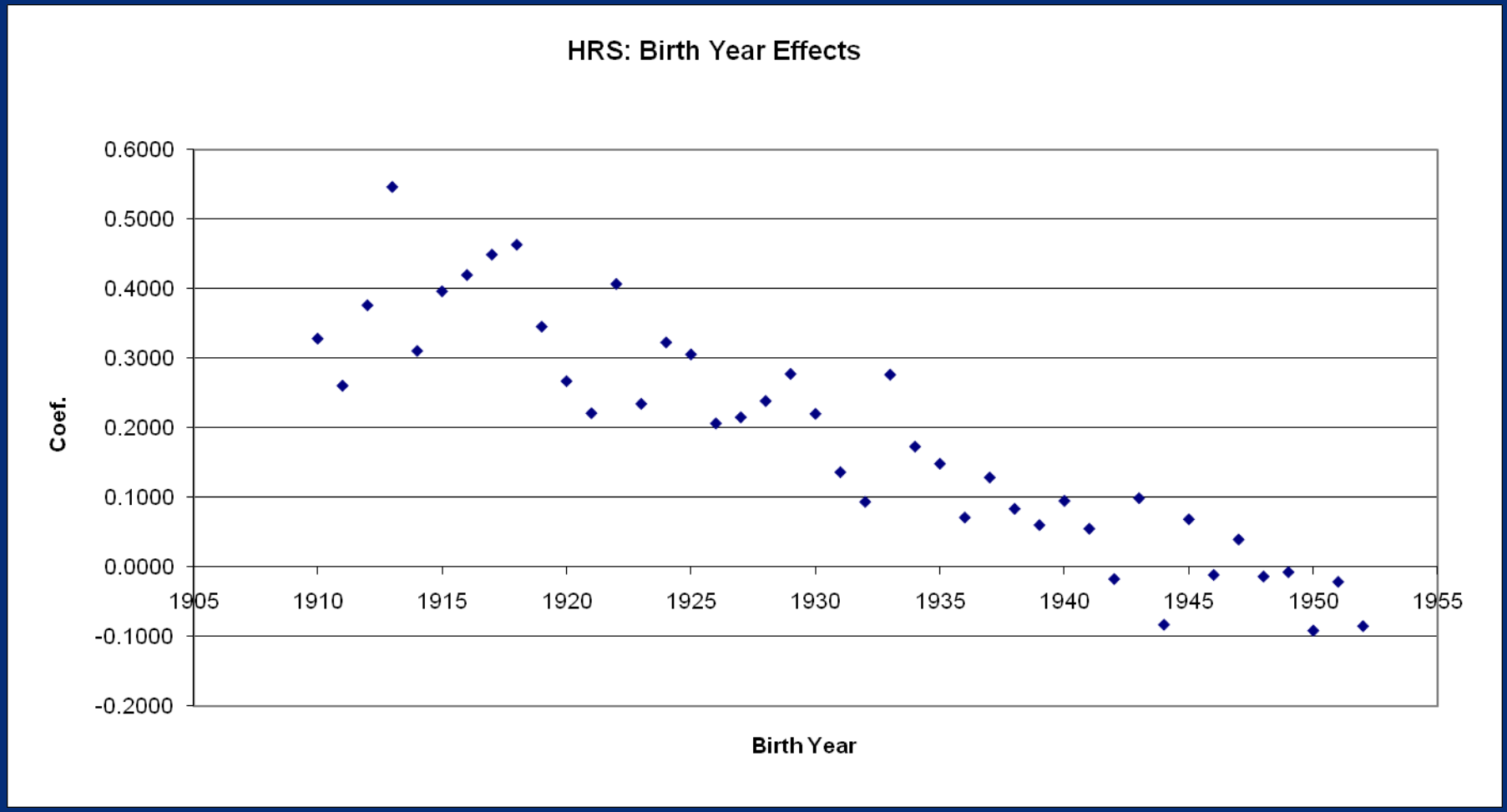
prepare hot meal

How does Depression vary with Age?



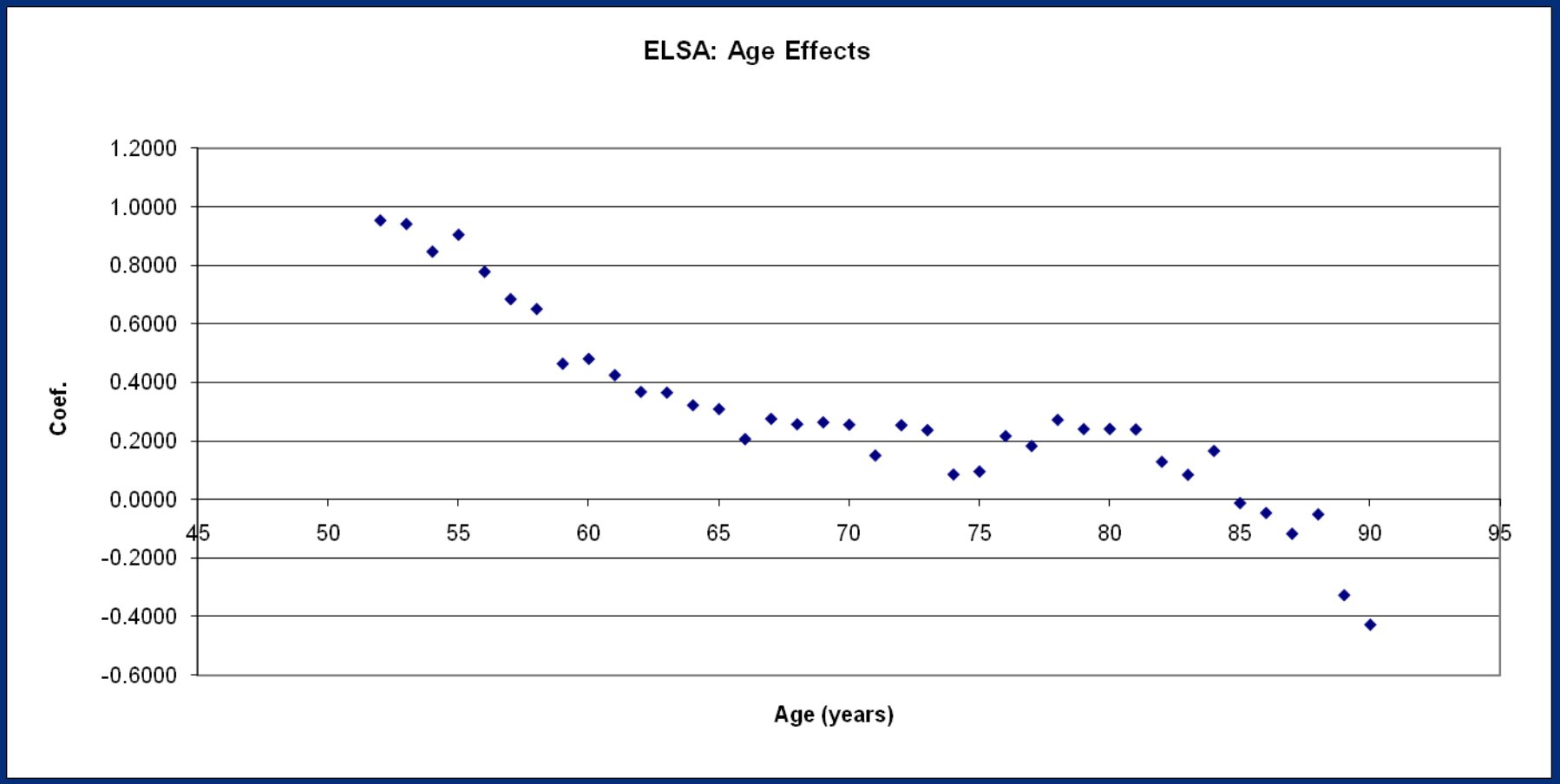
Correlation: -.896

How does Depression vary with Birth year?



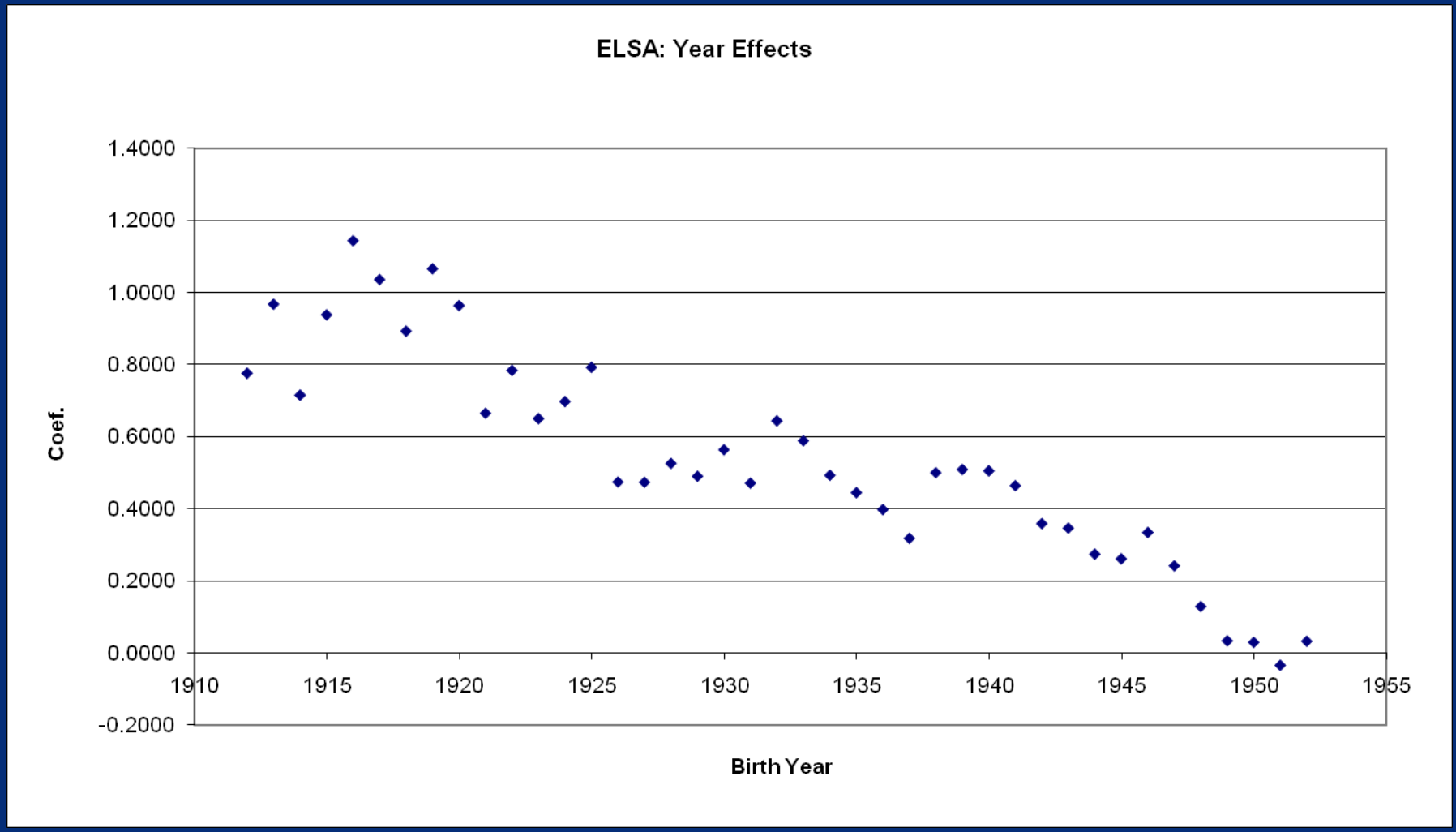
Correlation: -.926

Do the US results hold in the UK?



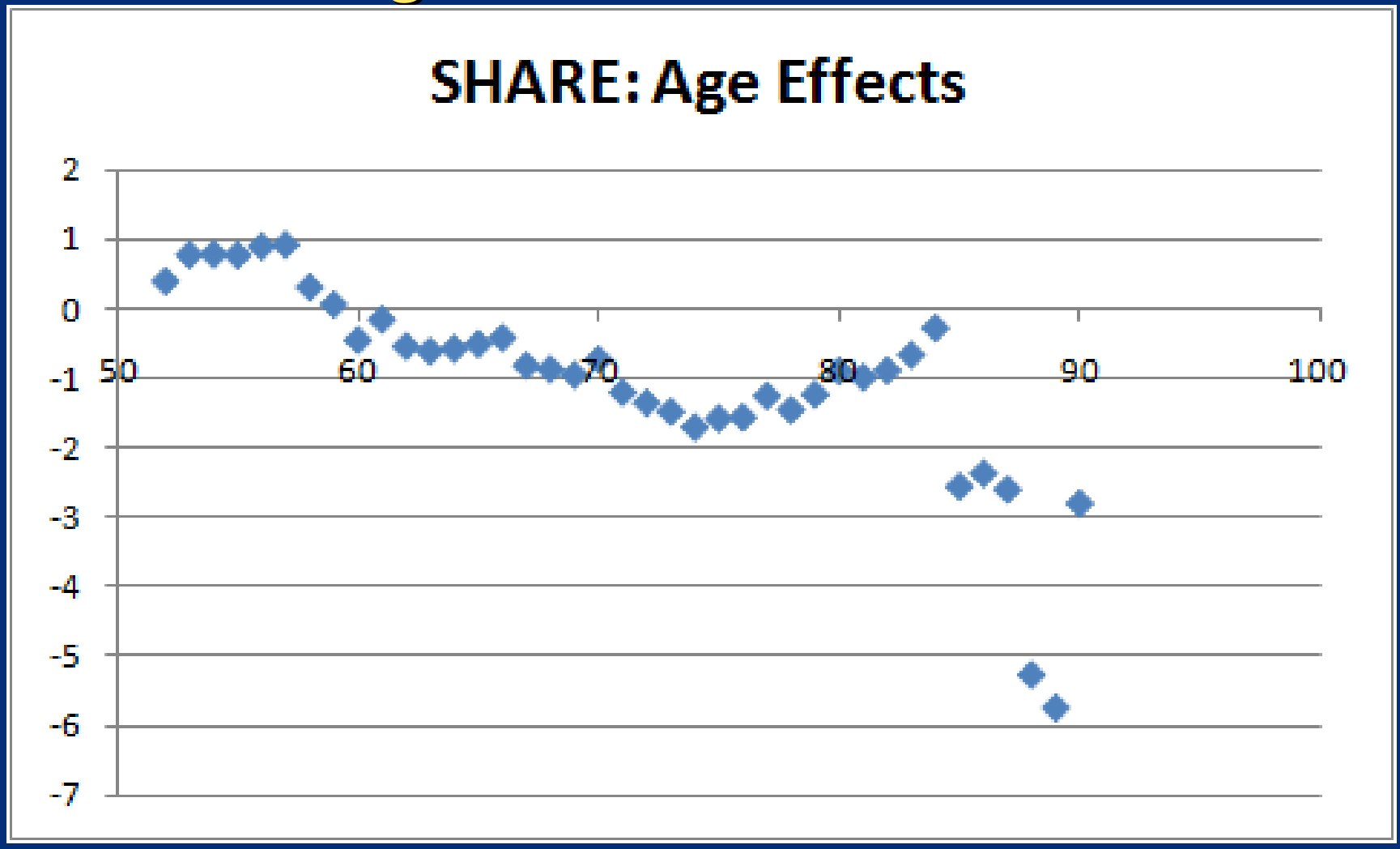
Correlation: -.907

Birth year effects in the UK



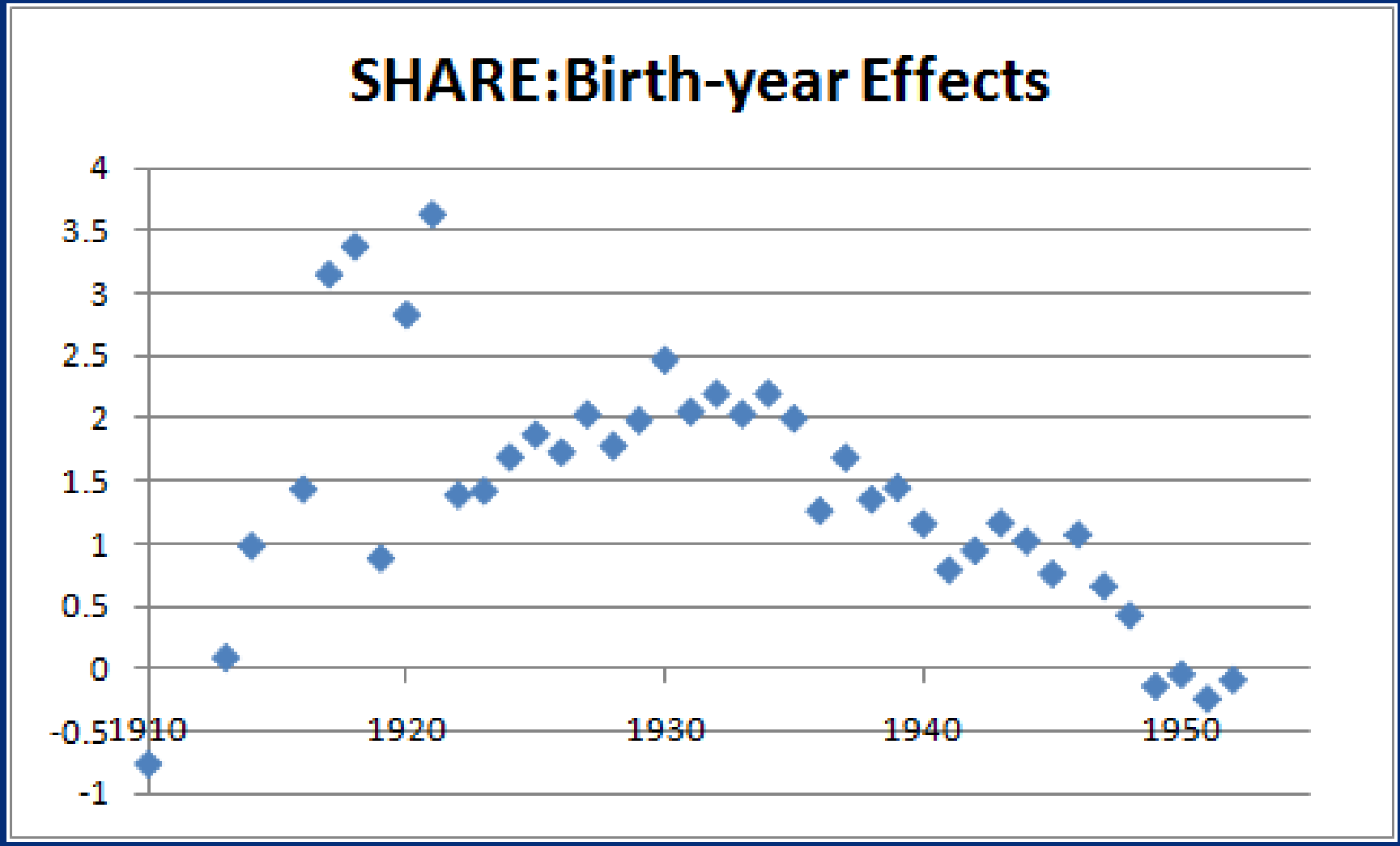
Correlation: -.916

Age Effects in SHARE



RAND **Correlation: -.800 (data noisier, fewer obs)**

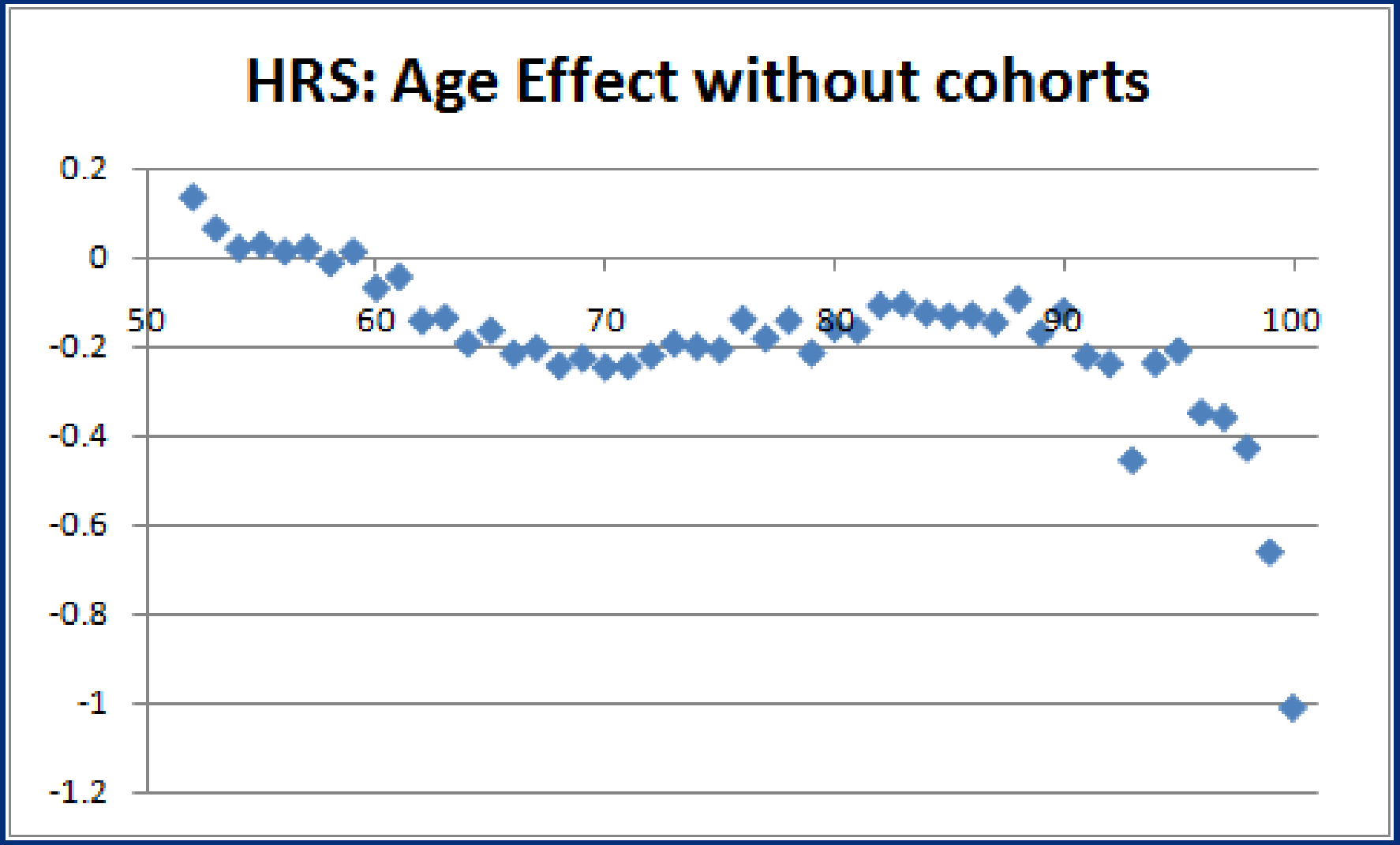
Birth Year Effects in SHARE



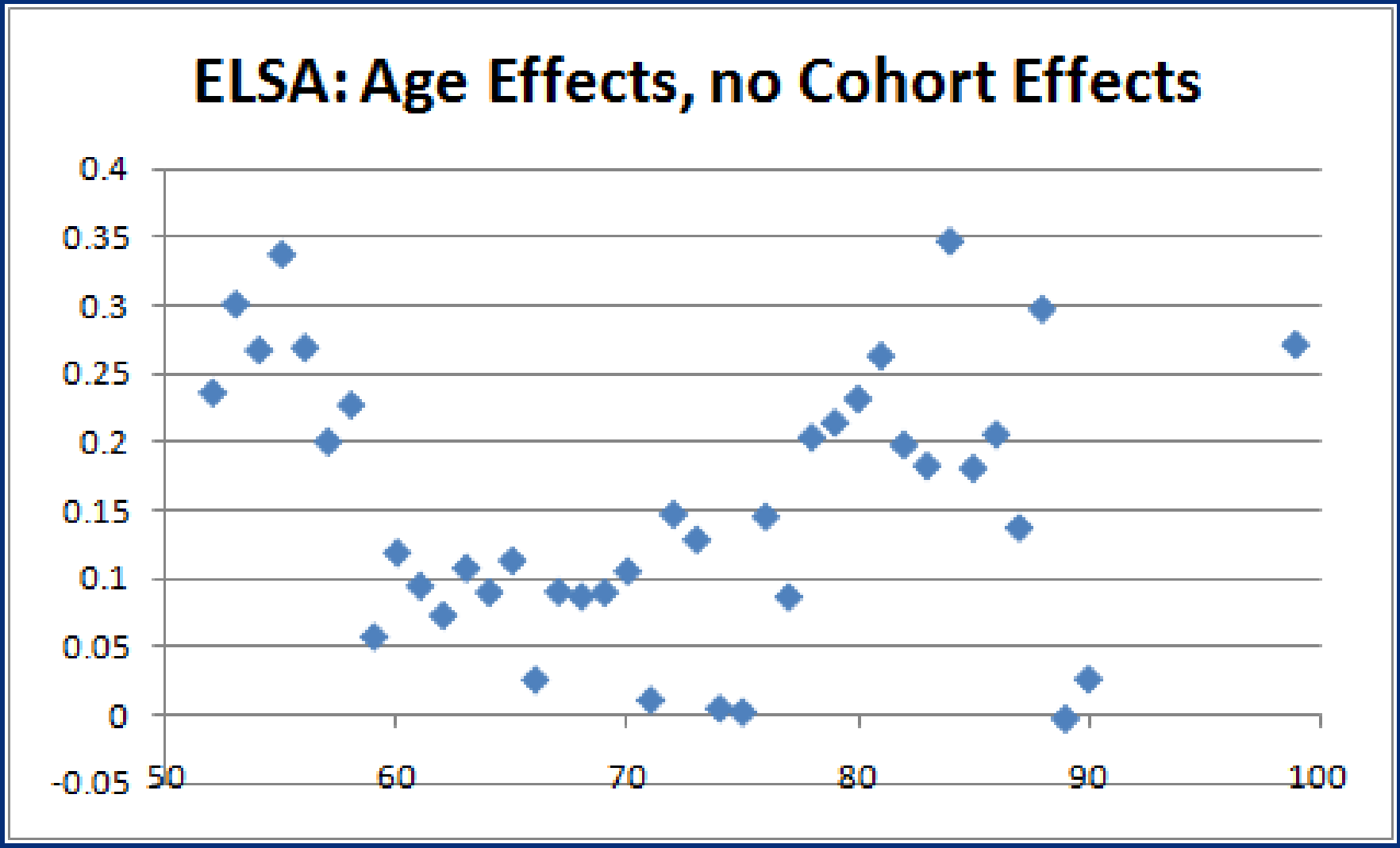
Correlation: -.421

What happens if we ignore birth year effects?

HRS: very little change

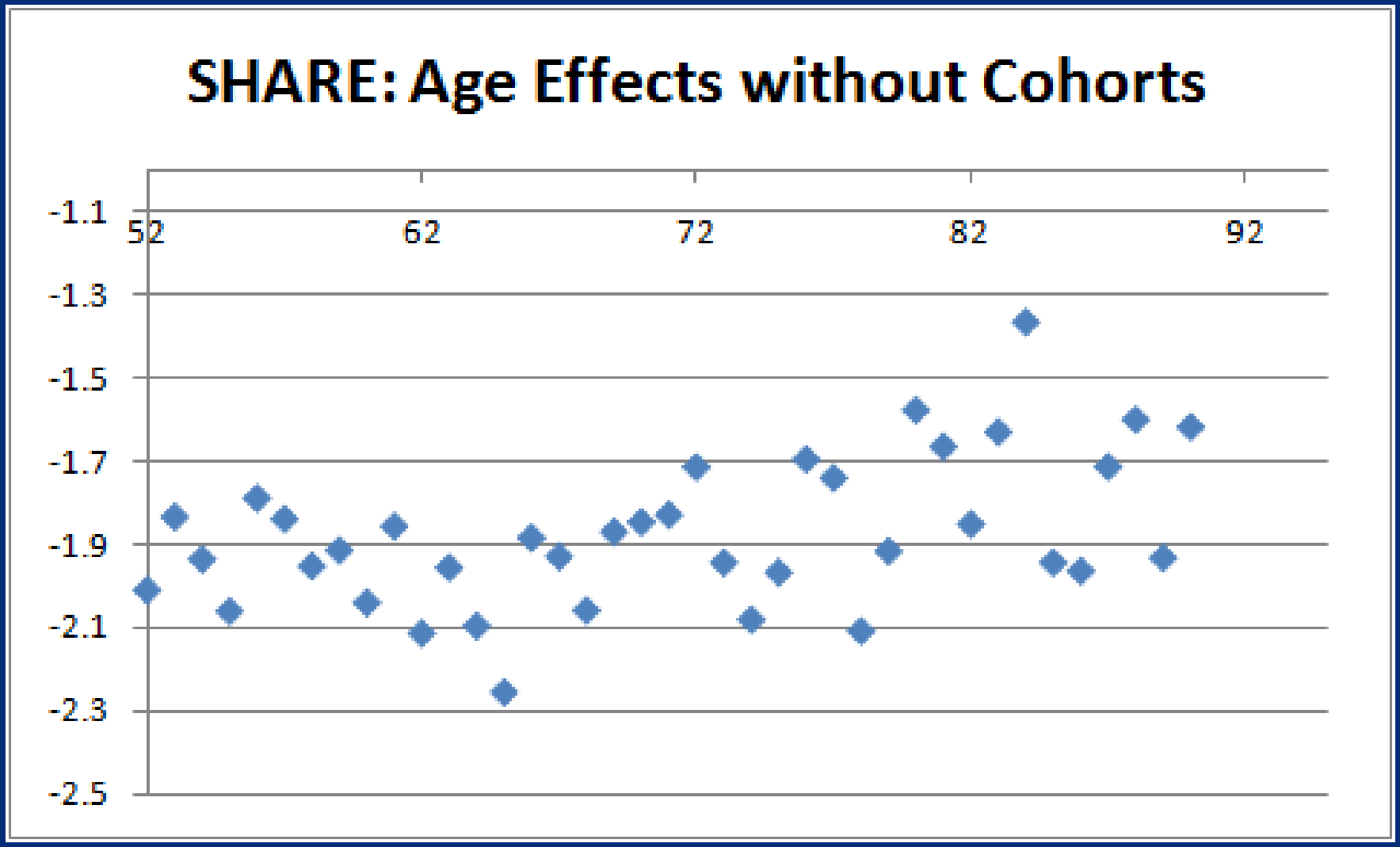


ELSA: Considerable Change



Correlation: -.032

SHARE: Considerable Change

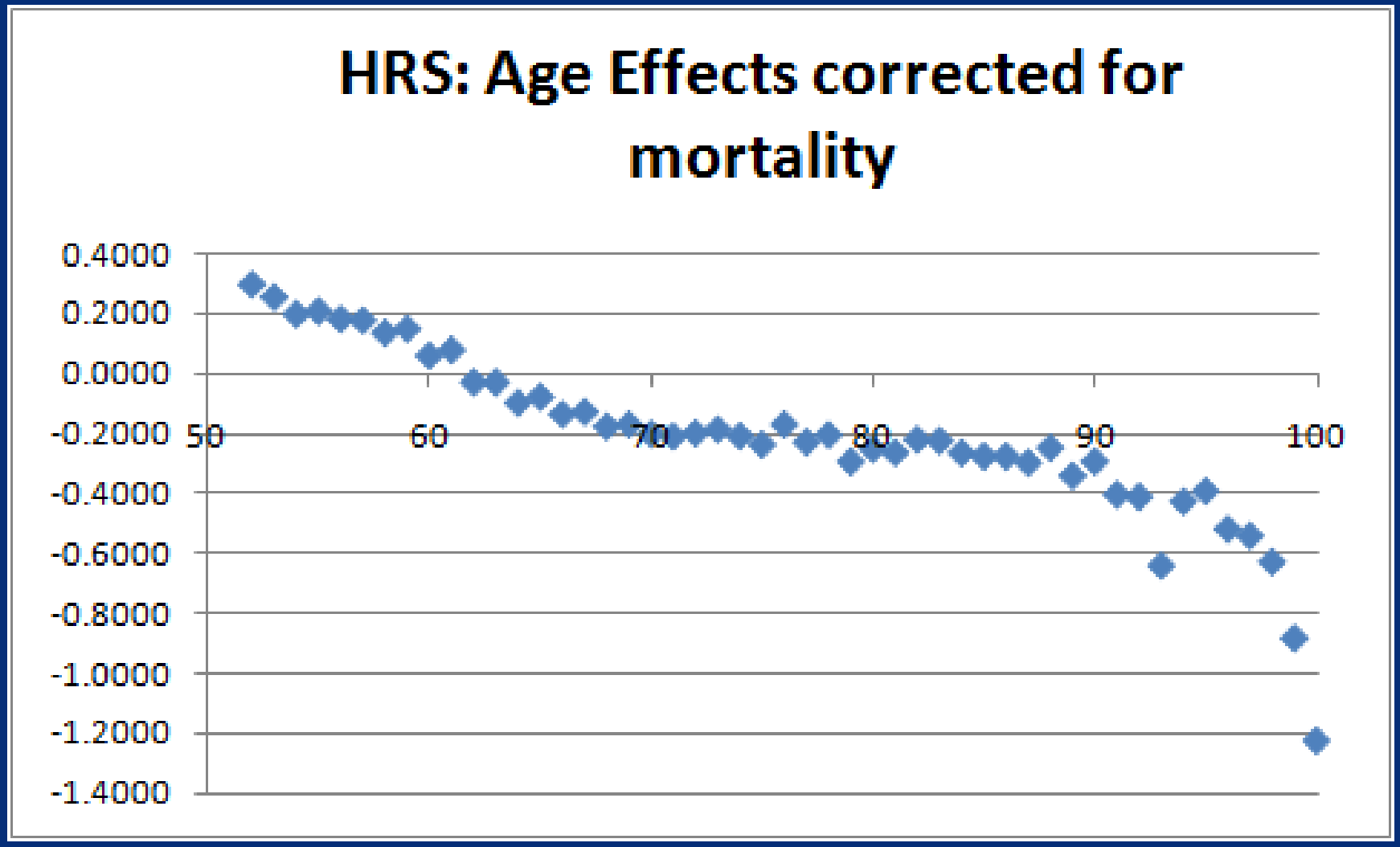


Correlation: .472

Explanations?

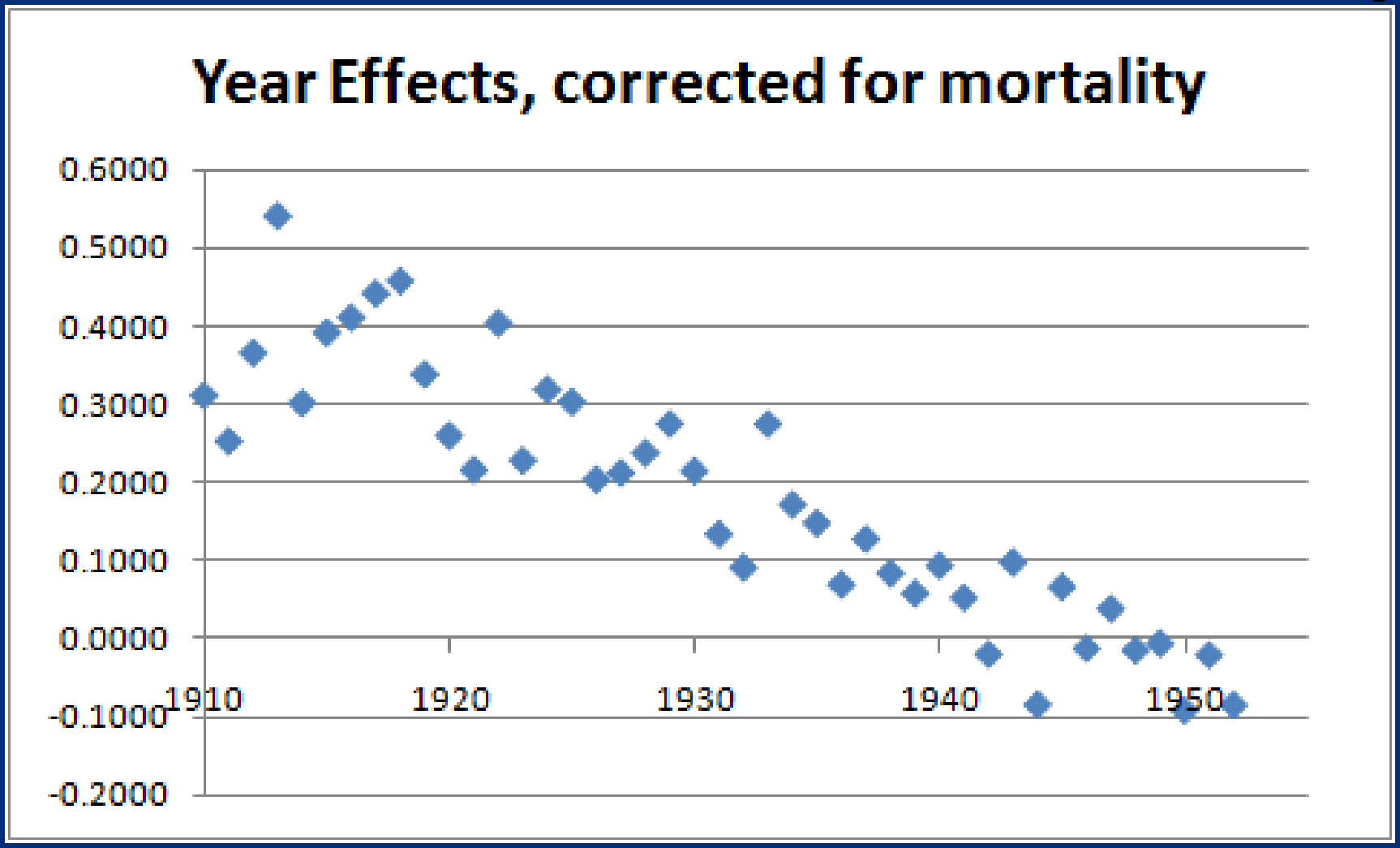
- **What causes the variation across cohorts?**
- **Is it really true that people who grow older become less depressed?**
  - **Could it be a survival effect? Only the optimists survive?**
- **We include a variable, representing if a respondent has died in the next period (highly significant, but not very big: .195)**

Does selective mortality explain it?



Correlation: -.903

Birth Cohort Effects corrected for Mortality



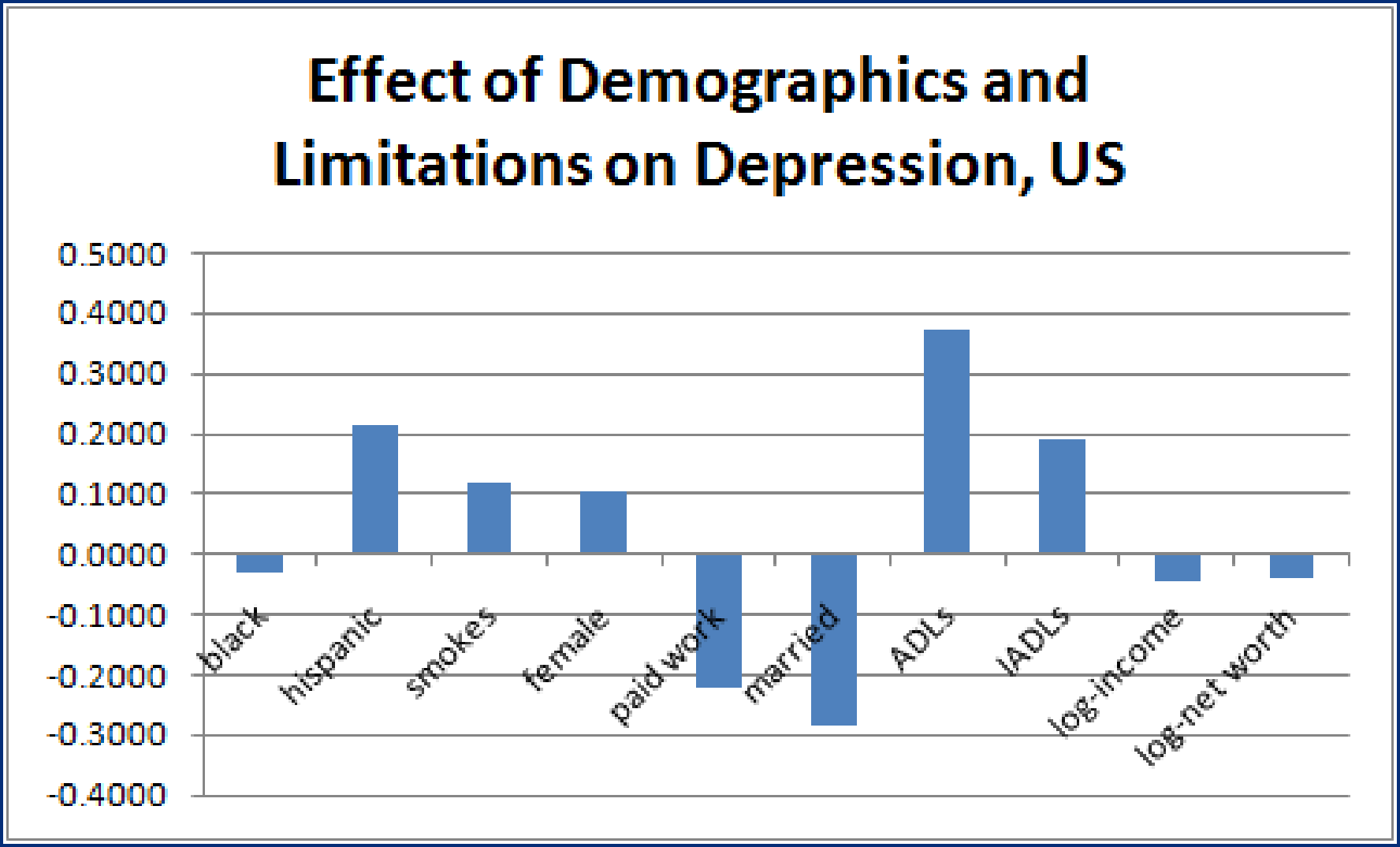
Correlation: -.908

The same exercise for ELSA leads to similar conclusions

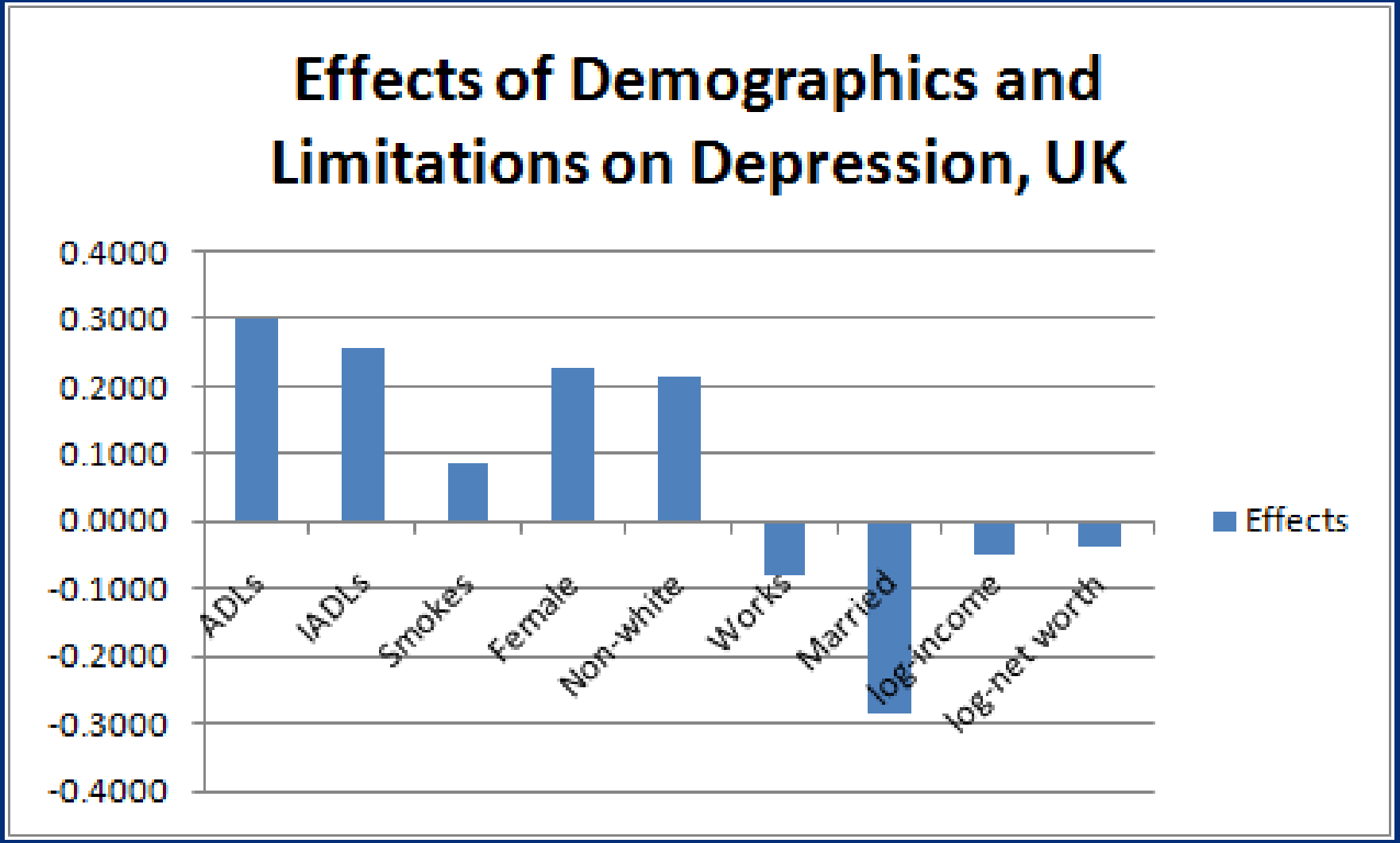
Future mortality has no significant effect on current depression.

The Effects of Demographics and Limitations

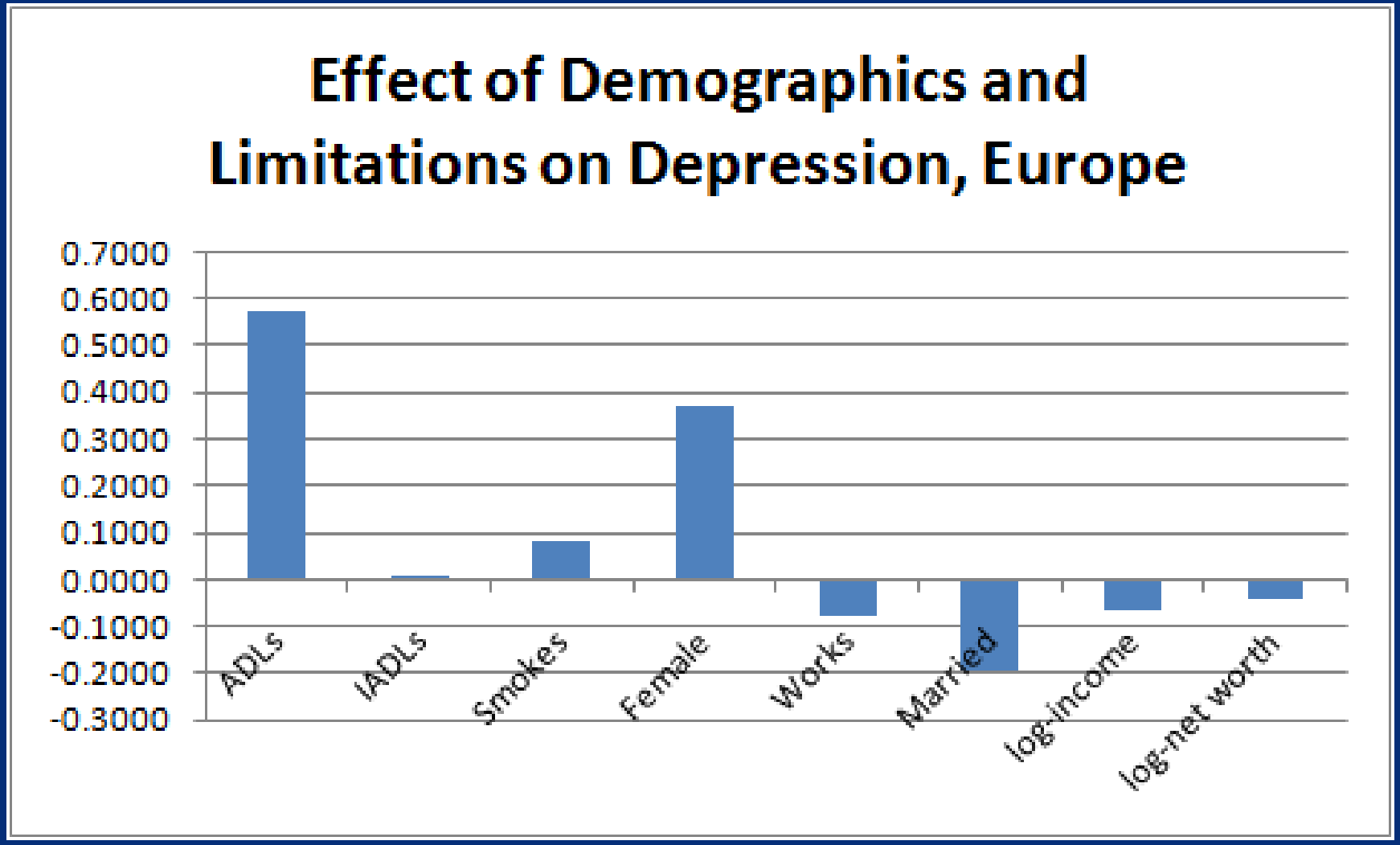
Controlling for health and age, who is most likely to be depressed?



Depression in the UK



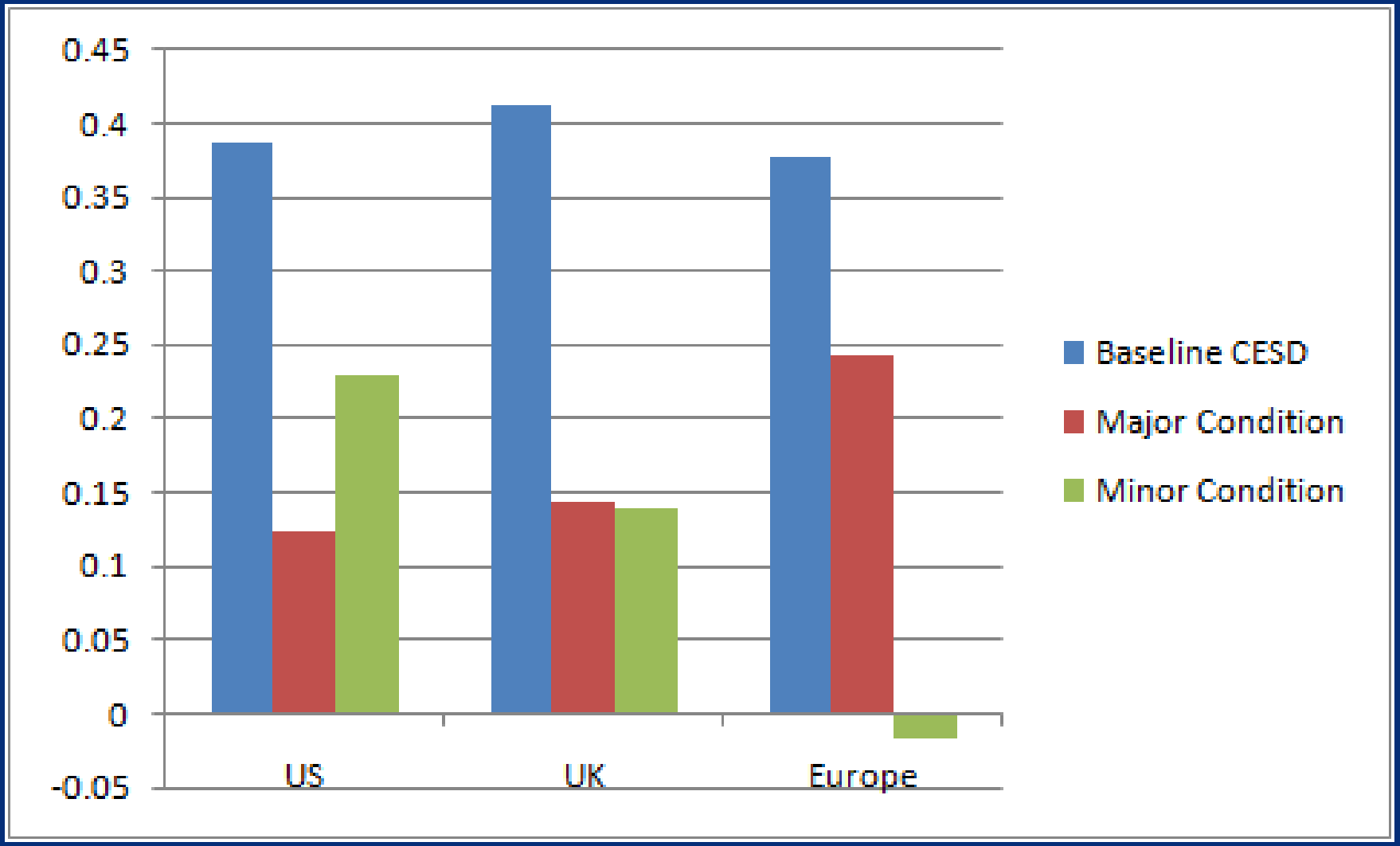
Depression in Continental Europe



IADLs are totally insignificant

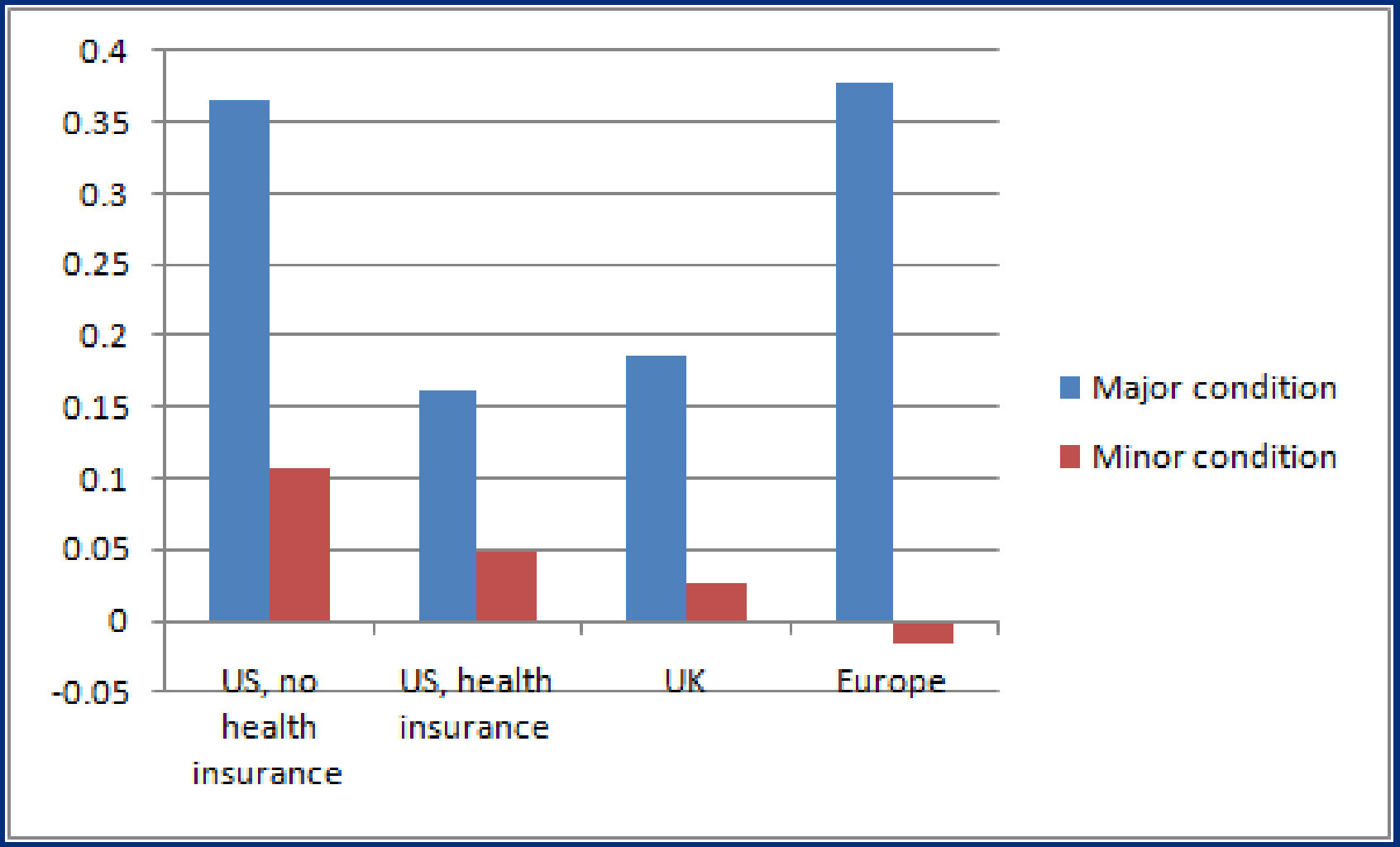
The effects of health conditions

US and UK look very similar (standard errors are larger in Europe)



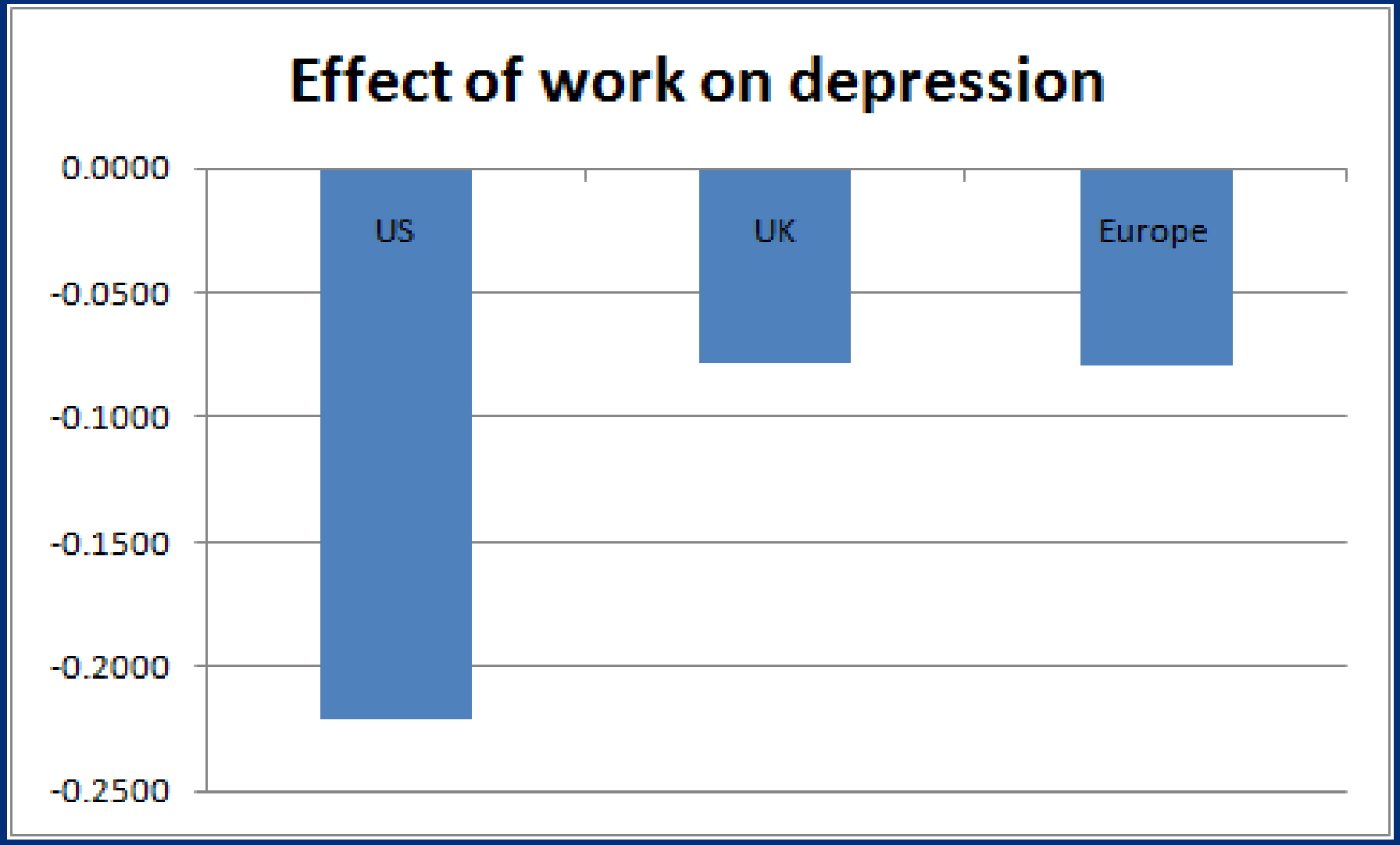
The effects of the onset of new health conditions

Onset of new conditions



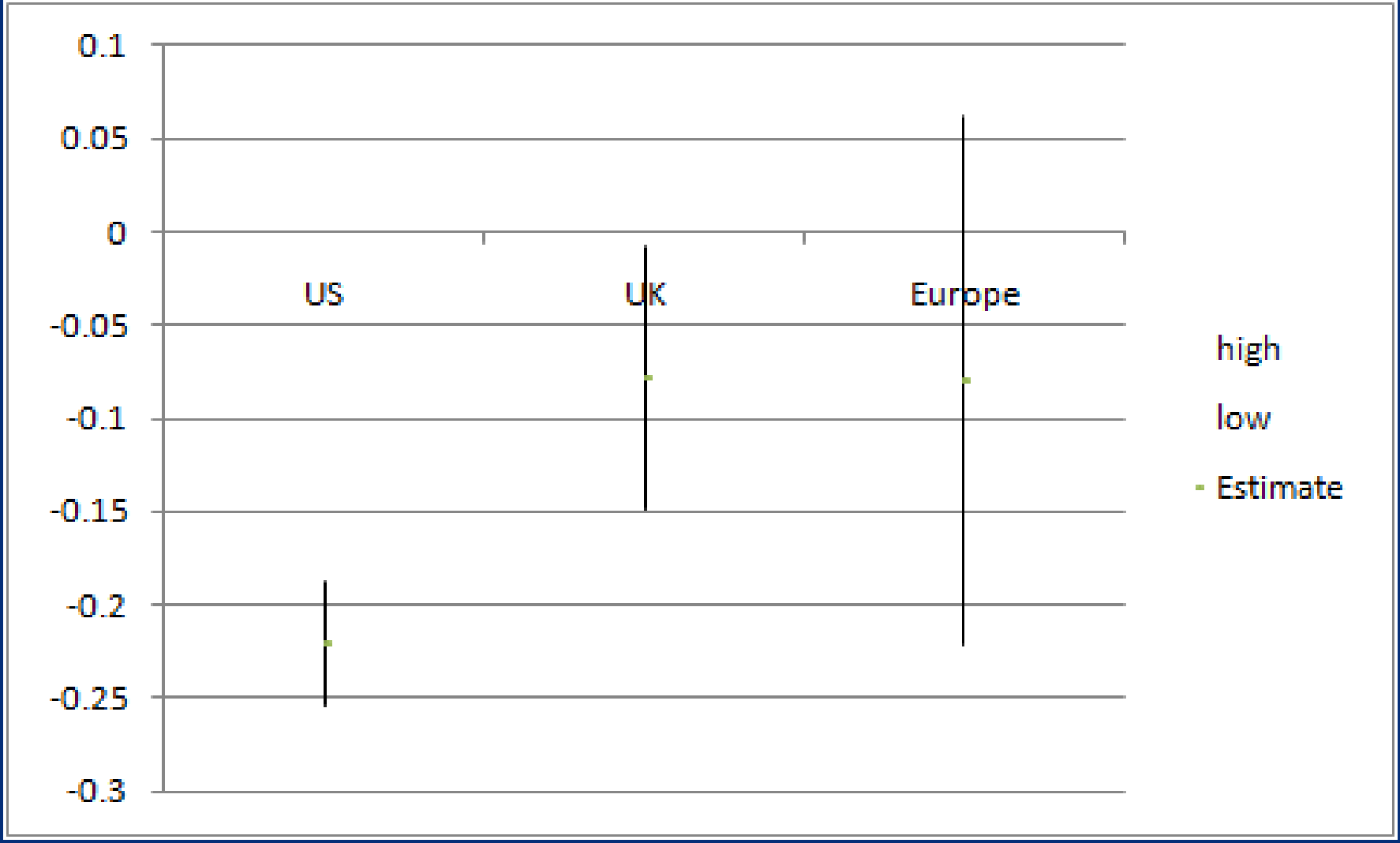
Estimate for Europe is inaccurate

How important is work?



Are these differences significant?

Confidence intervals



Patterns that are similar across countries

- The evidence suggests different roles for age and birth year;
- Ignoring birth year effects leads to misleading conclusions about age effects
- Reduced functioning (more ADLs and IADLs) leads to more depression
- Money protects
- Females are more at risk of depression
- Being married is protective

Patterns that differ

- **Work appears more important for depression in the US than in the other countries**
- **Major health shocks appear to have a lesser effect in the US if an individual is insured (in that case the effect is equal to what is found in the UK).**

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