

A small amount of money can make a big difference: The effect of the New Rural Social Pension Insurance program on retirement and old-age labor supply

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# Summary

- This paper uses interesting data but the model should be motivated better.
- The paper shall find its place in the retirement literature.
- The following are some comments on each section of the paper.

# §1 Title and introduction

- The title should mention 'China' as this is a selling point.
- Evidence on retirement from developing countries is scarce. This is a good motivation. But why actually it is a good motivation? It might matter e.g. because if institutions affect labor market behaviour, then retirement behaviour will differ across nations with different institutional settings. This then helps us to understand the retirement behaviour itself. See Gruber, J., Wise, D. A., 1999. Social security and retirement around the world. University of Chicago Press, Chicago.

## §2 Institutional setting

- Description of the institutional setting should be simplified, for instance by separating the benefit and contribution side descriptions; by being more explicit about the components of pension income of the rural residents; and by explaining in which cases the rural residents are not eligible for the New Rural Social Pension Insurance program.

## §3 Model

- Health and health care use are used as control variables but they are potentially endogenous. Maybe they should not enter into the regression or the lagged health status could be considered.
- Children's income is used to instrument work status. But retirement preferences may be affected by the income status of children and your instrument is not necessarily exogenous. Perhaps you can check how robust the results are to different sets of instruments since several instruments are available.

## §3 Model

- The text misses a discussion on the relevance and exogeneity of the instruments. I miss a table showing the first stage results. The text is not explicit about the statistics on endogeneity and overidentification. The text or the tables should include such formal statistical tests so that the reader sees that the variables of interest are indeed endogenous and that the instruments are exogenous.
- Next to the IV-RE estimates, it might be worth to present Pooled IV estimates and RE estimates so that they can be compared to see to which extent controlling for, respectively, random effects and endogeneity matter.

## §3 Model

- In the introduction, you talk about an experimental setting which makes the reader think that some rural residents are obliged to enroll in the program while some others are not and their retirement behaviour are compared in a treatment effects framework. Yet in Section 3 it turns out that this is not the case. And enrollment is voluntary. In the introduction, you could avoid sentences like “which provides us with an experiment to investigate the impact of...”

## §4 Data

- The data is certainly interesting. If there is complete information on labor income and pension income from different schemes, it might be worth to to analyse the data in a structural life cycle model in a future paper which would certainly make it compelling.



## §5 Results

- For retirement behaviour in general, what do the results imply? Can we relate the findings to the well established findings in the retirement literature, perhaps to those arguing for the effects of financial incentives on retirement behaviour? Can we infer retirement behaviour that is universal? It is also worth to relate the findings to the findings of de Carvalho Filho (2008) in rural Brazil, to see to which extent the behavioural responses are same.
- It could be interesting to see counterfactual policy scenarios. This could be for a future paper utilising a structural model.

## Other comments

- Other textual corrections and suggestions for clarification are to be provided by e-mail.