



# Challenge of Ageing: Japan and the Netherlands



## Structure:

- **Challenge of Ageing**
- **Policy responses**
- **Conclusion**



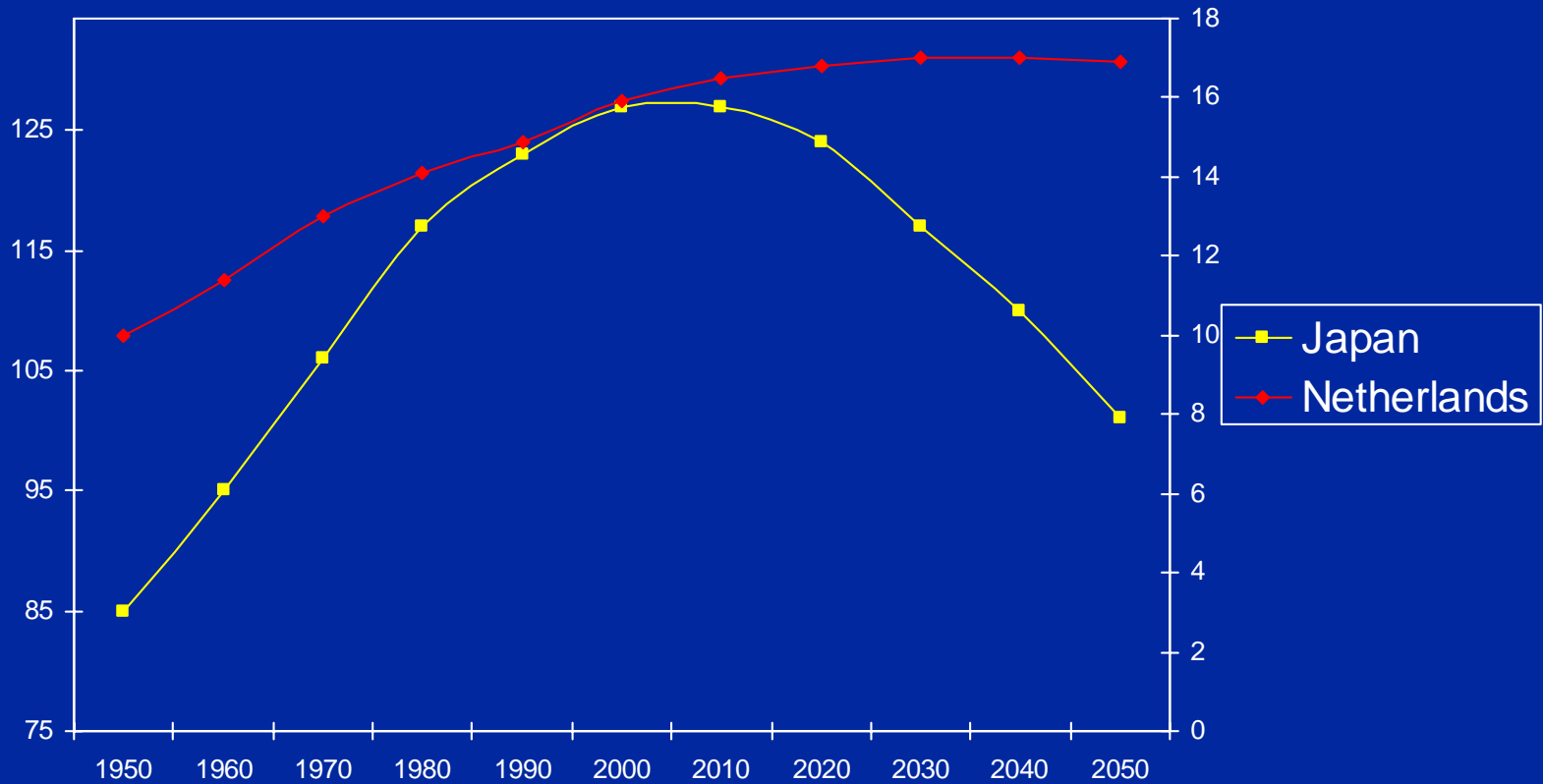
# Challenge of Ageing

**Demographic changes result in:**

- **Increasing dependency rates**
- **Lower GDP growth**
- **Fiscal sustainability issues**

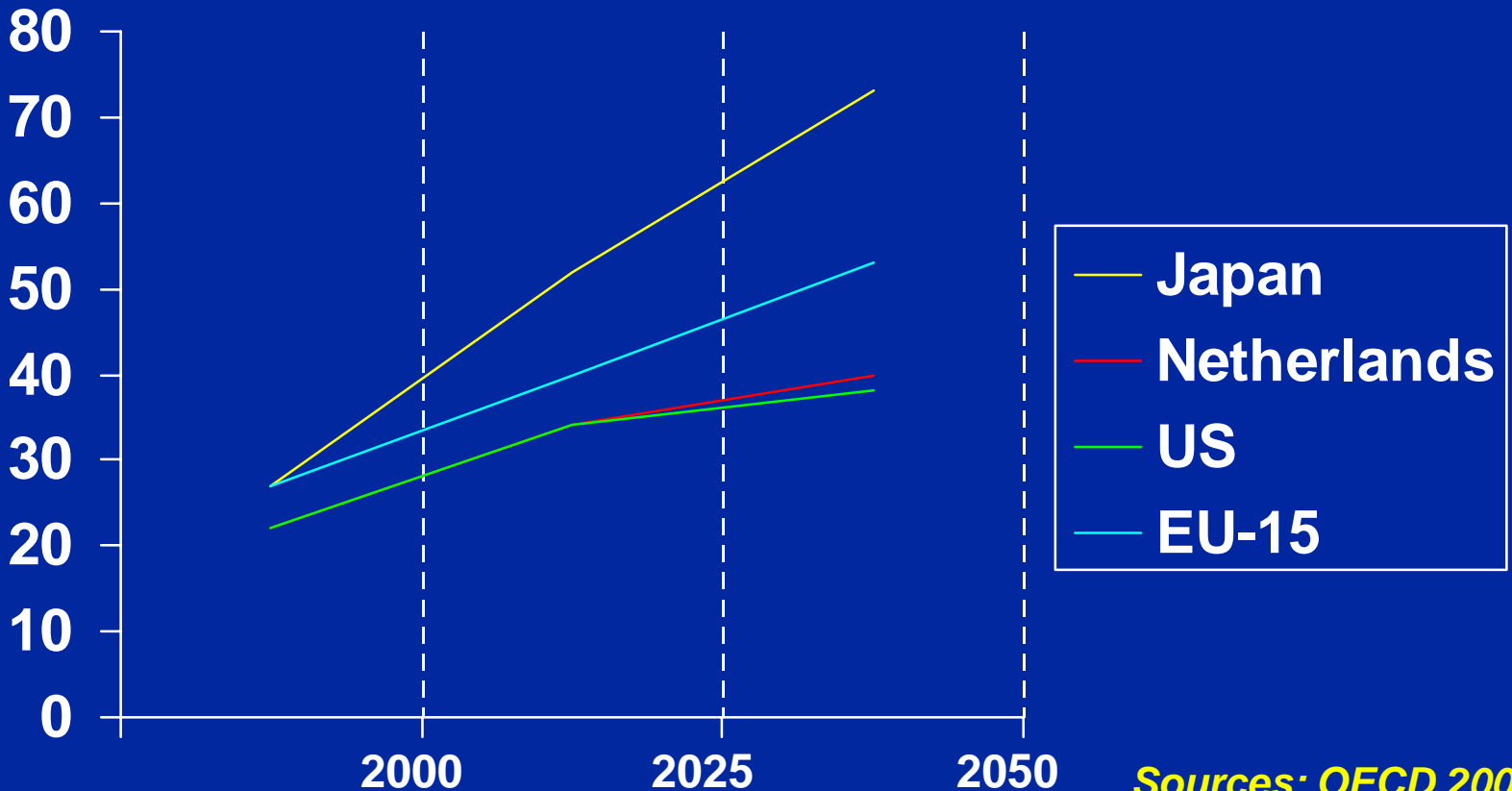


# Demographic change: Population





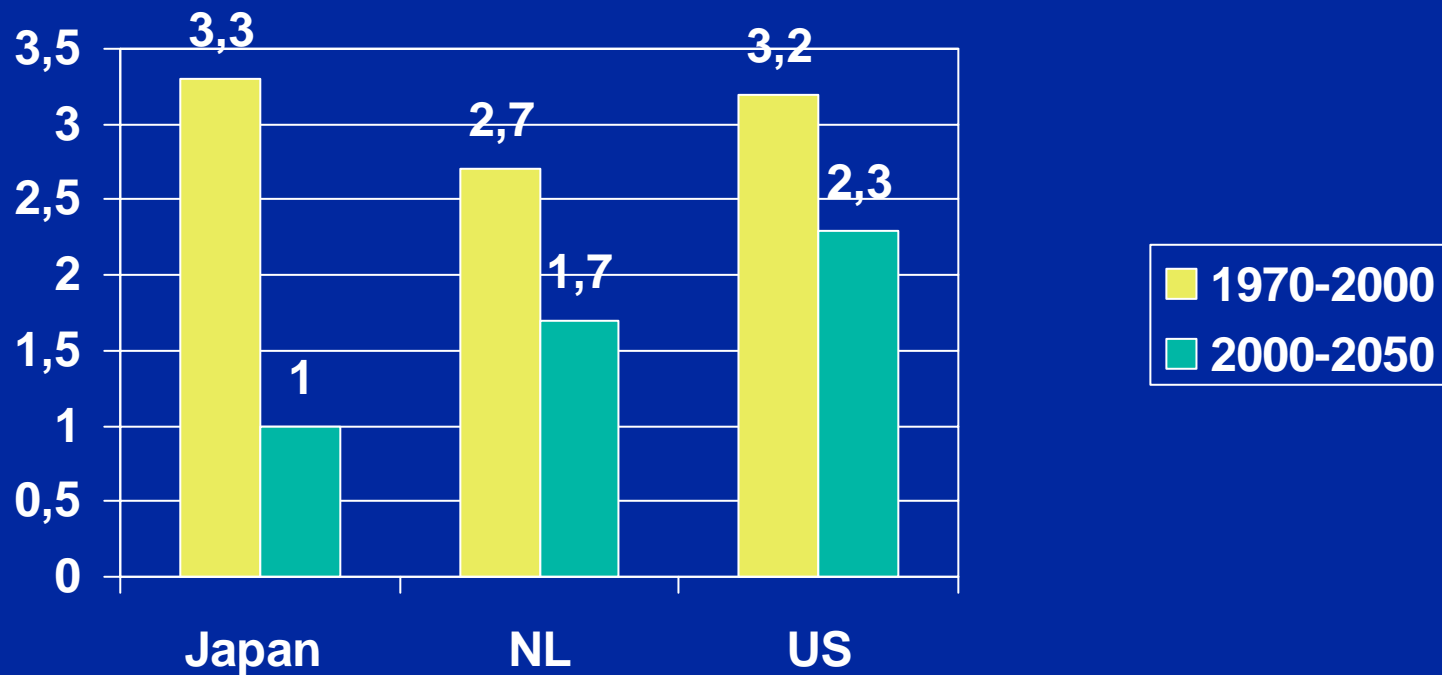
# Demographic changes: elderly dependency rates



Sources: OECD 2005,  
CPB 2001



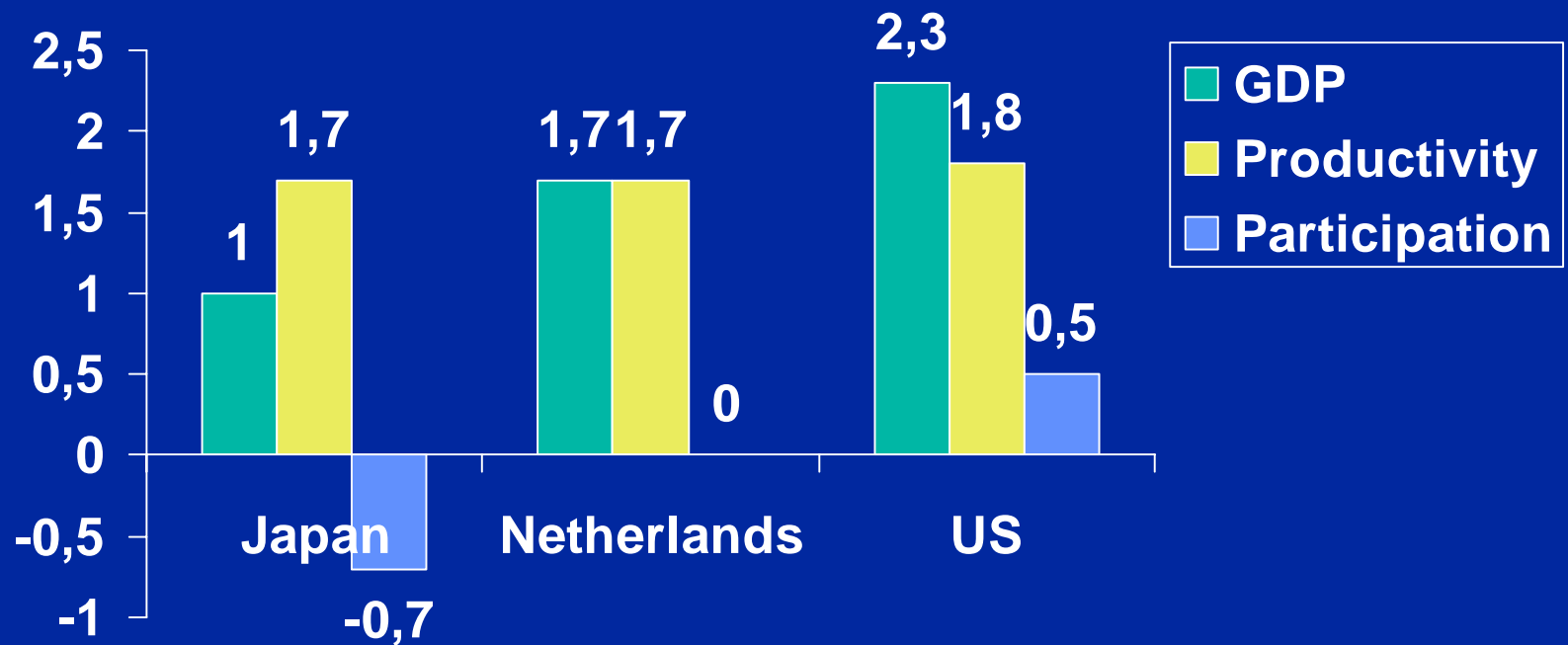
# Ageing and economic growth



Source: OECD 2001, OECD 2005



# Ageing and economic growth (2000-2050)

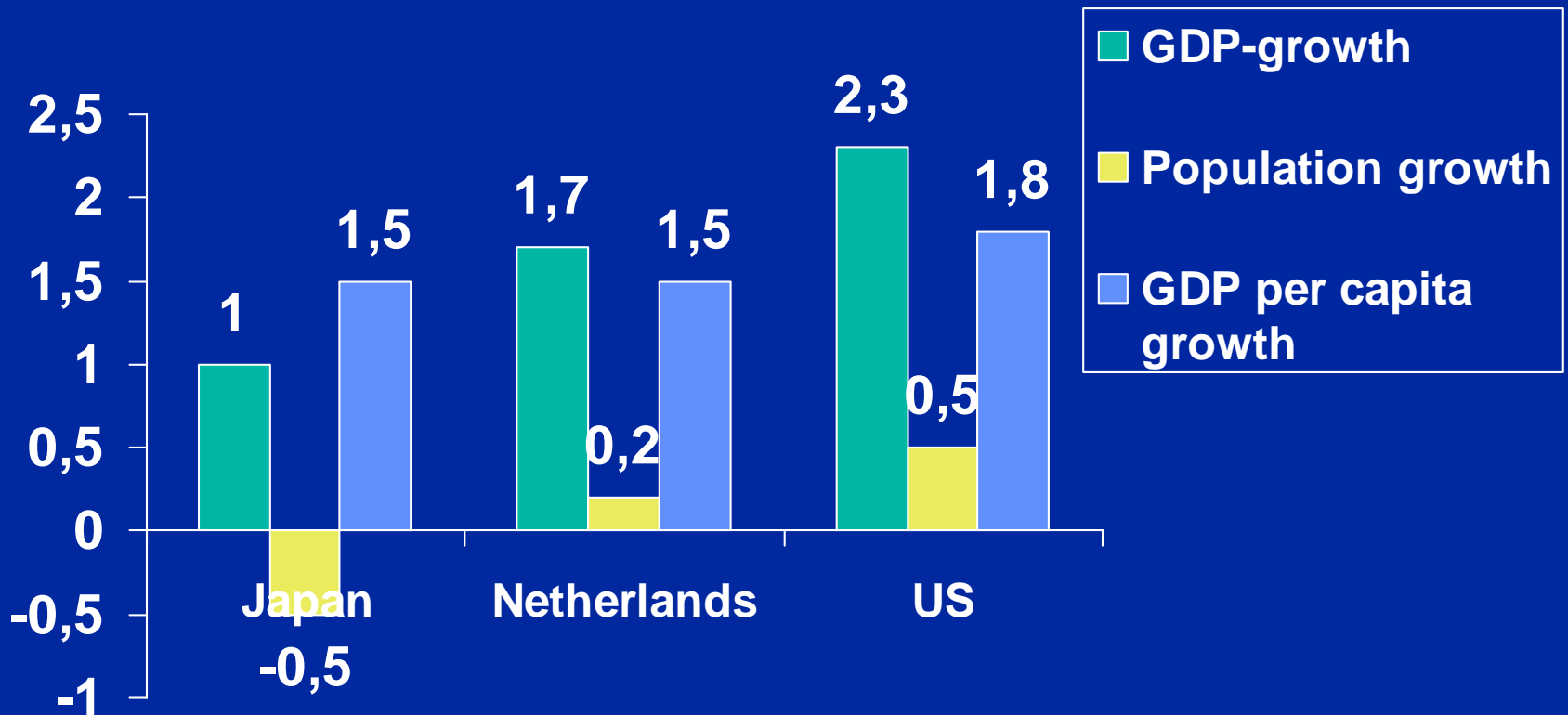


Source: OECD 2001



# Ageing and welfare growth

## GDP per capita 2000-2050

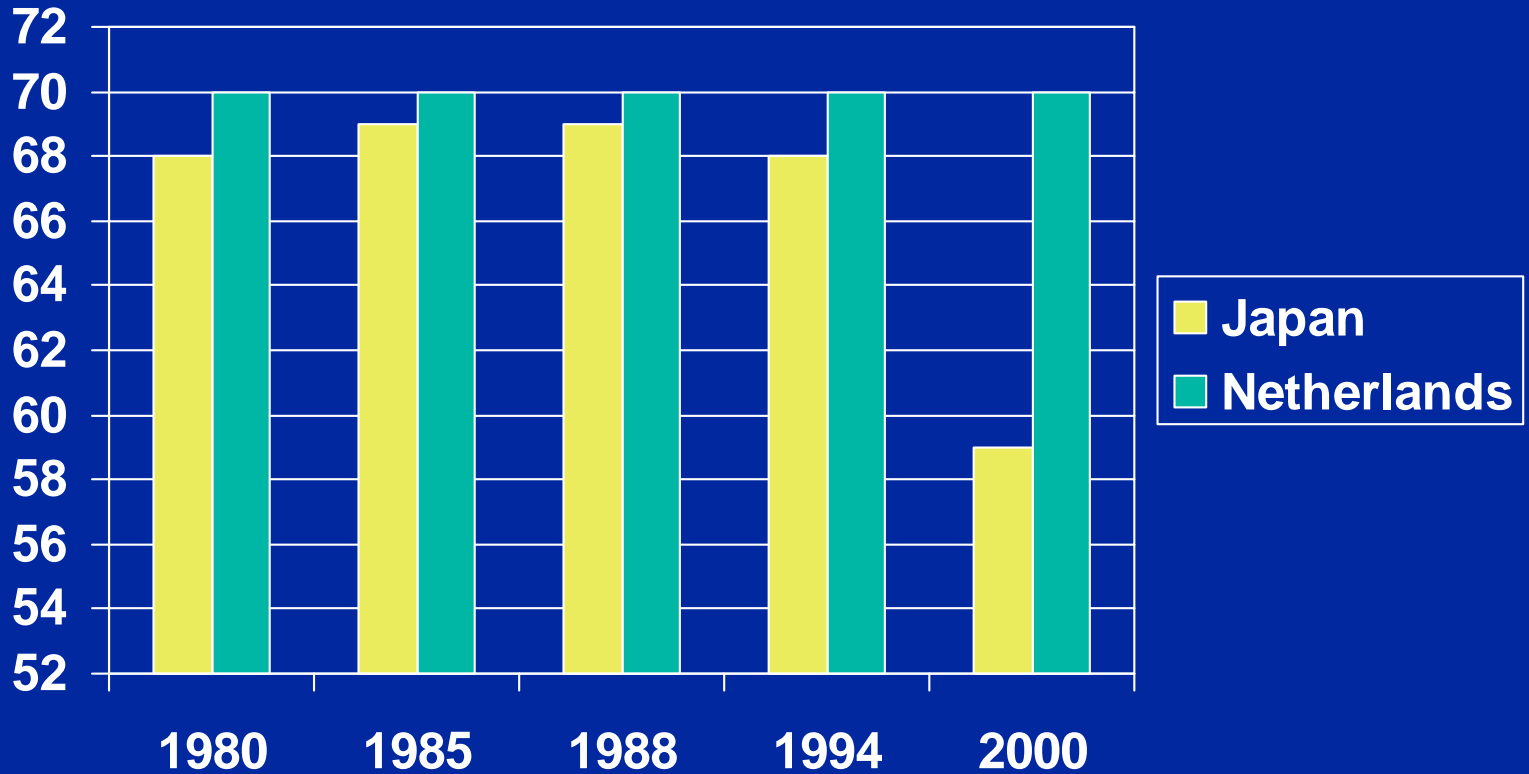


Source: OECD 2001





# Replacement rates

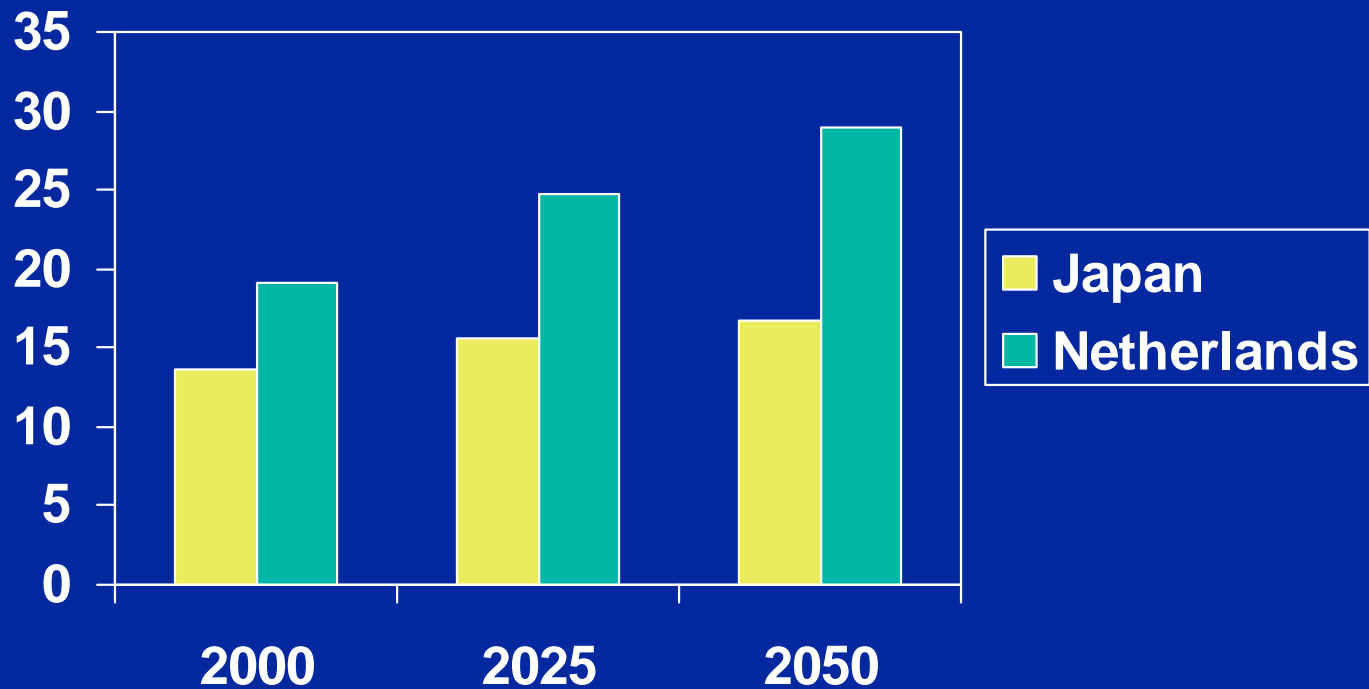


*Source: Social Insurance Agency*



# Budgetary consequences

## Age related spending (% GDP)



Source: OECD 2001



# Summary Challenge 2000-2050

	<b>Japan</b>	<b>Netherlands</b>
Population	<b>-21%</b>	<b>+9%</b>
Labor force	<b>-33%</b>	<b>-6%</b>
Elderly dependency	<b>28 =&gt; 72</b>	<b>22 =&gt; 43</b>
Age related spending	<b>+3%</b>	<b>+4% (net)</b>



## **Policy options**

- **Increasing fertility**
- **Foster immigration**
- **Higher participation**
- **Foster productivity**
- **Budgetary measures**



# Fertility and immigration

## Fertility:

- Yes, it mitigates, but youngsters are expensive
- Difficult to influence

## Immigration:

- Huge migration flows needed to improve dependency rates (in NL: yearly 2% to stabilize age-structure)



# Labour Market (1)

## Japan:

- High participation rates
- High effective retirement age (70 for men, 66 for women)

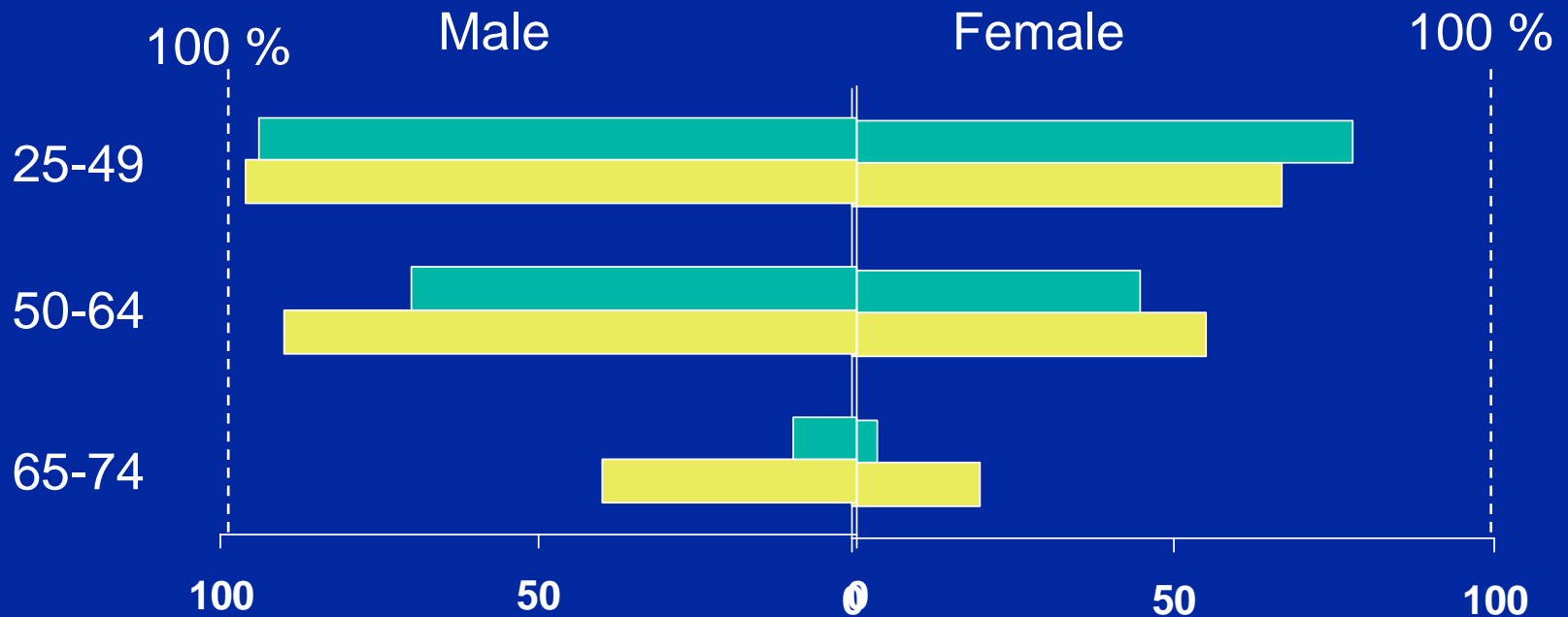
## Netherlands:

- Medium participation rates
- Low effective retirement age (62 for men)



# Labour Market (2)

Participation rates by age and gender



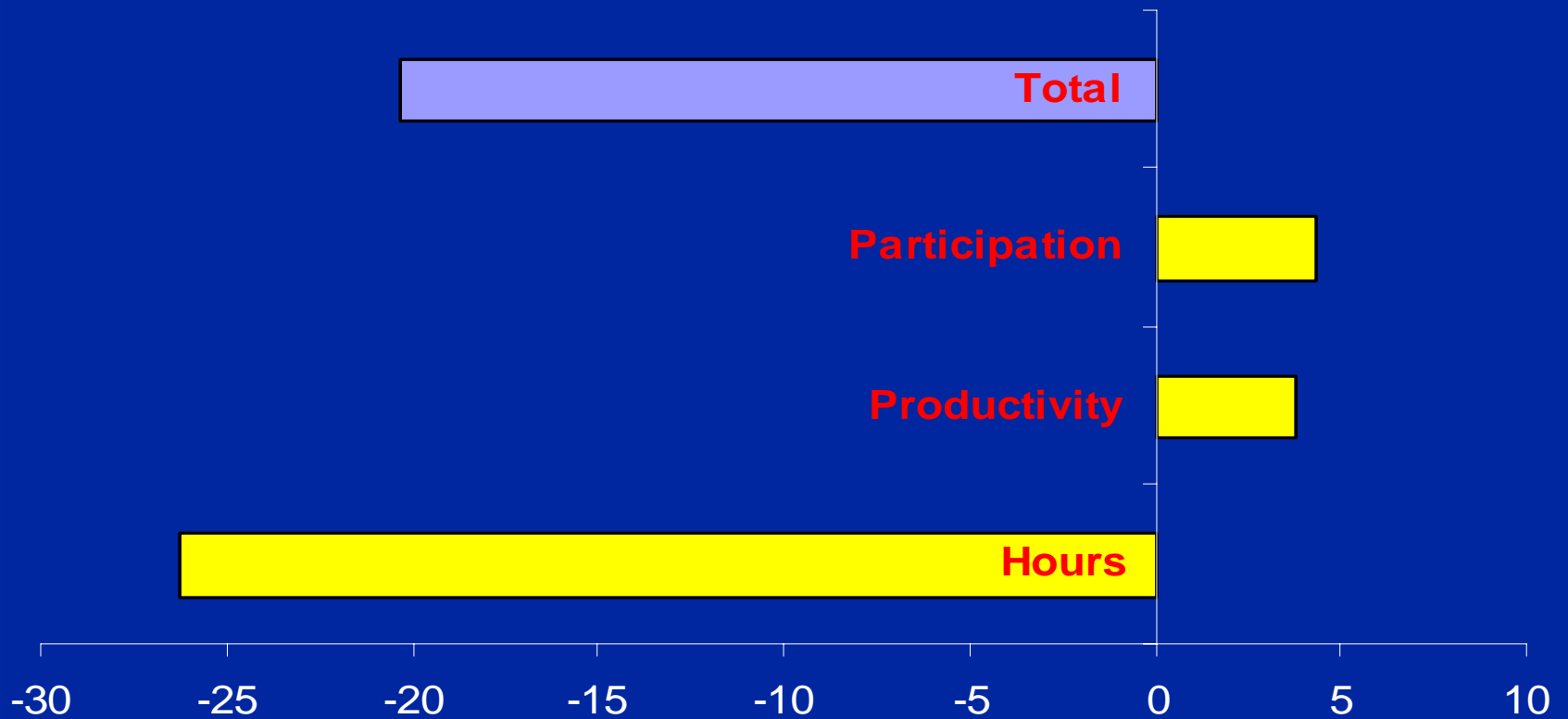
Netherlands

Japan



# Welfare gap NL with US

*GDP/capita 2003*

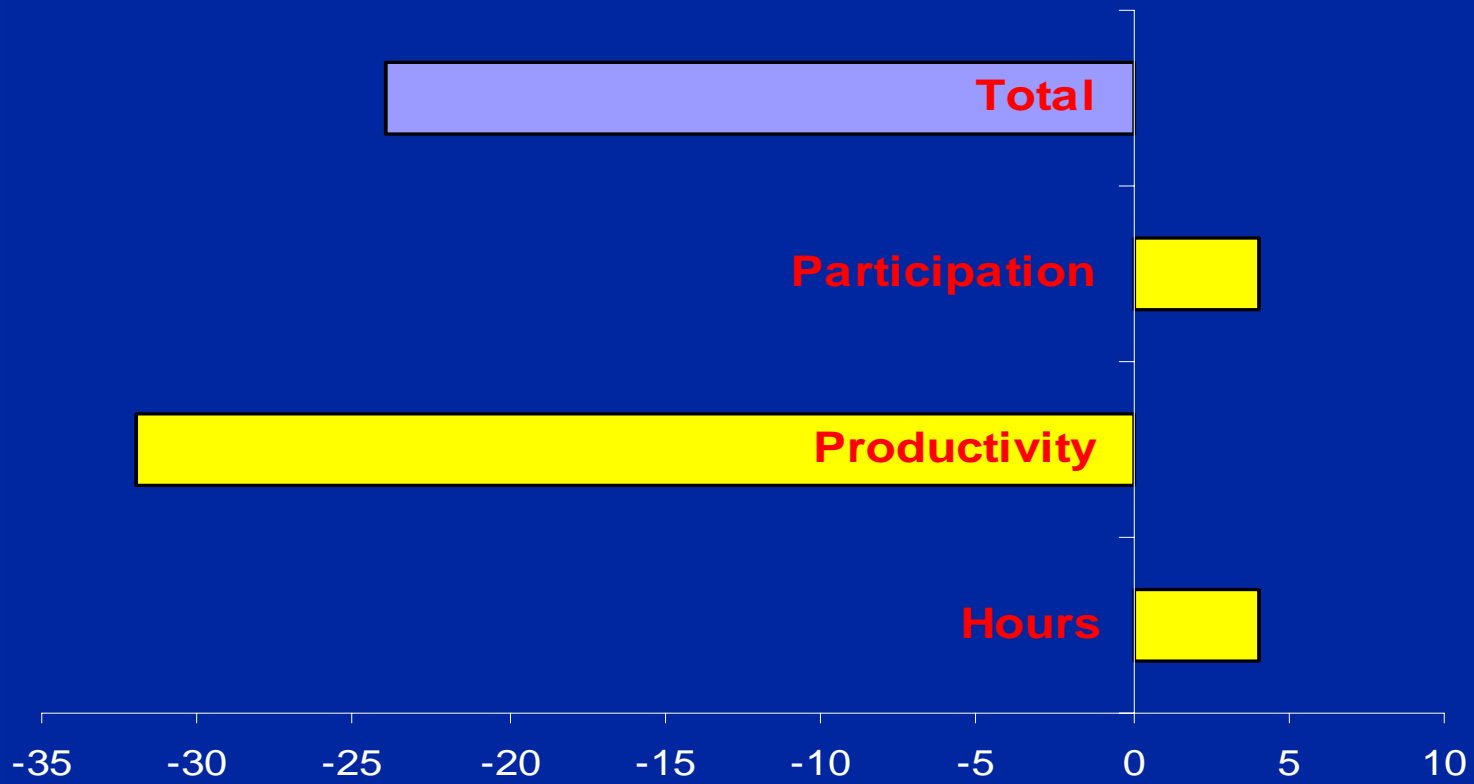






# Welfare gap Japan with US

*GDP/capita 2002*



Source: OECD 2005



# Productivity as main source of future GDP-growth in Japan

## Policy options:

- **Regulatory Reform**
- **Strengthening competition, especially in network industries**
- **Openness to trade and investment**



## Budgetary situation (2004)

	<b>Japan</b>	<b>Netherlands</b>
<b>Deficit (% GDP)</b>	<b>6,5%</b>	<b>2,5%</b>
<b>Debt (% GDP)</b>	<b>164%</b>	<b>56%</b>

Source: OECD 2005, CPB 2005



# Conclusions

	Japan	NL
<b>Demographics</b>	--	-
<b>Labour market</b>	++	0
<b>Working Hours</b>	+	--
<b>Productivity</b>	-	+
<b>Budgetary</b>	-	+