Comments on Bart van Ark "Are Pro-Productivity Policies Fit for Purpose?"

RIETI BBL Seminar

March 26, 2025

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Comment 1: Third Report of the Committee on New Direction of Economic and Industrial Policies

The report does not fully cover all the elements of the pro-productive policy framework.

What additional elements should be emphasized within the pro-productivity policy framework?

Comment 2: New Pro-productive Policies?

I agree with Bart that the appropriate pro-productivity policies depend on the development stage of the economy, the international economic environment, and emerging technologies.In this context, in which direction should developed economies such as the UK and Japan reform their policies?

Examples to consider:

- How can Western countries (perhaps excluding the U.S. for the time being) sustain and promote free trade and foreign direct investment in this age of economic decoupling?

- What policies are required to fully reap the benefits of emerging technologies, such as AI and robotics?
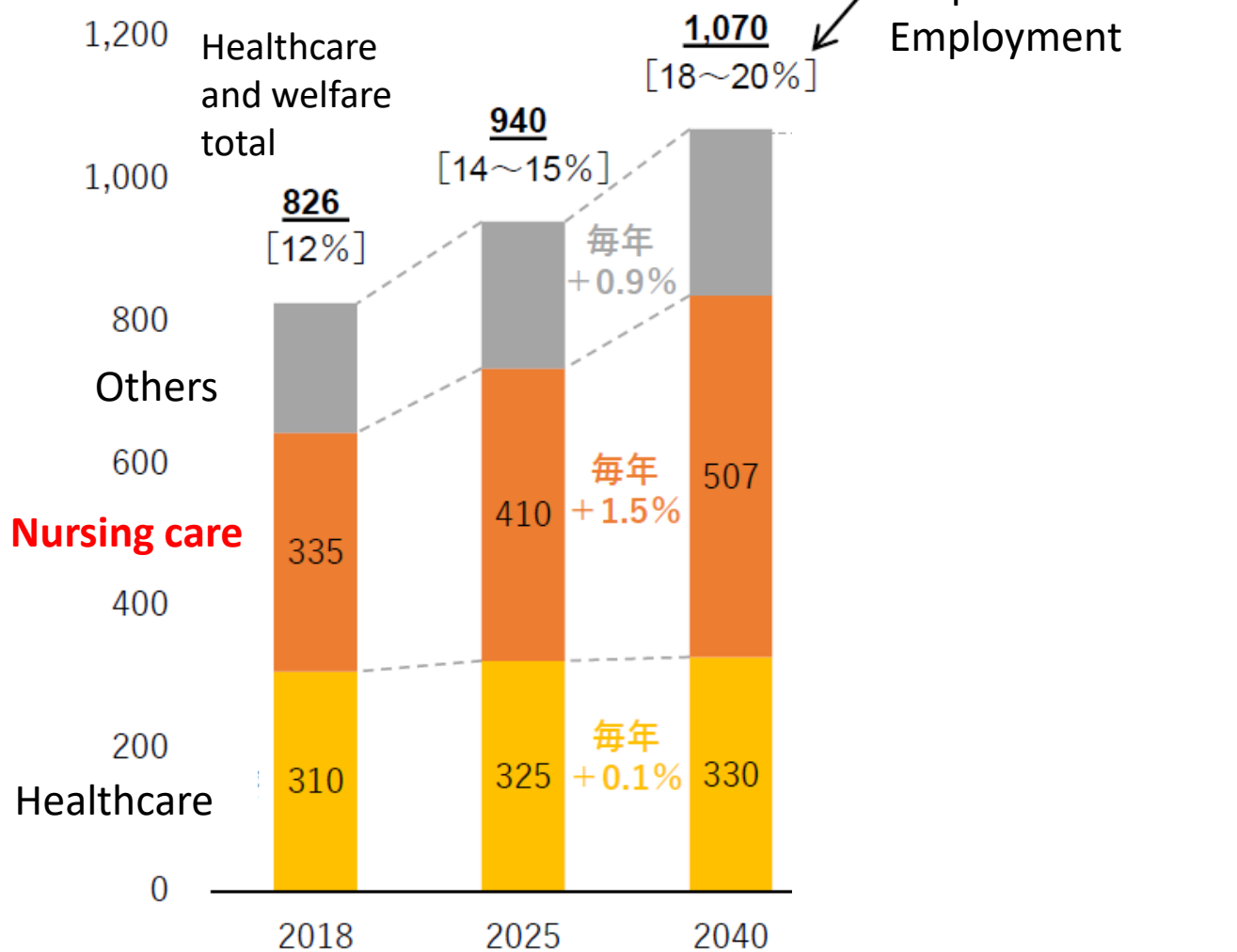
Comment 3: New Research Agenda?

Since Bart and Dale Jorgenson have been leading figures in the World KLEMS initiative, I would like to ask whether Bart has any ideas for new initiatives that could enhance research on emerging and urgent pro-productivity policy issues.

Examples of potential data needs include:

- Regional-level productivity data

- Data on the diffusion and impact of AI and robotics

- Data on income distribution

- Data on the economic impact of population aging

- Data on supply chain vulnerabilities

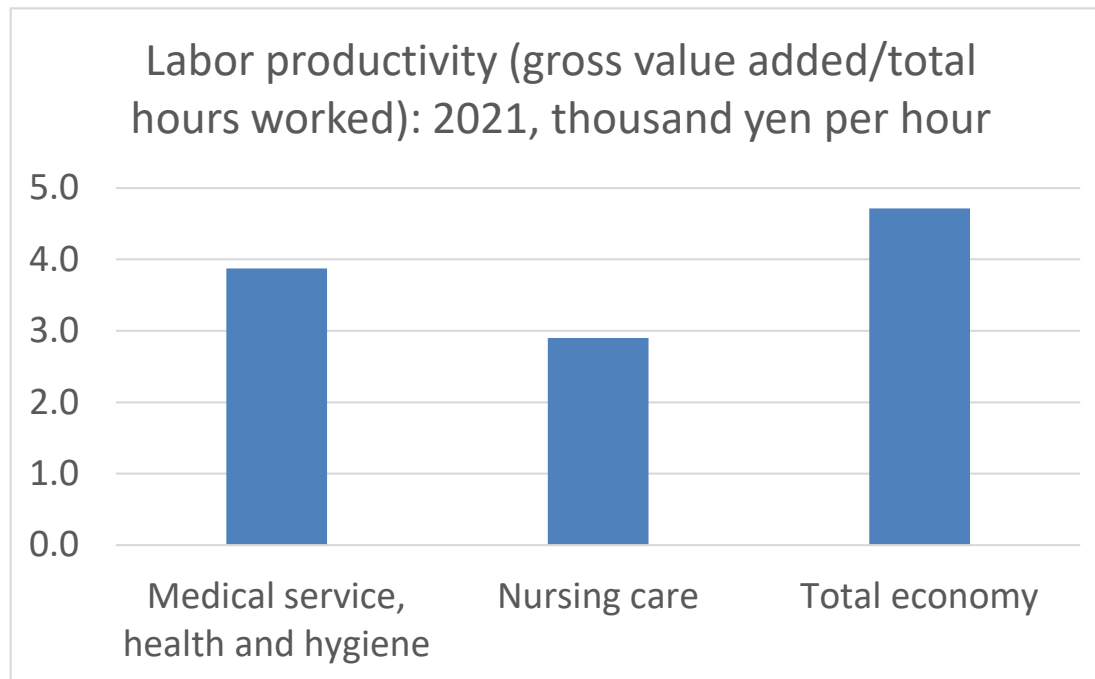# Outlook for Labor Demand in the Healthcare and Welfare Sector

in Units of 10,000 People

Proportion of Total Employment

Healthcare and welfare total

Others

Nursing care

Healthcare

1,070 [18～20%]

940 [14～15%]

826 [12%]

毎年 +0.9%

毎年 +1.5%

毎年 +0.1%

	2018	2025	2040
Others (gray)			
Nursing care	335	410	507
Healthcare	310	325	330

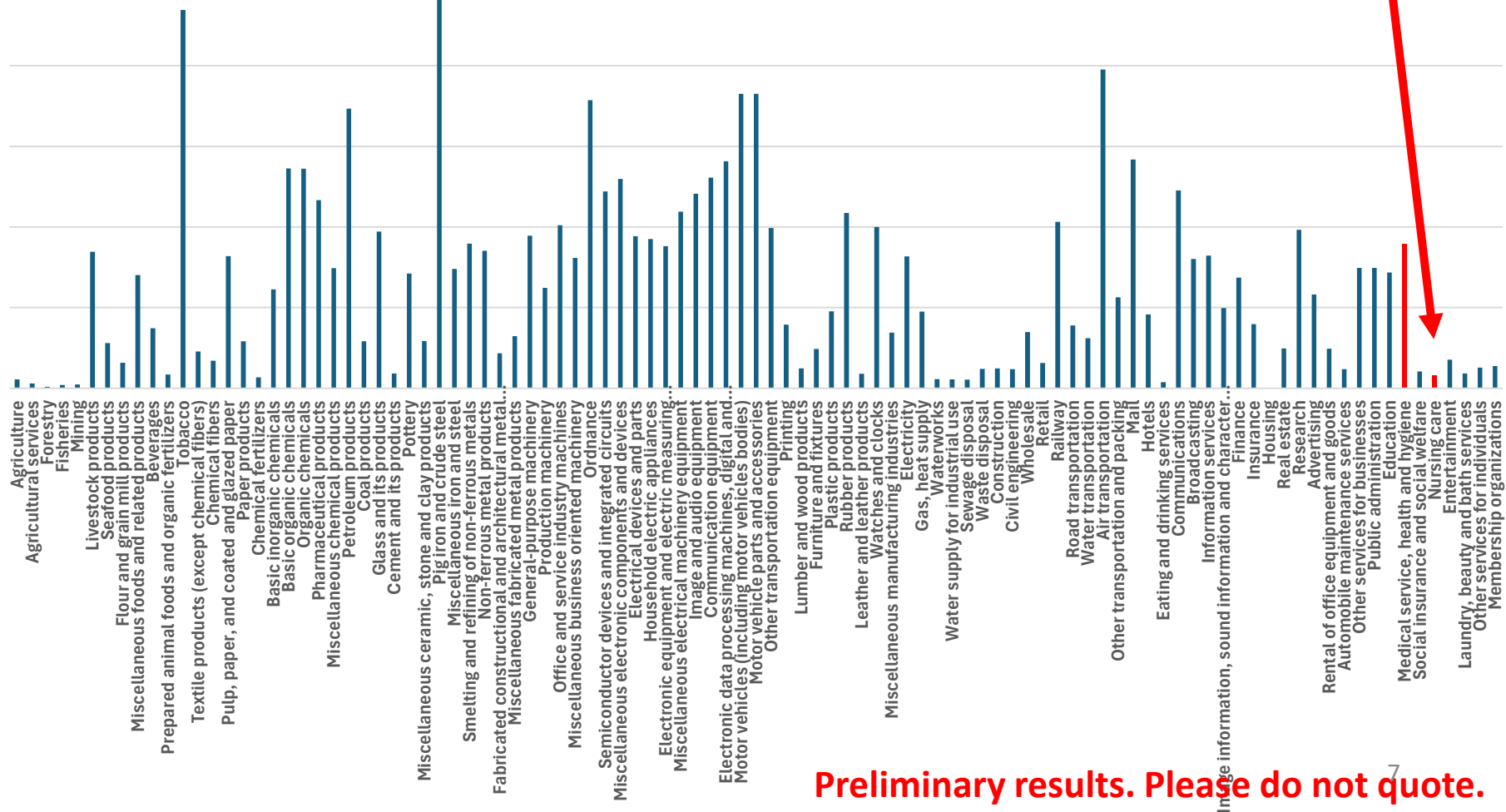Total Employment: 6,665 万人 / 6,490～6,082万人 / 6,024～5,245万人

Aging and Labor Demand in Medical and Elderly Care Services

- While labor productivity in the nursing care industry remains low, demand is surging.

- If the current trend continues, it is estimated that by 2040, 20% of the total workforce will be employed in the healthcare and welfare sector.

- **Addressing this issue will hinge on whether AI and robotics can enhance productivity in the healthcare and welfare sector.**

Labor productivity (gross value added/total hours worked): 2021, thousand yen per hour

5.0	
4.0	
3.0	
2.0	
1.0	
0.0	

Medical service, health and hygiene | Nursing care | Total economy

6

λ: The proportion of the total cost required to perform all jobs (including labor and AI/robotics-related ancillary costs) that is accounted for by jobs performed using AI and robotics in 2040

In the nursing care industry, where most businesses are small-scale, our findings indicate that the adoption of AI and robotics will made little progress. Whether vendors like NEC can provide services that facilitate AI and robotics adoption for small businesses will likely be a key factor.

Preliminary results. Please do not quote.