

Japan's Ageing Labour Force and Its Impact on Employment Structure and Government Pension Schemes

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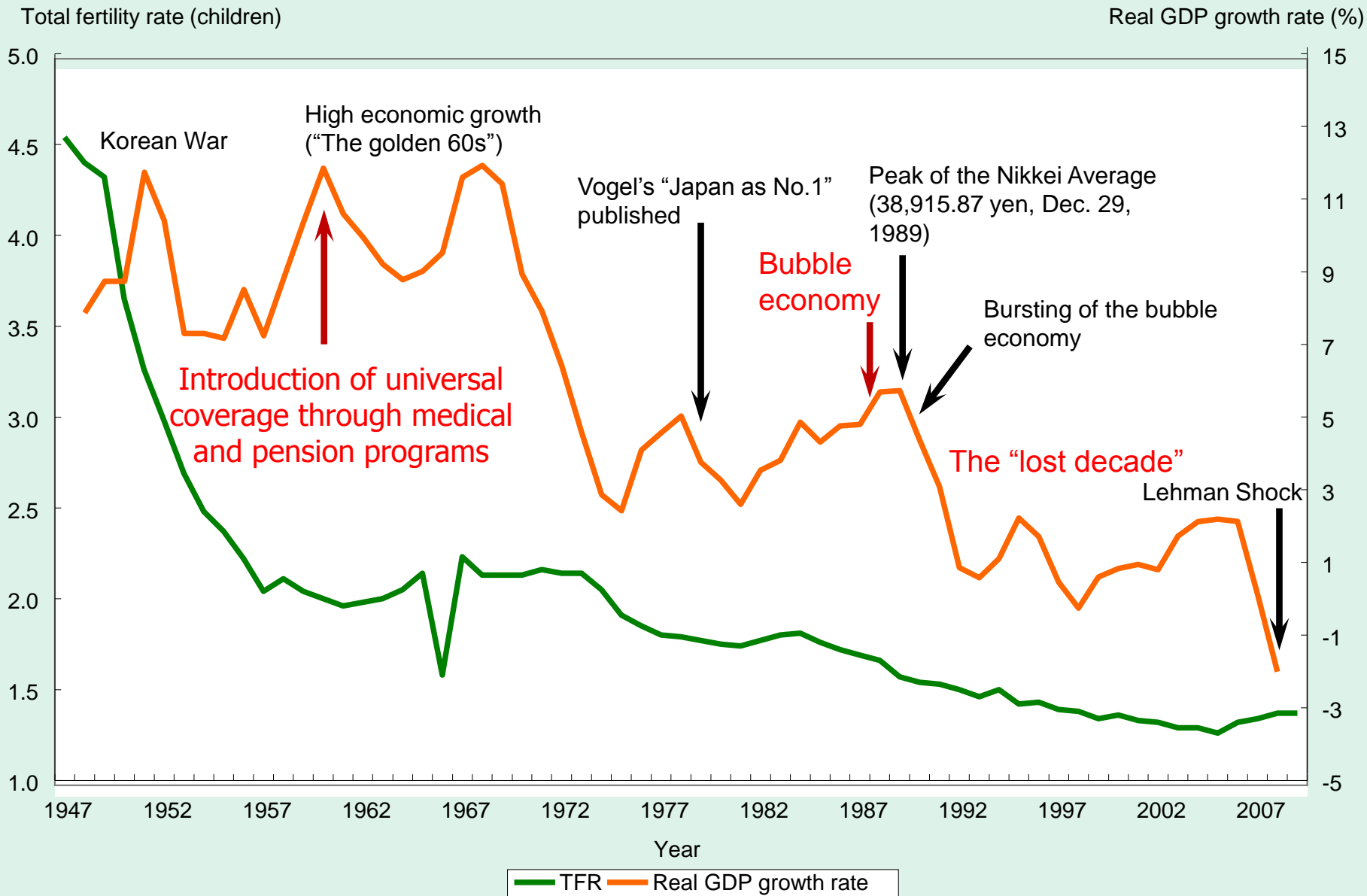
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Graduate School of Economics, University of Tokyo

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“Future of Work: Preparing for Tomorrow Today”
August 2-3, 2017, Aloft Kuala Lumpur Sentral**

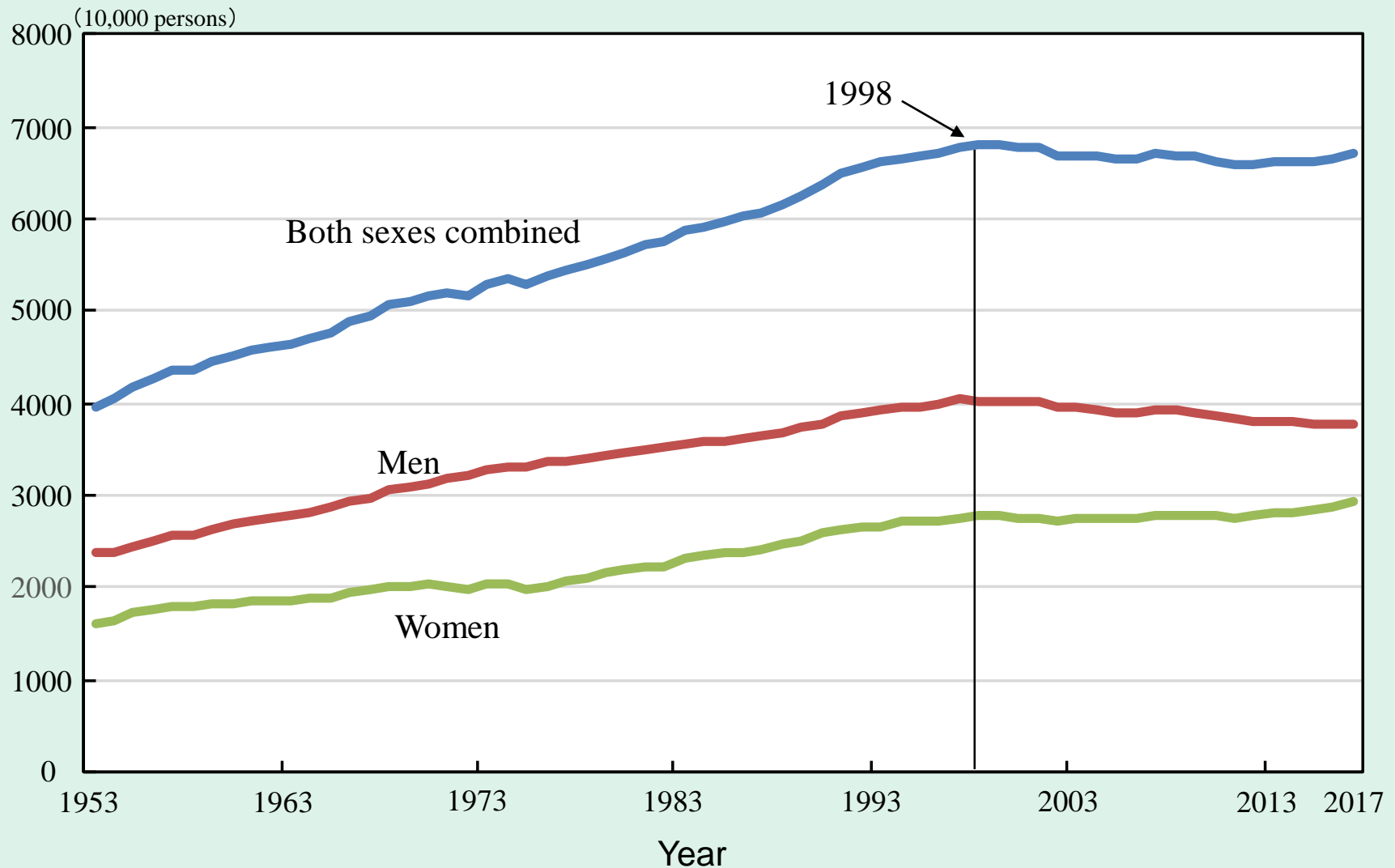
Real GDP annual growth rate and total fertility rate (TFR) in Japan: 1947-2009



Sources: 1. Real GDP growth rate: calculated from Cabinet Office (various years a), *Annual Report on National Accounts*..

2. TFR: Ministry of Health, Labour and Welfare (various years a), *Vital Statistics of Japan*.

Changing labor force growth in Japan, 1953-2017



Source: Statistics Bureau, Government of Japan, *Labour Force Survey*, various years

Public Pension System in Japan (outline)

- **The original National Pension Scheme (NPS) introduced in 1961:** encompassed mainly those who were self-employed, and those working in agriculture, forestry or fishery.

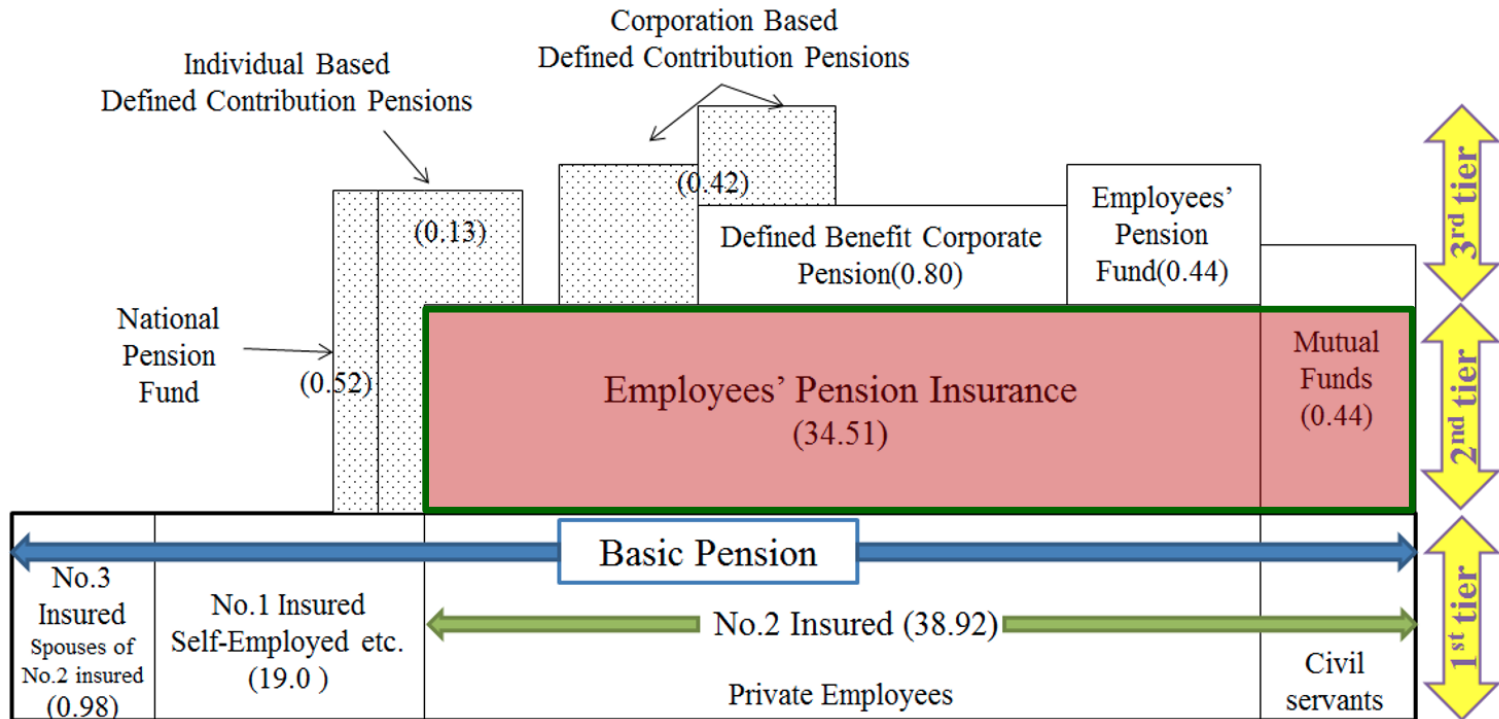
- **The new NPS (the Basic Pension Scheme) which started in 1986:** everyone aged 20-59 and living in Japan (including full-time employees, part-time workers, freeters, unemployed persons, and foreigners) was required to join the Basic Pension Scheme. Beginning from 1991, students aged 20 and over are also required to participate in the Basic Pension Scheme.

- **Two-tiered pension system** (the NPS and the Employees Pension Scheme, EPS)

 - *NPS contributions are made by individuals through the Social Insurance Agency.

 - *EPS contributions are made by employees through their employers.

Public Pension System in Japan



Note: 1) Shaded boxes indicate optional Defined-Contribution pensions.

2) Numbers in () are the number of subscribers in millions. All numbers are as of March 2012.

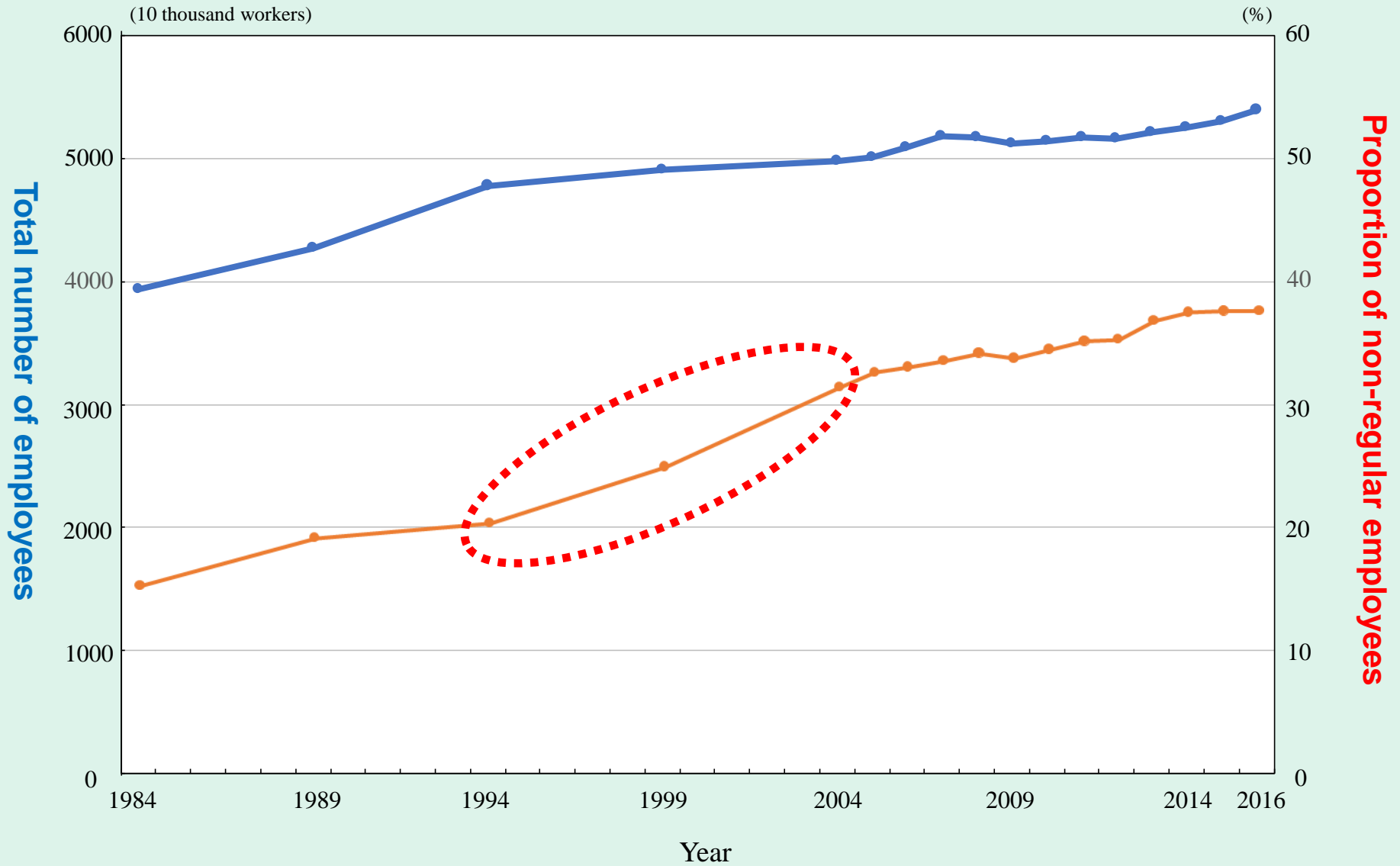
Source: Web-site of Ministry of Health, Labour and Welfare (MHLW)

(<http://www.mhlw.go.jp/topics/nenkin/zaisei/01/01-01.html> in Japanese Access Aug. 25th 2013)

The Economic Background during the Lost Decade

- Strengthening of the yen against foreign currencies in the late 1980s, which adversely affected Japan's lifetime employment and seniority-based wage system
- In the early 1990s, the bursting of the bubble economy occurred, and in the mid-1990s, the unemployment rate rose considerably. In addition, the consumption tax was raised in the late 1990s, introducing strong deflationary pressure into the Japanese economy.
- Throughout the 1990s, the service sector grew dramatically. Most of the newly-recruited workers in this sector were part-timers or short-term contract workers, as follows:

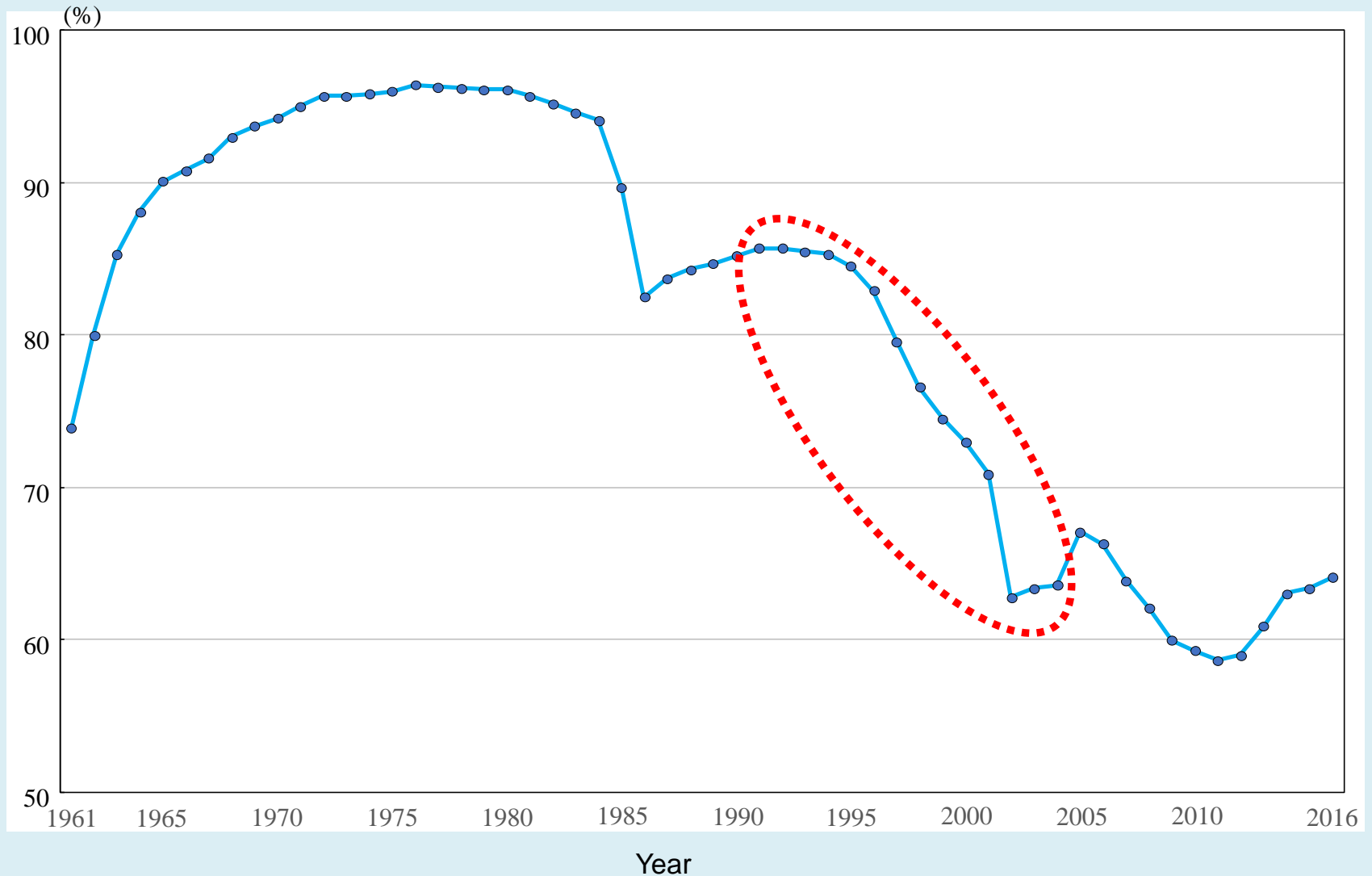
Change in the growth of regular and non-regular employees, Japan, 1984-2016



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- Throughout the 1990s, the service sector grew dramatically. Most of the newly-recruited workers in this sector were part-timers or short-term contract workers, and their hourly wages were kept at a low level.
- In the late 1990s, the benefit levels of the government social protection system were raised due to the prolonged recession, and one of the studies based on generational accounting showed that birth cohorts born after 1955 would not get their money's worth under the Basic Pension Scheme.

Proportion of those who made payments to the National Pension Scheme (Japan, 1961-2016)



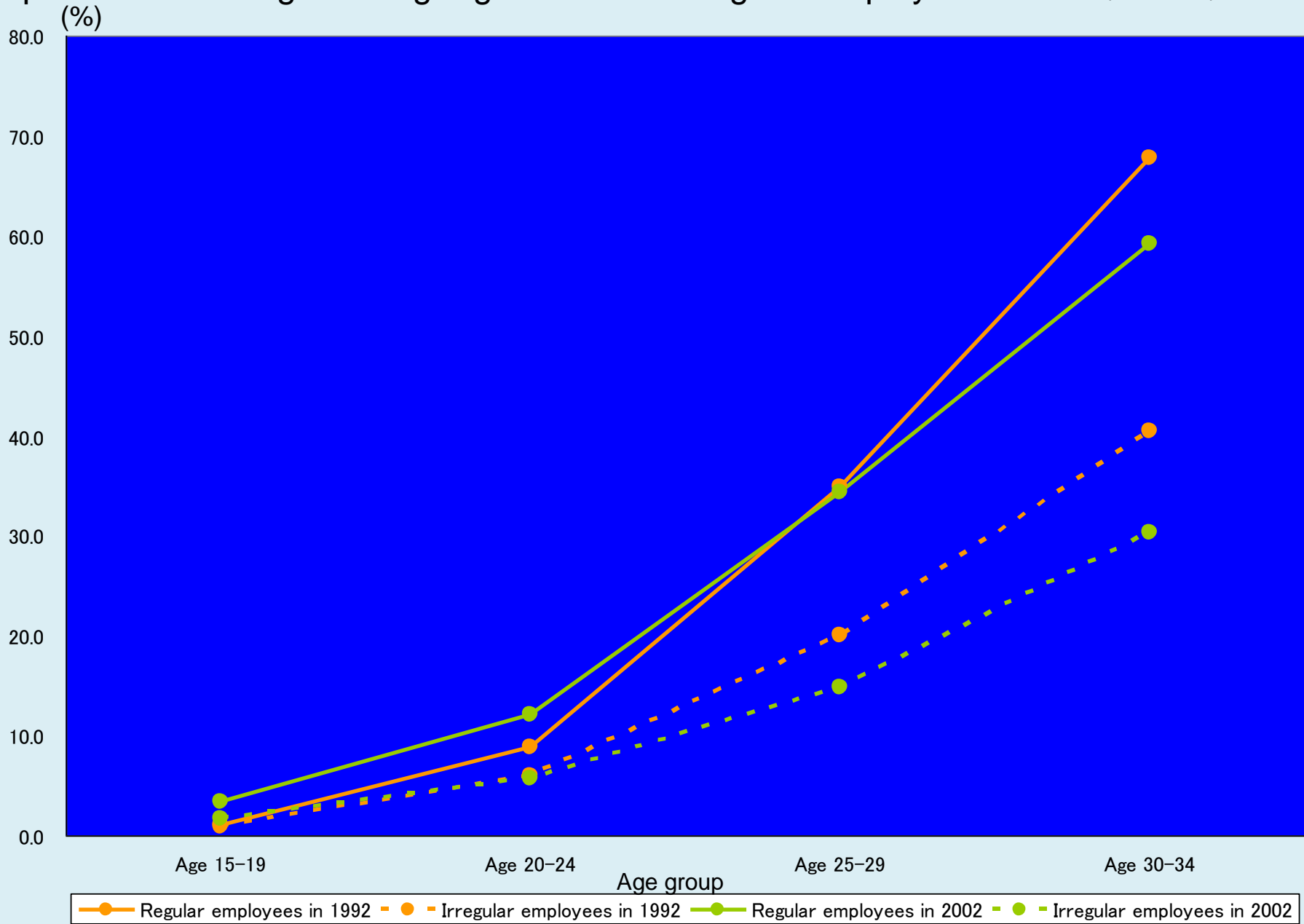
* Percentage of payments made in the year the payments are due.

Sources: 1. Ministry of Health, Labour and Welfare, *The National Pension Scheme: Changes in the number of the exempted, the exemption rate, the payment rate, and the percentage of beneficiaries who received pension premiums in advance.*

2. Social Insurance Agency, various years, *Membership and Payment Rates in the National Pension Scheme.*

3. Ministry of Health, Labour and Welfare, 2012 and 2013, *Membership and Payment Rates in the National Pension Scheme.*

Proportion of marriage among regular and non-regular employees (Males, 1992, 2002)



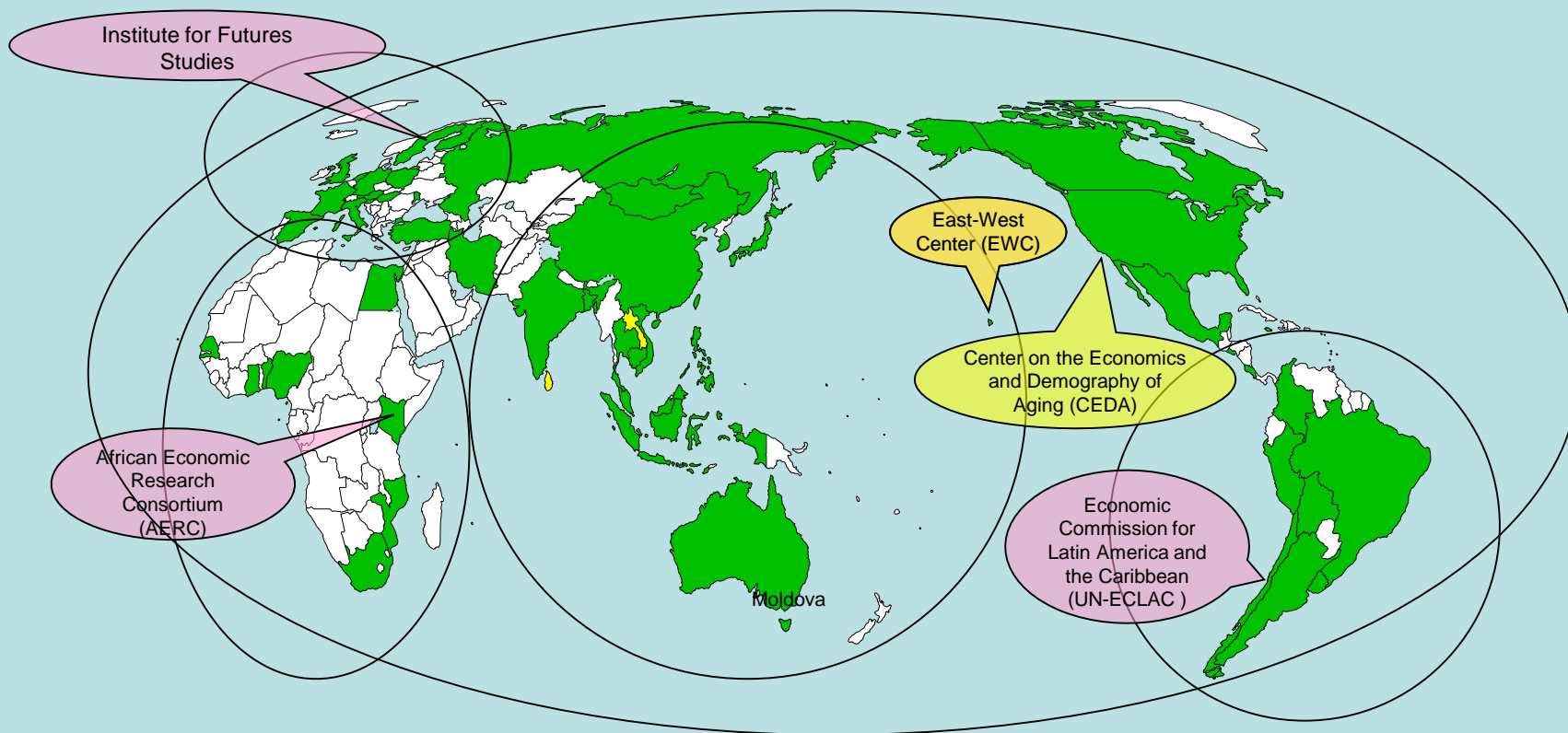
Source: Japanese Ministry of Health, Labour and Welfare, 2006, "White Paper on Labour and Economy 2006".

**An innovative approach to
analyzing aging-related
problems:**

**National Transfer
Accounts (NTA)**

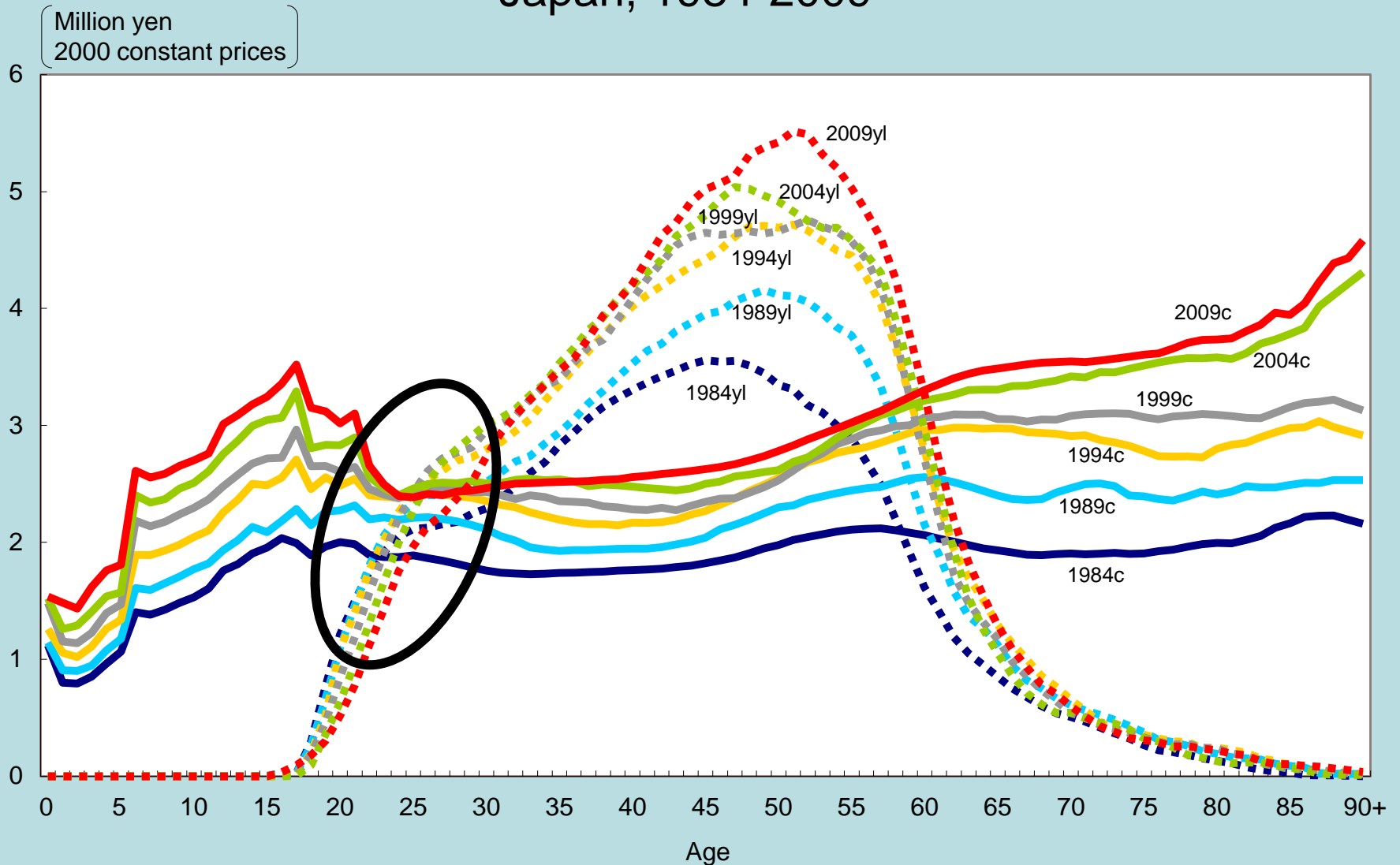
NTA Member Countries

54 countries as of July 2017
(including 2 prospective member countries)



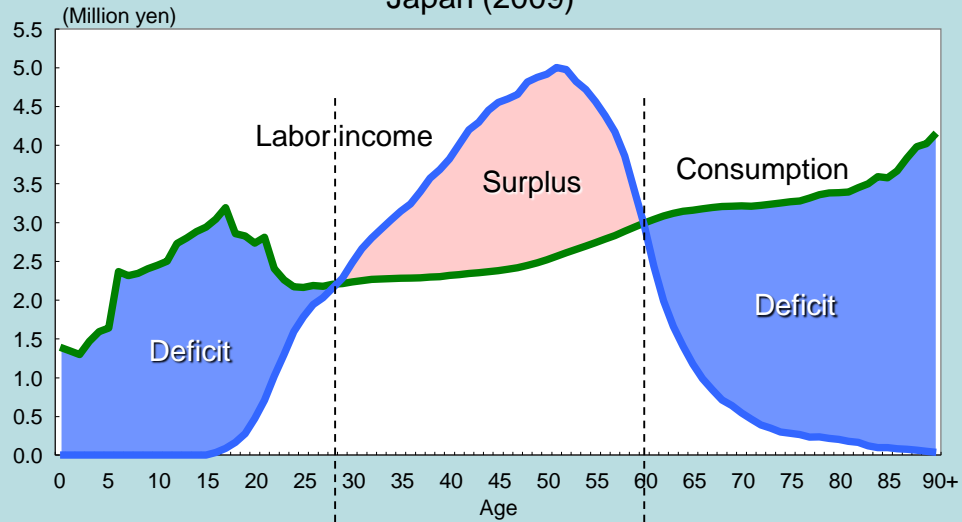
Asia-Pacific			The Americas		Europe			Africa	
Australia	Japan	Malaysia	Argentina	El Salvador	Austria	Luxembourg	Sweden	Benin	South Africa
Bangladesh	Philippines	Iran	Brazil	Jamaica	Finland	Netherlands	Turkey	Ghana	Egypt
Cambodia	Republic of Korea	Lao PDR	Canada	Mexico	France	Poland	United Kingdom	Kenya	
China	Taiwan	Sri Lanka	Chile	Peru	Germany	Russia	Moldova	Mozambique	
India	Thailand	Mongolia	Colombia	United States	Hungary	Slovenia		Nigeria	
Indonesia	Viet Nam		Costa Rica	Uruguay	Italy	Spain		Senegal	
			Bolivia						

Per capita age-specific profiles of consumption and labor income, Japan, 1984-2009

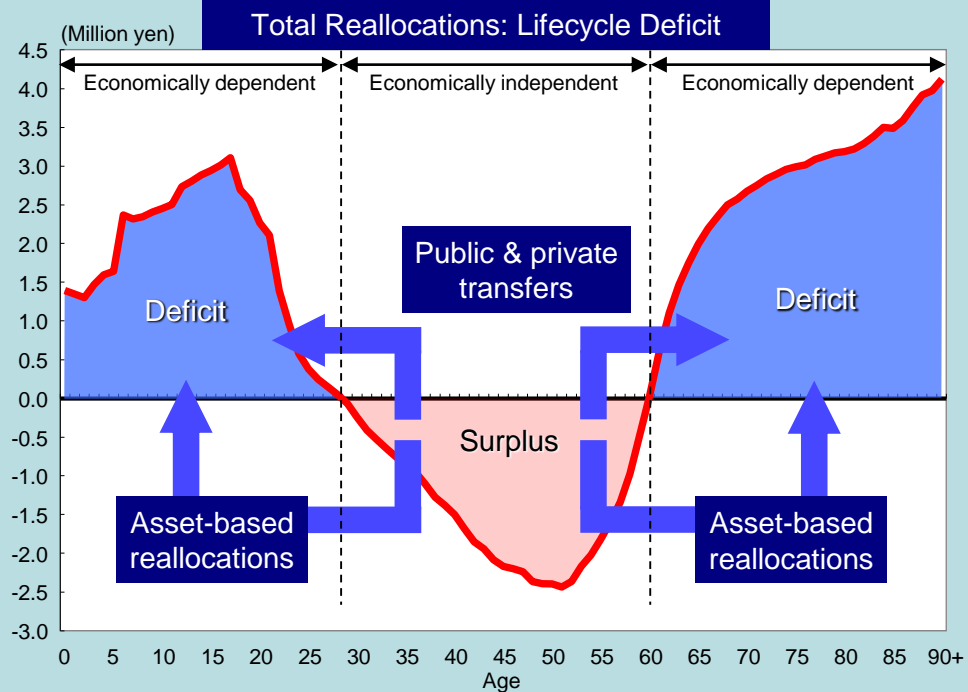


Note: "c" denotes consumption, and "yl" denotes labor income.

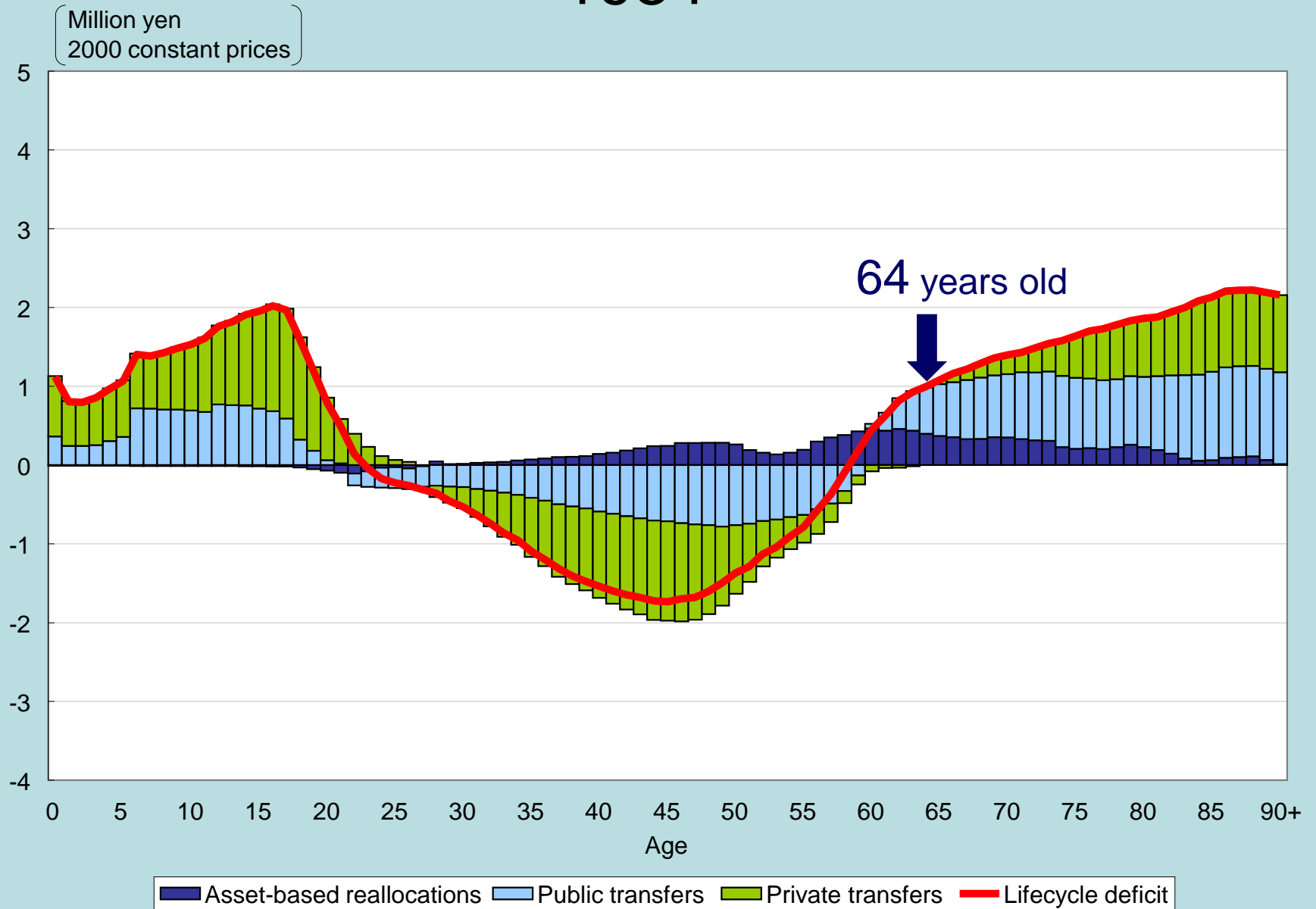
Per capita age-specific profile of consumption and labor income Japan (2009)



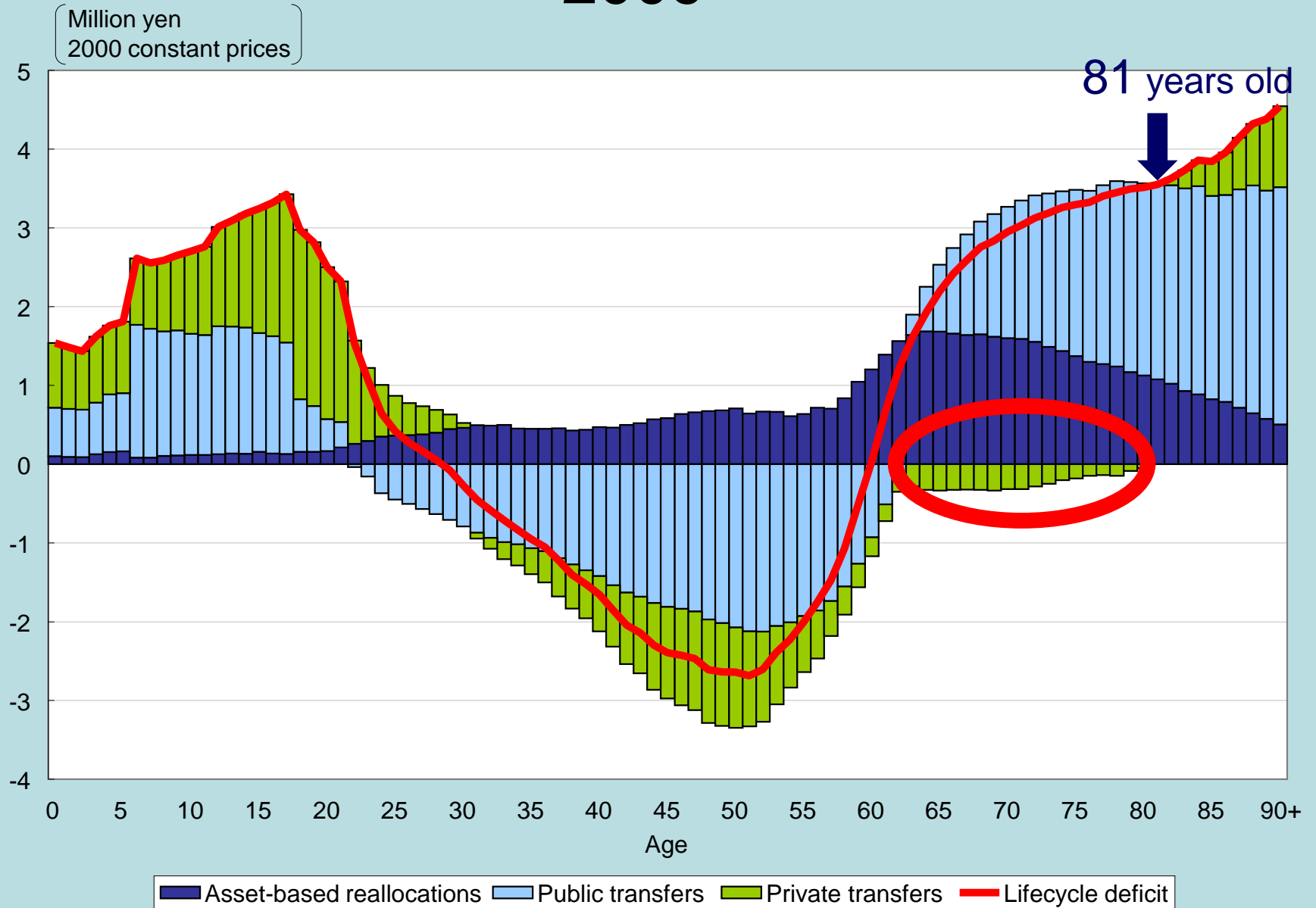
Per capita age specific profile of lifecycle deficit



1984



2009



**In Japan, the elderly are
playing the role of the
society's safety net...**



Kyotango city, near Kyoto



Uber taxi experiment in Kyotango city, Kyoto Prefecture, **May 2016**



Eighteen drivers participated in the experiment.



Foreign tourists are frequent users.

うまいすしを、取一杯。回転寿司 スシロー 株式会社スシローグローバルホールディングス | 採用情報 | よくある質問 | お問い合わせ

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詳細はこちら

A popular **sushi restaurant in Tokyo** will begin to use the **UberEATS** delivery service from next month.



UberEATS bicycle delivery in central Tokyo in 2017

Thank you!