Intergenerational Transfers in Japan and Germany

„Who pays for whom?“ This was the question guiding the two presentations of the DIJ Forum on 23 February 2017. The event offered two different approaches to explaining population ageing and intergenerational solidarity in Germany and Japan, two of the fastest ageing societies in the world.

Naohiro Ogawa, professor at The University of Tokyo and one of Japan's leading population economists, argued in his talk that the elderly in Japan today are functioning as a safety asset for the precarious members of younger generations. Ogawa showed this by means of the National Transfer Accounts macro database analysing resource flows between generations. Notably due to the cost implications for health expenditure and pension, however, Ogawa urged especially Japan's government to drastically increase the retirement age. Also, he warned not to rely on the elderly too much since household finances as well as the family as a base for support appear to be weakening. Gerhard Naegele, professor of gerontology at TU Dortmund University, saw less signs of intergenerational support being on retreat. Conceptually, Naegele distinguished the "generational contract" between the great one, organised through the public sector on a societal level, and the small one, carried out inside the family. Citing micro-level data from Germany, Naegele found that despite demographic pressure both on the labour market and the welfare state, intergenerational solidarity does not seem at risk. Naegele even argued that the decrease in coresidence of different generations need not be a sign of weakening familial support. On the other hand, Naegele agreed with Ogawa that in general, retirement ages require an increase in order to stabilise a given generational contract in an ageing society. Following the two presentations, most questions from the audience regarded the statistics presented as well as possible policy measures.

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