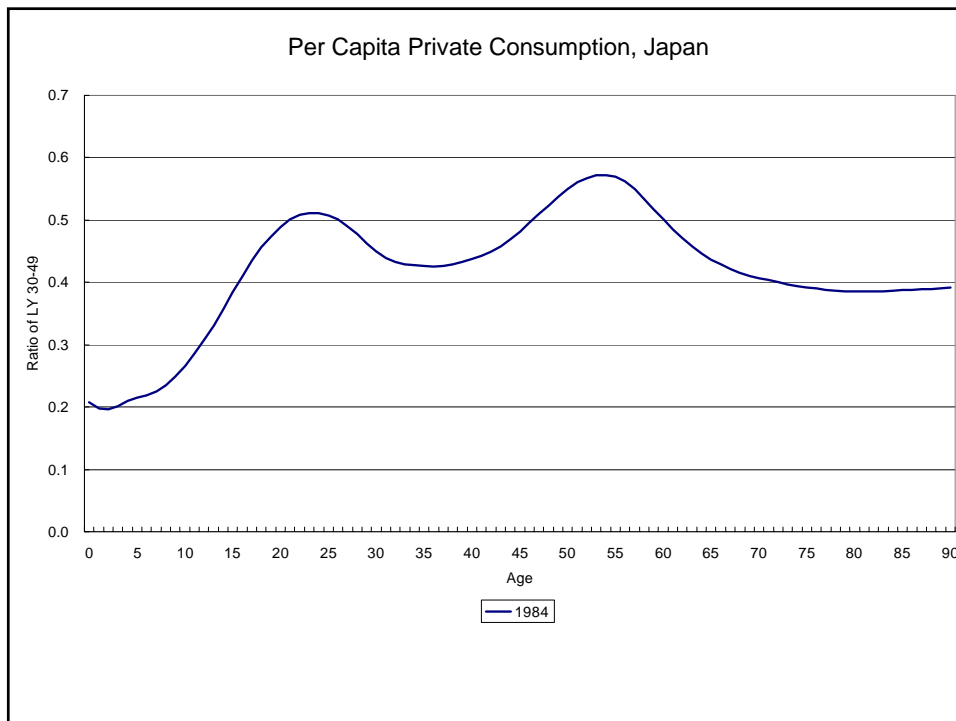
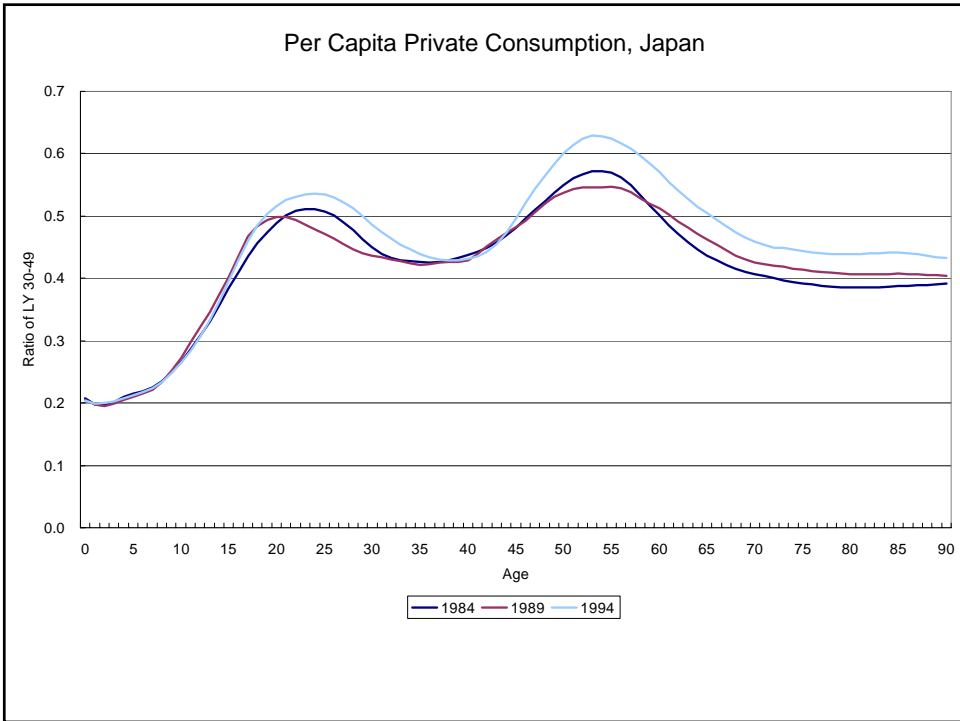
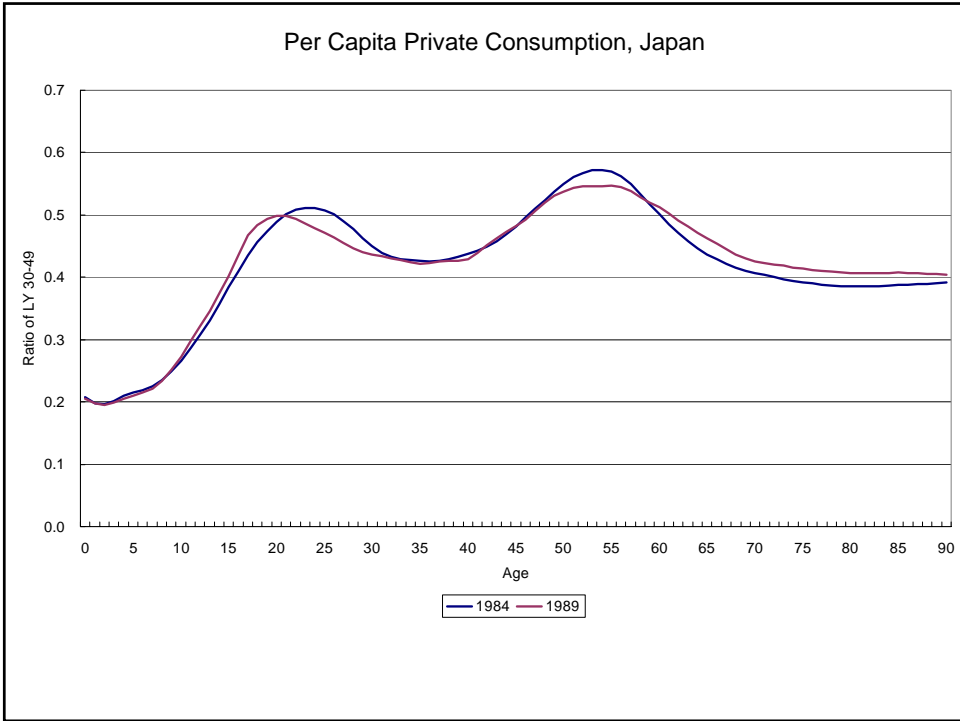
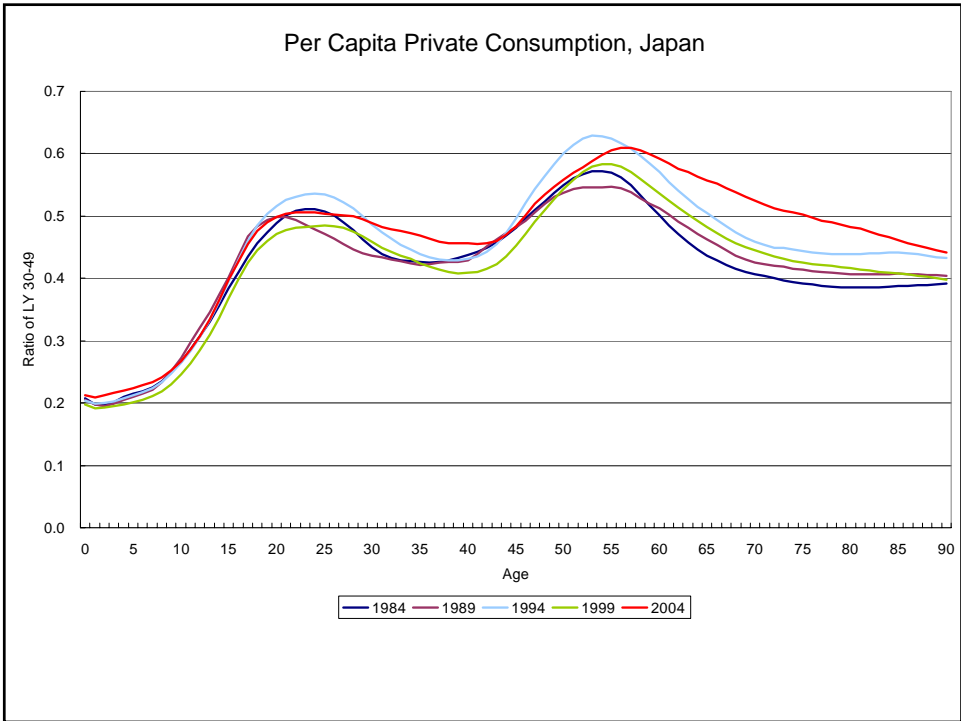
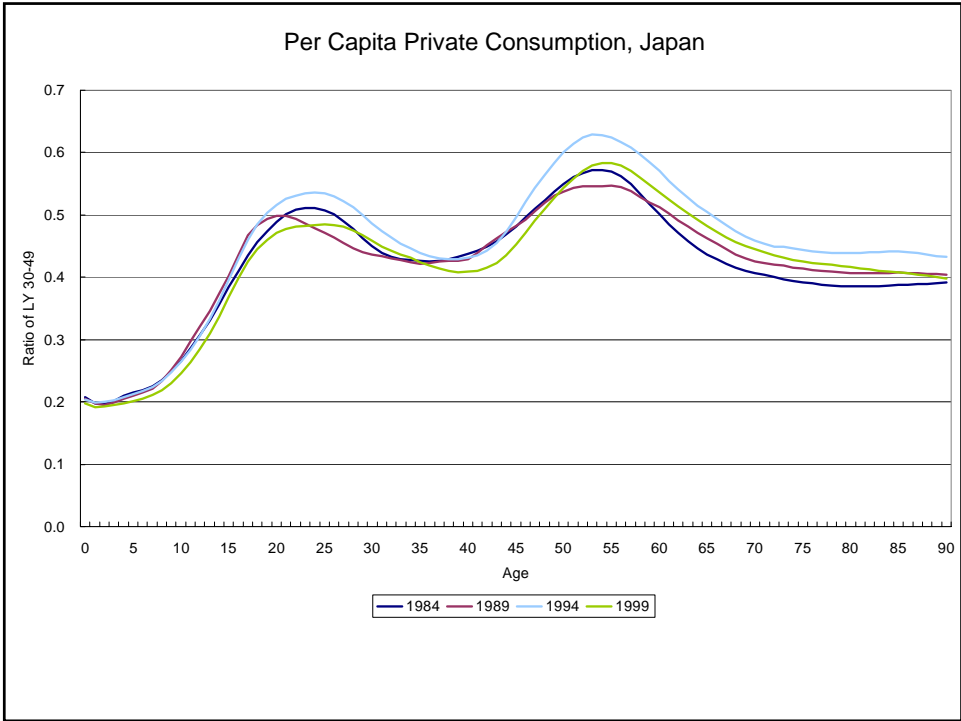


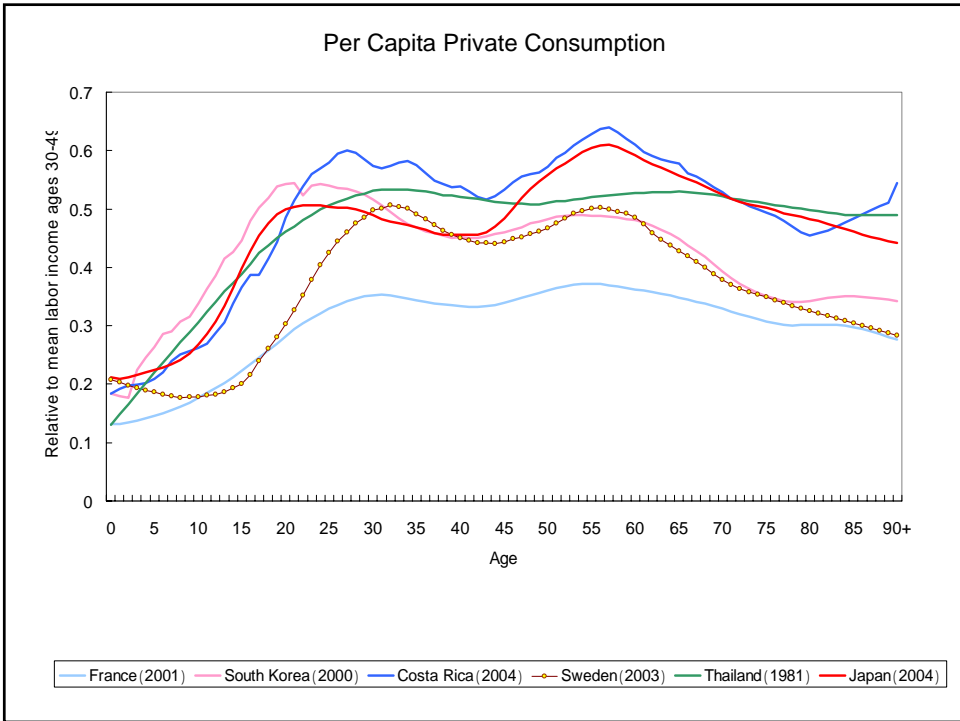
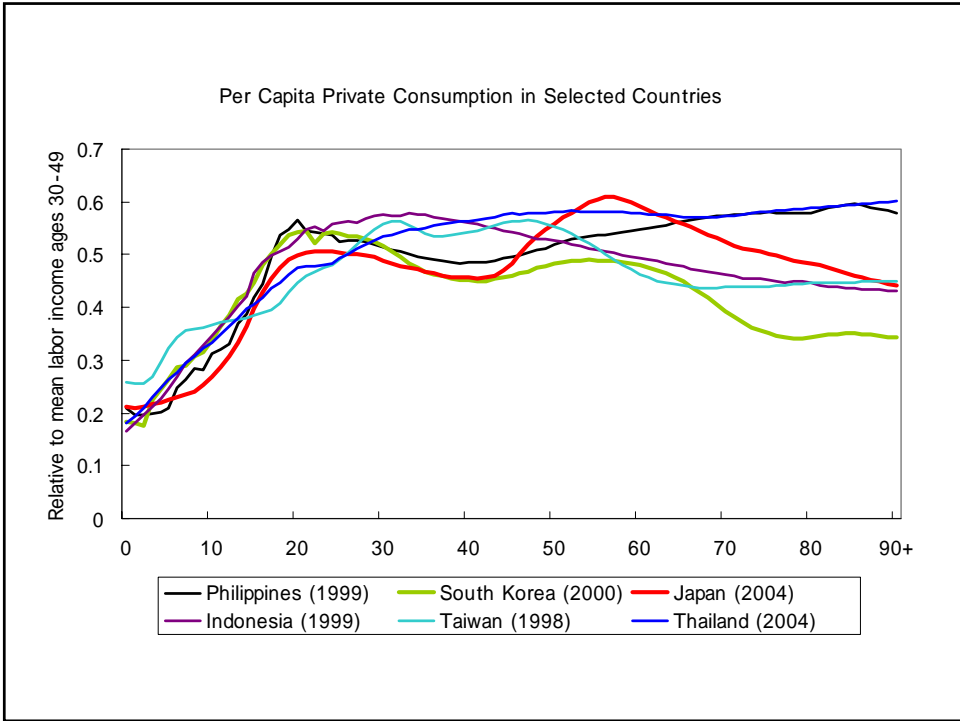
First outlier:

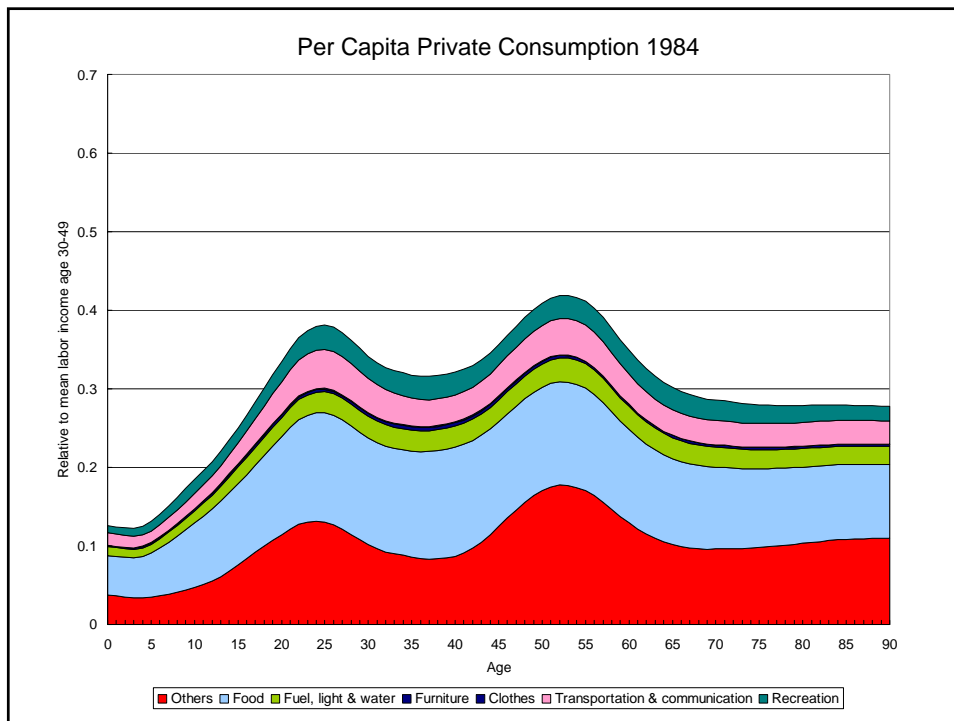
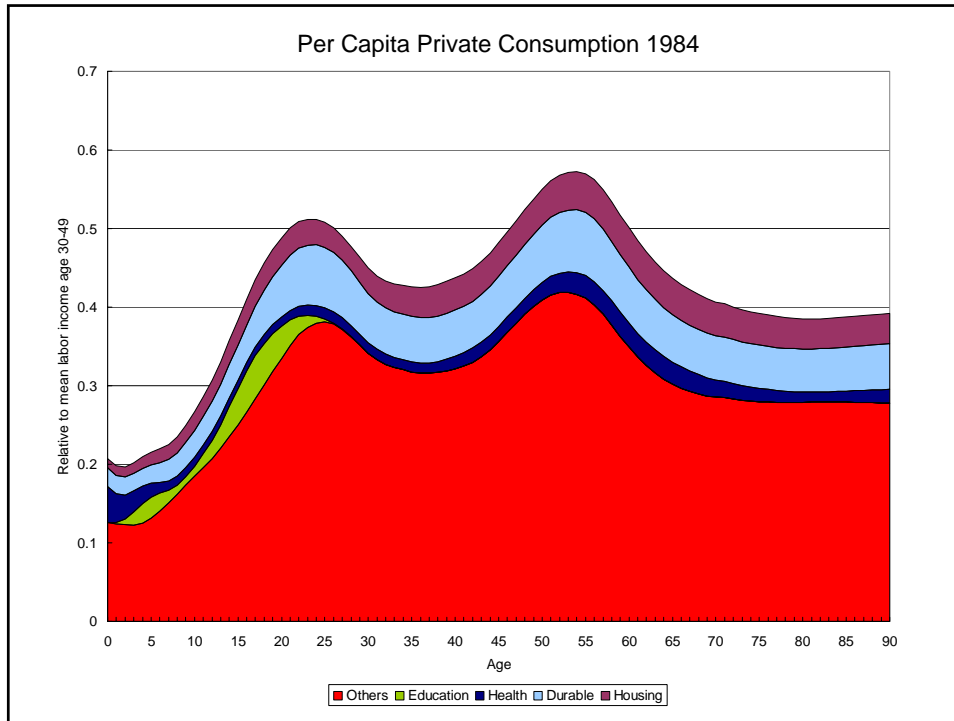
Why is Japan's private consumption distinctively double-humped shaped?

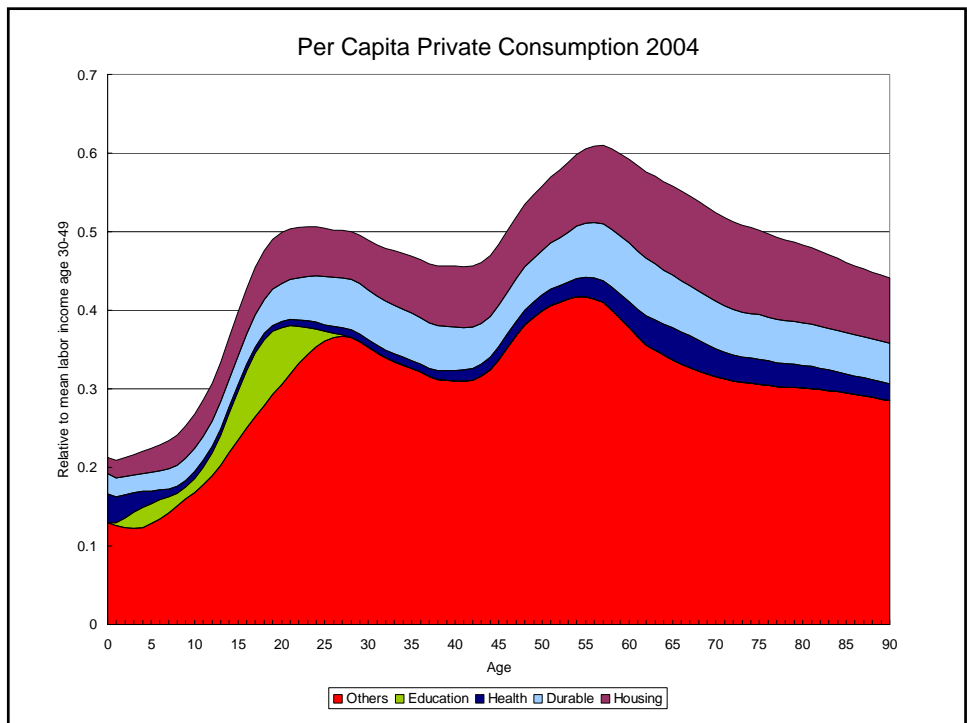
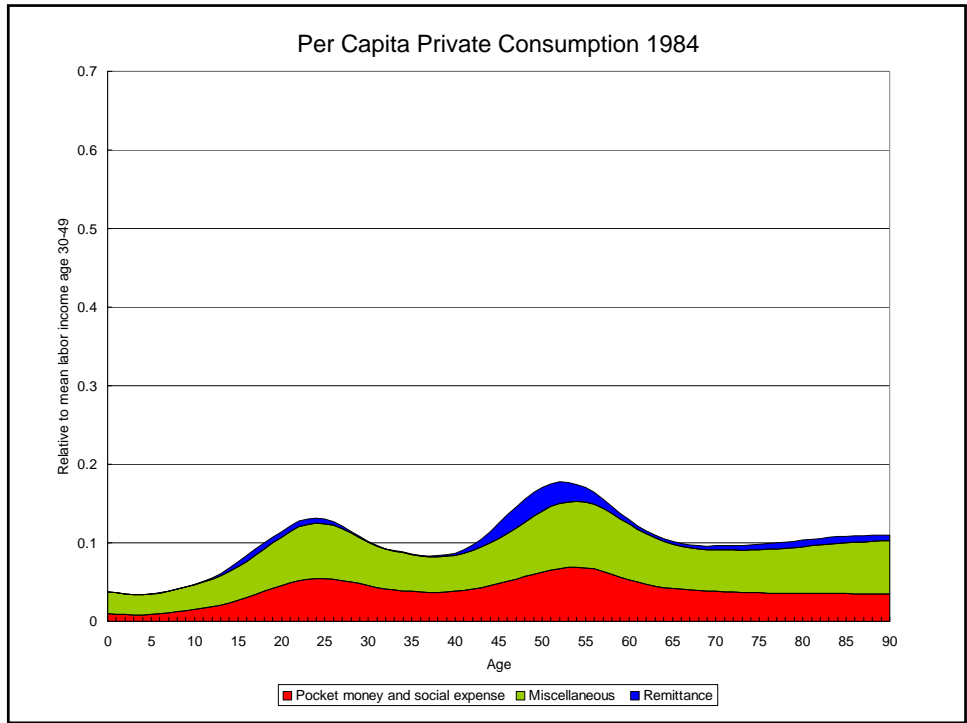


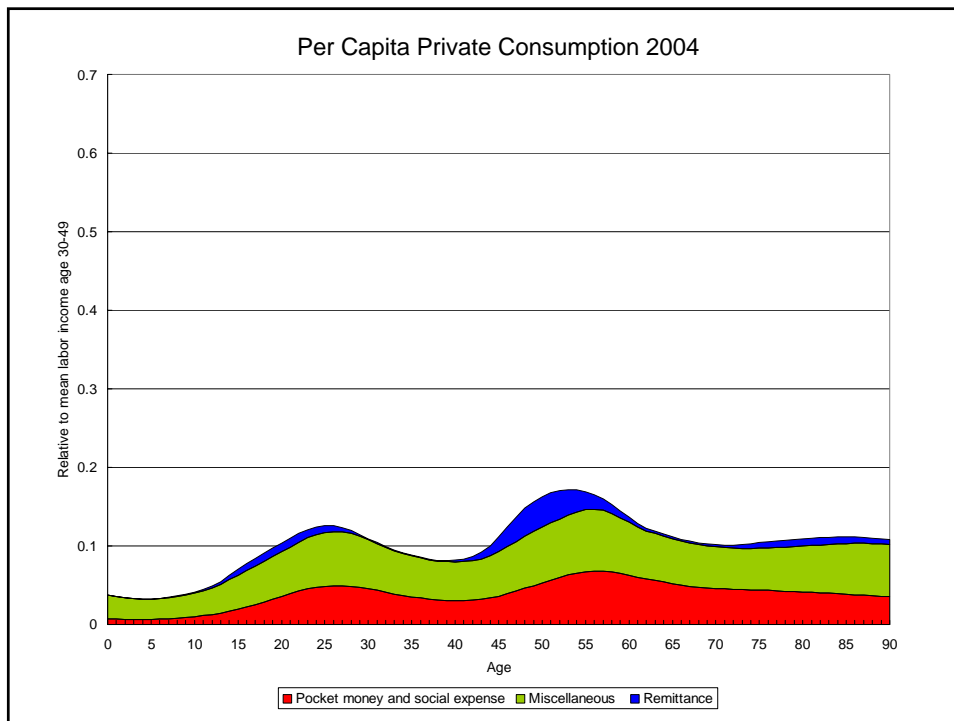
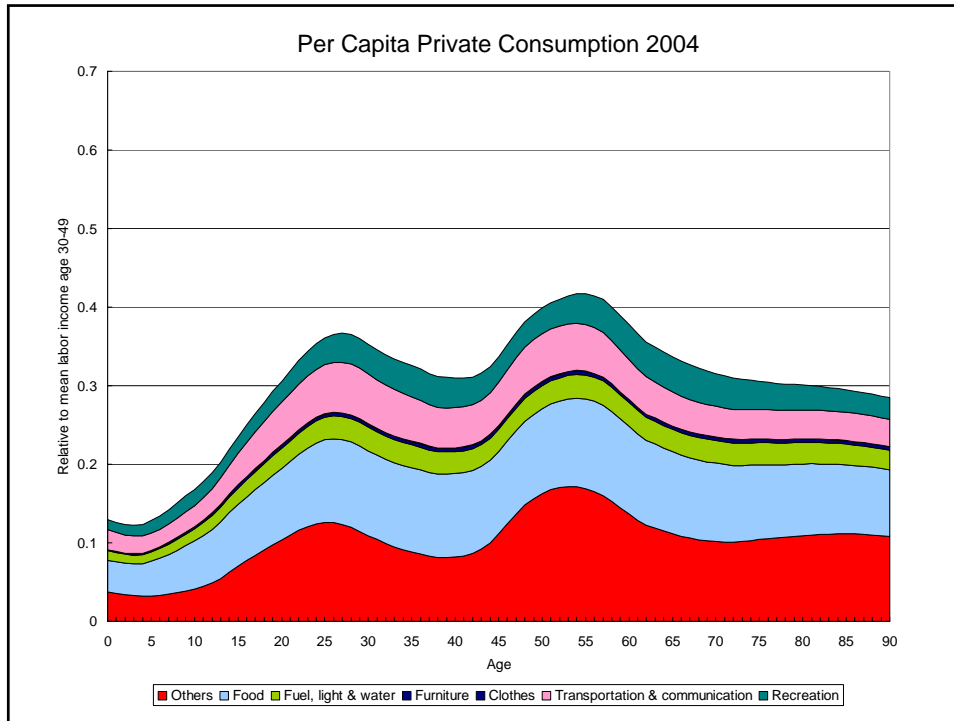












**Japan is a highly
age-graded society.**

**Socialization costs
rise with age.**

“Age before beauty”

Average expenditure: wedding receptions and funeral ceremonies, by age



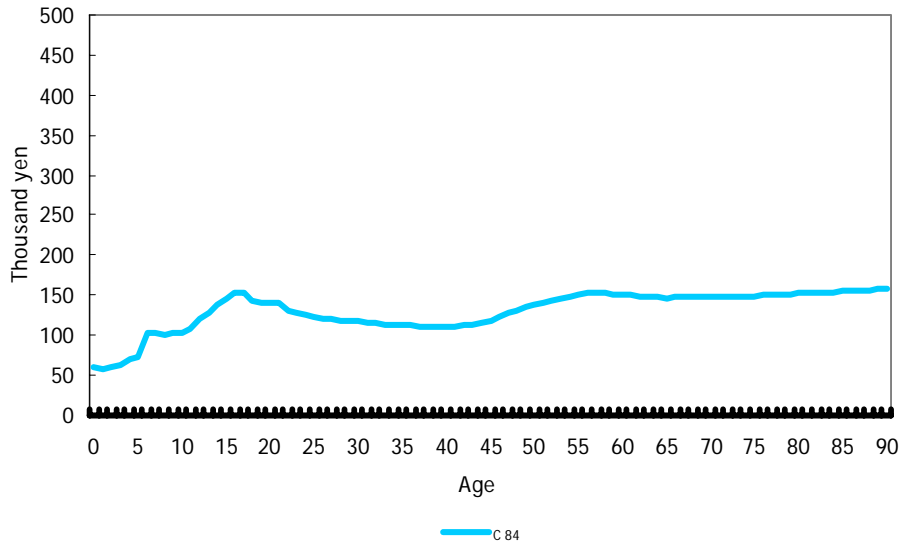
**Remittances to their
children going to higher
education in urban centers**

**Covering their parent's
medical costs (money under
tables: 0.1% of GDP)**

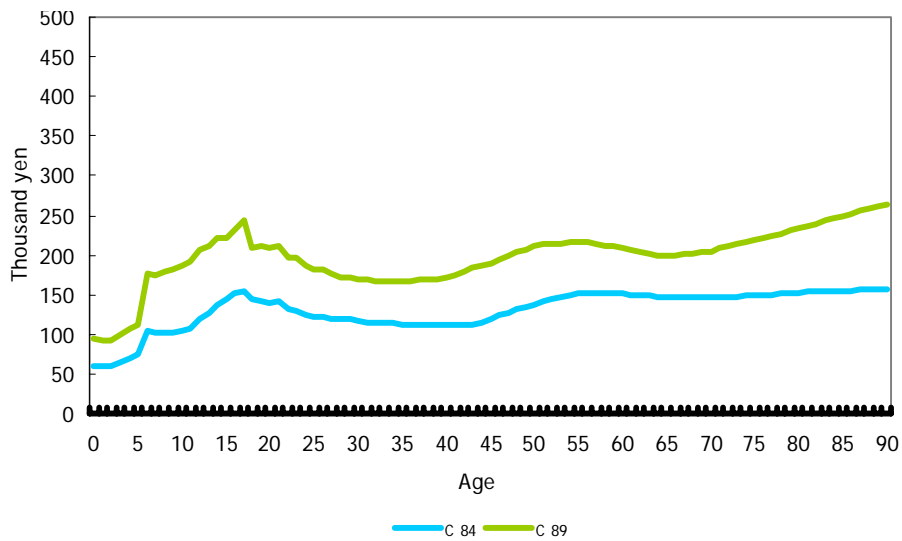
Second outlier:

**Why has Japan's
elderly consumption
been rising (unlike
other Asian
countries)?**

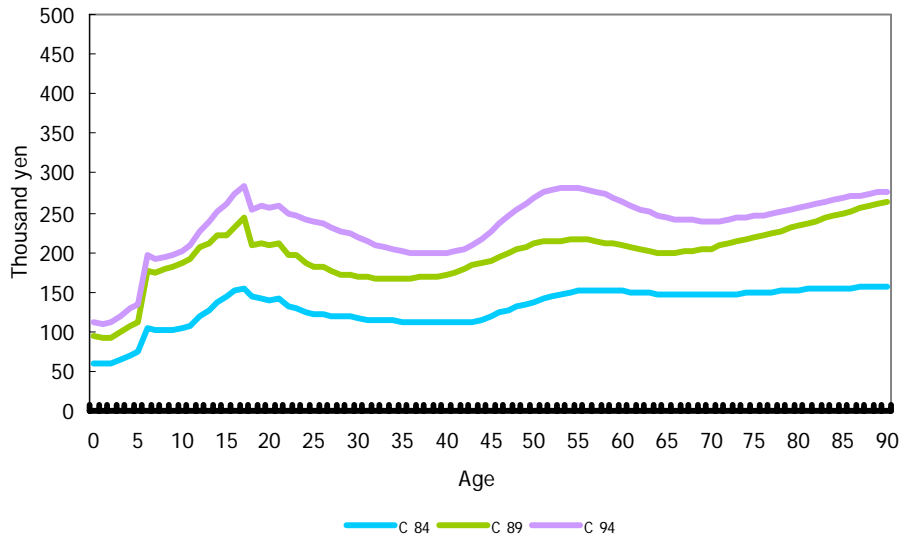
**Monthly per capita consumption in 1984,
thousand yen**



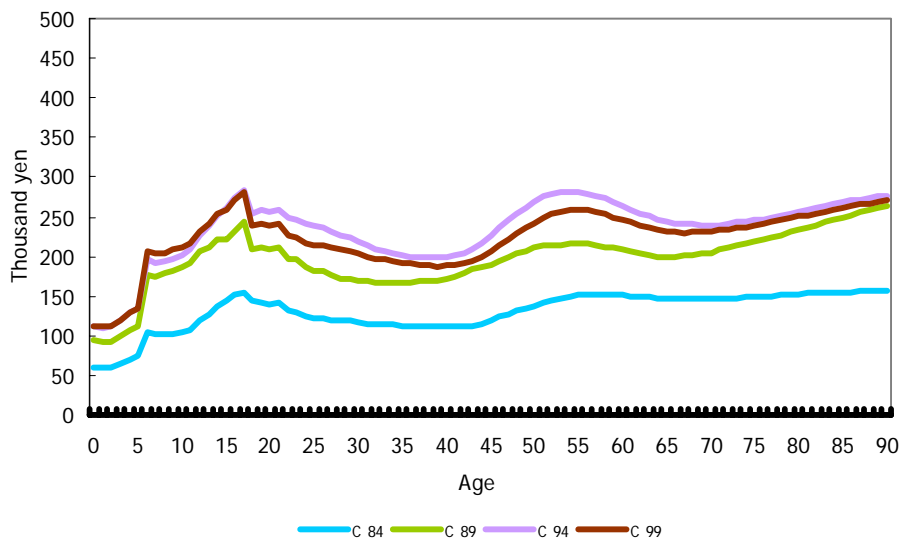
**Monthly per capita consumption in 1984
and 1989, thousand yen**

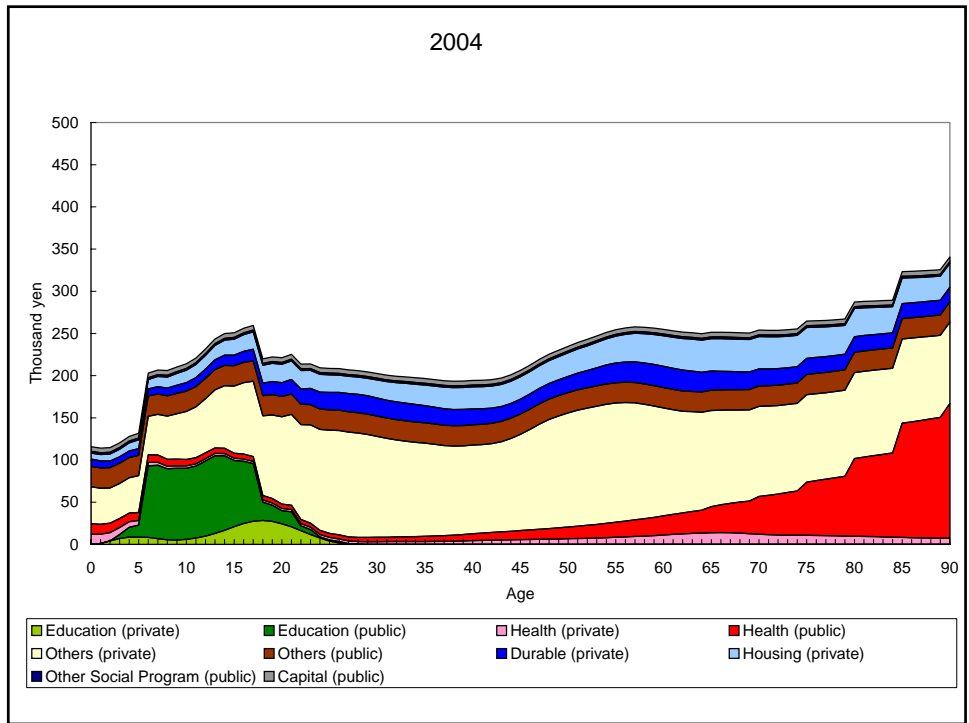
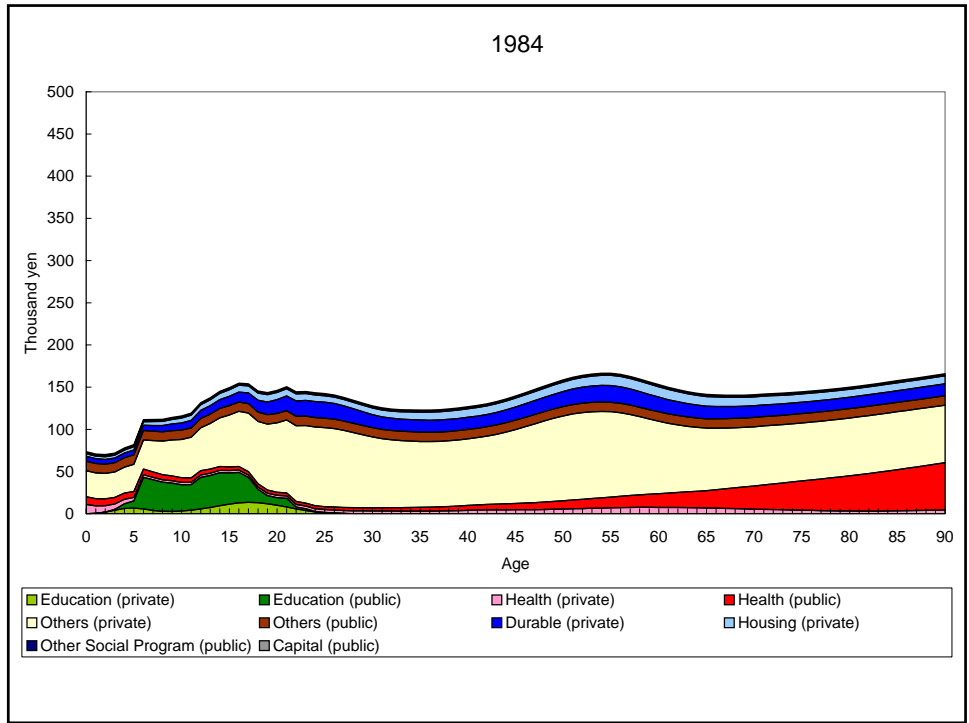


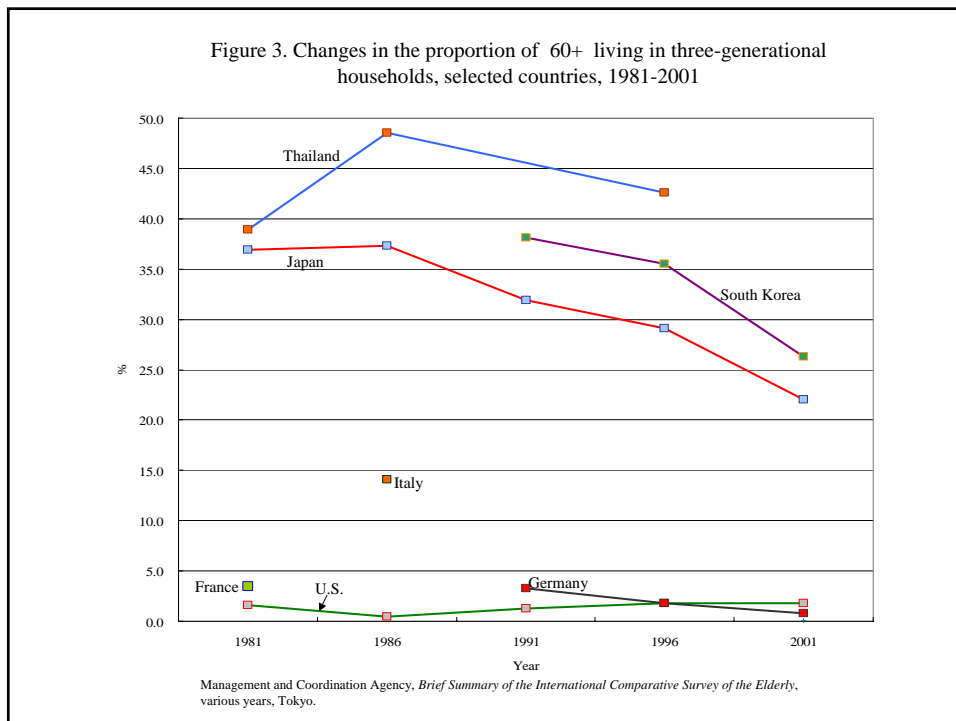
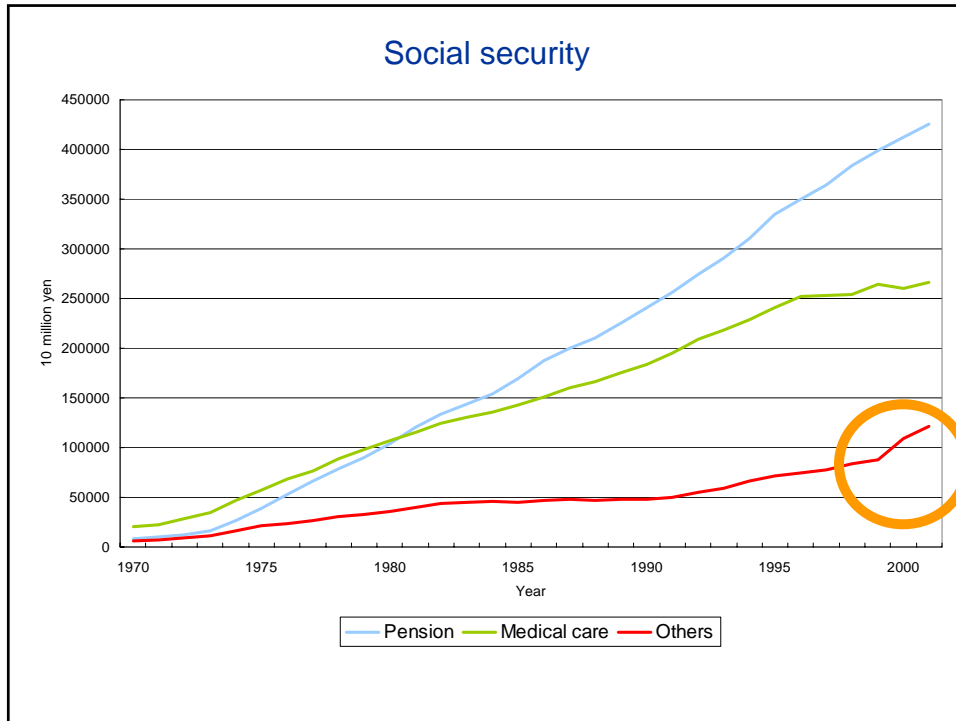
Monthly per capita consumption in 1984, 1989, and 1994, thousand yen



Monthly per capita consumption in 1984, 1989, 1994, and 1999, thousand yen





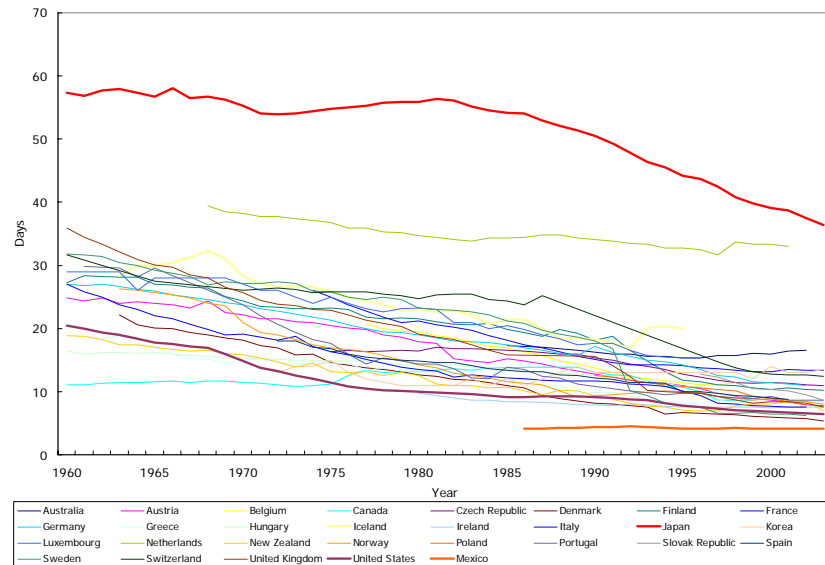


Change in the place of deaths among the elderly in Japan, 1965-2003



Source: Ministry of Health, Labour and Welfare, *Vital Statistics*, various years.

Trends in average days of hospitalization in OECD countries, 1960-2003



Source: OECD, *OECD Health Data 2005*, 2005.

Change in composition of the Japanese social security system

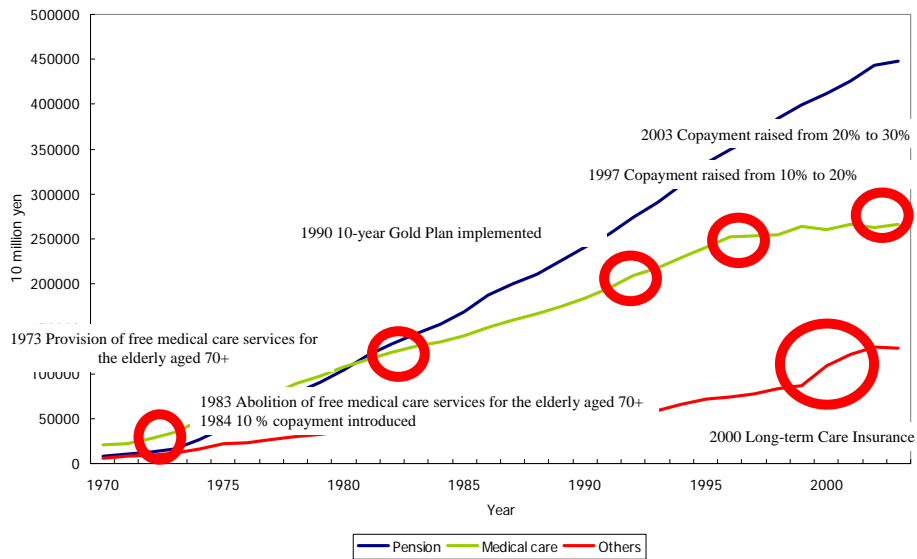
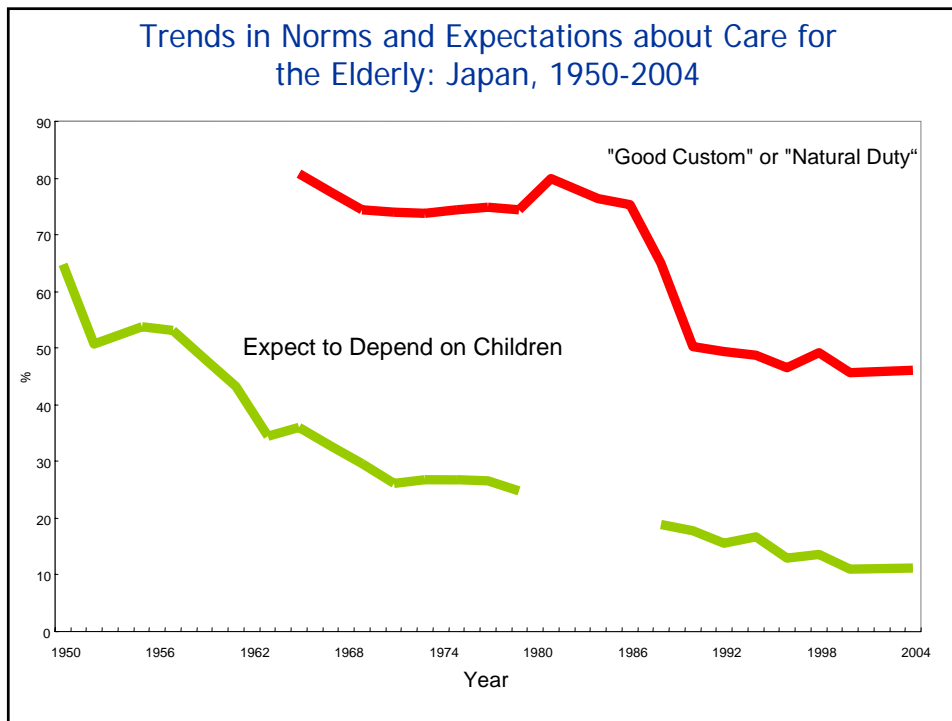


Table 1. Evolution of the medical care system in Japan, 1961-2003

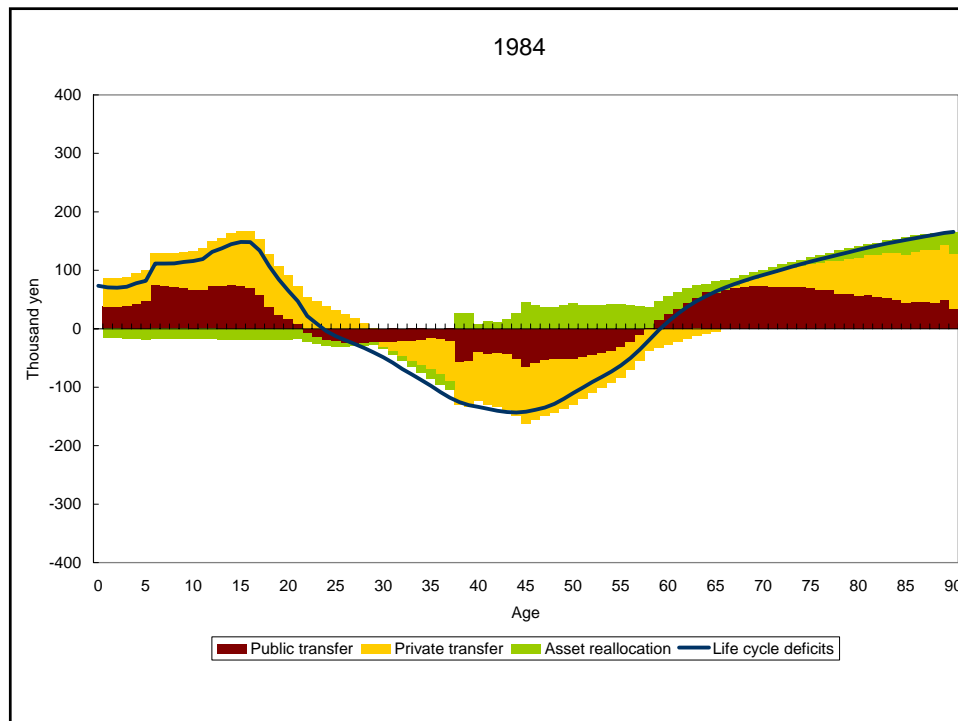
Year	Development of policies and programs
1961	Establishment of the universal coverage of medical care services
1973	Provision of free medical care services for the elderly aged 70 and over
1983	Abolition of free medical care services for the elderly aged 70 and over, and the implementation of the Law on Health Service System for the Elderly aged 70 and over
1984	10% copayment introduced
1987	Law on the Health Services Facilities for the Elderly was implemented
1990	10-year Gold Plan implemented
1997	Copayment raised from 10% to 20%
2000	Long-term Care Insurance went into effect
2003	Copayment increased from 20% to 30%, and the introduction of the Diagnosis Procedure Combination (DRC) to 82 specially-designated hospitals

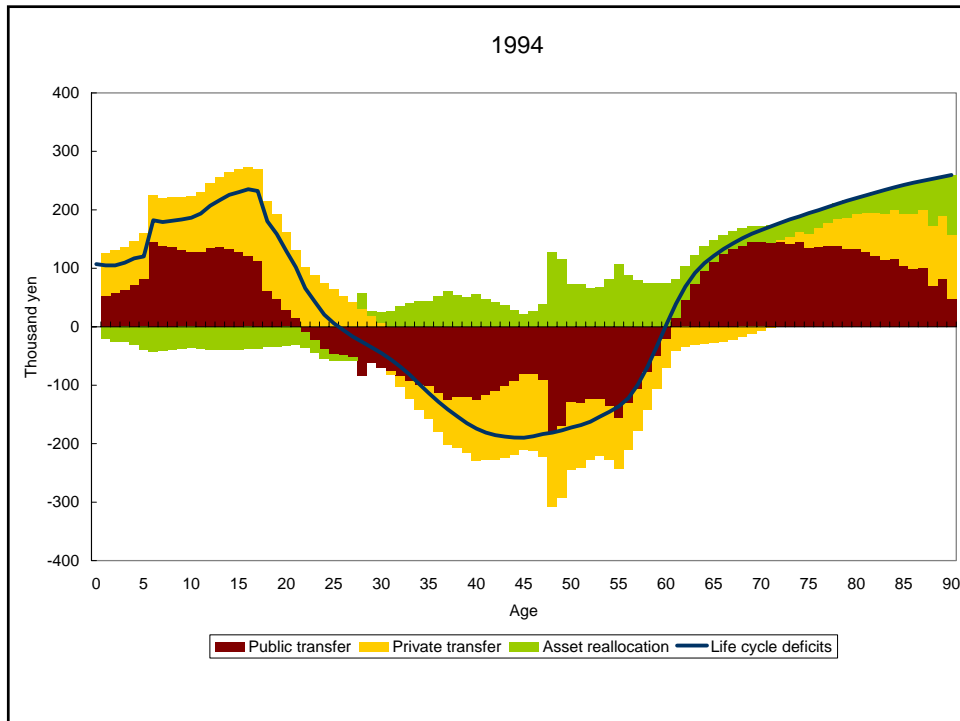
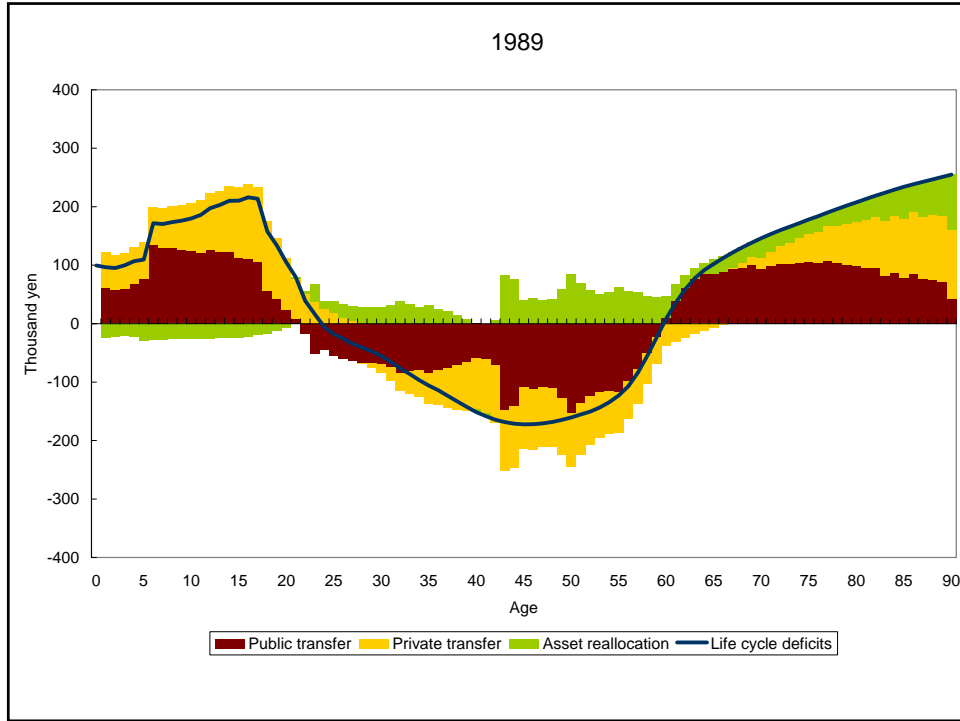
Changes in social policies can induce abrupt value shifts!

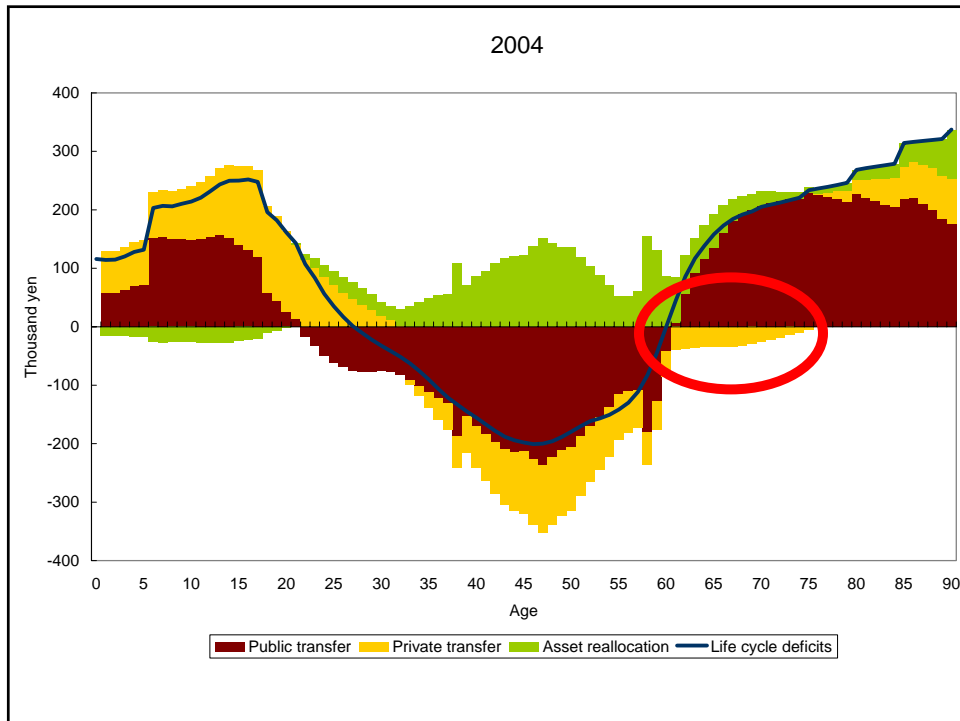
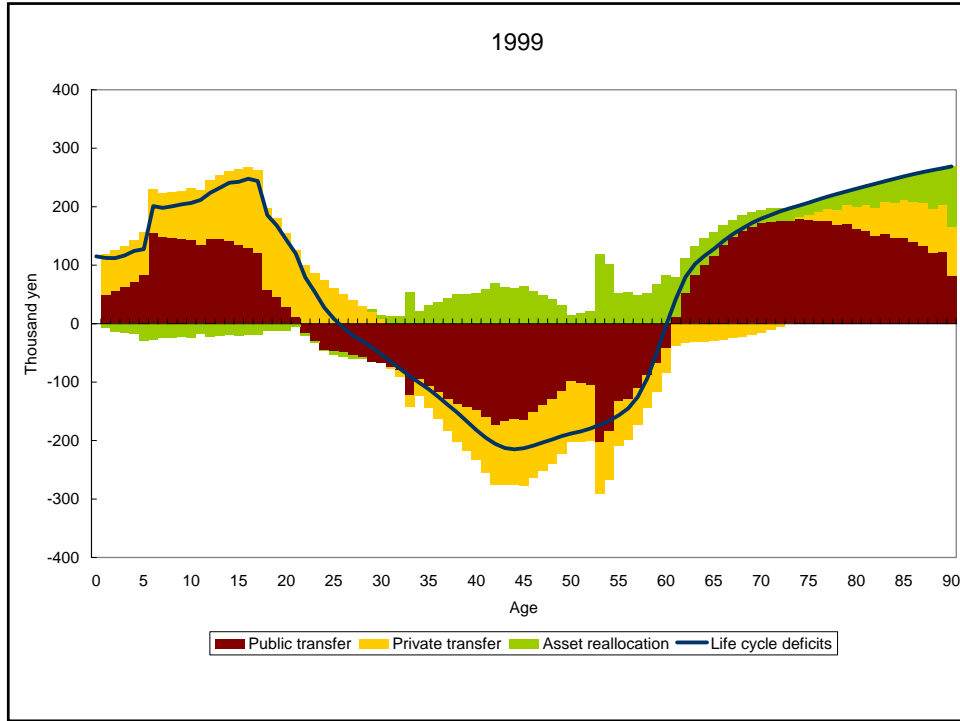


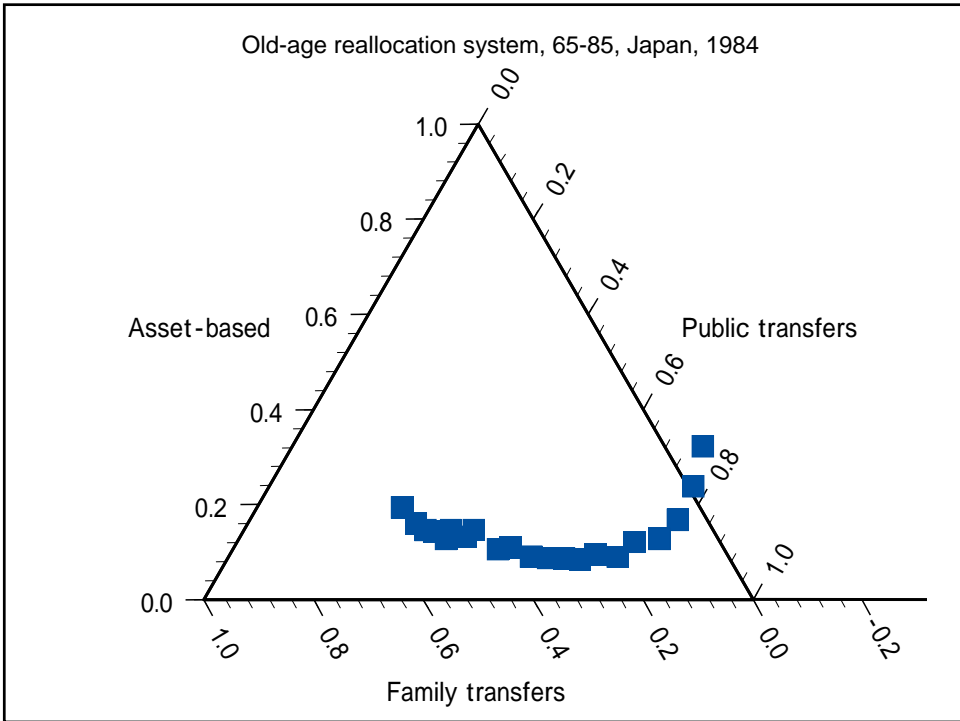
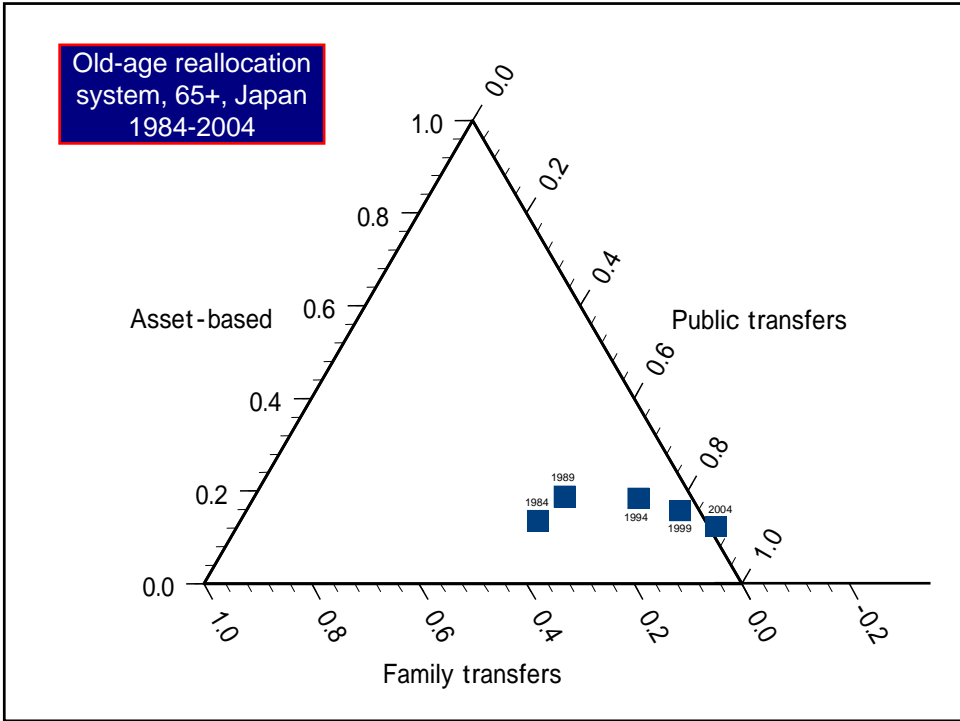
Third outlier:

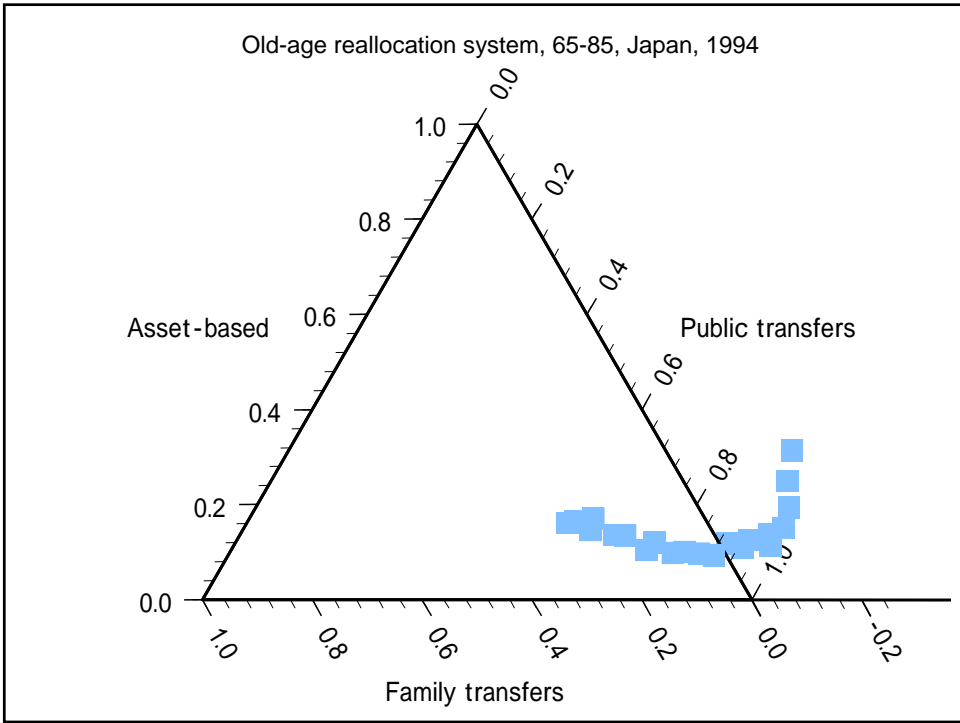
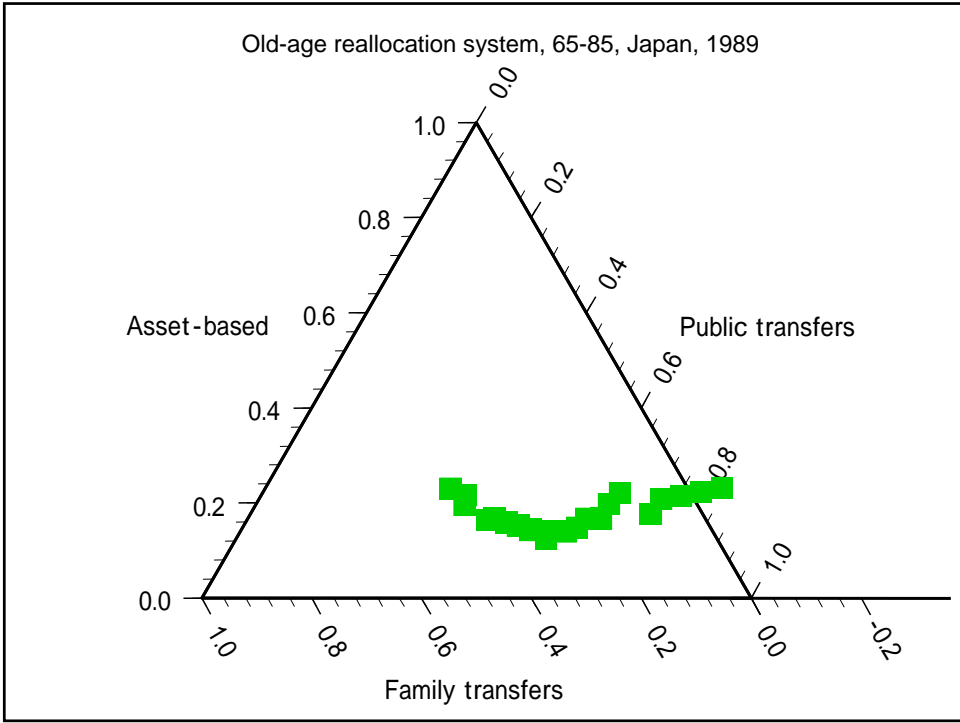
The average age of Japan's elderly persons who transfer their resources to younger generations has been rising!

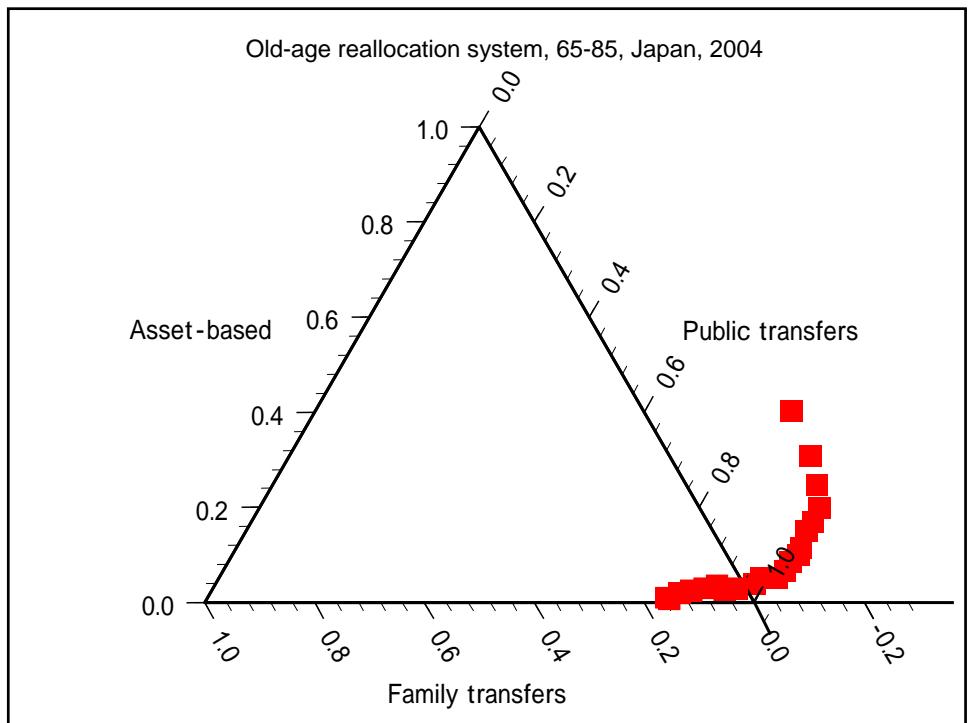
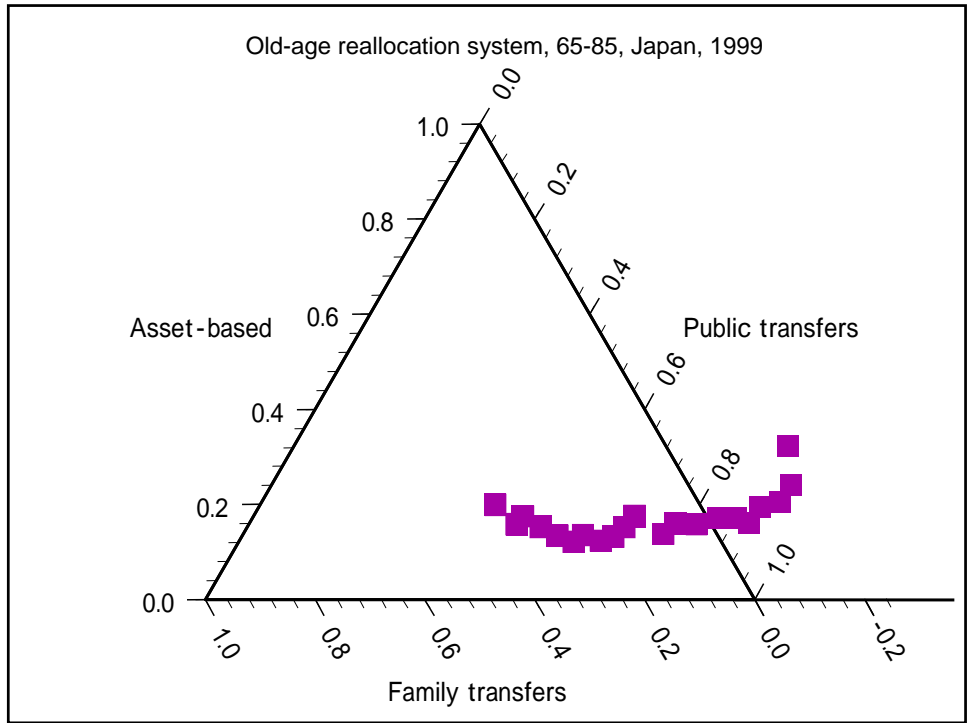


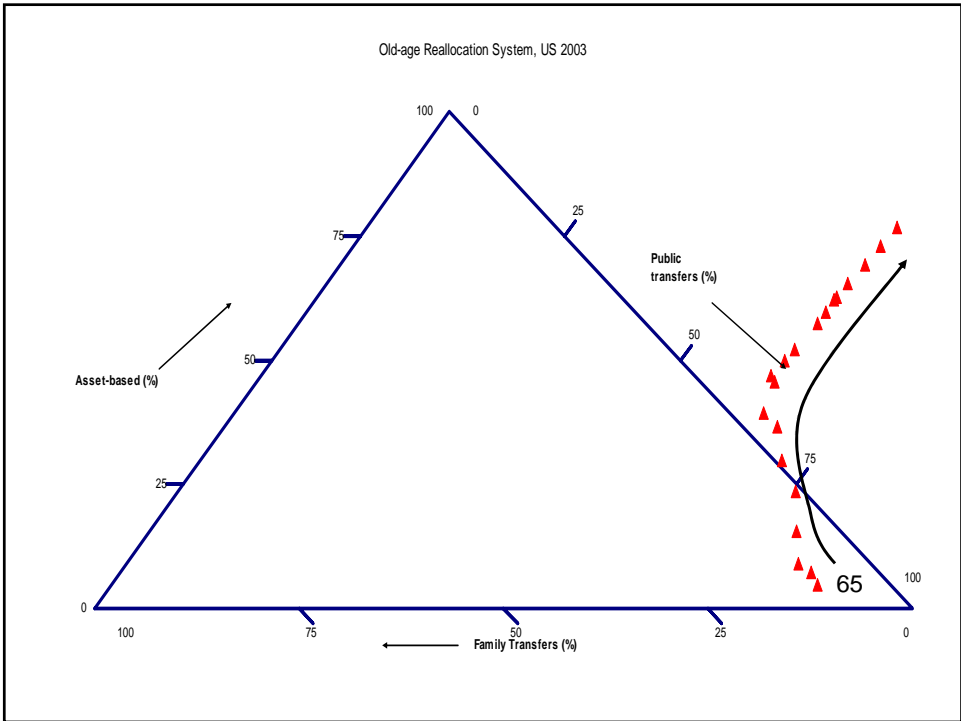
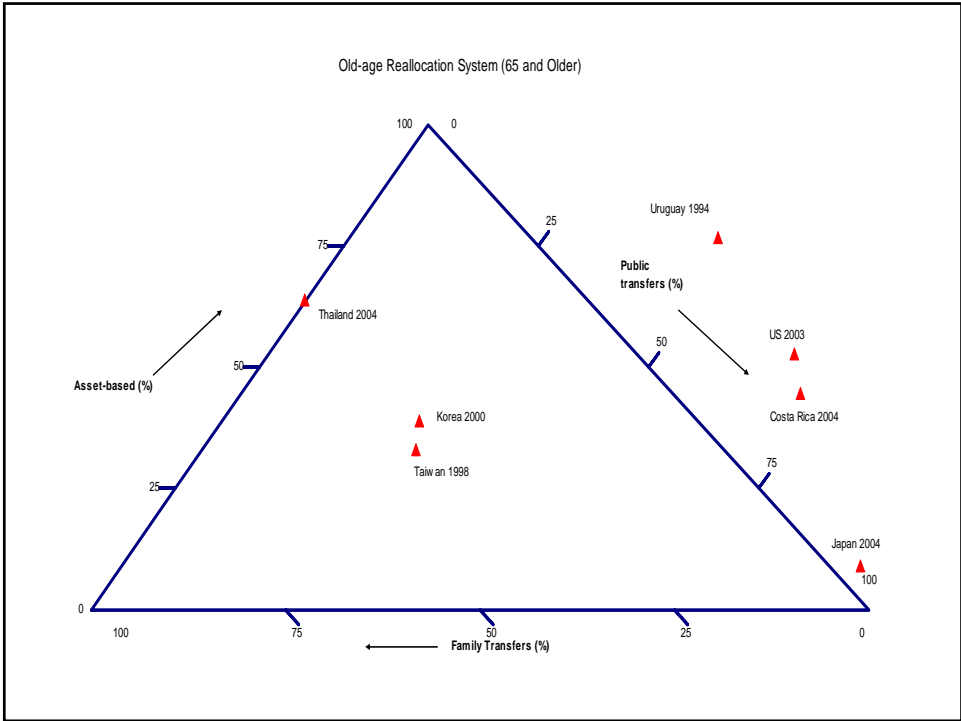










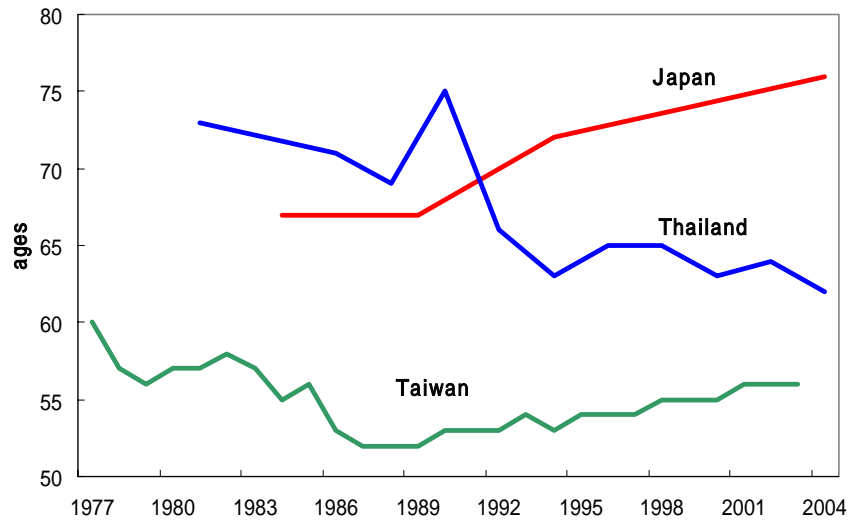


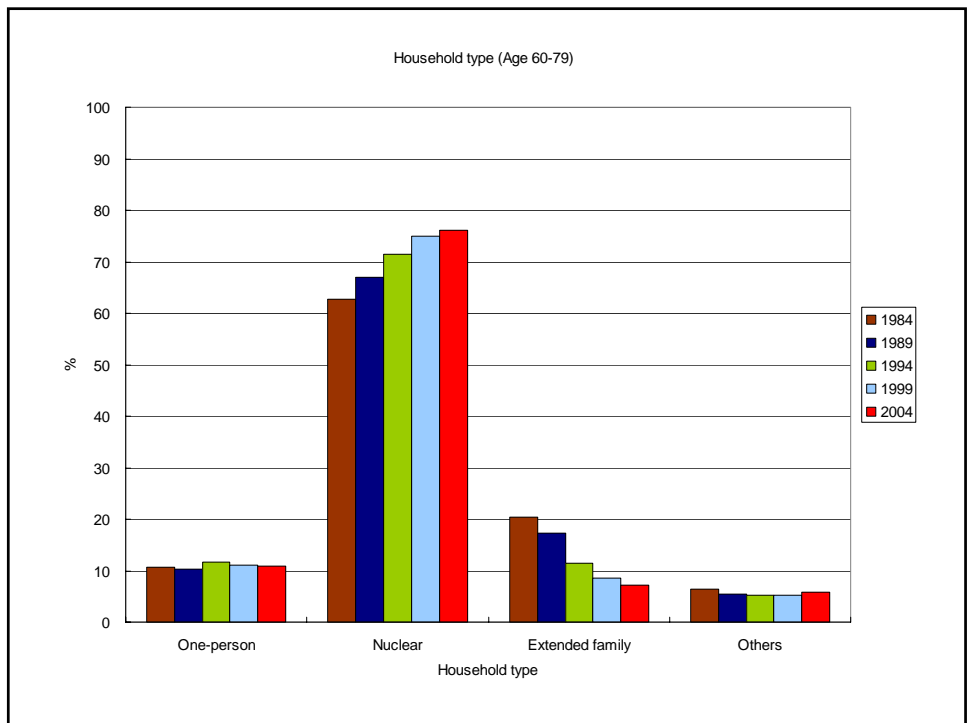
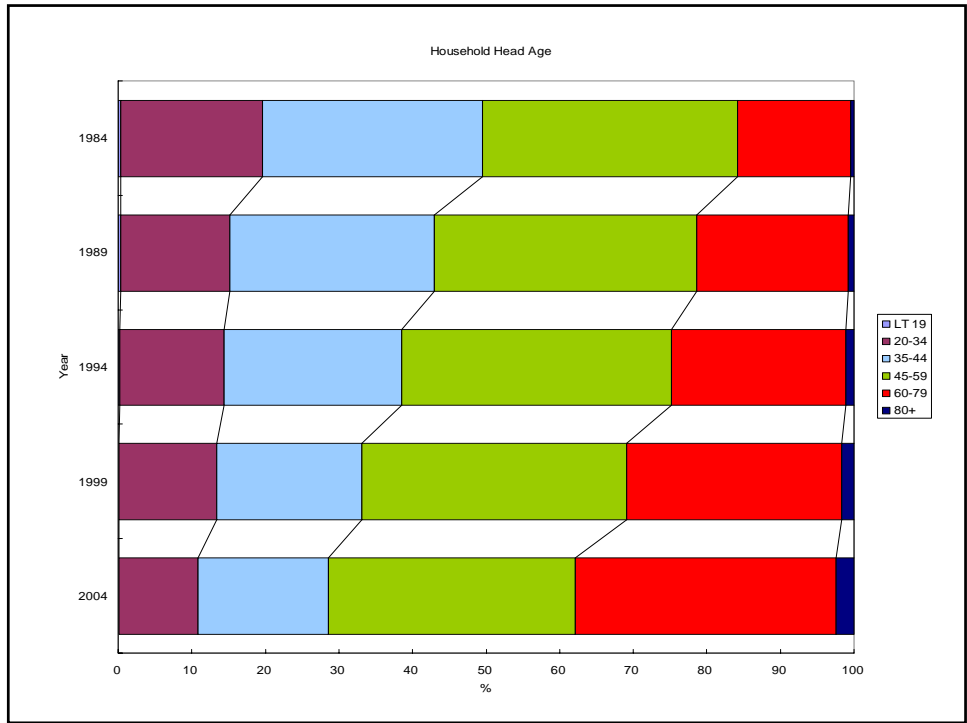
Net Familial Transfers Received by the Elderly (from Negative to Positive) in Selected Countries

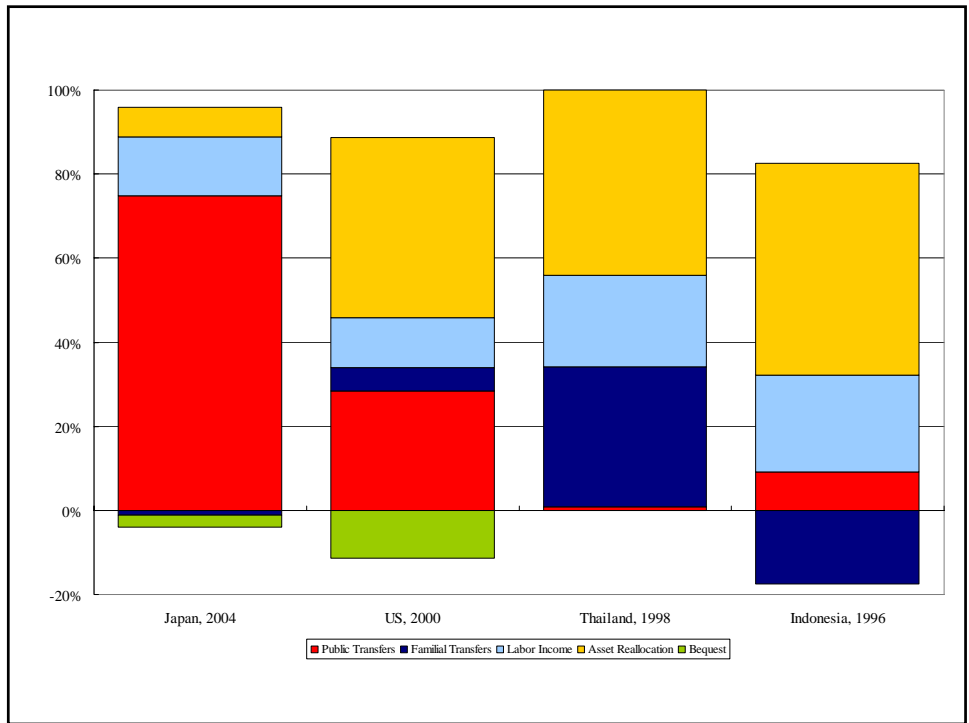
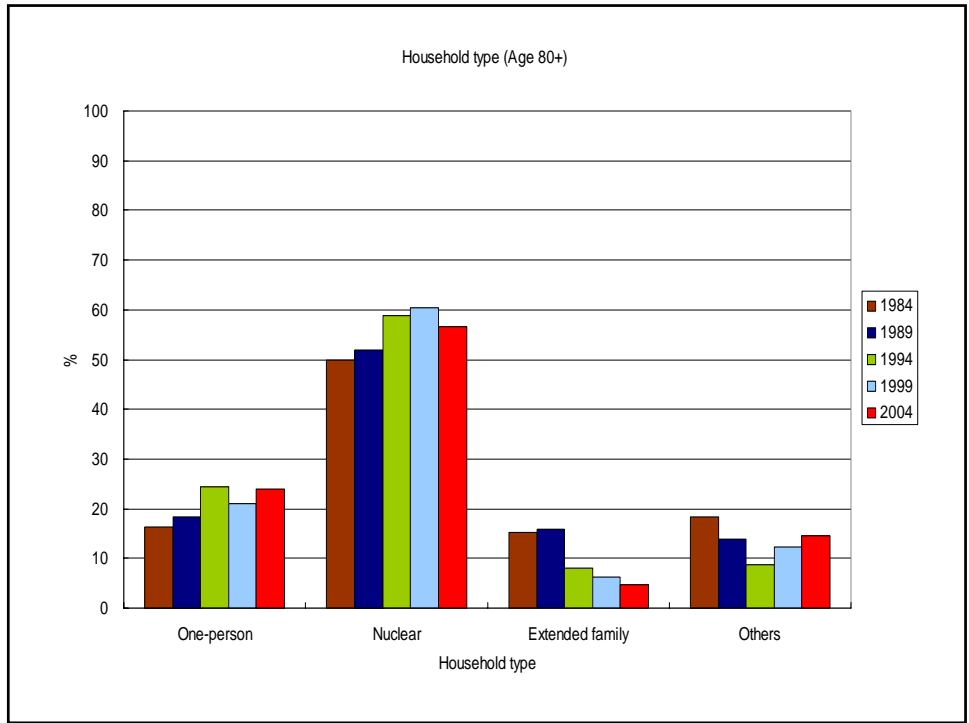
Country	Age
Costa Rica (2004)	---*
Chile (1997)	71
US (2003)	---*
Philippines (1999)	71
Uruguay (1994)	---*
South Korea (2000)	58
Indonesia (1999)	76
Taiwan (1998)	55
Thailand (2004)	62
Japan (1984)	67
Japan (1989)	67
Japan (1994)	72
Japan (1999)	74
Japan (2004)	78

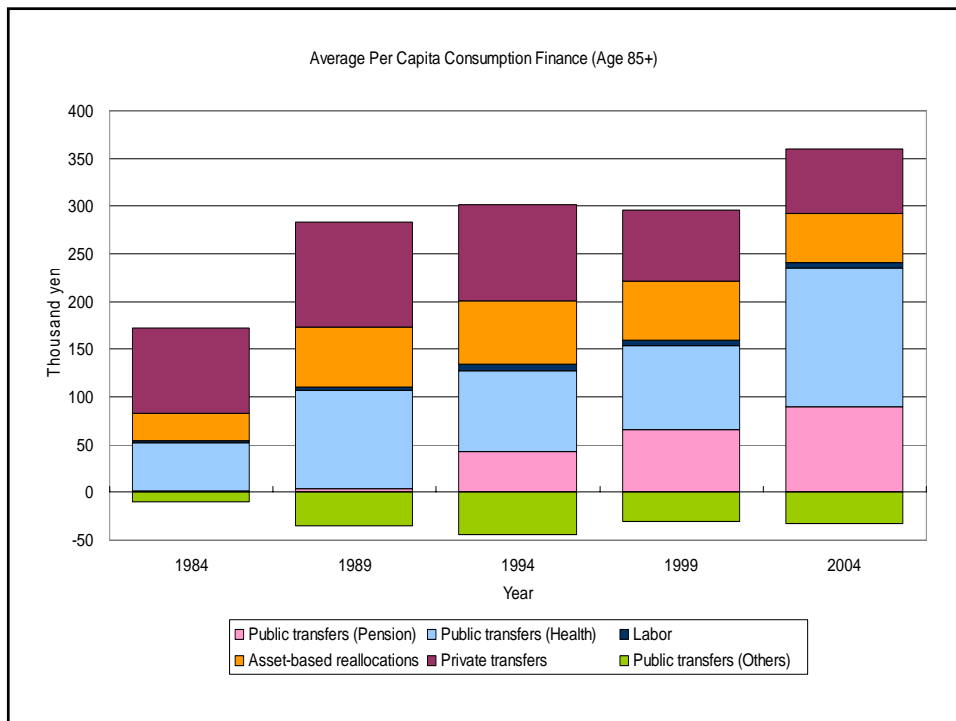
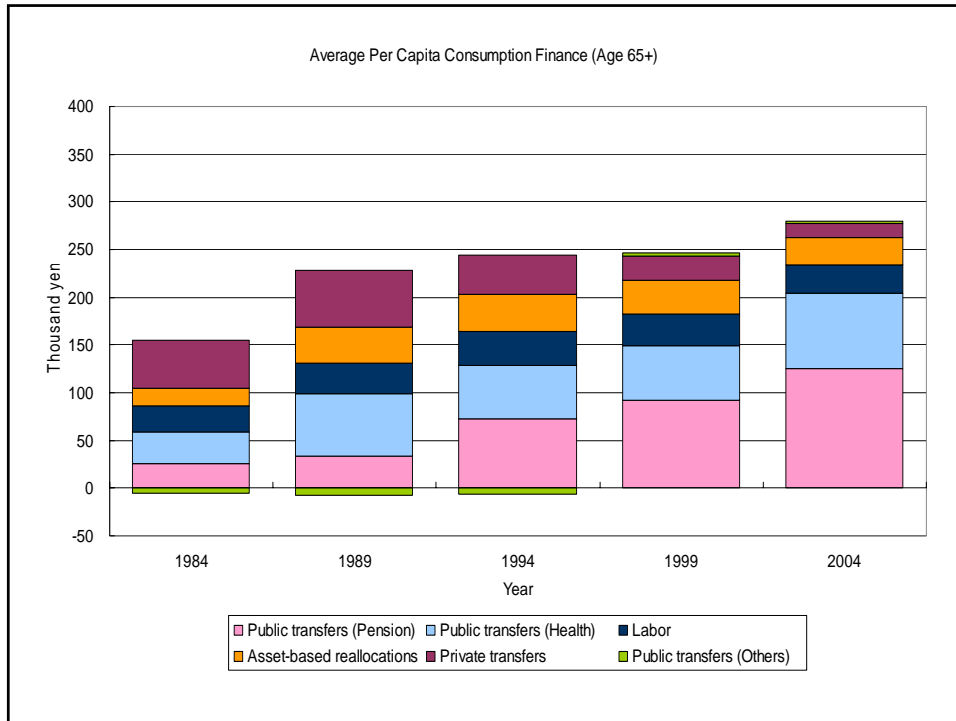
* no crossing age, and net transfers received by the elderly are constantly negative

Ages at which the Elderly become Recipients of Net Familial Transfers









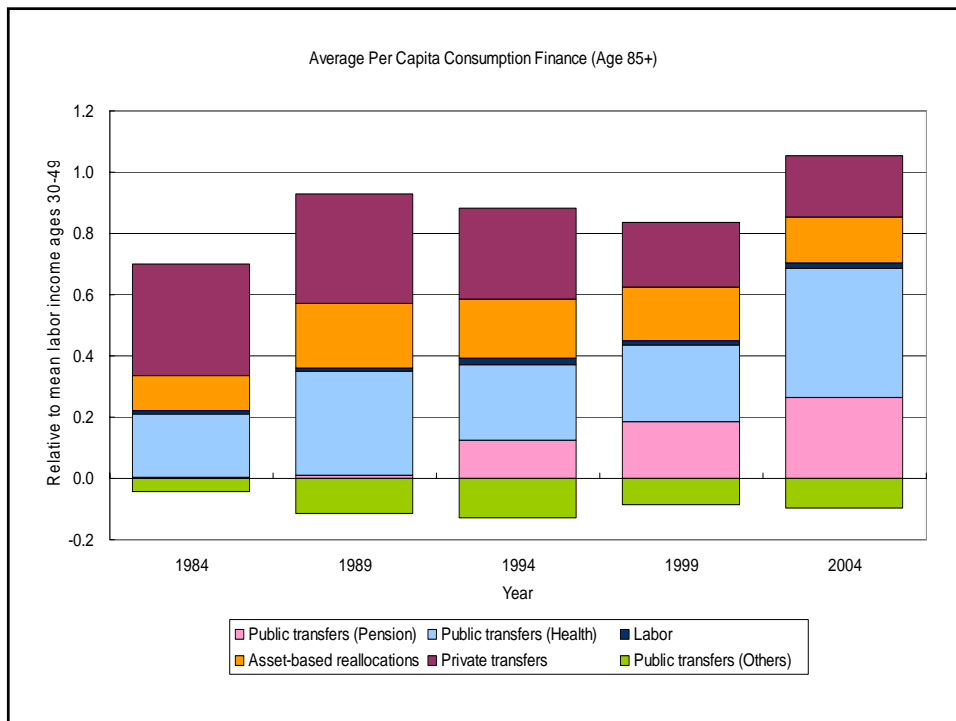
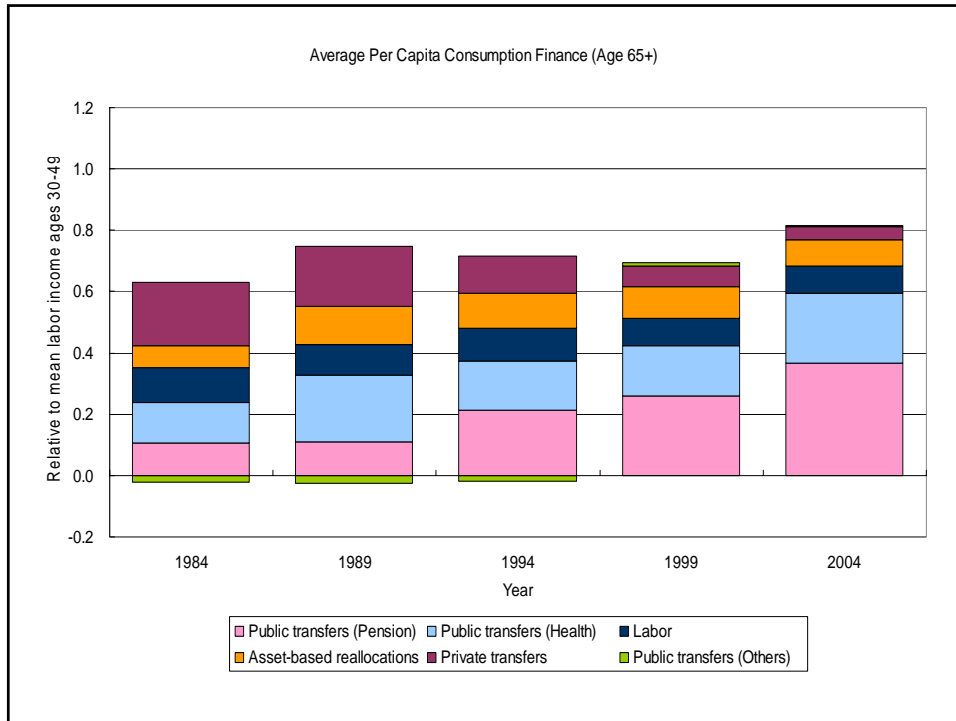
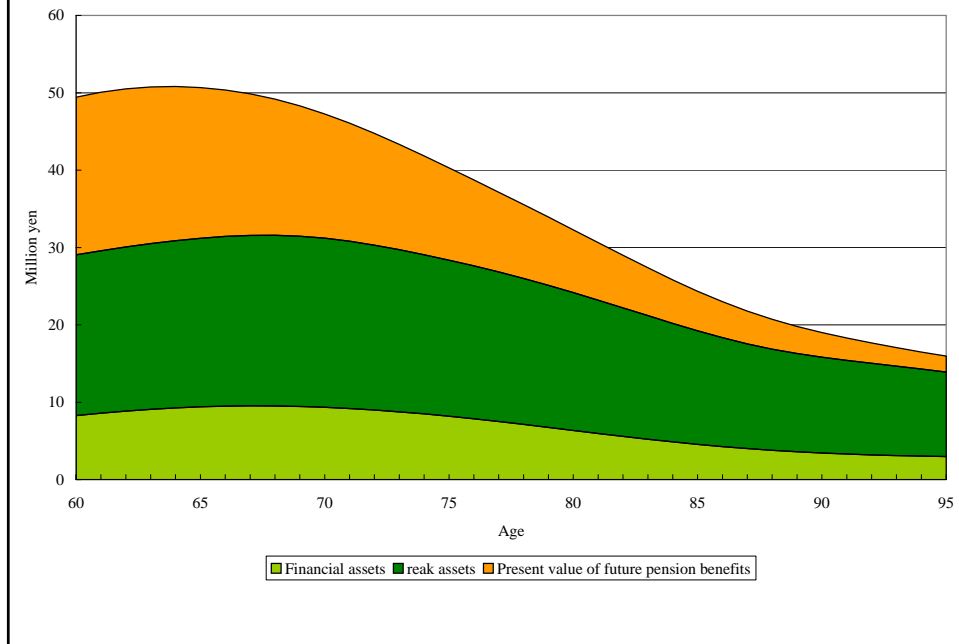


Figure 13. Age profile of assets and pension wealth in Japan, 1999



**Accumulated wealth
for those aged 60-90**

1250 trillion yen

US \$12.5 trillion

Caution

OECD's warning!

71 % of Japanese adults
have **no** knowledge about
investment in equities and
bonds

Caution

OECD's warning!

57 % of Japanese adults
have **no** knowledge of
financial products in
general

**Financial
education is
urgently
needed**

**Japanese
elderly
persons are
latent assets!**

Footnote:

Some policy considerations

Pronatalist favorite assertion:

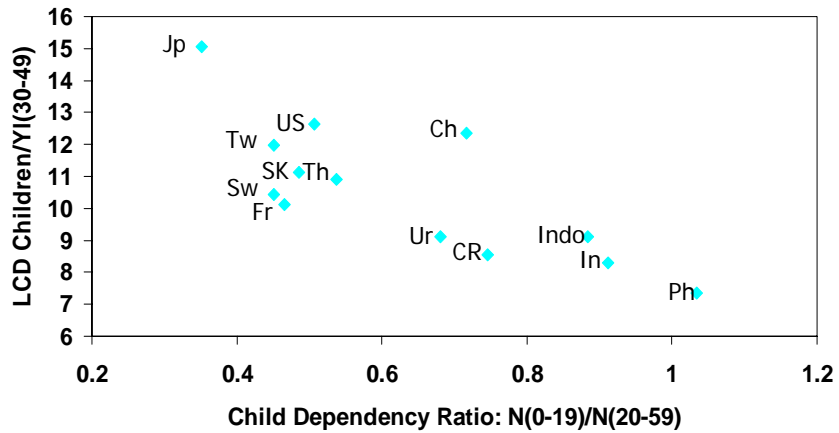
- Only 3.6% of social security benefits is children-specific; while
- 70.4% of social security benefits is for the elderly (60+)

Ratio of Net Transfers Received by the Elderly (65+) to Those by Children (0-19)

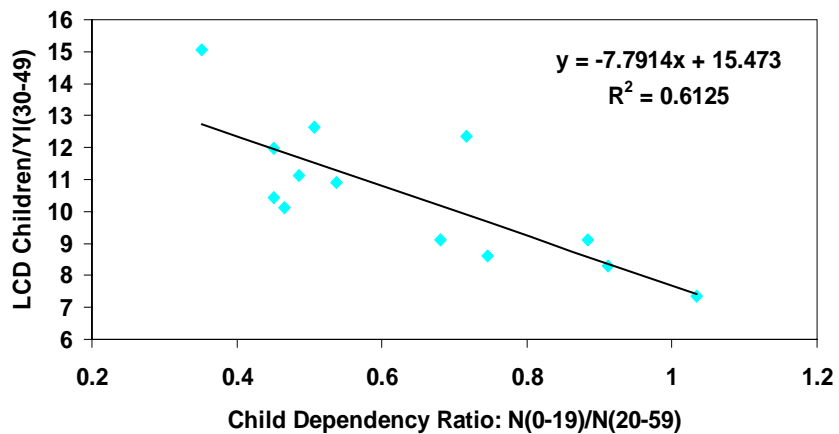
		1984	1989	1994	1999	2004
Net Public Transfers	Aggregates	0.43	0.53	0.97	1.43	2.23
	Per capita	1.26	1.23	1.61	1.78	2.19
Net Familial Transfers	Aggregates	0.16	0.19	0.10	0.06	-0.01
	Per capita	0.58	0.55	0.21	0.09	-0.01
Net Public and Familial Transfers	Aggregates	0.27	0.35	0.49	0.72	1.08
	Per capita	0.80	0.82	0.81	0.89	1.06

Mason approach

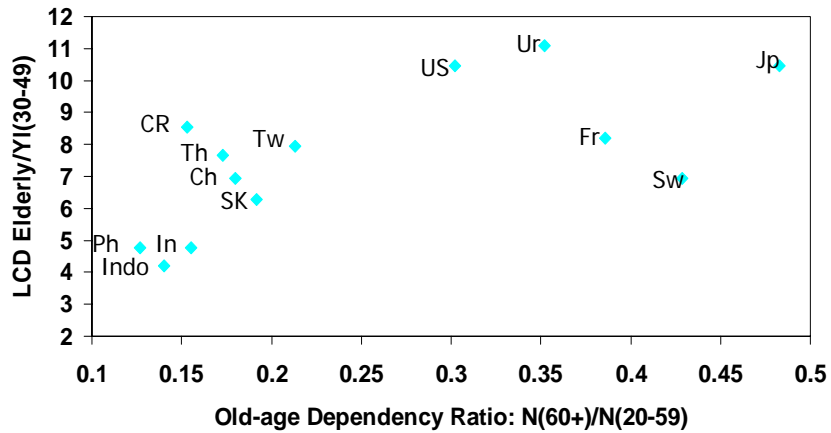
Tradeoff: Spending per Child and Number of Children, 13 Countries



Tradeoff: Spending per Child and Number of Children, 13 Countries



Tradeoff: Spending per Elderly and Number of Elderly, 13 Countries



Tradeoff: Spending per Elderly and Number of Elderly, 13 Countries

