

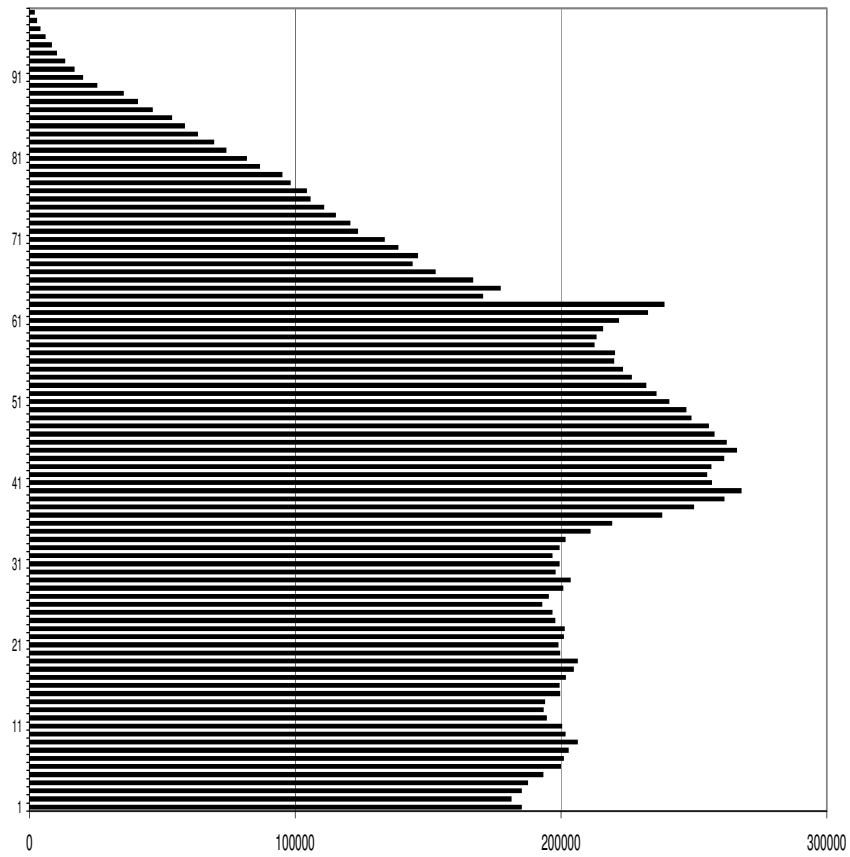
Ageing & public finances in the Netherlands

Or ... cut public spending by
35, 29 or 18 bln ?

Prof. dr. R.A. de Mooij
CPB & EUR

Temporary: baby boom

2009

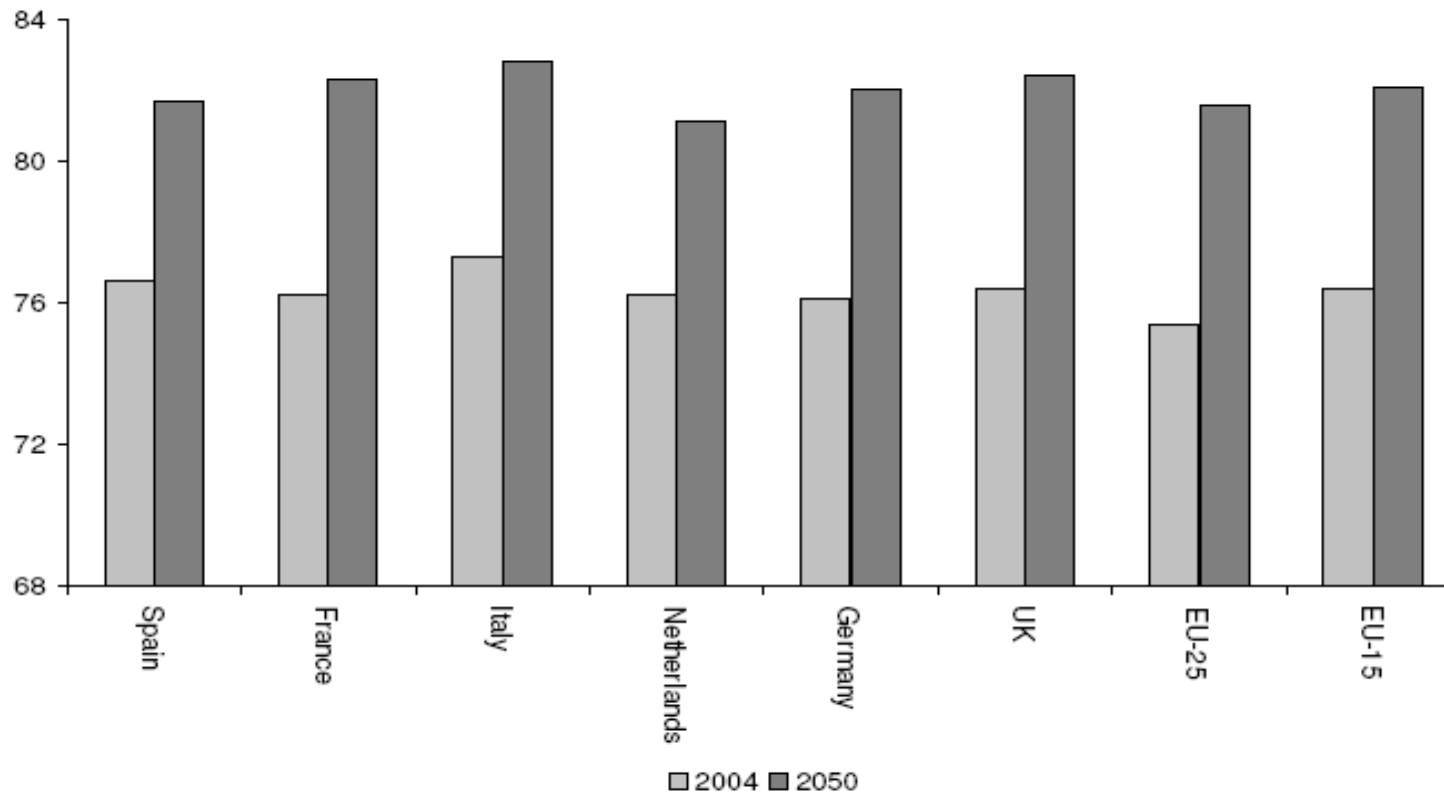


2050



Permanent: life expectancy

Figure 2.3 Life expectancy at birth for males



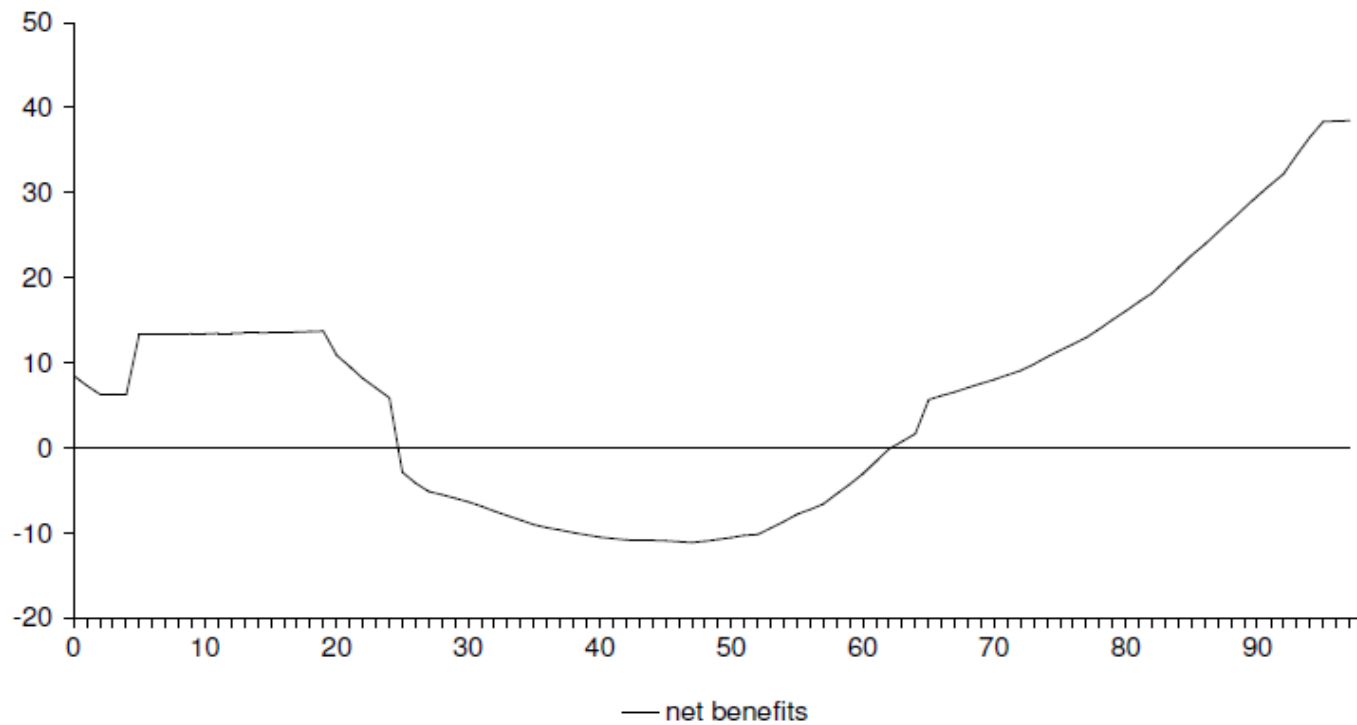
Source: EPC (2006)

Ageing is ...

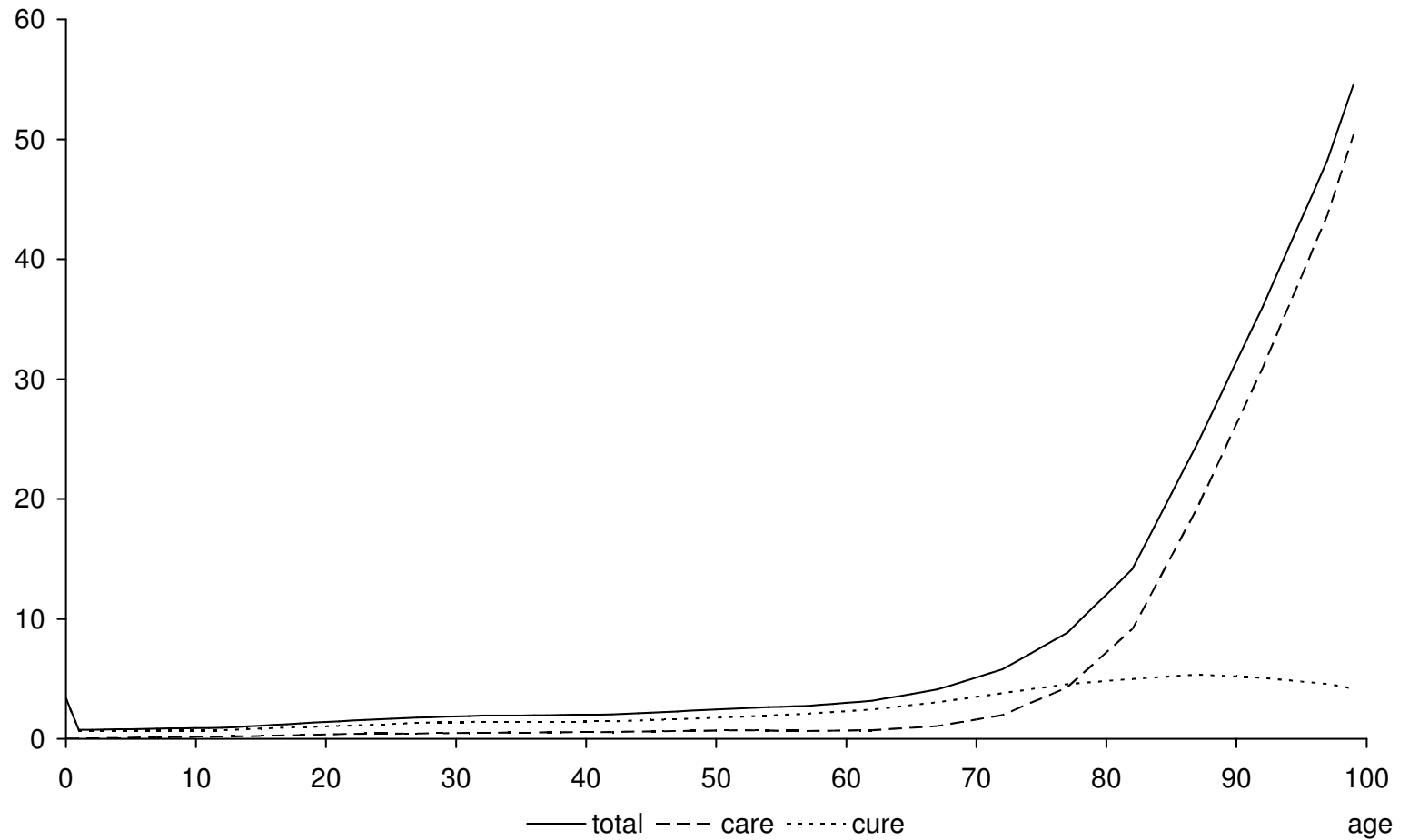
- Good news for people!
 - Bad news for governments
 - Unsustainable public finances
 - Pressure on solidarity between generations
- Tool of analysis: Generational Accounting (GA)

Generational accounts

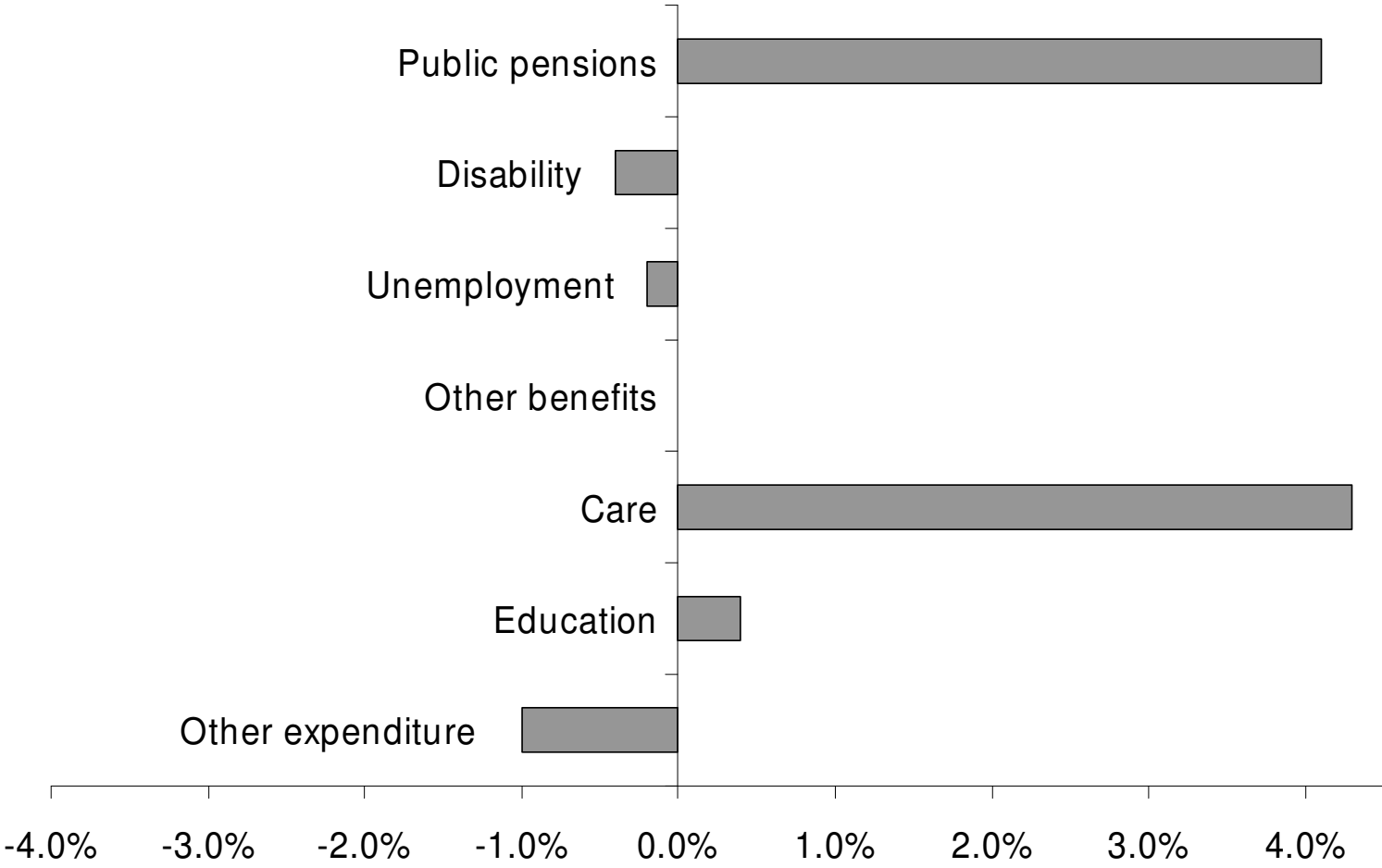
Figure 4.3 Age profile of net benefits (1 000 euro), 2006

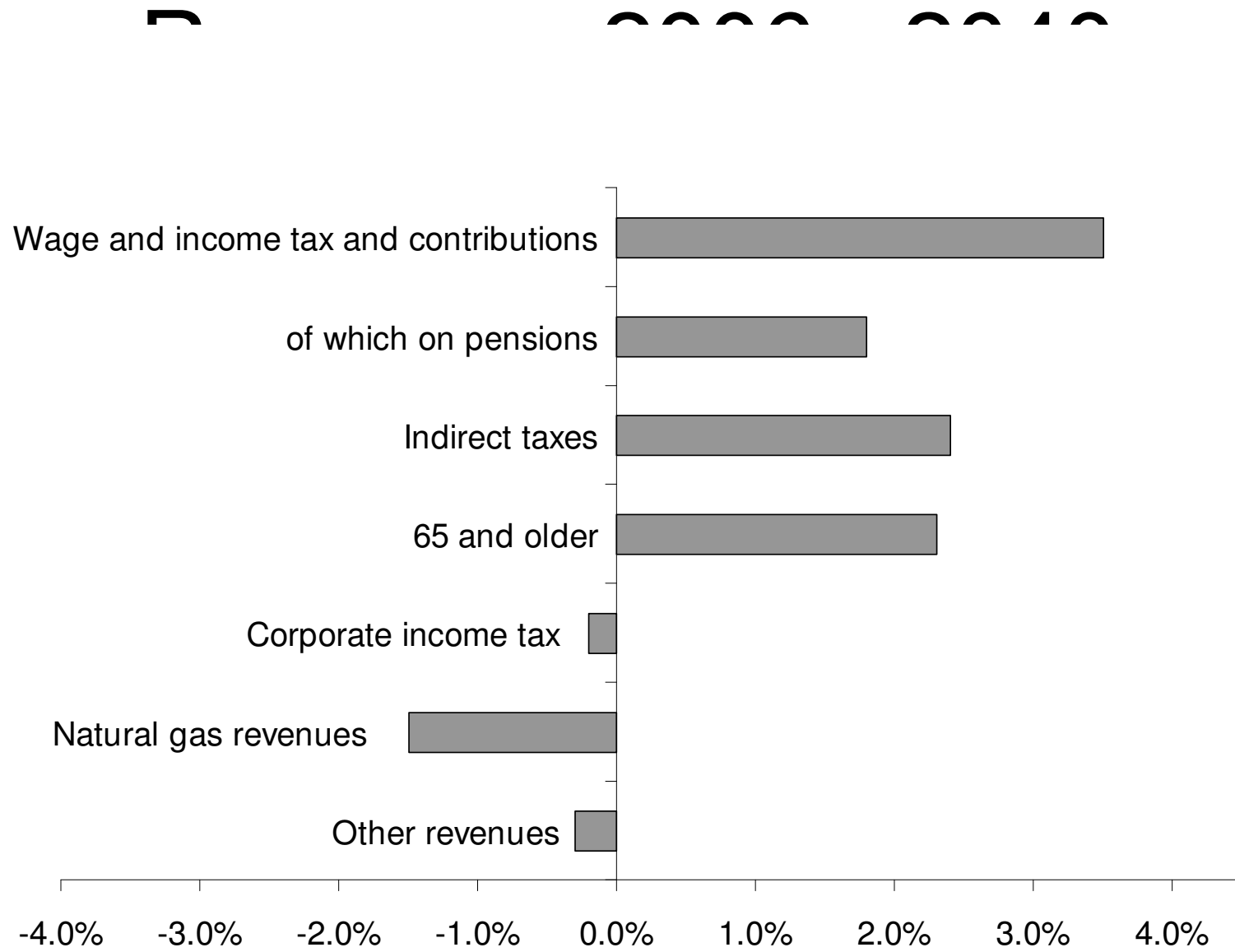


Public care & age in 2008

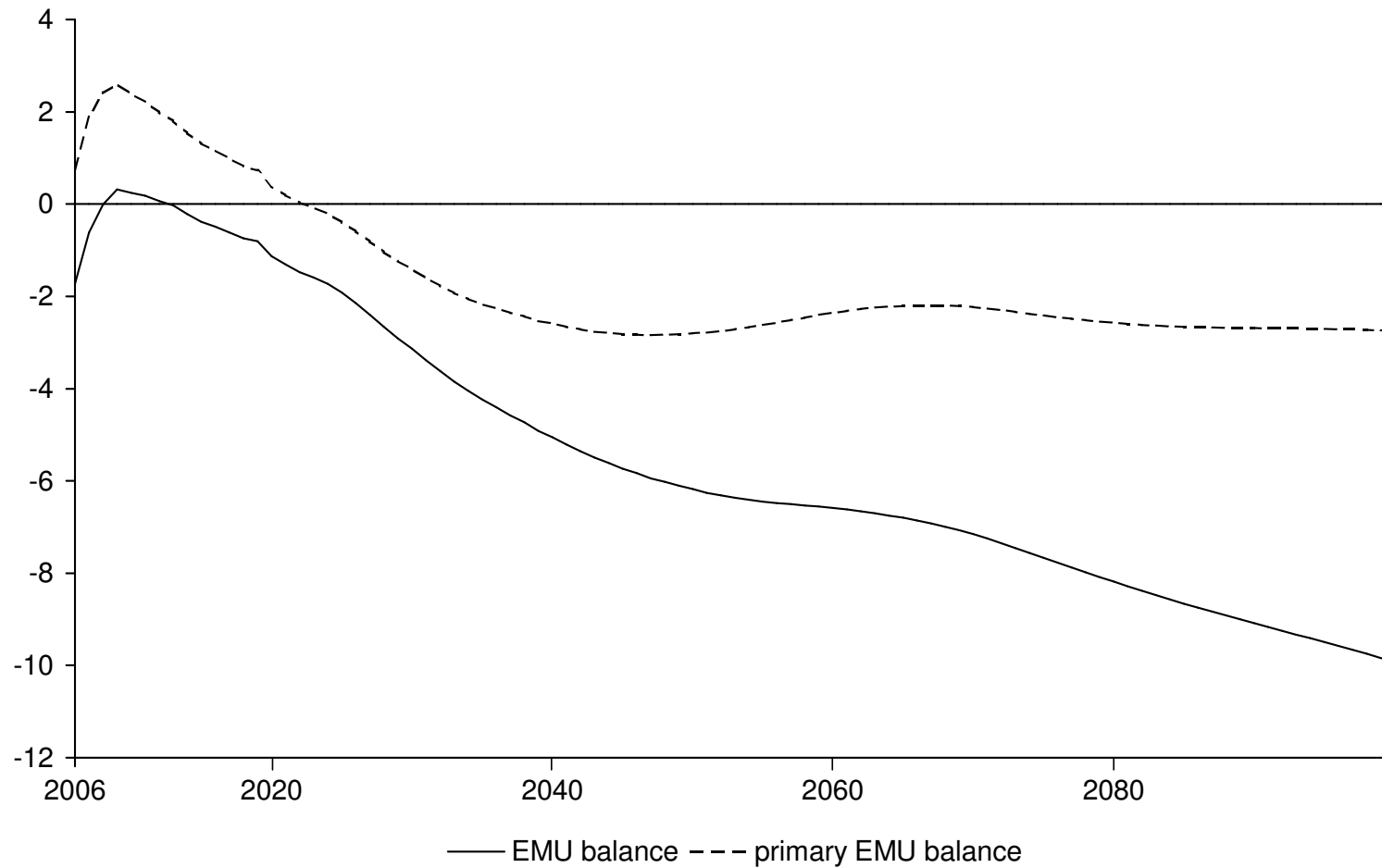


Public expenditure 2006-2010



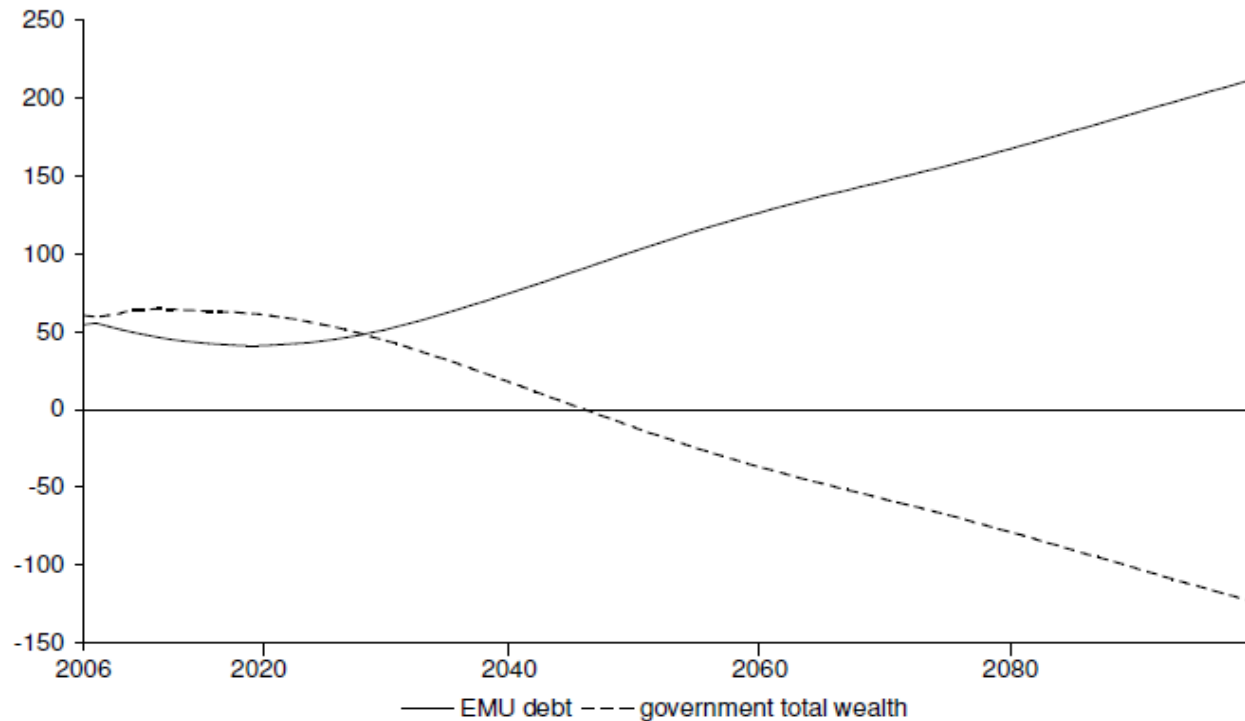


Primary balance en total (EMU) balances



Exploding public debt

Figure 5.3 EMU debt and government total wealth without budgetary measures in the baseline projection (% of GDP)



Solutions: no pain, no gain

- Reduce public debt
 - Increase taxes
 - Reduce public spending
- Reduce future spending (PAYG)
 - Public pensions
 - Public health care spending
- Increase participation
 - Immigration or fertility do not work well
 - Need for policy reform