

A Comparative Study on Social Policy Reforms for Facing the Ageing Population in Japan and Italy

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Abstract

This study is conducted to analyze the social policies taken from two different countries—Japan and Italy—on facing the issue of an ageing population. Japan and Italy are chosen as the subjects of this study because both countries have similar demography and socio-economic backgrounds. This study focused on analyzing the policy approach on tackling the ageing population issues, especially related to the birth rate, economy, and labour force. The purpose of this study is to identify and compare the effectiveness of these social policies taken in both countries. This study is based on desktop research, mostly uses a secondary data analysis approach through online publications, reports, and regulations from the government and related organizations. The result of this study implies that both Japan and Italy have been successful in reducing the impacts of an ageing population. Both countries have similar policies approach related to these issues, such as the economic support for a family with children, work-life balance policies for career parents, and retirement age adjustment. However, related to migration policy, Japan is more restricted than Italy. The Japanese government has a preference to expand its international investments, rather than increasing the migrant entrance. Based on the lessons learned from Japan and Italy, I propose several recommendations for Indonesia.

Keywords:

ageing population; birth rate; economic; labour force; Japan; Italy

Introduction

Managing the demographic composition is an important policy for the national development of a country. This condition is needed to keep national productivity running as well as support dependency ratios from other age groups, such as the elderly and underaged citizens. In several countries, such as Japan and Italy, in spite of having more productive citizens, those countries have a higher proportion of elderly citizens. In contrast, the birth rate of their younger generation is also stagnant. Facing this issue, the governments of both countries should produce some social policies concerning the participation of labour force and the availability of successor generation in order to minimize the impact of this disadvantageous condition. Overall, both countries have been succeeding in overcoming several challenges of ageing population by

reforming their social policies such as providing parental leave policies, child incentives, elderly labour benefits, and migration policies.

This paper will be delivered in four sections. In the first section, it will analyse the condition of ageing population in Japan and Italy. Second, it will discuss the social policies enacted by the government of both countries related to the issues of labour force participation and low fertility issue. And third, comparing those social policies introduced in both countries as well as their consequences.

Method

In conducting this study, the writer uses a desktop research method as the primary resources. The data collection mainly uses secondary data which are taken from various regulations, publications, and other digital reports by the government, United Nations, World Bank, OECD, and other related organizations. The analysis method used in this article is a comparative study by analyzing government policies in Japan and Italy—which have several similar characteristics—on tackling the issue of ageing populations. There are three focuses of comparative analysis in this article: the impacts of the ageing population, the current social policies taken to tackle this issue, and the effectiveness and impacts of these social policies.

Results and Discussion

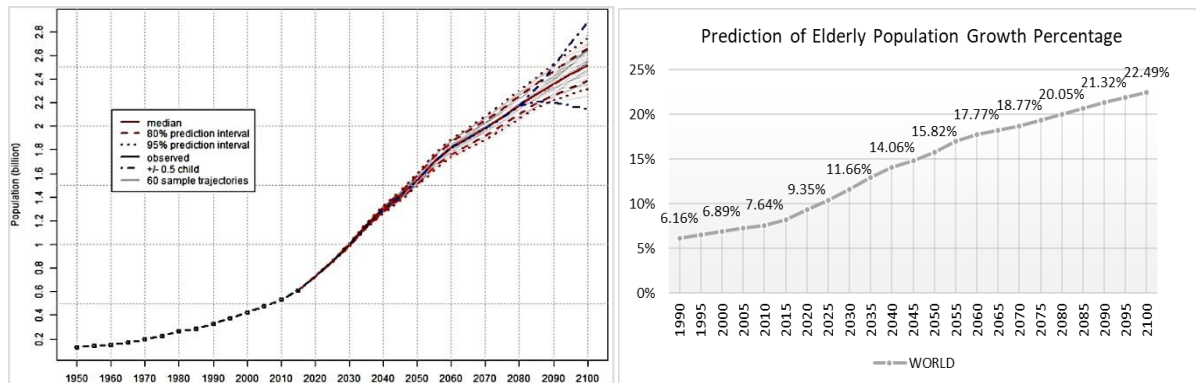
The Urgency of Ageing Populations

In this 21st century, the world has experienced the phenomenon of ageing populations in several regions, which refers to significant rises in the elderly population (65 years old and over). Having this phenomenon could mean either an achievement or a challenge for the government. It can be seen as an achievement that provides the health standard and quality of life, or it might be a disaster when the higher social and service needs, such as pension funds not come in balance with the number of active successor population in keeping the money cycle runs (United Nations Population Fund, 2012, p. 11). According to a human development report by UNDP, in 2050, the population of those elderly citizens will be doubled or even tripled in size than today (Schmid, 2017). In other words, this issue will become even more challenging in the future if the government does not take an action from now on.

This phenomenon is also justified by the United Nations report in 2017. As can be seen in figure 1, total number of elderly citizens around the world is recorded to rise, from just under 0.4 billion, or 6.16% of the total population in 1990, to become approximately 0.6 billion in 2017. Moreover, this number has been predicted will gradually increase to become 2.5 billion, or

22.49% of the total population in 2100 (which also projected from total fertility and life expectancy at birth).

Figure 1.
Future Prediction of Older Population in the World



Source: United Nations, Department of Economic and Social Affairs, 2017

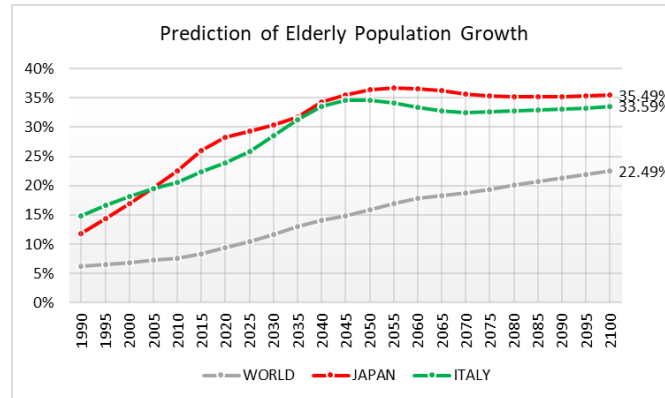
However, when the increasing of ageing population is not supported by enough proportion of the productive one, it will raise the dependency ratio which burden those productive citizens and also threaten the national stability, including economic, social, and political implications (United Nations, Department of Economic and Social Affairs, Populations Division, 2015, p. 5). Moreover, ageing populations tend to surge faster in more developed region as a result of emerging industrialization than in underdeveloped one (Samorodov, 1999, pp. 3-4). Unfortunately, today, both Japan and Italy are the two of several countries that have suffered from this issue in their societies.

As the second highest GDP scorer in Asia after China (World Bank, 2017), Japan evidently has a struggling condition related to the lack of productive human resources within its society. From the reports by DESA (2017) on figure 2, as higher than the percentage of older population in the world's median, the total composition of elderly citizens in Japan has surged from approximately 12% in 1990 to just over 25% in 2017, thus, also predicted will increase to 35.49% compared to other age groups. This condition brings Japan to become in the first list of all countries with the highest proportion of aged 65 or older population in the world (United Nations Population Fund, 2017).

Similar to Japan, Italy has become one of the European countries with the highest composition of older citizens and also stands in the second list after Japan in the SWOP report by UNFPA (2017). The line graph on figure 2 shows their composition was slightly higher by 4% than Japan in 1990. However, the growth of Japanese elderly is faster than Italy in previous years

and predicted will ends up in level 33.59%, but still much higher than average elderly composition in the world which only 22.49%.

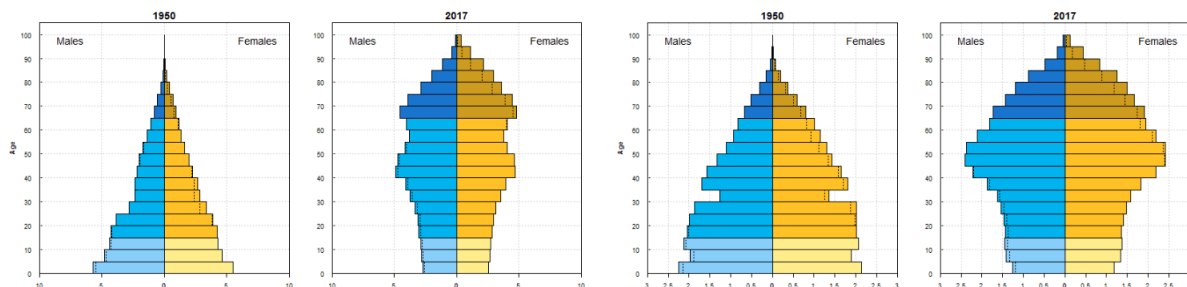
Figure 2.
Elderly Population Growth in Japan and Italy Compared to the World's Median



Source: United Nations, Department of Economic and Social Affairs, 2017

Moreover, according to UN ESCAP20 (2016, pp. 5-6), the two key factors of this ageing population phenomenon are declining fertility rates and also increasing life expectancies in society. Related to Japan and Italy, it can be analyzed from the demographic composition in 1990 and 2017 in figure 3. Both countries' active citizens (inside the red boxes) are declining as a result of a birth rate stagnancy that even tends to be lower in the next following years, yet the higher life expectancy in society pull-ups the elderly citizens to the top of the pyramids. In the end, this condition will lead to a higher dependency ratio in both upper and lower age groups, which indirectly burden those who inside the red boxes.

Figure 3.
Demographic Pyramid of Japan (left) and Italy (right) in 1950 and 2017



Source: United Nations, Department of Economic and Social Affairs, 2017

In short, on facing ageing populations, the availability of both governments' new social policies is needed to minimize a build-up impact of this phenomenon. Considering this, categorized as the high-income countries as well as the world's two highest ranking in elderly

composition, makes Japan and Italy are interesting to be analyzed. Besides, located in two different regions and also different cultures at least might affected the social policy making.

Japanese Social Policy Approaches and Reforms

Social Policy Related to Birth Rate Issue

As mentioned in previous section, one of the factors behind ageing population is birth rate decline. Related to this issue, actually in the past, after the second's world war, Japan had a sudden increase on birth rate. However, instead of continued rising through the 1950s like other developed countries in America and Europe, it only lasted for three years from 1947 to 1949 (Shmuel, 2016). It is no doubt, there is a steep demographic cliff in the Japanese active workforce age composition today. This condition is caused by several social changes in Japan society. There is a movement of equality on gender participation (*danjo kyodosankaku*) which happened after World War II. It is a movement to accept woman participation in labour force, which previously was restricted in Japanese tradition. In that time, Japan's government's main focus was to build up an economic crisis after the war crashed as well as empowering woman to join the labour force (Coulmas, 2007). It was recorded in 1969 there are 46% of total women population participates in labour force. Then, the ratio steadily increased to 64% in 2014 (The Federal Reserve Bank of St. Louis, 2013).

The other factors are late marriage trend (*bankonka*) and late delivery trend (*bansanka*) happened in the middle of the 1980s, where many of young people postponed their marriage in case to have a higher level of education as well as career goals. The average of marriage ratio in Japan is recorded in the age of 29.6 for men and 27.8 for women (Coulmas, 2007, pp. 9-11). Moreover, according to Miyamoto, et. al (1997), in the late 1990s, the trend of the Japanese younger generation was to tend to have a carefree life and spend a lot of money, instead of getting married and building a family. This means, more obstacles ahead for the government in increasing the birth ratio within the population.

To overcome these problems, the government initiated several social policies which are by giving child-bearing incentives and expanding provision for maternity and childcare leave (Tsuya, 2017). In Japan, these policies are managed by two different institutions which are Japan Social Insurance (health, social pension, nursing insurance, and children upbringing) and Japan Labour Insurance (unemployment and working accidents) (Tsuya, 2017).

Initially program of child allowance benefit launched in 1972, which arranged for low-income families who have at least three children. The benefit (JYP 3000) only given to their third to the next child, and started from the child's birth to under 5 years old. But, started from 2010,

the benefit has covered all children in their family which will receive up to JPY 13000 until they are 16 years old (Tokoro, 2010).

In 1992, the government also provides career- parents with 12 weeks of maternity leave. Since 1995, they have been given additional benefits for 50% of their monthly salary (Tsuya, 2017). Today, this benefit has been increased to 14 weeks in total and those who registered as a members of Japan Social Insurance were also granted additional take home pay up to 60% of their base salary (Tsuya, 2017).

On the other hand, both parents are also entitled to childcare leave, which allows them to leave their office duties from the time their child born until his or her first birthday. In addition, Japan Labour Insurance will cover the salary compensation during that period with total should not exceed 60% of the base salary (Tsuya, 2017).

Social Policy Related to Economic and Labour Force Participation

The increasing of life expectancy in Japan may create new opportunities for labour force. According to Ryuichi Kaneko, the health condition and capability of 75 years old Japanese today is equal to those aged 65 years old in 1960 whose categorised as the retirement age (Shmuel, 2016). In this case, citizens under 65 years old are still capable to join the labour force.

The government of Japan has increased the age requirement to receive pension benefits from 60 years old to become 65 years old (OECD, 2004). This situation will indirectly encourage the older citizens to keep participate in labour force. To support this policy, the government has introduced the Education and Training Benefit for the elderly workers since 2003, which supposed to increase their competence in labour market (OECD, 2004). In order to tackle the age discrimination for the elderly, a provision of the Employment Measures Law has been created since 2001 (OECD, 2004). This program urges the employer to give equal opportunities regardless of age on their recruitment system.

Another way to solve the shortage of labour forces is by accepting immigrants into the country. However, in Japan, their government was recorded to have an anti-migration tradition in their history. It can be analysed from the statistical data from OECD (2004) that the percentage of immigrant workers in Japan was tended to be stable through this time. This condition is caused by the strong culture in keeping ethnic homogeneity in their society traditions (Kasiwazaki & Akaha, 2006).

To increase the economic condition in Japan related to the shortage of their human resources, the government focused on establish cooperation with other nations through investment growth (Wall, 2015). For example, by opening multinational company branches such

as automotive companies in South-East Asia, those will make the company still running by using the host human resources without worrying about the lack of workers in their own country. In other words, the shortage of available worker within their borders may squeeze the economic growth, but not investment growth which can be receive from international cooperation or transactions.

Lastly, to face the active labour shortage in Japan, many companies develop a new technology to help the production or called “automation” (Wall, 2015). So, they need less human resources to operate the business.

Italian Social Policy Approaches and Reforms

Social Policy Related to the Birth Rate Issue

Italy is in the second top list countries for hosting elderly citizens after Japan. As mentioned before, the population of this age group will increase to 35.59% in 2100. In Italy, this issue is mainly caused by the lower fertility rate among their women citizens, lack of opportunities in the labour market, expensive day care service charge, and minimum of affordable housing for the youth (BBC News, 2006).

Italy is known as the center of Catholic religion, which people have been taught by Catholic culture and tradition. Strangely, in spite of having a higher birth rate than other traditional Catholic countries such as Ireland and France, Italy becomes the second lowest birth rate in Europe after Spain (Dillinaco, 2006). According to World Bank data (2017), their women’s fertility rate in 1964 was started at 2.65 children per woman. Then, this rate has been dramatically dipped with the lowest point at less than 1.2 children per woman in 1995.

The unavailability of suitable jobs, especially for the youth in Italy also become a problem. It recorded up to 43% of young people aged 15- 24 work on temporary contract, which means no minimum wage, no protection for job loss, and less health benefits and maternity leave (East- West Center, 2017). As a result, more than 44% of people aged 25-35 still need a support and live with their parents because of the lack of opportunities in labour market as well as unaffordable housing and low social protection (East-West Centre, 2015).

Inflexible work schedules usually makes them have to choose between their career or family. It is caused by the minimum policy for parental concerns, and the lack of affordable child cares around Italy make this problem become more worst (East-West Centre, 2015). In this case, more married women tend to leave their jobs after they have children or have a parents help to take care of their grandchildren.

To prevent any further impact, the Italian government have several solutions, such as

offering a EUR 1000 incentive by lump sum to a couple who have their second child, which started to run in 2004 (Dillinaco, 2006). Another solution is by offering generous parental leave, which covers 21 weeks of maternity leave with 80% compensation of salary for the mother which organized by INPS 24 (Ray, 2008), and a one day leave with full compensation of salary for the father in accompanying their wife. In addition, their government also provides six months of child-care leave without salary, except for those who are categorized as single parent is granted up to ten months of child-care leave with a 30% of salary benefit (Ray, 2008). By enacting these policies, the government wants to encourage their citizens to have more babies in the future.

Social Policy Related to Economic and Labour Force Participation

Related to social security coverage for ageing people, the Italian government has reformed three main pension benefits, which are: Amato reform in 1992, Dini reform in 1995, and Fornero reform in 2011 (Gabriele, Tundis, & Zaninotto, 2017). In the first reform - Amato, the retirement age was increased by one year in every two year periods, until it reached a maximum to 65 years old for men and 60 for women (Gabriele, Tundis, & Zaninotto, 2017, pp. 7-8). Three years later in 1995, the previous defined benefit system was replaced with a national defined contribution system in order to balance the benefits given according to the average growth of national GDP in the last 5 years. However, due to slow impact of pension spending through this reform, in 2011, it accelerated the transition toward a national defined contribution system as well as increased the retirement age to 66 years old for males and 62 for females. There is also an additional policy which modified the previous pension system which only considered the age to substituted with minimum 42 years participation in labour force (Gabriele, Tundis, & Zaninotto, 2017). Due to the decreasing number of active ages citizens available in Italy, those several reforms in pension benefit policy is targeting higher active life span in the labour market, including the older ages citizens.

In relation to migration policy, Italy is more open to immigrants. Migration may have a strong impact on granting such amount of active workers available in the country as well as increasing the fertility rate, which is beneficial to Italy in countering ageing population (Testa, 2000, pp. 8-9). The presence of immigrant workers can fill the jobs needed in several sectors, such as low- skilled jobs in Northern Italy, as well as meets the demand in housework sector and personal services, which cannot be fulfilled with local labour supply (Testa, 2000, pp. 8-9).

However, according to previous research, the key of this ageing population issue is can be neutralized if fertility and threshold ages adapt to the new circumstances. Immigration will

not solve the aging problem but only make it slightly more manageable for the Italian government (Santis, 2011, pp. 60-61). Then, by combining both initiatives to increase the fertility rate and labour force from migrants, it may solve the condition in Italy (Santis, 2011).

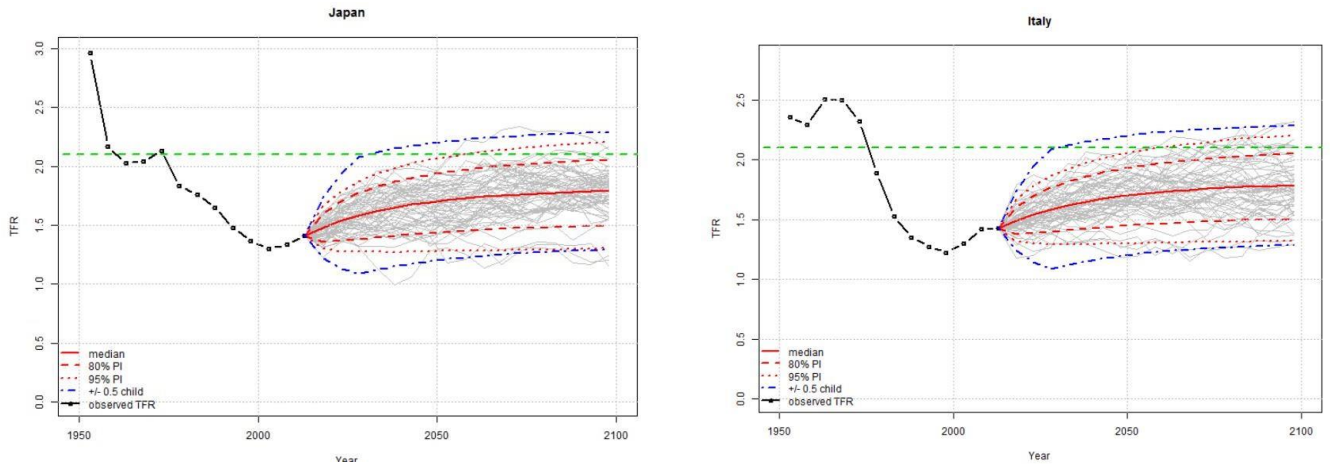
Social Policy Comparison between Japan and Italy

In the previous sections, it was already described that Japan and Italy have a similar problem in facing ageing population. There are some similar social policies introduced by the government in the societies of both countries. Related to increasing the birth rate ratio, both countries have family incentives and parental leave policies. In Italy, their government gives one-time payment incentive up to USD 1200 by lump sum to a family with two child dependents. In comparison, the government of Japan is more generous by providing monthly benefit upto JYP 13000 or USD 115 for all child dependants under 16 years old (Tokoro, 2010). This policy proposed to make sure there will be an adequate generation to maintain the future economic condition, but the consequences of this policy might come to a higher allocation of public spending.

Another policy is work-life balance programs which consist of maternity leave and child-care leave. In Japan, the total of maternity and child-care leave are 58 weeks all together which paid up to 60% of their salary, while in Italy, the total is 44 weeks of paid leave up to 80% of their salary and 20 weeks of unpaid leave (Ray, 2008).

According to United Nations, prediction on figure 4, Italian fertility rate has steadily increased since 1995 then followed by Japanese in 2005, which predicted to keep increase through 2100. This condition was caused by several policies reforms related to child incentive and work-life balance programs in those periods.

Figure 4.
Woman Fertility Rate in Japan and Italy

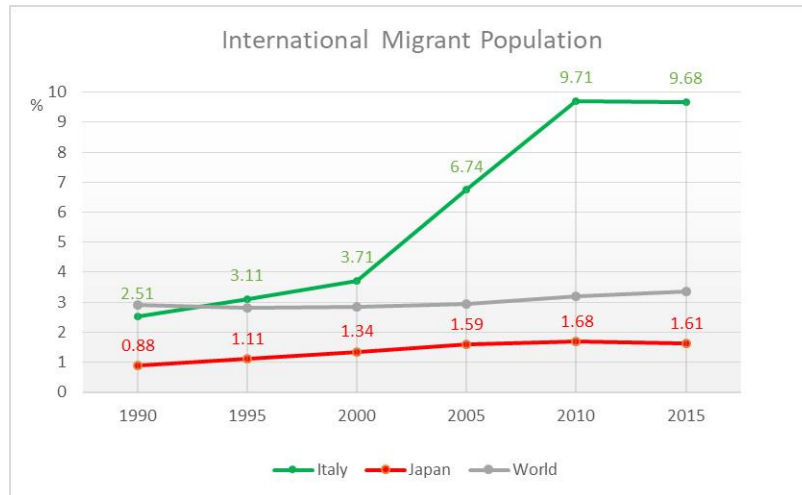


Source: United Nations, Department of Economic and Social Affairs, 2017

Related to labour force participation, both countries have similar policies for increasing the retirement age, but instead of having a universal retirement age up to 65 years old such as in Japan, Italy has a different age limit regarding the gender which is 66 years old for men and 62 for women (Gabriele, Tundis, & Zaninotto, 2017). Having older workers might mean keeping their valuable skills in a company over a long career, but the consequences it may also further burden the companies' production costs, because they have to pay the accommodation and extra salary and health benefits for those elderly participants who still join in production past the retirement age (Shmuel, 2016).

On the other hand, related to migration policy, Japanese is more restricted than Italy, due to traditional concept of keeping ethnic homogeneity (Kasiwazaki & Akaha, 2006). In Italy, the government accepts those who can fill the available job opportunities in their country. It can be seen on figure 5, the United Nation report shows the percentage of immigrant in Italy started from 1990 is higher than Japan by 1.63% difference from total population. Surprisingly, the trend was dramatically surged to become 9.68% of the total population, seven times higher than Japan's immigrant composition in 2015.

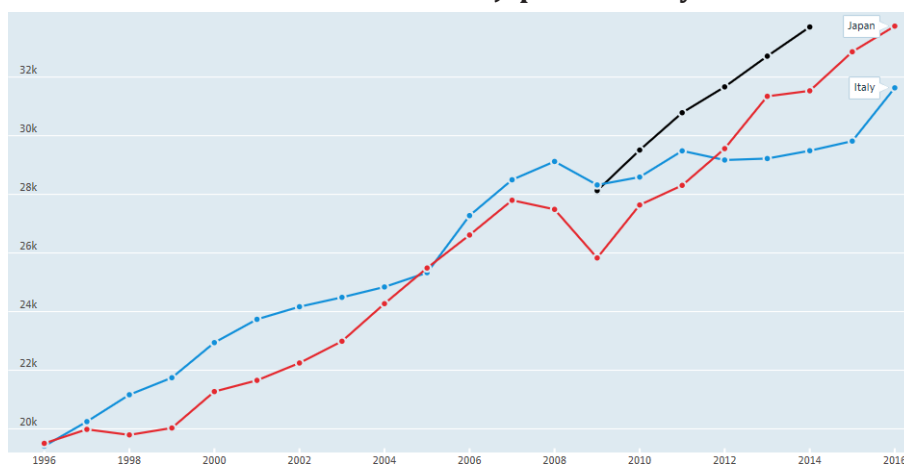
Figure 5.
Migrant Population in Japan and Italy



Source: United Nations, Department of Economic and Social Affairs, 2017

However, this condition does not make Japan national income to become stagnant. Interestingly, according to OECD data on figure 6, their income is recorded USD 2100 higher than Italy, which recorded up to USD 33,710 percapita in 2016. This condition might happen because the government of Japan started to expand their production to another country, which might reduce the demands of labour force, but keep the national economic stable through foreign investment (Wall, 2015).

Figure 6.
Net National Income in Japan and Italy



Source: OECD, 2017

According to the Esping Andersen theory of welfare regimes (2012), in providing previous social policy, Italy can be classified as conservative. In contrast, Japan which previously also can be related to a conservative regime because their government focused on achieving equality especially for the poor, recently their government provide some policies which slightly related to the neo-liberalism nation which focuses on fulfilling the market needs such as labour force and expanding the investment.

Lesson Learn for Indonesia

In Indonesia, the number of elderly citizens will also increase in the coming years. As can be seen on figure 1, in contrast with the composition of other age groups which tends to decrease by 2035, the percentage of the older people will increase from just 4.5% in 1971 to 15.8% in 2035 (UNFPA Indonesia, 2014). Surprisingly, previous research conducted by Arifin and Ananta (2016) finds that in Yogyakarta (one of the Indonesian regions), the proportion of the older population aged 60 years old and older already reached 13% in 2010.

Figure 7.

Indonesian Population by Age Group Compositions



Source: UNFPA Indonesia, 2014

This phenomenon could be seen as an achievement in providing better health standards and life quality in society. However, the increasing older population accompanied by the declining of productive age group might become a serious challenge to the national productivity and stability (United Nations Population Fund, 2012, p. 11).

According to UN ESCAP¹ (2016, pp. 5-6), there are three key factors behind the phenomenon of an ageing population in a society in which there is a declining fertility rate,

¹ Economic and Social Commission for Asia and the Pacific (United Nations Assembly)

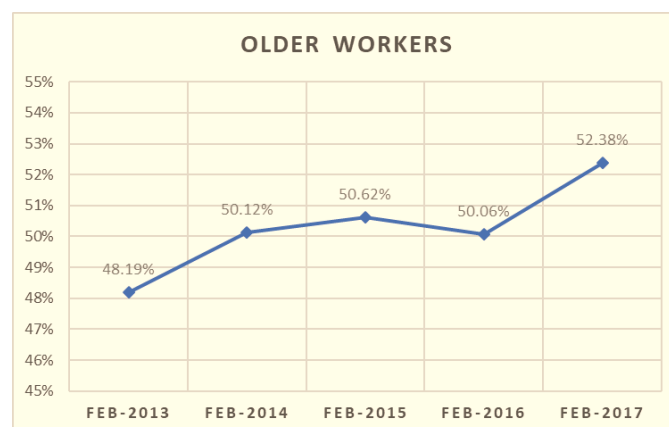
increasing life expectancy, and also migration. In Indonesia, the fertility rate among female citizens will have declined from 4.73 childbirths per woman in 1980 to only 1.9 childbirths by 2035. Life expectancy at birth is also predicted to increase to 72.4 by 2035 (UN Department of Economic and Social Affairs, 2015).

An increasing ageing population means a higher dependency ratio which might be a burden on productive citizens and also may threaten a country's development, including having economic, social, and political implications (UN Department of Economic and Social Affairs, 2015, p. 5). According to the United Nations report, the old-age dependency ratio² will have increased from 7.6 in 1971 to 15.6 by 2035, and the potential support ratio³ is projected to continue declining and will have fallen to 6.4 by 2035 (UNFPA Indonesia, 2014).

An unmanaged ageing population will affect the economic growth and the sustainability of development in the future. To maintain the economic growth, the government should support the elderly citizens to maintain their participation in the labour market, as well as provide the basic needs for their daily activities. According to the Indonesian Bureau of Statistic's reports from 2013 to 2017 (figure 2), the number of active elderly workers increased from 8.9 million or 48.19% of the total elderly population in 2013 to 12.2 million or 52.38% in 2017. This number shows that the elderly citizens still have the ability and capability to participate in the labour market, even in their pension age.

Figure 8.

Elderly Worker Composition in Indonesia



Source: Badan Pusat Statistik, 2013, 2014, 2015, 2016, 2017

However, in Indonesia, those elderly workers are mostly close to a vulnerable condition.

² Ratio from citizens aged 65 years and over per 100 citizens aged 15-64 years

³ Ratio from population aged 15-64 years divided by the population of those aged 65 years and over

According to the recent report, up to 87% of those active older workers are found to work in informal sectors such as agriculture, forestry, fishing, and retail trade (Badan Pusat Statistik, 2017). Furthermore, more than 54% of them are underpaid which recorded only less than a million rupiahs or USD 73 per month (Badan Pusat Statistik, 2016).

This condition happened because of inequality in several sectors, such as job opportunities and social protection at work which make them vulnerable. Many companies and organizations in Indonesia still discriminate based on age in recruitment. It is common to see in many job vacancies advertised with an age limitation as a requirement. Moreover, according to Indonesian Government Regulation PP No. 45/2015, workers can get their pension at the age of 56. Due to this regulation, many offices are probably pressuring their older employees to retire, so that they can be replaced by a younger staff. In the end, when the elderly retire from their job and still need some money for daily consumption, they will probably have little opportunity to re-join the labour market.

From a traditional perspective, taking care of parents and the elderly is usually the responsibility of younger family members. However, nowadays, many younger people have migrated away from their hometowns due to economic pressures. This may mean that responsibility for social welfare tends to shift from a traditional family approach towards modern approaches such as participation in government social security programs. In other words, the government also needs to make sure that social protection is accessible not only for those who are categorized as being in an active age group but also for older people.

Creating Opportunities for Ageing Population

To improve the welfare of the elderly, first, the government should eliminate all the problems of inequality for elderly citizens in the labour force. Related to job opportunities, firstly, the government should persuade the labour market to use working experience and working capability instead of using age limitations to their job requirements. Secondly, the government may propose a flexible retirement age for those who have to reach a minimum retirement age. For example, when someone has reached retirement age he has a choice to continue working as long as he has a capability to work. But, for those who do not perform well in the company regardless of their age, the employer still has the right to fire them.

Related to inequality in social protection, first, the government should re-evaluate the informal worker regulation which is limited only up to 56 years old, in order to give opportunities for elderly workers to access work force social security. Secondly, for those categorized poor or vulnerable elderly workers, the government should facilitate them with free

access to work-related social protections. By minimizing the inequality in accessing job opportunities as well as social protection, the elderly citizens who still have the capability to work can still participate in the labour force. This is also beneficial to the company and the employer because it means they can keep their valuable skills in the company over a long career.

Another way to optimize the opportunity of economic development in ageing population demographics, firstly, the government should increase the education accessible to all citizens, by giving them free education from primary to high school or higher, they will have more opportunities to get a proper job in the future (Affandi, 2009). For that elderly worker who still able to work, the employer should give them an additional skill training and development in order to accelerate their capability in labour market competition. Secondly, the government should provide a fair old-age income security, especially for those elderly who cannot participate in the labour force, so the elderly can still afford their daily needs. Thirdly, improving the infrastructure to make more acceptable for older citizens may also increase their productivity (Arifin & Ananta, 2009). By doing so, the elderly can become an independent person which not become a burden to the family. Moreover, their participation in the labour force will also contribute to the economic stability and accelerate the country development.

Conclusion

Both Japan and Italy are now facing the same problem of ageing population in their social composition. The stagnancy of the fertility ratio and longer life expectancy make the number of active citizens which becomes the main engine for economic production, is declined though the periods. If this condition is continued to be ignored, it will create a steep gap between increasing dependent age groups (not economically active citizens) and decreasing supporting age groups (economically active citizens), which result in national instability including economic, social, and political implications.

Come from such different backgrounds, both governments of Japan and Italy offer some similar policy to minimise this issue. In order to increase the birth rate among citizens, both countries provide the families with children incentive support as well as giving adequate benefits for those working parents (parental and maternity leave). Then, to increase the labour market participation level, both countries enacted policies to expand the working age span of their citizens without neglecting the basic need for social benefits such as pensions. Related to immigration, these countries took different decision. In spite of Italy which encourage more immigrants to enter their country's borders, Japan slightly limited those actions. In advance, Japan has already replaced the need of human resources with automation due to the shortage

of available workers. Moreover, instead of depending on their own limited number human resources they have, Japan tends to increase their GNI by investing and expanding their multinational companies to other countries.

According to this analysis, it can be underlined that both countries have been succeeding in overcoming several challenges of ageing population by reforming their social policies. In this case, there should be a social policy adjustment in the future related to other society changes.

Contextualizing this issue to Indonesian context, we may suggest the following recommendations. Firstly, the government should encourage those elderly who have the capability and passion to keep participating in the labour force by minimizing the inequality that usually occurs among the elderly in labour force, including job opportunity and social protection. Secondly, the government should optimize other sectors such as proposing a flexible retirement age, improving the education standard, income protection, and also suitable infrastructure for elderly citizens. By providing accurate social policy, the government can turn the phenomenon of an ageing population into new opportunities for the economic stability and country development.

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