

Intergenerational Imbalance and Fiscal Reform in Japan : Approach with Generational Accounting ^{*}

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The results of this paper are totally revised in 1 Feb. 2006. Please refer Discussion Paper No.287.

Abstract

The aim of this paper is to evaluate public debt and generational imbalance of Japan under the aging with generational accounting method. Based on basic way of generational accounting with 1.5% growth rate and 5.0% discount rate, we have got the results of Japanese generational accounting of year 2000.

1. In case A, where educational expenditure is treated as governmental consumption, generational imbalance will be ~~=220.1%~~. This means future generations must pay more than 3 times net burden than current generation.
2. In case B, where educational expenditure is treated as transfer, generational imbalance will be ~~=512.1%~~. This means future generations must pay more than 6 times net burden.

Main result is listed in the next page.

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Table 1: Japanese Generational Accounting Result of year 2000
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Age in year 2000	Case A		Case B	
	1995	2000	1995	2000
0	143.4	138.0	73.0	66.6
5	169.3	172.5	90.9	96.7
10	200.1	204.9	135.4	146.3
15	235.9	237.3	187.4	199.2
20	278.1	272.0	257.4	255.5
25	295.2	282.1	295.2	281.8
30	297.8	278.9	297.8	278.6
35	287.4	268.3	287.4	268.0
40	263.8	234.8	263.8	234.7
45	227.7	179.0	227.7	178.9
50	173.1	94.8	173.1	94.7
55	99.0	7.6	99.0	7.6
60	11.9	112.5	11.9	112.5
65	-47.7	159.4	-47.7	159.4
70	-44.8	172.4	-44.8	172.4
75	-36.0	167.1	-36.0	167.1
80	-26.7	149.9	-26.7	149.9
85	-18.2	128.5	-18.2	128.5
90	-9.7	82.8	-9.7	82.8
Future Generation	386.2	441.7	319.4	407.8
Generational Imbalance	169.3%	220.1%	337.8%	512.1%
Educational Expenditure	Consumption		Transfuer	
Unit	1000 \$ per capita in lifetime			

Growth rate 1.5% ,discount rate1.5%. Exchange rate;1 \$ =108.34Yen(average in year 2000)