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ECONOMIC DEMOGRAPHY II

The ageing and migration of the Netherlands and Vietnam

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1 Introduction

Demographic profiles of Western European and Mainland Southeast Asian countries are changing. These shifts are results of both population ageing as well as migration (natural and mechanical movements in population) caused by transition in demographic behaviour and globalisation. Ageing population and migration poses a challenge for society, governments and businesses. It is important to fully understand the roots of the demographic transition in its economic, historic, social and cultural context, only then it is possible to see the whole picture and make appropriate conclusions. By the same token, it is necessary to analyse future trends within broader background.

This paper explores the changing patterns of ageing and migration in the Netherlands (developed country in Western Europe) and Vietnam (developing country in Southeast Asia) in the past few decades and tries to outline the trends that are most likely to happen in the future and their consequences for economy, society and environment. Furthermore, this paper delves into economical and social problems induced by population ageing and migration. Nonetheless, the main aim is to show that the opportunities engendered by these demographic shifts outweigh the drawbacks.

(a) the Netherlands and Vietnam in red

(b) Adapted from: Hellerick, 2014

Figure 1: Eurasia political location map

2 Analytical Part

Population ageing is caused by both absolute ageing and relative ageing. Due to the facts that mortality decreases and life expectancy grows, people live longer and there are more older people. Likewise, natality declines, less children are born, proportion of old people increases. In European countries, population ageing creates financial burden for the society and the government and forces experts to raises awareness about sustainability of the public health, social and pension systems. On the other hand, many developing countries (for example in Southeast Asia) do not face the same challenges induced by ageing population. Notwithstanding, the process of demographic transition is inevitable and is happening everywhere around the world. The only question is when and how quickly. To fully understand demographic shifts in population it is fundamental to determinate the relevant indices that characterise population ageing. This analyses uses total dependency ratio, young-age dependency ratio, old-age dependency ratio, prospective old-age dependency ratio, ageing index, proportion of III. economic generation in population and its progress over time, proportion of people 80+/90+/100+ in population, comparison of life expectancy at birth and in age 1 to 4 years.

Data for migration is often hard to collect and disseminate. Particularly in The Schengen Area. Nowadays, due to the globalisation analysing migration trends and the motivation behind migration are more important than ever before. Migration is always influenced by country's immigrant policy and the attitude of the society to newcomers. Relative structure by age and sex is different for migrants than for the whole population. People usually do not travel far from their home country. Emigration means loss of economically active population for the country of origin, on the other hand, these people are sending money back home (remittances - inflows). Contrarily, immigrants are new young productive generation that can help the destination country to fill the gaps at the labour market. However, immigration creates cultural, social and religious frictions between natives and newcomers.

2.1 Netherlands

For the past few centuries, the Netherlands gain reputation for its freedom of thought and religious tolerance. Furthermore, this western European country was prosperous commercial and industrial centre in the region. Due to these facts, it attracted attracts immigrants of different origins. They sought to improve their economical situation or were refugees because of religious/political persecution in their country of origin. Many immigrants can be tied to former Dutch overseas colonies, for example Indonesia and Suriname (Wintle, 2005). In recent years, large number of Muslims from Turkey and Morocco has arrived (Akkerman, 2018).

The Dutch wanted to remain neutral during World War II. Nevertheless, they were drawn into the conflict and were under occupation of the Nazi Germany. The Dutch resistance was brutally suppressed, many Jews were deported to extermination camps in the eastern Europe. Dutch people suffered from food shortages during this time. After War, the Netherlands focused on the expansion in industrial and commercial sector and became one of the founding members of European Union and NATO. The Netherlands were known for its liberal social policies, for example legalisation of same-sex marriages, euthanasia, sale of marijuana etc (Wintle, 2005). The Dutch were always one of the loudest voices on the international level who pushed for change in environmental issues. In the recent decade, the Dutch society is less hospitable to immigrants and is more influenced by the populists with anti-immigrants (anti-Islam) sentiments (Akkerman, 2018).

2.1.1 Ageing

The Dutch population is aged (proportion of post-productive generation is higher than 14 %) and is going to become super-aged in few years(proportion of post-productive generation is going to be higher than 21 %). The transition from ageing population (7 % of post-productive generation) to aged took approximately 55 years, from aged to super-aged is going to take roughly 20 years. According to the projection by Eurostat from 2019, the transition from super-aged to ultra-aged (28 % of post-productive generation) is going to be about 40 years long. The ageing process was gradual at first, but then accelerated and is going to slow down in the future.

This trend is noticeable in the population pyramids. The peaks and holes in the pyramids are results of historical events in the last century. There is a peak marking a post-war baby-boom at the bottom of the population pyramid from 1960. As it might be seen in the other population pyramids, people born during this baby-boom are growing old. As it might be seen another peak roughly 25 to 30 years later, marking the children of those born after the war. Nonetheless, the other peak is not as large as the first one. As is evident, no generation after the post-war baby-boom is as numerous. The demographic behaviour has changed, families have fewer children and start a family later in life (the gaps between peaks are larger). People are expected to live longer, the proportion of people older than 80 years old is rising and is going to continue growing in the future.

Relative age structure of the Dutch has changed. In 1960s to 1980s, the proportion of pre-productive generation decreases. However, in the past few decades it remains unchanged and is going to stay roughly the same in the future. On the other hand, as demonstrated in the figure 3 (b), proportion of post-productive generation grows at the expense of economically active people. All these shifts in relative structure are presented in figure 3 (a). Total dependency ratio is significantly increasing over the years due to growing post-productive generation and fewer economically active people in the future (declining natality).
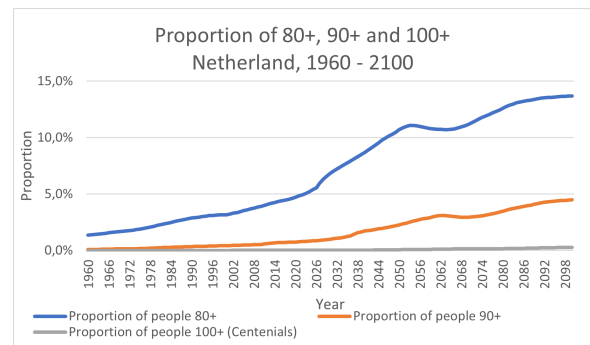

(a) Dependency ratios   **(b)** Relative structure
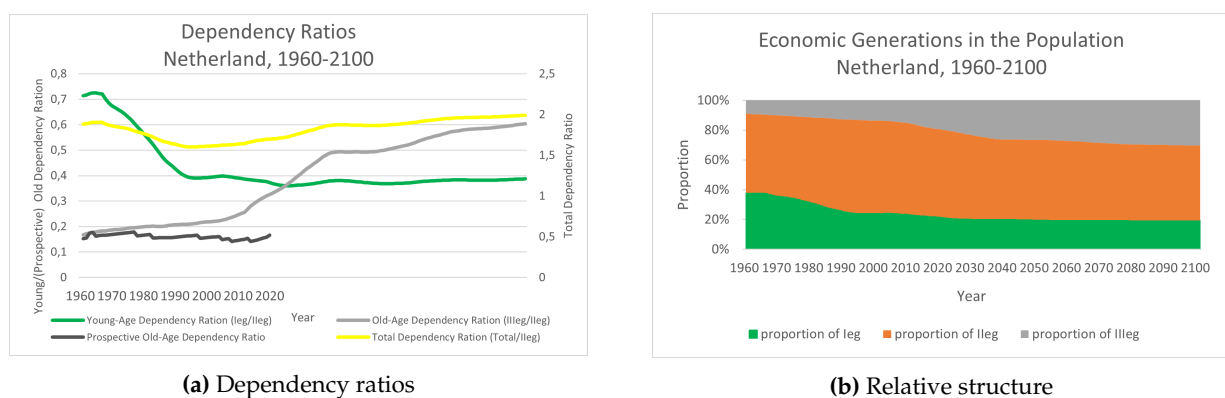
(a) Data source: Eurostat, 2022

Figure 3: Dependency ratios and relative age structure, The Netherlands, 1960 - 2100
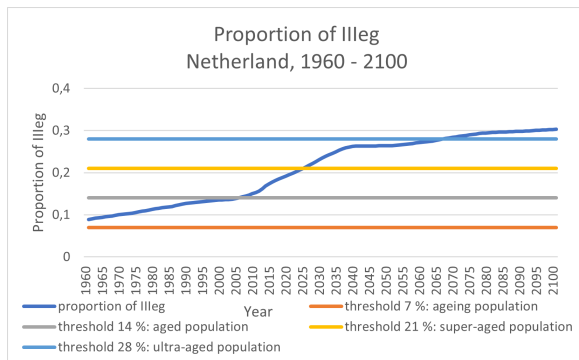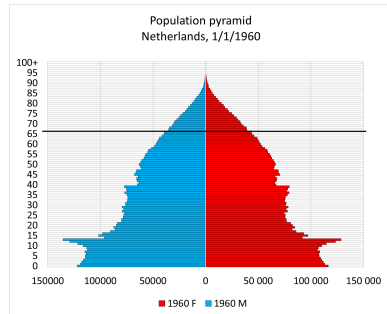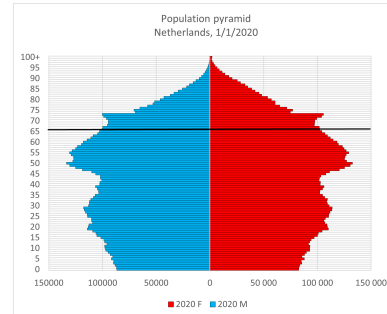
(a) Proportion of III. economic generation

(b) Proportion of people 80+, 90+ and 100+

(a) Data source: Eurostat, 2022
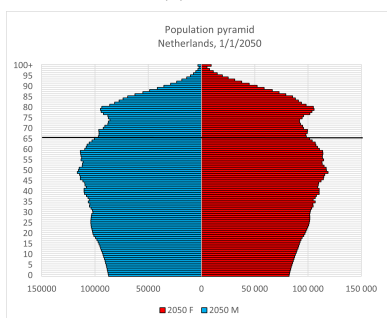
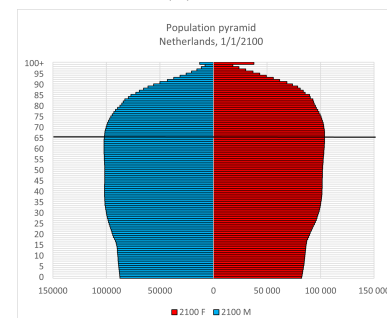**Figure 5:** Proportion of old people, The Netherlands, 1960 - 2100

(a) 1960

(b) 2020

**(c)** 2050

(d) 2100

(a) Data source: Eurostat, 2022

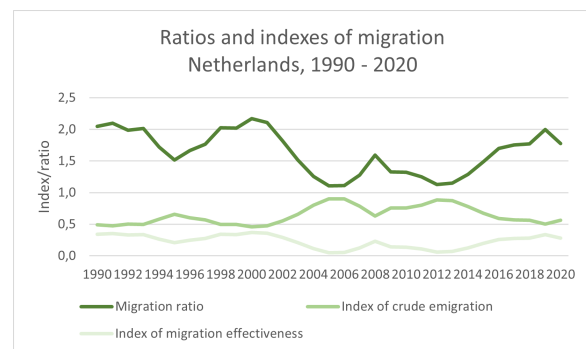**Figure 7:** Population pyramids, The Netherlands, 1960 - 2100

2.1.2 Migration

In the past 30 years, net migration was higher than 0, meaning there were more immigrants than emigrants that year. There was an increase of immigrants in 2015 to 2020 comparing to the time period of 2008 to 2014. In figure 11 (b) it is shown that more young people emigrate from the Netherlands in the last few years than before. The relative structure by age and sex of migrants is typical. Most migrants are young economically active people, men migrate more often than women, small children migrate with their families. Older people generally do not migrate. The reason is the motivation for migration. People usually seek better job opportunities, superior education or more desirable environment to raise their children abroad. Average age of emigrants did not significantly change over the time. On the other hand, average age of immigrants has been gradually rising since 2015.

In 2021, most migrants came from Poland, countries of former Soviet Union, Syria, Germany, Romania and Turkey. Overall, more than half immigrants had origins in Europe, one fifth in Asia and 10 % in Americas. Motive for migration differs for people from EU/EFTA countries and non-EU countries. For EU countries more than 30 % stated labour as the main reason, 25 % family and roughly 15 % education. On the other hand, people from non-EU countries declared labour only in 22 % cases, 35 % family, approximately 20 %education and about 15 % sought asylum in the Netherlands. Immigrants from non-EU countries are less likely to re-emigrate from the Netherlands than those from EU countries. Within 10 years after their arrival in 2005 to 2010, almost three quarters immigrants from EU countries left the Netherlands. In contrast to that, for immigrants from non-EU countries it was less than 60 %. After arrival almost 50 % of immigrants from EU countries have as their primary income source employment or self-employment and 18 % are students. On the other hand, during the first year in the Netherlands, roughly 20 % immigrants from non-EU countries have as as their primary income source employment or self-employment and 20 % live with benefits or pension as their main income source and about 22 % are students.
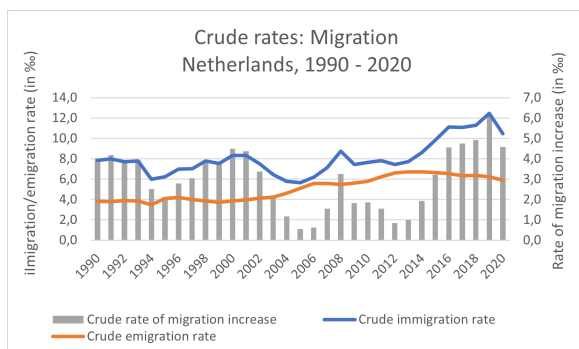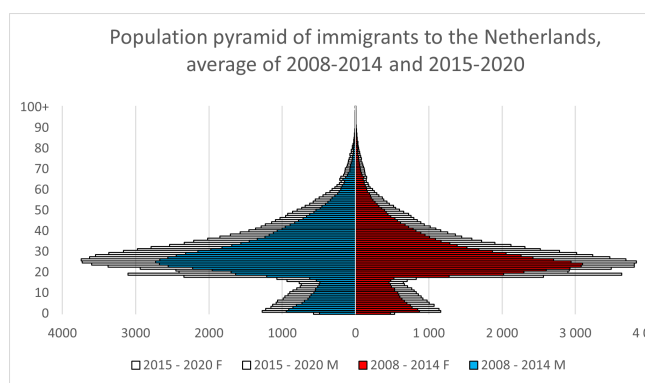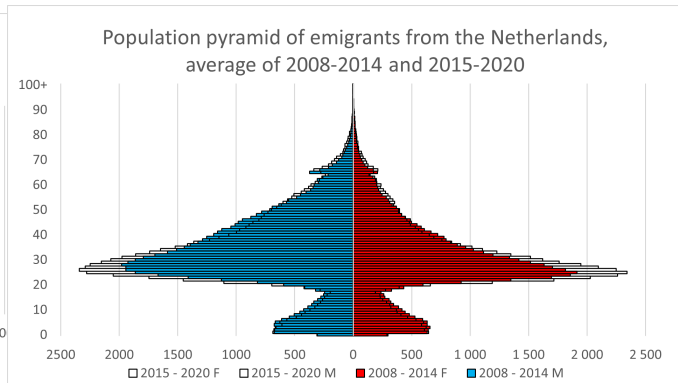

(a) Crude rates: Migration   **(b)** Ratios and indexes: Migration

(a) Data source: Eurostat, 2022; CBS (national statistics office of the Netherlands), 2022

Figure 9: Rates, ratios and indexes of migration, The Netherlands, 1990 - 2020
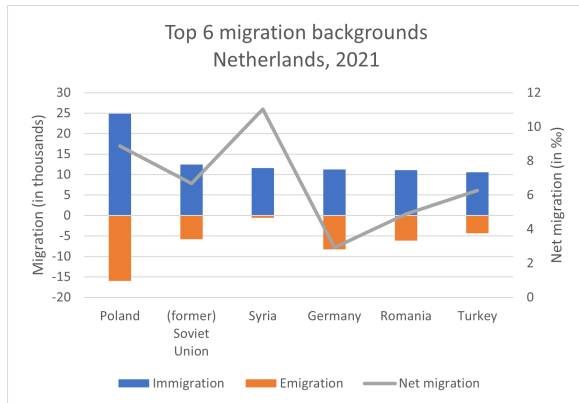

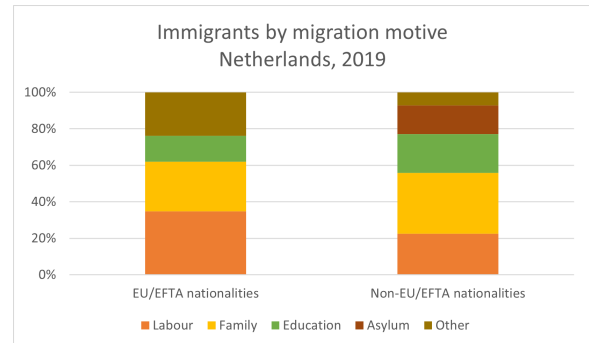**(a)** Population pyramid of immigrants   **(b)** Population pyramid of immigrants

(a) Data source: Eurostat, 2022

Figure 11: Population pyramids of migrants, The Netherlands, 2008 - 2014 and 2015 - 2020

(a) Top 6 migration backgrounds, 2021

(b) Immigrants by migration motive, 2019

(a) Data source: CBS (national statistics office of the Netherlands), 2022

Figure 13: Top 6 migration backgrounds and migration motive of immigrants, The Netherlands, 2019 and 2021
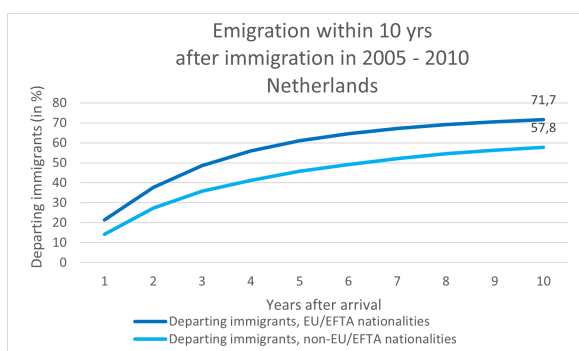
(a) Re-emigration within 10 years, 2005 - 2010
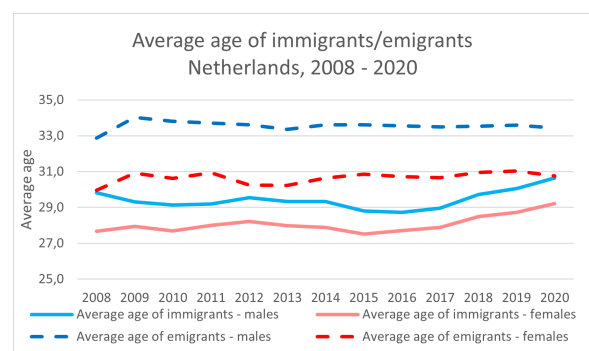
(b) Average age of migrants, 2008 - 2020

(a) Data source: CBS (national statistics office of the Netherlands), 2022

Figure 15: Emigration within 10 years after arrival and average age of migrants, The Netherlands
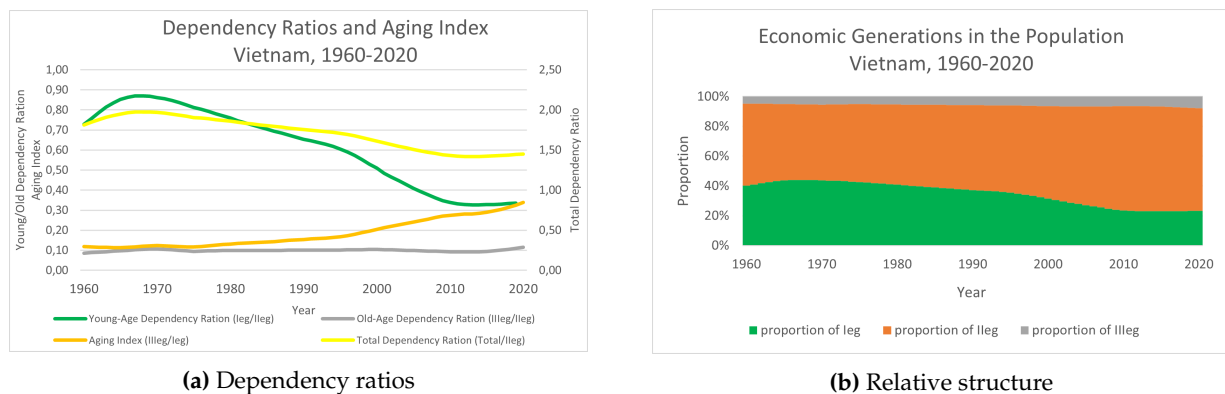
2.2 Vietnam

Vietnam is a country situated in the eastern part of mainland Southeast Asia. For the past few centuries, Vietnam is known for adapting foreign ideas, institutions, and technology and employing them to Vietnamese purposes. Historically, this concept was tied to the relation with China. In 20th-century, Vietnam alter communist movement from China to oppose western colonialism. Nevertheless, since 1980s, the Vietnamese have embraced economic liberalization and western artistic flows. Due to that, Vietnamese economy is rapidly growing in the last few decades.

At the beginning of the 20th-century, Vietnam was occupied by the French as a part of French colonial territories in the so-called Indochinese Union. During World War II, Japan invaded Vietnam and left the French colonialist administration as their puppet government. Many Vietnamese people suffered from famine caused by food-shortages. After war the French wanted to restore colonial rule but faced brutal guerrilla resistance partly supported by communist China. The United States aided the French to cease the spread of communist ideology to Southeast Asia. Notwithstanding, in 1954 the country was divided to two parts: communist Vietnam in the North with support from China and the Soviet Union and anticommunist Vietnam with totalitarian tendencies in the South with support from USA and West countries. The South never slacken in attempts to reunify the county. This local conflict turned to proxy war of the Cold War with involvement from U.S. troops. However, after the withdrawal of USA from the war, the South Vietnam fell and the country was reunify under communist government. The war left the country devastated by napalm and Agent Orange attacks that caused deaths, severe injuries and illnesses (Duiker, 2018). In the late 1970s, the relationship with the nearest neighbours - Cambodia and China - worsen and Vietnam faced international isolation with the exception of the Soviet Union and some eastern European countries (including Czechoslovakia). In the late 1980s and after the fall of the Soviet Union, Vietnamese economy began to change and opened to the world. The government enabled to establish private sector and reoriented foreign trade on new partners. Nowadays, Vietnam is popular tourist destination (Riedel and Turley, 1999).

2.2.1 Ageing

Vietnamese population is ageing (7 % of post-productive generation). Since 1960 the proportion of people older than 85 years old got 4 times bigger (from 0,5 % to 1,9 %). In the past few decades, life expectancy is gradually growing, partly due to the fact that infant mortality is declining, as it evident in figure 17 (b). In the last century, Vietnamese population was affected by wars and clashes between local military groups as well as between foreign military forces on Vietnamese land. This is evident in population pyramids. In the past sixty years, proportion of post-productive generation slightly increased.

Since 1990, proportion of economically active population grew at the expanse of the pre-productive generation. Broader productive population enables steep economic expansion. Total dependency ratio is slowly decreasing as the denominator (II. economic generation) is rising. Notwithstanding, aging index and young-age dependency ratio are gradually increasing. Productive population is slowly aging, thanks to better political and economical situation in Vietnam and better health care and technology from abroad, it is expected that people is going to live longer. On the other hand, natality is declining, no new generation is going to be as numerous to replace the current productive one. Vietnamese population is going to become aged. The transition could be much quicker than it was in the Netherlands in the past.
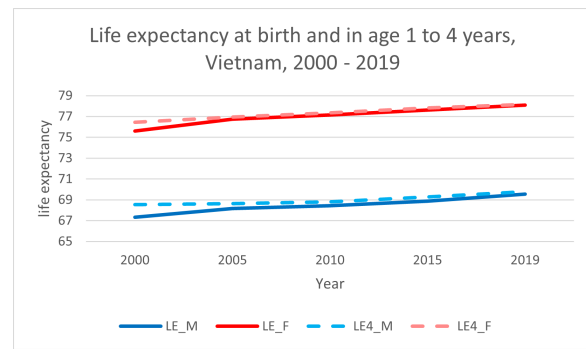

(a) Dependency ratios

(b) Relative structure

(a) Data source: World Data Bank, 2022

Figure 17: Dependency ratios and relative age structure, Vietnam, 1960 - 2020
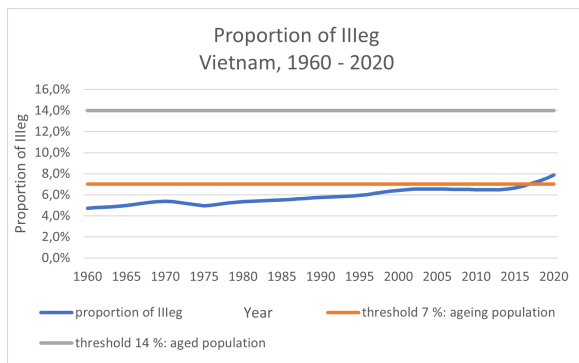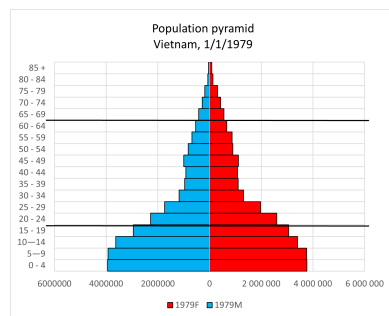
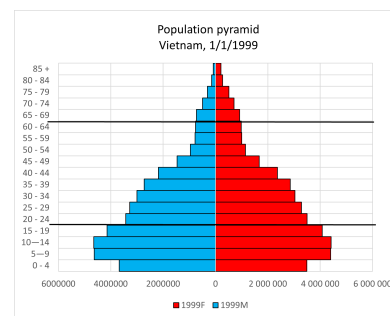**(a)** Proportion of III. economic generation

(b) Proportion of people 80+, 90+ and 100+
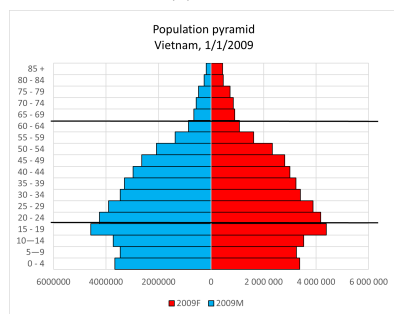
(a) Data source: World Data Bank, 2022; WHO, 2022

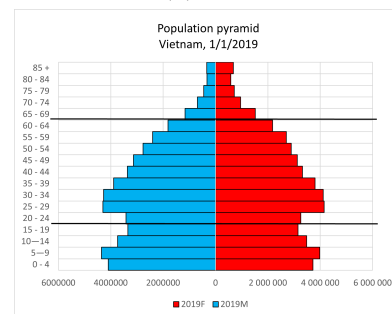**Figure 19:** Proportion of old people, Vietnam, 1960 - 2020

(a) 1979


(b) 1999

(c) 2009

(d) 2019

**(a)** Data source: World Data Bank, 2022

Figure 21: Population pyramids, Vietnam, 1979 - 2019

2.2.2 Migration

Since 1985, net migration is in red numbers in Vietnam. There are more emigrants from Vietnam than immigrants to the country. According to the projection by United Nations from 2015, this trend is going to continue in the future. Large emigration flow from Vietnam brings remittances back home. In 2013, most immigrants came from neighbourhood countries, the exception were Vietnamese workers who were returning from Libya due to the civil war in this northern African country. In the same year, most emigrants from Vietnam had as their destination the USA. Relative structure of migrant stock by age and sex differs from the whole Vietnamese population. Most migrants are men in economically active age. In figure 27 (b), it is evident that the migrant stock got bigger over the years because Vietnam successfully broke out of the international isolation. Interesting fact is that Vietnamese minority was the third largest one (after Slovaks and Ukrainians) in Czechia in 2020 and more than 14 % of all foreigners are of Vietnamese origin.
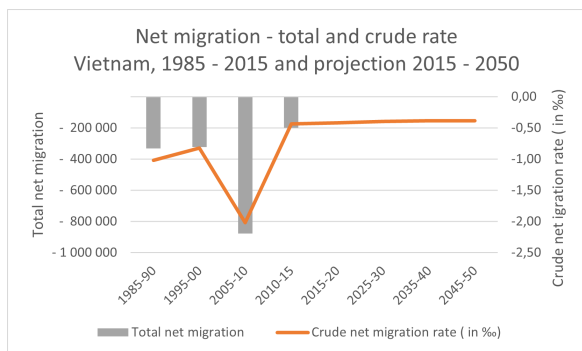
(a) Net migration - total and crude rate, 1985 - 2015 + projection to 2050
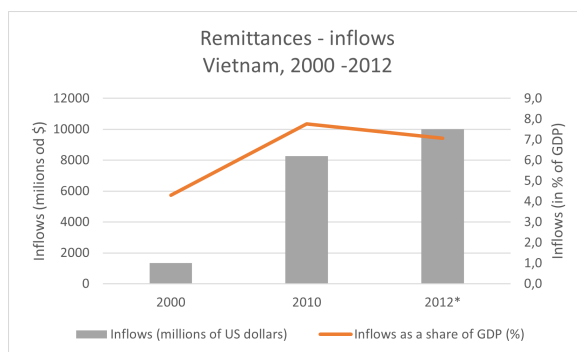
(b) Remittances - inflows, 2000 and 2010 and 2012

(a) Data source: UN, 2022

Figure 23: Net migration and remittances, Vietnam
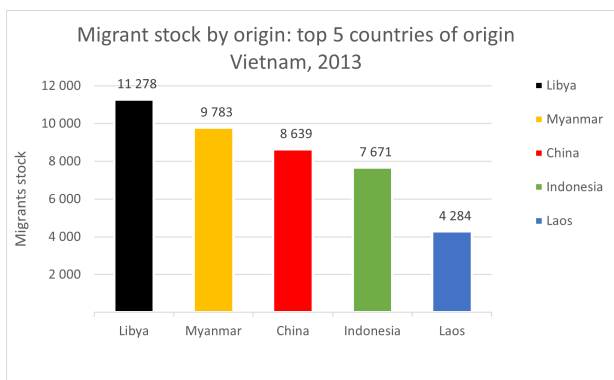
(a) Migrant stock by origin
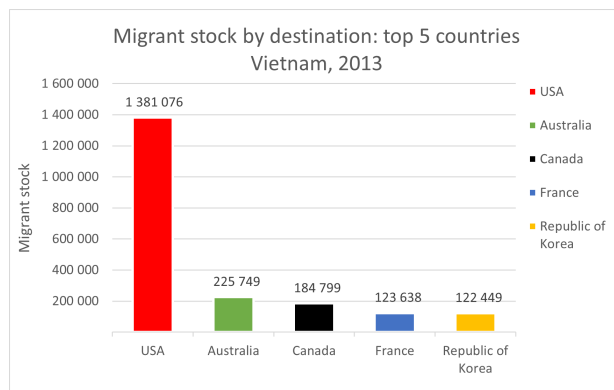
(b) Migrant stock by destination

(a) Data source: UN, 2022

Figure 25: Migrant stock by origin/by destination, Vietnam, 2013
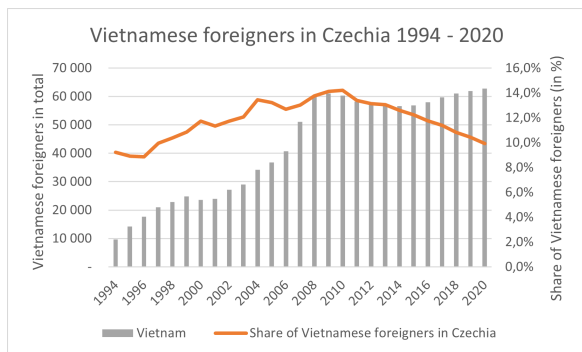
(a) Vietnamese foreigners in Czechia, 1994 - 2020
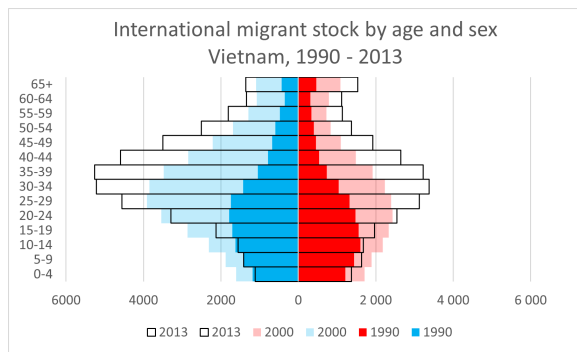
(b) International migrant stock by age and sex, 1990 - 2013

(a) Data source: UN, 2022; ČSÚ, 2020

Figure 27: Vietnamese foreigners in Czechia and relative structure of migrant stock, Vietnam

3 Discussion

3.1 The Netherlands

Population ageing analysis are essential source of information regarding sustainable public revenues and expenditures balance. The Dutch pension system is based on three pillars: mandatory flat-rate state pension funded by tax and social security contributions of all residents, quasi-mandatory occupational pension financed by employers and voluntary individual saving pension scheme (OECD, 2017). Retirement age is the same for women and men and is gradually increasing. In 2021, it was 66 years and 4 months and will reach 67 years in 2024. After that retirement age will raise according to the life expectancy for people 65 year old with limit of only 8-month growth per one year gain of life expectancy (European Commission, 2021).

Dutch population is aged. The ageing process is inevitable, it cannot be overturn. Due to that, it is vital to be prepared for it. Development of health care and technology could enable long a healthy life for Dutch population. It is essential to invest in these sectors. More people older than 80 means higher public expenses on public social services and public health care systems. On the other hand, there is going to be fewer taxpayers (fewer people in economically active age). That could lead to several outcomes.

Firstly, the tax burden could increase and retirement age will raise rapidly, however, that would not be politically popular solution. People could rely on their own savings, nonetheless, there is the risk they will lost their value due to the inflation. It is necessary to find an agreement across the political spectrum for long-term sustainable pension system that is based on realistic projections by experts. Simultaneously, it is vital to educate public about the reasons behind the system and lead them to self-responsibility for their future.

Secondly, there will be not enough workers. More and more people will need to work in occupations that take care of older people (nurses, doctors, social workers,...), at the same time, there will be fewer worker available on the labour market. One solution for this issue could be replacement migration.The Netherlands had more immigrants than emigrants in the past few decades. It is usually younger people who are brave enough to migrate to a new country. Notwithstanding, many believe that migration is not the right answer. It is logistically and financially difficult to regulate migration background of immigrants. It raises the problem of integration of the outsiders. Many times, there are frictions between the newcomers and the natives due to different cultural, social and religious background. Furthermore, immigrants are aging, too. Those who will come in a second migration wave will have to compensate for the aging of not just the original population but also for the immigrants from the first wave. The aging process of the Dutch population is fast, it will required enormous migration wave to fully compensate for it. Nevertheless, that is quite unlikely to happen.

Last but not least, the technological progress will enable to utilize robots and machines in the capacity to replace missing human labour. People will be able to spend more of their time on leisure activities without economic stagnation. The Netherlands is interested in more effective flood control and fight against pollution, both could be improve with technological progress. Moreover, because workers would get less tired and would not perform dangerous activities in their job, automation will lead to healthier population. That could create a new problem as the life expectancy will increase accordingly and the population will age faster. It is the matter which process will be quicker: population aging or technological progress.

3.2 Vietnam

Vietnamese state pension system is funded by social security contributions of both public and private employees and employers on pay-as-you-go basis, for other workers this is voluntary. In 2020, retirement age for men was 60 years and 55 years old for women (Kuhlmann and Nullmeier, 2022). It is also possible to use voluntary private pension system, however, there are almost no benefits in these additional funds and most workers do not participate in them. Vietnam is going to face a dire challenge: Vietnamese population is ageing more quickly than how quickly is the economy expanding (World Bank, 2012).

Vietnamese population is not as aged as the Dutch population. On the other hand, ageing process is faster in Vietnam. That means that Vietnam has less time to prepare itself for the challenges that engenders with older population. Nowadays, Vietnam has numerous productive generation and their economy is expanding and successful internationally. The problems of aging population have not impact them yet. Notwithstanding, the process is inevitable and is going to stun Vietnamese society. Moreover, it could be burdensome for the economy and could lead to slower economic growth in the future. That would be really unpopular and would harm the international image of Vietnam.

In contrast to the Netherlands, Vietnam cannot rely on automation and technological progress as it is still mainly agriculturally oriented country. Nevertheless, technology is definitely one of the sectors that would be reasonable to invest in. In addition to that, Vietnam should find a solution for environmental issues as air pollution, solid waste and lack of clean water due to and social and economic transitions in the past few decades.

By the same token, replacement migration would not help Vietnam to face the threats of population aging as the net migration is negative. However, emigrants from Vietnam could send back home more money. In the case of re-emigration to Vietnam, new skills and knowledge would expand Vietnamese human capital. Lastly, Vietnam should do a reform of the pension system to make it sustainable, retirement age should reflect the changing life expectancy. Furthermore, investments into transformation of the economy and into education are needed.

4   Conclusion

This paper examines shifts in demographic behaviour of the Dutch population and Vietnamese population in the past few decades and tries to describe future trends and their impact on economy, society and environment. In addition, this paper analyse economic and social issues created by ageing population and migration. These challenges are explored in broader economic, historic, social and cultural context.

In the Netherlands - developed country in Western Europe - population ageing engenders fears about the sustainability of the Dutch public health care, social and pension systems. Immigration to the Netherlands is changing the population. However, not all immigrants are the same, those from EU countries have different motivation why they came to the Netherlands and they are more likely to re-emigrate than those from non-EU countries. Nevertheless, traveling and migrating among countries in the Schengen Area is significantly easier to do and should be taken into account in this analysis. Immigration could partly help compensate for ageing population as immigrants are usually younger people in economically active age. However, concept of replacement migration has serious drawbacks and cannot ever be the only solution to fight against the negative outcomes of population ageing.

In Vietnam - developing country in Southeast Asia - the impact of population aging have not shown itself yet. Nonetheless, the process of aging is happening. Nowadays, Vietnam is benefiting from demographic transition and its economy is rapidly expanding due to numerous productive generation. Though, these perks are only temporary. Trends indicate that the process of aging in Vietnam is faster than for the Dutch population in the past (time transition from aging to aged population). Vietnam faces a problem of negative net migration, meaning emigration is higher than immigration. On the other hand, that sometimes leads to inflow of remittances.

Demographic behaviour is changing everywhere around the globe: mortality declines and life expectancy rises, length of life is longer and the proportion of older people increases. Additionally, natality decreases, women have fewer children, the proportion of economically active people declines. Immigration and emigration have its pros and cons, it is critical for a country to be prepared for both. All things considered; opportunities induced by demographic transitions in the Netherlands and in Vietnam outweigh the challenges.

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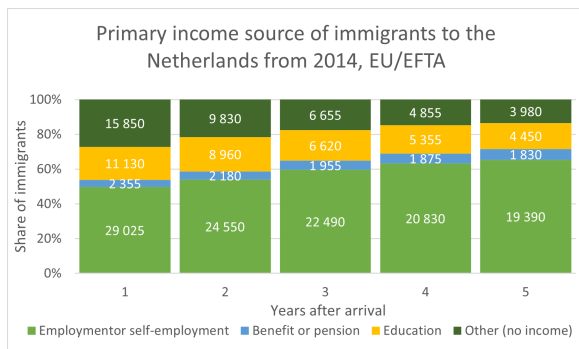
6 Appendices
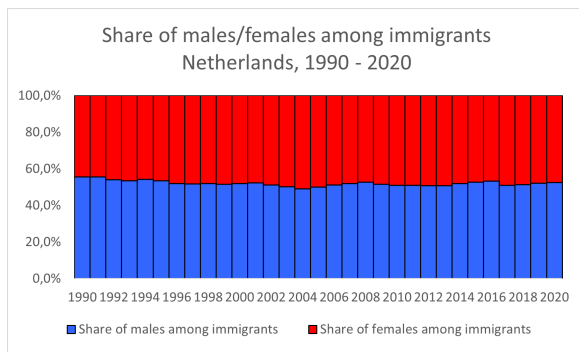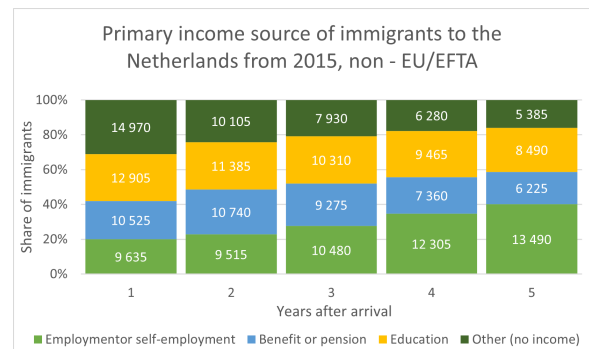

(a) Share of males/females among immigrants
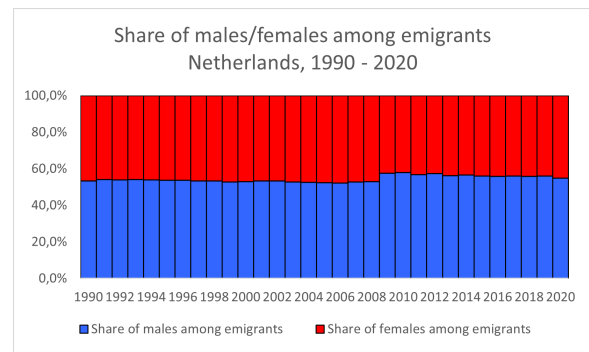
(b) Share of males/females among emigrants

(a) Data source: Eurostat, 2022

Figure 29: Share of males/females among migrants, The Netherlands, 1990 - 2020
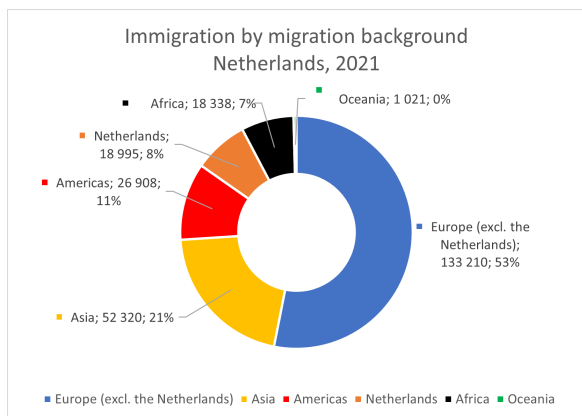

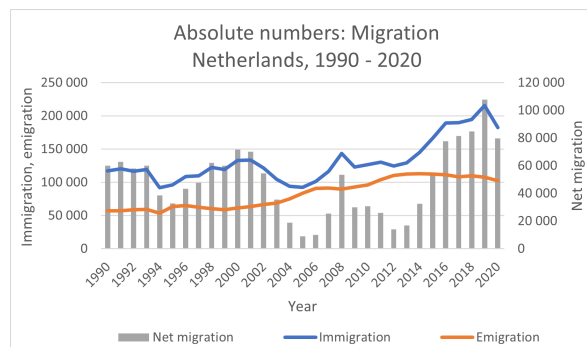**(a)** Primary income source of immigrants from EU/EFTA from 2014

(b) Primary income source of immigrants from non-EU/EFTA from 2015

(a) Data source: CBS (national statistics office of the Netherlands), 2022

Figure 31: Primary income source of immigrants to the Netherlands, from 2014/2015

(a) Migration background of immigrants, 2021

(b) Absolute numbers: Migration, 1990 - 2020

(a) Data source: Eurostat, 2022; CBS (national statistics office of the Netherlands), 2022

Figure 33: Migration background of immigrants and absolute numbers for migration, The Netherlands