



**B A B Y
B O O M
E R S**



in the
Netherlands



Statistics Netherlands

BABY BOOMERS IN THE NETHERLANDS

What the statistics say

Foreword

Nearly 14 million babies have been born in the Netherlands since the Second World War; 2.4 million of them in the period 1946–1955: the baby boom generation. The number of births in the Netherlands remained high until the end of the 1960s. Dutch post-war population growth was unique in western Europe. Although births peaked in other countries in western Europe after the war, until the mid-1950s nowhere was it as high as in the Netherlands.

The consequences of the enormous birth wave were far-reaching: overcrowded primary school classes in the 1950s, an influx on the labour market and in higher education in the 1960s, a construction frenzy in the 1970s, and a surge in the number of over-65s from 2011 onwards. The first batch of baby boomers, born in 1946, received their first state pension in March and April 2011. Their retirement caused a sharp rise in the number of state pensions. While the number of pensions paid rose by just over 7 thousand in February 2011, in March to May 2011 it rose by at least 14 thousand a month.

Today's 55–64 year-olds have relatively low levels of education compared with younger generations: no more than a quarter have a degree in higher education. They are relatively prosperous on the other hand: they are at

the peak of their careers, have relatively high incomes and have built up a substantial capital.

In the coming years, the Dutch population will comprise 200 thousand new 65 year-olds every year. The net increase in the total number of over-65s will be smaller, though, as some die and others emigrate.

They will enjoy a relatively long evening of their lives as well: a man born in 1946 who lives to celebrate his 65th birthday can expect to live for another nineteen years. Clearly, the economy in the coming years will focus more on the services and care industries.

This book gives an impression of the influence of this post-war generation on Dutch society. As well as looking at their situation today, it looks back at their past and forward to their future.

To compile this picture of the baby boom generation, the author used material from the StatLine database (statline.cbs.nl) and from the extensive library of Statistics Netherlands. More statistics can be found on the website of Statistics Netherlands (www.cbs.nl).

Director-General of Statistics Netherlands
G. van der Veen

The Hague/Heerlen, April 2012





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1

Prolific war marriages

Some 2.4 million babies were born in the Netherlands in the period 1946–1955. These are the babies we define as the belonging to the post-war baby boom. The rise in the number of births started earlier, however: in 1943–1945 Dutch marriages also proved very fertile. Population growth remained high in the country until the end of the 1960s. According to Statistics Netherlands' demographers (1989), the birth wave in the years immediately after the Second World War was caused by expectations that the war would end quickly after the Normandy invasion by the western allied forces in June 1944.

A quick first baby...

The large numbers of baby boom births in the period 1946–1949 were not the result of a real increase in fertility. The average number of children per woman even fell in the longer term. The protracted post-war birth wave was caused by more people getting married, and at younger ages, combined with the wish to realise the desired number of children as quickly as possible after marriage, especially of couples marrying in the last years of the war. The sharp drop in age at first birth, by more than two years, for pre-war generations of women illustrates this: women born between 1920 and 1940 married at younger ages, and also had their first baby at younger ages.

... soon followed by a sibling

The high fertility in marriage cohort 1944 is thus the result of the quick birth of a child within the first year of marriage, but also the rapid birth of a second child in the second year of marriage. Statisticians cited the prospect of ‘the war taking a turn for the better’ as the reason for this fertility behaviour. In the first months of 1945, in particular, many children were born in these marriages.

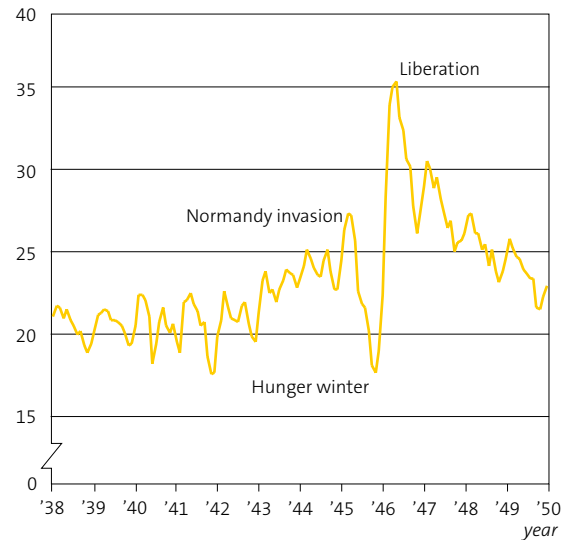
Couples who married in the years 1937–1945 ultimately produced 3.1 children on average. After three years of marriage, they had 1.1 children on average. Couples marrying in 1943–1945, were more fertile: they already had 1.3 children on their third anniversary. According to Statistics Netherlands, this higher fertility was the result of ‘a higher number of conceptions as a result of the favourable prospects offered by the invasion in June 1944’.

Familiar patterns

The war led to a familiar pattern in the Dutch birth curve: dips nine months after the start of the war in September 1939, the German invasion, the 1941 February Strike and the Dutch famine in the winter of 1944/1945, the ‘Hunger winter’. Peaks are visible in March 1945, nine months after the allied invasion in northwest France, and in February 1946, the post-liberation birth wave.



Births per 1,000 inhabitants





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New life courses

Today, it is quite normal: after secondary school you go to college or university, move to the city and get a place of your own. You meet someone nice, start dating and after while you move in together. Eventually, you get married and start a family.

The generation born before the Second World War structured their lives differently. After school, they got a job but stayed with their parents, they married from home and started a family. Women then usually gave up paid work to become housewives and care for their children. For people born before the war, this was the prevalent life course model: roughly 80 percent of men born before 1942 followed this standard life pattern.

The baby boomers broke out of this pattern and experimented with new relationship forms. Cohabiting before marriage was one such change, as well as waiting (sometimes a long time) before starting a family, mothers continuing to work after the birth of the first child, and divorce. The modern life course is therefore also called the flexible life course. The changes were rapid: only one in ten men born around 1960 followed a standard life course.

Relationship dynamics

Statistics Netherlands interviewed the 1940–1954 generation for its 2003 Fertility and Family Survey, among other things charting their relationship life course. At the time, these baby boomers were aged 48–63 years.

The respondents in their fifties when interviewed had grown up in an era when for most of them it was unusual to cohabit before marriage. Only one in five married men and one in seven married women lived together with their partner before marriage. Four in ten women were 19 years old (men 21 years) when they started dating their first marriage partner. Half the

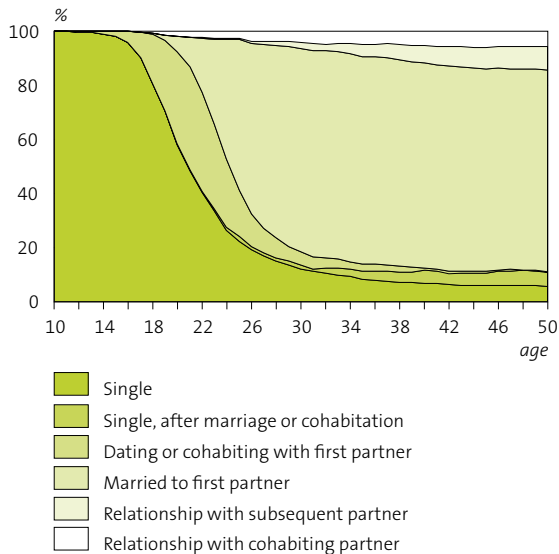
women were actually married by the time they were 22, half of men when they were 25.

The baby boomers did experiment with living together before marriage, but not at young ages. In the 1960s, it was still very unusual to leave the parental home to live with a partner. The large scale unmarried cohabitation at younger ages is characteristic of younger generations.

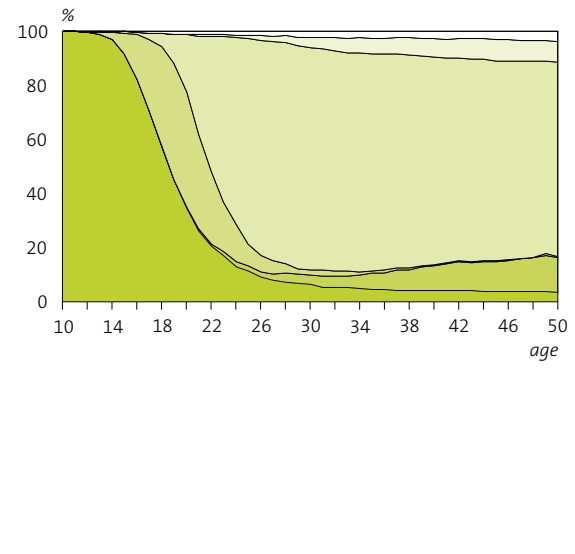
Many single women

At the age of 50, three-quarters of men and women with a partner were still married to their first partner. One in ten men and women were married to another partner following divorce or widowhood. Small percentages,

Relationship life course of baby boomers (men)



Relationship life course of baby boomers (woman)



4 percent of women and 6 percent of men, were living together unmarried at that age.

One in six women and one in nine men lived alone at the age of 50, either following a period of marriage or cohabitation or not. Women are more likely to remain single after a relationship than men. One reason for this is that they are more likely to survive their partners, but another is that following a divorce children more often stay with their mother, thus reducing the chance of finding a new partner.

Baby boomer at the basis of new demographic trends

Household dynamics

The changes in the relationship life cycle have also led to changes in ways of living together and in household composition. Children now also leave home at younger ages to start out on their own. Also, relatively more baby boomers, and men more often than women, remain single than older generations; and they do so for longer periods, at young ages, but also after a break-up, for example.

New trends

Baby boomers have experimented with new forms of living together and have caused new demographic trends to be observed: fewer marriages, more unmarried cohabitation, lower birth rates, an increase in childlessness, more divorces, single parenthood and singledom.





3

Staying in and going out

The first batch of baby boomers spent most of their spare time at home in the early 1960s. This is the overall impression gained from Statistics Netherlands' leisure time statistics in 1962/'63. People spent their free time mainly studying, watching television, on active sports participation (swimming) and in the cinema.

Statisticians were quite surprised that about half of young working men (aged 15–17 years) spent their spare time on vocational training or a company course. This apparently contradicted the image of young working people having a 'merely consumption-based lifestyle' and an aversion to studying. Young people did not show much interest in politics: none of them were members of political party or a trade union.

Domesticity

The leisure time survey was the follow-up of a pilot study held by Statistics Netherlands in 1959. That survey, too, had revealed a large degree of domesticity in after-school and after-work activities: 60 percent of spare time was spent at home. Household activities included studying, playing games, spending time on hobbies or playing music together, talking, visiting and especially listening to the radio and watching television together. These domestic pastimes were more popular

among the over-30s; younger people (15–29 years) spent relatively more time going out: to the cinema and concerts, or in pubs and restaurants – there were no other boxes to tick on the questionnaire.

Some researchers interpreted this new home-oriented leisure time as a modernising trend: staying in was a sign that the former ‘pillarised’ structure of communal activities was beginning to crumble. Some historians have therefore called this generation the ‘link’ generation.

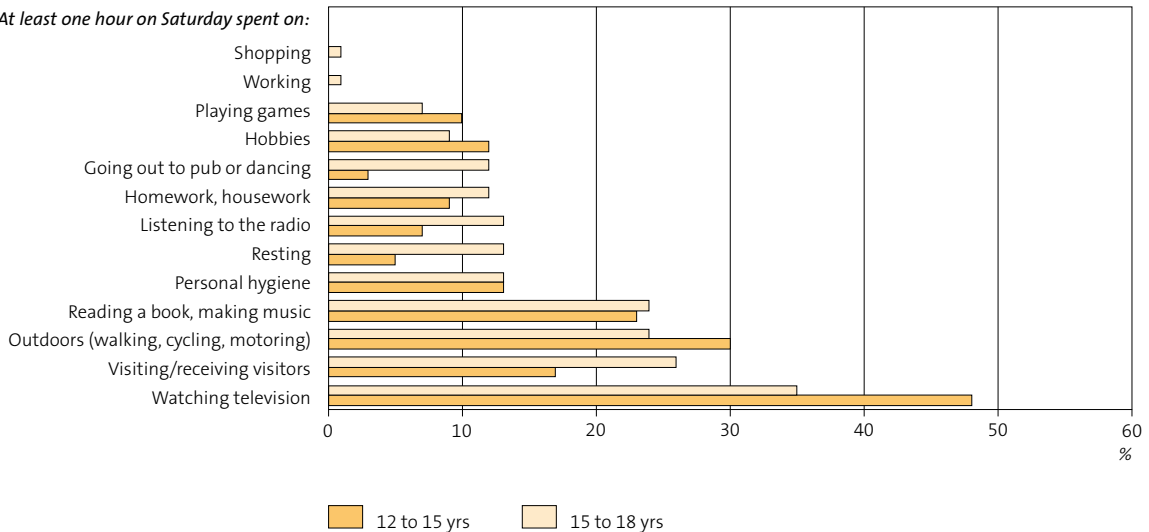
Exciting and realistic

The group interviews held with respondents representing certain population groups were the most revealing: factory girls, young shipyard workers, trade apprentices, a labourer’s family from Brabant, and a farming family from a Drenthe fen community. These group discussions were intended to illustrate patterns from the survey.

The girls were packers aged 18–21 years who worked in a confectionery factory. The interviewers reported that the girls had dressed for the occasion and had spruced themselves up with earrings, brooches and necklaces; one girl’s lipstick had been passed around for the finishing touch.

Saturday nights, 1962/'63

At least one hour on Saturday spent on:



They were a close-knit group: they often met up outside work, called on each other at home, went out together and visited each other when they were ill. Their out-of-work interests were not very intellectual. They never attended talks on 'flowers, nature etc.' organised by their employer, disdaining them as boring. They preferred to watch sports, as long as they were exciting, like motorcycle racing, judo and boxing.

They went dancing a lot, but not as much as they used to before they were engaged: that would only make their fiancés jealous. Dancing, the researchers noted, was emphatically a means to find a prospective husband. If you went dancing alone, the aim was to 'take someone home.'

Instead of dancing, the girls went to the cinema at least once a week. Their favourite films were exciting and realistic. Although they did read newspapers, they focused on murder reports and accident accounts.

Classic mass youth type

With their clear preference for cinema and dancing, love of thrilling films, exciting sports and bloodthirsty newspaper features, aversion to politics and intellectual pursuits, the researchers recognised the typical beatnik behaviour of the time. The girls, however, did not display the lack of responsibility which was to become characteristic of the *nozems* – a subculture comparable to the Teddy boy movement in Britain and the greasers in America. They helped their mothers with the housework and did the stairs on Friday evening.

Eight shipyard workers aged 17 and 18 years represented the 'classic mass youth type' of the time: nearly nothing

could rouse their enthusiasm: not work, (they wanted clean work, with bonuses and not too early a start), not company judo ('there's no way you're allowed to bash up some *bul* now and again, it takes ages to get to that point') and not reading, except detectives and local news reports (accidents) in the newspapers. A lack of excitement and aggression was the supposed explanation for their deadbeat and negative attitude.

The other group of young men, apprentices in a company, spent a surprising amount of time tinkering with things like old radios, broken bicycles or old cars: one boy had bought a DKW for 25 guilders which he hoped to get running again together with his brother.

Not too much kissing and crying

At home the radio was always on, and the researchers were surprised about the youngsters' 'astounding knowledge' of international request programmes: 'they were familiar with all the national and foreign radio stations they could tune into, along with what time programmes were broadcast'. The Dutch Swing College Band was a favourite, they did not like modern style jazz: it did not have enough melody. Radio plays and entertainment were not popular either in this group, they comprised 'too much kissing and crying', and not enough thrills and humour. They hardly listened to any spoken programmes. One girl regularly listened to the morning service broadcast by the protestant VPRO, and was very surprised when the interviewer told her it was a religious programme and that the speaker was a cleric.

Hedonistic youth

4

In the 1960s, Dutch youths took over the public space with their mopeds and loud rock and roll music. The Netherlands experienced its own 'beatnik' subcultures – the *nozems* and the *provos* – but also happenings and student riots. In 1967, the Netherlands Foundation for Statistics conducted a survey among the age group 16–23 years. It revealed that these youngsters had a fair amount of money, and that they wanted to spend it. One surprising detail from the survey: two out of three people in this age group shopped for clothes with their mothers.

Identity

The baby boom generation was formed by a completely different environment than their parents. This new generation did not have to struggle to survive, and – according to prominent historians – were not bothered by the what they called the 'puritan' and 'ascetic' attitudes to life of the pre-war generation, whose characters had been formed in the crisis of the 1930s and the subsequent war. They had seen or experienced large scale poverty and unemployment. According to historian Hans Righart, references to these experiences only served to 'polarise and estrange' the new generation of youths. He called the youth

culture by contrast 'downright hedonistic': children born after the war grew up in years of increasing affluence, technological change and new means of communication, which gave them a new identity.

One billion euro to spend

According to the Netherlands Foundation for Statistics, too, the youth culture of the 1960s was characterised hedonism and consumerism. In 1967 the foundation conducted a survey of how young people spent their money, what they read and what they did in their spare time. The study was based on interviews with a group of unmarried young men and women aged 16–23 years. The main conclusion of the study was that these youngsters had a lot of money to spend and that they were willing to spend it. The researchers reported that the young generation were a consumer factor to be reckoned with and an appealing target group for marketers. The study estimated that together, these young people had more than 2.1 billion guilders (0.95 billion euro) to spend.

Kikkers and buls

The most coveted possession of this age group was a moped: it was at the top of the wish lists of both boys and girls. Mopeds were the most democratised



means of transport and the most striking element of style of 1960s Dutch youth culture. The moped's model and make also reflected the sub-culture to which you belonged. You were either a *kikker* or a *bul*. *Kickers* were educated and artsy, wore suede shoes and rode Puch mopeds with high handlebars. *Buls* greased their hair, wore drainpipe jeans and checked shirts under a leather jacket. Their mopeds were more robust models: DKW, Eysink, Kreidler or Zundapp. Both groups were called *nozems*.

Nearly two million mopeds

According to the motor vehicle tax declarations, there were fewer than 5 thousand mopeds in the Netherlands before 1950. One year later this number had risen more

than tenfold to 55 thousand. Another five years later it had increased to over half a million. In 1967, 1.7 million mopeds were registered in the Netherlands, and in 1970 the number peaked at 1.9 million.

The fall, to 650 thousand in 1980, the same number as in 1956, was at least as spectacular as the increase in the 1950s and 1960s. The 1975 law requiring a helmet to be worn on mopeds and the allure of alternative means of transport such as cars and motorcycles certainly contributed to the decrease in the moped's popularity. When the youth movement became more political after 1970 and – in the words of Hans Righart – 'rebelliousness and non-conformism made way for political commitment', the noisy symbol of their attitudes disappeared from the streets.

Mopeds

1950



1970



2010



Youth profile

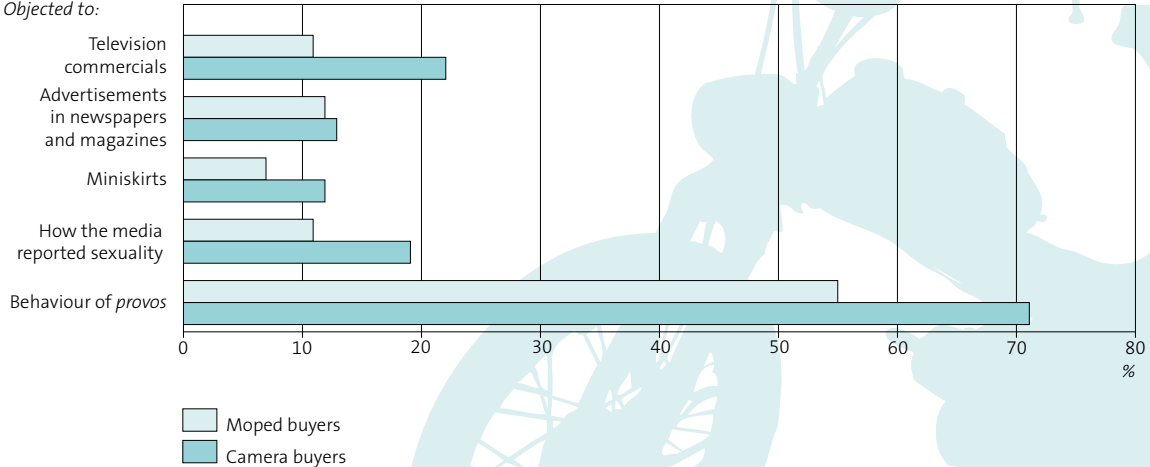
The researchers of the Netherlands Foundation for Statistics also profiled moped buyers, comparing them to camera buyers. Roughly speaking, the difference between the two groups is the difference between lower and higher educated, poor and rich, and non-permissive and permissive youths. The former group had lower levels of education, were more often unemployed, had less money to spend, more often went shopping with their mothers, but did spend more time on sports (water sports, football), hung around the streets more and went dancing more often. Young people who bought cameras had more money, were more likely to read a lot, do puzzles, tinker with radios,

bicycles etc., use a lot of aftershave, deodorant and hair water, and went to snack bars more often.

Moped buyers perhaps best reflected the spirit of the 1960s, and were the most permissive: they had fewer problems accepting miniskirts and the way the media portrayed the sexual issues of the time and were less often irritated by television commercials. Just over 55 percent of them – along with 70 percent of camera buyers – had difficulty accepting the behaviour of the *provos*.

Opinions of 16–23 year-olds, 1967

Objected to:





5

Row on row of terraced houses

Between 1946 and 1955 – the baby boom period – 2.4 million babies were born in the Netherlands. Nearly two and a half million children who needed to be fed, to go to school, and subsequently to college or university, and who then all wanted a job and a place to live.

Labour shortage and wage explosion

The baby boom generation had a lot going for them. When the post-war generation entered the labour market, the five-day working week had become the norm (1960), a minimum weekly wage had been introduced for people younger than 25, and they were able to benefit from the labour shortage which pushed up wage levels by 8 to over 16 percent (1964) annually. The minimum weekly wage for people aged 25 years and older was set at 100 guilders (45 euro). Terms of employment improved. Model calculations show that the Netherlands was one of the fastest growing economies in Europe after 1963, among other things because of the rapid increase of the labour force.

They grew up with television (1951) and later the contraceptive pill (1962), which freed women of what some called the 'curse of fertility'. From then on women were to delay their first pregnancy so they could devote

themselves to further education and work, and start to think about a career.

Mobility explosion

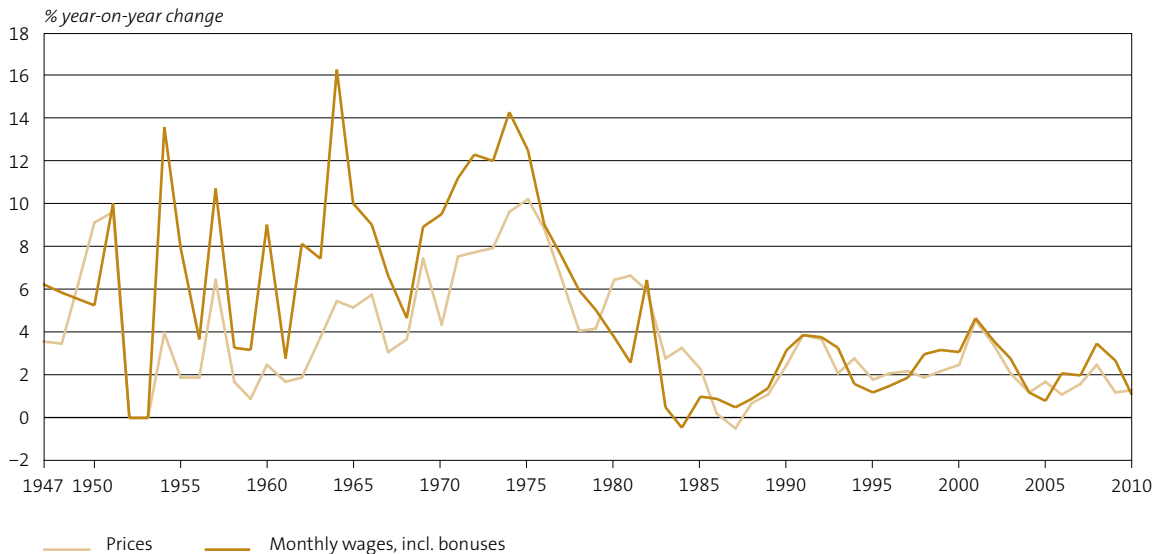
In 1966, holiday entitlement with a 4 percent holiday allowance was laid down in the law. Dutch families started taking a day off here and there, to get away for a long weekend. They enjoyed the increase in leisure time and were in a position to use motorised transport to get around. This led to a 'mobility explosion'. With the still modest 1950s budgets, this mobility craving was mainly satisfied by the purchase of a moped, although these were still mainly used to travel to and

from work. Access to education improved, education budgets were raised. And when the first baby boomers reached the age of 21 in 1967, they were immediately eligible to vote under the Electoral Act of 1967.

Large scale housing construction

In spite of the extensive housing shortage, housing construction did not take place on a large scale immediately after the war. The shortage of building materials and long-term rent freezes substantially distorted the housing and the construction markets. This had a disastrous effect on the sector, and little was invested in it. The housing shortage remained

Collectively agreed wage rates and prices



considerable, and housing demand high: the population was growing quickly and families were becoming smaller: the average family size fell from 3.83 in 1947 to 3.14 in 1971, the number of single households grew by more than a million in the same period.

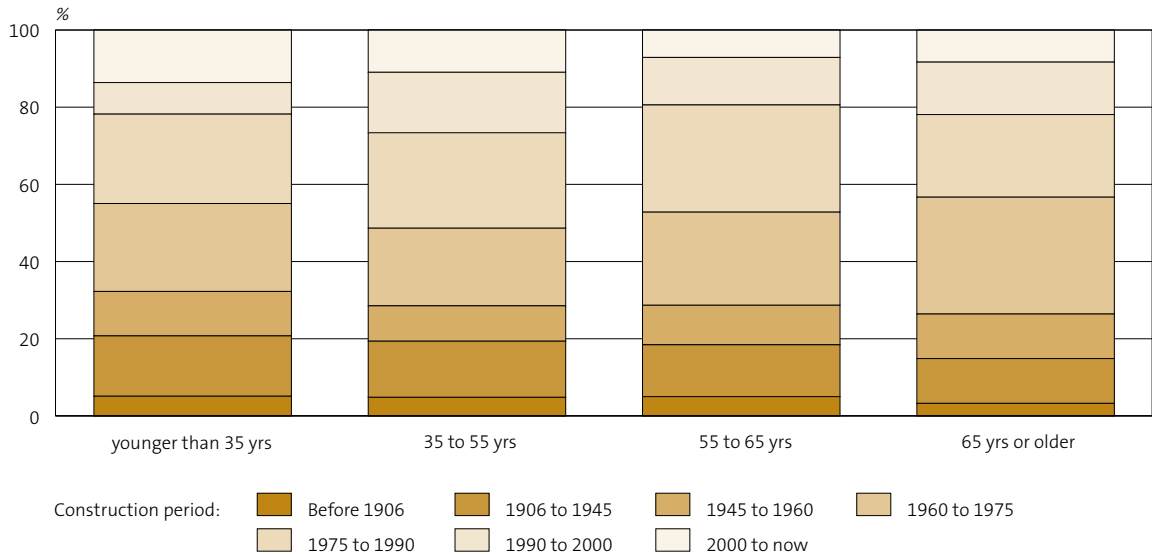
Large-scale construction started only in 1948. Increase of scale and standardisation became the magic words. Large, open residential neighbourhoods were built on city outskirts, with high rise buildings, block-based neighbourhoods, with ample green areas and playgrounds for children. The most prestigious large-scale construction developments were the districts Pendrecht in Rotterdam, built in the 1950s, and Bijlmermeer in Amsterdam (1968).

Terraced houses

In the years in which the post-war generation became socially active and started to have children, roughly speaking the period 1960–1990, many houses were built and terms of purchase were favourable, especially from the 1970s onwards, when large scale terraces were built that could be acquired under favourable premium and warranty regulations.

A recent study by the Netherlands Institute for Social Research has shown that as a result of increasing prosperity and their active life-cycle stage, this generation was able to benefit from the extensive supply of new homes offered for sale on very favourable

Living in old and new dwellings, by age of head of household, 2009



terms. From this starting point, they were able to move up the housing ladder in the course of time to ever better and larger homes. Two out of three baby boom households owned their home in 2009.

Civilised city

The baby boom generation grew up in what Harry Lintsen, professor in history of technology, called ‘the civilised city’ (1950–1970). Interest in personal hygiene and bathing increased, the sanitary infrastructure was completed: public bathhouses disappeared and were replaced by showers in the home.

Ideas about housing quality, residential civilisation and amenities in the home changed only slowly, though. In 1914, Amsterdam’s health committee was still of the opinion that a simple dwelling should have a living room, a kitchen, enough bedrooms so that brothers and sisters did not have to share, a toilet and a washhouse. In 1932 the committee reported that a bathing or shower facility was required for new dwellings if there was no public bathhouse in the neighbourhood.

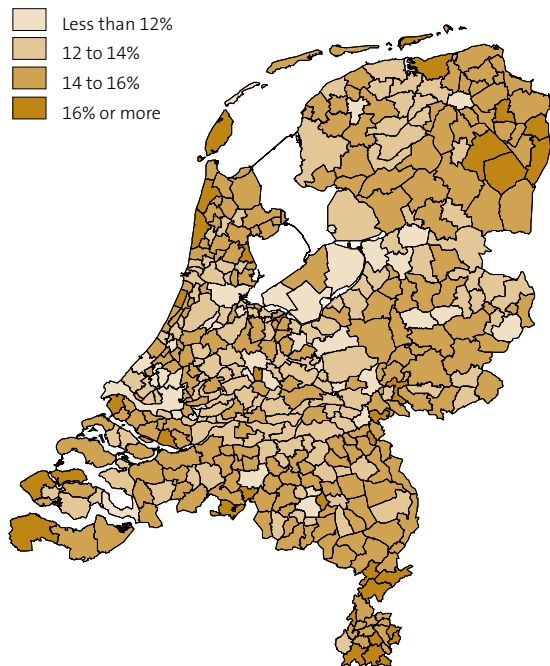
Only in 1951 did a shower room become the norm in social housing. Stricter requirements for dwellings introduced in 1965 led to better equipped homes. The number of homes with a bath rose from 6 percent in 1965 to 43 percent in 1977.

Baby boomers avoid largest cities

There is no specific pattern in the location of baby boomers; they now live across the country. One noticeable aspect is that that relatively few live in the

largest cities. In the four main cities, Amsterdam, Rotterdam, The Hague and Utrecht, but also in Groningen, Eindhoven, Almere and Tilburg, the percentages of 55–64 year-olds are 11 or lower. In other municipalities with more than 100 thousand inhabitants the percentage of baby-boomers is only above average (13.2 percent) in Zoetermeer, Emmen, Apeldoorn and Maastricht. In the municipality of Blaricum, baby boomers account for more than 20 percent of the population.

Where baby boomers live, 2011



Low educated, but prosperous

6

The youngest people in the age group 25–64 years have the highest levels of education, the oldest (55–64 years) have the lowest levels. Forty percent of 25–34 year-olds have completed higher education. For the 55–64 year-olds this is only one quarter, while the number of people in this age group with a low level of education (junior secondary or first stage of secondary vocational education) is relatively high.

The overall rise in education level is the result of two developments: more people with a high and fewer people with a low level of education. The former development is illustrated by the spectacular growth in higher education. The total number of university students, for example, rose from 17 per thousand 18–25 year-olds in 1945 to 146 per thousand in 2009.

Grey workplaces

Just as the population, the Dutch workforce, too, is ageing. The average age of workers has risen by nearly 0.3 of a year annually in the last few years, from 38.2 in 2001 to 40.7 years in 2010. The age rise is partly the result of the post-war birth wave and the continuing high birth rates in the 1950s. This generation entered the labour market from 1960 onwards and now makes

up the oldest group in the labour force. This extensive post-war generation was succeeded by much smaller ones born up to the early 1990s.

Alongside this development, an increasing labour participation among 55–64 year-olds has been a separate trend. Participation within this group has been rising since the 1990s, partly as a result of policy measures to encourage people to stay in work to older ages and to discourage early retirement.

Large numbers of 55–64 year-olds, the baby boom generation, work in public services, fewer work in the private sector and fewest in commercial services. The oldest workforce is in education: 21 percent are over 55, and 50 percent are over 45. Public administration and government employees are also relatively old.

Feminisation as a solution

Many staff in sectors with older workforces will retire in the coming years. Whether this will lead to problems partly depends on the future demand for workers in these sectors. In the near future, the strongest job growth is expected to take place in the care sector, where retirement will be large scale and a growth of tens of thousands of jobs per year is anticipated. These will be jobs to replace those of



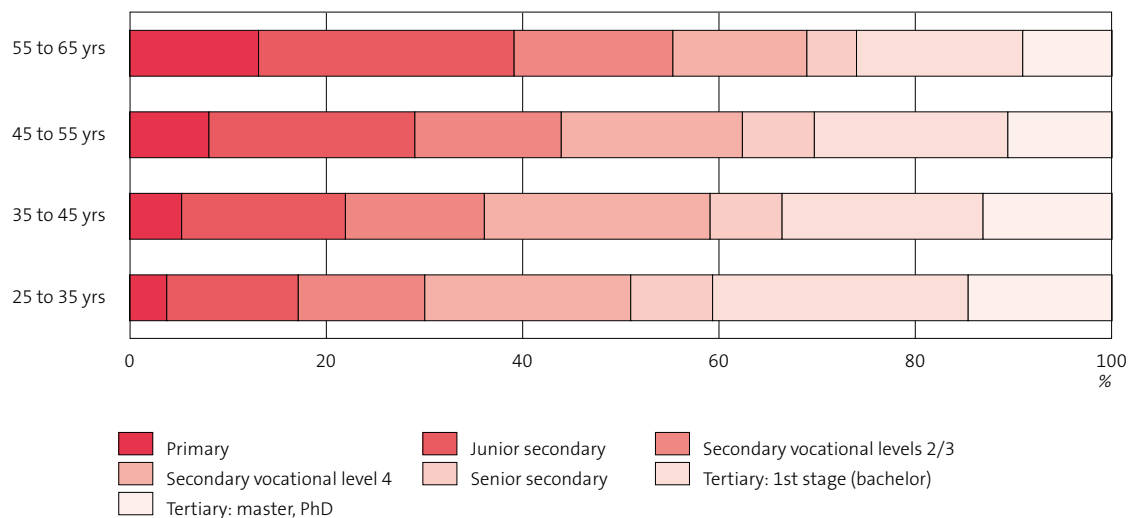
pensioners, as well as new jobs created to cope with the expected increase in the demand for care.

Some sectors contain the beginnings of a solution for the problem of ageing workforce themselves. The so-called feminisation of the labour force – more women, and often young women, in work – will stop the process of ageing, especially in primary education. In the next few years, relatively many older primary school teachers will retire and will be replaced by relatively young female teachers.

Thriving and wealthy

The baby boom generation is a relatively prosperous one. They are at the peak of their careers, have relatively high incomes and have built up substantial capital. The 1.3 million baby boom households had more than 48 billion euro to spend in 2010 (disposable income). After standardisation in terms of household size and composition, this comes to 27 thousand euro per household. The average standardised disposable income in 23.3 thousand euro. The highest incomes are for 55–59 year-olds (27.6 thousand euro), followed by 50–54 year-olds with 26.6 thousand euro, and the oldest baby boomers (60–64 years old, 26.1 thousand euro).

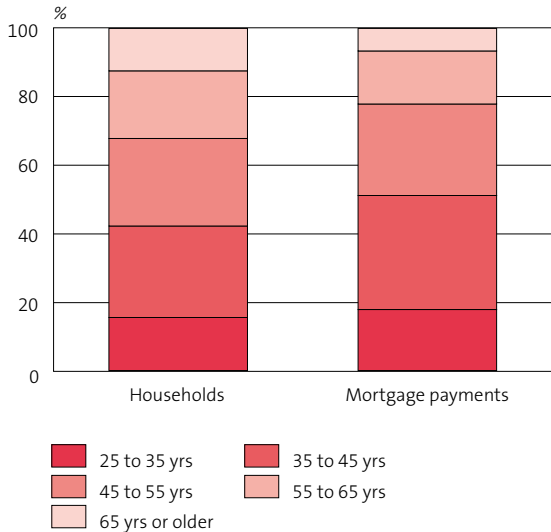
Education level, 2010



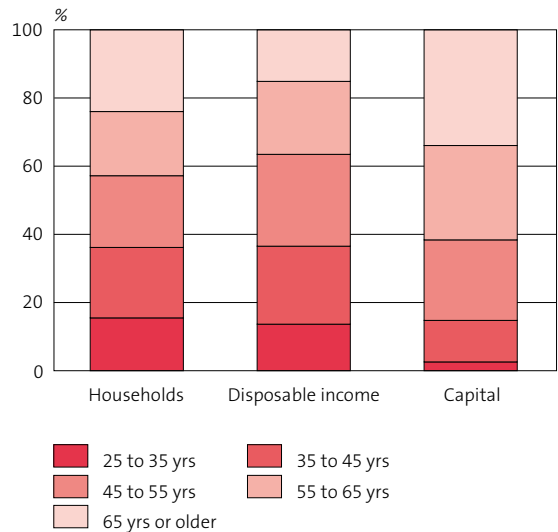
Baby boom households account for 18 percent of all households and 20 percent of total disposable income. This is not very disproportionate: by comparison, percentages of households and income for 35–44 year-olds are 20 and 22, and for 45–54 year olds they are 20 and 25. Amounts of mortgages and capital are more disproportionate. The total mortgage debt of 30.9 billion euro (2009) is mainly borne by younger households. Their mortgages are larger, while their incomes are lower. This means their mortgage payments account for relatively more of their income than in older households. Baby boomers account for 20 percent of households

with a mortgage, but they pay less than 16 percent of total mortgage payments. People in age groups 35–44 years and 45–54 years, each accounting for one quarter of people with a mortgage, pay 33 percent and 26 percent of total mortgage payments respectively. The distribution of capital is most disproportionate. The youngest households have built up only little capital, while many older households own their homes, which are often worth a lot more than the outstanding mortgage. Households of over-65s own no less than one third of capital in the country. Baby boomers account for 28 percent, people in the middle age groups (35–44 years) for only 12 percent.

Distribution of households and mortgage payments, 2009



Distribution of households, disposable income and capital, 2009

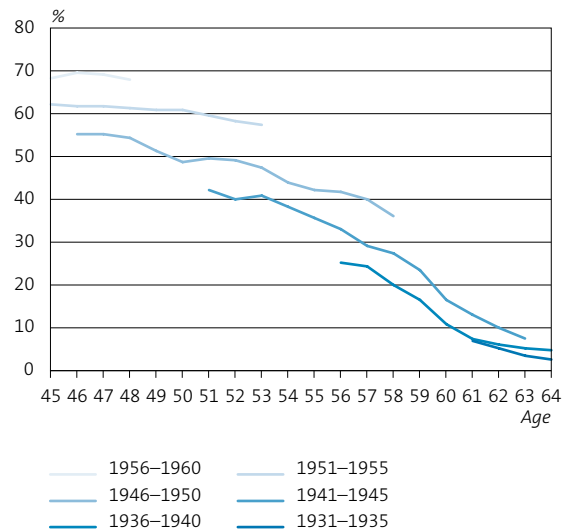




7 Older workers willing to stay on

The labour potential of older people has increased substantially since the end of the last century. The number of people in work rose by 0.83 million between 1996 and 2009, net labour participation of the over-50s rose from 40 percent (1996) to 55 percent (2009). The participation of 60–64 year-old men doubled in this period, that of women over 60 years even tripled.

Labour participation of women by generation, 1996/2008



This increase in participation rates is partly the result of successful policy measures, and partly of an actual rise in participation. Options for early retirement were restricted sharply in 2006 by the abolition of tax benefits for early retirement and pre-pension schemes, the introduction of tax benefits for older people in work, and collective agreements about age awareness policy on the work floor.

Higher participation rates

In spite of this, percentages of older people in work are not high, although they are close to the participation levels set in most recent policy recommendations by the Social and Economic Council of the Netherlands (58 percent for 55–64 year-olds in 2016). There is not much leeway for labour participation of men, however. Participation rates of the youngest generations are not much higher than those for older ones. The inflow of younger generations will therefore only raise the participation rates to a limited extent.

Participation of women, including older women, can rise substantially in the future. Participation of younger age groups is higher than that of older ones. In the long term, the new inflow of younger women with increasingly higher participation levels will push up the participation of 50–64 year-old women considerably.

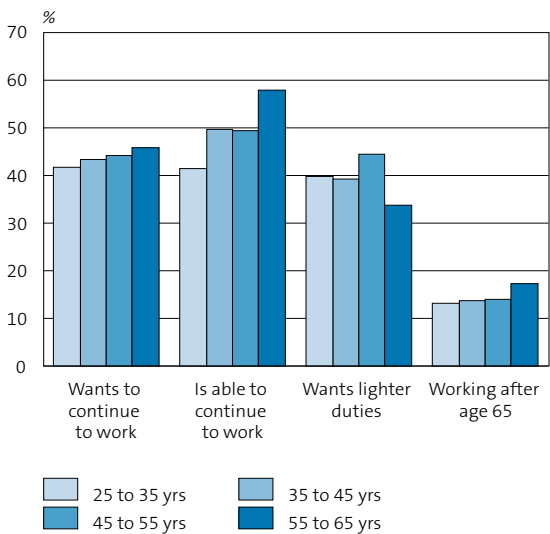
Role models

Many older workers are certain they want to continue working until the official retirement age. This is illustrated by the answers they give when asked whether they are willing to and able to work until they

are entitled to state pension. Relatively more of them than their younger colleagues say they are. Nearly half of 55–64 year-olds are now prepared to stay in work, nearly 60 percent are able to do so. These percentages are higher than those reported by younger generations. One in six even want to continue after the official retirement age. Education is a factor in this respect: the willingness and the opportunity to work past the age of official retirement is highest among workers with higher education levels.

These figures support the conclusion that in terms of work ethic, baby boomers are setting a good example.

Working to retirement age and beyond, 2010





8

Retirement

Baby boomers can rest easy: they can retire at age 65 at the latest. Younger generations will have to work to older ages. To which age precisely depends on their year of birth, and on remaining life expectancy at age 65. Today's youngsters might well have to work to the age of 70.

Early retirement restricted

A number of people retire from work before the age of 65. In 2011, the average retirement age was 63.1 years. In the period 2000–2006 it was 61 years. In 2007 measures to restrict early retirement immediately pushed up the average retirement age by one year to 62 years. Only 6 percent of workers who retired in 2011 were younger than 60. Until 2007 this was consistently more than a quarter. The share of 65 year-olds among people retiring from work also rose, from 15 percent in 2006 to 30 percent in 2011.

Stepwise increase

On 10 June 2011, lengthy negotiations between the Dutch Cabinet and employee and employer representatives ended in an agreement on new pension regulations. A bill for new pension legislation has been submitted to parliament. The new law

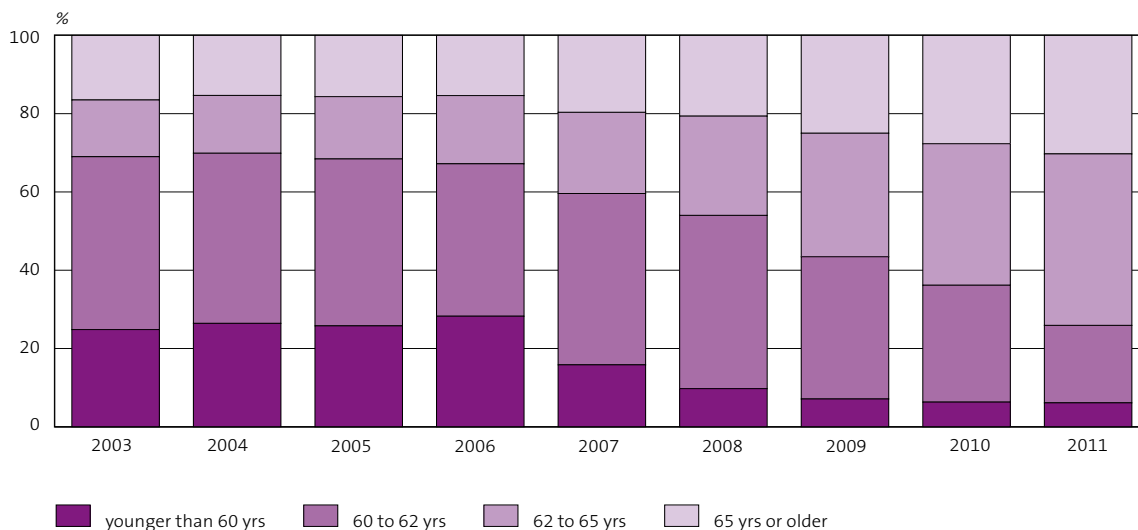
regulates a number of adjustments to the age of pension entitlement, and the amounts and funding of supplementary pensions and the state pension. One of the proposals is to raise the age of state pension entitlement and retirement from 65 to 66 years on 1 January 2020. After that, changes in remaining life expectancy compared with the level in 2000–2009 will be monitored every five years to establish whether a further rise in retirement age is justified.

This procedure means that the age of pension entitlement will follow step by step the development of remaining life expectancy at age 65. A substantial

increase in remaining life expectancy will have a limited effect, as the age of pension entitlement will be raised by a maximum of one year in every five-year period. Reduction of the age of pension entitlement is not an option: if life expectancy decreases, pension ages will not be lowered.

Statistics Netherlands' forecasts predict that remaining life expectancy at age 65 will rise to 22.9 years in 2060. This is 4.7 years longer than in 2000–2009. As the ages are rounded off, this would result in an increase in the age of pension entitlement by four years, to 69 years.

Retirement ages



Working to older ages

According to Statistics Netherlands' forecasts, the retirement age will be raised in 2025 (to 67 years) and in 2035 (to 68 years). A further increase to 69 years is expected in 2045 or 2050, and a possible rise to 70 years in 2060.

However, uncertainty surrounding the forecast of life expectancies also implies uncertainty with respect to future retirement ages. This uncertainty will increase for younger generations. For people born before 1955, the retirement age will remain 65 years. Those born later will have to work to at least age 66. If the rise in life expectancy is slower than expected, there is a

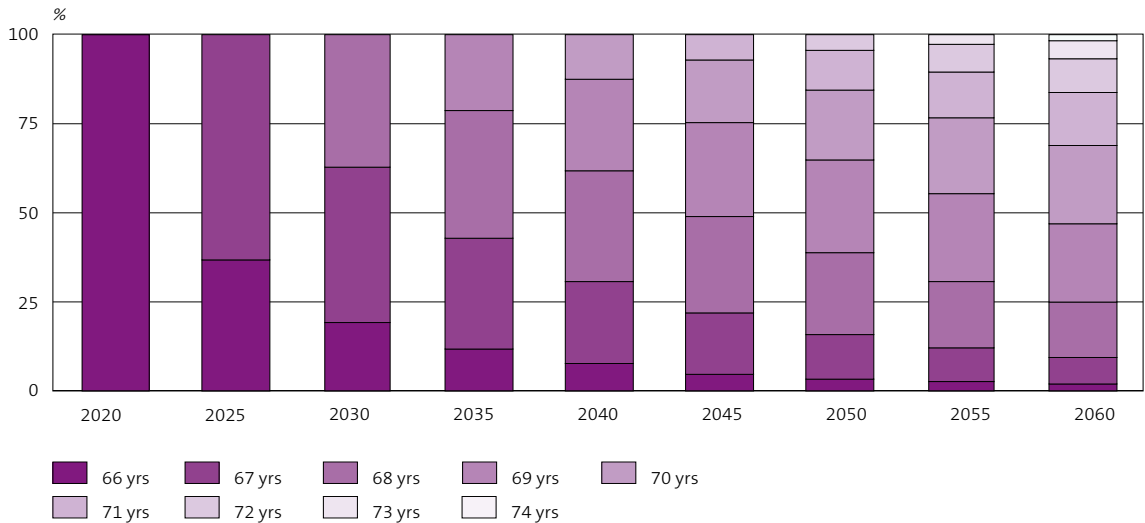
chance that people born in the early 1960s may still be able to retire at age 66. But they will probably have to wait until they turn 67.

Retirement after 70th birthday?

Retirement ages will rise further for the youngest generations, but so will the uncertainty. People born in 1975 will probably have to work to the of age 67, 68 or 69. Those born in 1985 may expect to retire between ages 68 to 71 years.

Today's young workers may well be working into their seventies.

Possible pension entitlement ages







9

More than 3 million state pensions

Baby boomers born in 1946 reached the age of 65 in 2011. The first of them received their first state pension in March and April 2011.

The increase in the number of state old age pension payments in March and April was substantial. While the number of pensions paid in February 2011 rose by just over 7 thousand, in March to May the increase was 14 thousand per month. In June it was 12 thousand and in July 16 thousand. At the end of September, 2.99 million people were entitled to a state old age pension.

Costs of state pension rising strongly

The influx of the baby boom generation has driven up the costs of state pensions substantially. In the last few years, spending on state pensions has risen by more than one billion euro annually, and in the next few years a larger increase is expected as a result of the large number of baby boomers reaching retirement age. In the first half of 2011 the Dutch government spent 15.8 billion euro on pensions, 0.9 billion euro more than in the first half of 2010.

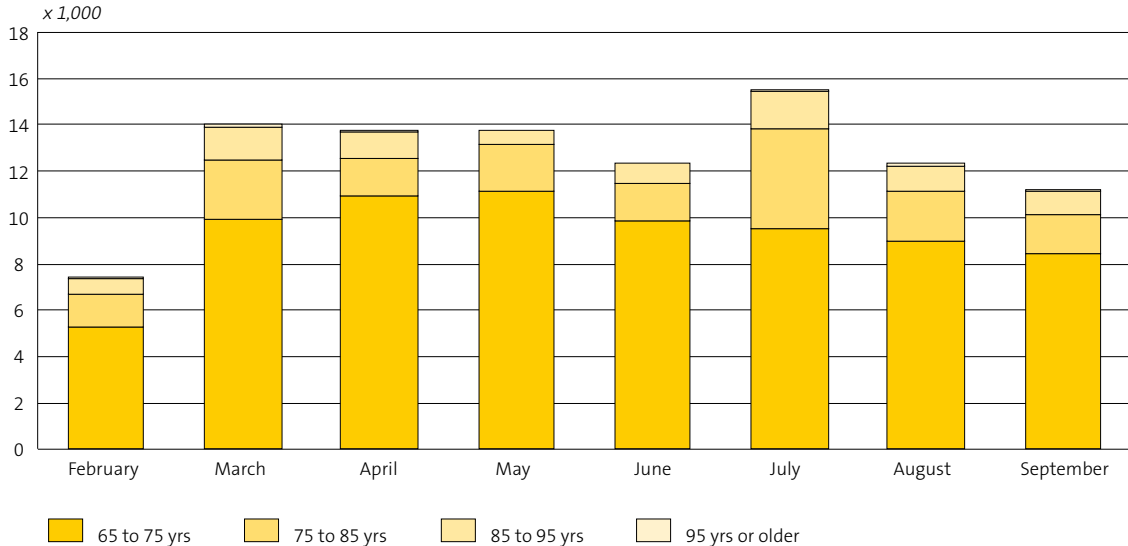
Pension entitlements

It is still unclear what the exact income effects of retirement will be in the future. Model calculations of the value of future pension entitlements show that for most men, at the age of 65 state old age pension will equal no more than 20 to 25 percent of their present income. The second pillar of the Dutch pension system, pensions saved via employers, will replace about 35 to 50 percent, depending on age. So state old age pension and pension from employment are enough to replace about 60 to 70 percent of the former wage. These replacement rates differ between groups: for employees the rate is 72 percent, for self-employed it is 31 percent.

This amount can be supplemented by income from annuities and assets (own home, savings, securities). To be able to replace their income completely, pensioners will have to supplement the first two pillars to around 80 percent of their former income. The remaining 20 percent is accounted for by the lower tax rates for pensioners.

For women, the state old age pension replaces more of their income. Because of the lower participation rates and lower wages of women over 55, state old age pension will equal as much as 55 to 70 percent of their present wage.

Increase in state pensions paid, 2011

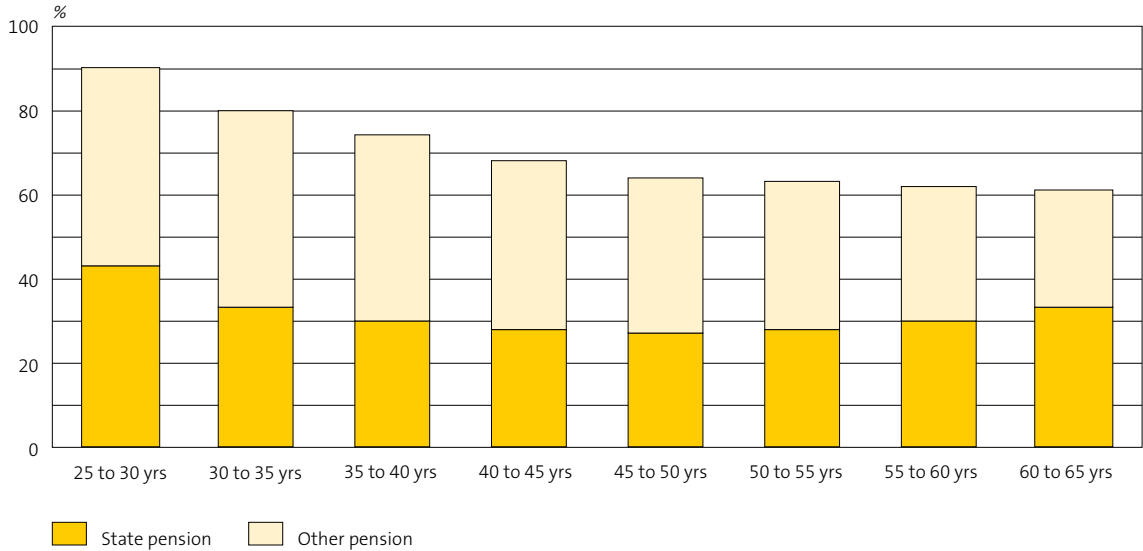


Model-based calculations

For the sake of clarity: these outcomes are based on models of the value of future pension entitlements on the basis of present wages; these do not take into account wage rises and career steps.



Average percentage of present income covered by pension, 2008



Dutch population relatively young

10

The post-war population increase in the Netherlands was unique in western Europe. Although births also peaked in other west European countries during the war – especially in 1943 – and immediately afterwards, the Dutch birth rate in 1946–1956 was unequalled. In the United Kingdom the birth rate (live births per thousand inhabitants) rose in 1946 and 1947, in France and Belgium it rose in from 1946 to 1948. In Spain it started rising in 1943. But nowhere were the rates as high as in the Netherlands. The Dutch maintained this top position in western Europe up to the mid-1950s. After 1970, the rate dropped sharply. Spain had the highest birth rate after 1957, and after 1972 the rate in France was also higher.

Spain grew faster

It was the combination of relatively high birth rates and relatively low mortality rates that caused the rapid growth – by European standards – of the Dutch population. In the last fifty years the population of the 27 countries of the European Union has increased by almost a quarter (to over half a billion), while that of the Netherlands has grown much more quickly. In the same period, the number of inhabitants in the Netherlands rose from 11.4 million to 16.6 million, an

increase of 45 percent. This was not the highest growth rate, though. In addition to a number of small countries, the Spanish population also grew faster, although immigration played a larger role there.

The bottom of the growth rate rankings includes most of the countries of eastern Europe. Political and economic conditions there often led to low birth rates, high mortality rates and negative net migration.

In spite of this, it is difficult to discover consistent regional growth patterns on the basis of national growth rates. In many south European countries the population did grow relatively strongly, but the reason for the growth in these countries differed considerably. In Spain and Switzerland, for example, extensive immigration in combination with positive natural growth were important factors. In Italy, on the other hand, natural growth has been negative in the last decade (fewer births than deaths) and the Italian population grew only as a result of a migration surplus.

Belgium lagging

More noticeable are the differences between the Netherlands and its direct neighbours. In this part of Europe, the Netherlands was the only country where natural growth was constantly higher than net



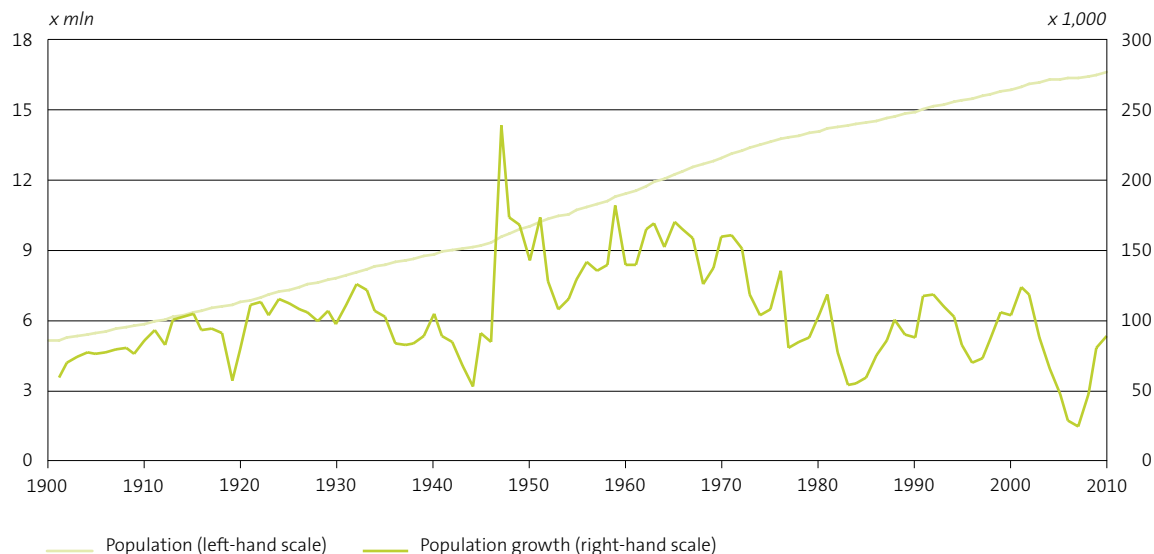
migration. Demographic developments in the Netherlands differ strongly from those in Germany for example, where deaths already started outnumbering births in the 1970s. Positive net migration was not enough to prevent a decrease in the German population from 2003 onwards. According to the latest forecasts, in the Netherlands this process will only start in 2040. Perhaps most surprising are the demographic differences between the Dutch and the Belgians. In Belgium net migration was often higher than natural growth. Belgian natural growth was always lower than that in the Netherlands, which led to a noticeable difference in population growth between the two

countries. In 1900 the Belgian population numbered 6.7 million, 1.6 million more than the Netherlands. In the 1930s and 1940s the two populations were about the same size, but as a result of the consistently much higher Dutch natural growth, 5.7 million more people now live in the Netherlands than in Belgium. Indeed – unlike the Netherlands – the growth in Belgium was mainly the result of migration.

Germany leads the way

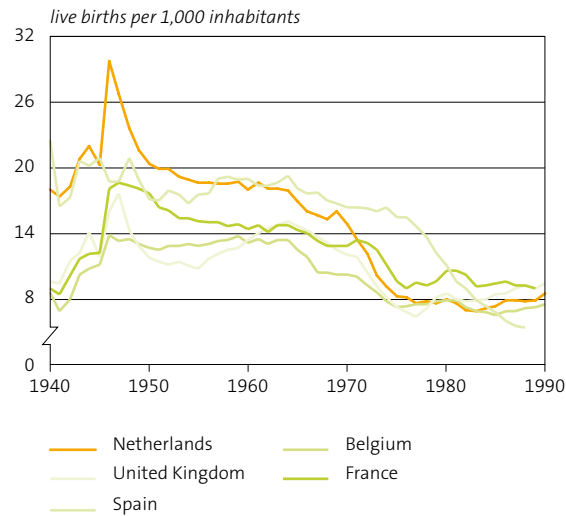
Historical birth rates, and – to a lesser extent – later migration rates, have been the main causes of large differences in population ageing within Europe.

Population growth in the Netherlands



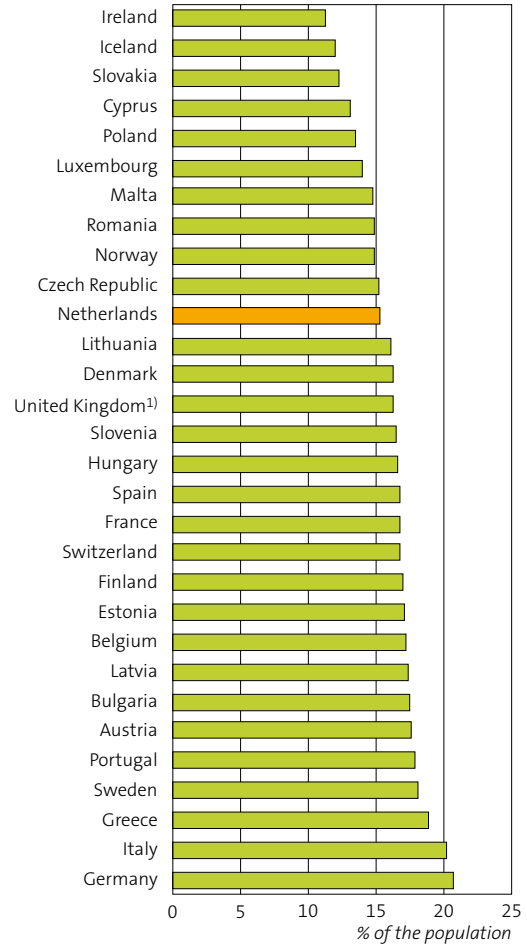
Because of the lower birth rates in Belgium – especially in the Walloon provinces – the population there has aged further than in the Netherlands. In Germany, the process has progressed significantly further. In 2010, 20.7 percent of Germans were already 65 years or older, compared with 15.3 percent in the Netherlands. Low birth rates – extremely low in former East Germany for a long period – are the main reason that the Germans are a few decades ahead of the Dutch in terms of population ageing. So, although the Dutch are ageing, in a European perspective they are still relatively young.

Population growth in Europe, 1940–1990



Source: Mitchell

Over-65s, 2010



¹⁾ 2009

Source: Eurostat

11

Ripples of a birth wave

Jan Latten

As its name implies, the baby boom generation, born in the period 1946–1955, differs from other generations because of its massive size. The sudden population increase had a number of knock-on effects: overcrowded primary schools in the 1950s, an influx of pensioners from 2010, a sharp increase in the number of infirm over-80s from 2025 onwards. The final effect will be felt by funeral directors.

Grey consumers

The post-war birth wave will continue to wash ashore in the coming decades. Some 225 thousand people in the Netherlands will celebrate their 65th birthday in 2012. By comparison: only 181 thousand will celebrate their first birthday. In the coming years too, the increase in the number of over-65s will continue to be large. So large in fact that in five years' time half a million over-65s will have been added to the population.

The extra growth of half a million older consumers will become a new factor in the economy: the silver economy will start to boom. Statistics have shown that in relative terms, car sales rose by most among buyers aged 80 years and older: in the period 2000–2009 the number of cars in this age group doubled, to over 160 thousand. And there has been a noticeable increase

in political and media awareness of senior citizens as target groups. In the long term, the ageing baby boomers will account for a grey consumer group numbering around 4.6 million people.

One million vulnerable elderly

These will be consumers with a relatively long autumn of life. A man born in 1946 who lives to celebrate his 65th birthday still has a life expectancy of nineteen years. For a man born 1930, this was only sixteen years. This senior stage of life is therefore now nearly as long as the youth stage.

In addition, most of them will live beyond the age of 80. Around 2050, 1.8 million people in the country will be over 80: ten percent of the population. Obviously, provision of care and services will be an important factor in the silver economy, certainly for elderly single people who do not have a partner to support them. The number of vulnerable elderly people will increase by less than the total number of old people, although the Netherlands Institute for Social Research expects the number of vulnerable elderly people to increase by 300 thousand, to approximately 1 million by 2030.

About one in five of these elderly people will have no children or grandchildren. Who is going to take care of

them? And what effect will the mass departure of young people to the urban agglomerations have, while the elderly baby boomers stay behind in depopulating rural regions? There will be a demand for a more integrated approach to care and housing. New residential formats will be required, both in rural and in urban areas. As long as there is no cure for dementia, the number of people suffering from this disease can be expected to increase strongly as the baby boom generation grows older. Alzheimer cafés may well become a familiar sight.

Time for reflection

Health, obviously, is becoming a hot issue, if only in terms of who is going to pay for all the new medical technology and treatment. Will the baby boomers eventually have to sell their homes? Or will the people who can afford to, pay for au-pairs from distant countries? As old age is accompanied by increasing infirmity, immaterial things like health, welfare and happiness will become more important.

This will probably lead to an increase in reflection about the important things in life compared with the 1990s and the euro crisis years. What really matters in the end? The Grim Reaper cannot be postponed forever.

After 2035, more than 200 thousand people per year will die. The demand for environment-friendly disposal of human remains will rise. Where to put more than 200 thousand bodies every year? By that time the population will be shrinking if we no longer admit immigrants to the country. And all this in a country that will be more densely populated than today, with two large metropolitan regions, a large number of regional urban areas, and grey and sparsely populated rural areas.

A country without baby boomers.



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Authors

Ronald van der Bie
Jan Latten (chapter 11)

Translation

Lieneke Hoeksma

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Statistics Netherlands
Grafimedia

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Information

Tel +31 45 570 70 70
Fax + 31 70 337 59 94
www.cbs.nl/infoservice

Where to order

E-mail verkoop@cbs.nl
Fax +31 45 570 62 68

Internet

www.cbs.nl

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