

# South Korea's Looming Aging Crisis

## Demographic Change & Challenges of Graying Ahead

By PYO Han-hyung

Demographic aging is a contemporary social phenomenon most developed countries face in the 21st century, although it can be varied depending on the scope and speed of the aging process in each country. The aging of South Korea is currently progressing at a rapid rate, and is expected to continue at a speed no other country in the world has experienced before: South Korea will have evolved from an “aging society” to an “aged society” within a stunningly short period of time. The most serious problem here is that its fast-aging society may have a ripple effect on the overall economic and social structures given that it may not have enough time to prepare for the aging of its population.

The United Nations divides “demographic aging” into the following three groups: an aging society, an aged society and a super-aged society. In general, society is called aging when people aged 65 or older make up more than 7% of the total population; society is defined as aged when those elders account for over 14% of the total; and a super-aged society is the one in which the seniors are over 20%.

### Super-aged Society in 2026

South Korea entered an aging society in 2000 when the ratio of elderly people was 7.2% of the total population. As of late 2008, the number of people aged 65 or older exceeded five million, which approximately surpassed 10% of the total population.

South Korea is about to undergo a dramatic demographic transformation. It is likely to join an aged society in 2018 with the number of

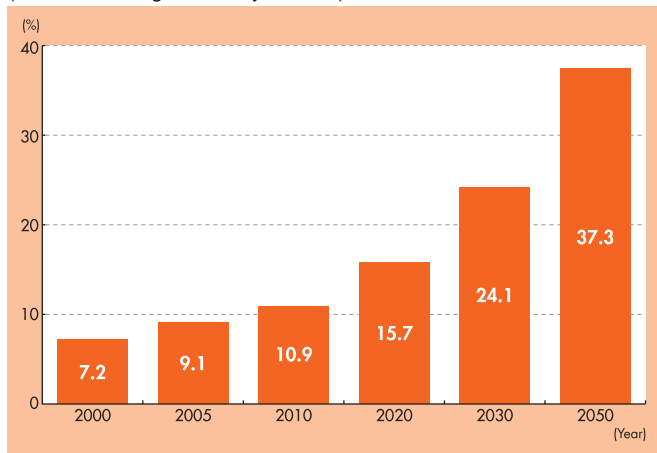
elders aged 65 or older accounting for 14% of the population, and it will become a super-aged society in 2026 with those seniors accounting for 20%. When it comes to a time span countries require to change from an aged society to a super-aged society, it took 115 years for France to go through this transitional process; it required 91 years for Britain; 88 years for the United States; and 36 years for Japan. If the current trend continues, South Korea is expected to take just 26 years to complete the process. Furthermore, South Korea's elderly population will make up 37.3% of the population by 2050, becoming the oldest country on earth, followed by Japan (36.5%), Germany (27.9%), Sweden (27.1%) and France (26.4%).

### Sagging Fertility Rate

Generally, aging of the population is directly caused by a declining birthrate and a slowing death rate. On the other hand, South Korea's demographic aging stems mainly from collapsing fertility rather than a slowing death rate in the wake of extended average life expectancy.

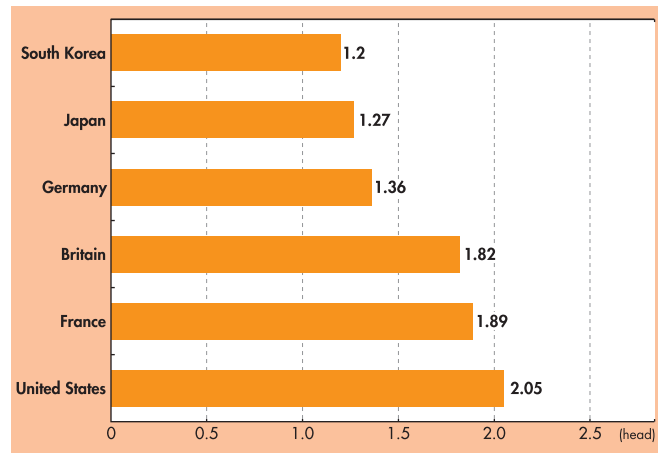
The nation's total fertility rate (the average number of children born to a woman in her childbearing years), which was 6.0 in 1960, showed a dramatic decrease from 4.5 in 1970 to 2.8 in 1980, and to 2.08 in 1983, lower than the population replacement level of around 2.1. Then, it further dropped to 1.60 in 1990. After the Asian financial crisis in 1997, South Korea's total fertility rate tumbled to 1.3 in 2001, pushing the country into a demographic free fall: an era of super-low fertility has emerged. Indeed, the fertility rate fell to a record low 1.08 in 2005, which was a full percentage point below the

CHART 1  
South Korea's rapidly aging population  
(world's most aged country in 2050)



Note: Figures denote percentages of people aged 65 or older to the total population.  
Source: Korea National Statistical Office

CHART 2  
International comparison of total fertility ratio (2008)



Source: “State of World Population 2008,” United Nations Population Fund

near-replacement level of 2.08. According to the “*State of World Population 2008*” released by the United Nations Population Fund, South Korea’s fertility rate was 1.20, the second lowest following Hong Kong’s 0.96.

The declining fertility rate is mainly attributable to rapid economic growth, women’s growing educational attainment, higher female labor-force participation and late marriage by women. Among them, childrearing and private tutoring expenditures are reported to place greater burdens on women these days.

### Population Seen Peaking in 2020

As for population trends, the average life expectancy of South Koreans rose to 76 years in 2000 from 62.3 years in 1970; and they are expected to live to be 83.1 years old in 2030 and 86.0 in 2050. The population of elders aged 65 or older is projected to grow from 3.4 million people in 2000 to an estimated 11.81 million by 2030 and to 16.16 million by 2050. Meanwhile, the number of children newly born a year is expected to decline from 640,000 in 2000 to an estimated 350,000 by 2030 and to 230,000 in 2050.

If the low-birthrate trend continues, the population growth rate will continue to drop from 0.84% in 2000 to -0.02% in 2020, -0.25% in 2030 and -1.07% in 2050. Therefore, the estimated population size will peak at 50 million people between 2020 and 2030 from 48.1 million in 2005 and it will continue to go down to an estimated 42.3 million by 2050.

Demographically aging South Korea, however, is not going to be too happy. The Korea National Statistical Office (NSO) and the Organization for Economic Cooperation and Development (OECD) say the relative poverty ratio among elderly people aged 65 and over in South Korea was 45% in 2006, 3.5 times higher than the mean poverty rate of 13% among OECD countries. The high poverty rate of elderly households is due to the rapid dismantling of a family-oriented support culture amid an underdeveloped social welfare system. Particularly, family dismantling has led to more aged people living as single-person households and hence a rising poverty rate among such households. As for the national pension system, the number of beneficiaries is still relatively few, although it was introduced in 1988.

### Seniors’ Suicide Rate Soaring

Therefore, it is common to see more elders committing suicide. Suicide rates among elders over the age of 60 are rising fast every year. For instance, the suicide rate among seniors aged between 60 and 64 increased to 48 people per 100,000 in 2005 from 17.4 in 1995, and that for 75- to 79-year-olds almost trebled to 89 from 27.5. In the case of 80-year-olds, the rate quadrupled from 30.2 in 1995 to 127.1 in 2005.

In 2006 alone, 4,644 people older than the age of 60 committed suicide in South Korea. In other words, an average of 12.7 elders killed themselves daily. Elderly suicides in South Korea are the highest in number and the fourth highest in rate among 30 OECD countries.

The number of seniors aged 65 and older who live alone in South Korea reached 880,000 in 2007, accounting for 18.4% of the total number of seniors. The NSO estimates the number of aged living alone is likely to reach 1.02 million in 2010 and 1.51 million in 2020. The monthly income of elders living alone remains at 266,000 won in 2007, barely half the average income of the total elderly population (486,000 won) or of the minimum living expenses of a household (463,000 won).

### Family-oriented Culture Collapsing

As democratic individualism spreads rapidly across the nation, its family-oriented culture has been quickly dismantled. According to data from “*the Korea Labor and Income Panel Study*,” 72.4% of the seniors over the age of 60 were largely dependent on their grown-up children in 1980, while this figure dropped by 41.3 percentage points to 31.1% in 2003. In addition, a recent poll says nearly 12.9% of younger people believe their elderly parents should be responsible for their later years in life.

When it comes to employment, 41.7% of elders between 65 and 79 years old want to be employed. But even when employed, options for the elderly are essentially limited to low-paid, menial jobs.

A social statistics survey announced by the NSO shows 44.6% of seniors see financial problems as their single biggest burden, followed by health (30%) and loneliness (6.4%). In a survey questioning how to make ends meet, 49.3% of them answered “their spouses or they themselves earn a living.” Almost half the seniors are indeed responsible for their daily living.

### Safe Infrastructure for Seniors Needed

To cope with its shrinking birthrate and rapidly aging society, South Korea recently began to enact a “Low Birthrate and Aged Society Act,” with a view to raising its fertility rate to the OECD average of 1.6 children. But the government budget itself cannot address those deep-rooted problems: it should work hard to increase the economic independence of South Korean seniors by providing more jobs so as to encourage them to find a full and meaningful life. The average retirement age of South Korean workers is 56, a decade earlier than that in Japan (66). Therefore, it is time for us to urgently come up with a way to extend economic life expectancy as life expectancy rises.

The average life expectancy for seniors in South Korea is 20 years after retirement at the age of 60, and this period – tantamount to about 70,000 hours except for sleeping and eating – is called “70,000 hours of fear.” As such, providing a safe infrastructure that helps the elders take full advantage of those 70,000 hours will probably be the most important and upcoming task for both present and future.

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*Pyo Han-hyung is Research Fellow, Economic Research Division, Hyundai Research Institute, and an economic advisor on news programs of South Korean cable news stations such as YTN and MBN since 2006. His main research areas are international finance and the labor market. Before joining the Hyundai Research Institute, he was a researcher at the Korea Institute of Finance from 1996 to 2001.*