

# Anti-aging Treatment for Your Governance

## Proposal for National Election System Based on Constituency by Life Expectancy

By Kan TAKEUCHI



Author Kan Takeuchi

The average life expectancy of the Japanese is 83 years, the longest in the world, according to figures for 2009. In spite of this, Japan faced a natural decline in its population in 2005 for the first time since its modernization process started. A decline of a population with many old people means a serious reduction in the number of children. If this situation continues, we will have to live in a society where the structure of the population is two working people to every one person of retirement age.

It would only be the government that could invest in the future to stop the arrival of such an extreme decrease in weight of the younger population. However, at this moment, politicians seem to be proposing policies favoring only elderly people, the majority of voters. These policies are only encouraging consumption, whereas policies in favor of young people encourage investment for the future. As things stand, Japan could collapse if expenditure for elderly people continues to increase. The existing election system only results in producing an administration for the aging and makes it difficult to achieve policies to support future generations.

In this short essay, I would like to make a rather radical proposal to create an election system where the opinions of the nation's youth are properly considered. This is a proposal of constituency by life expectancy. This is, I believe, worthy of consideration by other nations which will soon be facing the risk of an aging society with a declining birth rate.

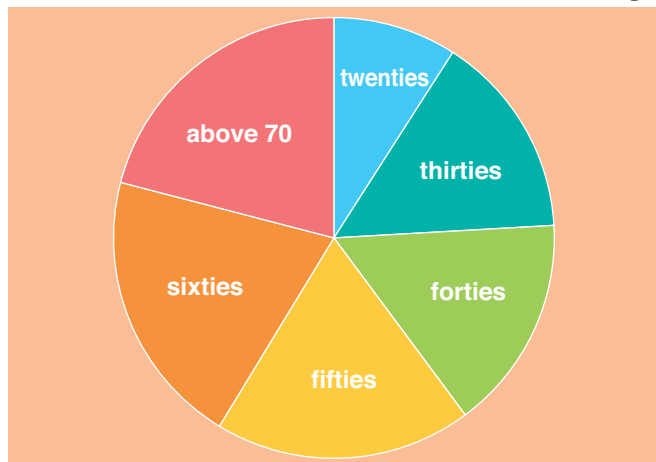
### “Fiscal Child Abuse”

#### Forcing Future Generation to Bear Burden of Debt Amounting to Tens of Millions of Yen

The gap in social security between the generations is enormous in Japan. The current generation of aged people are getting a great amount of social benefits through pensions and medical insurance from the government. It is certainly true that they are reimbursed for their tax and social insurance premia. However, it must not be forgotten that the budget sources for this reimbursement are nothing other than national bonds or the tax paid by the working generation

CHART 1

#### The majority of those who cast votes are the elderly



Source: Association for Promoting Fair Elections

and thus a tremendous amount of debt will eventually be left to the younger generation and even future generations who are not yet born.

The annual White Paper on the Japanese economy in 2005 published by the Cabinet Office made an assessment of how much the people in the older generation have paid in tax during their lifetime and how much they have gained in social benefits thus far. According to the estimate, the people in their sixties have gotten about 16 million yen in net benefits, while the people in their thirties now would pay around 17 million yen more in tax than their received benefits, calculating their costs and benefits in their lifetime using the same calculation method adopted for people in their sixties now. More surprisingly, future generations not yet born would have to pay around 45 million yen net during their whole life. That is nothing but, as Professor Kotlikoff calls it, “Fiscal Child Abuse.”

### Political Conflict between Generations

With an elderly people-oriented population structure, policies in favor of the aged, who have more votes, tend to be pursued. Looking at the weight of voters in national elections in Japan by age group, while the twenties account only for 9% of those who cast votes, the majority of them are above 50 years old (*Chart 1*).

On the question of selected policies, for example, “the late-stage medical care system for the elderly” in which people above 75 years old are to be covered by an independent medical insurance system was eliminated immediately, being considered as “elderly people abuse”. On the other hand, in spite of a serious decline in the birth rate in Japan, healthcare insurance is still in general not applied to cases such as infertility treatment, medical checks for pregnant women or child birth.

Furthermore, one in seven children in Japan is considered to be in poverty, and this is the 12th highest among the 30 OECD member countries. Whereas the child allowance of 13,000 yen per month, for which every child below 15 is eligible, has been criticized as a waste of money, the pay-as-you-go pension system for the elderly is maintained as it is and keeps redistributing the money from the young, being referred to as “intergenerational solidarity.” The amount of such pension was planned to be decreased in response to recent deflation. However, in reality, that reduction has been postponed for years, although the cost will be born by the working young generations whose nominal wages are declining due to the deflation. I believe that this is not sustainable, but it is true that the social security system for the elderly, the majority of society, is the sacred cow for every politician.

Is the young generation responsible for the current political situation? Is it because they often abstain from voting? Note however that even if they vote, their opinions will not be well reflected in national politics. They may not have an incentive to vote, since they cannot win the support of elderly people. After all, young people are very busy. We can easily find by research on an actual election that a candidate mainly supported by the young generation is overwhelmed by a candidate mainly supported by elderly people and the outcome would be unchanged even if the voting rate of the young increased to that of the elderly.

Considering this, we cannot blame young people for not voting. It would certainly be meaningless to vote in an election where it is clear in advance that their votes would be useless in having their candidate win.

### Shortage of Children is a Market Failure

The phenomenon of an aging society with fewer children was predicted long ago. However, the government has failed to overcome this challenge and “a shortage of children” has become a real social issue. This has been brought about simply by the failure of society in Japan to share the concept of “children as a public good.”

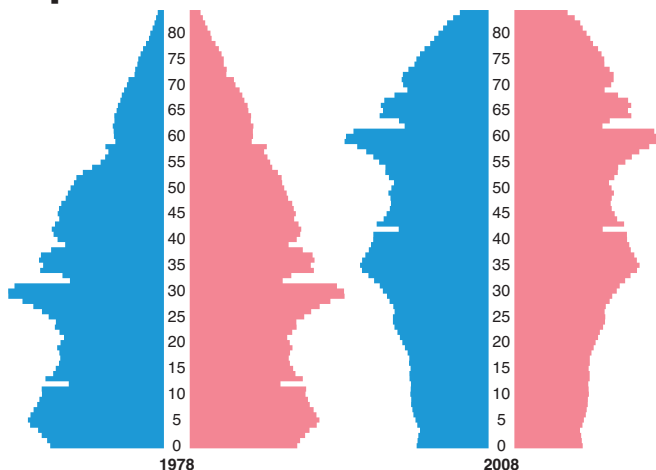
A public good as defined by economics is a good spreading of benefits over the whole society. The government now sees “fewer children” as a problem, which means “children” are now considered as a public good. In order to secure a sufficient provision of public good, the whole of society should pay its costs in relation to its benefits. With this, the costs and benefits of a public good would be balanced and a socially appropriate amount of public good would be provided.

However, if society becomes a free rider in such a way that it forces parents to bear the cost of raising children, the younger generation would not have enough children for the needs of society. The phenomenon of “fewer children” in Japan has been brought about by such “undersupply of public good,” noted as one of the examples of “market failure” in any textbook of economics. In this case, I believe that the government should replace the obligation of parents to pay the cost of raising children.

Supporting the raising and educating of children has been an extremely important investment for society as such. In spite of this, policies to deal with this issue have been relegated way below policies to deal with aging. Despite a change of cost-benefit structure in accordance with a change of the working environment and economic situations after

CHART 2

## Distorted population pyramid of Japan



Source: Statistics Bureau, Population Estimates

the High Economic Growth Era, Japanese society, being absorbed by the question of aging, failed to accommodate an environment in favor of raising children and educating the next generation. Now, the children of baby boomers, “the second baby boom generation”, have reached their late thirties, but a third baby boom did not happen.

In our society where aging with a declining birth rate is proceeding and elderly people continue to account for the majority, as long as we maintain an election system that favors the majority, government policies will end up favoring aged people. Thus, it will promote a further decline in the birth rate and a vicious cycle will emerge. Will it be necessary to change the election system to restore a population structure that prevents such a vicious cycle and achieves the sustainability of society?

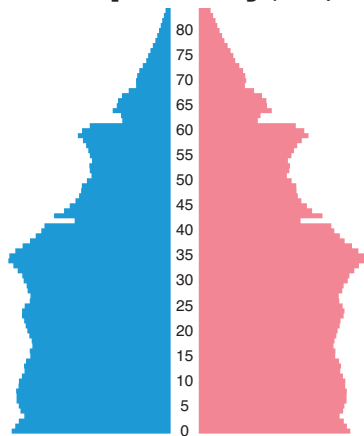
### Demeny Voting - An Idea to Reflect the Voice of Parents in Politics

One idea for correcting an election system oriented towards the interests of the elderly is called Demeny Voting. This would assign one voting right to each child and their parents would vote on behalf of their children in the election, and thus it would be a means of reflecting the voice of parents of children as “a public good” in politics. At this moment, the population under 20 years old accounts for around 18% of the total Japanese population. When people in this generation are able to influence any national election by this Demeny Voting, it may be possible that issues such as national support for raising children or educating young people will emerge as ones that the government will care about.

But even in that case, the merits of Demeny Voting would not be fully exploited with Japan's existing population structure. [Chart 2](#) shows the recent change of population structure in Japan from that of 30 years ago. The pyramid population structure with many young people observed 30 years ago is now significantly distorted by aging. According to this chart, elderly people above 65 years old now account for 22% of the total population and that percentage is predicted to be 36% in 2050. Under such circumstances, even Demeny Voting would not be the remedy for aging politics.

Besides that, we have an administrative issue with this voting idea, such

## Population pyramid weighted by average life expectancy (2008)



Though the population of youth is low, their total weight is bigger due to their longer life expectancy.

Source: Ministry of Labor and Welfare, 20th Mortality Table.

as the question of exactly who would best represent a child's interest. So I would like to propose a more realistic idea, and that is "constituency by age group" and "allocation of parliamentary seats by life expectancy."

### Voting Rights by Life Expectancy

A constituency is generally a geographical concept. However, in the current situation where we need coordination of interests among the generations on the issue of social security costs, as Dr. Ihori, professor of economics at the University of Tokyo, points out, it would certainly be an idea worth pursuing to select representatives by age group. We would have a constituency of young people up to 39 years old, a constituency of the middle aged from 40 to 59, and a constituency of the more elderly above 60 years old, and each age group would elect their representatives for the national parliament. Thus the voice of young people could be represented by the legislators elected from the constituency of youth.

Furthermore, I would like to propose that legislators' seats should be allocated to each constituency by age group in accordance with the voters' average life expectancy in each constituency. For example, assuming that a 55-year-old person's average life expectancy is 29 more years and a 25-year-old person's is 57 more years and thus the latter's life expectancy is twice as long as the former's, we should allocate more legislators' seats to the constituency of those in their twenties so that the number of allocated seats per voter in the constituency of young people would be twice as many as that for the constituency of the middle aged in their fifties. We should create a gap in the value of a single vote among the constituencies. Considering that a national election can determine a nation's long-term direction over several decades, it should be the young generation, who expect to be most strongly affected by the outcome of an election in the long run, that vote with responsibility on the basis of their future prospects. Their voice should be more clearly reflected in parliamentary debate, since they will have responsibility for the next five decades in Japan.

Under such an election system, there might be a concern about the gap in voting value among the constituencies. However, since everybody has the same value of a vote throughout their whole life, the

equality of the value of a vote can be maintained. It would be a misunderstanding to interpret this as a system that would give young people excessive power. They too will grow old, and so they would not always support policies that meet only young people's spontaneous and selfish interests. Rather, there could be a higher risk of elderly people without grandchildren adopting very selfish voting behavior.

*Chart 3* shows that we can reconstruct the pyramid of population of 30 years ago when Japanese society was in good health by revising the current one with the weight of average life expectancy. This means that our new constituency system of average life expectancy groups would be effective in offering hope for the young generation that will be responsible for the future of society.

### Warmhearted Mutual Cooperation among Generations

I personally hope that our society would sincerely welcome the birth of a child as a pure joy in life without thinking only about its social costs and benefits. Having children will not be easy in a society where a working couple's colleagues or superiors in their offices look annoyed by the news that they are expecting a baby. If your office or neighborhood, as well as your family, sincerely welcome the birth of a child, that should stop the decline in the birth rate. Above all, I would like all of us to be considerate to a pregnant woman or a person holding a baby and glad to give them our seat on a train. When I am on a train, I am always checking to see whether a pregnant woman or a person with a baby or an elderly person gets on each time the train stops at a station, and I am ready to help them.

If we are dependent only upon a governmental pension scheme as a means to achieve "intergenerational solidarity," we will end up with confrontation among the generations instead of cooperation. We should make our own personal efforts to pursue a warmhearted and cooperative society in our daily life.

**JS**

Photo: Author



*We have to leave happiness for these children*

Kan Takeuchi is associate professor, Graduate School of Economics, Hitotsubashi University, and a specialist in experimental economics and public economics. He has a Ph.D in economics from the University of Michigan.