

# Modestly Mellow

In 1991, Japan had 15.54 million people aged 65 or older. This was 12.5% of the population. In 2020, it is expected to be 31.97 million, or 25.2% of a total population of 126.9 million. Not only is this a very high percentage, it is rising faster than in any other major industrial country.

The "age of the aged" will create both winners and losers. Among the winners will be those people who are still healthy enough to enjoy the improved amenities that will be available. Seeking to link these healthy oldsters into the advances in information technology, the Ministry of International Trade and Industry has formulated a "Mellow Society Scheme" to study new systems to support diversely rewarding lifestyles for older people.

Yet the downside will be that somebody will have to care for the larger number of less-healthy old people, and that more of these older people will be bedridden or senile. Given the tremendous financial strains this is bound to create in national and local government budgets and the pressure it will put on an already-tight labor market, there are both considerable questions about society's ability to provide quality care and high hopes that the private sector will step in to fill the gap.

While it is widely predicted that serving old people's needs will be a ¥100 trillion business in the 21st century, it should be noted that this ¥100 trillion includes all of the costs of these people's food, shel-



Leaflets advertising "silver-business" services and products are delivered to individual homes.



Photo: France Bed Medical Service Co.

ter and clothing, and is not a total only for age-related purchases. If we look at the more honest figure of serving these people's age-related needs (including both goods and services), this is still a very modest market without spectacular growth potential. In fact, in the strict sense, it does not include much more than commercial retirement homes and health-care services performed under contract from local governments.

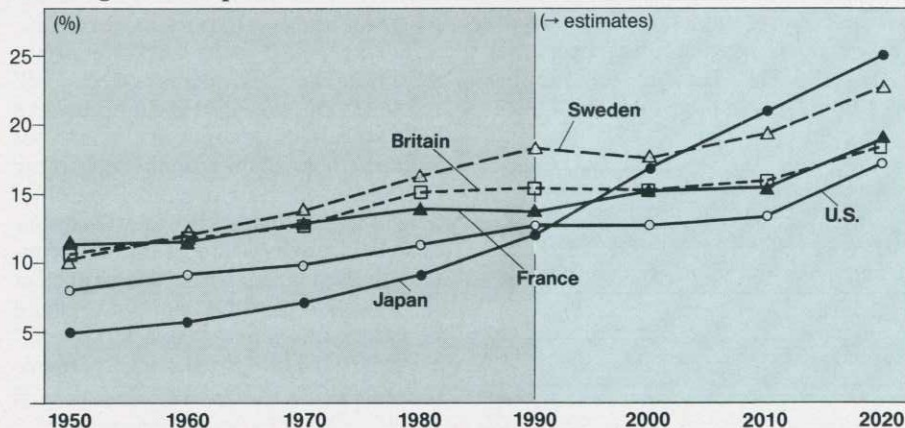
There are a number of factors holding the market down. Price is one. Tending old people is very labor-intensive and low-productivity work. The tight labor market has driven wages up, and these higher wages are inevitably reflected in higher prices, meaning that the services end up being restricted to a small number of

affluent oldsters. The second problem is that the Japanese people see taking care of the elderly as part of the welfare entitlement that the national or local governments should provide free of charge. As a result, it is difficult for private companies to break into this market.

Yet the government has declared itself ready to do what it can to promote more in the way of private services for the elderly. One aspect here is financial assistance in the form of low-interest financing, subsidies and the like. Another is better legal provisions for protecting the interests of both commercial retirement home operators and residents when disputes arise, and a start has been made here with the drafting of Ministry of Health and Welfare guidelines for commercial retirement homes, and the Elderly Service Providers' Association's seal of approval to homes that meet the highest standards.

Established in 1987 with Ministry of Health and Welfare backing to encourage the industry's sound development, the Elderly Service Providers' Association also certifies outstanding companies providing home care, equipment and aids, and other goods and services for oldsters. While over-regulation can be counterproductive, it is unlikely that their industry will grow as it should unless something is done to ensure that people can get the services they need at prices they can afford.

## Percentage of the Population 65 or Over



Source: Compiled from data provided by the Ministry of Health and Welfare's Institute of Population Problems.

(Takashi Okabe, economist)