

Aging Society Opens up New Frontiers

By Wakamatsu Kenji

Japan has not been able to eliminate the massive non-performing loans in its financial sector, and it is still struggling to escape from the economic stagnation that has lasted for more than a decade. The absence of clear prospects for the future has somewhat diminished public confidence and led to a pervading sense of pessimism.

The Japanese government and the United Nations (UN) recently announced the results of their respective demographic studies. The Japanese government expects Japan's population to peak in 2006 and steadily decline thereafter. The population is expected to decline by around half by the end of the century. Moreover, the proportion of people aged over 65 is expected to double and account for 35.7% of the population by 2050.

The UN study estimates that people aged over 60 will account for 21% of the world population by 2050, and that for the first time in human history, they will outnumber people aged under 15. The study says that Japanese society is aging at almost five times the rate of French society. The current ratio of people in the 65 years and over category to people in the productive 15-64 age category is 1:4. This ratio is expected to be in the range of 1:1.3 - 1:1.4 by 2050. The Japanese previously rejoiced in having the world's longest life expectancy, but the present welfare systems, which have the younger generations supporting elderly pensioners, are clearly unsustainable.

The government is facing tough considerations over reforms in medical and long-term care for older persons, which are making ever-growing demands on the available sources of funds. It will have to consider reduced pension benefits and increased insurance levies. The problem now is that the people of the

postwar "baby boomer" generation are about to join the ranks of older persons.

Elsewhere, people are marrying at a later age and more couples are declining to have children. Japan's birth rate is expected to drop to 1.39, well short of the 2.07 needed to sustain the population at its current level.

The tendency of the younger generation to opt for freer and more diverse lifestyles is likely to grow even if essential day-care facilities and child-care leave become more widely available. The ban on sexual discrimination in employment and the growing number of women seeking higher education mean that women will play an increasingly bigger role in society. Older persons will also have to play a bigger role in society to compensate for the labor shortage associated with the falling birth rate.

In the short-term, it will be very difficult to re-employ older persons who earned sizeable incomes under the systems of lifetime employment and seniority, where salaries and promotions were determined on the basis of age and the number of years spent with an employer. However, the social participation of older persons is likely to grow, given that the number of people wishing to work past the age of 70 is higher than in the advanced western nations. Moreover, corporations are keen to make use of the knowledge and skills of older persons; there are also active elderly people who wish to go into business with their friends.

In Japanese folklore, there are stories of elderly mothers being abandoned on mountains. The institution developed of people gradually turning over their responsibilities to successors and reducing their social contacts as they got older, so that they spent their remaining years in quiet seclusion. Since the Meiji period (1868-1912) of modernization, this

has affected the way that people spend their old age.

However, the question of greatest concern for older persons now is how to lead a fulfilling "second life" in old age. Once older persons account for one-third of the population in the middle of the 21st century, their tendencies will not only provide new markets in the economic sphere; they will also exert a considerable impact on Japanese society as a whole, including its morals and values, and help make society more mature and diverse in the process.

Japan became a major power thanks to the Meiji period policy of *Fukoku Kyohei* or "enriching the nation and strengthening the armed forces," and thanks to the rapid economic growth following the end of World War II. The likely issue for Japan in the 21st century will be to provide the international community with a model of a mature society, rather than mere competition over the size of gross national product.

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