

Realizing a Vital Aging Society

By Hamano Takayoshi

Aging of population is emerging as a global issue. The number of people aged above 65 accounted for about 15% of total population in Japan and West European countries as of 1995, with Sweden having the highest ratio of 17.4%. In the United States, where the ratio is 12.6%, post-retirement life is becoming a serious social problem with the baby boom generation, the roughly 76 million people born between 1946 and 1964, reaching age 50. Even in dynamically developing Asian countries, said to be the growth center of the world, population seems likely to age as fast as in Japan in the 21st century.

The aging issue was discussed at the economic summit meeting of eight major countries held in Denver in June and the communique adopted at the close of meeting said, "We discussed the idea of 'active aging'—the desire and ability of many older people to continue work or other socially productive activities well into their later years, and agreed that social stereotypes of seniors as dependent should be abandoned."

Realization of "active aging" is a serious challenge for Japan, the fastest aging country in the world, but how can it be realized? I took up the aging issue in this column some time ago. But, as Japan seems to age faster than previously thought, I find it appropriate to touch on the issue once again, this time from the viewpoint of "active aging."

Acceleration of aging in Japan

As of September 1997, elderly people (those aged above 65) accounted for 15.6% of Japan's total population. It took Japan only 24 years, two to four times faster than in the Western world, to see the ratio of its aged population reach 14% from 7%, testifying to the rapid pace of aging in this country. A projection for future population compiled by the Ministry of Health and Welfare in January 1997 points to a further acceleration of aging. An earlier estimate, based on the 1990 national census, put the ratio of elderly population in 2025 at 25.8%, but the latest

ministry estimate revised the ratio upward to 25.2% in 2015 and 27.4% in 2025. Japan's total population was earlier projected to reach a peak in 2011, but according to the latest projection, population will begin to sag after peaking out at 127.78 million in 2007, four years earlier than originally projected.

The acceleration of aging in Japan results from a longer life span and a decrease in the number of children. Life expectancy of Japanese people, already the longest in the world for many years, continues to extend further and is likely to reach 78.8 for males and 85.06 for females in 2025, longer than earlier predicted, according to a survey by the Management and Coordination Agency. Meanwhile, the average number of children born to a female in her lifetime rose slightly to 1.43 in 1996 from 1.42 in 1995 but is expected to plunge to 1.38 in 2000.

A long life itself is a blessing. But such a rapid aging of society causes various problems, which make us despondent. One of the problems is the possibility of heavier welfare and pension burdens the younger generation must bear. The younger generation is alarmed by the prospects that while they have to pay an increasing amount of money to support elderly people, they may not be able to receive enough pension when they reach retirement age. This could trigger frictions between the working generation and the retiree generation.

As discussions heat up over how to support elderly people, the Long-Term Credit Bank Research Institute, a think tank affiliated with LTCB of Japan, released a report in July 1997 which showed that the working generation will pay 17.2% of their income from production activities to support the retiree generation in 2000, and that the percentage will rise to 26.9% in 2020. There is no doubt the higher the percentage rises, the more discontented the working generation will become. Is it



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possible to avoid such a situation?.

As one remedy, the LTCB Research Institute report suggested that elderly people be allowed to work beyond the current retirement age. Various surveys suggest that elderly people in Japan are more anxious to work than their foreign counterparts, though actually it is difficult for them to find jobs because of their age; that is, they are shut out of the labor market even if they want to work. Should the retirement age be raised by about 10 years, the amount of income to be transferred to the retiree generation from the working generation in 2030 will remain almost unchanged and conflicts of interests between the generations over income will be removed, according to the survey. Currently, about 80% of people in their 40s and 50s, 65% of those in the 55-64 age bracket, 40% of those in the 65-74 age bracket have jobs. If retirement is delayed for 10 years and 80% of those in the 55-64 age bracket and 65% in the 65-74 age bracket work, the generation friction will be solved.

To achieve the target, as many as 10,660,000 new jobs must be created—4.58 million for those in the 55-64 age

bracket and 6.08 million for those in the 65-74 age bracket. Are there such big job opportunities? Those in the 55-64 age bracket may manage to find employment. In fact, one survey on insurance sales showed that salespersons in their early 60s sign up more contracts than those in any other age brackets.

The most important question is whether there will be any workplaces for elder people aged above 65. Nearly half of elderly people currently working are self-employed, like farmers, foresters or shopowners. Agriculture is shrinking and individually-owned shops find themselves hard-pressed on the wake of deregulation of the retail sector which favor large shops. Their future is unpredictable.

How best to promote employment of elderly people

One way for promoting employment of elderly people, as the LTCB Research Institute survey pointed out, will be to let companies find merit in employing elder people. This will

require the introduction of a system under which wage will not rise with age and elderly people will offer a high-quality yet cheap labor force. In this connection, it will be important for the government to implement a pioneering policy for encouraging employment of elderly people and for the private sector to spread the up-to-date home-based telework system.

It may take many years before companies begin to employ elderly people since they are yet to accumulate knowhow on the utilization of elderly workforce.

It will not be easy to quickly achieve the target of extending the retirement age by 10 years. Yet, even a small increase in job opportunities for elderly people will have some significance. In any case, the most pressing issue is to address the current miserable situation under which elderly people

are forced to take up jobs they find unpalatable.

Another important approach will be to eliminate the public perception that elderly people should be treated as such. Physically handicapped persons are increasingly accepted as regular members of society. Elderly people should likewise be embraced by society.

Some welfare experts suggest considering a system which will enable elderly persons on dialysis to eat out or travel by air. A spread of such a perception will be essential to prompt employment of elderly people. There is an old Japanese saying that elderly people have wisdom. Indeed, there are a large number of elderly people who, based on their experience, have developed new techniques or invented convenient tools. Elderly people will find fulfillment in such roles. Only in a society where elderly people are provided with job opportunities can their wisdom be put to good use. ■

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