



## Demographic Change : Aging Societies

### Aging in East Asia Will Old Age Tame the Tigers?

**With plunging fertility rates, countries like South Korea and China may soon challenge Japan's claim to the world's oldest population. Rapid aging will challenge East Asia's societies and economies on many levels.**



An elderly couple waits for their turn during a photography session in a studio that caters especially to the elderly in Shanghai. Experts believe there will be some 400 million elderly people in China by 2050 (Photo: Reuters)

Japan has a reputation for being the perfect testing ground for consumer goods and cutting-edge technology like robotic dogs, virtual toys, and hybrid cars. Japan is also ahead of the curve in another trend - the aging of its society. Among East Asian countries with relatively young populations, Japan has become something of a Methuselah. In China and South Korea, only 9 or 10 percent of the population is elderly compared to 18-19 percent in Japan.

But just as its Asian neighbors adopt its technologies, they have also begun to emulate Japan's demographic patterns - falling birth rates and longevity. Elderly populations in China and South Korea are expected to double or triple over the next few decades. Given these trends, most of East Asia will face challenges that Japan and Europe are encountering today, like how to fund pensions and care for their elderly.

#### Related Articles

- > Global Population Aging: Europe Will Not Grow Old Alone
- > Women's Longevity: A Mixed Blessing?
- > "Social Welfare Will Not Be Abolished"

One aspect of East Asian aging that makes economists sit up and take notice is the sheer size of the populations in question. By 2040, there will be 400 million elderly people in China - more than the current populations of Britain, France, Germany, Italy, and central Europe combined. And while Europe has been aging slowly over more than a century, the pace of aging in East Asia is breathtaking.

"The major feature of aging in East Asia is the rapid compression of demographic change," says David Phillips of the Asia-Pacific Institute of

Ageing Studies (APIAS) at Lingnan University in Hong Kong. "The West has been gradually aging over the past 150 years. The changes in Asia-Pacific, particularly in East Asian countries, have basically occurred in the last 30-40 years."

### **Old before they become rich?**

A common concern raised by many studies is that East Asian societies may grow old before they become rich. In Europe and North America falling birth rates and rising longevity followed economic development. Older generations are now among the most affluent parts of society. East Asia's elderly may lack this fortune, and their numbers might even limit economic growth in the region's "tiger economies." China's current fertility rate of 1.7 children per woman may reduce its workforce by over 18 percent by 2050, and if fertility continues to drop this could even amount to a 35 percent decrease. In Hong Kong and Macau, the birth rate has fallen below one child per woman.

Shrinking workforces are not the only economic implications tied to aging societies. With the world's highest life expectancy (82) and population that is over 19-percent elderly and rising, Japan is struggling to keep existing pension schemes afloat. By 2030, only two working-age people will finance one retiree, an unfavorable ratio, but one that is projected to grow increasingly unsustainable by mid-century.

South Korea will face similar problems meeting the needs of its elderly. The country now has the lowest national fertility rate in the world - 1.1 children per woman. This, along with increasing life expectancy, will literally transform Korea's population in a matter of decades. Whereas only 9 percent of the country now is 65 or older, that figure will more than quadruple to 38 percent by 2050.

"The challenge facing Korea is especially daunting, and quite simply no other society at a similar stage of development faces an age wave that is as massive as Korea's, or as fast-approaching," said Keisuke Nakashima, a researcher at the Center for Strategic and International Studies (CSIS). Nakashima co-authored a report published in April that predicted that South Korea will "be in contention with Japan, Italy, and Spain for oldest country on Earth" by mid-century.

### **Modern times or western decadence?**

Despite these troubling projections, experts say it is not too late to ensure a more secure future for elderly people in Korea, Japan, and China. For starters, pension schemes will have to be reformed. Governments and business will also need to adapt to demographic trends by eliminating mandatory retirement, for example, or removing barriers for women seeking to enter the workforce or get promoted.

The UN Economic and Social Commission for Asia (ESCAP) has proposed a set of region-specific recommendations focused on promoting social protection, economic and social participation, better long-term care, and enabling supportive environments for aging citizens.

Governments can no longer assume that families can or will care for their elderly as they have traditionally done for generations. A number of cases of single, elderly men starving to death in Japan have sparked heated public debates. The victims often had no relatives and were left to fend for themselves with meager or no government assistance.

"Some Asian scholars exaggerate the differences when they talk about differences between East and West in terms of family care," says David Phillips. "They say it is the undesirable influence of the West - Western values instead of traditional Asian values."

For Phillips the erosion of the traditional family care is rather a symptom of modern times. Trends such as smaller families, migration, divorce, and the fact that more women are getting educated and going to work inevitably changes the way elderly are cared for - in Japan and elsewhere.

editor: Valdis Wish

publishing date: October 25, 2007



A 76-year-old man plays with his granddaughter in Beijing. East Asian governments can no longer assume that families can or will care for their elderly as they have traditionally done for generations (Photo: Reuters)

© Allianz 2007, All Rights Reserved