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## ASIA IN THE GLOBAL ECONOMY

REUTERS/Yuriko Nakao



## Aging populations: China and Japan must confront the challenges posed by rapid demographic change

By Catherine Bolgar

**“MAY YOUR WISHES be granted”** is supposedly an ancient Chinese curse. We wished for longer, healthier lives, and we got it. In the 1970s and 1980s, we wished for lower birth rates, and we got it.

And the curse? We're getting old, fast. It's terra incognita for mankind. We've always had far more children around than elderly, but that's slowly reversing. It means big changes, for economies and societies. And few countries are aging as much as China and Japan.

It's easy to see the economic boom associated with population growth, but just because a similar boom isn't evident with population aging and decline, that doesn't mean it isn't possible, says Nicholas Eberstadt, the Henry Wendt chair in political economy at the American Enterprise Institute, a Washington think tank.

### More action required

“Although the contours for demographic change in Asia are clear for the coming decades, none of the governments have responded very well to the challenges they will confront,” Mr. Eberstadt says. “The Japanese government worries out loud about population aging and the low birth rate, without doing anything about it. The Chinese government worries out loud about population aging, the effect of birth-control policies and the imbalance of boys and girls. Indonesia is still trying to limit and reduce birth rates. In South Korea, prenatal policies have had a very low impact. Singapore is trying to increase birth rates without success.”

What's old — and what's “aging”? A country is considered to be “aged” if more than 10% of the population is over the age of 60. The Population Division of the United Nations Department of Economic and Social Affairs estimates it at

10.9% for China in 2005, vs. 6.8% in 1970. The U.N. puts it at 26.3% in 2005 for Japan, vs. 10.6% in 1970. In the U.S. it's 16.7% vs. 14.1% in 1970.

Aging means the median age is going up. In Japan, it was 29 years old in 1970 and 42.9 in 2005. In China, it was 19.7 in 1970 and 32.6 in 2005. In the U.S., it was 28.2 in 1970 and 36.1 in 2005.

Japan is furthest along of the world's countries for aging. But China is changing the fastest. The U.N. projects that by 2050, 31% of Chinese will be over 60, vs. 42% in Japan, 26% in the U.S. and 21% world-wide.

“China is incredibly important in today's world,” says Zachary Zimmer, senior scholar at the Institute of International and Public Affairs at the University of Utah in Salt Lake City. “About one in five people in the world

are in China and soon about one in four of the world's elderly will be in China.”

How did this happen? “China's total fertility rate decreased from 5.8 children per woman to 2.4 in just 10 years, from 1970 to 1980,” explains Siri Tellier, director of the U.N. Population Fund's office in Geneva and previously its representative in China. “Life expectancy increased from 36 in 1949 to 63 in 1980. Those changes took 150 years in developed countries. They took 50 years in most less-developed countries, but they took only 10 to 20

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years in China. That means aging also will happen faster.”

Ms. Tellier points out that most of the drop in births came before the so-called one-child policy took effect in 1980.

More babies isn't necessarily the answer, or even an option.

“In China, women have realized the benefits of having few kids,” says Toshiko Kaneda, policy analyst at the Population Reference Bureau, a Washington think tank. “Once people have decided that, it's pretty hard to reverse the trend. In Japan, when you ask women how many children they'd like to have ideally, they give numbers higher than the number they actually have.”

China, already adding around 10 million people a year to its total population, is reluctant to relax birth-control policies.

“There was a birth boom in the 1960s. During the Great Leap Forward (1958-1960), many people died — and they also didn't get born. Afterward, Mao was a pro-natalist, he wanted a high birth rate. It tripled for one year,” Ms. Tellier

says. Then China had a “demographic echo,” with large numbers of babies born in the 1980s to the children of the 1960s boom. They're adults now, ready to have kids.

“That's one of the reasons given for China's reluctance to get rid of the so-called one-child policy,” Ms. Tellier explains. “It's also a reason not to raise the retirement age. The working-age population will continue to grow rapidly until 2015 in China. They will be reluctant to do anything to increase the work pool.”

Demographics help explain China's economic boom right now, says Mr. Zimmer of the Institute of International and Public Affairs. “A bulk of the labor force is now in their most productive ages.”

In contrast, he says, “the aging population in Japan has put pressure on economic development in a couple of ways. It takes away individuals from the labor force. It reduces the size of the labor force and thus productivity. And it increases expenditures needed to take care of the retired people.”

Health care is a big factor in the cost of growing old. Japan's national health-care system is so good that the country has one of the world's highest life expectancies. China privatized most of its health system in 1979, and now many people have no care at all because they can't afford it.

### Improving support systems

“China has one of the biggest challenges in the world” to get its health-care and the old-age support systems to keep up with the fast pace of its demographic change, says Ms. Tellier. China is looking at ways to change the health-care system, and is considering experiments with private pensions.

China's big problem, Ms. Tellier adds, is “as one Chinese demographer has said: they will grow old before they grow rich. China's per capita GDP is \$1,000 a year now, and the government plan is for it to be \$4,000 by 2020. In most countries in Europe, they have had a long period to build up the social institu-

tions that can take care of older people. In China, almost all older people live with their families. When you have a much larger older population and much smaller families, some elderly will have nowhere to go.”

In Confucian culture, which is prevalent in China, Japan and several other parts of Asia, “the oldest son is expected to live with his parents, and his wife should care for the parents,” says Ms. Kaneda of the Population Reference Bureau.

### The “4-2-1 family”

In Japan, about 50% of parents live with children, she notes, and many women stay at home. But in China, almost all women work, whether at regular jobs or in the informal sector, she says. Caring for elderly parents could require them to take time off. That's especially so because the youngest generation has no siblings to share the burden. China experts describe a “4-2-1 family” in which four grandparents and two parents depend on one child to support them in retirement.

Meanwhile, the eldest slice of the population in both countries is growing. The percentage of people age 80 or over, now around 9% in China, is expected to rise to 23% by 2050, according to the U.N. Population Division. In Japan, it will rise to 36% in 2050, from 17% now. That compares with a rate of 12% world-wide, expected to rise to 19% in 2050.

What happens when you have people living past 80? It means their caregivers are probably in their 60s and 70s — and possibly suffering from age-related health problems themselves. “You have the elderly taking care of the elderly,” Ms. Kaneda says.

In China, the situation is complicated by the sex-ratio imbalance. The sex ratio at birth world-wide is 103 to 107 males per 100 females, but it's 117 males per 100 females in China. “The norm is that your son's wife takes care of you,” Ms. Kaneda says. “But your son might not be able to find a wife, because there are fewer daughters.”

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