

The Aging Society and Its Social Costs:

The Problems of Declining Birthrate and Aging in the Japanese Welfare State

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Introduction

1. Changing Pattern of Economic Development: Japan's Experiences in the 20th Century
2. Economic Development and Declining Rate of Birth
3. The Advanced Welfare State and Problem of Aging
4. Social Changes Caused by The Information Revolution:
Towards a Knowledge Society
5. Changing Economic Ethics and the Human Use of Human Beings

Introduction

Japan's total sovereign domestic currency debt, plus government guarantees, were ¥640,644bn(\$4,805bn). At the end of 2001, the ratio of gross debt to gross domestic product was 132 per cent, the highest among advanced countries. Our central and local governments rob Peter to pay Paul. The economy needs to return to stable growth, without relying on an unsustainable large fiscal deficit as a source of demand. There are two main schools of thought: "demand-siders" and "supply-siders" ¹⁾.

It seems to be the buck-passing between demand-side and supply-side, and the plausible assumptions. Those answer is both sides are right-and wrong. The post industrial society includes the information revolution, the diversification of values and the aging of the population. It forces changes to market fundamentalism for three reasons: The details are as follows,

- ① Post industrialization have greatly increased the chances of natural monopolies.
- ② The progress of industrialization will widen the income gap.
- ③ The fight against global environmental deterioration, particularly global warming, should involve efforts to internalize environmental costs.

The competition is not always the only way to revive the moribund economy. Therefore, the U.S. system is built on the market-is-almighty principle may be ill-equipped for Japanese economic

system.

We do not want to become the victim of “irrational exuberance” and an attitude of “infectious greed”²⁾. American consumers are still on spending spree. The devil of consume has the best tunes. What can we learn from them? What kind of system is well-equipped for the future? It will be a system that enables the government to effectively control market power³⁾.

And first and foremost, we should get rid of market fundamentalism (materialism). Nevertheless, those who set no store by material value are in the majority. Materialism must be broken the spell by the like-minded people. Nonmaterial values, such as the environment, culture and art, are into the realm of nonmarket. In the above sense, money is not everything. Money is not what life is for. The market fundamentalism can change where there is a will to change.

We need a revolutionary socioeconomic system and philosophy that transcend a market economy society.

1. Changing Pattern of Economic Development: Japan's Experiences in the 20th Century

Economic development produces positive values, but on the other hand invariably causes negative effects. It seems to be the synchronized phenomenon. I would like to introduce you to the experiences of Japanese society.

Japanese society has two dominant trends;

- ①The declining rate of birth as the result of increasing number of young people who do not want to get married or postpone marriage⁴⁾.
- ②The increasing rate of aged people in the total population as a result of the rising level of income and medical care⁵⁾.

Here are the reasons:

First, Japanese society is on the stage of a matured society. In the 1970s, the Japanese economy faced a crisis created by OPEC. Rising energy cost compelled Japan to create its high technology industry structure producing “light, thin, short and small” products⁶⁾.

As a result of this trend, the percentage of value-added produced by service, information and software industries became much bigger than that produced by industries to material goods. This is more astonishing news than we have seen in the past⁷⁾.

Second, however, in the 1990s, the Japanese economy was seriously disturbed by the explosion of the so-called “bubble economy”. It heavily attacked high technology industries which were the core of the manufacturing industry. Asset deflation, which means that the value of assets declined sharply, pushed down the level of people's consumption⁸⁾. What is no good for assets is no good for

our life. Deflation may disrupt our life generally.

In such a rapid transformation of the economy, consumers changed their thoughts from mass consumption and waste to resource saving and taking care of the global environment. They now choose the path of controlling mass consumption based on the principle of thrift. Needless to say, this is a strong sense of consumer's self-reproach.

Third, the Japanese economy has kept constantly transforming. The changing stages of the Japanese economy are as follows⁹⁾ ;

- ①In the 1970s, it pursued the goal of becoming a big welfare state with big government putting priority to fairness and neglecting efficiency.
- ②In the 1980s, in accordance with Reaganomics as well as Thatcherism, it aimed at the big economic power with lean government.
- ③In the 1990s, Japan tried to get out of being a big country with a high level of consumption and the belief in GNP.

2. Economic Development and Declining Rate of Birth

A maturing society in Japan has constantly shown a declining birth rate since the mid 1970s. In 1999, the rate was 1.34 children per couple, which shows the simple reproduction of the population is impossible. Such a sharp trend towards a declining rate of birth is, more or less, universally found in all advanced countries.

However, the rapid decline of the birthrate causes many difficult problems in Japan. The decreasing rate is expected to turn back towards a reasonable level, and some suitable policies should be taken when young couples hope to have their children.

In Japan's case, the declining birthrate is the result of women's choice of higher education, the rising rate of getting non-domestic jobs, the increasing number of non-married women, and delaying the time of having baby.

In the society of "equal opportunity" to participate in all activities, women's employment will naturally increase¹⁰⁾. But work and care of children should both be maintained. In Japan, the following policies are being promoted.

- ①Multiple opportunities of employment suitable for women.
- ②The system of leaving work for child care.
- ③Supporting system of returning to work after giving birth.
- ④Externalization of domestic work in order to set free house wives.
- ⑤Creating satellite offices to make work place closer to home.
- ⑥Promoting working at home¹¹⁾.

As Japanese society has a small number of children, children are now being brought up in the atmosphere of excessive indulgence. They do not learn how to control themselves, often causing bullying and violence to each other in classrooms as well as outside of school. Parents are often giving ill treatment to them. It is caused by the declining ability to educate children in family and neighborhood communities.

The isolation of children from relatives, community and friends, and uncertain income only based upon the work of husband make the situation that family, school, and local community are losing their educational ability for children. In fact, this is a serious problem in Japan. It is no exaggeration to say so. We would like to find value in our foresight rather than our hindsight.

3. The Advanced Welfare State and Problem of Aging

Aging is the natural result of people's efforts and government's economic policies to attain a more affluent life. In Europe, where a high level of economic life has attained, countries have been facing the problems of an aging society. Developing societies like China will enter into a similar situation. The population explosion in the world may be resolved along with economic development. Because the higher education of the younger generation tends to decrease the number of children.

In the stage of old age, many problems come simultaneously¹²⁾ :

- ①retirement from work.
- ②worsening health condition.
- ③being bereaved of a spouse.

It is essential to assuage old generation's worries. It is seen as an important task, even for the younger generation, how to live a long period of time in the aging stage and to build some kind of life style.

Human destiny can be shaped by the intersection of negative and positive image. The aged life may often be regarded with negative image of a decaying mind and body, illness, bedridden life, dementia, scarce income, isolation and so on. But, life after retirement can be seen as a period to regain the energy of self in disposable time, to enjoy less mental pressure and to open a new life. These are the source of positive image. Only a small number of people tend to see the aged stage with the negative images of being left behind the times, or losing the opportunity of self-actualization. We hope people make a life plan, according to which they can enjoy the aged life as positive.

However, aged people in Japan, men as well as women, are reported to invest most of their leisure time in domestic sight seeing, cultivation, gardening, and eating out. After retirement, as seen in Western countries, people tend a little to lose work spirit and not utilize the opportunity for a new life.

It can not be denied, in reality, that aged people are inclined to lose energy and ambition. They want to avoid working and making effort up to the final point of life.

Men usually devote all the time to work in their work places without finding activities in their neighborhood community. Women, on the contrary, can easily make human relations in the community. This especially true for housewives. This fact makes many of Japanese men isolated. The words which to work is what life is for, make an even greater impression. We hope for the best life and prepare for the worst life.

In Japan, the process of industrial development has destroyed intimate human relations in the neighborhood community and in family life by producing separated individuals. Japanese people only devote themselves to human relations in work place. This can be regarded as the negative side of industrialization and marketization, which is found in every country. Many crimes come out in all such places including chain stores called "convenience store" .

Industrialization and marketization of society of course have positive roles, but, on the other hand, they have produced negative effects such as human isolation. In other words, we were able to get the prosperity but we failed to satisfy. This is an undeniable trend in Japan. How can we overcome it?

Here, we should discuss the role of the family. The Declining number of children and the fostered tendency of aging have seriously destroyed the traditional system of family, which is composed of aged parents and a young couple. Such a traditional type of family has been transforming toward a family composed of a single generation, and its children.

Economic development, as a general course, tends to make families of a small scale all over the society.

The decreasing number of family members naturally makes change in functions of the family including the caring system of the aged parents.

Since 1980s, the "hotelization"¹³⁾ of home and the individualization of family have progressively been fostered in Japan. In the field of consumption, so-called "MacDonaldization"¹⁴⁾ has become dominant. MacDonaldization means a tendency that people go to "fast" food shops, which serve uniform foods like hamburgers. Further more, people especially of young generation, can economize and substitute their family life by using 'convenient' shops. The effects of the globalizing market is the uniformalization of consumption life.

On the other hand, in rural areas, young people have already left their villages and the aged parents lead a lonely life. Economic development is inevitably producing depopularization in rural villages and many over crowded societies with homeless people in urban areas. Therefore we are confused ourselves, as we assume many other people must be.

The biggest factors which cause uneasiness in aged people are illness and the problem of cost of life including medical costs. The body bad factor mess is especially onerous. However, supplying

various opportunities to work is not an easy task. Hope for work by the aged people are as follows;

- ①to maintain current or related jobs with which they are familiar.
- ②to get work which is not heavily responsible.
- ③to get a job in which they can actualize their hobbies and knowledge.

They do not want to seek new jobs, but want to get work in which they have some experience. In order to cope with such a task, young people should develop their own ability when they are young. Livelihood of the aged people comes from the public pension and earnings of their work. In addition to these, private pensions and savings are necessary to support lives of the aged people.

Caring for aged people is making the following important¹⁵⁾.

- ①normalization policy: the aged people enjoy their lives in the same environment as normal people live in.
- ②respect for the personality of aged people
- ③self-determinations: aged people are expected to decide their way of life according to their own will.
- ④vitalization by giving stimulus to aged people, instead of leaving them alone.

In order to practice this philosophy, it will be necessary to introduce home helpers or visiting nurse services. In Japan, public policies related to this field are restricted because of budgetary restraints. More private sectors based upon the market system are said to be introduced soon.

4. Social Changes Caused by The Information Revolution: Towards a Knowledge Society

The information revolution should be taken into consideration in order to cope with the problem of birth rate and aging. Industrial society in the twentieth century built the uniform system of mass production, and produced a society with multi-dimensional knowledge of industries. Company became a corporation of knowledge activities, which lead to a citizen-centered society instead of a producer-centered society.

Japanese industrious society, therefore, should remodel itself towards a new system which is diversified and decentralized. For example, employment system is now changing to flexible one from the life long employment system, which has long been called one of three holy things in Japanese corporate management together with the seniority system and the in-house trade union system. The style of work is becoming open without “keiretsu” through information network¹⁶⁾. Worker begin to move from company to company as a free person.

In the knowledge society, there are “netizens”¹⁷⁾, that is, citizens who communicate mutually

through the internet system. They can exchange information and do research on the network. For example, electronic shopping, electronic library, electronic services of public administration, and VOD(video on demand)are now being experienced.

In this way, new communication patterns have been so widely created that traditional communities, including local autonomy, is facing a new frontier. In Japan, the new wave of restructuring the local autonomy system is rising¹⁸⁾.

The information revolution is making the following positive changes in many fields¹⁹⁾ :

- ①The activity space for the aged and handicapped people will expand. They can communicate with people in society through e-mail.
- ②New frontiers of medical care will come through electronic ways of diagnosis and treatment.
- ③Individualized educational needs will be met and there is a multiple education system beyond traditional uniform school system.
- ④Family members can enjoy external communication through mobile phones with members of the local community. This, however, may destroy intimate family dialogues.
- ⑤Various types of community based upon such information networks are now emerging.

A new society with public communication will be constructed, which makes the action of the information revolution in the sectors of public administration. Close communication between public administrators and citizens can foster cross-field and cross-generation transactions. This can make new local community systems. In such fields, there is no gap of development between the advanced societies and advancing ones. For example, Japan, China, Singapore and America can be said to be going ahead²⁰⁾.

The information revolution makes people's life affluent, but people will face too much rapid transformation in many fields of life. They have to cope with drastic changes in industry, employment situation, and new technology, which causes the so-called "digital divide" between people over 50 years of age and these of the younger generation²¹⁾.

It should honestly be reported here that several phenomena of deterioration in Japanese society are found in non-economic aspects. The quality of school education is, especially, declining. School refusal, bullying, disorders in the classroom and the leveling down of academic achievement are quite common all over Japan. It is said that autonomy, self responsibility and creativity should be taught to young people.

Cramming is easily forgotten.

The wave of decreasing population number, aging, and the information revolution put the Japanese economy and society in a turbulent situation which is completely new in Japanese history. This experience is also a radically new one for all developing and advancing countries, because these

countries have all followed the road of increasing number and quantity in every field. China will also be facing the same situation in the near future. We do not have a complete answer to the problem. We should learn by trial and error and pluck up the courage and sincerity.

Also it should honestly be mentioned that Japanese people are facing a moral crises. Not only crimes committed by “children”, but also by business persons who have experienced higher education. They readily commit business crimes to steal famous brand names for their goods. People’s desire to pursue an affluent life, “more and more”, undermine their moral lives. How can material affluence harmonize itself with human and moral values? Because the affluent life and moral life are not surely a contrived relationship. We are greedy for power and money.

5. Changing Economic Ethics and the Human Use of Human Beings

As a conclusion, it seems necessary to pay some attentions to ethical problems along with the transformation above mentioned. The maturity of Japanese national economy with the decreasing rate of birth and the increasing ratio of aged people is causing change in economic ethics of various dimensions. As ethics is what should be guidelines for goodness and competitiveness of economic behaviour, it inevitably fluctuate by such transformation of national economy described above. It can, in general, be said a transformation towards a system of “market cliented” ethics.

Maturity of Japanese economy means the turning point of mass production with mass marketing of commodities and the revision of economic ethics, both of which brought rapid economic growth up to 1980s.

Japanese economy is currently in the hardship of “global deflation”, which is the lowering general price level caused by rapid economic development in China and Southeast Asia countries, global information revolution with decreasing all kinds of costs, and the global over-supply of goods and services. In such a situation, every corporation is strongly motivated to explore the technological innovation, not only of production but also of marketing. Then traditional system of economic ethics needs to change itself in many important fields. Although the high level of innovation itself is the innate character of Japanese economy that is not neglected by global deflation, the so-called Keiretu oriented way of transaction among corporations has recently been destroyed and become unstable. All companies try to seek more efficient and speedy transactions which expand globally.

However, in Japan, ethical problems related to the informational integrity or perfectness has quite often happened. For example, many companies are not honest enough to tell correct information about the kind and quality of commodities they deal with. They tend to violate laws of accounting. They tend to hide information that should be disclosed as a guide line of “informed consent” in economic transactions. These are all called the ethics of “compliance”, which is increasingly asked for companies to follow by the market economy.

Together with such trends, the decreasing rate of birth and the rapid trend of aging are inevitably generating additional change in traditional corporate ethics, especially in its human resource management aspect.

It is said that there are three main pillars in traditional corporate ethics, which historically supported strong power of Japanese company. They are as follows; ①lifelong employment, ②the promotion system according to the duration of employment, and ③labour union based upon individual company instead of trans-company one.

However, the decreasing number of young worker makes the age structure of labour market into the form of diverse triangle. Global competition forces companies to unemployed workers and workers correspondingly move from company to company. These trends undermine the above mentioned promotion and reward system according to the duration of employment. The reward to workers become to be decided mainly upon their ability itself instead of the employment duration. Along with this, fostering workers movement from company to company makes weaker the traditional role of trade union in individual company to support workers rights. Royalty of workers to their company is decreasing, by which company needs to create a new ethical system to motivate ordinary workers to work. Traditionally speaking, workers in a company had a sense that they belong to the same community where a sense of mutual help exists in stead of crude competition. This used to be called as “corporate groupism” . But now strong sense of individualism is prevailing among workers in Japanese company, which is making work ethics more individualistically liberal and cosmopolitan suitable for global market competition.

In addition, such a trend of workers’ individualization corresponds the ethics of restructuring national welfare policy to establish the public pension system with deregulation and lean governments in national as well as local level. Ethics is not only composed of efficiency of economic activity, but also closely related to such aspect as welfare. However, ethical transformation now proceeding in Japan is nothing but a current towards market ethics. Japanese people and business men are earnestly challenging for an urgent task to actualize market ethics based upon individualistic freedom. This can be regarded as an inevitable way at this developmental stage of Japanese economy to approach a humanistic economy. In order to reach such a final aim, it is necessary to establish the ethics for humanistic economy where the potential power of human beings are used in humanistic ways.

Life is fleeting but a man is never too old to learn. All human beings should have training on the following three skills²²⁾ ;

- ①work skills
- ②human relation skills
- ③management skills

These skills should be based upon basic mental power, the consciousness of autonomy, self discipline, flexible and general culture, information skills, foreign languages, and cross-cultural adaptability. These contain several new factors for Japanese people. Therefore, the Japanese economy, society and people are facing historically radical tasks. Information skills and international languages are rather new in their every day life. In order to expand their business and communication in Asia, Japanese will need to learn the Chinese language in addition to English as the first international language.

It is a happiness to be able to find guidelines from classical wisdom, which give us great energy.

- ① Realize oneself, know others, and respond to changing situations.
- ② Try for a human use of human beings of all generations.
- ③ We start from the similar character, but reach different goals through education²³⁾.

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