

Japanese demography

Coping with the 100-year-life society

Shinzo Abe must be bolder if a fast-ageing Japan is to stay solvent

MORE THAN half of Japanese babies can expect to live to 100. This prospect would have horrified Yukio Mishima, a writer who thought it so important to die young and handsome that he ritually disembowelled himself after staging a pantomime “coup” attempt in 1970. It horrifies today’s pessimists, too. They worry that, as the country ages and its population shrinks, health bills will soar, the pension system will go bust, villages will empty and there will be too few youngsters to care for the elderly.

Yet for most people, not dying young is a blessing. Those extra years can be spent learning new skills, enjoying the company of loved ones or reading blood-spattered Mishima novels. Japan’s prime minister, Shinzo Abe, says he wants his country to be a model of how to make ultra-long lives fulfilling—and affordable (see Asia section). He talks of “designing the 100-year-life society”. But to achieve that Mr Abe, in his last three years in office, will have to adopt reforms that are far bolder than he currently envisages.

The key is to have enough people working to support those who no longer can. There are three ways to achieve this: persuade current workers to labour longer, encourage more women to enter the workforce and let in more immigrants. Japan has made progress on all three. The share of over-65s in work is the highest in the G7; the share of women in the labour force has recently overtaken that in America; and the Diet (parliament) is debating a bill that would allow up to 345,000 foreign workers (called “trainees”, not immigrants) to enter Japan by 2025. Companies are eagerly investing in robots to raise productivity. Mr Abe vows to reform the public pension system to encourage even later retirement.

All this is welcome, but it is not enough. If Japanese people

are going to live to 100 they will have to retire much later than 70. Women are too often stuck in part-time or badly paid jobs. Nearly 70,000 immigrants a year may sound like a lot, but Japan’s population is declining by almost 400,000 a year and there are a stunning 1.6 vacancies for every jobseeker.

Mr Abe should let more migrants in. Some fret that foreigners will make Japan less safe and harmonious, but there is no evidence of this. Others fear that they might become a burden, but with few exceptions the law lets them come only if they have jobs. Given Japan’s low fertility, importing young workers is the only way to fill potholes and change sheets in nursing homes.

Mr Abe should also create more incentives for locals to work longer, with a formula that automatically adjusts the timing and generosity of public pensions to reflect rising life expectancy and contributions. This is politically difficult anywhere, but the alternative is an inevitable debt crunch.

Last, private firms should scrap the seniority system, whereby pay increases with years of service and staff are forced to quit at around 60. This survives because the people who could change it—senior managers at large companies—benefit from it. The government can help by banning mandatory retirement ages, which would force firms to change seniority-based pay. Companies would have to reward merit instead, which would be good for productivity and for women, who lose out on promotions when they have babies.

An ageing society need not be a decrepit one. As Mr Abe notes, today’s elderly Japanese walk as fast as those ten years younger once did. But for Japan to stay solvent as it turns silver, he too must move faster than he has done thus far. ■

