Social Security Viewed from a Demographic Perspective: Prospects and Problems


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Abstract: This paper discusses the impact of population aging on the social security system, with particular reference to Japan. One of the primary findings of this paper is that although coresidence has been considered for a long time Japan’s latent asset in providing in-home care to the elderly, the demographic feasibility of continuing such a care-giving pattern will be increasingly difficult in the years to come, largely due to the low fertility trends persisting over the last few decades. In addition, norms of filial piety among middle-aged women have substantially weakened since the late 1980s.

Key words: Population aging; Social security system; Family organization; Value shift

Introduction

In the recent past, the birth rate in Japan has been falling substantially, with the total fertility rate for 1998 being 1.38 children per woman. Although this figure is not likely to fall below the 1.3 mark during 1999, it is considered almost certain to drop to a historic low during the year.

As the fertility rate continues to fall, debates concerning not only the long-term shortage of labor but also the social security system are displaying a new intensity. This is particularly true of those relating to contributions to and benefits from the public pension system.

In the first half of this paper, the relationship between the aging of the Japanese population and the social security system will be examined. The second half will deal with an analysis of the problems the Japanese social security system is likely to face in the 21st century, from the viewpoint of the family.

As is well known, the Japanese social security system is wide-ranging, covering medical care, old-age pensions, and unemployment compensation programs. Among these programs, it is the public pension system that distributes income from the younger generations...
to the older ones to a substantial extent. Thus, when the age structure of the population shifts, this clearly affects the solvency of the pension system.

In the medical care program, income flows from the healthy to the ill. This latter group does of course contain a significant proportion of elderly people, resulting in another flow of earnings from the young to the elderly. However, some young people also suffer from health problems, so that a certain amount of the flow is diverted back to the young themselves. In this manner, the medical care program induces both inter-generational and intra-generational resource transfers.

It should be noted, however, that in the case of the public pension system, methods of financing play a part in determining whether or not changes in age structure affect public pension systems. An example of a method not having an effect in this way would be reserve financing. Some experts on the public pension system in Japan assert that in order to overcome the negative effects of the aging of society, Japan’s public pension system should be converted to reserve financing. At present though, pay-as-you-go components are predominant, and when this is the case, changes in age structures have a direct impact on the public pension system.

Clearly, in a country such as Japan, with its rapidly aging population, there are major differences in the financial implications of age structure shifts between the pension and the medical care systems. It should also be borne in mind that the effect of population age structural change differs considerably, depending on the methods of financing adopted for these social security programs.

The Relationship Between Medical Costs and Population Aging

First of all, let us compare a variety of countries from around the world in terms of the percentage of the population consisting of people aged 65 and over and the percentage of GDP taken up by health-related costs. This comparison is based on OECD data for 1997.

As is clearly presented in Fig. 1, there appears to be, broadly speaking, a positive correlation between these two variables. However, if we take the U.S., Mexico, and South Korea out of the analysis, we find that this correlation is not statistically significant; indeed, it is very close to zero.

Looking at the way the figures for these countries change over time, we can see that each country conforms to one of three different patterns. As shown in Fig. 2, the countries showing the first pattern include the U.S., Canada, France, Switzerland, and Greece. Here, the proportion of GDP taken up by health-related costs increases along with the increase in the proportion of the elderly in the total population.

The second pattern, as displayed in Fig. 3, represents those countries where the ratio of health-related costs to GDP shows little change over time, of which Japan is one. Finally, the third pattern corresponds to those countries where health-related costs expressed as a proportion of GDP have actually fallen over time. This third pattern is shown in Fig. 4, and Denmark, Ireland, and Sweden are some of the countries which fall into this category.

Based on the cross-sectional and time-series data presented so far, it is clear that the conclusion commonly arrived at with regard to aging, i.e. that the arrival of an aging society will be accompanied by an increase in health-related costs, is not necessarily valid. The reason for this result lies in a number of factors affecting the two variables in question. These include economic growth performance, political stability, and the tax system. Moreover, there is another important factor to be noted: the significant differences in family structures observed in the countries sampled in the present study.

Take, for example, the second pattern, which shows little change over time, and to which Japan belongs. It should be clear that in spite of this consistency over time, the proportion of Japan’s population consisting of elderly people...
grew considerably over the time period under review. The fact that relative health-related spending remained virtually unchanged over time may be intimately linked with the advancement of the Japanese-style welfare system introduced in the 1970s by the Ohira administration. This point will be further discussed in the next section.

Limits to the Japanese-Style Welfare Society

Figure 5 shows the changes in Japan’s total fertility rate since World War II. Inspecting this graph reveals that the years 1947–1949 constituted a so-called ‘baby boom,’ with an average of 2.7 million births a year over that three-year
Fig. 2 Countries in which total health expenditure as a percentage of GDP is increasing

Fig. 3 Countries in which total health expenditure as a percentage of GDP is constant

Fig. 4 Countries in which total health expenditure as a percentage of GDP is decreasing

Fig. 5 Trend in number of births in Japan
period. Over the next several years, however, the fertility rate nearly halved, with the annual number of births falling to 1.5 million in 1957. This was the first occurrence of such a phenomenon in the history of mankind, and was largely responsible for inducing the aging of the Japanese population. Putting it differently, we may say that in that unprecedented 10-year period when the total fertility rate nearly halved (1947–1957), Japan moved onto a course leading to another historical first — the arrival of the first super-aged society, in the 21st century.

The 1978 Health and Welfare White Paper says that ‘coresidence is Japan’s latent asset.’ This suggests that Japan’s coresidence should somehow allow her to overcome various problems arising from population aging. Will this observation turn out to be valid, however, as family structure undergoes a rapid transformation?

According to survey data gathered over a period of half a century by the Population Problems Research Council of Mainichi Newspapers, the probability of adult children coresiding with parents at the time they get married has been decreasing. It is of interest to note that this trend goes hand in hand with the decrease in the proportion of arranged marriages; one could say that changes in attitudes towards marriage and family organization have been developing along similar paths. Particularly notable is the way in which, as those coresiding with the husband’s parents at the time of marriage have been becoming less common, those coresiding with the wife’s parents at this time have actually been becoming slightly more so (figure not shown). It is quite conceivable that, within several years, those elderly coresiding with a married daughter will become more numerous than those living with a married son. This must be considered one of the most important changes with which Japanese society is faced.

Next, let us turn our attention to care potential as viewed from a demographic perspective. Taking the population aged 65–84 as the denominator and the female population aged 40–59 as the numerator, the demographic feasibility of the elderly being cared for by the female population they had given birth to can be examined. It should be mentioned here that these computed values are quoted not with the conviction that women should bear all the responsibility for taking care of the elderly, but due to the fact that approximately 90% of all in-home care for old persons is carried out by middle-aged women. These values have been computed for a total of approximately 3,400 administration units (cities, towns, and villages) throughout Japan since 1955.

The computed results (relevant graphs omitted) clearly show that the care potential of middle-aged women fell between 1955 and 1975 and again between 1975 and 1995. Indeed, in 1995, administrative areas in which the computed values were less than 0.5 increased significantly. Furthermore, the projected results for 2010 suggest that the potential for caregiving on the part of middle-aged women will decrease yet further, and those areas where the computed values are 0.25 or less will increase dramatically. In addition, the majority of the approximately 3,400 areas are projected to have computed values below 0.25 in 2025.

As the numbers used for this calculation refer to people already born, it can safely be said that these projected values are likely to be highly realistic. They therefore pose the question of just how practical the long-term care insurance system will be, and make absolutely clear how important it is to ensure that this problem is fully discussed at a range of political levels.

There is another key point to be dealt with here. The United Nations’ 1998 population projections suggest that the computed value for Japan as a whole will become lower than anywhere else in the world during the period from 2006 to 2018. This projected result can also be considered highly accurate for the reasons outlined in the paragraph above.

Figure 6 shows the calculations of the burden due to fall on full-time housewives looking after
elderly persons who are bedridden or suffering from senile dementia. It can be seen by inspecting the graphical presentation that the burden to be placed on those women in their 40s will rise quickly. At present, one out of every seven or eight full-time housewives in their 40s takes care of a bedridden or senile elderly person. In 2025, however, nearly 50% of this group are projected to be in such a position. Needless to say, these projected results suggest an extremely gloomy situation.

The burden will increase even more when the baby boom generation shift from being the care providers to the care recipients. In other words, the current stage in the lifecycle of the baby boom generation exerts a considerable effect on the care needs of the country as a whole.

A point that needs to be mentioned here is that those women who will be in their 40s in 2025 consist of girls currently attending elementary school and junior high school. Whether or not these girls will have the same values when they grow up as we do now remains to be seen. Therefore, changes in values are as crucial as population changes when considering the various problems related to caregiving in the 21st century.

To shed some more light on this issue, let us examine data collected from various rounds of the National Survey on Family Planning conducted by the Population Problems Research Council of Mainichi Newspapers. In each round of the survey, the question ‘How would you feel about looking after your elderly parents?’ was asked to married women under 50. As seen in Fig. 7, from 1963–1986, 80% of Japanese women affirmed the practice, answering that taking care of elderly parents was either ‘a good custom’ or ‘a natural duty.’ However, from 1988 onwards, the corresponding figure has been
rapidly falling.

It is conceivable that the reason for this sudden fall is the emphasis the government has placed on the creation of a new care system since the mid-1980s, in which in-home care plays a central role. Up until that point, the government had assumed the bulk of the responsibility for looking after the elderly. Presumably, most of the married women asked thought that this would continue into the future, and it would be sufficient for the family to provide support for these efforts. However, with the release of the White Paper on Health and Welfare in 1986, the government made clear that it should not be relied upon to pay for nursing and other care, and the White Paper published the following year stressed that the government would not be able to meet manpower requirements for providing care to the elderly either.

It seems fair to say that women were put in a position where they were forced to change their opinion of the merits of taking care of elderly parents. In short, shifts in the concepts underlying the social security system were responsible for corresponding shifts in Japanese women’s attitudes relating to family nursing.

There is one more point made by Fig. 7 worth remarking upon. In the various rounds of the National Survey on Family Planning, the following question was included: ‘Would you expect your children to look after you in your old age?’ The proportion of married women who answered that they would expect their children to provide care in old age had been in long-term decline ever since Japan had started to expand economically. In addition, in the early 1960s, the proportion fell dramatically, due to the implementation of universal pension and medical care systems in 1961. It is well-known that old age security can play a large part in a married couple’s decision to have children. When the new social security system was implemented, the motivation for having children was sharply reduced.

These time-series changes demonstrate how changes in the social security system affected both fertility behavior and the criteria regarding how families look after their elderly members. It is clear that if our social security system is not reorganized effectively in the 21st century, attitudes to family and in-home care will be bent further still, perhaps to breaking point or beyond.

REFERENCES
