

Population Decline and Ageing in Japan: The Social Consequences. By Florian Coulmas. Routledge, London, 2007. viii, 167 pages. \$150.00, cloth; \$35.95, paper.

Ageing and the Labor Market in Japan: Problems and Policies. Edited by Koichi Hamada and Hiromi Kato. Edward Elgar, Cheltenham, UK, 2007. xxv, 191 pages. \$110.00.

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With increasing longevity and falling fertility, Japan faces an entirely new social and economic environment: a hyper-aging society. It is expected that close to 30 per cent of the Japanese population will be 65 years of age or older by 2025. Japan's population aging has proceeded rapidly, causing acute and profound changes in intergenerational relations, national pension systems, medical care and long-term care programs, and gender relations in the family and the workplace.

The two books reviewed here offer timely research on demographic challenges to Japanese society and its labor markets. They are different in disciplinary orientation, target audience, and scope. Florian Coulmas's book examines "social ageing" (vaguely defined as "social transformation on a large scale" [p. 16] caused by population aging) based on social and demographic data and opinion data published by governmental and nongovernmental agencies. Coulmas is director of the German Institute for Japanese Studies in Tokyo, works in Japan, and also is chair of Japanese Studies at the University of Duisburg-Essen. His book targets general social science readers and is excellent reading for students in courses on social gerontology and on Japan or East Asia.

In *Population Decline and Ageing in Japan*, Coulmas offers a broad, descriptive analysis of the demographic challenges and the resultant social transformations that confront Japan today and in the coming decades. It is well structured and clearly written. In chapter 1 ("Facts and Discourses"), he presents data on demographic changes and sums up current public discourse about the consequences of social aging in eight questions (pp. 15–16): Will it be possible to maintain Japan's high standard of living in a hyper-aged

society? How can social security be sustained without stifling the economy or causing too much hardship for the elderly? Why do Japanese women have fewer children than they would like to? How should a social policy be designed and what are its potential and actual effects? Why is it that affluence breeds childlessness? Are gender relations so askew that men and women postpone marriage and having children? Does the burden of caring for the old and infirm curb the younger generations' ability and willingness to have children? How and to what end does immigration come into play as society adjusts to the realities of population decline?

Coulmas does a good job of describing how the shared aspirations of the "all middle class society" have clearly become a thing of the past and how Japan today faces challenges to reinvent itself, including the reconsideration of male dominance, striking a balance between family and work needs, and addressing rising inequalities.

In chapter 2 ("The Problems of Generations and the Structure of Society"), Coulmas stresses that Japan is not just getting older but its aging population is also causing fundamental changes in intergenerational relations. For example, the traditional multigenerational living arrangement has steadily declined and has been replaced by conjugal family units. Yet, Coulmas cautions readers that if "elderly living with their children in separate dwellings on the same site are counted as broadly defined co-residence, the rate of co-residence has hardly changed" (p. 24). The increased number of conjugal family units may indicate the modern adaptation of traditional living arrangements and accompanying qualitative changes in the family system. One question Coulmas might have asked would involve the changing parameters of the economic rationality of intergenerational living. One wonders if multigenerational living arrangements may become practical solutions in the future with the recent increases in unemployment, job uncertainty, and delayed marriage and divorce among young persons.

In chapter 3 ("Social Networks"), Coulmas argues that government, business, and civil society will play major roles in the development of new social networks for the elderly. The growing preference among older persons to live on their own will increase demand for professional care, and the growing emphasis on couple-centered living among older persons (rather than spending time with their adult children and grandchildren) will increase the importance of volunteering and social participation in various organizations by older persons. One might entertain the possibility that Japan's population aging may bring a welcome correction to men's company-centered lifestyles and lead to more balanced gender relations among senior citizens.

Chapter 4 ("The Lonely Child") examines the problem of single-child families. Declining fertility (which is the direct cause of population aging) has meant most children are socialized in a single-child family without interaction with siblings. They grow up in pampered conditions with limited

social skills. Coulmas concludes that both the *otaku* and *hikikomori* are children of this new single-child society (p. 44). *Otaku* were distinguished in the late 1980s and early 1990s as being egoistic, indifferent to others, and superindividualistic (p. 20). They spend time absorbed in their obsession with electronic games, anime, and manga. *Hikikomori* children have “acute social withdrawal” and are “characterized by uncommunicative behaviors and severe avoidance of social interaction” (p. 44). Coulmas views *otaku* and *hikikomori* as consequences of Japan’s fertility decline. He ends chapter 4 with a pessimistic interpretation of Japan’s attempt to address its future population decline.

In chapter 5 (“Women and Men at Work”), Coulmas focuses on the ongoing reconfiguration of gender relations. Specifically, nonmarriage and postponement of marriage are the fundamental causes of lowered fertility. Women are choosing to avoid or postpone marriage and limit childbearing due to the opportunity costs involving difficulties of harmonizing the demands of work and family (including childrearing and eldercare). Government policies to help families balance work and family demands are not successful, and Coulmas is not optimistic about reversing the fertility decline. In his words, “the combination of long working hours, increased job insecurity, anxiety about their own retirement benefits in the future and care for elderly parents makes them opt against children” (p. 61).

In chapter 6 (“The Socialization of Care”), Coulmas describes the development of long-term care beginning with the 1989 Gold Plan. In 1997 Japan established the Long-Term Care Insurance Law (*Kaigo Hoken*), which went into effect in 2000. In a short period, people became consumers of a variety of eldercare at modest cost. Long-term care has alleviated the nursing burden that falls on women and other family members and has helped sustain more independence among the elderly. In many ways, the current elderly generation marks a transition from family care to government care for the elderly.

Chapter 7 (“‘Mature’ Customers”) discusses elderly consumers’ power for Japan’s economic future. By 2010, people 50 years of age and older will exceed 50 per cent of the total population, and this senior consumer group will make a sweeping impact on the economy (p. 74). Coulmas focuses on the “silver market,” a term that became popular in the 1990s. He points out interesting developments in this diverse market, from travel and education to housing and robots, medical care and welfare, and more. Many silver market businesses are still in their infancy, but the chapter describes rapid transformation of social aging—the way people conduct their lives in an aging society.

In chapter 8 (“Longevity Risk and Pension Funds”), Coulmas picks up one of the thorniest issues of aging Japan: financial worries about the future public pension system and the question of intergenerational equity. The

number of persons not making pension contributions to the national pension program has steadily increased. This is all the more important as the number of part-time workers, contractual workers, freeters (*furiita*), and the like has increased dramatically in the postbubble era. Also rising is the number of workers without social protection and eligibility for the National Employee Pension programs (pension programs available to full-time employees). Coulmas does a good job of explaining how Japan has become a society of growing inequality in the twenty-first century, or a “gap-widening society” (*kakusashakai*) as Japanese call it.

Do immigrants hold the key to defusing Japan’s demographic time bomb? This is the topic of chapter 11 (“Foreigners Welcome?”). Foreign population accounts for less than one per cent of the total population (p. 116) and Japan has opted for a “human resource development and circulation model” (p. 122) that would spare Japan the social costs and cultural clashes that have plagued other developed countries while addressing Japan’s labor and skill shortages. However, Coulmas notes that immigration policy is not high on the government’s agenda (p. 124) and Japan is accumulating a growing number of visa overstayers and undocumented foreigners, who now exceed two million compared with 800,000 in the early 1980s. It is clear from this chapter that Japan has become an immigration society, and a comprehensive analysis of integration policies and programs at community levels is needed.

Chapter 12 concludes that a hyper-aging Japan is showing ambivalence and “mixed feelings.” Government policies have been inconsistent and even contradictory and there is no clear consensus on what Japan should and can do. Gender and class are the two most acute dimensions of social change in Japan (p. 138).

Overall, this is a well-organized and clearly written book about the social consequences of rapid population aging. Readers may object to at times overly deterministic assessments of the impact of demographic changes. They may also feel confused about the key concept, social aging, as Coulmas does not define it clearly and treats it as the dependent variable (consequences of hyper-population aging) as well as the independent variable (a thing that causes changes in major dimensions of Japanese society). Additionally, Routledge should have paid more attention to the quality of graphics for figures.

Koichi Hamada and Hiromi Kato’s edited volume presents six chapters written by economists on the macroeconomic and microeconomic impact of population aging. This book is the result of a two-year project sponsored by the Economic and Social Research Institute (Cabinet Office of Japan) as part of a larger project entitled “A Study on Sustainable Economic and Social Structure in the Twenty First Century” (p. viii). Chapters 2 through 5 of the volume are concerned with the negative impact of population aging

on the future economic performance of Japan. The contributors offer policy recommendations including better utilization of female workers along with improvements in family-friendly policies, job training and use of flexible work schedules for older workers, revision of the tax system, and the use (or nonuse) of immigrant labor.

Each chapter is organized with a leading question, theoretical discussion, and hypotheses. The volume is intended for economists and mathematical sociologists, so readers are expected to be familiar with existing economic theories and methodological procedures such as "Heckit procedures" (chapter 2) and an overlapping generation model (chapter 4). For noneconomists, the book is dry and technical, lacking concrete examples and substantial discussion of the findings.

The introduction by Hamada and Kato provides background information on recent changes in Japanese society and labor markets, pointing to the intergenerational gap that began widening in the 1990s. Compared to their parents' generation who embraced the ideal of "lifetime employment" and "middle class" values and lifestyle, today's young workers face much more uncertain economic climates in which long-term planning for one's work and family careers is difficult. The editors also provide a short summary of each chapter and contrast their findings. This introduction is well written but stops short of explaining what the differences in findings between chapters mean and how they may be reconciled.

Chapters 1 ("Ageing and Employment in Japan") and 2 ("Factors Affecting Labor Force Participation in Japan: Empirical Study of Labor Supply of the Elderly and Females") focus on the effects of aging on the workforce, unemployment, future labor supply, and future employment of older workers based on analyses of various data during the last several decades. The authors address questions of the expected future shortage of young workers and Japan's future needs for immigration to counter a labor shortage. Chapter 1, by Yuji Genda, Hiroshi Teruyama, Souichi Ohta, Ryo Kambayashi, and Mamiko Ishihara, reports that population aging was not a contributing factor to rising unemployment in the postbubble recession of the 1990s. However, at the firm level, they find a sharp decline in employment opportunities for young workers as Japanese firms froze new hiring to keep existing workers. This in turn accelerated the aging of the internal labor market of firms. As the recession continued into the late 1990s, firms had already exhausted cost-cutting measures and began terminating senior workers. Thus, young workers bore the brunt of the economic downturn initially, but older workers were affected as economic stagnation continued.

In chapter 2, Hirotsugu Sakai and Hitoshi Asaoka examine factors affecting labor force participation among older workers (age 50–64) based on survey data they collected in 2001. They find older persons want to con-

tinue working full time as long as possible. To secure the labor supply of older workers in the future, they recommend more effective job training and educational programs as well as adjustment of work load, work sharing, flexible work hours, and consideration for health management (p. 31). In addition, they suggest changes in the income tax and social security tax systems (which have made female workers keep their working hours below certain levels) along with the provision of family-friendly policies in small firms and flexible work schedules for part-time and contractual workers in order to expand future female labor force participation.

Masaya Sakuragawa and Tatsuji Makino in chapter 3 (“Labor Force Ageing and Economic Growth in Japan”) examine the impact of population aging (slower labor force growth) on future consumption. Using different assumptions of growth models and abstract model specifications, the authors estimate the direct decline of overall Japanese consumption (caused by aging) at 19.1 per cent by 2055. It is disturbing that this chapter begins with incorrect statistics in regard to Japan’s population aging. The authors state that the “share of the Japanese population that is 65 or over is expected to rise from 11 to 19 per cent over the next two decades” (p. 57); the percentage of this age group surpassed 19 per cent in 2004 and is expected to exceed 25 per cent before 2014.

The next three chapters address macroeconomic effects of population aging and consider existing debates about the use of immigrant labor. Chapter 4 (“Ageing and Elderly Care in an Open Economy”) by Koichi Hamada and Lakshmi K. Raut contends that the increasing number of frail elderly needing intensive care that cannot be provided by robots and machines could be addressed by immigrant labor (p. 78). The authors also suggest the use of foreign investment to ensure a higher rate of return (a higher national income), which in turn would pay for future cost increases in social security and long-term care. This chapter develops the theoretical models of elder care provisions that incorporate increased immigration and investment of capital abroad with complex calculations.

Chapter 5 (“Immigration vs. Foreign Investment to Ease the Ageing Problems of an Ageing Open Economy”) by Raut continues the theme of chapter 4. He examines whether Japan should resort to more immigration or more capital investment in the manufacturing and infrastructure sectors of less developed countries based on “an overlapping generation model of the world economy with two regions.” His results suggest that the importation of skilled immigrant labor is more beneficial than foreign investment in less developed countries (pp. 112–13, 117–18). Investing funds in less developed countries involves risks and low rates of return unless such strategy can be coordinated with other governments or private investment from other countries (p. 118).

Chapter 6 (“Ageing Society and the Choice of Japan: Migration, FDI

and Trade Liberalization”) by Junichi Goto contrasts with chapters 4 and 5 by pointing to the social costs of immigrant labor and the additional economic burden Japan will face with immigrant labor. Goto suggests trade liberalization as a desirable option for both the host country and the home countries of Asia (p. 156). He also suggests more effective utilization of female labor (instead of relying on large numbers of immigrant labor) as a solution to population aging problems. One limitation of this chapter is that the analysis on trade liberalization is based on manufacturing labor issues, not service sectors. One wonders how trade liberalization can ease Japan’s growing needs for workers in the health and long-term care sectors.

Chapter 7 (“Retirement in Non-Cooperative and Cooperative Families”) by Erik Hernaes, Zhiyang Jia, and Steinar Strom is at odds with other chapters in the volume that are concerned with Japan’s population aging and its economic future. These authors examine retirement decision making among men born between 1930 and 1935 based on microeconomic household data in Norway from 1994 to 1998. This analysis is based on couples in which the Norwegian husband qualifies for early retirement and finds that “lenient taxation on pension incomes favors early retirement, while the taxation of pension incomes delays retirement among those who are eligible for retirement” (p. 177). This chapter makes a comparison of different estimations from game theory models and the joint utility model.

The Hamada and Kato volume provides highly technical procedures in extending the existing economic models. However, there is no discussion about how future expansion of labor productivity can increase Japan’s economic growth and thereby support the growing dependent population and offset ill effects caused by demographic changes. Given Japan’s low labor productivity in service sectors, there is a large potential for productivity-enhancing changes in the economic and societal context.