

## **The Interregional Approach of Measuring Population Second Session on Aging in the Global Development Agenda**

**Keisuke Nakashima**  
**Associate Professor, Kobe City University of Foreign Studies**

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First of all, I would like to thank the organizers for inviting me to this important meeting. I am truly honored to be here and, together with my fellow panelists, hopefully to be able to contribute to set the stage for this conference and also to address a couple of points in rethinking of definitions and measurements of older persons and population aging in the context of the global development agenda.

### **[1] The Challenges of Population Aging in Emerging and Developing Countries and the Characteristics Approach**

Before I touch on the importance of the “characteristics approach” of defining and measuring older persons or population aging, first proposed several years ago by IIASA and have been experimented since then, and that is certainly central to this conference’s agenda, I would like to highlight the unique and important challenges in tackling with aging issues in the global development agenda.

In the past, there was the understanding, expectation, or premise that, just like the “flying geese development model” in East Asia, lessons, ideas and tools, leaned or compiled from long and rich experiences of Japan and some of the European countries’ dealing with aging issues, can be passed onto the emerging and developing countries who are running behind in now the global phenomenon of population aging, so that they can be better prepared or better cope with it.

However, this may not be the case. China, for example, has been aging far more rapidly than most of the developed countries. It is also aging at a much earlier stage of economic and social development—so-called “premature aging.”

To illustrate this—when the elderly share of the population in the United States was the same as the share in China today, the U.S. per capita income was four times what China’s now is. Even Japan and South Korea were much wealthier at the same stage in their demographic transformation.

We expect to see similar rapid aging at early stages of economic and social development in many emerging and developing countries in the region and other parts of the world. What this means is that as individuals and societies, they lack resources to cope with various challenges arising, and also as states, they have not had or will not have had enough time to put into place adequate institutions such as flexible labor markets that can effectively make use of older works and social protection programs.

So, while in developed countries, aging are often fiscal and growth challenges, in many emerging and developing countries, it may become more of old-age poverty and humanitarian

crises, risk of slowing development before they grow rich or mature, or even all these lead to social and political unrest.

I sometimes describe China's and other emerging and developing countries' situations something like this—just a little after the big earthquake (or demographic transition), you are standing on waterfront, looking out to the horizon, and seeing a huge Age Wave (or Tsunami of population aging) approaching. Now you want to run as fast as possible, and run to as high ground as possible (or grow your economy and raise your living standards as fast and high as possible).

In doing so, a critical issue arises as how to leverage the demographic dividend, which many of the emerging and developing countries are or will be enjoying, opens up a window of opportunity for social and economic development. As all in this room know, the opportunity is provided one way or another, but its success is not guaranteed. In fact, to date, only countries in East Asia have been fully successful in leveraging their favorable demographics.

For emerging and developing countries to successfully run fast and run to high ground, along the way, as Dr. Richard Jackson of the Global Aging Institute in Washington DC emphasizes, another critical issue arises as how to mitigate the social and economic stresses that can be triggered by development, including the erosion of traditional social and cultural norms, urbanization, growing income inequality, and environmental degradation. Most of the stresses tend to peak midway through the demographic transition and midway through the development process.

In other words, the kind of challenges arising from population aging that emerging and developing countries face may be different from, more complicated and serious than those of developed countries. However, we should avoid becoming pessimistic or giving up. One thing in common in developed countries and emerging and developing countries is: whether countries prosper as they age will depend critically on the policy choices that they make.

This is where the importance of the “characteristics approach” of defining and measuring older persons and population aging comes in, particularly for emerging and developing countries, due to the time and resource constraints, more complicated and serious aging issues on top of the social and economic stresses of development. If applied properly, I believe, the approach will provide us much better, much nuanced understanding of demographic changes in those countries and allow us to make better choices for effective, efficient, and sustainable policies even under such severe circumstances or prospects in the future.

## [2] The Interregional Approach

Now, since the other speakers have already talked about the “characteristics approach,” here I would like to add another approach of measurement for population aging—that is I call, the “interregional approach.”

The “interregional approach” is another way of measuring more nuanced population aging. In the case of the “interregional approach,” you try to capture types and levels of socio-economic contribution of not only residential population but also non-residential population to a particular geographic area—usually subnational regions or municipalities in rural areas.

Over the past few years, the “interregional approach” has gained increasing interest in Japan,

particularly among those, including myself, who are engaged in revitalizing aging and depopulating rural areas.

In rural areas in Japan, total fertility rates of married couples are relatively stable and not uncommon to be at around the replacement level. The bigger driver of aging and depopulation is teenagers' and those in early 20s leaving their hometowns to attend schools or job hunt in bigger cities, usually in Tokyo or Osaka areas. Municipal governments, together with local businesses and communities, have promoted the young to come back to hometowns or have encouraged to raise marriage rates and fertility rates, but they have been largely unsuccessful.

Under such circumstances, by conventional measures, the elderly share has already shot over 40 or 50%, the number of residential population has shrunk decade by decade. According to the Japan Policy Council, half of about 1,800 municipalities in Japan are designated as “endangered municipalities.”

The “interregional approach” has been taken by some of the “endangered municipalities” by taking account of non-residential population such as tourists or visitors for major events and festivals. For Toyooka City, which is my hometown and is located in two-hour train-ride distance from Kyoto, among such temporary visitors, the biggest increase is in the number of foreign tourists to Japan, and has been working with KDDI, one of the major telecommunication companies to create and analyze big data of GPS information compiled from foreign tourists' rented Wi-Fi routers or mobile phones. They can track volume and pattern of foreign tourists' movements in and out of the areas.

Other examples of non-residential population include: (1) those who originally from the town and live in bigger city but frequently come back to take care of their old parents, or to help farming and other things. (2) the Japanese taxation system allows tax payers to choose which municipality to pay a part of their residential taxes, even if they do have any residential reality there. (3) Academic and professional experts who advise municipal governments or local business owners. (4) Nowadays it is not uncommon for some professionals co-working with somebody remotely by using ICT. (5) Similarly, even if the number of consumers is decreasing locally, again due to the advancement of ICT and distribution systems, farmers and small businesses can sell products far more easily and efficiently across the country and even to abroad.

By using these measures to account and promote monetary, labor, and other intangible contributions to the socio-economic vitality of the municipality by non-residential population, the real situations of population aging and depopulation can be better assessed than the conventional measures.

And this is not only for those Japanese municipalities in a super-aged society. This is very much relevant to rural towns and cities in emerging and developing countries in the near future, where fertility rates will soon come down to close to or even beneath the replacement level and, due to rapid urbanization, a large net outflow of teenagers and young adults to move to big cities will accelerate the aging process.

The “interregional approach” will provide development experts and local leaders with a much more nuanced understanding and real assessment of the state of vitality of their towns and cities, and may provide them with unconventional but efficient, effective, and sustainable ways to tackle aging issues. This will in effect allow them to create a socio-economic environment or



system where residents and non-residents support to cope with aging challenges across the borders of municipalities and even beyond national borders.

With that, I would like to conclude my remarks and look forward to your comments. Thank you.