

“At home you get depressive”

Interview. Naohiro Ogawa, professor of economics and demography in Tokyo, about the joy of working in old age, job agencies for pensioners, retirees as social “bulky waste” and the loneliness of Japanese men.

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The Prof: The Japanese have the highest life expectancy in the world. More than one fifth of the population is over the age of 65. Many retirees still work, clearly, even voluntarily. Do you in Japan have a legally sanctioned retirement age at all?

Ogawa: In Japan you can retire when you are 60 years old. But given the increasing life expectancy, the government raised the minimum age for payments of the public pension insurance from age 60 to 65. Actually, 35% of the Japanese people over 65 years of age still work.

The Prof: It is said that elderly employees are not pushed out of the labor market in Japan. Actually, it seems that quite the opposite is the case. Is this popular view correct?

Ogawa: For demographic reasons the number of workers has been decreasing since 1997 and Japanese companies have been forced to think of the ways in which to deal with global competition. However, the catch in the new pension law is that there are no sanctions for the companies who refuse to maintain the same employment status for their workers until they reach 65. Thus many companies practice the system “retire and rehire”: they conclude a new contract with an employee immediately after his/her retirement, so that the employee continues working, but for much less money.

The Prof: And the people participate in this and accept working for less money after this “in-between” retirement?

Ogawa: Many people of this age are still very healthy and that is why they still want to work. The Japanese are plodders and they are strongly connected to their

company. Many of the baby boomers, who have now reached the pension age, used to work their whole career only at one company. Furthermore, according to an OECD survey, Japanese men in particular feel very lonely without their company. Therefore, the job means everything for them - they barely have social contacts beyond their colleagues.

The Profil: You mean that in Japan, to a certain extent, you are no longer a part of the society if you do not have a job?

Ogawa: In principle, that is the case. For example, it is even a topic since a while that Japanese women call their retired husbands “bulky waste” when they do not do anything any longer.

The Profil: It is said that the rate of divorce at a mature age is very high in Japan.

Ogawa: Yes, because women have the right to claim 50 percent of their husband’s pension. This is probably also one of the reasons why Japanese men want to work as long as possible.

The Profil: From the viewpoint of a demographer: what needs to be done so that the experiment of longevity with few children could work?

Ogawa: That is very simple. People either have to work longer or save more. Those are the only options they have.

The Profil: In Austria the labor force participation rate starts to decrease drastically already at the age of 55. The elderly employees in this country traditionally have had a problem with their image although surveys documented long ago that they are not only more experienced but can even be more productive than young employees. How are things in Japan, what kind of an image does the ageing society there have about elderly employees?

Ogawa: Japanese elderly workers have accumulated a lot of skills, which is why their disappearance from the labor market is seen as a problem. There is even a word for this: we call it the “2007 problem”. Last year a huge number of people reached the pension age and an interesting question is whether they will pass their

broad knowledge onto the younger generations or not. There exists a fear that this knowledge might get lost. This is one of the reasons why suddenly there are more and more various job offers for the employees who are due to retire, with an intent to keep them in the company and have them educate younger employees.

The Profil: This postwar generation does not only have much knowledge but has also accumulated a lot of money. Is the ageing society a prosperous society?

Ogawa: Well, that depends on how the elderly spend their money. In Japan we had a very short baby boom phase after the war, which only lasted for three years. These baby boomers are very prosperous. According to my calculations, the average wealth of 60-year-old people in Japan is half a million dollars U.S. A married Japanese couple has, therefore, statistically, saved a million dollars. Now, it depends on what the people will do with this money, whether they are going to spend it to travel abroad or invest it.

The Profil: What the fact that these baby boomers have reached the pension age really means for the Japanese economy, probably, remains to be seen in the next few years...

Ogawa: I think that many of them will continue to work. The companies are trying to come up with arrangements to keep the elderly employees. If a highly qualified person is in question, the company will extend the existing contract every one or two years. Then there will be a kind of partial retirement with shorter working hours for less money and the person in question will continue employment under a new contract for significantly less money. The latter is the most popular solution currently since it is the cheapest for the companies.

The Profil: In Japan there are even some job agencies for pensioners, right?

Ogawa: Yes, there are. But there is also another trend. When people retire, they receive a high severance allowance equivalent to the amount of up to 42 monthly salaries. Many establish their own business, often a small shop, because they wish to keep on working and do something.

The Profil: Do you think that work helps people keep in shape?

Ogawa: Yes, I do. If you just sit at home during pension time and have nothing to do, you will get depressed. As long as you work you have objectives in your life and a

sense of achievement.

Interview: Ruth Reitmeier

Naohiro Ogawa, 64, is director of the Population Research Institute and professor at the Advanced Research Institute for the Sciences and Humanities at Nihon University in Tokyo. Ogawa has been working on population development of Japan and other Asian countries for the past 25 years. He has published a number of publications about this topic.

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