

## Creating a Silver Lining for Ageing Asia

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There may be no bigger issue for many societies than ageing populations. This is certainly true for Asian countries such as South Korea, Japan and even China. Twenty years from now, China will have double the number of people older than 60. Fifty years from now, South Korea will have 50% fewer young people than today. Meanwhile, health problems related with a longer lifespan will multiply. Cancer rates will rise and millions of more people will get diabetes. These are massive challenges – but it need not be all bad news.

- The social implications of the demographic changes are many. When a society gets older, the labour force shrinks, healthcare and pension costs jump, and villages become bereft of young people. In history, this is a unique situation. But there are no easy solutions because the problems are building up gradually for societies as they do for the proverbial frog in boiling water. They are very hard to deal with in 3-5 year political cycles.
- To be sure, more people living into old age is a good thing. If the medical issues can be addressed, people will live happier lives. Older people spend more on services, and this presents a business opportunity. For society as a whole, an older population also means fewer crimes since most crimes are committed by males under the age of 30.
- To cater to the needs of older societies, both the public and private sectors must change the way in which they deal with healthcare and pensions. The current practices in many countries are simply unsustainable. The typical healthcare system is skewed towards acute care of emergency cases. But going forward, it should focus more on treating chronic conditions that don't lead to immediate death, such as diabetes and Parkinson's disease.
- On the pension side, Asian countries should avoid making the mistakes of Western countries in creating a welfare state. Most state pension schemes in the West are either bankrupt or getting there. Asian governments should rely more on privately funded schemes that are transferable between jobs while building only a minimum safety net for the very poor.
- Innovative thinking is key for both governments and businesses to respond effectively to the changing demographics – and to capture new opportunities that this presents. Take the retirement age: as people live longer, healthier lives, it makes less and less sense to mandate a retirement age of 65. By extending the working lives of people, societies can unlock a huge reservoir of productivity. Likewise, businesses should try to market new products that target older people with a lot of cash, such as a pension product with a healthcare benefits.
- At the same time, there must be more dialogue between governments, pension and healthcare providers, and the population. People must be better educated about the financial issues involved in retirement. Also, more emphasis on preventive care and personal responsibility in adhering to prescribed medical treatments will go a long way towards reducing the overall cost of healthcare provision.

