

## Japan Begins to Embrace the 100-year Life

By LEO LEWIS

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When *The 100-Year Life* first appeared in mid-2016, the book about longevity and societal change sold only modestly in the west. Some took it as an inspiring road map, some as a warning, some as a niche-interest read for human resource departments or pension specialists.

But when the translated version was published in Japan a few months later, it hit the world's most aged nation like a jolt of electricity.

To Japan, the book's central thesis — that individuals, institutions, government, finances and infrastructure need urgent preparation for a time when millions can reasonably expect to live for a century — touched the rawest of nerves. It became a huge bestseller, transforming the public debate and crystallising what had been a murky discussion of demography-themed hopes and fears.

That clarity has spurred the country, where 27 per cent of the population is over 65, half is over 50 and deaths have exceeded births for more than a decade, into a grand show of action.

Sceptics maintain that it is no more than that — a show. But like a grandfather finally admitting that he needs bifocals, Japan has embraced the idea of the 100-year life as an overarching policy directive. It has long seen the more terrifying implications of that in surging healthcare costs and the emergence of “dementia towns”, where a fifth of residents are suffering from cognitive decay. But the potential upsides are also now receiving attention. In 2017, consumption expenditure rose most strongly in the over-59 age group. Young Japanese may husband their yen carefully; seniors are spending more on meat, cars, smartphones and package tours.

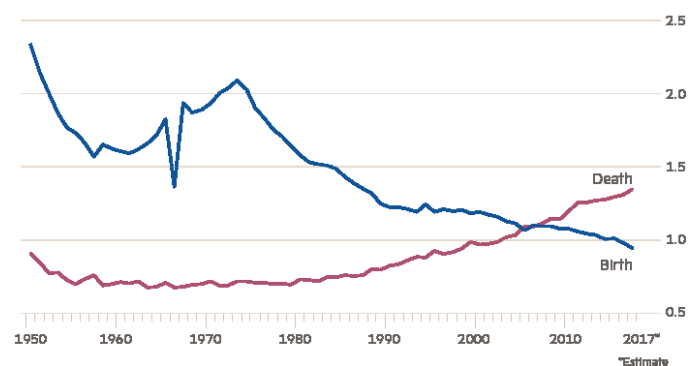
Brokers have identified three related “buy” calls: companies that run nursing homes or dispatch caregivers, manufacturers of robots to help or replace Japan's greying workforce, and fitness centres that focus on gym fanatics in their latter decades. Japan's decision to embrace the 100-year life, joke brokers, is the call of the century: it remains to be seen whether it can ever pay off.

Florian Kohlbacher, an author of extensive research on Japanese demographics, is one of many experts struck by how late this burst has come. Japan is very clearly at the global forefront of ageing, he says, and should be a clear leader in developing the policies and products that demands.

“Most of the future we don't know, except for demographics . . . so [if] we know what is going to happen, why don't we act? [Japan's] population has peaked out, it's shrinking— you'd assume this is the number one topic that you address. But why do we not see more action taken? One reason is, we still, today, look at ageing as a problem, rather than an opportunity,” says Mr Kohlbacher.

**Deaths have exceeded births in Japan for a decade**

Million people



Source: Mizuho Securities Equity Research  
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The negative take is compelling. A 2017 book called *Future Chronology* also sold extremely well and paints Japan's future as a yawning chasm between "the coming reality and the current state of public and private-sector planning". Masashi Kawai's grim vision of millions of crumbling, vacant homes and tower blocks becoming "nursing homes in the sky" suggests the number of annual births falling below 1m in 2016 should have rallied people sooner. He guesses that technology cannot address the shortfall and predicts a time when Japan is not only short of crematorium space, but lacks the monks to administer the last rites.

In terms of the public purse, the risks are clear: by 2025, when the immediate postwar baby boomers turn 75, social security expenditures will surge under a scheme that patients become responsible for a smaller ratio of their medical costs as they get older.

But the purely doomsaying approach to ageing may have shifted slightly as policymakers see the idea of an army of healthy elderly citizens who actively want to work as a blessing.

Business leaders, bureaucrats, educators and swaths of the general public have absorbed the warnings in the *The 100-Year Life* (which was published under the name *LifeShift* in Japanese) but also welcomed its conviction that there can be opportunity in longevity, given the right policies.

The book emboldened the Japan Gerontological Society to call for the definition of "elderly" to be revised from "over 65" to "over 75". The phrase *hyakunen jinsei* (100-year life) has bustled into corporate vocabulary; big companies in financial services and construction say they are using the idea to drive fundamental shifts in their business models.

In some cases, such as manufacturing, it is driving new technology investment in robotics and exoskeleton suits for older workers. In others, such as regional banking, where 50 per cent of lenders lost money in their core business in the financial year ending March 2017, it is one of the key considerations behind 15 mergers since 2008 and several more now in negotiation.

Lynda Gratton, the London Business School's professor of management practice and the book's co-author, has become an adviser to Japan's top leadership, informing ministers last year that it was likely that half the children born in Japan today will live beyond 100. This month, in a rare honour shared by the works of Karl Marx and John Maynard Keynes, the book will be released in manga comic format to ensure it reaches an even wider readership.

Not long after it hit Japanese bookshelves, an executive summary of *The 100-Year Life* landed on the desk of prime minister Shinzo Abe — struggling at the time to reignite public faith in his "Abenomics" reform programme.

Japan already knows better than anyone how quickly 100-year lives can proliferate even as the general population shrinks. Fifty years ago Japan had just 327 centenarians; in 2017 it had 67,824, and the largest per capita ratio of them in the world.

But Mr Abe, say senior officials close to him, knew a galvanising narrative when he saw one. The book's blueprint, of people working much later into their lives, remaining in better health, continuing to gain skills and investing for a long stay on earth, had a note of optimism he desperately needed.

He saw too that it fitted in with other policies he has pushed — critics say unsuccessfully — such as making more nursery spaces available for the children of working parents, and workplace reform aimed at narrowing the pay and benefits gaps between regular and non-regular workers. It also offered the opportunity to slacken some of the barriers to foreign workers — a segment of the workforce that Mr Abe and others recognise will be critical for securing the necessary army of elderly caregivers that Japan's demographics demand.

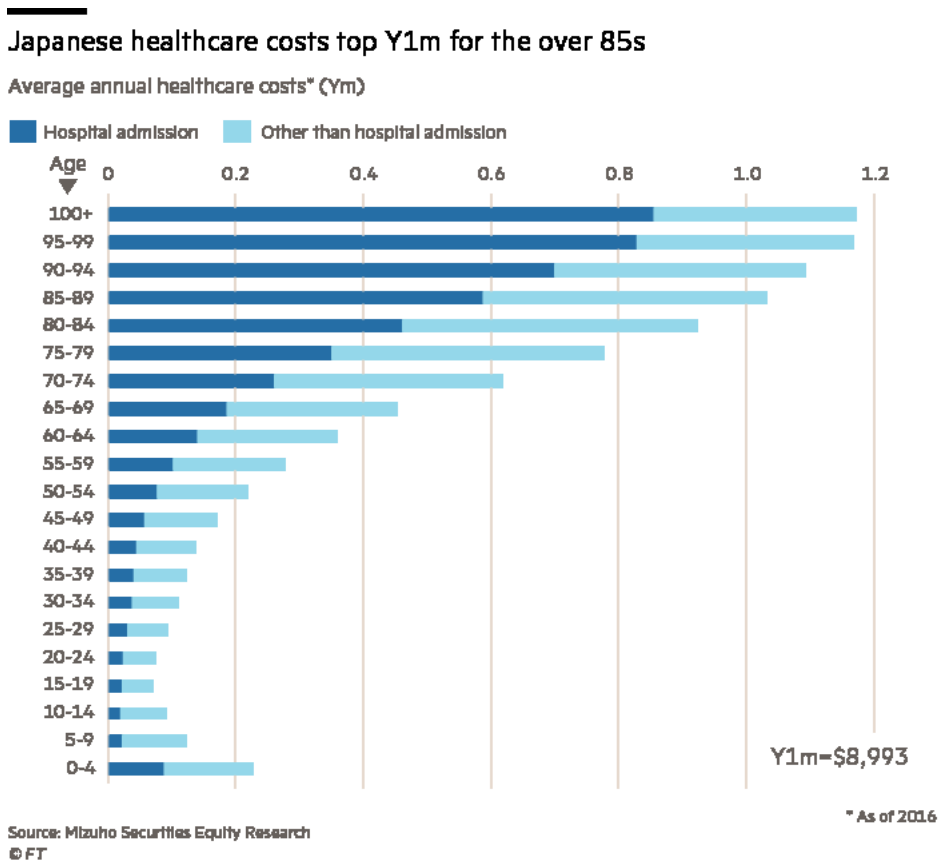
Within a year of the book's publication, the Cabinet Office had assembled a diverse group of ministers, academics, business leaders and union representatives into the Council for Designing the 100-year Life Society. In a signal that Mr Abe, who chaired and attended all nine of the committee's meetings, was open to all ideas, its ranks included a former footballer, Masako Wakamiya — an 83-year-old woman who designs iPhone games apps to keep the elderly stimulated, and Haruka Mera — a 30-year-old entrepreneur whose crowdfunding app has helped found a number of childcare businesses.

“I think that the 100-year life phrase made it easier for people to understand all the issues. The idea focuses people on the possibilities — it makes them realise that they could continue living for decades, and it makes it easier to imagine what needs to be done and how they need to plan their lives,” says Ms Mera.

Japan’s burst of activity, say senior government officials, arises in part from the fact that it has now accepted that it cannot, as it has habitually done in other areas of policymaking, reliably look elsewhere for guidance.

“We can ask why was Japan so late to do this, but they are actually the only big country that has formally decided to look at the ‘100-year life’ as a national project,” says Prof Gratton. “[Japan] has actually been fast at making it into a narrative.”

TV executives are already there. *Before and After*, Japan’s most popular property show, featured a section earlier this year showing how couples in their 70s could refit their homes to live comfortably with their centenarian parents.



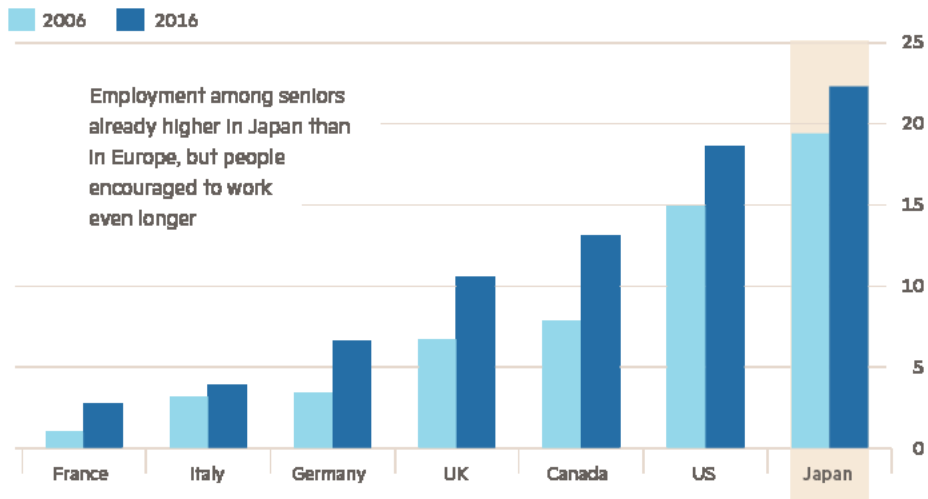
The country’s biggest securities houses, Nomura and Daiwa, are also seizing the opportunity. They have attempted to soften their macho images by diverting large blocs of their sales forces into new face-to-face services for their inexorably ageing client base.

The brokerages’ strategy is to break with the past and patiently discuss the customer’s needs rather than badgering them for the hard sell. Nomura has dubbed this sales team its “Heartful Partners”, while Daiwa has gone for “Peace of Mind Planners”. They are jumping into a void that would, in the UK and US, already be teeming with independent financial advisers.

In June, the committee published its recommendations and, two days later, they were adopted by the cabinet. Key ideas from the 100-Year Life committee included significant improvements in long-term care worker pay, a “drastic expansion of recurrent education” to expand mid-career employment and laying the groundwork for raising employment levels of the elderly.

## Elderly Japanese work the most among their G7 counterparts

% of workforce



Source: Mizuho Securities Equity Research  
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That last part, say analysts, is the key: most Japanese, whether for financial or social reasons, do not want to retire even at 65. In the Cabinet Office's recent survey on the daily lives of the elderly, it found that roughly 40 per cent who are still working say they would like to continue until they are physically unable to carry on. Another 35 per cent would like to keep going until at least 70.

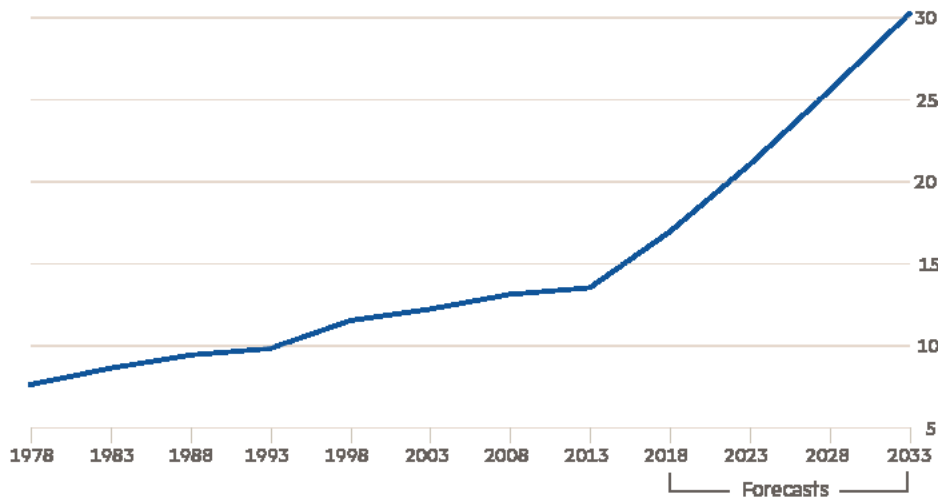
Companies desperate for staff as the working population shrinks are already finding ways to re-employ the just-retired, using short-term contracts for almost exactly the same role they just vacated but with fewer rights.

Far more of an undertaking will be the scrapping of Japan's mandatory retirement system, which discriminates against the over-60s by forcing them off the regular payroll, and adjustments to Japan's pervasive seniority-based pay system, which is evidently ill-suited to an era of super-long working lives.

Naohiro Yashiro, an economist at Showa Women's University, says wages based on seniority and mandatory retirement ages can only be changed by structural reform but too many people want to maintain the status quo.

## Japan struggles with a soaring home vacancy rate

% of residential units



Source: Nomura Research Institute  
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“The new phrase doesn’t change [the fact] that the government hasn’t done important reforms on, for example, pensions,” he says, adding that the ruling Liberal Democratic party would always balk at serious pension and medical reform given its voter base and donors. “They do not really feel panicked. They are closing their eyes to the real reforms they need.”

Prof Gratton sees it differently: “When people read our book in the US, the concern was that people will not be able to afford to get old. In Japan, it was never seen as a book about pensions. It was seen as a book about opportunity.”

## **End of ‘slash and burn’ Housebuilders adapt to longer lifespans**

*While the 100-year-life mentality may take time to sink in across industry and politics, it is already making its mark in one fundamental area of Japanese life — its “slash and burn” housing market.*

*The average freestanding house in Japan is built with an expected lifespan of 30 years. According to Nomura, the value of the building (as opposed to the land, which retains its value), will have depreciated to zero some eight years before that. Old homes are sold with the expectation that they will immediately be knocked down; new builds with the expectation that they will one day be completely razed rather than steadily improved as they might be in Europe or the US.*

*The problem with that, says Koji Kawachi, director of dwelling space operations at Muji House, is that the average age of first-time buyers is rising. A 37-year-old couple that can, statistically, expect to live for another 45 years, does not necessarily want to be knocking down the house and rebuilding in their late 60s.*

*“People are now interested in homes that are built with much longer potential lifespans of up to 50 years, using more durable materials and with designs that allow the interiors to be easily converted one day to make them easier to live in when they are older,” says Mr Kawachi.*

*Japan’s new housing starts are meanwhile expected to decline to 550,000 in 2030 from 970,000 in 2016. That is pushing Daiwa House, one of the nation’s largest housebuilders, into the home “reform” business.*

*However, the company says it is affected by the 100-year life in other important ways. It foresees the mass ageing of Japan’s construction workforce and the need for two innovations: labour-saving construction techniques and house designs that can be easily upgraded by elderly renovators.*