

Demographic Change and Asian Dynamics: Social and Political Implications

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This article describes the demographic change and its social and political implications in East and South-East Asia with a trajectory up to 2050. It selectively touches on inequalities, migration, social policy, and international security. In the course of this exercise, I present two hypotheses: one relating to the formation of the new middle class, and the other relating to the geriatric peace argument. The first hypothesis posits that when the growing inequalities in terms of per capita income aggravate the sense of happiness among the low- and middle-income strata as contrasted to high-income strata, the formation of a new middle class becomes more difficult. The second hypothesis posits that when the aging population carries a large demographic weight, it tends to be transformed into strong political voice, which is, in turn, translated into larger government spending on social policy items often accompanied by a likely decline in the defense expenditure budget. These hypotheses paint a provocative picture of East and South-East Asia in the next four decades, especially in the wake of the deepening economic difficulties prevailing over the entire globe. I present these hypotheses for further conceptual elaboration and empirical analysis.

Key words demographic change, East and South-East Asia, geriatric peace, new middle class formation, social and political ramifications

JEL codes J11, D63, F2, H55, H56

1. Introduction

Demography has been a key to how human activities are conducted. Thus, Petty in his *Political Anatomy of Ireland* published in 1691 examined how many chimneys were observed in Ireland to prepare himself and other Englishmen to govern Ireland (see Petty, 1970). Cipolla (1994), an economic historian, published a history of European population before he embarked on European economic history. Diamond (2005) delved into disease and guns when examining human conditions over the centuries. Climate change and disease mattered in the European transition from medieval to modern times. Human conditions have been seriously affected not only by the levels of hygiene and nutrition, but also by viruses and wars. Whether it is colonial rule, modern economic development, or human progress in preventing calamities of all sorts, demography is a crux of the matter concerned. This paper attempts to examine demographic change and the associated social and political dynamics in Asia in the time frame up until 2050.

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It is often believed that the 21st century is an Asian century. A key variable in the minds of many observers of this persuasion is demography. China and India's combined populations will easily surpass one-half of the entire human population by 2050. Asia's huge demographic size means that food must be supplied especially for those in desperate need. Those in desperate need who are called by Collier (2006) the bottom billion reside all over the world, but Asia must have its share of one-half of them at least. Food supply for these bottom billion people has become a serious problem because the medium 4 billion people in the developing world have increased their per capita income level significantly and so has their consumption for food. Of course, climate change and its associated phenomena like water shortages have also contributed to the current food crisis of enormous proportions dramatized in the G8 summit in Lake Tōya, Japan (Inoguchi 2008). At the base of this lies the demographic expansion in those places where there is an exceedingly low level of hygiene and an incredibly low level of nutrition. Asia is a major continent where advances in hygiene and nutrition have been taking place. In a similar vein, energy must be supplied to these vast populations in Asia to sustain their life. Industrialization and urbanization have been making the energy crisis in Asia a real one. Hence, the frightening speed with which petroleum prices have been on a steady rise. The countries of the industrial world have been scared by climate change due to carbon dioxide emissions, yet they have not been able to proceed to reduce their emissions steadily in a way that involves the major emitters: the USA, China, and all the major emergent economies. Non-fossil-based energy generation technology using the sun, winds, and tides has been slow to diffuse. Nuclear energy generation had been frozen for the three decades of the 1970s, 1980s, and 1990s. Only in the 2000s has there been an increasing recognition throughout the world that nuclear power generation may be the best both in terms of cost-efficiency and risk avoidance. Yet, the supply of power through nuclear power plants is still very, very limited when compared to the real energy needs. Again at the base of the problem lies the rise in the size of the human population and the associated rise of energy consumption.

There is another crisis apart from the food and fuel crises, namely, the financial crisis. Technological progress in human communication has enabled financial transactions within and across borders to become fast, cheap, and massive over the last two decades. At the same time, the never decreasing level of uncertainty coupled with the incredible speed of diffusion worldwide has made the financial crisis a serious problem. What was euphemistically called financial engineering has turned out to be a global problem diffuser and aggravator. At the base of the financial crisis lies the demographic growth that relentlessly pushes the business space to be enlarged. If manufacturing prevailed worldwide as a key driving force of economic activities in the 20th century, services are prevailing worldwide as a key driving force of economic activities in the 21st century. So one can argue as Christine Lagarde (2008), French Finance Minister, does, that food, fuel, and finance must be tackled head on. The point here is, however, that demography is a key to all these problems. The primary purpose of this paper is to describe and forecast the demographic trends in East and South-East Asia to 2050, selectively touching on such topics as inequalities, migration, social policy, and international security, and to present a couple of hypothesis about new middle-class formulation and the geriatric peace in a very elementary fashion

Table 1 Income level when the demographic bonus ends

Country	Year when demographic bonus ends	Per capita GDP
Japan	1990	23 504
Thailand	2010	8 740
Singapore	2010	30 391
Hong Kong	2010	32 040
South Korea	2015	27 724
China	2015	9 722
Malaysia	2020	15 571
Vietnam	2020	4 763
Indonesia	2030	6 207
India	2035	7 758
Philippines	2040	12 289

Notes: 1. Per capita gross domestic product (GDP) is measured in purchasing power parity 2000 constant dollars.

2. Japan's figure is actual data. Other figures are forecasted by the Japan Center for Economic Research.

Source: Japan Center for Economic Research (2007).

and to stimulate further discussion and empirical testing. Before entering into each of the topics, I give a brief summary view of demographic change in East and South-East Asia.

2. Overview of Regional Demographic Change

To take a quick look at the regional demographic view of Asia, total fertility rate, the number of births per woman, is most helpful. After the total fertility rate, the items of importance are: the ratio of the population aged 65 and older to the total population; the year the labor force starts to decline; and the year the population starts to decline.

Two concepts are introduced here: the demographic bonus and the demographic onus. The demographic bonus is taken to refer to the extra rewards to economic growth and societal vigor due to the combination of a decreasing fertility rate and a decreasing dependency ratio (meaning the combined dependency ratio, that is, the ratio of the child population and old-age population to the labor force population). The demographic onus is defined as the extra punishments to economic growth and societal vigor due to the combination of a decreasing fertility rate and an increasing dependency ratio. Table 1 summarizes these effects for Asian countries along with their per capita gross domestic product (GDP).

From Table 1 one can observe that there are two groups of countries. Countries in group A have already entered or are entering the period of a demographic onus, while countries in group B still have some years to go before they enter into the period of a demographic onus. Group A includes Japan, Thailand, Singapore, Hong Kong, and China. Group B includes Malaysia, Vietnam, Indonesia, India, and the Philippines. Also one can

observe that in less than three decades, most of East and South-East Asian countries will experience a demographic onus. Two notable exceptions are India and the Philippines. In other words, the trend in Asia is demographic decline irrespective of whether they are experiencing a demographic bonus or onus at this moment. That is, Asia's population will decline in the mid-term.

3. Demographic Decline and Growing Inequalities

It has been shown by Ohtake (2008) that the demographic decline in Japan is associated with growing inequalities. The shrinking income share of the bottom 25% of the income classes has been particularly noteworthy. Furthermore, the overwhelmingly negative view of the growing income gap in Japan might augur ill for the construction of a vigorous aging society because those receiving lower incomes are not likely to be united with the rest of society in terms of their perceptions of distributive justice. In Japan during the period of a demographic bonus from the 1950s to 1990, some 80% of the population developed the self-perception that they were members of what is called the new middle mass (Murakami, 1982). During this period, inequalities shrank, and income classes became less distinguishable. Ohtake's findings clearly show that inequalities have been growing from 1990 until today, and that they seem to stem from the demographic decline.

Ohtake (2008) also shows that in the USA inequality has been growing much more sharply than in Japan, and yet Americans perceive this less negatively than the Japanese. Here attitudinal differences are highlighted. Looking at the perceptions of classes – low, middle, and high – in a nationwide survey in Japan conducted in January 2008, one can see that despite the growing income gap over nearly two decades, the self-perception of individuals of their classes does not seem to have changed more dramatically than their income decline suggests (Inoguchi, 2008). Although many experiencing an income decline resent this decline, they report their self-perception that they belong to the middle class if their middle-class category is neither upper middle class nor the middling middle class, but rather the category of lower middle class (Watanabe & Fujimoto, 2008). The point here is that the self-perception of class affiliation in Japan has not been changed as much as changes in the Gini index would suggest. The relative solidity of the middle class in Japan despite all the growing inequalities seems to be associated with the relative solidity of social policy with respect to medical care, welfare, and pensions in Japan (Oizumi, 2007).

Table 2 contains Oizumi's (2007) classification of countries in Asia according to coverage of their social security institutions. Let us turn to Thailand and China, two of Oizumi's group 2 countries. As can be seen in Table 2, these are countries where social security institutions cover most of those employed in the business and public sectors, but do not cover farmers and shop and factory owners. These countries are trying to move in the direction of comprehensive safety nets provided by social security institutions, but one can immediately notice that Oizumi's group 2 countries are those countries also facing the transition from a demographic bonus to a demographic onus. (Oizumi, 2007; for China, see also He, 2008).

Befitting their transitional status from being a country with a demographic bonus to becoming a country with a demographic onus, growing inequalities in Thailand and

Table 2 Social security institutions in Asian countries

	Current status of social security system	Income level	Industrial structure	Changes in population
1st group (Japan, South Korea, Taiwan, Hong Kong, and Singapore)	That all citizens have a social security system, but due to the aging of population, maintaining the sustainability would be an issue	High	Transition to service-oriented economy	Declining birthrate
2nd group (Malaysia, Thailand, the Philippines, Indonesia, and China)	There is a system for the employee, but the issue would be to develop a health insurance and national pensions system for all the population.	Medium	In the middle of industrialization	Rapid decline of birthrate
3rd group (Vietnam, India Laos, Cambodia, and Myanmar)	Limited to military officials. Currently at the stage of developing a system for private employee.	Low	Beginning of industrialization	Sign of declining birthrate

Source: Oizumi (2007).

China seem to create a new pattern of middle-class formation. In both societies, the middle class forms the establishment of a sort. In Thailand, the so-called Bangkok establishment as portrayed by Baker and Phongpaichit (2001), Tamada (2003), and Kakizaki (2007) consisting of the King, Buddhists, the military, and a large but mostly Bangkok-based group of businessmen has been challenged by a new flux of forces. One of these forces is Thaksin's populist social policy to cover all including poor peasants from the Northeast, and the other is immigrants coming from Cambodia, Myanmar, and Laos, all poverty-stricken societies in South-East Asia. The old Bangkok establishment or old middle class has been challenged by the Thaksin-led *nouveau riches* allied with poor peasants.

Table 3 reports the results of responses to questions on institutional trust in surveys conducted in Thailand in 2003, 2004, and 2007. The survey reports large drops in public trust in many public institutions over the 4-year period. The September 2006 coup d'état was engineered, connived, and led by segments of the old establishment that took advantage of the high solid trust citizens tend to extend to the military, a strongly organized actor in Thai politics (Mikami & Inoguchi, 2008). Mindful of not giving the impression that Thailand was prone to military coup d'états, the military government called for a general election. The general election ended in a resounding victory for the Thaksin-led government without Thaksin, who had fled abroad. To strike against the government, antigovernment forces led primarily by segments of the old Bangkok establishment occupied the Prime Minister's Office compounds and the two airports for months. It seems that the old middle class is challenged, panicked, and struck back first by legal means (i.e., in the election) and then by illegal means (i.e., by occupying the Prime Minister's Office compounds and the two airports). All this seems to suggest that instead of formation of an enlarged middle class, Japanese style, the old middle class declines, while there is a rise of the aspiring new middle class coming up en masse from within Bangkok and its peripheries.

China is another case that exemplifies the difficulty of the establishment to accommodate the challenges of growing inequalities and massive city-ward migration from the peripheries, thus blocking the formation of an enlarged middle class à la Japan (Sonoda, 2008). China's power elites consist largely of those party members who belong to either one of the three blocs (i.e., *Taizidang*) or the children of high-ranking cadres of the Chinese Communist Party, Shanghai cliques, those party members from the richest areas in and surrounding Shanghai, and *Gongqingtuan*, or the Communist Youth League. The last, *Gongqingtuan*, seems to be the most accommodative to new social forces. Yet, the continuous developmental momentum of the Chinese economy has been overloading the government, which is now headed primarily by the *Gongqingtuan* group (i.e., Hu Jintao and Wen Jiabao). It is quite amazing to read that each week hundreds of collective actions protesting against local cadres' corruption and repression are registered by the Chinese government. It is no less disheartening to know that hundreds of millions live in urban centers under less than normal conditions. These challenges have come when China faces the transition from a demographic bonus to a demographic onus in a decade or so. The one-child policy seems to mean that China's demographic decline will arrive much sooner than those declines in otherwise similarly located countries with lower income levels. Social security institutions do cover many of those employed by business and the bureaucracy, but do not

Table 3 Proportions of positive responses to the indicator questions and their trends
Institutional Trust

Please indicate to what extent you trust the following institutions to operate in the best interests of society (SA for each institution) trust a lot = 4; trust to a degree = 3; don't really trust = 2; don't trust at all = 1; don't know = missing value.

Central government	The central government
Local government	Your local government
Army	The army
Legal system	The legal system
Police	The police
Parliament	Parliament

	Questions	Answers	Proportion			Trend	
			2003 (%)	2004 (%)	2007 (%)	2003–2004 (%)	2004–2007 (%)
Institutional trust	Central government	Trust a lot	34.1	25.5	8.9	–8.6*	–16.6*
		Trust a lot/trust to a degree	86.4	91.4	63.9	5.0*	–27.5*
	Local government	Trust a lot	11.1	24.2	14.9	13.2*	–9.3*
		Trust a lot/trust to a degree	59.7	89.7	79.1	30.1*	–10.7*
	Army	Trust a lot	36.6	44.2	28.8	7.5*	–15.4*
		Trust a lot/trust to a degree	88.3	93.0	83.2	4.7*	–9.8*
	Legal system	Trust a lot	18.6	29.9	18.8	11.2*	–11.1*
		Trust a lot/trust to a degree	63.9	87.1	74.3	23.2*	–12.8*
	Police	Trust a lot	8.6	15.5	11.1	6.9*	–4.4*
		Trust a lot/trust to a degree	41.3	73.2	64.7	31.9*	–8.5*
	Parliament	Trust a lot	14.7	15.7	10.1	1.1	–5.7*
		Trust a lot/trust to a degree	65.4	83.4	62.6	18.0	–20.8*

Note: Sample size: $n = 800$ (2003), $n = 800$ (2004), and $n = 1\,000$ (2007).

Sources: Inoguchi *et al.* (2005, 2006); Inoguchi (2008, 2009); Mikami and Inoguchi (2008).

* $P < 0.05$.

Table 4 Multidimensional conceptions of happiness among population groups

Variables	Countries						
	China (%)	Hong Kong (%)	Japan (%)	South Korea (%)	Singapore (%)	Taiwan (%)	Region (%)
Gender							
Male	51	49	69	52	82	50	60
Female	53	51	73	49	81	44	60
(Difference)	(2)	(2)	(4)	(4)	(1)	(6)	(0)
Age (years)							
20–39	51	49	63	49	82	41	57
40–59	52	50	76	53	80	55	62
60+	58	56	78	47	86	48	66*
(Difference)	(7)	(7)	(15)*	(6)	(6)	(14)*	(9)
Marriage							
Single	45	41	60	50	83	39	55
Married	53	57	73	50	80	51	62
(Difference)	(8)	(16)*	(13)*	(0)	(3)	(12)*	(7)*
Education							
< High school	43	47	72	43	77	49	58
High school	53	52	71	48	87	41	59
College	65	53	70	54	81	51	64
(Difference)	(22)*	(6)	(2)	(11)	(10)	(10)	(6)
Income							
Low	44	44	67	44	73	37	51
Middle	59	50	75	52	79	47	59
High	69	60	79	61	90	60	73
(Difference)	(25)*	(16)*	(12)*	(17)*	(17)*	(23)*	(22)*

*Significant at the 0.05 level.

Source: Shin and Inoguchi (2008).

cover farmers and those employed in shops and small-size factories (Oizumi, 2007; He, 2008). The social security net developed by the pre-Deng Xiaoping era has proved almost useless as China's developmental momentum as exhibited over the last three decades has made the scope and scale of social security institutions mostly obsolete.

In gauging happiness, Shin and Inoguchi (2008) compare happiness in six Confucian societies (China, Hong Kong, Japan, South Korea, Singapore, and Taiwan) and by income level (low, medium, and high) within each country. Here, happiness is measured three-dimensionally as enjoyment, satisfaction, and achievement. Figures in the table show what percentage of the people in each group report experiencing all three components of happiness. As seen in Table 4, the most striking result is that in China, the difference in happiness across the three income class is the largest of the six countries, while the difference in Japan is the smallest.

It is crystal clear that individuals with low incomes in China feel less happy, while individuals with high incomes in China feel more happy. In contrast, low-income, middle-income, and high-income people in Japan are more or less similar in their levels of happiness. Thus, it seems fair to say that when the perceptions of happiness of the middle-income group differs measurably both from those of the low-income and high-income classes, the formation of a new middle class in China may not be so easy.

4. Demographic Change and Migration

In East and South-East Asia, the most massive migration is Chinese city-bound migration from inland areas to the coastal areas. Since Deng Xiaoping's reform and openness policy line started in 1978, hundreds of millions of people are reported to have migrated to the cities. Since people's movements from one place to another are not completely free in China, many city-bound migrants do not necessarily enjoy legal protection, let alone the social safety net. The gateway cities for migrants include Shanghai, Beijing, Guangzhou, Nanjing, and Tianjin. Migrants cause major headaches for the local cadres, and have been creating enormous challenges for the Chinese government. On a lesser scale, city-bound migration has been massive elsewhere in East and South-East Asia; for example, migration to Bangkok, Manila, Jakarta, Kuala Lumpur, Seoul, and Taipei. But since our interest is primarily in intraregional migration in East and South-East Asia, I simply refer to other research on the subject (Organisation for Economic Cooperation and Development, 2001; Oishi, 2005).

There are three types of gateway cities: established gateways like Toronto and Sydney where migrants have traditionally headed; emerging gateway cities like Washington, D.C. and Dublin, which have recently experienced rises in immigration; and "exceptional" gateway cities that include Tel Aviv and Seoul, which have small migrant populations despite being major metropolitan areas (Price & Benton-Short, 2008). The large picture of immigrants in metropolitan cities in East and South-East Asia is that many gateway cities in the region are "exceptional" cities in that foreign migrants are more restricted than in many other regions. Singapore meticulously regulates the size and proportion of immigrants so they would not disturb the current percentages of the three key ethnic origins of Singaporeans: Chinese, Malay, and Indian. Seoul is "exceptional" although a sizable number of migrants enter South Korea to make up for its dwindling female population in farming villages. So is Taipei. Taiwan has some very similar features to South Korea. Japan accommodates fewer immigrants from abroad per head of population. Yet in Tokyo as well as in other submetropolitan cities, a culturally "metropolitan" feature is increasingly visible; namely, street signs, notices in mass transportation facilities, and city and ward office notifications are now not uncommonly provided in Japanese, English, Chinese, Korean, and Portuguese (Japan has a sizable number of Brazilian Japanese). More recently, Japan has started to obtain help from Indonesia and the Philippines to increase the number of nurses and medical care workers as the dire shortage of medical doctors, nurses, and care providers has been laid bare in tandem with the longer longevity of the population and the higher social policy expenditure of the central government.

But a most striking wave of migration in East Asia is the outward migration of Chinese in many directions. An increasingly number of Chinese go to Russian Siberia and Central Asia. They also go to East and South-East Asia. They go to North America where Chinese students crowd the classrooms of many prestigious universities. They also go to Africa. Hundreds of thousand Chinese have migrated to South Africa and started many kinds of businesses there without having much competition from native population who are predominantly workers or from the former colonialists who are predominantly bankers, miners, and farmers. Many new immigrants import large amounts of Chinese-made goods from China and then sell them not only in South Africa, but also on a continental scale.

In a mild contrast to East Asian practices, South-East Asian practices are more open to foreign migrants. Bangkok and Kuala Lumpur are such examples. Migrants to Bangkok come from Myanmar, Laos, and Cambodia as well as from northeast Thailand. Migrants to Kuala Lumpur come largely from Indonesia. These large numbers of city-bound migrants pose challenges to the old establishment and the new middle class as well. Most of them are poor in the first place. Secondly, a small number of them may be infiltrated by Islamic fundamentalists (Singh, 2007). They bring threats to the government. That is why, for instance, in November 2008 the Indonesian government executed by firing squad those individuals sentenced to death for their acts of terrorism in Bali in 2006.

In many Asian societies, the different demographic profiles of the male and female populations have been noted. Most noteworthy is that the male populations are larger than their female counterparts. In the Chinese case, where the one-child policy has been in practice for decades, the gender imbalance is excessive. One consequence of this practice is that hundreds of thousands of Chinese males stay single throughout their life (Smil, 1997; Li & Zheng, 2009). In the Korean case where the demographic decline started much early, the people and government stressed what they regarded as traditional family values to thwart demographic decline *allegro*. One consequence of this seemingly ill-calculated family policy was an acceleration of the international migration of small segments of the female population (Watanabe & Fujimoto, 2008). This migration has been further accelerated by the fervor of the middle- and high-level-income earning population for giving their children a higher education to in the USA. Mothers often accompany their children to the USA leaving their fathers at home working alone and sending some of his earnings to the USA. In the Japanese case, where demographic decline started much earlier, the people and government were somewhat slow to legislate measures whereby gender-based de facto discrimination in employment is effectively remedied (Cabinet Office (Japan), 2008a, b). One consequence of this is that segments of the female population seek professional jobs abroad if they are discriminated against in the domestic labor market. Japanese nationals working in the United Nations system are predominantly female, for instance.

5. Demographic Change and Social Policy

Demographic change has a lot to do with social policy. Demographic decline means a reduction in tax revenue since the productive population falls in size and the

nonproductive population rises in size. In this case, the nonproductive population refers to those who have not reached the stage of working and those who have already retired from work. These two groups combined not only become a majority in the total population, but also become increasingly dependent on the tax payments of the productive population which shrink steadily, and on government social policy expenditure which expand steadily far exceeding the size of tax revenue. The decline also means that there is a sizable increase in the weight of social policy expenditure in the budget. For example, the budget of the Ministry of Health, Labor and Welfare is the largest budget item in the ordinary budget of the Japanese government. It amounts to roughly 2.2 trillion yen, or \$22 billion.

Social policy here means mainly government policy toward the medical insurance and pension systems. Looking at East and South-East Asia (Oizumi, 2007), Japan, South Korea, Taiwan, Singapore, and Hong Kong are the most advanced countries in Asia in terms of their social policy coverage. The least advanced countries are those countries where only civil servants and military personnel are covered by social policy arrangements. North Korea may belong to this category. In-between these two extremes are China and South-East Asian countries whose social policy cover not only civil servants and military personnel, but also business firms and private entities, and is about to expand to cover the self-employed in the agricultural and service sectors. One of the forerunners in this category is Thailand where Thaksin Shinawatra legislated what is called the 30-baht medical system whereby all citizens are now covered by paying 30 baht a year. The pension schemes floundered midway during his tenure before he was ousted by the military coup d'état in 2006 (Kakizaki, 2007; Mikami & Inoguchi, 2008; Suehiro, 2008).

The Chinese case is much more problematic. To quote from a weekly magazine: "To understand the linkage between social services and household consumption, visit a Chinese hospital. At check-in, patients are required to deposit money up-front, and when that funding runs dry they're tossed out onto the street, healthy or not. According to the World Health Organization, China spends less than 1 percent of its GDP on health care, which ranks it 156th out of 196 nations the U.N. agency tracks" (Wehrfritz, 2008, p. 30)

The key problem is that in all three groups of countries, the introduction and consolidation of social policy faces a demographic decline. This is not confined to Japan, South Korea, Taiwan, Hong Kong, and Singapore, but it applies to all East and South-East Asian countries where the demographic decline has been proceeding at *allegro* speed in comparison to Western Europe where an *andante* speed was the norm in the process of demographic decline. Furthermore, demographic decline has been deepening in many Asian countries even before social policy has been well institutionalized. (See Table 1 for estimates of when the demographic bonus ends in Asian countries and their per capita GDP at that time.) This poses a serious problem for Asia. This is a headache because migrant labor from abroad keeps coming in, and in many places the accommodating societies are saturated with migrants like Malaysia, which takes in Indonesians and Filipinos, and Thailand, which takes in Myanmarese, Laotians, and Cambodians. The influx of foreign workers may slow down and trigger the floundering of social policy consolidation in midflight. The relatively tight regulation of and high linguistic requirements

for migrants going to Japan, South Korea, and Taiwan may mean that migration may not come en masse to those countries. Potential migrants can choose more friendly and linguistically less stringent countries in North America and the Middle East. Many societies in East and South-East Asia are neither so migrant-friendly nor so diversity-tolerant.

6. Demographic Change and International Relations

Power in international relations is often gauged in terms of hard power and soft power. By hard power I mean demography and military weapons. By soft power I mean strategy and tactics. Demography matters in international relations to a greater extent when a demographic decline is underway. Three key issues exist. First, manning the armed forces becomes more difficult when a demographic decline is underway. Undermanned armed forces cannot perform their duties fully. A demographic decline hits hard at the younger male population, which forms the pool for future officers and soldiers. Unless conscription is the norm, manning the armed forces in such a situation is often not easy. Most Asian countries find it hard to adopt the practice of former colonial powers like France, which employs a sizable non-French soldiers, and the USA, which lures those foreigners with the strong desire to obtain American citizenship.

Second, the demographic decline hits hard at the pool of the innovative population. When this population shrinks, GDP is likely to fall. The visible reduction in the size of the younger population means the degree of curiosity and the degree of vitality in a society is drastically reduced. This is not a positive factor in raising the economic power of nations. Here, as already touched on, the accommodation of foreigners matters. Japan, known for its reluctance to accept foreigners, is somewhat belatedly changing its orientation. One study group of the Liberal Democratic Party (Jiminto) (2008) has announced its plan to bring the immigrants up to the order of 10 million in the next half a century. The Japanese Ministry of Education, Culture, Sports, Science and Technology (2008) has announced its plan to bring in 300 000 foreign students into universities in Japan by 2020. As of this year, Japan has a foreign population numbering about 2 million and there are about 70 refugees accommodated. Still at the grassroots level, the preparations for accommodating foreign workers are not well made. The Japanese tend to see foreign workers primarily filling what are called the three K-jobs (jobs characterized by low wages, high risks, and dirty work) and becoming primarily manual workers. More professional jobs like care workers for the aged and nurses in hospitals have been opened to foreign-born professionals, but the list of qualifications is so long that accommodation at the grassroots level is bound to be slow.

Third, budgetary constraints become really difficult to overcome. In the past, the budgetary dilemma was between guns and butter. Today, the budgetary dilemma is between guns and medicine. The likely scenario for the future is that social policy expenditure will become the number one budget item as it already is in Japan and that defense and other items of budget will be squeezed to a considerable extent. Why medicine? Because the aged population need a robust pension system and solid medical care, and the infantile population before and after birth and their mothers need medicine and associated institutional care. Given the increasingly large and strong voice coming from these populations

and their political representatives, the dilemma is likely to become real. Looking at East and South-East Asian societies, most will become a society where more than 20% of the population is over 65 years old. The three exceptions are Malaysia, Indonesia, and the Philippines. Looking at the top 10 major military powers – that is, the USA, Russia, China, India, the UK, France, Germany, Japan, South Korea, and India – only three powers (India, the USA, and the UK) will be demographically expanding as of 2050.

Even China is estimated to enter a demographic decline as early as 2020. What does this mean? If the budget for guns is to be thwarted by the budget for medicine, does that mean that those states which are likely to experience defense budget reductions over the years are more likely to be more peace-oriented and less war prone? Most recently, the geriatric peace argument has been advanced by Haas (2007). Or alternatively, does demographic decline mean an enhanced defense budget combined with a stalled social policy budget? Which scenario will prevail in Asia is a good question to pose (Inoguchi, 2007).

The scenario of the geriatric peace in East Asia that is glimpsed at in Haas (2007) is as follows. The USA will experience a demographic rise even in 2050, primarily because immigration will take place continuously and steadily. As long as the young population maintains a large weight in the total population, the pressure for social policy institutionalization will be kept mild. It should be recalled that the Clinton Administration dismally failed to legislate a social policy package under Hillary Clinton's leadership. In a similar vein, the pressure for reducing the defense budget may not become exceedingly large even if the unilateralism of the first term of the Bush Administration becomes a thing of the far past.

China will experience a demographic decline around 2020. Does this mean that the geriatric peace scenario will be realized in China as well? In other words, in order to keep the Chinese society harmonious (*hexie shehui*) as Hu Jintao's key slogan says, China needs to enhance social policy institutionalization which has been half empty especially for those not employed by the civil service and the military. The question arises whether the Chinese leadership dares to curtail defense expenditure for the next decade when the USA might be forced to drop some of its key topnotch weapons and weapons systems like missile defense, the F22 fighter aircraft, and the 10-year plan to double the number of aircraft carriers. Given the semisovereign power of the Chinese military, it may be somewhat unlikely for China to reciprocate a possible USA defense expenditure cut due to financial difficulties. Alternatively, China might go through a peaceful change (*heping yanbian*) sometime toward 2050. Under a new presumably democratic government, will the geriatric peace argument hold?

Japan will be experiencing a demographic decline through to 2050. How far will the Japanese senior citizens call for a further social policy expenditure expansion when the younger population must swallow a significant tax hike? Even under the Bush Presidency when the war on terror was executed, the ratio of Japan's defense expenditure to its gross national product steadily declined or at best kept stagnating. If China becomes democratic, will Japan further reduce its defense expenditure in proportion to the political weight of the senior citizens? These are some of the questions to be posed surrounding the geriatric peace argument for East Asia.

7. Conclusion

I have dealt with demographic change and its social and political implications mostly in East and South-East Asia with a trajectory up to 2050. I have confined myself largely to the description of demographic trends and some of their ramifications, selectively touching on inequalities, migration, social policy, and international security. In doing so, I have suggested two hypotheses: one relating to the formation of the new middle class and the other relating to the geriatric peace argument. The new middle class formation hypothesis is that when the growing inequalities in terms of per capita income aggravate the sense of happiness among the low- and middle-income strata as contrasted to high-income strata, the formation of a new middle class becomes more difficult. When social policy institutions are still on the way toward further consolidation, and when incessant large- and small-scale social unrest is taking place, the difficulty of forming a more inclusive new middle class might cast a dark shadow on the prospects for further democratization. The cases of China and Thailand seem to attest to the general plausibility of this hypothesis when they are compared to the case of Japan.

The geriatric peace hypothesis is that when the aging population carries a large demographic weight, it tends to be transformed into strong political voice, which is in turn translated into larger government spending on social policy items often accompanied by a likely decline in the defense budget. By 2020, it is estimated that all the major East Asian military powers – China, Russia, Japan, and South Korea – will be registering a demographic decline, whereas even around 2050 the USA and India will be registering a demographic rise. The focus must be placed on whether China steadfastly builds up her arsenals even when the desperate needs for wider and stronger social policy spendings are voiced through massive collective action by the low-income strata, and whether the USA no less steadfastly builds up her arsenals even when the great financial meltdown has resulted in a massive number of unemployed with virtually no social safety net available to them. Neither of the hypotheses have ever been empirically sufficiently tested in any way. Any one of these big topics would require much more space than is available in this paper, even if empirical testing of the hypotheses is not involved. However, the primary purpose of this paper has been to present these hypotheses in a very elementary fashion and to stimulate further discussion and empirical analysis.

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