

S U M M A R Y

SUMMARY

Keywords: Ageing population, Local economic development

Korea is suffering from the unprecedented population ageing. Comparing to other countries, it is radical and shocking to entire Korean economy and society because Korea is not ready for the lifetime pension system for the retiree except for those who have the specific job career.

Population ageing is more serious in rural than urban area. As young people left rural area and settle down in metropolitan area for job opportunity, the rural area is more experiencing the serious vicious circle for increasing ageing population than urban area. Increasing ageing population leads to the demand for aged-friendly infrastructure and urban facilities, and worsen the fiscal status of local government.

The purpose of this study is to suggest the policy implication to make use of the rapid population ageing as the opportunity for the local economic development. Japan and many developed countries have implemented various policy measures for ageing people. For example, Japan gradually expands the retirement age up to 65. The U.S. officially abolished the retirement system and anyone can work regardless of his/her age.

Baby boomers in Japan, called Dankai generation, created new market demands for housing repair, healthy foods and tourism as they retired from work. In the U.S., as an active ageing population increases, local governments with well-preserved natural environments are more attractive.

Residential relocation according to population ageing is similarly taking place in Korea. The empirical analysis of this study shows that ageing people with lack of pension income and job opportunity after the retirement have a strong tendency to move to metropolitan area and small and medium sized urban area due to their job survival rate, health condition and age.

The early stage of aged group between 55 and 65 with labor who can be employed in manufacturing and service industries mostly resides in metropolitan area, while 65 and 74 and over 75, who are mostly employed in agricultural industries, in small-medium urban and rural areas.

Interestingly, the highest job survival rate for over 75 aged group is found in agricultural industries. Other agriculture-related industries such as food, retail and lodging industries are highest in the job survival rate as well.

Such results implies that aged people who are once relied on monthly salary income are mostly working for restaurants and small lodging services after the retirement. Regional distribution of aged workers are interesting as well. Job survival rate of lodging services are high in Kang Won province in which the natural environment is better than other regions while manufacturing industries are the highest in the South Kyungsang and Ulsan which are the representative for manufacturing industries in Korea. Employment supporting policy for ageing group should consider this regional characteristics and distribution of employment.

In short, age group between 55 and 64 mostly resides in the metropolitan area and mostly moves out to small and medium cities as they are over 65 for the lower housing price.

Especially, age between 65 and 74 is spatially polarized in urban and rural area according to health condition and income level after retirement. After the age over 75, this group is gradually losing their labor except in agricultural industries and moved to health care center in rural area and metropolitan area.

The local governments that are experiencing the financial loss should reconsider the revitalization strategy of local economy allowing for such life cycle of ageing population. The increasing ageing population may play the critical role as the opportunity for local economic development since the agepopulation who is returning to farm may provide a new vitalization for its lagging behind rural area.

For this, retiree village for elderly people and senior-friendly infrastructure such as healthcare system and barrier-free environment is necessary. Above all, community business model such as cooperative association and village firm should be redeveloped and organized for newly move and settled retiree in rural village.