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**Impacts of Population Aging in Modern Japan
and Possible Solutions for the Future**

Ritgerð til BA-prófs í Japönsku máli og menningu

Eggert Örn Sigurðsson

Janúar 2017

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Japanskt Mál og Menning

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Abstract

Japan is currently experiencing a diminishing of its population coupled with a demographic crisis, where the percentage of individuals over the age of 65 is increasing rapidly. This demographic shift is already bringing about a number of social and economic consequences across the nation. According to projections, the Japanese economy is headed for disaster. As the population declines and ages, the workforce gets smaller and the numbers of elderly in need of care increases. This thesis will explore the social and economic impacts of population aging, along with taking a look at what actions are being taken to combat these issues as well as looking at some possible solutions. Its purpose is to advance our understanding of population aging and the changes it brings. Multiple other nations are headed in the same direction as Japan in regards to population decline and aging, and it is therefore important to study the case of Japan as it will be valuable information in the years to come.

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Introduction

The Japanese government triumphed economically following World War II with a remarkable growth period at the second half of the 20th Century. The country stands today as the world's third-largest economy and has a considerable role in the international community as a major aid donor and a source of global capital and credit ("Japan Country Profile," 2016). However, not everything is on the rise in Japan. Modern Japan is also home to the world's oldest population, where currently there are more adults in diapers than there are infants (Taylor, 2014). Being the world's oldest population means that Japan currently has the highest proportion of citizens above the age of 65 in the world. According to estimates calculated in 2014, currently 33 percent of the Japanese population is above the age of 60, 25.9 percent aged 65 years and above and 12.5 percent aged 75 years or above (Japan Statistics Bureau, 2014). This problem has been looming over Japan for a very long time. Japan first entered the ranks of aging societies in 1970, when their elderly proportions (65 or higher) reached 7 percent. With greatly increased life expectancy and a declining birth rate since the 1980s, what has been dubbed a "graying crisis" has been threatening Japan, where aging has become one of the most popular topics in public discourse (Thang, 2011). Furthermore, as reported by the latest population census, the population of Japan declined by almost one million during the 2010-2015 period. This marks the first time the Japanese population declined since the population census was begun in 1920 (Japan Statistics Bureau, 2016). The Japanese government is aware of these problems and has been diligent throughout the years in implementing policies that relate to pensions, health-care benefits, and institutional care to address the problems and challenges that an aging society poses.

These efforts have had a considerable impact in many ways, but the rapid aging of the Japanese society has not slowed. In fact, the current administration, led by Prime Minister Shinzo

Abe, has estimated that the population of Japan will decline by approximately 15 percent, or 20 million people, by 2040 and the situation will only get worse from there (Mulrenan, 2016). Not only is this population decline and aging trend highly worrying in regards to the future of Japan as a country, it is already creating a society where the economy is buckling under the weight of supporting such a top-heavy structure where the elderly are becoming so numerous that they create a heavy burden for the rest of the community. This type of top-heavy society is not sustainable for a long period of time and therein lies the problem.

This is not an issue that is unique to Japan, as population aging is a problem experienced throughout the world. Due to increasing longevity and declining fertility, most developed countries have seen an increase in their elderly proportions (Weil, 1997). However, Japan has been traversing this demographic transition at a much greater speed than its Western counterparts. Many believe that gender equality is the key to these social changes that are affecting fertility rates in Japan. The cultural beliefs and traditions of Japanese society, which call for women to take on a caregiver role, not only in regards to children but also in regards to the elderly, is placing a great burden upon women in Japan. They are frequently forced to choose between having a career or a family, which results in the women who decide to choose a career path consequently shying away from getting married and starting a family. Which is reflected in lower marriage numbers and lower birth rates. This also coincides with an increase in Japanese individuals that prefer to live with their parents well into adulthood. Dubbed “parasite singles” by the media, these individuals are also often blamed for the birth rate crisis (Thang, 2011). Prime Minister Abe seems to agree with gender equality being a potential solution to this crisis as he has promoted many policies for the advancement of women, encouraging females to enter the labor market, encouraging companies to hire more women, and bringing more women into his cabinet (Tetsu, 2016). Some

argue that in order to combat the issue, not only must the Japanese people change their views on gender roles, they must also loosen their tight policies on immigration and welcome an influx of new citizens to boost their labor force (Cortazzi, 2015).

What are the social and economic impacts of the aging population of Japan and what can be done to combat the issue? It is clear that regardless of whether the Japanese people will change their ways or continue to follow the same trends, the population aging is causing great transformations to the structure of Japanese society and will continue to do so in the coming years. This paper will discuss these changes by first examining trends of aging societies in general, then discussing the social and economic consequences of the population aging in Japan, and finally exploring what actions are being taken to combat the issue currently, along with possible solutions for the future.

Aging and Demographic Change Around the World

To gain a better overview of Japan's rising demographic problems, it is necessary to first go shortly over population aging around the world as it is a global problem rather than a purely Japanese one. The world population has been experiencing rising proportions of elderly people since the mid-twentieth century. Aging started earlier in developed countries but was already becoming evident in developing countries as well. Today it is a global trend and the demographic projections point to this aging trend continuing in the following years. However, different countries and regions are experiencing this aging at varying degrees.

Global Aging Trends

Population aging is largely accepted to be the result of two major factors. Increased longevity and reductions in fertility (United Nations, 2013). Research suggests that industrialization has a strong relationship with population aging. Industrialization describes the process of economic and social change that transforms an agrarian society into an industrial one. When industrialized and non-industrialized countries are compared, the elderly proportions are much higher in industrialized nations. Therefore, while this aging trend can be observed around the world, industrialized countries are much more deeply affected (Anderson & Hussey, 2000). This is largely due to the fact that industrialized nations tend to be much more affluent than their non-industrialized counterparts, and this wealth creates more social support to assist the population. With better healthcare and easily accessible living necessities, the average life expectancy grows. In pre-industrialized societies, having children was important, as they provided labor from an early age and grew more and more helpful to the family as they aged. However, in industrialized societies, where people mostly live in cities, and laws state that not only is your child not allowed to work but must also be educated, having children becomes more of an economic burden. Furthermore, it

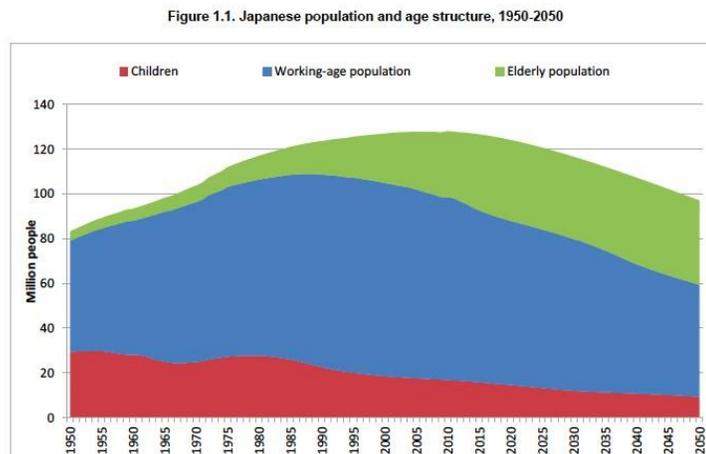
becomes an increasing duty to provide children with numerous things, such as clothes, toys, technology and extracurricular activities. This, paired with increased access to contraception, results in lower fertility rates as people tend to only have as many children as their budget allows (Caldwell, 2006).

This global population aging is quickly becoming one of the most important social transformations of the 21st century. The number of elderly people (aged 60 or over) has increased drastically in recent years in most countries, and in the coming decades this growth is projected to accelerate. According to projections by the United Nations, between the years 2015 and 2030 the aged population is projected to increase by 56 percent and by 2050 it is projected to be more than doubled from 2015. This means that while in 2015, one in eight people of the world population were aged 60 or over, the projections show that by the year 2050, one in five people will be aged 60 years or over. Furthermore, already by the year 2030 the aged population in both Europe and North America is projected to have reached a quarter, so that 1 in every 4 people will be over the age of 65.

Today the country with the highest percentage of aged population is Japan, where in 2015 33 percent of the people were aged 60 years or over. Japan is closely followed by Germany and Italy at 28 percent and Finland at 27 percent. This rapid aging has many implications ranging throughout nearly all sectors of society. This includes the labor and financial markets, housing, transportation, family structures, inter-generational ties, along with many others. It is therefore important for countries to prepare themselves for this demographic shift to ensure continued progress and to protect the well-being of their citizens (United Nations, 2015). While some nations have only recently started to encounter this trend of population aging, it became visible in others as long as a hundred years ago. Combined with the different cultural factors and values changing

the speed and magnitude of this demographic shift, countries are encountering the problem at wildly varying degrees despite almost all of them being mostly pointed in the same direction.

Many would agree that Japan's current demographic issues are worse than most other countries. Strong demographic shifts are re-shaping the country, creating future challenges and demanding a response from the government. The population is not



only aging but shrinking as well, and according to the OECD estimate shown in figure 1.1. the population is projected to have decreased by 22-23 percent by 2050, at which point the elderly will make up close to half of the population of Japan (OECD, 2016).

Population Aging in Japan

Many factors contribute to Japan's demographic challenges. Labor market segmentation along with issues with work-life balance are a large source therein. Wages are disproportionately higher for full-time employees of major Japanese firms when compared to non-standard employment which results in most job-seekers heading to the highly-concentrated urban areas, away from the smaller towns, villages and the countryside. With very long working hours being a cultural norm (Sugimoto, 1997) and an overall lack of child-care infrastructure, it becomes very difficult and expensive to have both a successful career and a family. This is reflected in significantly lower fertility rates in Japan's urban areas (OECD, 2016). This situation is particularly difficult for women, who may shy away from the work market due to their desire to

have a successful family, consequently lessening the active workforce. Many women also shy away from getting married and starting a family as it would severely impede them in their career life. Taking time off to have babies often has severe consequences for their careers due to the competitive nature of Japanese career paths. Furthermore, women who marry or become pregnant are often under severe social pressure to stop working and focus on being a housewife (Coulmas, 2007). Another problem that has arisen in modern Japan is that a large percentage of young people are uninterested in conventional relationships, with millions not dating, and increasing numbers of celibate individuals as well. According to a survey conducted by the Japan Family Planning Association in 2013, 45 percent of women aged 16-24 were not interested in or even despised sexual contact, and more than a quarter of the men felt the same way (Haworth, 2013). As a result of these issues along with others, the average age where people are getting married is climbing up while fertility rates dwindle down.

These rapid demographic changes occurring to the Japanese population carry considerable consequences, some happening already, some likely to occur in the near future. Many of these consequences will likely also be observed around the world as more and more countries are witnessing the graying of their populations. Others will undoubtedly be unique to Japan. The following two sections will cover the social and economic consequences of the aging population of Japan, respectively.

Social consequences

Intergenerational Relations

It is clear that the aging population of Japan is causing broad social transformations. This is particularly evident when looking at intergenerational relations. In Japan, there has been a long-

standing tradition of intergenerational co-residence, often including three generations or more living in the same household. However, as the population aging process progresses, this option becomes less and less economically viable. Therefore, there is a visible shift in emphasis from these inter-generational households, to purely conjugal family households, as is more common in Western civilizations (Izuhara, 2010). While many older people still reside in the care of their families, more and more are shifting towards long-term care facilities. Healthy senior citizens, that have no need to reside in long-term care, are also facing growing isolation as their friends and neighbors pass away or move somewhere else (Coulmas, 2007). In an annual report on Japan's aging population, the Japanese government conducted a survey amongst 1,480 elderly people. When asked about "Kodokushi" a Japanese term that describes dying alone without being discovered for an extended period of time, 44.5 percent stated it was an issue that they could somewhat relate to themselves. Another survey in the same report also asked the seniors to rate their happiness on a scale of 1 to 10, with 1 being the lowest. Women had an average score of 6.96, and men had an average score of 5.83. Those with a higher monthly income reported a higher happiness grade than their lower income counterparts (Hongo, 2015).

Elder Care

Japanese society has long-standing traditional values of caring for one's elders, with many cultural values left over from the former patriarchal 'Ie' system, where the eldest son's family was responsible for taking care of his elderly parents. What has followed this trend is a social stigma of institutionalizing older people, being considered to suggest family neglect, abandonment and shame. However, as the Japanese life expectancy has gone up and the demographics shifted towards the top end of the population pyramid, family care of elderly has become less and less viable. One tactic that families employed in the 1970's to get around the stigma of institutional

care was checking the elderly individual into the hospital, where they were allowed to stay for extended periods of time. This situation was dubbed “social hospitalization” and was possible due to medical care being free for patients over 70 years of age back then. Despite this policy being abolished in 1982, families continued to use this method due to a lack in stigma-free alternatives to family care (Hayashi, 2011). Even though institutionalization is constantly becoming more socially accepted, it is still surrounded by a certain level of stigma. However, even if this stigma disappeared, there are still not enough nurses and caregivers currently in the country to take care of the growing numbers of elderly patients in need of long-term care. The Japanese Ministry of Health, Labor and Welfare has stated that Japan will need to add one million nurses and care workers by 2025 to stem this issue. Many consider immigration to be the solution, however Japan’s immigration policies are not welcoming to people seeking employment from afar. Since the government started letting foreign nurses and care workers into the country in 2008, only 304 of these foreigners have succeeded in making Japan their permanent home, perhaps due to the difficulty of passing the national exam in Japanese (Oi, 2015). Issues concerning immigration will be further discussed in the last section concerning solutions.

Volunteerism

Japanese society places a high importance on having a strong spirit of cooperation, which has been shown time and time again throughout the years when the Japanese nation has come together in times of tragedy (such as natural disasters), and worked together to rebuild. Similarly, the elder care crisis has sparked widespread establishment of volunteer organizations to fill in the gaps. Grassroots community organizations began providing home care services as far back as the late 1980s and since then, many NGOs and NPOs have been established, both at local and national levels, in order to assist the care-dependent elderly, who are lacking the support they need. The

government tried to regulate these organizations by establishing corporations to keep them in check. However, with the growing numbers of elderly in need of care, the government quickly realized that voluntary organizations would need to play a big role in the coming years when in regards to elder care. Therefore, new legislation was passed in 1998, named the Special Non-profit Activities Law. This law would make it easier for voluntary organizations to gain legal recognition. Although the tax breaks received by these organizations are sparing when compared to other countries, the law was clearly effective as thousands of NPOs were registered under it in the years to come, and their participation in elder care has been crucial (Coulmas, 2007). A modern example of this is volunteer-led dementia care and support all over the country. 5.4 million trained volunteers known as “dementia friends” are being managed by only four paid staff members. Free from bureaucratic burdens, many of them are forming task forces and developing new and imaginative ways of caring for sufferers of dementia. This includes such things as weekly open houses for dementia patients and their carers, along with neighborhood-watch style networks, established to look out for so-called “wanderers,” people with dementia that may become lost or confused when away from home (Mayumi, 2014). Despite volunteerism helping plug the holes in the elder care system, the problem persists in modern Japan and is growing exponentially as the population ages.

The One-Child Trend

Population aging is also having an impact on the other end of the demographic spectrum. More and more families are only having one child, which Coulmas argues is not necessarily only due to the economic concerns of having many children in the Japanese economy, but also because of changing lifestyle attitudes. “The combination of long working hours, increased job insecurity, anxiety about their own retirement benefits in future and care for elderly parents makes them opt

against children.” One of the consequences of this one-child trend is increasing numbers of children that grow up lonely, which is creating new patterns of social interactions. Growing up in pampered conditions with limited social interaction is creating a generation of young people with limited social skills, and a growing trend of electronic communication being preferred over face-to-face interactions (Coulmas, 2007).

Rural Depopulation

Another issue prevalent in modern Japan that goes hand in hand with population decrease and aging is rural depopulation. A large scale out-migration trend that has been widespread for several decades has young people leaving their rural homes to pursue education and careers in large cities.

This is a vast problem, not only because the loss of young workers causes economic problems for the rural regions, but because as large numbers of young people leave a particular community, its population pyramid becomes increasingly top heavy (as seen in figure 1.2). This results in dwindling rural communities, filled with elderly people and not enough younger people to provide care for them

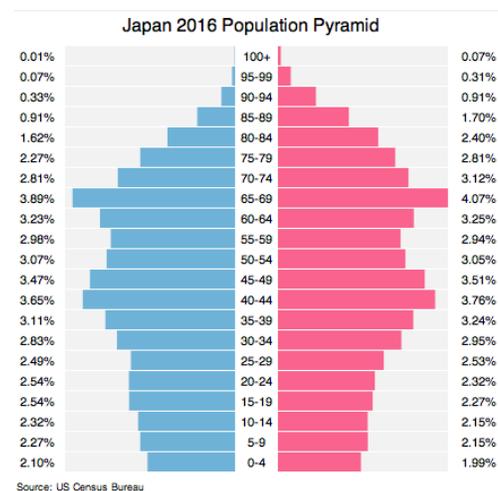


Figure 1.2. Japanese Population Pyramid

(Thompson, 2003). According to Kato, Japan is well on its way to becoming a so-called “Pole society,” where most of the population is concentrated in very large cities, such as Tokyo, and the rural areas become depopulated by migration. Because Tokyo is not an encouraging environment for having large families, and young people keep moving there, the birthrate will continue to decline (Kato, 2014). One of the consequences of this rural depopulation is that rural schools all over the country are closing down due to lack of children, along with many schools having only a few children to teach. Close to half the public elementary and junior high schools in Japan have

fewer children than the education ministry's guidelines dictate. Some consider it not only an economic problem, as children at small schools are at risk of having underdeveloped social skills from only communicating with the same handful of classmates every day, for years on end. With such few students, they are able to receive constant supervision from teachers, which can be helpful for learning but also harmful as it can impede a student's ability to work independently (Fifield, 2015).

Perhaps even more troubling than the social issues that arise with the graying population of Japan is the economic impact it has on the society. This impact, both positive sides and negative will be covered in the next section.

Economic consequences

Demographic changes have far-ranging effects on a population. The demographic ratios influence the size and organization of the labor force along with the structure of demand for goods and services. The increased number of elderly also create more opportunities for growth in health care and other service sectors (Jones, 1988). Katagiri, an economist at the International Monetary Fund, suggests that population aging has caused shocks to Japan's demand structure which in turn have caused some deflationary pressure, an increase in unemployment rates, and a decrease in real GDP from the early 1990s to the 2000s. She also states that due to the population aging causing a decrease in tax base and an increase in government expenditure, economic activity will slow down (Katagiri, 2012). Others suggest that major shrinkage in the workforce is unavoidable at this point, and that the outlook of the labor force is not only dependent on elderly participation, but more so on the participation of so-called "invisible workers," meaning those people that perhaps want to work but feel that they are unable to due to their circumstances, such as women that do not work

because they are rearing children. Other problems include financing problems in the public pension system and health system, along with a decline in the availability of personal savings (MacKellar, Ermolieva, Horlacher, & Mayhew, 2004). However, there are numerous other economic impacts of population aging to be observed in modern Japan.

Retirement

In order to battle the expanding burden of the public pension system, Japan has been raising the official age of retirement. It was raised to 61 in 2013, 62 in 2016, and according to plans made by the government, it will be raised to 65 by 2025. All over Japan, seniors are still working well past their retirement age. In fact, 1 in 5 seniors is employed in Japan, which is the highest proportion in the developed world. In 2011, Japanese men were exiting the labor market on average at 70 years old, and women at 67. Some claim this is due to the government pension not being sufficient, others say they prefer staying busy to keep both mind and body healthy. Usually, companies will rehire employees past their retirement age with a sizable pay cut, therefore it is very profitable for them to have these highly experienced employees imparting their wisdom on the younger generations while being paid less than before. Consequently, many corporate executives oppose raising the retirement age, as it means they will be required to pay their employees full salaries for longer periods (Matsuyama, 2012).

Another option available to Japan's elderly after retirement is securing work at so-called "silver centers." Silver centers are a national government program that provides jobs for people aged 60 years or older. There are over 1,300 centers all over Japan with over 700,000 members. The seniors complete job orders that come from private companies, environmental agencies, and even households, and can include both indoor and outdoor work across a wide variety of fields.

Many elderly find these silver centers enjoyable as they provide a good way to earn money while staying fit and healthy, and an opportunity to socialize with other aged individuals (Rivera, 2014).

Senior-Oriented Marketing

While the rapid demographic shifts being observed in Japan are considered serious by some, others look on the expanding numbers of seniors as a lucrative business opportunity. Many companies are looking to take advantage of this ever-growing market, especially as seniors are starting to spend their money more freely. Senior economist at the Fujitsu Research Institute, Martin Schulz stated that this increase in senior spending is causing companies to transform their strategies, and shaping their products and services to fit the needs of an aging population (Ranasinghe, 2012). Recently, a popular trend amongst seniors has been the consumption of meals and dishes prepared commercially rather than at home. Therefore, the prepared foods market has been experiencing rapid growth. Some theorize that this is due to the trend that the current generation of elderly Japanese men are not very proficient in the kitchen, and their elderly wives (if they have one) may be tired of cooking many meals a day for their retired husbands. Coffee shops and restaurants have also been adapting to the demographic shifts, for example the Komeda coffee shop chain (found all over Japan) has started tailoring their opening hours to early-rising seniors along with special offers for the elderly (Hiroyuki, 2015). Many restaurants have also similarly started having special offers for seniors, for example, an *Izakaya* (restaurant and bar type establishment) in Tokyo's Shinagawa district has started offering an "all-you-can-eat senior course" with attractive pricing to make use of the market. The increased spending of seniors has also been very lucrative for the travel industry, as traveling is a popular option for retirees. One example of the senior oriented marketing being observed recently is Japan's largest wireless carrier, NTT DoCoMo. Recognizing that people aged 60 or over comprise nearly a quarter of their customers, they have launched a new

smartphone with larger fonts and icons along with simpler e-mail and camera functions (Ozasa & Yasu, 2012). Another example is the retailer Aeon, which has opened a shopping center with products and services specifically aimed at seniors. Some of the features include a slower escalator speed and larger signs within the stores. Diaper company Unicharm has reported that sales of adult diapers in Japan exceeded those for babies for the first time in 2011, shining a unique light on Japan's demographic problem. Even car manufacturer Toyota has joined this trend as they unveiled a service robot for the elderly and disabled that is able to fetch and carry things to make their owners lives easier (Ranasinghe, 2012).

Robotics

Toyota is not the only company that is looking towards robotics during these demographic shifts. With the aging population requiring an increasing amount of resources and workers in elder care, all over the globe, people are considering elder-care robots as having great potential to meet the needs of the expanding numbers of the elderly. These robots could perform functions such as monitoring elderly patients with sensors and cameras, making sure that they take their medications and that they are not in distress. They could help dementia patients by engaging them in conversation, challenging them with mental exercises and helping them keep track of important information that they might forget, such as dates, appointments and phone numbers. These robots could also act as an extension of health-care professionals, limiting the need for home visits as the doctor could perhaps check in on his elderly patient remotely, using the robot to perform a check-up of sorts. Furthermore, as artificial intelligence improves, these robots could even act as companions to the elderly, alleviating loneliness to some degree. These advancements may potentially be far off, but prototypes are already in development for some of the simpler features (Kelly, 2013). Not surprisingly, as the senior-care issue is large and the robotics industry is already

quite robust in Japan, the Japanese government is giving serious thought to robotic caregivers as a potential solution. In fact, the government has poured billions of yen into incentivizing elder-care robotics development (Iida, 2013). The first elder-care robots were slow to take off in popularity, such as Paro, a touch-sensitive robot seal designed to engage with dementia patients. With a steep price tag and limited success within the nursing homes, Paro and similar robots developed in the same era were considered a disappointment by some. However, in recent years, all the government funding has been paying off as new robots are emerging that are not only far more advanced, but more affordable as well. Robots such as Palro, ChihiraAico and Pepper are designed to engage with people on a personal level and keep the elderly company while also keeping their minds active, and are already becoming popular in nursing homes throughout the country. These robotic advancements do not just stop at companion robots; various machines have been developed over the past few years to assist the elderly with their limited mobility, such as Robear, a robotic nurse that can lift and carry patients, along with helping them stand up. Another promising invention is the so-called Hybrid Assistive Limbs, which is a robotic exoskeleton, either for just the legs or the whole body, that can both stabilize and magnify the strength of the wearer, possibly giving elderly patients back their mobility, along with lessening the strain on the caregivers. The rapid demographic shifts occurring in Japan are spurring advancements in the robotic industry and companies all over the world are taking notice of their success, beginning to fund their own projects (Hay, 2015). It is worth noting, that as Japan is encountering these issues ahead of other nations headed in the same direction, advancements in Japanese robotics could serve as a major boost to their economy down the line. When other nations start encountering a lack of caregivers for their expanding numbers of elderly, they may look to Japanese elder care technology in order to deal with the issue. This could serve as a future growth engine for the Japanese economy.

Having explored both social and economic impacts of the aging population of Japan it is important to also discuss what actions are currently being taken to combat this problem, and what solutions are being considered. This will be explored in the following section.

The future and possible solutions

The previously outlined issues that Japan is currently facing concerning population aging and the grim future described by population and demographic projections are one of the most highly discussed topics in modern Japan. But what actions are being taken to combat these issues?

Abenomics

The man tasked with tackling this major issue is Prime Minister Shinzo Abe. After being re-elected in 2012, Abe expressed repeatedly his aim to revive the Japanese economy, which had been struggling with deflation for a decade. His plan, dubbed Abenomics, laid out so-called “three arrows” intended to boost Japan’s economy. They involved a large increase in fiscal stimulus via government spending, a large increase in monetary stimulus through an unconventional central bank policy (monetary easing), and a reform program intended to make structural improvements to the Japanese economy. Abenomics was successful to begin with, boasting a larger boost to GDP than was expected, but progress stagnated towards the end of 2013, and uncertainty has arisen as to whether Abenomics will have the intended effect on the Japanese economy, especially with the population’s shrinkage and aging threatening dwindling labor markets and an increase in government spending (Botman, Danninger, & Schiff, 2015). Prime Minister Abe’s administration has recognized the need to act on these issues and in September of 2015, they laid out the so-called second phase of Abenomics, including three new policy goals, and an aim to increase Japan’s nominal GDP by 20 percent, along with a plan to keep the population from declining further than

100 million. These three new “arrows” would include promotion of economic growth, child-rearing assistance to boost birth rates, and social security measures intended to increase the number of nursing facilities for the aged. In a press conference following the announcement of the new policy goals of Abenomics, Abe vowed he would bring the number of people that must quit their job to take care of elderly relatives to a zero, along with bringing the number of elderly people on waiting lists to get the care they need down to a zero as well. At the same time, he also stated that he will raise the average number of children a Japanese woman has in her lifetime from 1.4 to 1.8, along with plans to mobilize women and elderly to compensate for the dwindling labor market (Aoki & Yoshida, 2015). In September of 2016, Abe stated that he has “absolutely no worries about Japan’s demography.” He said that Japan’s shrinking and aging population was not a burden at all, but an incentive to grow its productivity through means like robots, artificial intelligence and wireless sensors (Sieg & Takenaka, 2016).

While these changes all sound very promising, some consider these goals to be overly ambitious, perhaps even unattainable within the timeframe given. Masamichi Adachi, a senior economist at JP Morgan Securities in Tokyo wrote in a recent report that these announcements are mainly meant to gather public support for the upcoming elections, and goes on to say that “He [Abe] is doing Abenomics 2.0 because Abenomics 1.0 was not going well at all. He should have started with Abenomics 2.0 first because the most crucial issue is the population issue.” Adachi also says that Japan’s rigid employment system is ill-suited to improving productivity in a modern economy and that it will continue to be an obstacle to Japan’s growth. He remains doubtful that Abe can reach his goal of a 20 percent increase in GDP within the next 5 years (“Will Abenomics 2.0,” 2016). Professor Hisakazu Kato, a specialist in population economics, states that even though a large increase in birth rates is possible, as exemplified by many Northern European countries

such as Denmark and Sweden, the Japanese government simply does not have enough money available to help increase the birth rate. Kato goes on to say that ensuring that no workers quit their jobs to take care of their elderly relatives is another virtually impossible task, with numbers of elderly growing, and the elder care sector already facing a serious shortage of workers (Kato, 2014). Regardless of whether Abenomics will be the savior of the Japanese economy or not, it is important to explore what possible solutions there may be to the population crisis.

Immigration

One of the big topics when it comes to addressing Japan's shrinking, aging workforce is immigration. An influx of young foreign workers, intent on settling down could not only help with bolstering the population and boosting birth rates, but could also help alleviate the immediate problem posed by the lack of caregivers for the elderly. According to UN estimations, to maintain its population, Japan would need to receive 17 million immigrants between 2005 and 2015, or 381,000 on average per year. Despite this being a well-known solution to the problem, Japanese policymakers have been reluctant to make any radical changes to the strict immigration policies that are in place, and seem unlikely to do so in the near future (Peng 2016). This is likely due to many Japanese being opposed to mass immigration, as recent public opinion polls have consistently shown that over half the population is unhappy with the increasing presence of foreign people in their country (Green, & Kadoya, 2015). Even more troubling is that the most negative responses come from rural Japan, which is where the aging and depopulation is taking the largest toll, and is therefore the place where immigration is needed the most (Peng, 2016). A study conducted by Green and Kadoya showed that individuals who are more likely to come in contact with foreigners, or have a self-assessed high English speaking proficiency, are more likely to be supportive of immigration. A self-assessed high English reading proficiency had no observable

effect. Despite the fact that most of Japan's top foreign nationalities are not native English speakers, English conversation ability seems to play some role in reducing anti-immigrant sentiment in Japan. If the Japanese government were to aim for opening the country to more immigrants, perhaps further internationalization, encouraging people to travel and study abroad, and promoting cultural exchange may be important factors to change public perception of immigration (Green, & Kadoya, 2015).

Gender Equality

Another issue that is often considered to be linked with fertility rates, and therefore linked with the dwindling and aging population as well, is gender equality. With Japan being ranked at 111th out of 144 countries on the Global Gender Gap report (World Economic Forum, 2016), many are convinced that improving gender equality may be the key to Japan's population problems. Declining birthrates have often been linked with delayed marriage, more individuals staying single, and continued stigma against childbirth outside of marriage. Many consider this to be caused largely by gender inequality, as the Japanese work environment is quite hostile towards women who have children, often forcing them to choose between a career or having a family. Despite this, gender equality policies have historically met with backlash from the Japanese community (Kano, 2015). Some point to the problem being the traditional attitudes of a male-dominated society, where warriors were praised and placed at the top of the social ladder (Cortazzi, 2015). While most cultures in the world have a patriarchal background, Japan seems to be slower than others in moving towards equality between the genders. However, despite progress being slow, the Japanese government has recognized the need to move towards a gender equal society, particularly with the creation of a centralized Gender Equality Bureau established by Prime Minister Shinzo Abe (Kano, 2015). Abe's administration has been working to increase the employment rate of adult women,

with goals of raising the employment rate of women aged 25-44 from 68 percent in 2012 to 73 percent in 2020 along with increasing the percentage of women in managerial positions to 30 percent. They have stated that their mission is to create an environment where both mothers and fathers can share responsibility in taking care of their children while continuing their employment. They intend to accomplish this by providing incentives to companies to encourage female participation in the workforce along with incentives to hire women into managerial positions. They have also implemented a plan to eliminate childcare waiting lists by creating 400,000 new nursery schools by 2018 (Tetsu, 2016).

According to Ayako Kano, a gender studies professor at the University of Pennsylvania, gender policy is not likely to see any radical changes in the next few years. This is due to political inertia and a focus on other issues, however small adjustments are expected. There will be continued emphasis on gender equality policies for the sake of boosting birthrates, with continued tactics to improve women's work/life balance and male participation in child care, however these policies are subject to continued backlash from the community. Kano points to the backlash coming from individuals that cling to notions of the "traditional" family, which consists of a male breadwinner and a stay at home mother with multiple children. Some believe that promoting the employment of women through their childbearing years will destroy this "traditional Japanese family." The government needs to be careful in considering the feelings of these individuals that are fueling the backlash to the gender equality policies. With the implementation of these policies, some men may feel that they are being told they are not fully men unless they are assisting with childcare and housework. At the same time, some women may feel they are being told that being a full-time housewife is not sufficient anymore. All the while contending with modern Japanese social norms, where a father who takes childcare leave is often viewed as not caring about his job

enough, and a mother who works outside the home is often viewed as not caring about her children enough. This clash between social norms and government policy is likely causing the backlash to the gender equality policies and policymakers need to be careful in considering how to implement them without angering the public. In regards to realizing a gender equal Japan in the future, Kano suggests that everyone should have a shorter work day, more help for parents in the form of child care help within the home, and lowering the social expectations for motherhood. The last suggestion points to the fact that day cares and schools especially require mothers to do a large amount of work for their children, expecting boxed lunches, hand-sewn floor-wipes and individual labeling of the various items that the child uses in class (Kano, 2015). Only time will tell whether gender equality policies will help raise the falling birthrates of Japan, but many would argue that whether they are successful in that regard or not, gender equality is still a goal worthy of striving towards.

Revitalizing Rural Areas

As has been previously discussed in this paper, rural depopulation is a major problem in modern Japan linked with population decline and demographic shifts. For years, politicians have stated that the repopulation of rural areas is a priority, but so far they have failed to make a lasting impression, only managing to give selected areas short economic boosts, rather than fixing the overall problem. A report released in 2015 by the think tank Japan Policy Council predicted that 869 municipalities will experience a 50 percent plunge in women of child-bearing age between 2010 and 2040, which would cause those municipalities to be unlikely to maintain their population. These predictions of “vanishing municipalities” caused a stir in Japan, and had Prime Minister Shinzo Abe vowing to succeed where his predecessors had failed in revitalizing these rural economies. Part of his plan is to set aside a one trillion yen budget, and have the regional

governments propose their own ideas to boost their economies. Other measures being taken include incentives for companies to relocate their headquarters to more rural areas, along with encouraging new industries to start up outside of the main urban areas. Many still worry that these measures will not be sufficient to save these areas from depopulation (Yoshida, 2015).

Kato has some ideas on dealing with rural depopulation and the overpopulation in the Tokyo Metropolitan Area. He says preventing people from concentrating in the Tokyo area is not the answer, as it would weaken the economy. Rather, the government should focus on creating a better support system for young families living in the Tokyo area, along with developing Tokyo as a more international city. The upcoming Olympic Games of 2020, held in Tokyo, will be a good opportunity to develop the necessary infrastructure and boosting international trade. Therefore, the key is to keep Tokyo economically strong, while making it a better environment for childrearing. Japan's government spends very little money on social programs for young families compared to its Western counterparts and research suggests that there is a link between government social expenditure for young families and fertility rates. Kato also discusses strategies for revitalizing rural areas to prevent this mass migration to the large cities. He suggests investing in local center cities, to provide education and employment for young people, and bringing together commercial and cultural facilities to encourage settlement. Furthermore, promoting the creation of small to medium sized cities in the regions surrounding these center cities, with an effective transportation network to connect them with the center cities is key (Kato, 2014).

[The Elderly as a Resource](#)

Some believe that despite the elderly putting a strain on the country's finances, they could actually become a vessel for growth. Despite being traditionally viewed as savers, recently Japan's older generation has been spending their money more freely, and companies are taking notice by

implementing senior-oriented marketing strategies. As the Japanese grow older they seem to spend more, as in 2011, those in their 60s spent 94 percent of their disposable income, compared to 74 percent for those in their 50s, and under 70 percent for those in their 30s and 40s. Analysts point to recent natural disasters as a possible cause for this increased spending, as people may realize that life can be short and you might as well spend what you have while you still live. Japan's older population will also be useful when it comes to their work experience. As the labor market shrinks, the elderly will become invaluable as they have accumulated useful skills that can both be utilized and passed on to the next generation (Ranasinghe, 2012).

Conclusion

Population aging is prevalent throughout the industrialized world, and is likely to become a large problem for any nation experiencing it, both socially and economically. However, Japan has been going through these demographic shifts much faster than the rest of the world and is currently the oldest nation in the world. Japan is likely to be at a turning point in its history. After rising from the ashes of its World War II defeat and becoming the world's third most powerful economy, problems concerning low fertility rates resulting in advanced population shrinkage and aging are now poised to bring Japan to its knees. The rapid aging of the Japanese population, paired with a low birthrate will cause a major shrinking of the labor market and create a top-heavy society where shrinking numbers of young people will be supporting expanding numbers of elderly people, likely crippling the economy. Effects of population aging are already apparent in modern Japan. The percentage of elderly people in need of care is high, and with a severe lack of caregivers in the labor market, families (mainly women) are forced to take up the burden of caring for their elderly relatives, often to the extent of quitting their jobs. People are having fewer and fewer children, and young people flock to the cities, leaving rural areas oversaturated with elderly and slowly

depopulating. The government is employing a multitude of strategies aimed at combating these issues, including slowly raising the age of retirement to deal with the increasing burden of the public pension system as the population ages. Many companies are adapting to these changing demographics, developing products targeted at the elderly and creating services to suit their needs. The growing need for elder care has also spurred advancements in technology, as special elder care robots have been developed and met with success. A shrinking labor market is also likely to inspire new ways to increase productivity, possibly through robotics and other technology.

The government, led by Prime Minister Shinzo Abe is hard at work trying to deal with this multitude of issues. With the difficult tasks of boosting the failing economy, raising the fertility, and supporting the growing numbers of elderly, the government budget is spread thin. Many lofty goals have been stated, such as stabilizing the population by raising birthrates, making sure every old person in need of assistance is cared for, revitalizing rural regions, and boosting the GDP considerably. It seems like an impossible task to achieve all these goals at once, but only time will tell whether Shinzo Abe and his administration will be successful. Many believe mass immigration could solve some of these problems but it does not seem like the Japanese people are ready to accept a large influx of foreigners into their country yet. Others believe gender equality to be the key to raising fertility rates. Japan is lagging behind severely when it comes to the gender gap, but the traditional beliefs and values held by a large part of the Japanese nation seem to be hindering major policy changes in that area. It will also become important to tackle the overpopulation of Japan's largest cities, paired with the depopulation of the countryside as whole regions are poised to vanish within a few generations if no action is taken.

Japan is experiencing these issues related to population aging before the rest of the world, which means they do not have other examples to learn from. Therefore, it is up to Japan to either

create an example of an effective way to deal with population aging and the issues attached to it, or become an example of what not to do. Either way, the world will be watching as Japan attempts to tackle its demographic crisis. Important lessons will be learned which will likely affect the future actions of many countries around the world.

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Figure 1.1: Graph of the projected Japanese population and age structure, 1950-2050 by the

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Figure 2.2: Japan’s 2016 population pyramid by countrydigest.com based on information by the

US Census Bureau. Retrieved from <http://countrydigest.org/wp-content/uploads/2016/05/Japan-population-pyramid-2016.png>