



International Social Security Conference 2016

**THE JAPANESE EXPERIENCE:
REVITALIZATION OF THE DECLINING
POPULATION**

Prof. Hisakazu Kato (Japan, Meiji University)



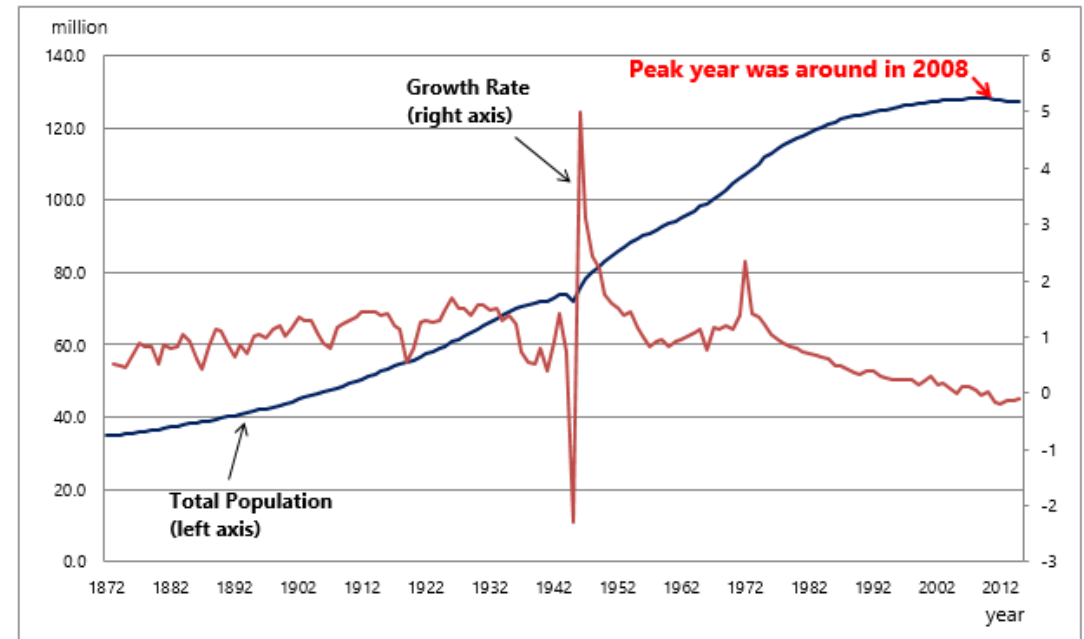


1. DECLINING POPULATION IN JAPAN

Population in Japan

- According to the latest census, Japan's total population on October 1, 2015, was 127 million person. **Population in Japan began to decrease from 2008.**
- Japan's population was about 84 million in 1950, exceeded 100 million in 1968. The total population has increased by 1.5 times for half a century.

Total Population and Population Growth Rate : 1872-2015



Source: Statistics Bureau, Japan "Population Census" and "Population Estimates"

Population Projections

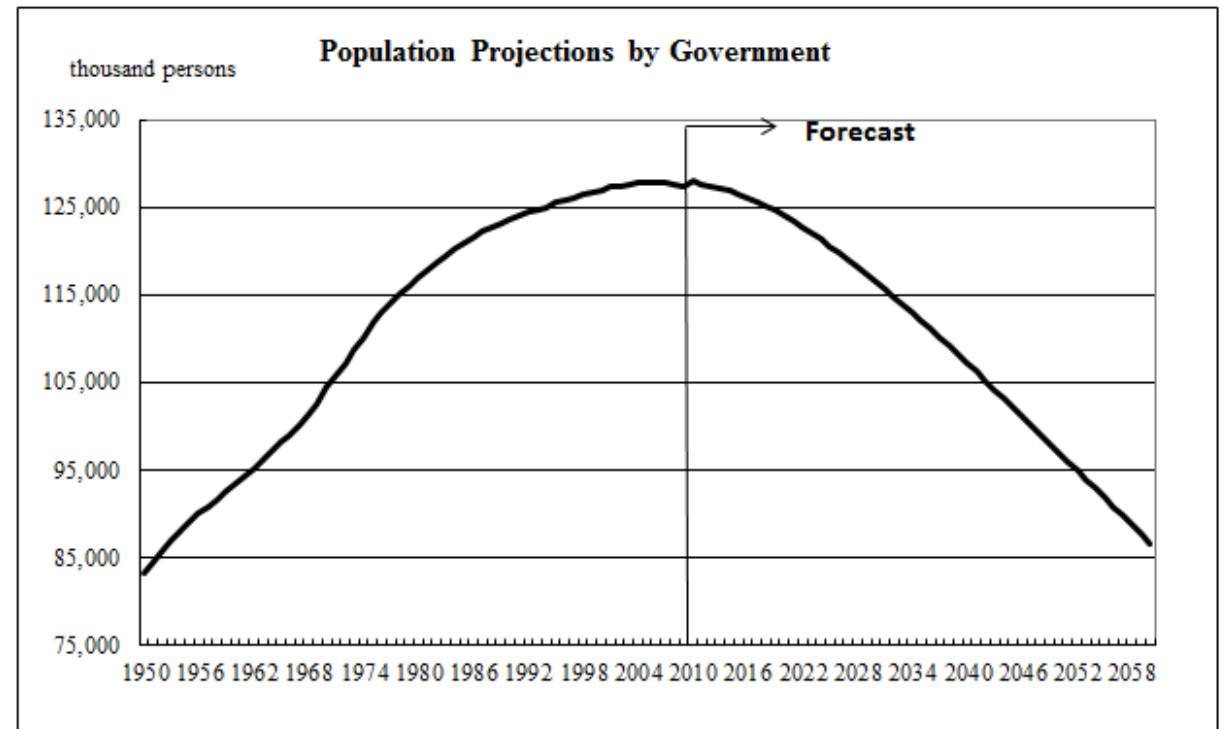
- From 2010 year, about 250 thousand population has decreased in each year.
- The government projected that the number of total population will be 86.7million people in 2060 from 128.7 million people in 2010. In other words, almost 40 million people (about one third) will be lost in Japan.

Transition in Total Population in Jaapan
(2000~2015year)

Year	Population	Change
2000	126,926	-
2001	127,316	390
2002	127,486	170
2003	127,694	208
2004	127,787	93
2005	127,768	-19
2006	127,901	133
2007	128,033	132
2008	128,084	51
2009	128,032	-52
2010	128,057	25
2011	127,840	-217
2012	127,598	-242
2013	127,423	-175
2014	127,249	-174
2015*	127,110	-139

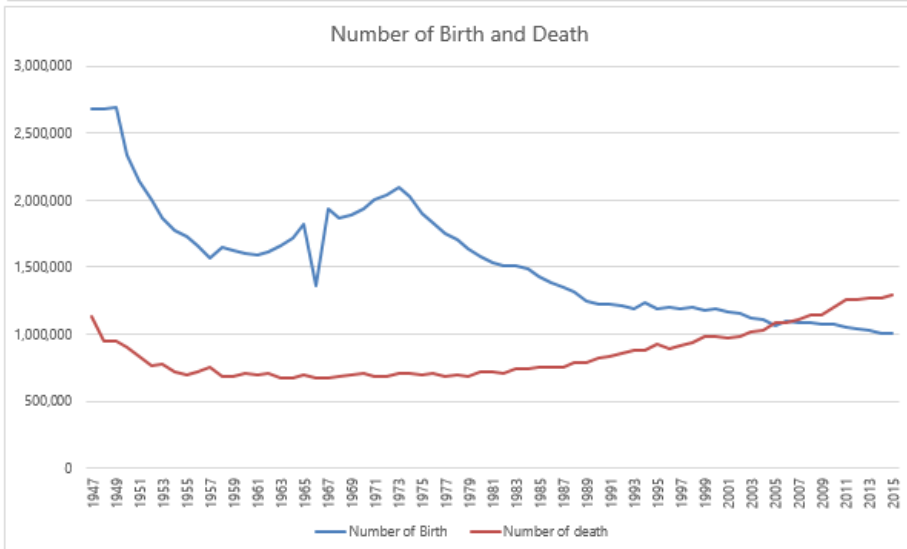
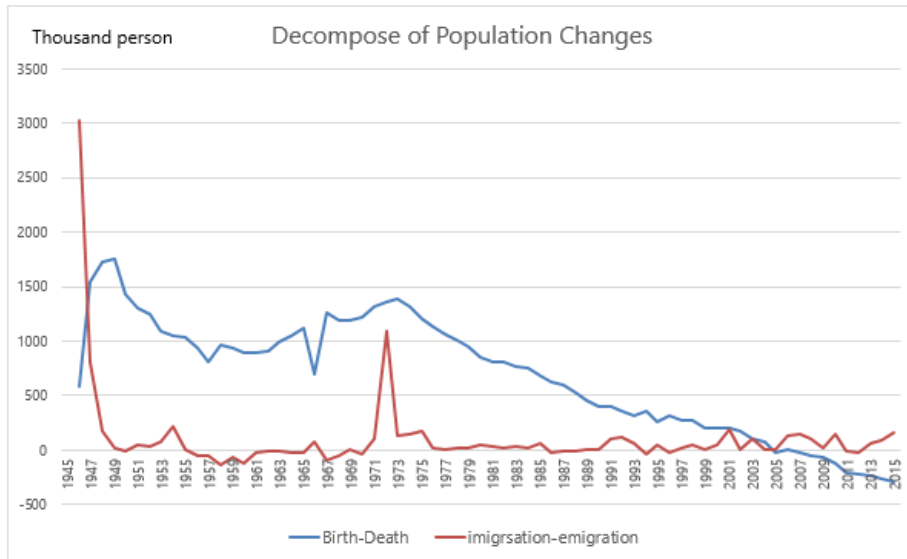
Units: 1000person

*: Preliminary report



Source: "Population Projections for Japan:2012-2060", IPSS(2012)

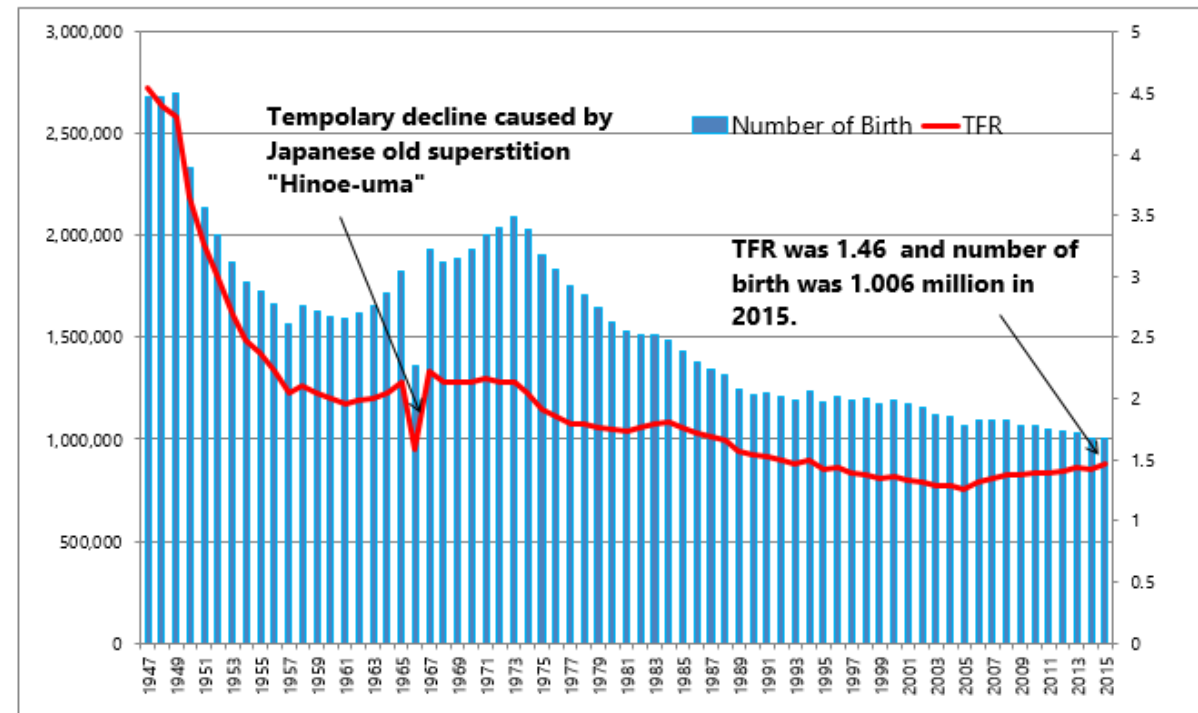
Causes of Population Decline: Decrease of TFR



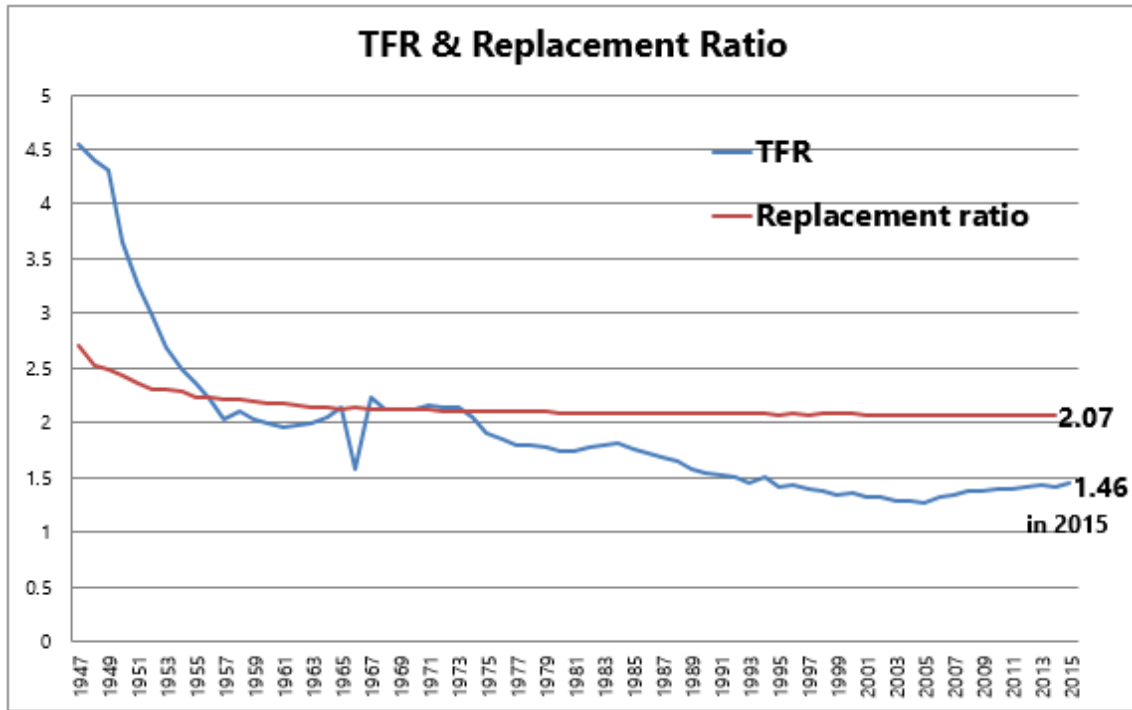
of Birth < # of Death
Net migration is almost zero.



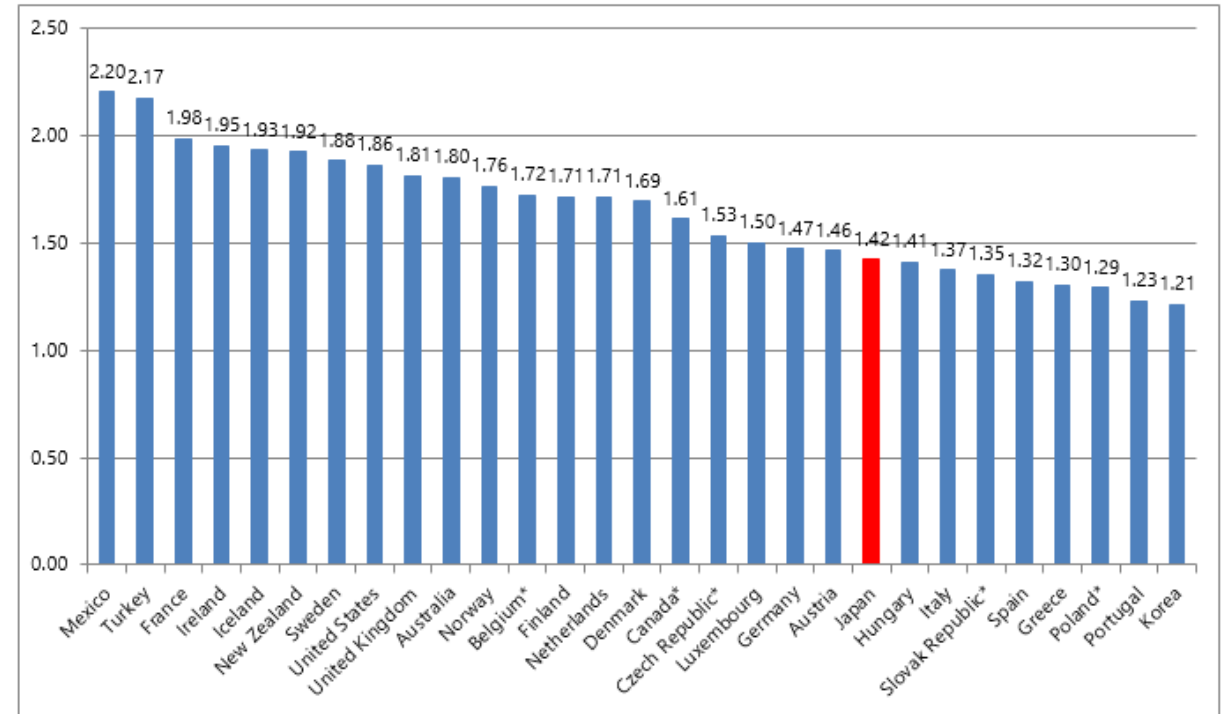
Transition in TFR and # of Birth



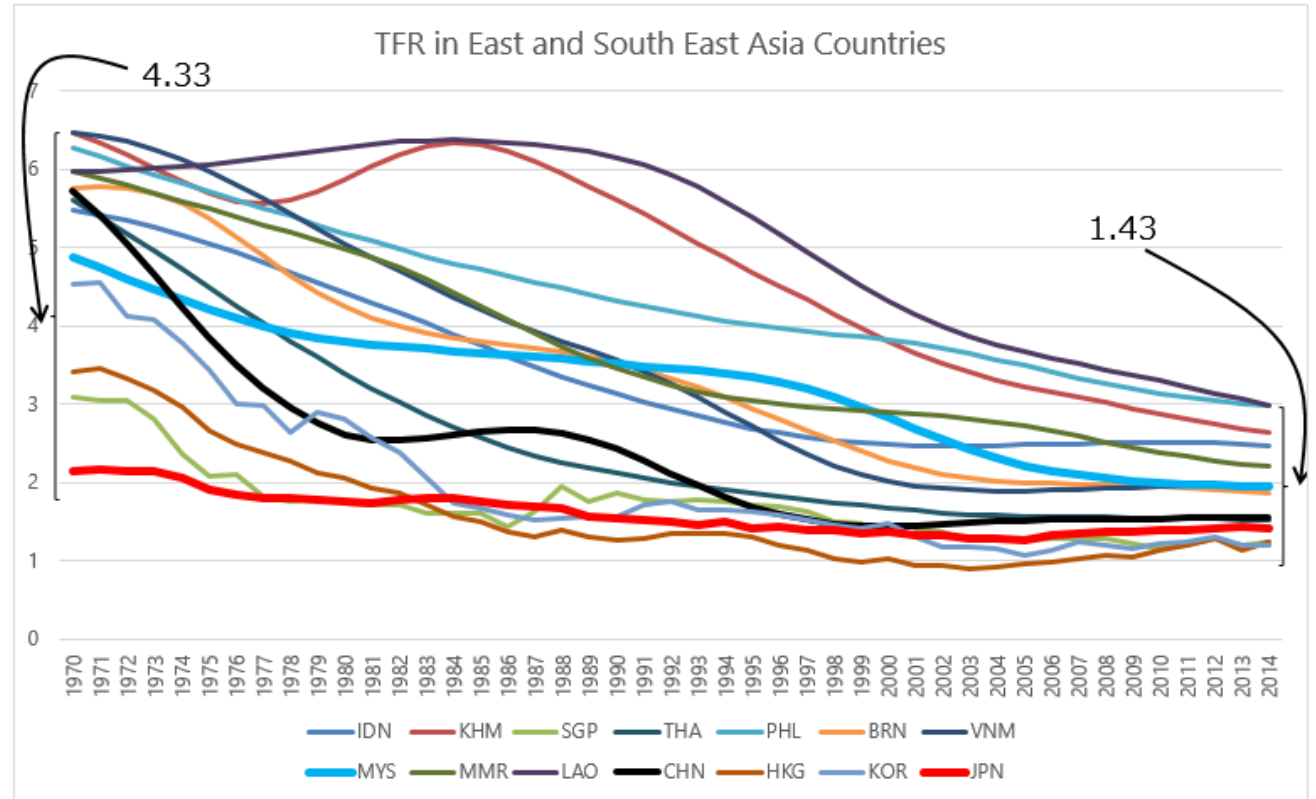
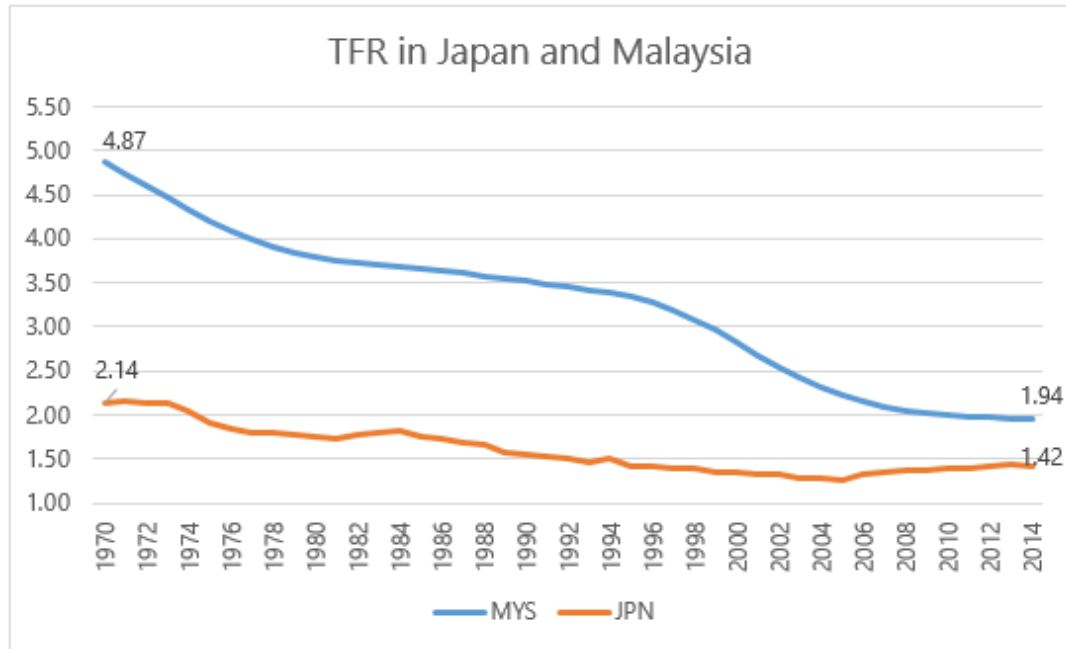
Very Low Fertility in Japan



TFR in OECD countries in 2014



Decreasing TFR in Asian Countries



Source : World Bank

In 1970, max: Cambodia 6.47, min: Japan 2.14
 In 2014, max: Cambodia 2.64, min: Korea 1.21

Foreign Population in Japan

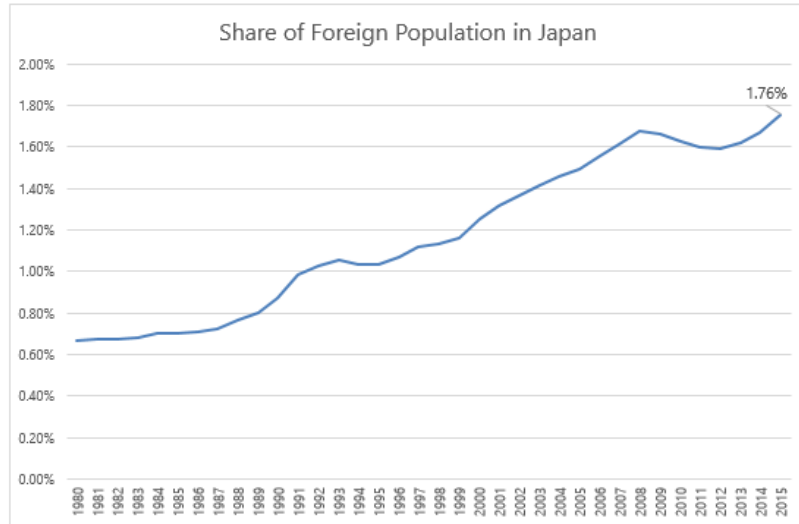
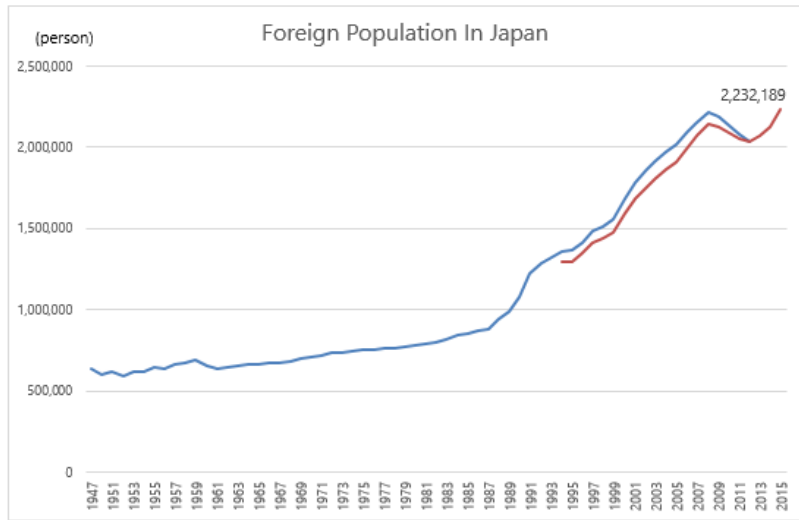
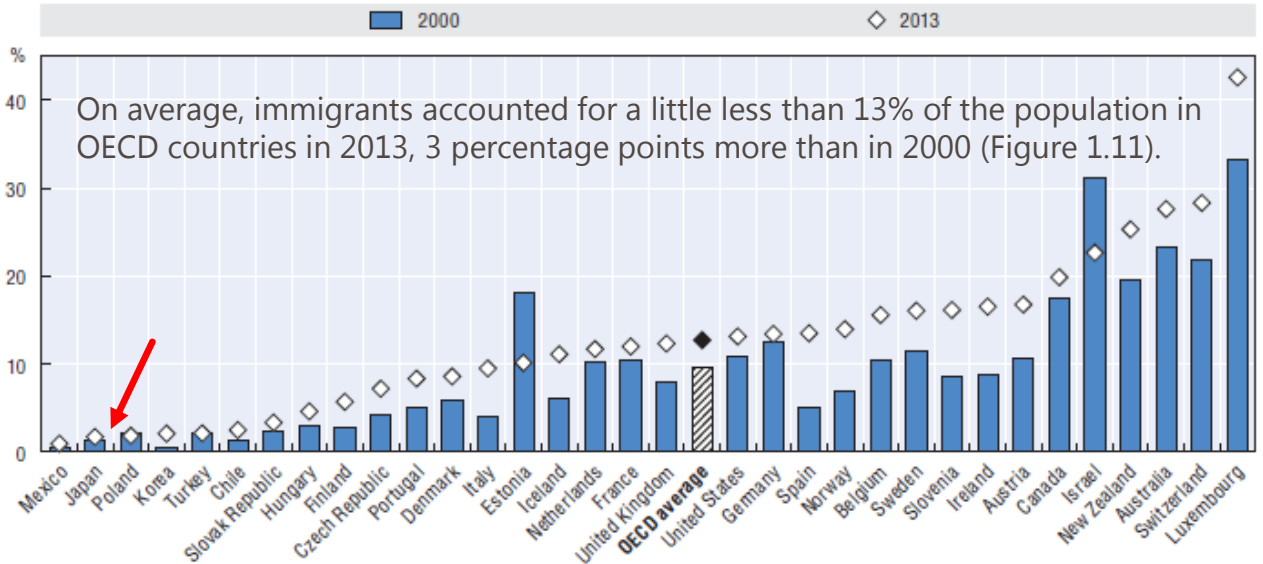


Figure 1.11. The foreign-born as a percentage of the total population, 2000 and 2013

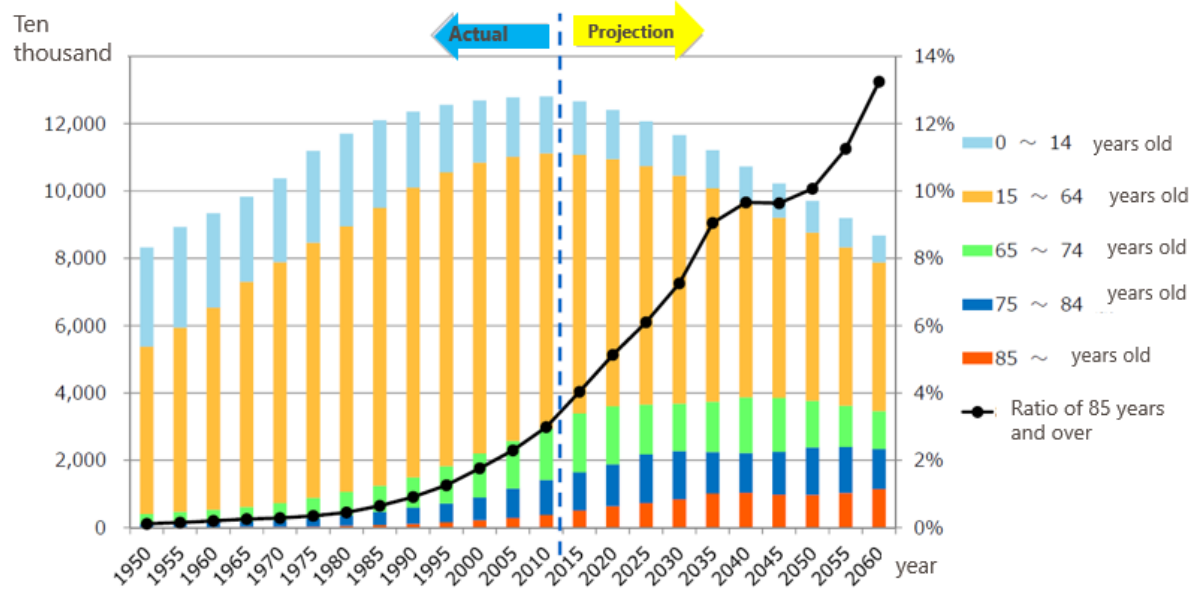


Source: OECD(2015)“ International Migration Outlook 2015”

Some Problems about Immigrant Policy

- ✓ Social Conflict/ school, housing, community, crime
- ✓ An extra Burden of Social Security : public assistance, health insurance so on.
- ✓ Reduce the wage and decrease the opportunity of employment for unskilled labor
- ✓ Illegal immigrant

Aging in Japan

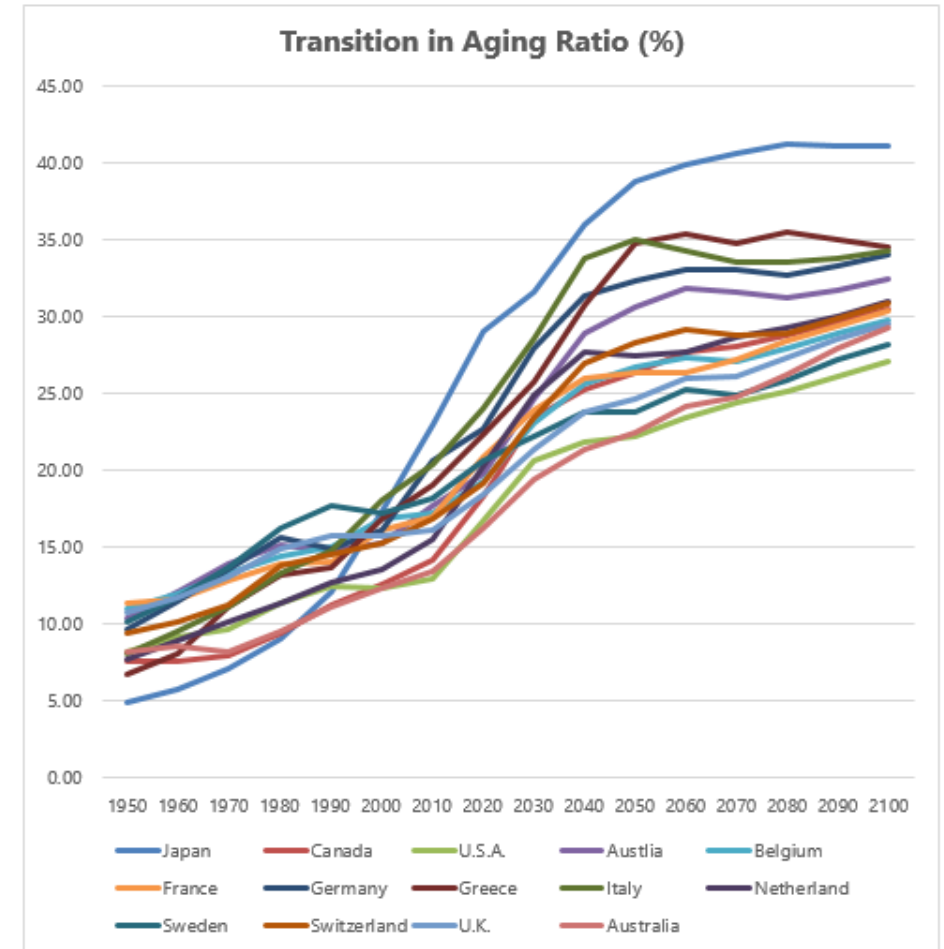


Data by National Institute of Population and Social Security Research

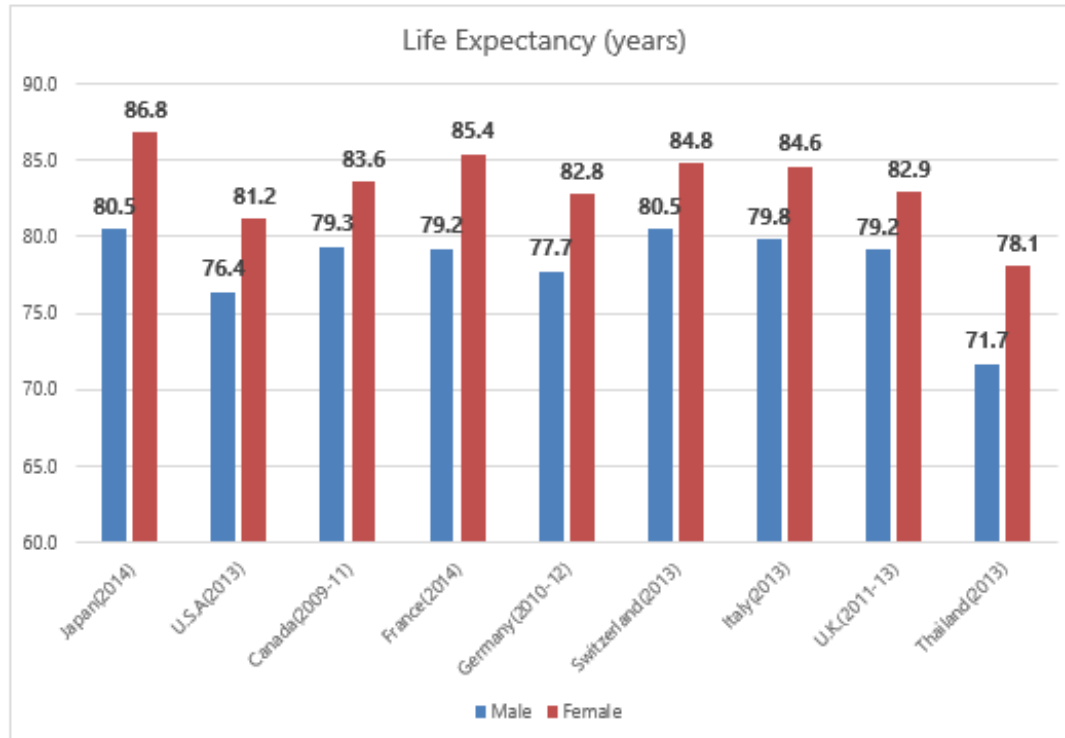
Table: Age Structure

year	0-14 years old	15-64 years old	over 65 years old	over 75 years old	Mean age (years old)
1960	30.0%	64.2%	5.7%	1.5%	29.1
1970	23.9%	69.0%	7.1%	2.1%	31.5
1980	23.5%	67.3%	9.1%	3.1%	33.9
1990	18.2%	69.5%	12.0%	4.8%	37.6
2000	14.6%	67.9%	17.3%	7.1%	41.4
2005	13.8%	66.1%	20.2%	9.1%	43.3
2010	13.2%	63.8%	23.0%	11.1%	45.0
2015*	12.7%	60.6%	26.7%	12.9%	46.4
2030	10.3%	58.1%	31.6%	18.1%	52.7
2060	9.1%	50.9%	39.9%	26.9%	57.3

* Preliminary report

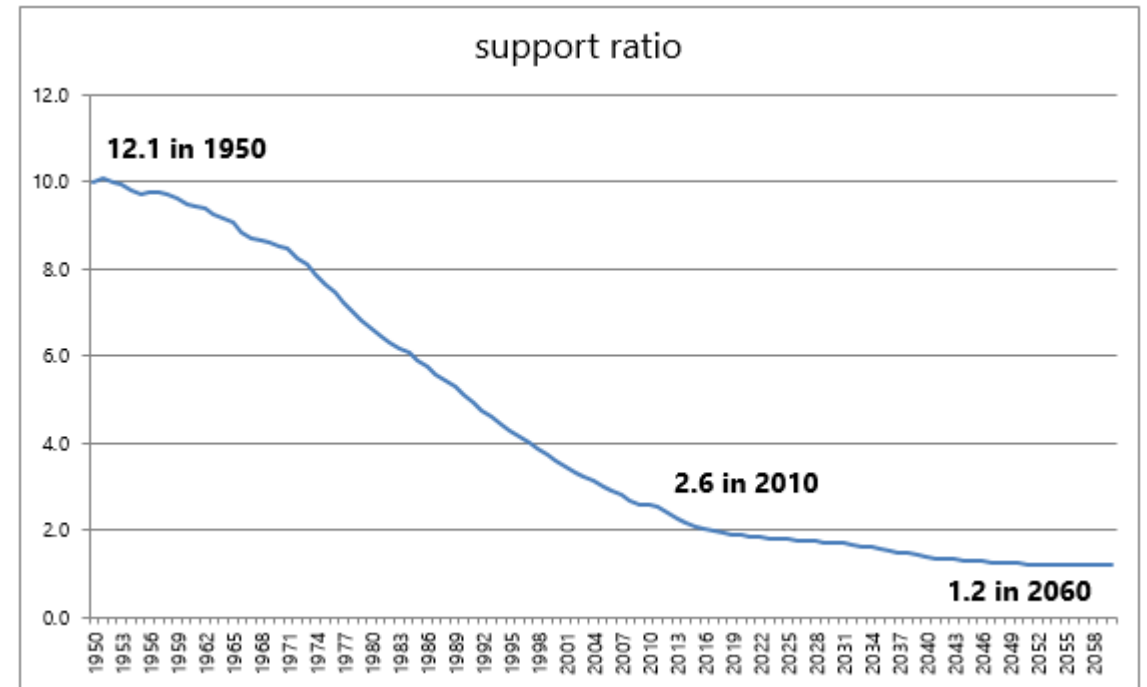


Aging in Japan



Life expectancy is the expected number of years of life at birth in the statistical meanings.

Aging means more social expenditure and heavy burden to young generations.



support ratio = population of 20-64 years / population of 65 years and over

Issues of Population Decline and Aging Society

- Economic Growth and Labor Market

→Decrease in the labor force, savings rate decline, technological progress slowed etc.

- Sustainability of Social Security System

→Increase in social security benefits, securing financial resources, intergenerational fairness, etc.

- Social (less) Diversity

→Maintenance of community, social vitality, etc.

- Changes in Regional Structure

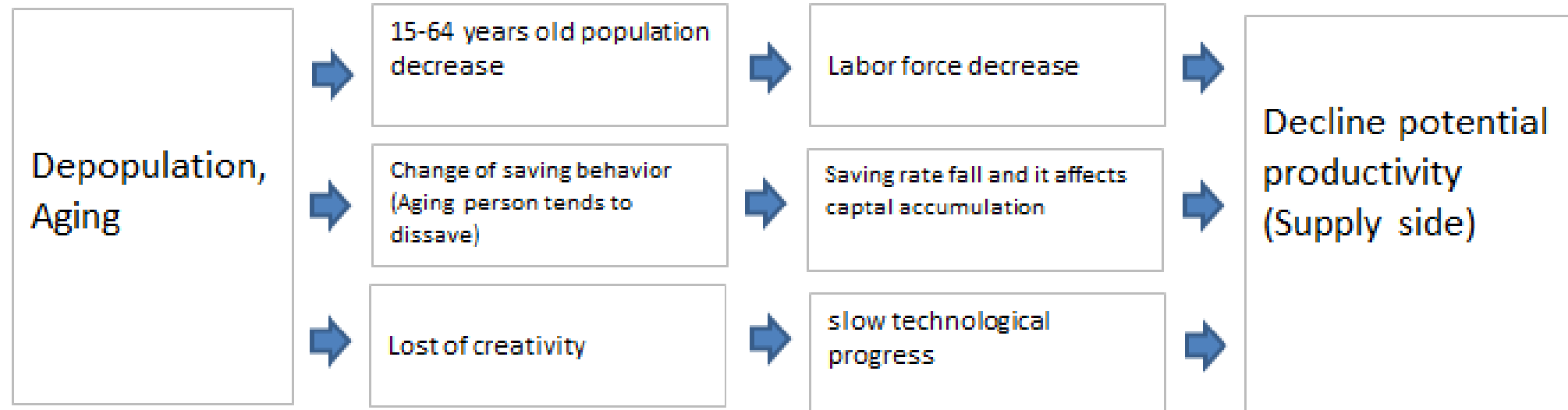
→Rapid aging in local area, limited villages (Facing depopulation and isolated economy)

- Changes in Family Structure

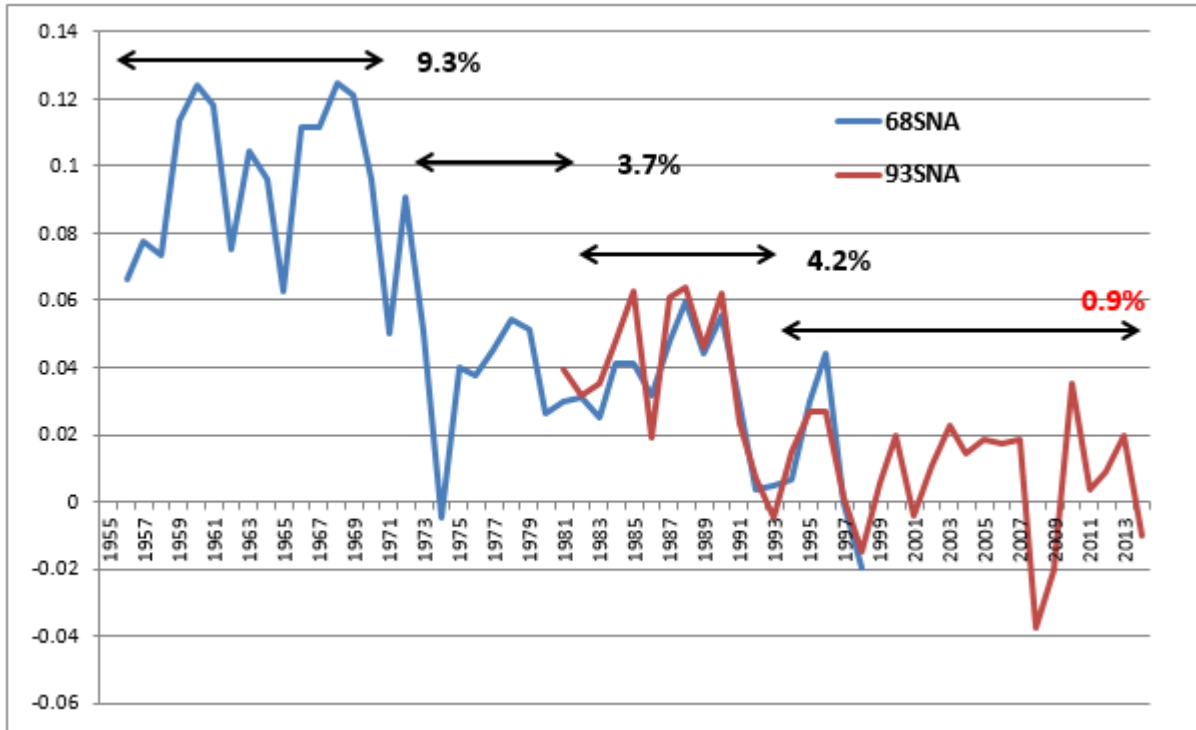


2. CHALLENGE FOR ECONOMIC GROWTH

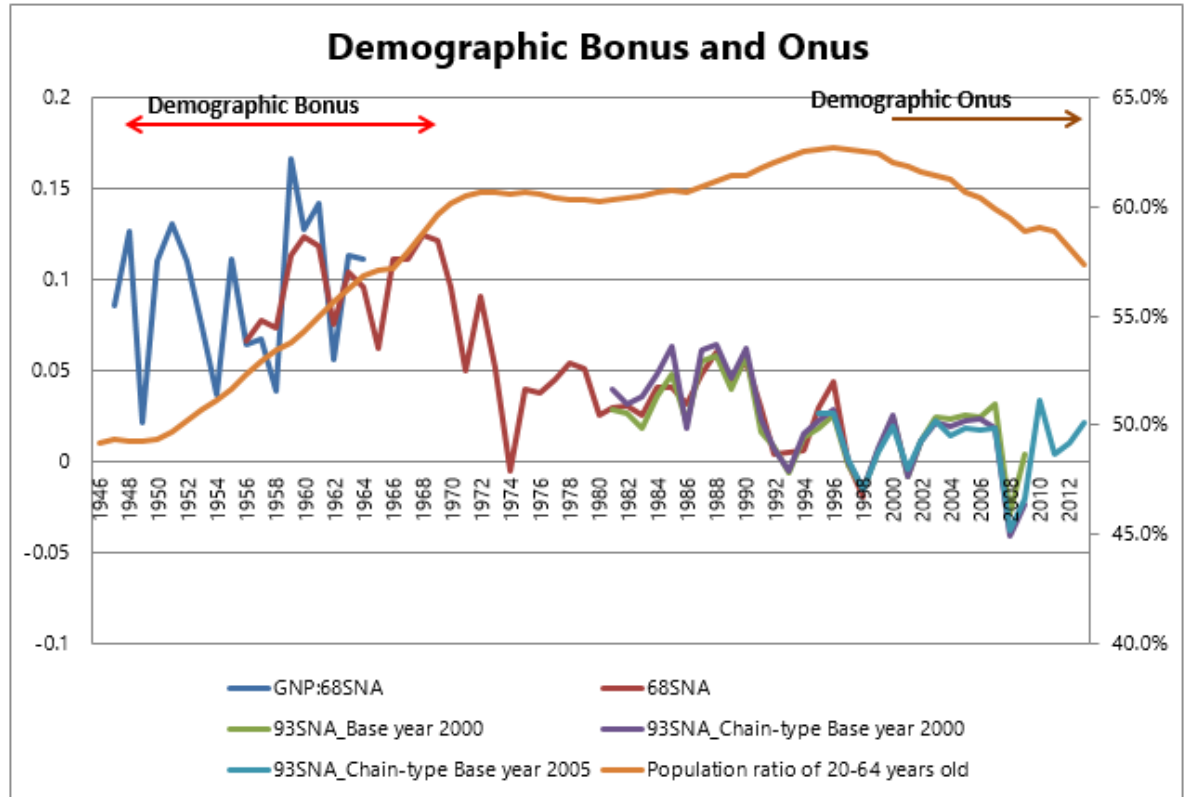
Population decline and factors of economic growth



Economic Growth from the Post-War

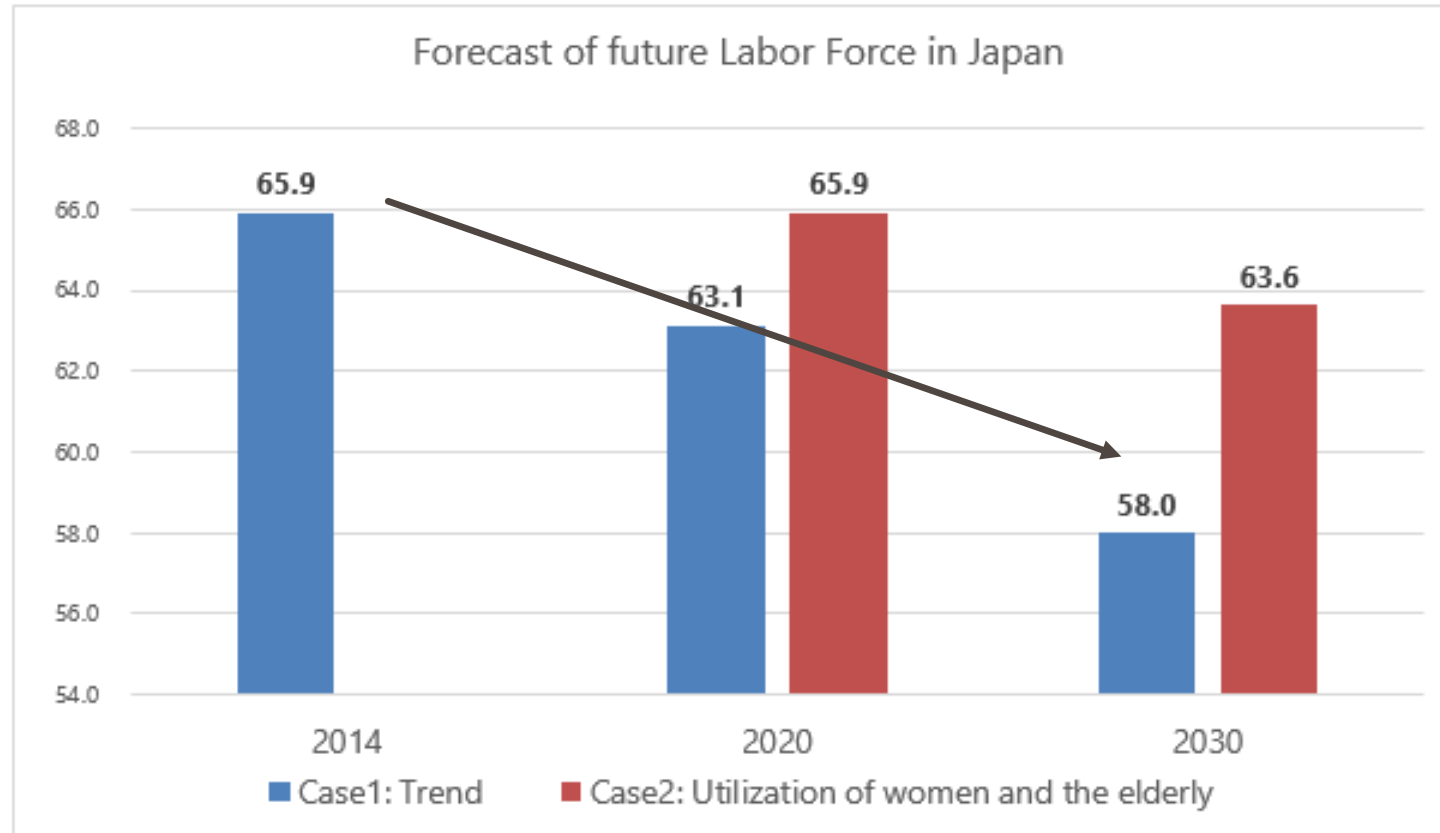


Two Times of Economic Structural Change in Japan;
The First Oil Shock in 1973 and Collapse of Bubble Economy in 1992



Demographic Onus: Demographic change has a negative impact on economic growth

Prediction of Labor Force in 2020 & 2030



Source: the Japan Institute for Labour Policy and Training

Labor Policy for Elderly

A mandatory retirement system

- An employment contract is automatically terminated when the employee reaches a certain age.
- In the past, many companies tended to set a retirement age of 55, but an amendment of Japan's law in 1994 (enforced April 1, 1998) legally prohibited a company from setting a retirement age of lower than 60.



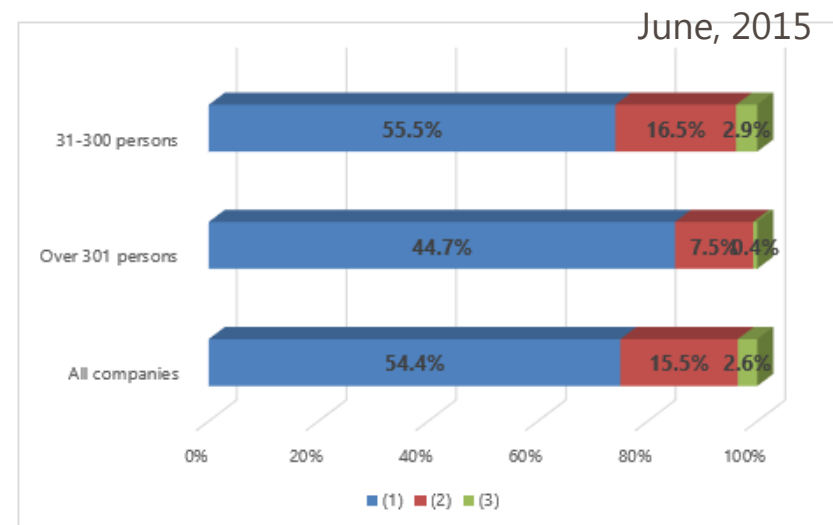
Aging and Decrease Labor Force due to Declining Population

An amendment to the Act on Stabilization of Employment of Elderly Persons in 2004 obliges employers that have set a retirement age of lower than 65 to introduce any of the following measures so as to secure employment for employees until the age of 65.



- (1) Raise the mandatory retirement age.
- (2) Introduce the continued employment system.
- (3) Abolish the mandatory retirement age.

Source: HP of MHLW



Support for Employers Concerning Elderly Employment

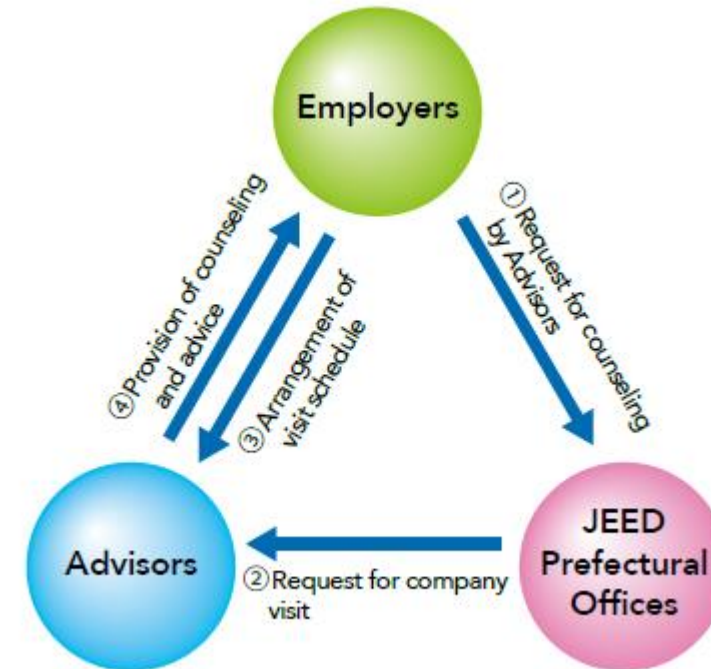
Grants for the Stable Employment of the Elderly

In order to promote utilization of the elderly, grants will be provided to employers who take measures to improve their employment environment. The amount of the grant is proportionate to two-thirds (one-half in the case of large companies) of the necessary costs, up to a limit of ¥10 million.

● Application Example

Company "A" (small- and medium-sized with 50 employees including 8 eligible employees)
<p><Measures taken> In order to reduce the physical burden of elderly workers who carry heavy loads, a forklift is installed for them to fully exercise their vocational abilities.</p>
<p><Amount to be paid></p> <ul style="list-style-type: none"> ● Cost required for the above measures: ¥1,500,000 ● The number of eligible elderly employees: 8 ● Calculation <ul style="list-style-type: none"> ① $¥1,500,000 \times 2/3 = ¥1,000,000$ < ② $¥200,000^* \times 8 = ¥1,600,000$ <li style="text-align: right;">* ¥200,000 is the stipulated amount. <p>Amount to be paid (① or ②, whichever is lesser): ¥1,000,000</p>

Counseling and Assistance by Advisors on Employment of the Elderly



JEED: Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers

Ensuring of Various Employment Opportunities of the Elderly

■ Challenges in People's Daily Lives

Although nearly 70% of the elderly wish to work beyond the age of 65, our employment system for the elderly is still inadequate.

- The percentage of the elderly wishing to work beyond the age of 65 : 65.9% (2013)
- The percentage of businesses where people aged over 65 can work if they wish to do so : 72.5% (2015)
 - SMEs 74.8% (The number of employees : 31-300 people)
 - Large enterprises 52.7% (The number of employees : more than 301 people)
- The percentage of businesses which have no retirement age or set retirement age over 65 : 18.1% (2015)
 - SMEs 19.4%
 - Large enterprises 7.9%
- The employment rate of people above the age of 65 : 21.7% (2015)
 - (2013 : USA 17.7%, UK 9.5%, France 2.2%, Germany 5.4%, Italy 3.4%)



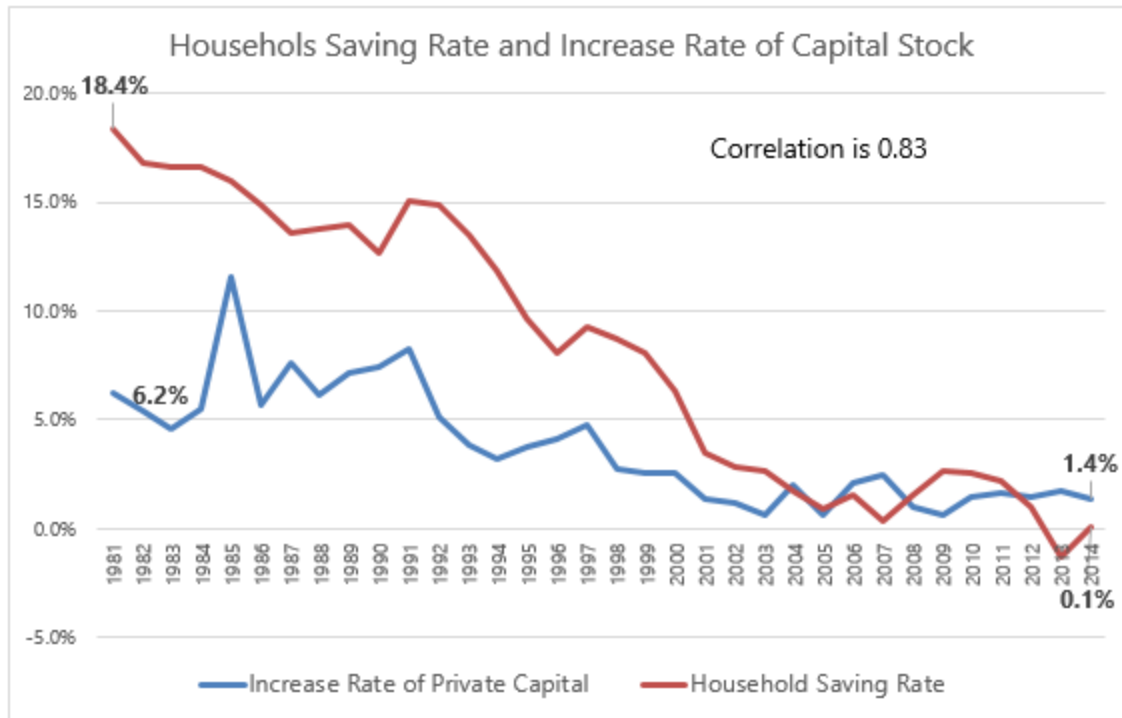
■ Directions of Upcoming Measures

In order to promote raise of the retirement age and extension of employment beyond the age of retirement age in the future, we will encourage businesses to implement these measures, improve related legal systems including covering the elderly by employment insurance, enhance supports for acceptance of re-employment in businesses and employment matching of the elderly, which leads to various employment opportunities responding to hopes of the elderly.

■ Concrete Measures

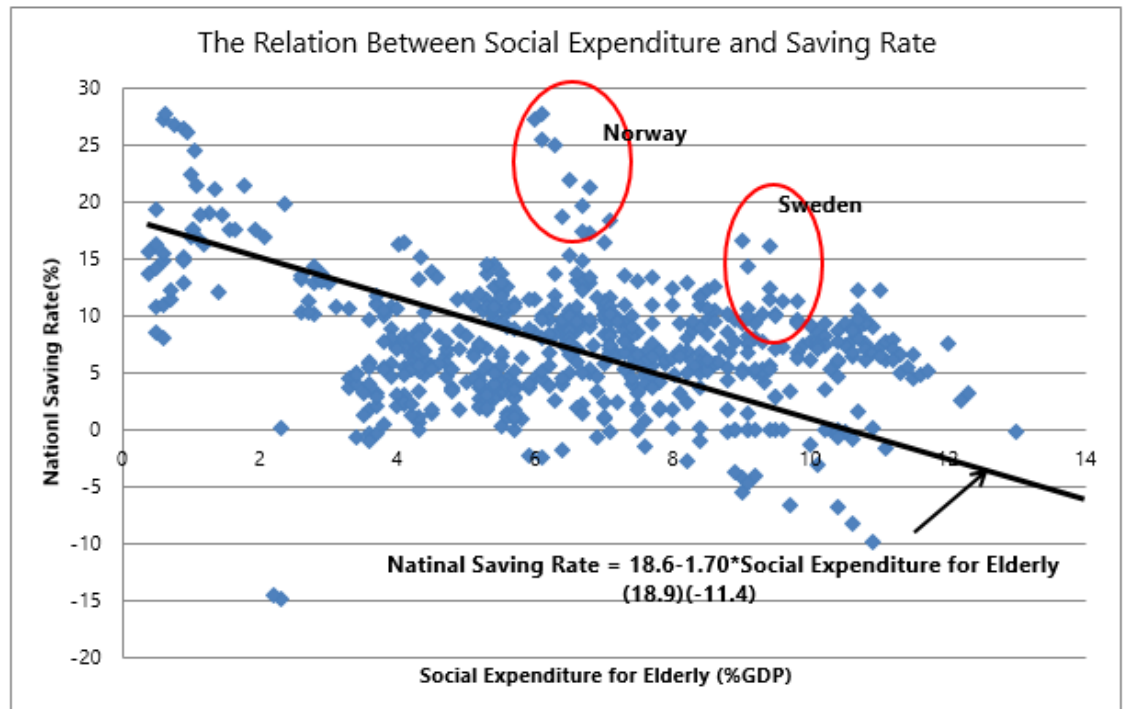
- We will enhance supports for businesses raising the retirement age to 65 and extending employment beyond the age of 65.
- We will set 5 years of "Period of Concentrated Efforts" (FY2016-FY2020) and enhance supports for businesses raising the retirement age to 65 and extending employment beyond the age of 65. We will discuss how we should build employment management systems including wage systems and ability assessment systems and develop manuals for businesses within FY2016 and encourage them to raise the retirement age and extend employment from FY2017.
- We will enforce the revised Employment Insurance Act to cover the newly employed elderly aged over 65.
- We will enforce the revised Act on Stabilization of Employment of Elderly Persons to enlarge scopes of works of silver human resources centers and establish councils to ensure various employment opportunities of the elderly responding to the actual situation of each region. In addition, we will enhance opportunities of skill training to enable the elderly to acquire necessary skills, re-employment supports at contact points, matching functions of industry employment stabilization centers, efforts jointly made by local governments, local actors and groups of retirees from businesses toward "a society where people can be active through their entire lives". In addition, we will utilize ICT including teleworks to increase employment opportunities of the elderly.
- We will verify incentive effects and the actual situation of employment of the elderly in FY2020 and reconsider the state of related systems.
- In order to elastically cope with various employment styles and transition to retirement of the elderly, we will discuss how to improve the payment system of pensions including old age pension for those still working, considering its impact on pension financing.
- It is important to enable elder public servants to further fulfil their capabilities and experiences. We will discuss necessary measures based on the operation status of public affairs and the situation of private sectors.

Aging Decreases the Saving Rate



Source: Cabinet Office "Annual Report on National Accounts"

Japan was known as high saving country before 90's. However, in present Japanese saving rate is very low.



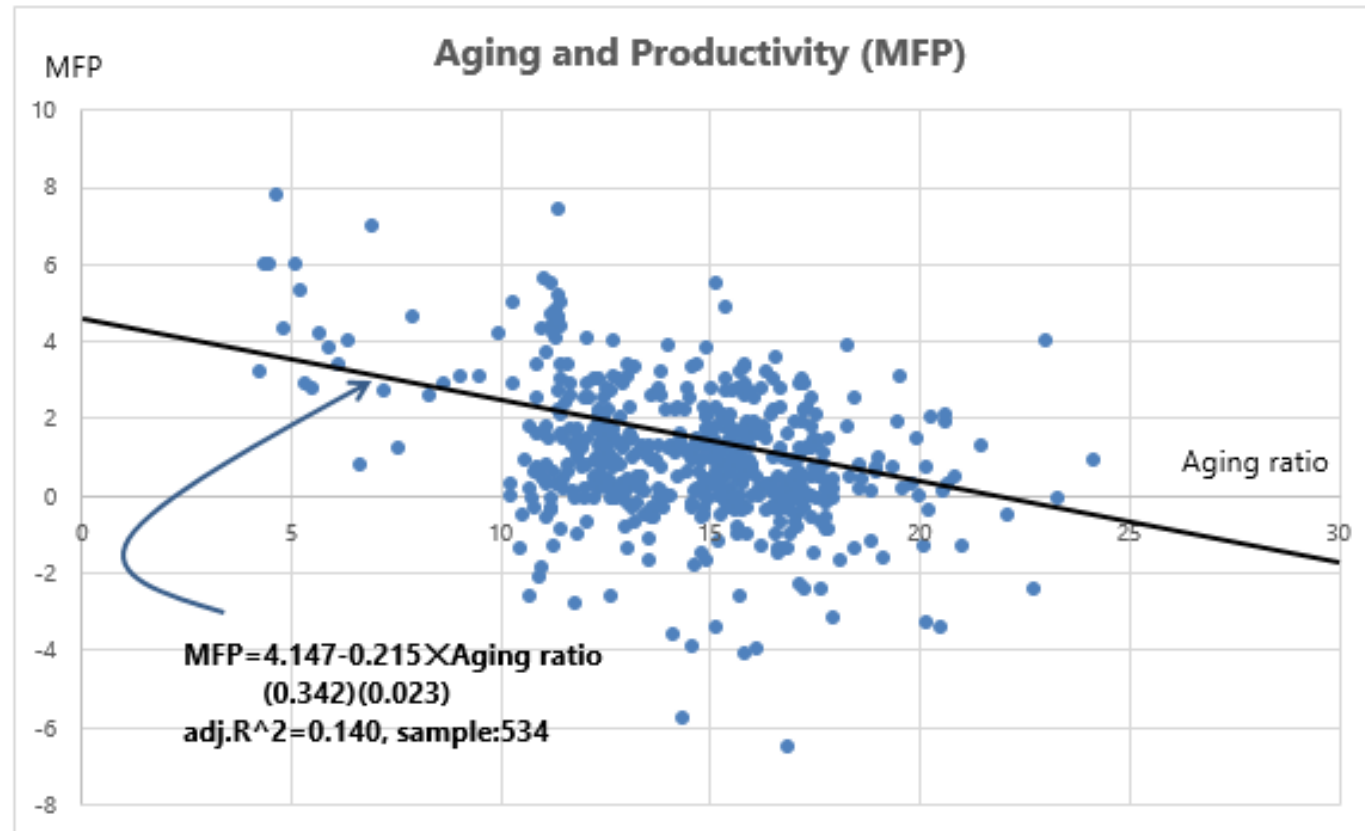
Why is there negative relationship between social expenditure and saving rate?

More support for elderly by social expenditure makes private savings decrease. Increase of social expenditure for elderly provides large budget expenditure of government and decrease public savings.

Population and Technological Progress

- If we had more population, **the chance of appearance of great innovator** would increase.
- If we had more population, the opportunity of **intellectual interchange** with diverse human resources would rise and it would promote technological progress.
- By population reduction, it decreases the **collective force** of society or firms.
- By decreasing young labor force, the **creativity and aggressiveness** would be lost in society.

Aging and Productivity



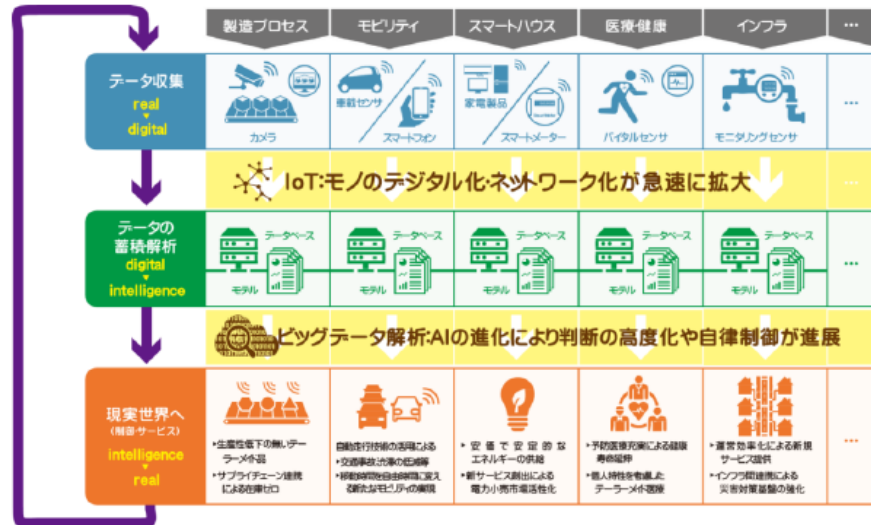
- This figure shows that there is negative relation between productivity (multifactor productivity published by OECD) and aging. This statistical result was tested by fixed effect analysis using OECD panel data about 20 countries, from 1985 to 2012 year.
- If this relation between aging and productivity is robust, we are very pessimistic about the future productivity in Japan.

How to Increase Productivity

IoT and Big Data

- ✓ Rapid technological innovation in IT is increasing the amount of accumulated data and expanding the range of applications for data. New added value is being produced in a cycle of data acquisition, analysis, and processing, changing competing areas in various fields.

[Fig. 1] New Business Cycle with the IoT and Big Data



Source: METI, the White Paper on Manufacturing Industries, 2015

Globalization

Table I-2-1-1 Determinants of the TFP level - Estimation results using regression analysis -

Independent variables	Dependent variable: relative TFP level					
	Coefficient	Standard error	t-value	p-value	95% confidence interval (lower)	95% confidence interval (upper)
Export intensity (t-1)	0.504 ***	0.016	32.67	0.000	0.473	0.535
Overseas investment ratio (t-1)	0.402 ***	0.036	11.10	0.000	0.331	0.473
Logarithm of total worker engaged (t-1)	1.060 ***	0.001	722.42	0.000	1.057	1.063
Logarithm of firm age	-0.154 ***	0.013	-11.74	0.000	-0.180	-0.129
Squared logarithm of the firm age (t-1)	0.029 ***	0.002	13.73	0.000	0.025	0.033
Foreign-owned firm dummy (t-1)	0.486 ***	0.011	43.61	0.000	0.454	0.508
Japanese subsidiary dummy (t-1)	0.137 ***	0.003	43.98	0.000	0.131	0.144
R&D intensity (t-1)	1.872 ***	0.070	26.90	0.000	1.736	2.009
Rise and fall in investment in ICT (t-1)	1.558 ***	0.153	10.15	0.000	1.258	1.859
Constant term	-7.060 ***	0.031	-230.60	0.000	-7.120	-7.000
Corrected coef. of determination	0.829					
F-value	2923.3 (0.000)					

Notes: Estimation is performed by pooled OLS. The regression model includes year dummies and industry dummies (3 digit). *** denotes statistical significance at the 1% level. Japanese independent companies are benchmark for foreign-owned firm and Japanese subsidiary dummies. The values in the parenthesis beside the F-value is the p-value corresponding to the F-value.

Source: METI, "Basic Survey of Japanese Business Structure and Activities".

After controlling industry attributes, firm age and size, we find that positive correlation between TFP level and **(1) export intensity, (2) overseas investment ratio, (3) R&D intensity, and (4) investment in ICT.**

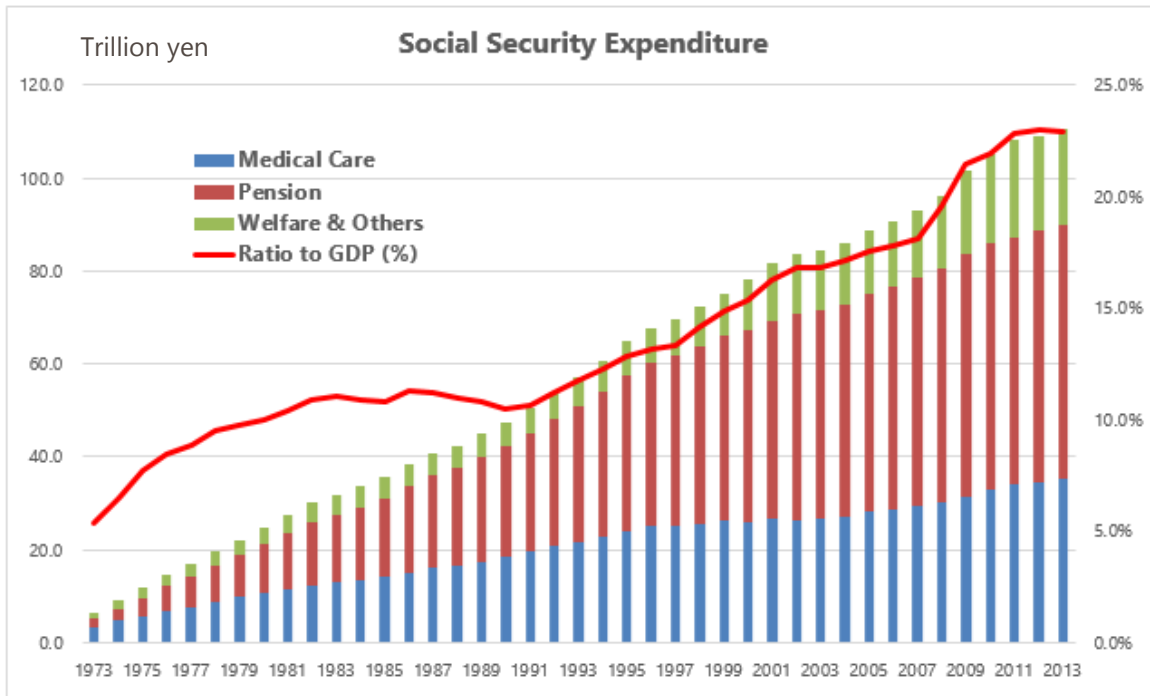
Source: METI, White Paper on International Economy and Trade 2013



3. SOCIAL SECURITY CRISIS

Increasing Social Security Expenditure

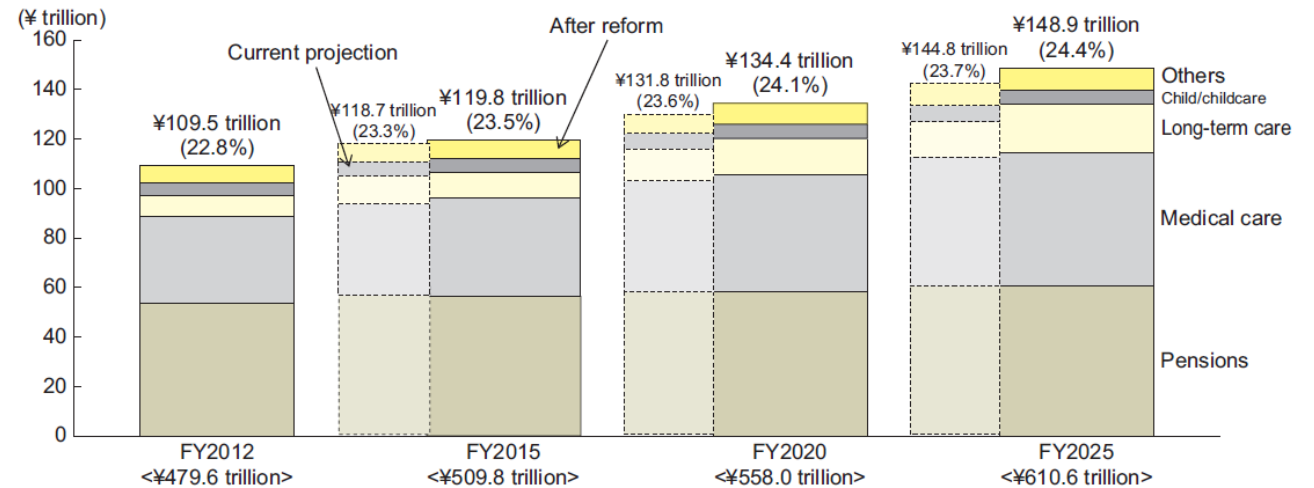
in 2013, 110.7 trillion yen and 22.9% to GDP



Future projection of costs required for social security

○ Prospects with the expense of benefits

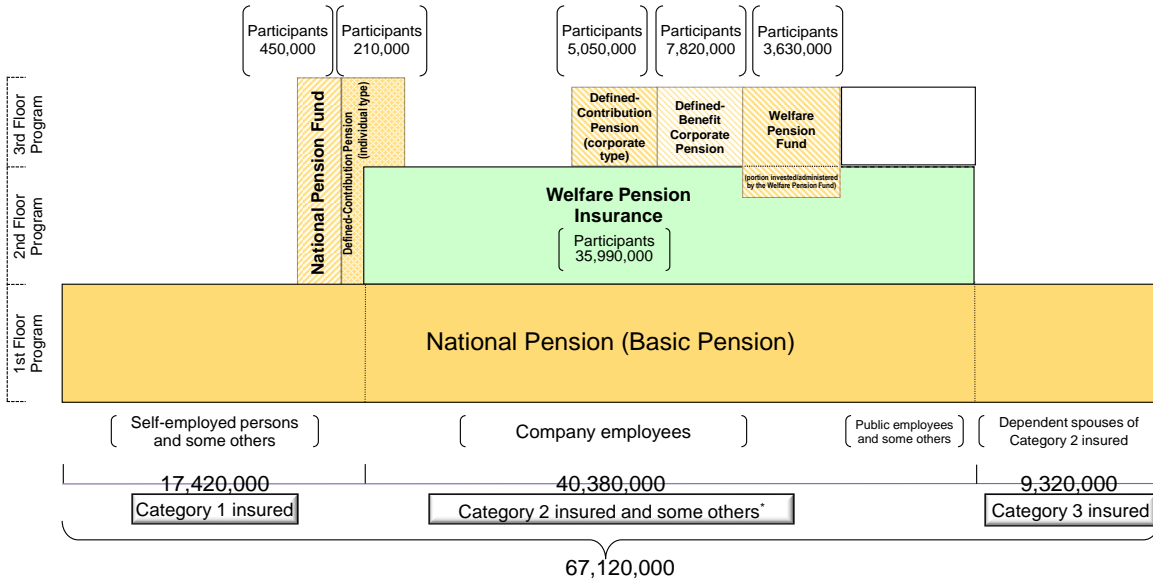
The expense of benefits will increase from ¥109.5 trillion (22.8% of GDP) in FY2012 to ¥148.9 trillion (24.4% of GDP) by FY2025.



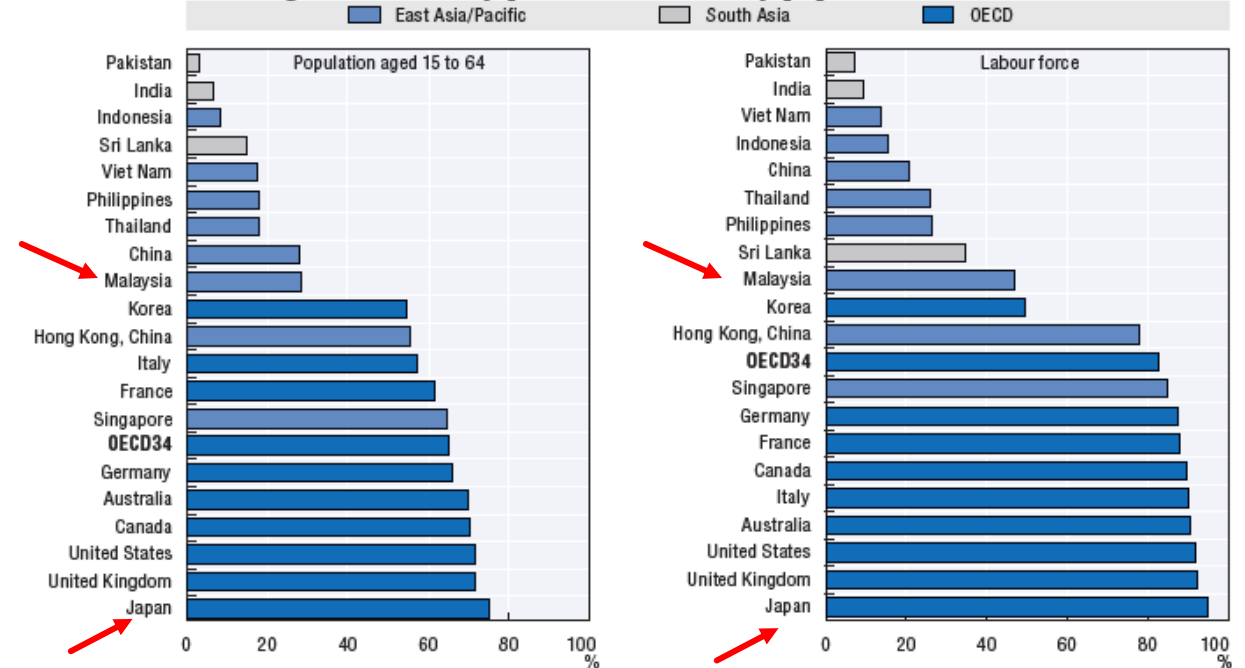
- (Note) 1. The effect of improvements, prioritization, and optimization has been reflected in the "concrete measures, procedures, and estimated cost of social security reform". (However, the effect of "II Medical and long-term care services, etc. [2] Strengthening of safety-net functions and prioritization of benefits from medical and long-term care insurance systems through functional enhancement of the insurers, and measures against regressivity" and "III Pensions" has not)
2. The figures for "Child/childcare" are total numbers that encompass day-care centers, kindergartens, extended day-care services, community-based childrearing support centers, temporary day-care services, benefits in cash for children, child care leave benefits, maternity allowances, social child care, and health checkups for pregnant women, and assuming implementation of the new systems.
3. The figures in parentheses indicate the percentage of GDP. The figures in angle brackets indicate the amount of GDP.

Structure and Coverage of Japanese Pension System

Structure of Japanese Pension System



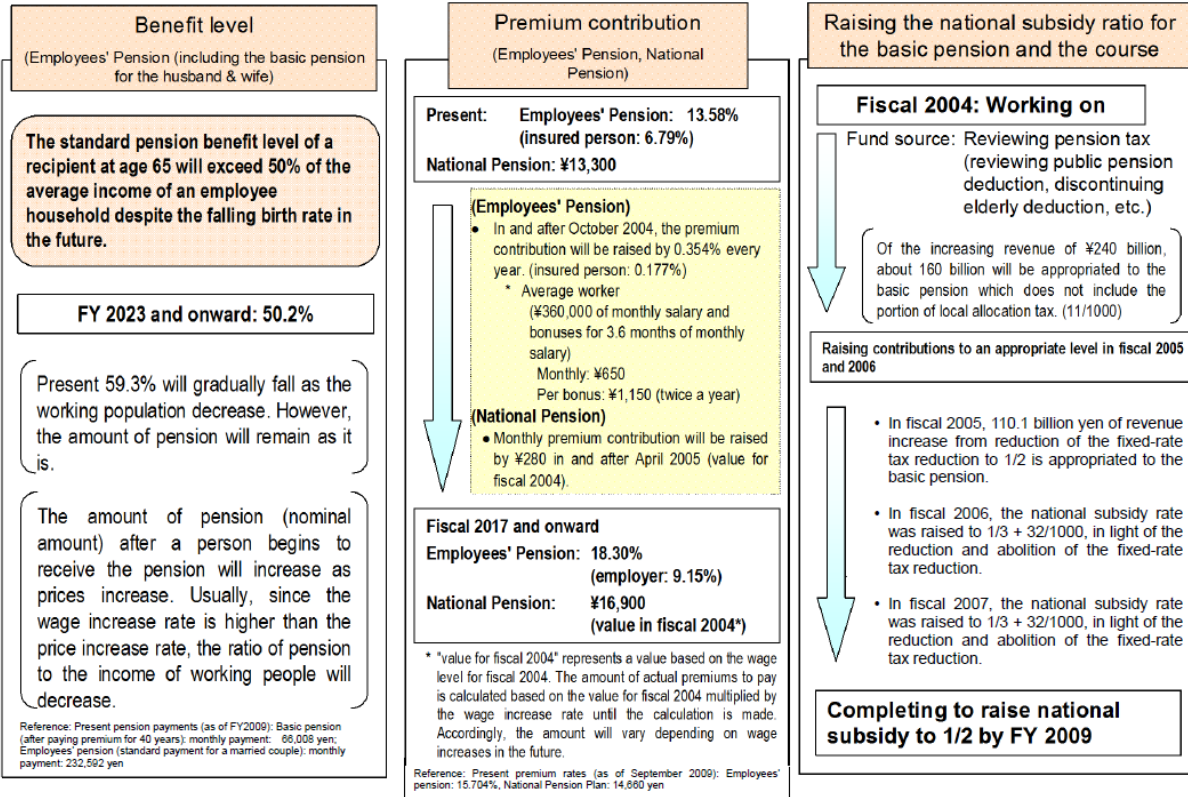
1.13. Coverage of mandatory pension schemes by population and labour force



The level of coverage, the proportion covered by mandatory pension schemes, in non-OECD economies ranges from 55.4% in Hong Kong to only 3.1% in Pakistan, for the population aged 15 to 64. In contrast the OECD average is 64.7% and is as high as 75.0% in Japan. For the labor force the non-OECD economies range from 78.9% to 10.3%, whilst the OECD average increases to 85.6%, with Japan again highest at 95.4%.

2004 Revision of Pension Scheme

Reviewing Benefits and Contributions in the Revised Pension System for Fiscal 2004



New System of Adjusting the Amount of Pension (Macro-Economic Slide Formula)

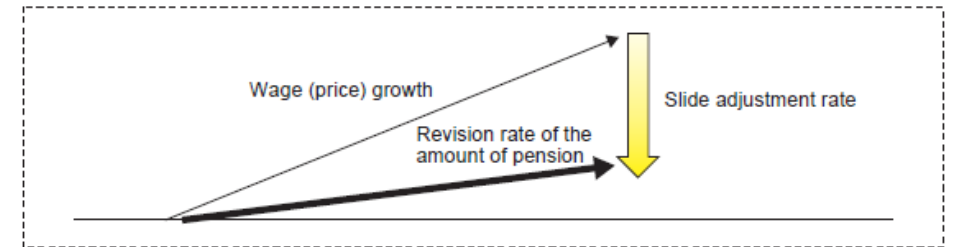
People who newly start receiving pension (new decision recipients): wage growth - slide adjustment rate*

People who are currently receiving pension (previous decision recipients): price growth - slide adjustment rate*

* Slide adjustment rate:

Increase rate of the total number of people covered by public pensions + fixed rate with consideration of growth rate of average life expectancy (total of approx. 0.8%)

* Annual average from FY2012 to FY2038



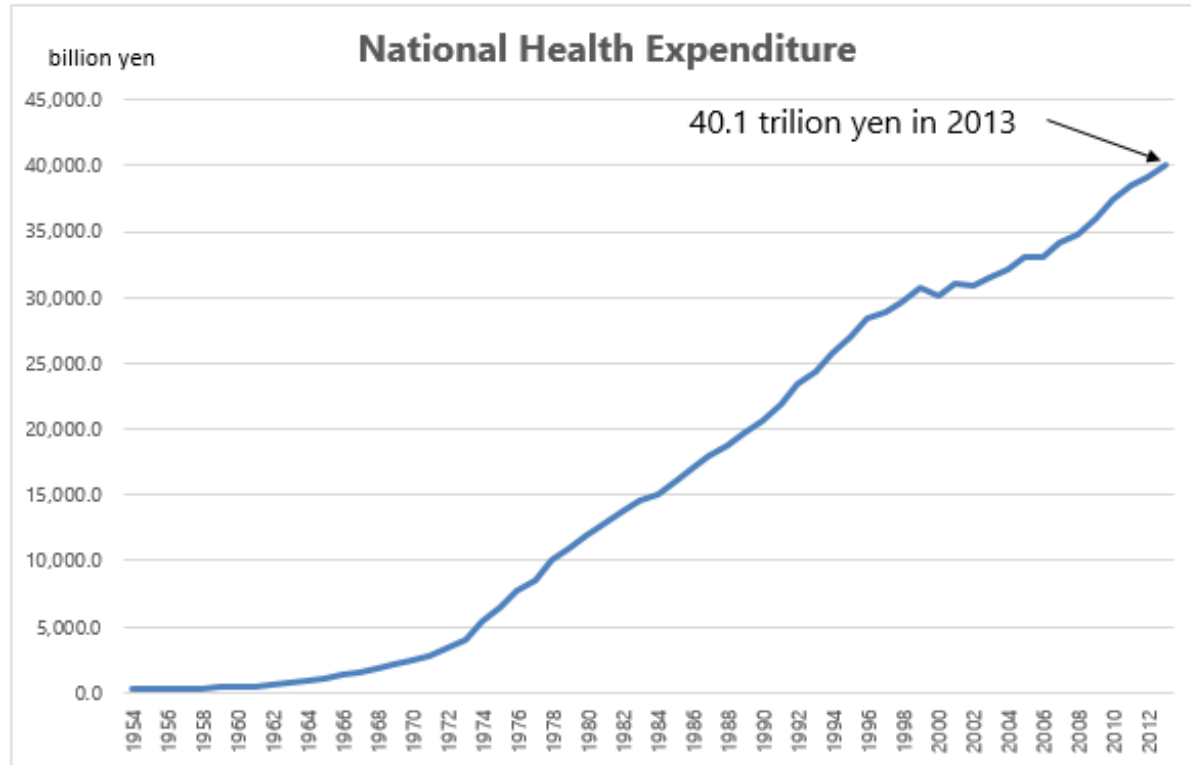
○ Start the adjustment of the amount of benefits in the case where it is anticipated, in the actuarial verification that is held at least once every five years, that keeping the financial equilibrium of pension is difficult throughout the financial equilibrium period, even though keeping necessary amount of pension reserve (approximately one year of the amount of benefit) so as not to be detrimental to pension payment at the end of the approximately 100 years of the financial equilibrium period.

○ The amount of pension usually increase in response to wage and price increase. However during adjustment period of pension benefit, the revision of pension benefit will be reflected in the decrease of the force that bears pension system and growth of average life expectancy so that the increase of the amount of pension shall be suppressed to be lower than the increase of wage and prices. (This system is called as "Macro-Economic Slide Formula")

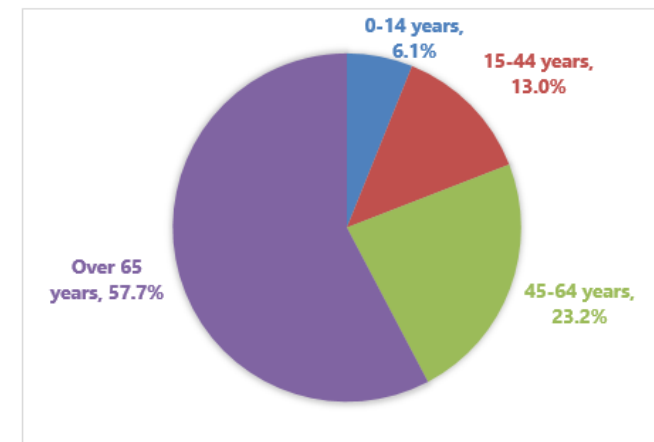
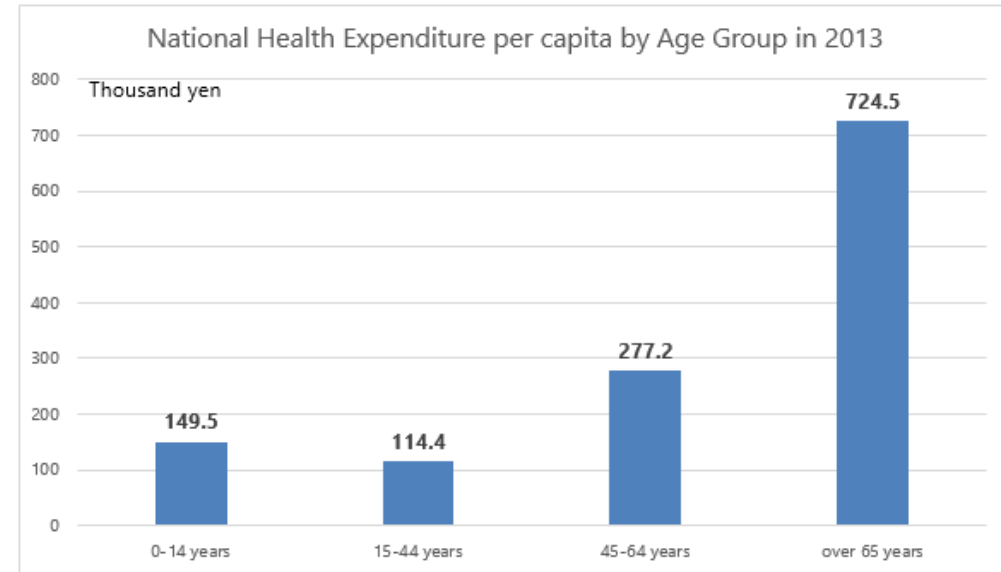
○ In subsequent actuarial verification, at a time when the financial equilibrium of pension is anticipated to be sustainable, those adjustment of the amount of benefits shall be concluded.

◆ Reducing benefits by Macro-Economic Slide

Health Care Spending and Aging

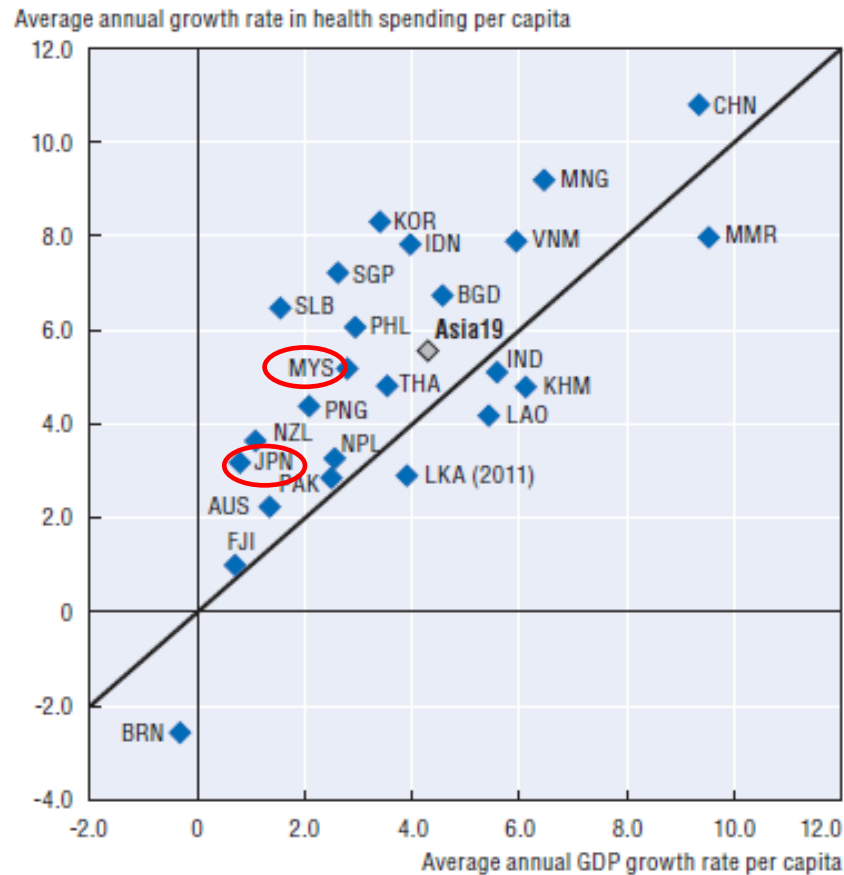


Source: "National Health Expenditure" Ministry of Health, Labor and Welfare



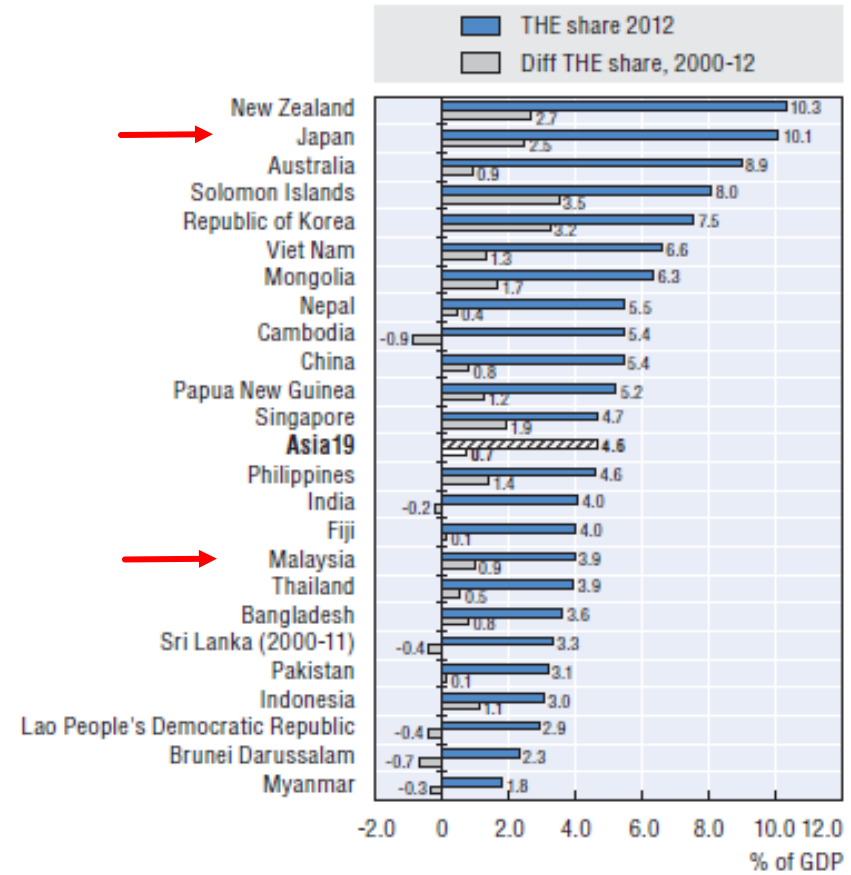
International Comparison with Health Care Cost

4.1.2. Average annual growth rate in real health spending and GDP per capita, 2000-12



Source: WHO GHO 2014, OECD Health Statistics 2014.

4.1.3. Change in total expenditure on health as a share of GDP, 2000-12



Source: WHO GHO 2014, OECD Health Statistics 2014.

StatLink <http://dx.doi.org/10.1787/888933152818>

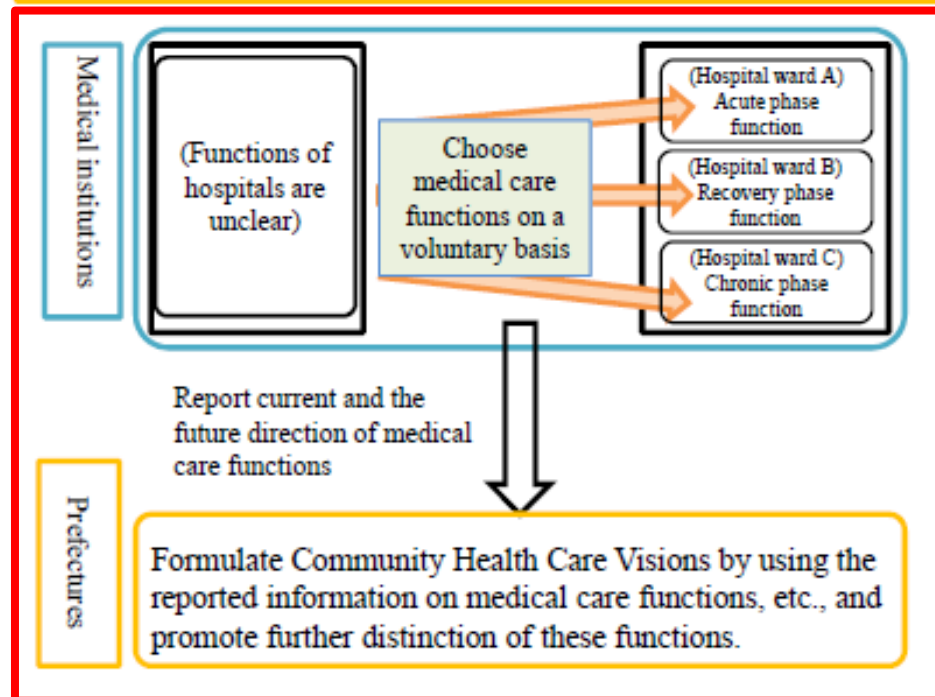
Reporting System for Functions of Medical Institutions and Formation of Community Health Care Visions

○ Reporting system for functions of medical institutions (FY2014~)

Medical institutions have an obligation to report their current and future direction of medical care functions to be served according to each hospital ward to prefectural governments.

○ Formulation of the Community Health Care Visions (FY2015~)

Prefectures—by using estimates of future demands for medical care and information reported by medical institutions—formulate Community Health Care Visions which include total estimates of medical care demands in each secondary area for medical service providing system, etc. in the future. These visions properly promote balanced role sharing and coordination for the community health care. The prefectures incorporate those visions in their Community Health Care Plans and promote further role distinctions among hospitals. The national government establishes guidelines for drawing up the Community Health Care Visions in the prefectures (FY2014~).



(The Content of the Community Health Care Visions)

1. Demand for health care in 2025
The number of patients (inpatients/outpatients/types of diseases), etc.
2. Health care service provision systems which should be attained by 2025
Necessary amounts of medical functions in each area for medical service providing system (in each municipality, with regard to the medical functions of in-home medical care and the integrated community care)
3. Measures to attain the above health care service provision system
e.g. Installation of facilities and equipment necessary to implement the role allotment of medical institutions, securing and training necessary medical staff, etc.

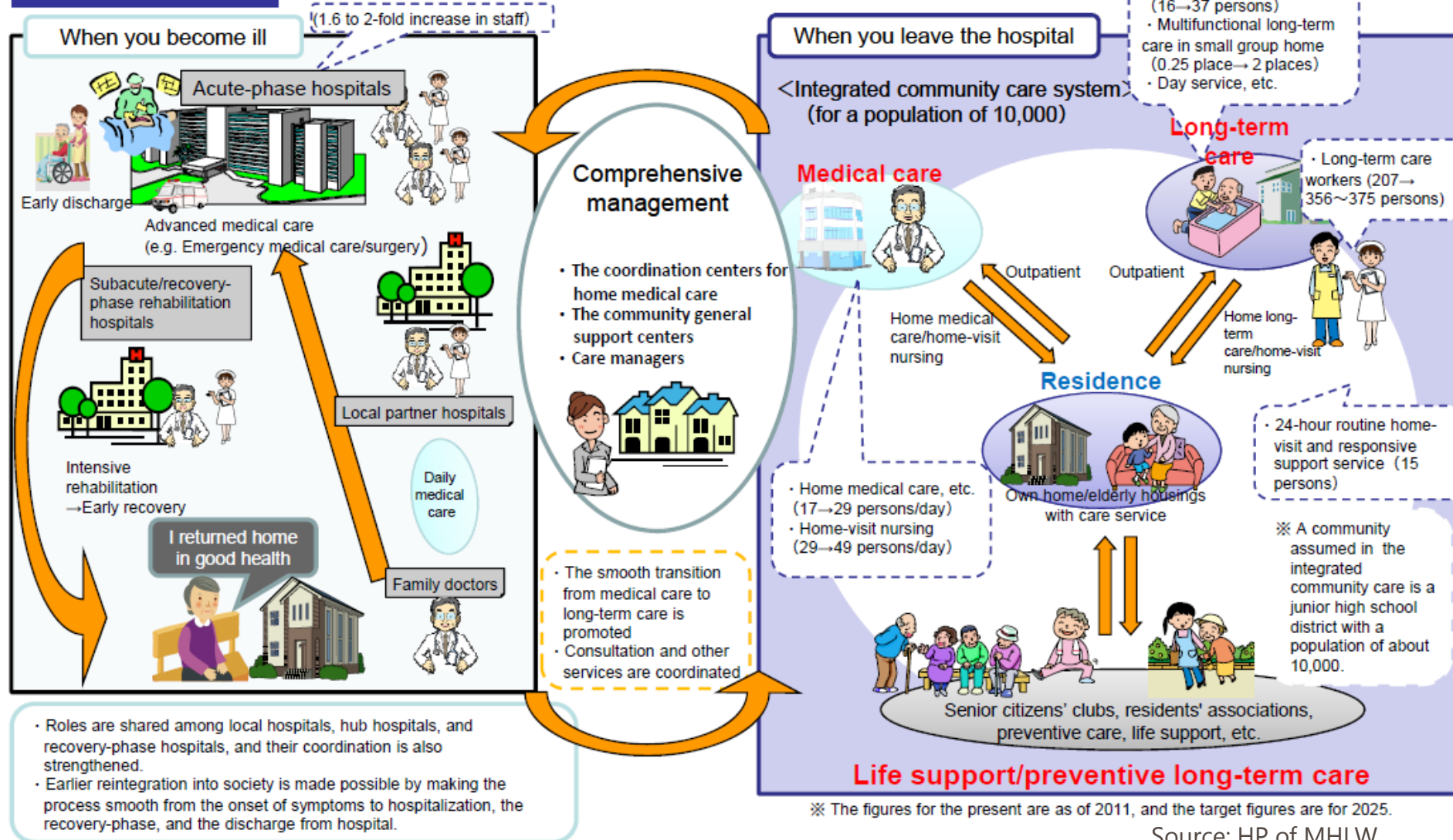
The direction of reform

Improved home medical care and the integrated community care system

- Medical resources are intensively allocated to the highly acute phase care in order to enhance inpatient medical care
- Home medical care is improved and the integrated community care system is set up

Towards a society where anyone can receive appropriate medical/long-term care services regardless of where they live

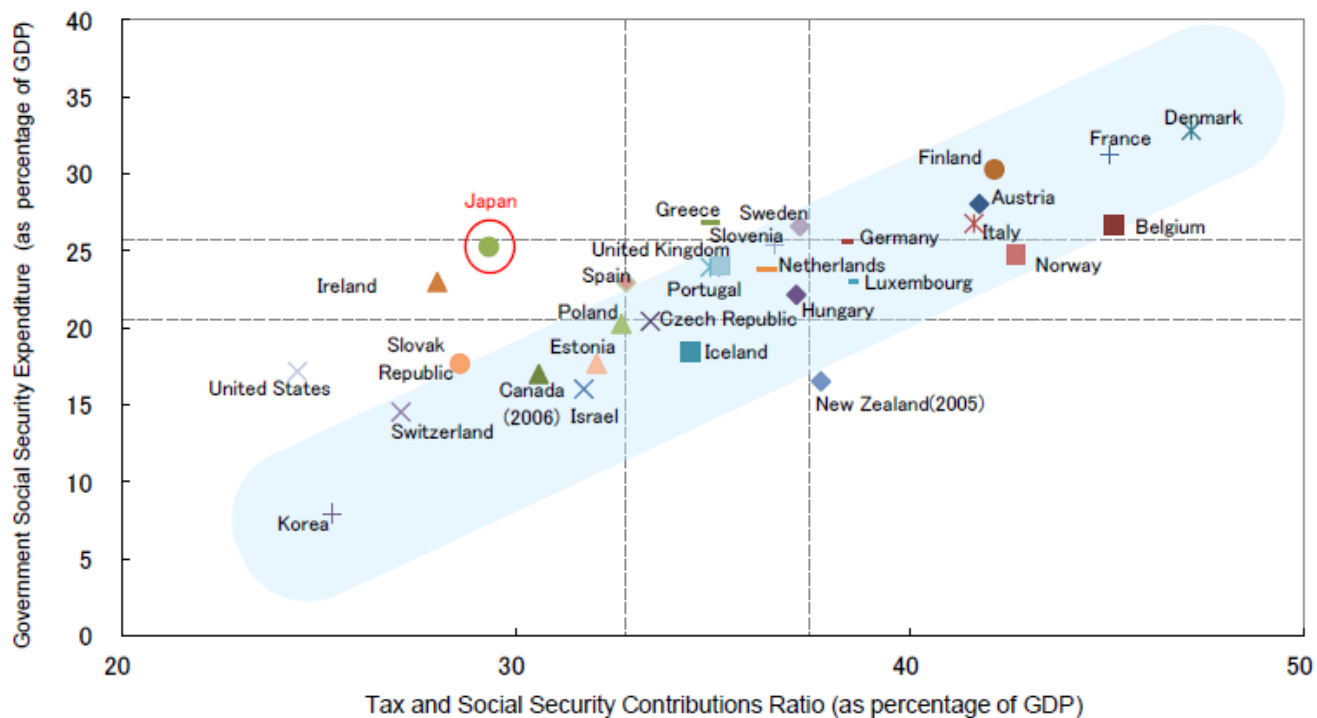
The image of reform



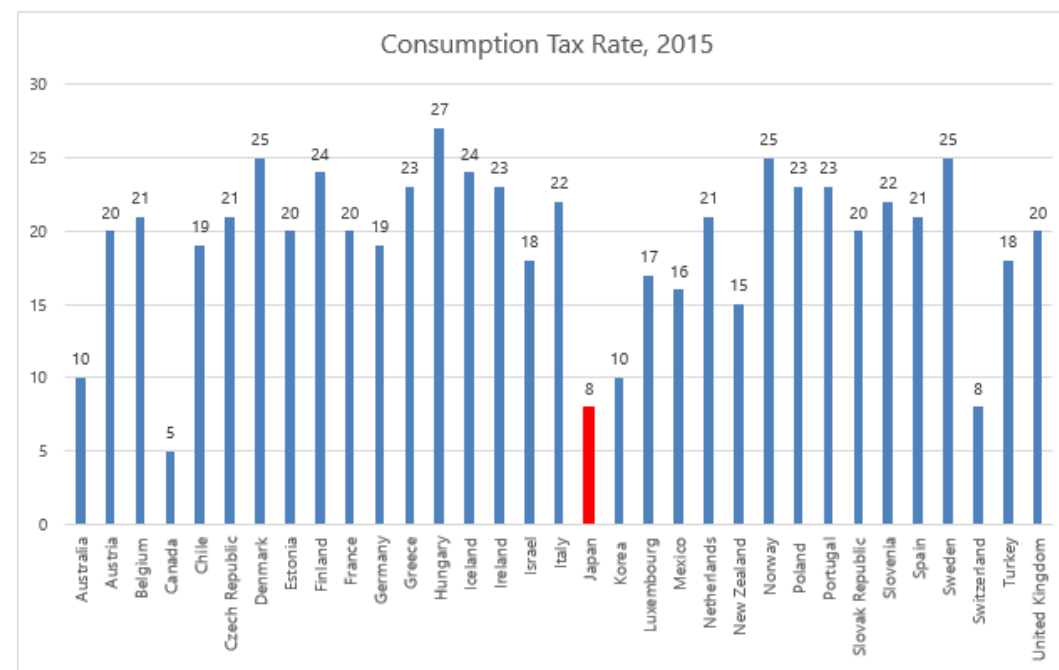
Very Low Contribution for Social Expenditure

Relationship between Social Security Expenditures and Tax and Social Security Contributions Ratio in Major Advanced Countries (CY2011)

In comparison with the OECD member countries, Japan provides mid-level social security expenditures while the tax and social security contributions ratio remains low.

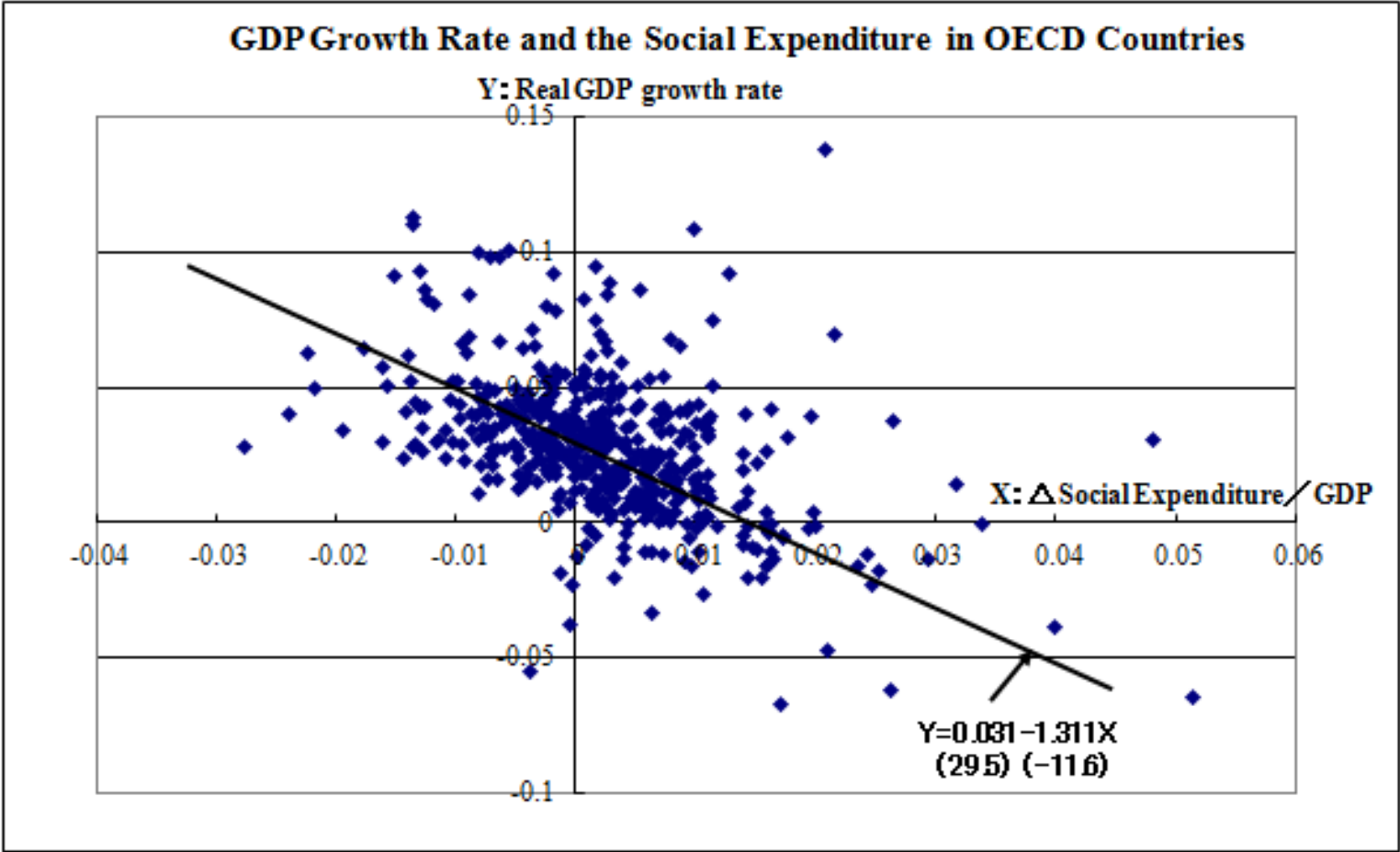


Source: MOF HP "Japan's Fiscal Condition FY2016"



Source: OECD "Tax Database"

GDP Growth Rate and the Social Expenditure in OECD Countries

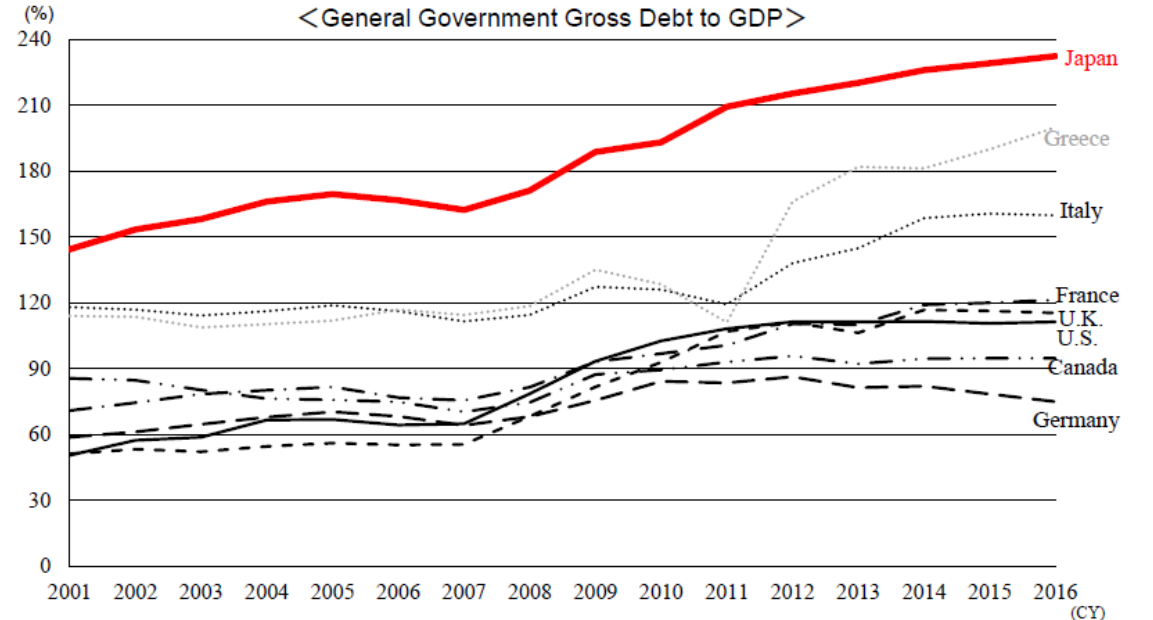
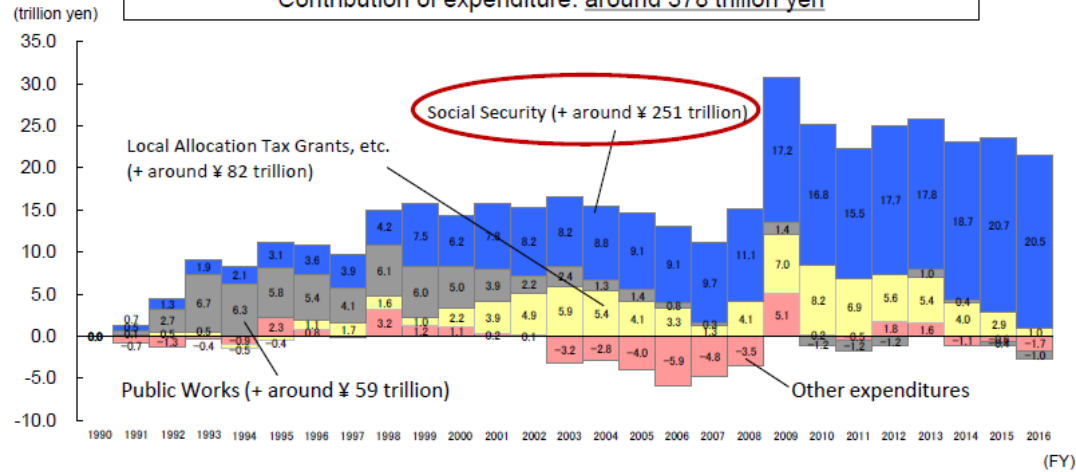


Source: Kato, H. (2006), "The Scale of Social Expenditure and the Role of the Government"
Using Panel data from 1980 to 2002 by OECD "Social Expenditure data base"

Due to expand Social Security Expenditure...

Increase in Government Bonds Outstanding from FY1990 to FY2016: around 664 trillion yen

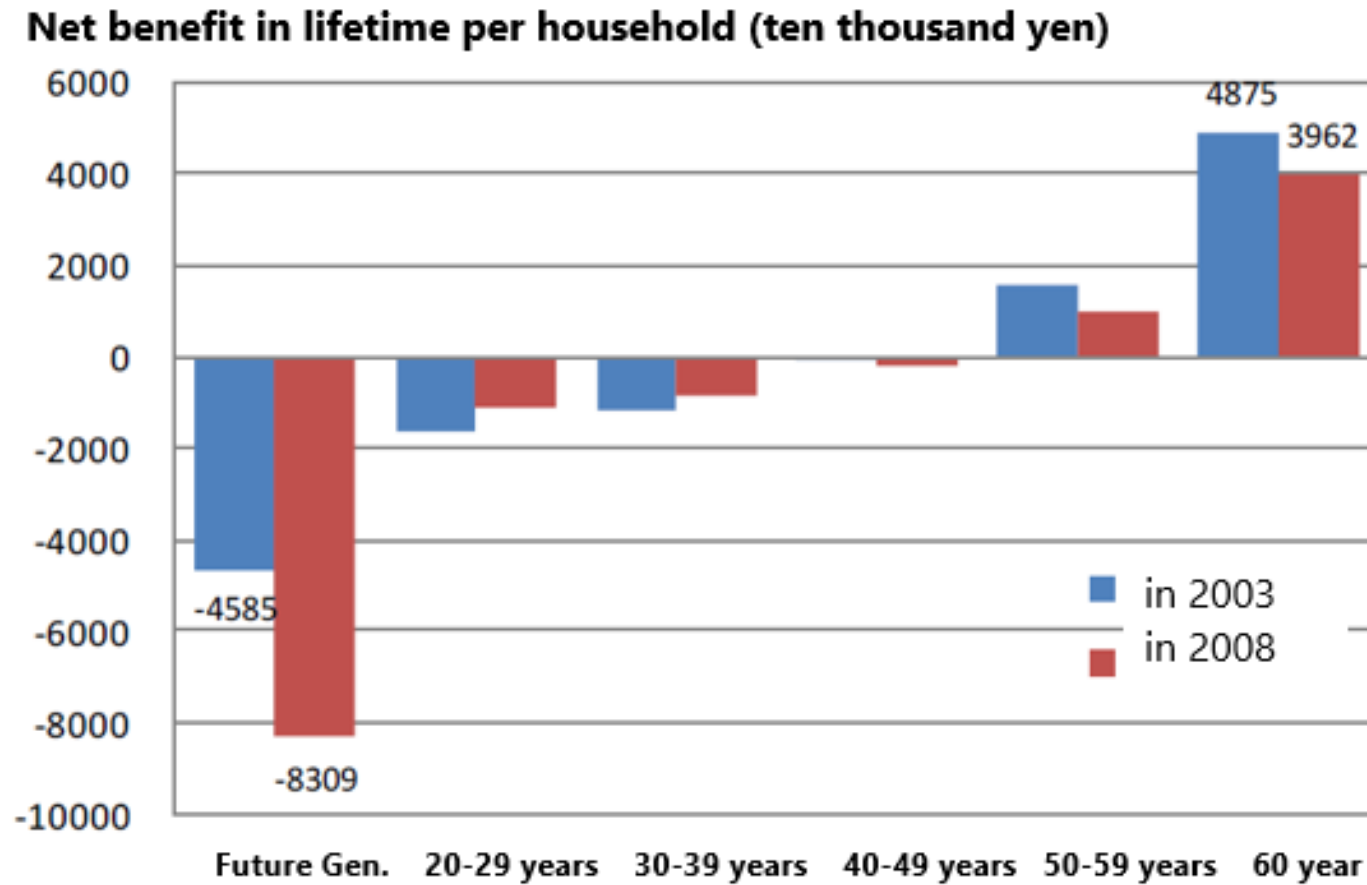
Contribution of expenditure: around 378 trillion yen



- The amount of increase of public debt is about 664 trillion yen from 1990FY to 2016FY.
- The increase deficit is mainly due to increase of expenditure, and the amounts of increase of expenditure are decomposed to social security expenditure and public works. In recent years, aging increased the social security spending.

Source: MOF HP "Japan's Fiscal Condition FY2016"

Generational Inequality



Source: Industrial Structure Council Basic Policy Committee Interim Report, 2011, p.20



4. POLICY FOR LOW FERTILITY

Causes of Declining Fertility

1. The Change of Marriage Behavior

1) The first marriage age of bride has been delayed.

The average of the first marriage age of bride was 25.2 years in 1980 and was 29.4 years in 2015.

2) The Change of Marital Status

The ratio of currently married women to total population at 25-29 years was 24.0% in 1980 and 59.9% in 2010.

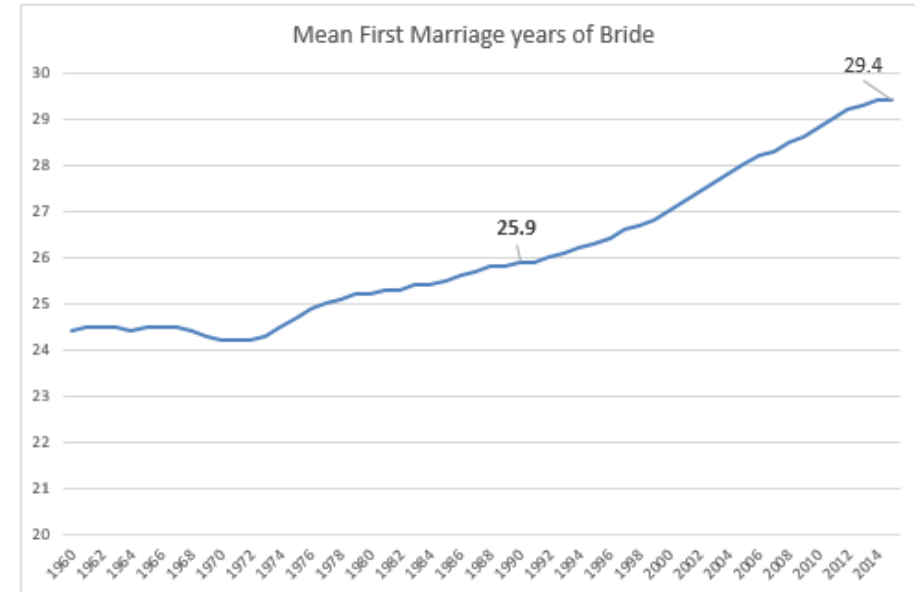
2. The Change of Economic and Social Conditions

1) The cost of having children increased (including opportunity cost).

2) Compatible support systems of child care and the job for married women are insufficient.

3) The change of values for marriage and having children.

4) The employment conditions of youth deteriorated.



The mean first marriage age of bride is rising rapidly in recent years.

Policy for Low Fertility

● **Economical Support – Child Allowances**

1) For persons earning incomes below the income cap

- Under 3-year-old: **15,000** yen per month (about 120 dollars/month).
- Over 3-year-old and elementary school students : **10,000** yen per month (for the first and the second children), or **15,000** yen per month (for the third and subsequent children).
- Junior high school students: **10,000** yen per month.

2) For persons earning incomes no less than the income cap

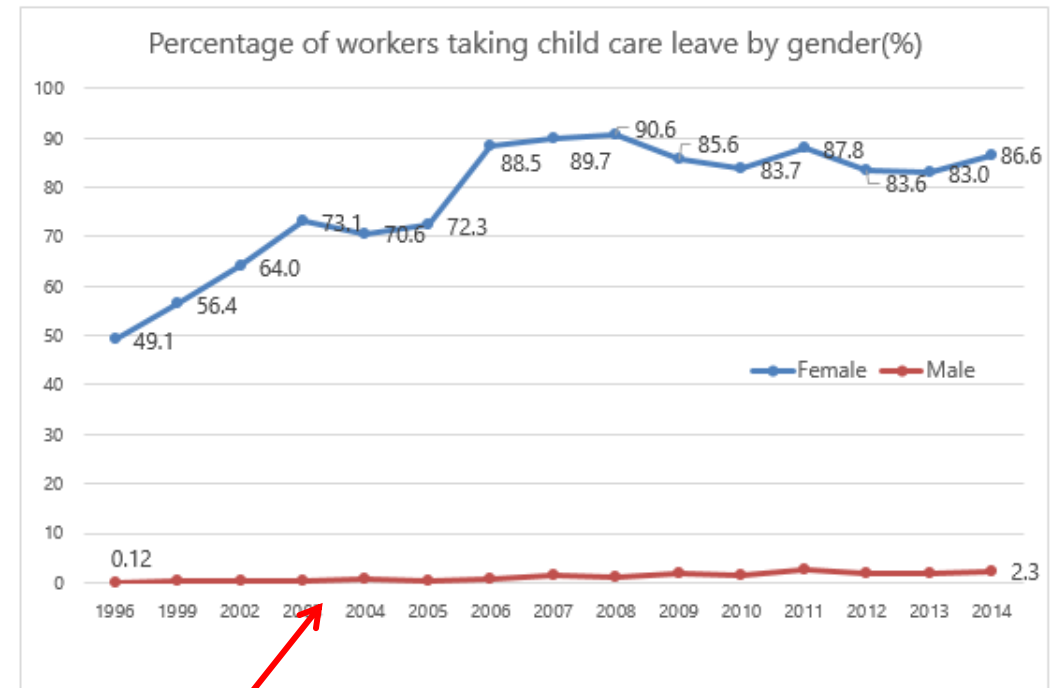
Special Interim Allowances (stipulated in the supplementary provisions of the Child Allowance Act) **5,000** yen per month.

- The income cap is set at 9.6 million yen (for families with a parent and two children)

Policy for Low Fertility

● Promoting Support Balancing Work and Child Rearing

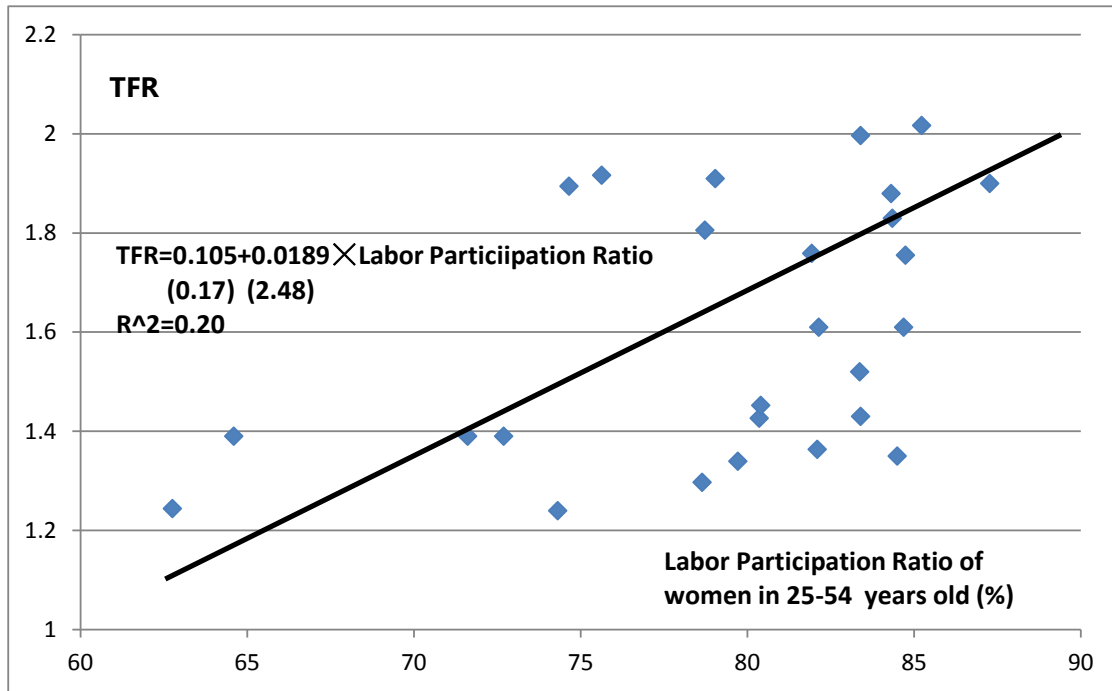
- 1) Child care leave system
- 2) Quantitative expansion and security of day-care services
 - Elimination of wait-listed children
 - Support for community-based day-care services
 - Quality improvement of education/day-care services



Note! Almost male doesn't take a child care leave!

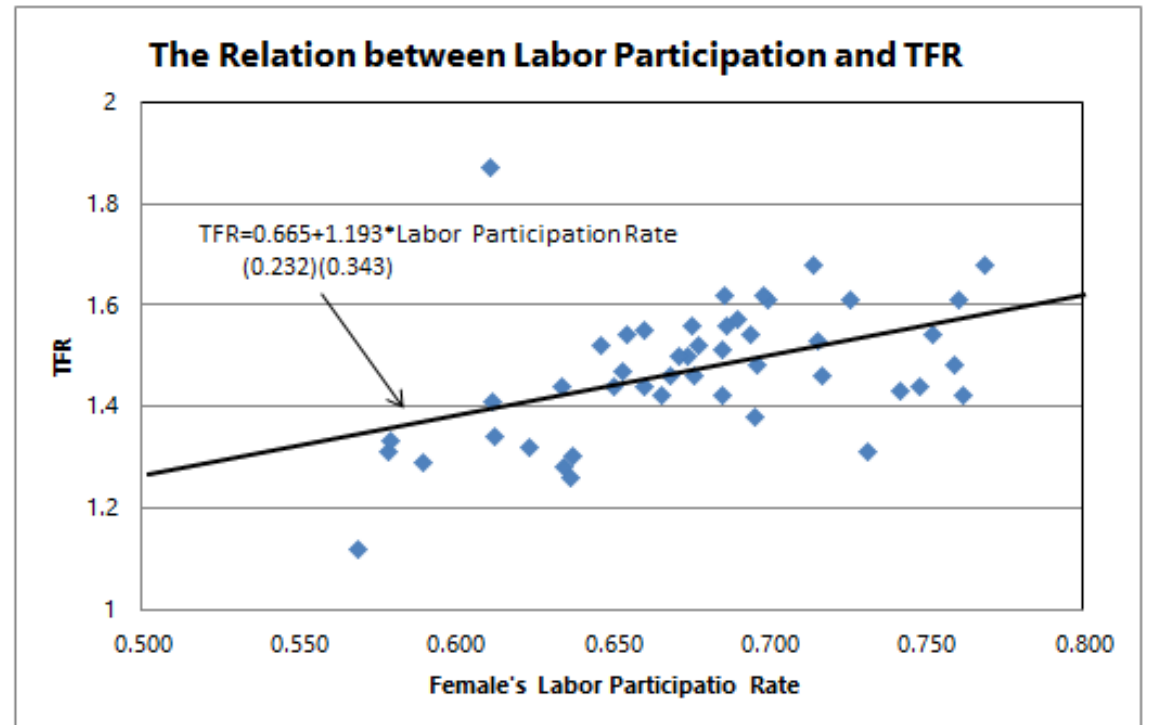
The Relation between Female Labor Participation and TFR

26 OECD Countries in 2011



Countries with higher labor participation ratio of women in 25-54 years old has higher fertility rate.

47 Prefectures in Japan in 2010

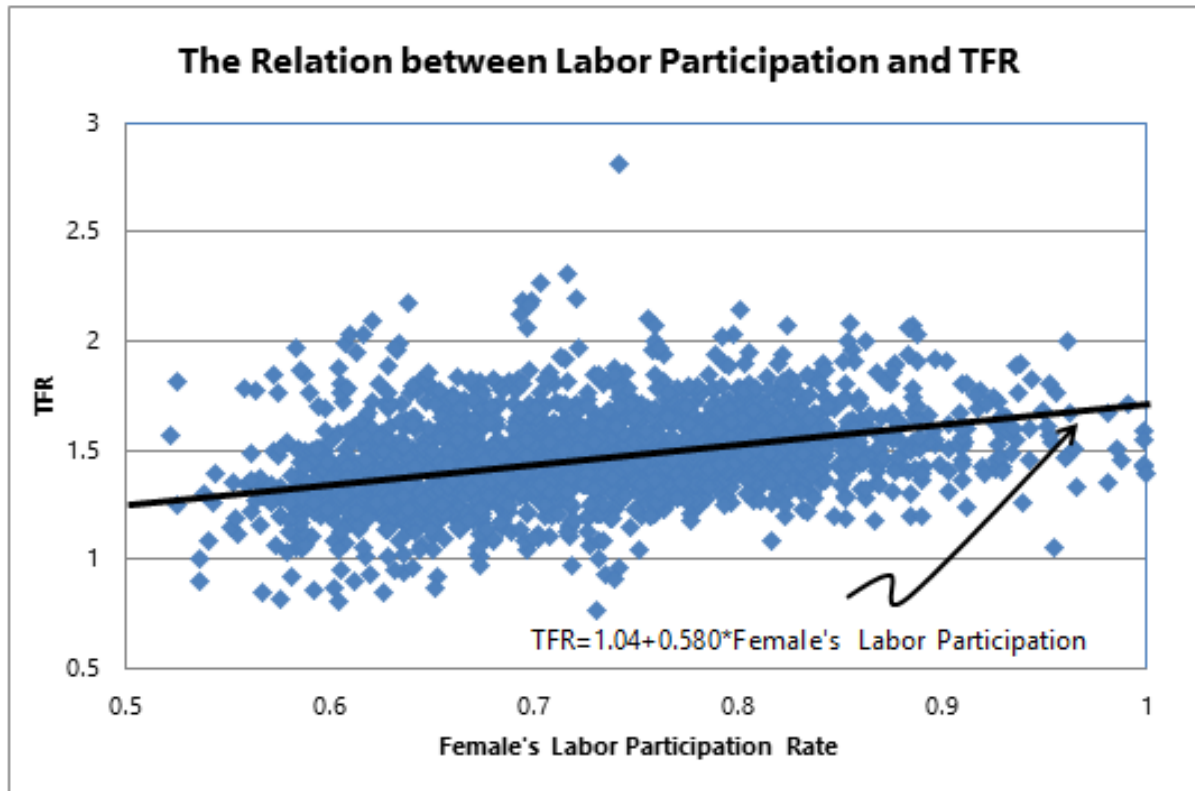


By Author's Calculation

Prefectures with higher labor participation ratio of women in 20-49 years old has higher fertility rate.

The Relation between Female Labor Participation and TFR

Japanese Municipalities in 2010



By Author's Calculation

Dependent Variable: TFR

	(1)	(2)
Const.	1.048 (0.033)	1.493 (0.067)
Labor	0.578 (0.045)	0.222 (0.064)
LNPOPDEN		-0.030 (0.005)
IND1		0.144 (0.072)
IN-OUT		0.013 (0.007)
# of Sample	1893	1893
adj.R ²	0.082	0.110

Labor: Female's Labor Participation Rate

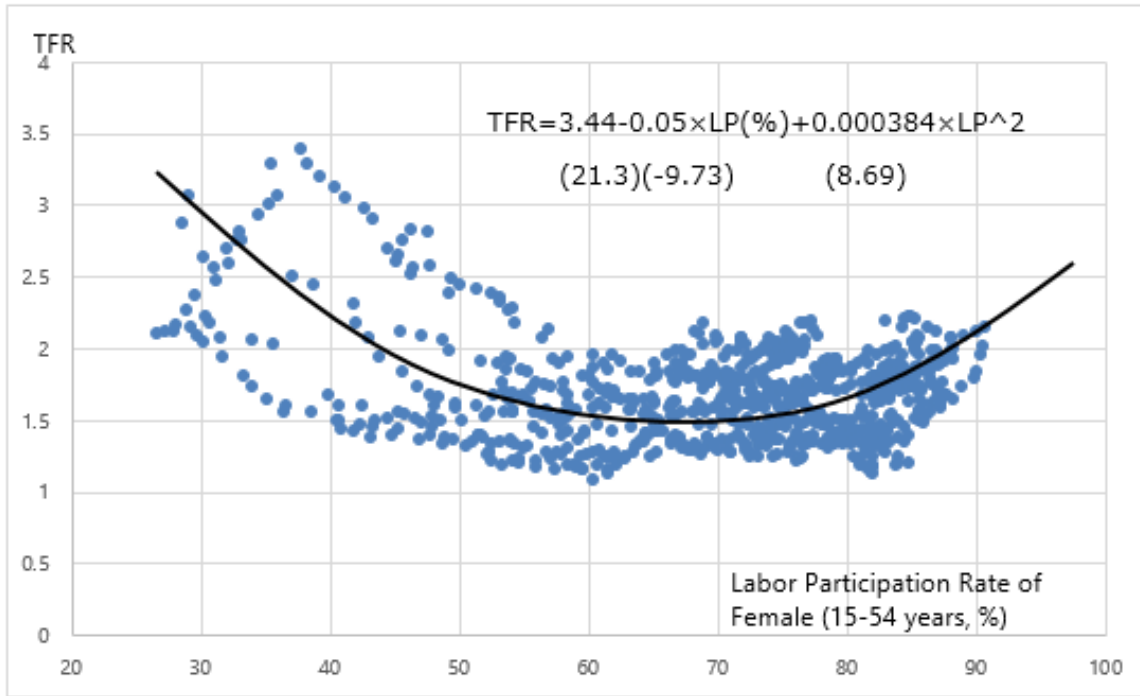
LNPOPDEN: log(population density)

IND1: Ratio of Agriculture and Fishery

In-OUT: net migration from other municipalities

The Relation between Female Labor Participation and TFR

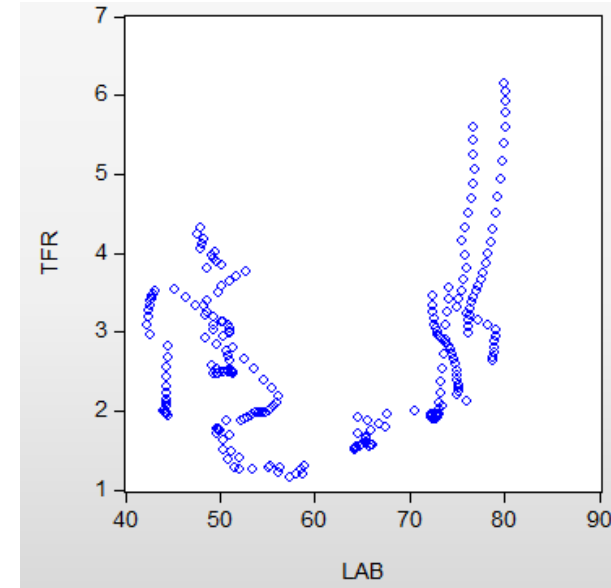
OECD Countries from 1980 to 2011



Data: OECD Statistics, 1980-2011 year, 30 countries

Note: LP means Labor Participation rate of female.

ASEAN Countries from 1990 to 2014



Dependent Variable: TFR

Method: Panel Least Squares

Date: 06/07/16 Time: 09:20

Sample: 1990 2014

Periods included: 25

Cross-sections included: 10

Total panel (unbalanced) observations: 224

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	20.3195	2.249699	9.032096	0
LAB	-0.4343	0.08031	-5.4079	0
LAB2	0.00355	0.00067	5.3391	0
LGDP	-0.6301	0.04897	-12.867	0

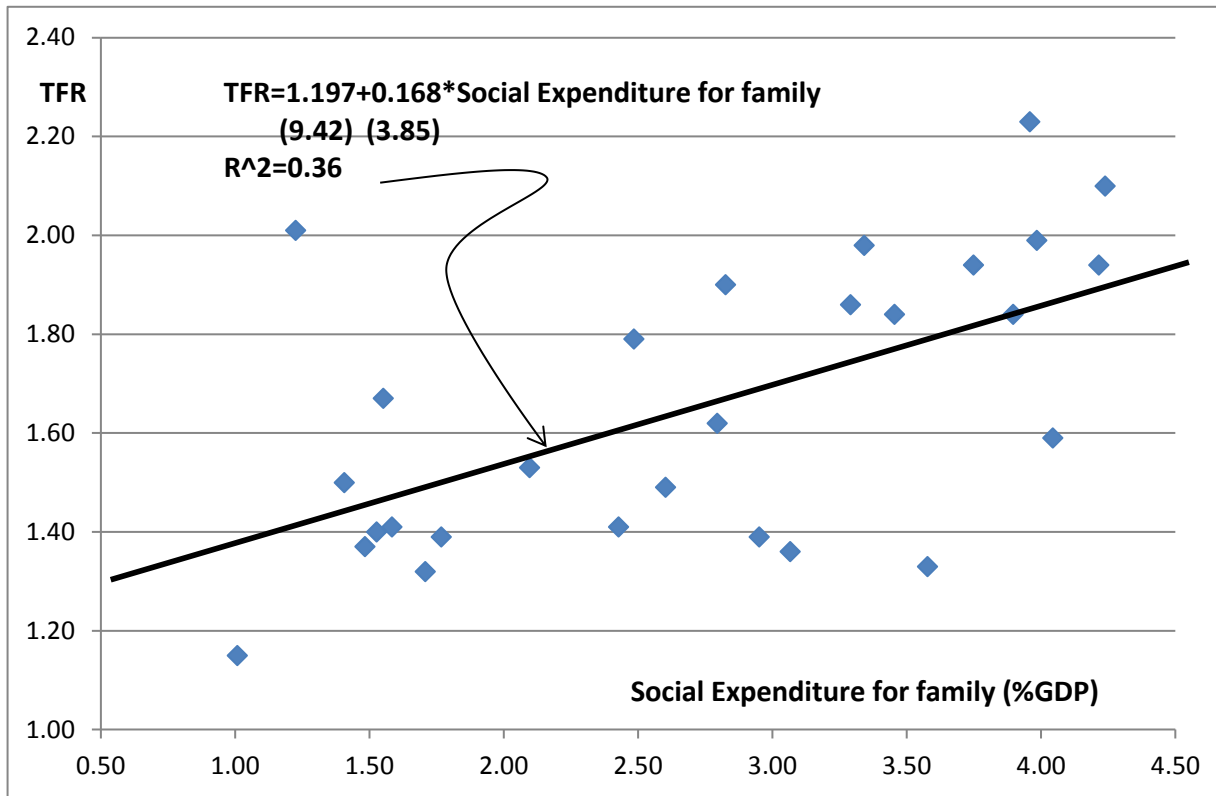
Effects Specification

Cross-section fixed (dummy variables)

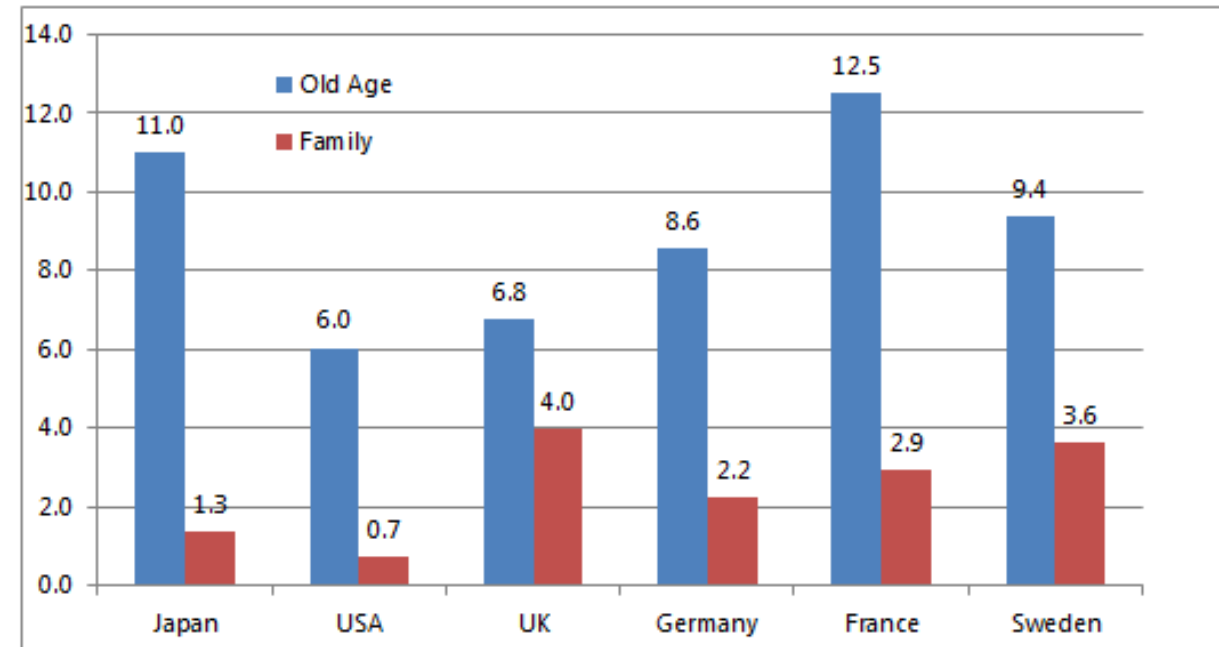
R-squared	0.884553	Mean dependent var	2.719232
Adjusted R	0.877988	S.D. dependent var	1.039309
S.E. of regr	0.363033	Akaike info criterio	0.867639
Sum squar	27.80835	Schwarz criterion	1.065636
Log likeliho	-84.1755	Hannan-Quinn criti	0.94756
F-statistic	134.7237	Durbin-Watson stat	0.102784
Prob(F-sta	0		

The Relation between TFR and Social Expenditure for Family

28 OECD Countries in 2009



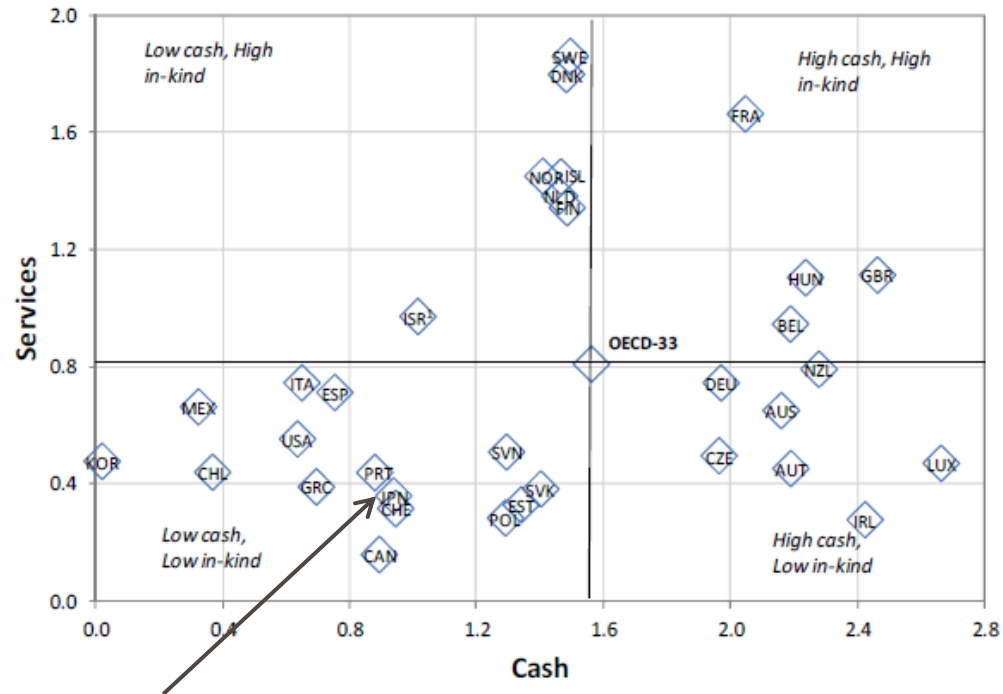
International Comparison of Social Expenditure by Policy Area in 2011 (% of GDP)



This analysis shows that higher level of social expenditure for family is corresponding with higher TFR. In other words, the policy for family assistance to improve birth rate is effective in general. In particular, transfer in kind, such as support for day care center, is effective to raise birth rate compared with transfer in cash.

Transfer in Cash and in Kind (OECD Countries)

Figure 3: Public expenditures on families in OECD countries, cash and services, 2007

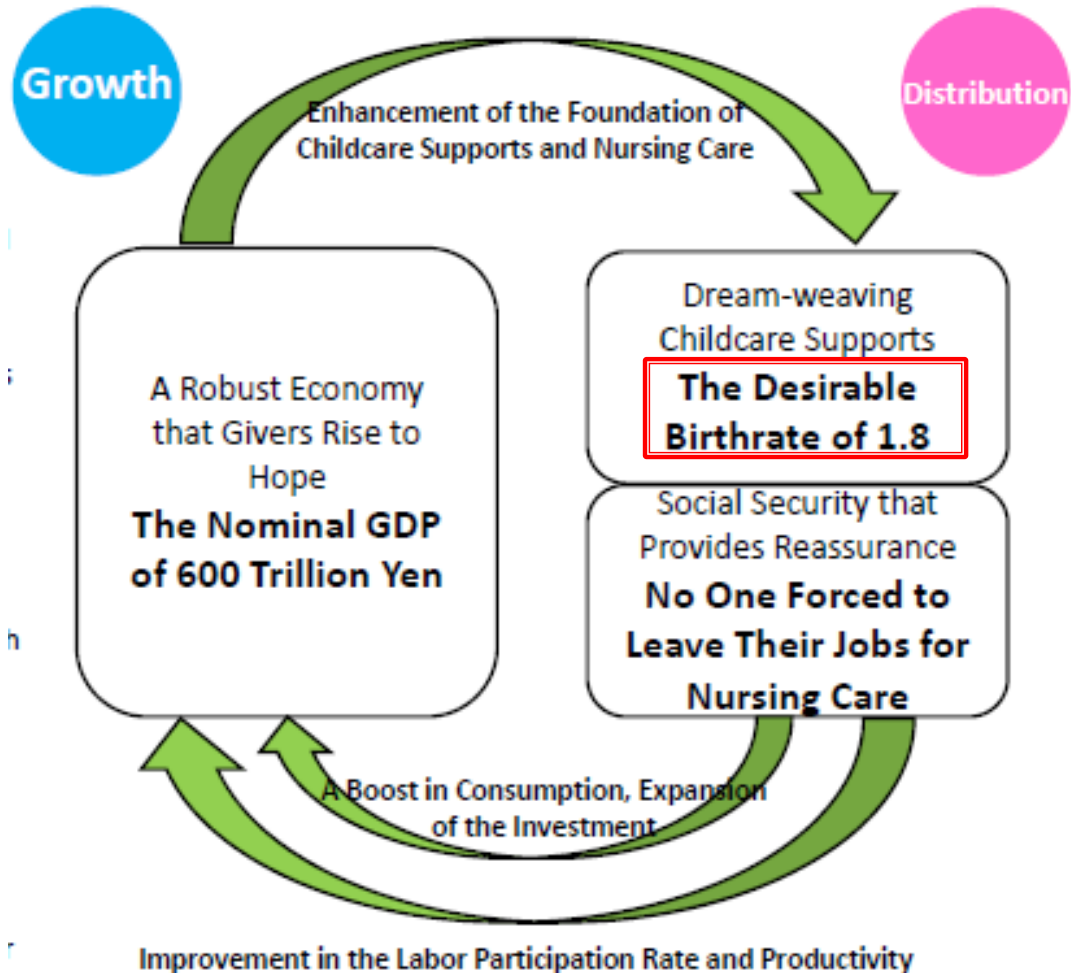


In-cash (including both child-related cash transfers and tax breaks) against in-kind transfers.

These transfers are for families, and the indicators are public expenditures of those as a share of GDP.

Source : Förster, M. and G. Verbist (2012), "Money or Kindergarten? Distributive Effects of Cash Versus In-Kind Family Transfers for Young Children", OECD Social, Employment and Migration Working Papers, No. 135

The Desirable Birthrate of 1.8 by New Abenomics

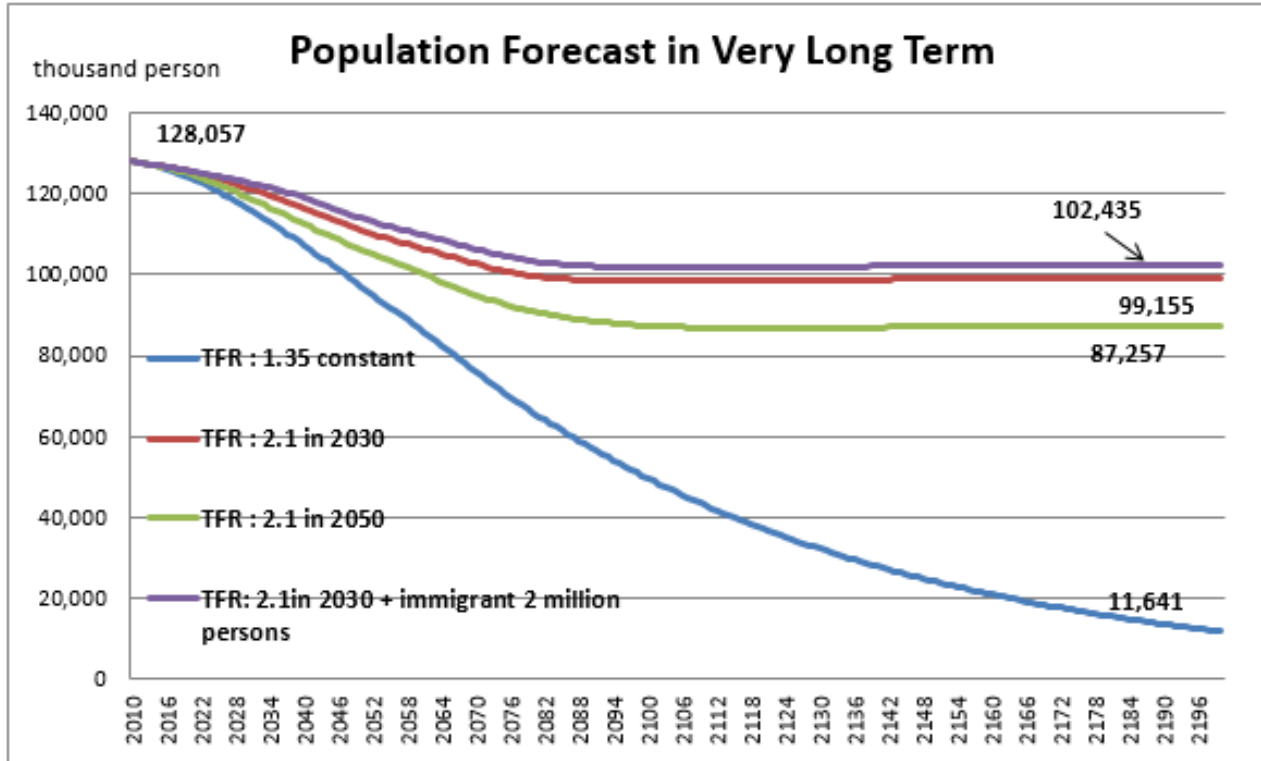


(The Desirable Birthrate)

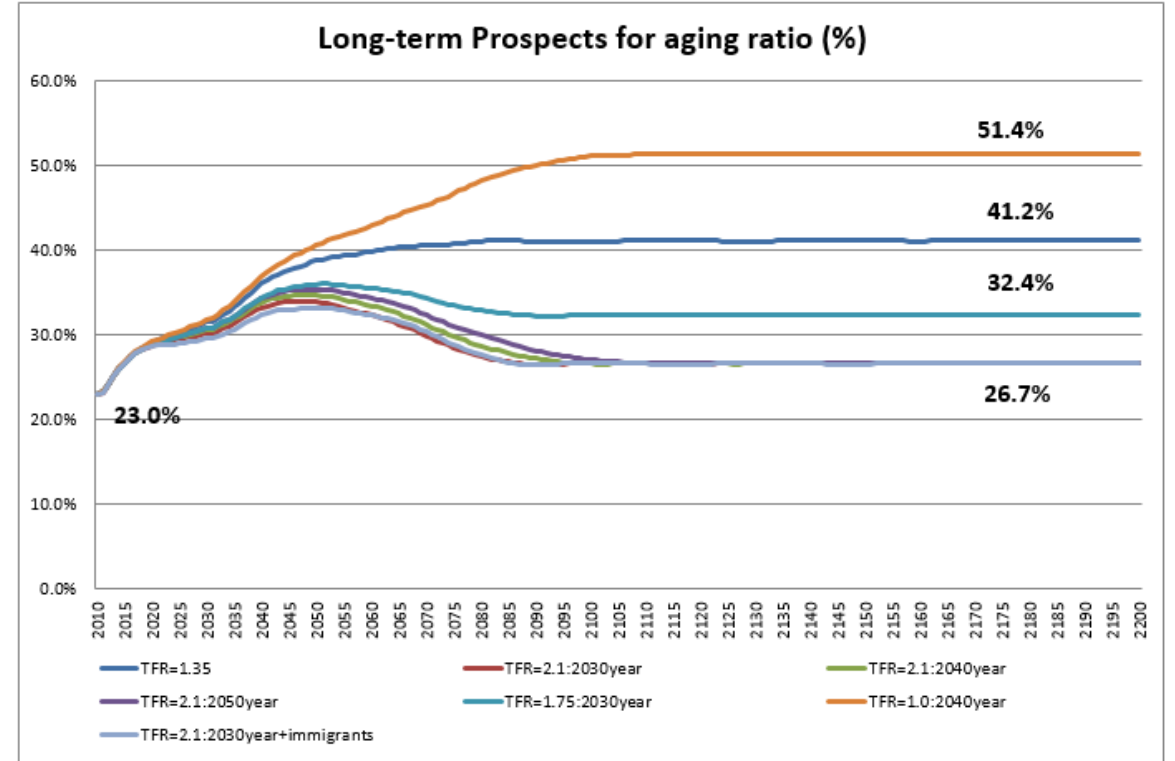
We will enable each individual to make their hopes of marriage or childbirth come true. It never means that a nation will recommend that people get married or give births even when they do not want to do so.

(1) The empowerment of women, (2) Enhancement of supports of marriage, (3) Supports for youths and families with small children, (4) Improvement in the environment enabling three generations of a family to live under one roof or nearby each other for mutual assistance in childcare, (5) Supports for activities of children and youths having difficulties in smoothly leading social lives.

Population Forecast in Very Long Term



Caculation by author



What is the meaning of promoting birth rate by government?

- The policy of raising birth is **not quick fix tools** to deal with reduction of burden of social security or decrease of labor supply in short term, but the policies which are related improving birth rate is needed to increase population for our society **in long term**.
→ Not for immediate effects, but for long-term sustainability.
- In addition, the **improvement of quality of women's working style** and the support for flexible labor supply are also important reasons.
- Furthermore, we are now a stage to consider to accept **foreign immigrants**.

Concluding Remarks

- We cannot avoid aging and population decrease, and these affect the Japanese society and economy in the present and future.
- Our social security system faces the financial crisis, and that is the main cause of the Japanese huge public debt.
- For sustainable growth, we should tackle the structural reform about social security and public finance, and promote the economic growth.
- In order to sustainable economic and social growth, we should improve the birth rate to 2.07 in the future.

Thank you for your Attention