Japan’s Aging Society: Policies to Meet the Challenge

Capitol Hill Briefing

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Outline

1. Population Aging in Japan and the World
2. Effects of Population Aging
3. Japanese Government’s Policies
4. Policy Alternatives
Speed of Global Population Aging
(Number of years for 65 and over to double from 7% to 14%)

Developed countries

- Spain (1947-1992): 45
- U.S.A. (1944-2013): 69
- Sweden (1890-1975): 85
- France (1865-1980): 115

Developing countries

- Columbia (2017-2037): 20
- Brazil (2011-2032): 21
- Thailand (2003-2025): 22
- Tunisia (2009-2032): 23
- China (2000-2027): 27

Source: U.S. Census Bureau, International Programs Center
Births and Total Fertility Rate, Japan, 1947-2002

Actual and Projected Population, Japan, 1950-2050

Source: National Population and Social Security Research Institute
Trends in the Major Age Composition, 1950-2050

Source: National Population and Social Security Research Institute
Population Aging: Japan

Social Trend

• Very few out of wedlock babies
• Marrying late or staying single
• Percent women who work before marriage:
  49% (1955) ==> 98% (1992)
• Percent matchmaking:
  32% (1955) ==> 7% (1998)
Percent Unmarried by Age Group and Sex, 1935-1995

Source: Nihon University Population Research Institute
Population Aging: Japan

Social Trend: 2002

Live Births 1.1 million+
Induced Abortions 0.3 million+

Among
  -- those expecting the 3rd child: 13%
  -- those expecting the 4th child: 30%
  -- married women under 50: 1 in 4
Effects of Population Aging

• Limitation of economic growth due to:
  – Workforce reduction
  – Decrease in consumption
  – Decline in economic vitality

• Increase in national debt
  – as a consequence of diminishing savings

• Increase in social security expenditure:
  – Pension, medical care, nursing, welfare

• Eroding international competitive edge
Effects of Population Aging

(Continued)

• Collapse of regional community
• Deterioration of educational environment
• Deterioration of economic infrastructure (e.g. roads)
Japanese Government’s Gender Equality Policies

• 1995-1999 “Angel Plan”
  – Ministries of Education, Heath, Labor, and Construction
  – Improvement in child care centers and maternity health/medical care system

• 2000-2004 “New Angel Plan”
  – Plus Ministries of Finance and Home Affairs
  – Higher target values
Japanese Government’s Gender Equality Policies

• 2005-2009 “New New Angel Plan”
  – Same 6 Ministries
  – Focus
    (1) Independence of youths
    (2) Support for work and family
    (3) Importance of life and family
    (4) Further support for child rearing
## Survey on Marriage and Births:
Single Women, Aged 18-34, 1982-2002, Japan

<table>
<thead>
<tr>
<th>Year</th>
<th>Intend to marry</th>
<th>Do not intend to marry</th>
<th>Uncertain</th>
<th>Total</th>
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<tr>
<td>Intend to marry</td>
<td>94.2%</td>
<td>92.9%</td>
<td>90.2%</td>
<td>89.1%</td>
</tr>
<tr>
<td>Do not intend to marry</td>
<td>4.1%</td>
<td>4.6%</td>
<td>5.2%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Uncertain</td>
<td>1.7%</td>
<td>2.5%</td>
<td>4.6%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

### Total (% # Sample)
- 1982: 100% (2110)
- 1987: 100% (2605)
- 1992: 100% (3647)
- 1997: 100% (3612)
- 2002: 100% (3494)

Source: National Population and Social Security Research Institute, 2002
Alternative Policies

1. Economic Assistance
   Expenses for pregnancy, child care, housing, education
   Re-prioritize nation’s fund distribution
   Current social security benefits:
   -- 48% Pension
   -- 32% Medical care
   -- 3% Family support
   European experience:
   -- 60% for Pension and Medical care
   -- 10% for Family support
Alternative Policies

2. Adjustment in Workplace Environment
   Restrict overtime
   Increase work schedule flexibility
   Allow regular part-time status
   Allow re-entry into workforce
   Enforce use of vacation time
   Change corporate culture: Gender-equality policy as cost
   Improve availability of child care services for part-time workers
Alternative Policies

3. Removal of Participation Barrier

Barrier for foreign workers

- Ministry of Justice: Immigration
- Ministry of Health, Labor, Welfare: Employment
- Local Governments: Foreigner Registration

Who is responsible for foreign workers’ well-being?

Barrier for youths

- Training of “Freeters”

Licensing
Alternative Policies

4. Reform in Education System
   Improve quality of education in public schools
   Reconsider role of colleges

5. Medical and Financial Support for Infertility
   Need better statistics on infertility for policy-making
   Provide financial and medical support
   Review law on in-vitro fertilization and surrogate births
Alternative Policies

6. After Retirement Policy

Redistribute public pension benefits
Promote independence

Allocate more resources on preventive medicine
(including suicide prevention)

Emphasize within-generation independence
(including better financial asset management services)
Total Fertility Rate for Japan and the United States: 1950 to 2002
(Births per woman)

Sources: Japan Statistical Yearbook 2005 and U.S. Census Bureau
In Summary

• Changes in people’s awareness are taking place
    “Women should stay at home”
    1979: Agree 72.5% Disagree 20.4%
    2004: Agree 45.2% Disagree 48.9%
  – Itochu Chairman’s statement
    50% executive staff to be women & foreigners in 10 years
    More choices of work styles
    Financial incentive for reinstatement
In Summary

• Aim for “Work, Life, Balance” for everyone
  – Personal choice on how to use free time
  – In short-term, more complex labor management
  – In long-term, better work moral and productivity
  – Loss of income for fixed period in exchange for more time with children

• Is there public support and political will?
  – Enact laws and enforce them