



How Should We Face Depopulation?

Hiroya Masuda
Advisor at Nomura Research Institute

Acceleration of depopulation

The number of births in Japan was estimated at 981,000 last year, falling below one million for the first time since records began. Meanwhile, the number of deaths was estimated at 1,296,000, indicating that our population decreased by 315,000. This is also the first time that the decrease has been more than 300,000. Considering that one cause of the fall in births is the shrinkage in the young female demographic in the 20-39 age range (from which 95% of our babies are born) now that the second-generation baby boomers have reached age 40, depopulation will certainly accelerate.

The Act on Vitalization of Towns, People, and Jobs and the Comprehensive Strategy were approved by the Japan Cabinet in 2014, promulgating the policy of maintaining a population of at least 100 million for the next 50 years. Regional revitalization and measures against depopulation were presented as one mission: in order to reverse falling birth rates, it is necessary to improve the economic environment for the young generation so they can feel secure in getting married and having children. During the The Lost 20 Years following the Japanese asset price bubble's collapse in 1991/1992, more and more young people began working on a non-regular basis, which brought down their income levels. It is often suggested that a married couple needs an annual income of 3 million yen and 5 million yen to raise a child. A growing number of young adults are unable to meet these requirements. This trend is especially apparent in regions far from Tokyo, where manufacturing plants have moved overseas and public works have been reduced.

Issues in the Tokyo area

Since the early 2000s, the inflow of young Japanese to the Tokyo area has been increasing. However, in contrast to the post-WWII growth period, when Tokyo offered opportunities and dreams to new residents, the reason for today's inflow is not good jobs in Tokyo, but the lack of employment in their regions. The labor conditions for young workers in Tokyo are not necessarily good, but they are at least better than in their hometowns.

Tokyo's economy, while it still attracts young workers from all over Japan, is not showing strong growth, as is apparent in Japan's poor showing compared to other advanced nations. Our growth model, driven solely by Tokyo, is no longer valid.

At the same time, Tokyo is expecting a significant expansion in population aged 75 and over. The jobs-to-applicants ratio for the elderly-care industry in Tokyo is 4.94, significantly higher than the 2.68 national average. The already obvious labor shortage in this sector will intensify in the future. It is questionable whether Tokyo can still drive our nation's economic growth while addressing the longevity issue.

Tokyo is failing to utilize effectively the human resources it continues to attract. We must redirect the current inflow to Tokyo and use our valuable human resources more wisely and in a more balanced fashion across the country. Outlying regions should utilize their uniqueness to vitalize their local economies, which will in turn lift the economy of Japan. We should create jobs for young people in outland regions, raise their income and support them in marrying and having children so that they do not have to move to Tokyo with no prospects. That is the principle of regional revitalization.

Municipal efforts

Municipalities across the country are working diligently to realize their long-term visions on population and local revitalization. It is not easy for those without solid industrial bases to create new businesses and quality jobs, but the old custom of relying on government subsidies will not help retain young residents who have concerns for their future. I expect full-scale collaboration among industries, government, academia, the financial sector, unions and media. Our 1,800 municipalities are all racking their brains for ways of survival. It is important that they succeed.

Proposal to the government

I ask the government to implement work-style reform, to raise the minimum wage, improve labor conditions, expand full-time employment, limit long work hours, and promote better salaries for young workers.

A government survey shows that more married women continue to work and tend to have second children as their husbands are able to spend more time at housework and child care. I recommend encouraging fathers to take paternity leave.

It is difficult for companies to make these improvements without the prospect of higher productivity. IoT, AI, big data and other approaches are needed to help companies implement new technologies. Work-style reform is inextricably linked to productivity growth.

Acceptance of foreign workers

Another important agenda is acceptance of foreign workers. It is not wise to consider this issue merely as a measure for easing labor shortage. Mid-to-long-term commercial and social policies are needed, including on the transmission of technologies and skills,, Japanese language education, support for integration to communities and promotion of Japanese culture in other countries.

Author profile: Hiroya Masuda



Born in 1951 in Tokyo.

Joined the Construction Ministry (predecessor of Ministry of Land, Infrastructure, Transport and Tourism) after graduating from Faculty of Law, Tokyo University.

Elected Mayor of Iwate in 1995 and served three terms through 2007.

Minister of Internal Affairs from 2007 to 2008.

Currently works as Advisor at Nomura Research Institute and Visiting Professor at the University of Tokyo's Graduate School of Public Policy.

Publications

Chiho Shometsu (CHUOKORON-SHINSHA)

Chiho Shometsu Sousei Senryaku Hen (CHUOKORON-SHINSHA)

Tokyo Shometsu: Kaigo Hatan To Chiho Iju (CHUOKORON-SHINSHA)

The Outlook Foundation sets out proposals for a better future based on the highest level of knowledge and perception.
Your feedback, including validation, advice, constructive criticism and proposals, are most appreciated.

PR Section, The Outlook Foundation: abrighterfuture@theoutlook-foundation.org

<http://www.theoutlook-foundation.org>

© 2017 The Outlook Foundation. All rights reserved.