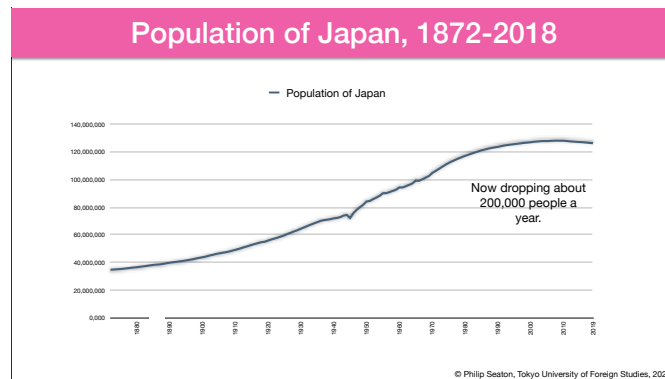




This week we are looking at population. There is lots of population data in the Statistical Handbook of Japan. I will not repeat it all here. Please look through the data carefully.

1



But I will show you this series. This is the total population of Japan since 1872. The peak was in 2010 and it has been dropping since then. There are various projections about how far the population will drop, but let's concentrate on what we know rather than what we can predict.

2

Implications of an Aging Society

- Increased costs of pensions, care, medical treatment.
- Economic opportunities created by a *genki* “silver generation”.
- Read the article by Muramatsu & Akiyama, "Japan: Super-Aging Society Preparing for the Future".

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Japan is facing two concurrent problems. The first is that Japanese society is ageing. The number of elderly people is increasing as a percentage of the total population, and the number of children is decreasing. We can think of any situation as a mixture of opportunities and challenges. The challenges of an ageing population are the increased costs of pensions, elderly care and medical treatment. These all have to be paid for using the earnings and taxes of a smaller population of working age adults. In other words, an ageing population means that working people will have less disposable income for enjoying the pleasures of life, or they will have to continue working beyond the current retirement age of 65. Conversely, there are significant economic opportunities in an ageing society. Retirees who are still in good health can be very active beyond retirement. They consume, they travel, they spend their free time contributing to society as volunteers. A *genki* “silver generation” can be a big national asset, too. But, in general, an ageing population is a vulnerable population, particularly in the face of natural disasters, which we know will hit Japan ever more frequently as a result of climate change. Regarding these issues, read the article Japan: Super-Aging Society Preparing for the Future by Naoko Muramatsu and Hiroko Akiyama.

3

Japan's Options

- Encourage fertility (natalist policy).
- Prevent mortality.
- Immigration of the young.
- Don't worry, be happy!

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The second issue is the shrinking population. What can Japan do about that? Well there are four main options.

The first is to encourage fertility. This is encouraging women to give birth to more children. Policies can include offering financial incentives for having more children, such as giving tax advantages to large families. In the past, particularly during the war years, Japan had an explicitly natalist policy. In the postwar, conservative politicians have sometimes tried to get back to such natalist policies. But through tactless comments, such as in 2007 when the Health Minister called women “baby machines”, there is plenty of pushback against natalism. To have a baby is a woman’s choice, not her national duty. If the government really wants to push up the birth rate, then making childrearing as easy as possible is the key. This means supporting women via legislation that enables them to balance work and motherhood. It means providing generous maternity **and** paternity leave, providing adequate childcare facilities, and helping with the high costs of raising children. But, realistically, the days of big families as the norm in Japan are long gone.

The second thing Japan can do is reduce mortality. At first glance, this might seem to be exacerbating the problem. If elderly

4

people live longer, it could simply contribute to Japan's existing ageing society issue. No, preventing mortality here refers to preventing early deaths, for example accidents, suicides, and diseases affecting the young. In other words, if Japan can be come a more careful and caring place, it would do something to slow population shrinkage. However, realistically this is a relatively insignificant part of Japan's demographic problem. Everyone dies in the end.

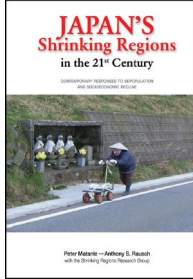
The next option is the really controversial one: immigration. Japan has very low levels of immigration due to strict controls. We will hear more about this in later lectures. However, if Japan wants to find more young workers, there are plenty of people across Asia who would love the opportunity to work in Japan. But, this is politically explosive. One only needs to look at other advanced industrialised nations to see how immigrants or refugees can be demonised by nationalists. Indeed, Japan is often held up by nationalists in other countries as a good example of a nation that knows how to keep its borders closed to foreigners. Immigration, therefore, is an obvious solution to Japan's demographic problem. But it is a politically explosive option.

The fourth option is "don't worry, be happy". Japan just has to accept that the population is shrinking. OK, this will mean a considerable drop in Japan's economic and political standing as its regional and global clout diminishes. But, hey, this could be good for Japanese people if they stop pursuing money and growth, and start pursuing quality of life and happiness.

4

The Depopulation Dividend

- Peter Matanle (2017), "Towards an Asia-Pacific 'Depopulation Dividend' in the 21st Century", *The Asia-Pacific Journal: Japan Focus*.
- National vs Regional vs Metropolitan depopulation.
- Japan's urban hubs as population magnets ... for now.



JAPAN'S Shrinking Regions
in the 21st Century
CONTRIBUTION REPORTS TO DEMOGRAPHY AND ECONOMIC RESEARCH

Peter Matanle—Anthony S. Rausch
with the Shrinking Regions Research Group

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And this idea of the benefits of population reduction runs through the work of three important scholars whose work I want you to engage.

The first person is Peter Matanle, who is a Japan specialist working on demography. His key concept is the depopulation dividend. Rather than me explaining it here, I want you to read his work directly. There is an article in the online Asia Pacific Journal that you can read via the online materials page for this class. Matanle's biggest work on demography, however, is the book *Japan's Shrinking Regions*, co-authored by Anthony Rausch and the Shrinking Regions Research Group. My own contribution to this project is in the second mini lecture today.

One key issue examined in this book is how Japan's regions are shrinking much more quickly than metropolitan centres such as Tokyo. In other words, rural-urban migration allows cities like Tokyo, Osaka and Sapporo to hold their size or even grow slightly. The biggest effects of depopulation are felt in rural areas. For a while, I thought that Covid-19 might reverse this trend as people opted for social distancing over crowded cities. However, while remote work is now widely accepted, I have yet to


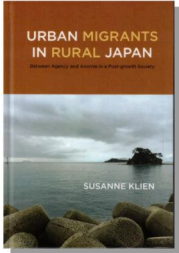
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see significant evidence that Covid reversed urbanization, and with Covid regulations now all gone, other factors would have to drive a return to the countryside.

5

Urban-Rural Migration

- Susanne Klien's work on urban-rural migration.
- Driven by lifestyle choices, often exhaustion with the "rat race".



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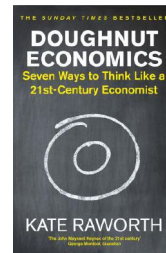
And these other factors are described in the work of the second scholar, Susanne Klien. She is an anthropologist researching the lives of people who leave the city and return to rural areas. They can have many motivations for doing so, but it is often linked to personal lifestyle choices. In particular, many people just get tired of the "rat race", in other words, they find the relentless routine of work and making money in cities to be soul-destroying. They seek a more fulfilling life via an alternative lifestyle in the countryside. Her work is full of fascinating life stories and is well worth checking out.

Ultimately, however, migration from city to countryside is on a small scale compared to migration from countryside to city. Even so, eventually Tokyo will have to shrink, too, as the overall population of Japan shrinks. It is expected to dip below 100 million in mid-century.

6

Doughnut Economics

- The end of demographic growth = the end of economic growth? But who needs growth?
- GDP as a silly measure of well-being or happiness in society.
- Video: "A Healthy Economy Should Be Designed To Thrive, not Grow" (16 mins).



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And the third scholar whose work I want you to engage is economist Kate Raworth. She challenges the idea of the need for economic growth. From this we can also challenge the need for population growth. In Raworth's vision, living within our means is more important than pursuing endless, unsustainable growth. She has coined the concept of "doughnut economics" as an alternative to the neoliberal philosophy in the late twentieth and early twenty-first centuries that has pushed our planet to the brink of environmental catastrophe.

I will say no more than this. Please listen to Kate Raworth in her own words via the video "A Healthy Economy Should Be Designed to Thrive, not Grow."