



DEMOGRAPHIC CHALLENGE

With a combination of **low birthrates and the world's longest life expectancy**, Japan's population is rapidly greying and shrinking. 2014 saw a record-setting population decline that is expected to increase in magnitude until the 2060's. This demographic challenge has had a significant impact on the economy, consumption patterns, and the health of the social safety net. It has also threatened the future viability of rural communities, which have been aging faster than the rest of the country.

Demographics by Numbers

25% of Japan's population is over 65 years old.

31.8% of Japan's FY14 budget went to Social Security Programs.

524,000 seniors are on waiting lists for nursing homes.

370,000 additional elderly care workers will be needed in FY25.

65.9 is the average age of a Japanese farmer.

Factors

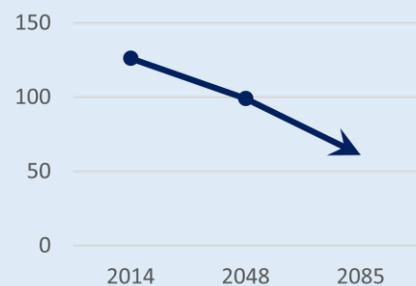
Japan is one of many developed countries that has faced a declining birthrate as it has become wealthier; however, for several reasons—political and societal—the demographic challenge and its effects are more concerning in Japan than in other countries.

Looking Forward

The Abe government's goal is to stabilize Japan's population at **100 million by 2050**. In order to achieve this, the government is considering various initiatives and reforms to address the various sources of this issue.

- **Increase subsidies for child rearing** to relieve some of the financial burdens of having children
- **Address labor shortage** by increasing women's participation in the work force
- **Create 400,000 new daycare centers** by 2018
- **Encourage a work-life balance** by offering businesses incentives to regulate employee's work hours
- **Increase taxes** to provide sufficient funds to address the increasing costs of pensions and healthcare.

Japan's Population Trend in Millions



OUTLOOK: Japan as a case study for the United States?

Although not as pronounced, the United States also has an aging population and a gradually declining birth rate: this produces issues with funding Social Security and other programs for the elderly. Japan's demographic challenge provides a case study for the United States which will experience similar problems in a few years.