

## Macro Roundup Article

**Headline:** [Inflation in The \\*Very\\* Long Run](#)

**Article Link:** <https://theovershoot.co/p/inflation-in-the-very-long-run>

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**Tweet:** [.@M\\_C\\_Klein notes that the experience of Japan suggests that fewer workers supporting more dependents does not necessarily lead to inflation.](#)

**Summary:** Japan—which has gone through the gray transition first—shows that an aging society is not inherently prone to inflation. In fact, Japan was once maligned as the singular example of deflation attributable to macroeconomic mismanagement following the end of the 1980s debt bubble. Encouragingly, Japan also shows how to minimize the challenges associated with massive demographic changes. Even though the working-age population of Japan has been shrinking for decades, the number of Japanese workers has been rising as women have entered paid employment in size. Japan's "young elderly" (60s and 70s) have also increasingly remained in employment, or re-entered employment, to help take care of the "old elderly". Japan may be an extreme case, but it could also be a model for others. The U.S. is projected to have much more favorable demographics than most of the other rich countries (and China), but it too has a large untapped supply of would-be workers who could help reduce the burden of providing for retirees and other dependents.

**Primary Topic:** Demographics

**Topics:** Demographics, GDP, Inflation, Op-Ed/Blog Post, Unemployment/Participation, Workforce

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