**The Effects of Shrinking Population in Japan**

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According to National Institution of Population and Social Security Research, Japan’s population will drop to 86,740,000 by 2060. This is about 68% of its population in 2010. Japan’s population started declining since it reached its peak in 2008 with 12 million people. The decrease rate is still accelerating. Although Japan has the 11th largest population in the world, it is expected that this trend will continue for a long period of time. Now, the shrinking population affects Japan’s society in several ways: the deterioration of infrastructure, financial pressure on youth, and weakening of Japan’s economy.

First, the decrease in population can negatively influence infrastructure such as buildings and schools. With fewer citizens, the demands for houses decrease. This can result in excess supply of buildings and vacant rooms. According to the Statistics Bureau of Japan (2019), the number of vacant houses is steadily increasing. In 2018, about 13.6 percent of entire houses in Japan had no resident. Cities with empty houses may lose its property value. The deterioration of buildings tarnishes its reputation, which even decreases potential people coming to that city. The owners of the houses rarely repair or demolish their houses because it is quite costly. If the houses are left for long period of time, those houses can be the base of a criminal group or can be dangerous to enter since the building might collapse. Additionally, public services such as school might have to be of a lower quality. With fewer students, schools might have to close down. In fact, Japan Education Express (2020) reported about 10 precent of public elementary or junior high school shut down in the past 10 years. Therefore, children have poor access to education. The decrease in population makes it difficult to maintain infrastructures.

Second, another effect of depopulation is larger taxation on workers. Managing government requires a lot of budget. Government obtains major revenue from taxation. If the population decreases and less people are working, tax revenue declines. Moreover, the expenditure is increasing in Japan because government supports social insurance especially pension and health insurance. With current pension system, retired people get their pension from people that are working now. If the number of labors does not increase the number of people that live on pension will decrease as well. Therefore, workers have to pay more and more taxation. Additionally social insurance also supports the cost of medical care. Since senior people are more vulnerable, they go to see a doctor more frequently. In Japan, people who are 75 years old and above can obtain support which covers 90 percent of medical expense. Statistics from Ministry of Health, Labour and Welfare shows the average of health expenditure increases as people age. In short, to support social insurance system, workers must pay large amount of tax.

Finally, the declining population can lead to slower economic growth. International Monetary Fund (2019) reported that, the GDP growth rate of Japan in 2020 was approximately 1.6% which was 157th place in the world. Tomoko Kinugasa from Kobe University reported that the change of population has a huge impact on economic growth. For example, Japan has got quite a few traditional industries. The problem that they are having now is that they do not have successors. Traditional skills that have been passed down for centuries can disappear which will weaken those industries. The reason for lacking successors is the lower domestic demand and simply lack of human resource. According to the Ministry of Internal Affairs and Communications, in 2017, the domestic gross product value of traditional crafts dropped by 67 percent with 92 billion yen. Even though Japanese crafts are popular among tourists or foreigners, the situation is becoming worse. The loss of traditional skills impact on Japan’s economy in negative way. Innovation and productivity growth bring vast benefits for consumers and businesses. As productivity rises, the wages of workers increase. However, shrinking population reduces the possibility of innovations. Research Institution of Economy, Trade & Industry suggested that “innovations are created by people”. Because Japan has fewer human resources, innovations are less likely to be created.

In summary, the decrease of population has negative impacts on Japan. People have lower quality of infrastructures since no one maintain the building or services and excess people have supplies of houses and commodities. With fewer workers government need a huge amount of revenue because workers government has to support social insurance system. This puts a severe financial burden on workers. Lastly, Japan’s entire economy is no longer growing as fast as it was because the traditional industries are lacking successors and less innovation is created. These effects clearly shows that Japan is facing serious challenges. These problems are significant and deeply related to our daily lives.

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