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**The Japanese Demographic
Trend and the Government
Spending in Social Security.**

Focus on the low birth rate and the
Government's spending on Welfare.

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要旨

本文では、日本社会における人口動態のトレンドが政府の福祉支出にどのように関連しているのかを理解したいと思う。言い換えると、支出は社会的・人工的傾向に受動的に従うのか、それとも変化を促すのか、ということである。

このテーマに選んだ理由は、日本の人口動態は最近では超高齢化が特徴になっていた。その上、出生率の低下と死亡率の増加が行い、日本の人口は7年間で約2万人で下がってしまった。このトレンドは止まる気配がないので、日本政府がトレンドの成長を変えるために、奨励金を割り当てる努力してきたのか、そして現在も努力しているのかを理解しようとする。

このテーマを選んだもう一つの選んだ理由は、現代の社会が長期的な人口減少傾向と不安定な経済状況の特徴とすることを理解するうえで、日本のケースは挑戦的な問題だと考えたからである。現代、日本の社会状況が、過去12年間一貫して続いてきた負の流れを止め、軌道修正させる十分な金銭的な奨励金によって、どのような影響を受ける可能性があるのかを理解することは、他の社会にとっても有益だと考えたからである。

その答えを見つけるために、日本の人口動態の現代と今後の推移を分解的に分析する。そうするために、統計局の国勢調査と国立社会保障・人口問題研究所が5年ごとに発表している人口推計のデータを使いたいと思う。

次に、日本の財務省で作った公的支出のレポートを調べるとともに、政府が作成した、過去と現代における日本の社会保障費も分析する。そうすることで、導入した社会保障費が人口の増加のためにどのような結果をもたらしたかが分かるようになる。

そして、日本の税制についても調べる。税制の税収は日本の公的支出の主な経済的な支援だからだ。財務省作成データで税制の構造を学び、国家の費用を支えるために、新改革の導入で毎年どのように変化してきたかを理解する。

研究の締めくくりとして、過去 30 年間に政府が実施した生活保護に関する改革についても調べたい。この改革の分析で、日本の人口動態に影響を与えたかどうか、またその反応が肯定的なものであったか否定的なものであったかを理解したい。

私が用いる方法論は、主に日本の機関が作成したデータの分析に基づいている。そのため、私の論文では、政治経済的な視点からデータを分析する。

結論としては、私が収集したデータの分析を通じて、日本の人口は人口危機と人口減少の時期を迎えており、それは次の未来にも終わることはないという結論に達した。

というのも、経済的なインセンティブや政府の政策にかかわらず、また経済的な基盤がしっかりしているにもかかわらず、人々は結婚の絆を結び、子供を産むことに関心が薄れているように見えるからである。

しかし、このような現状は、間違った改革が実施されたためではなく、時代の変化がメンタリティの変化をもたらした結果なのである。というのは、私たちに住んでいる現在は不確実な未来を特徴としちるからである。人々は未来が生きにくい時代になるとを感じている。その理由から、人々は子供をそのような世界で育てたくないと考え、たぶん自分自身の成長に集中したいと考えられる。

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Introduction

In this thesis I will try to understand whether the demographic trend in Japanese society is related to the government's spending on welfare. In other words, whether expenditures passively follow social and demographic trends or encourage them to change.

To find an answer to my question I will analyze from an analytical point of view, the current Japanese Demographic Trend, and its future development, thought data of the Population Census stipulated by the Statistic Bureau of Japan and the population projections produced every five years by the National Institute of population and Social Security research.

Alongside I will also analyze analytically the Japanese Social Expenses allocated to social security by the government in the past and present years, by analyzing the report produced by the Ministry of Finance of Japan, as my interest is to understand if it could have had an impact over the population growth.

Another aspect I will study is the Japanese Tax System, as its revenue is the main contributor to public spending. By studying its structure and system through the data produced by the Ministry of Finance of Japan, I hope to understand how it changes every year with the introduction of the new reforms, to keep up with the Country spendings.

To conclude my research, I will also search for the reforms implemented by the government on Welfare in the last three decades. Through their analysis, I hope to understand if they have influenced the Japanese demographic situation, and whether the responses have been positive or negative.

The reason I chose to research about this topic is connected to the recent over-aging of the Japanese population, which is also characterized by a low natality rate and an increase of the death rate, which caused the population to decrease around 2 million people in the last seven years. As this trend show no sign of stopping any time soon, I am interested to understand if the Japanese Government was and is trying, allocating incentives, and creating reforms to change the growing trend.

Another reason why I chose this topic is because I saw it as a challenge to understand how the current society, which is characterized by a trend of long-term decrease in

population and a precarious economic situation, can be affected by monetary incentives enough to cause the negative trend, which was steady for the past twelve years, to stop and change its course.

The methodology that I will use is based on the analysis of data produced mainly by the Japanese Institutions. For this reason, in my thesis I will analyze the data through a political-economic eyes.

In the first chapter I will study the 2022 Census stipulated by the Statistic Bureau of Japan, the most recent complete census that I was able to find. The reason why I decided not to choose the 2023 Census is because the data were not complete by the time I started writing my thesis.

First, I will analyze the census and extrapolated from it the general data, such as total population; age population; birth, death and immigration rate.

Then, I will use those data to search in the “Population Projections for Japan: 2021 to 2070” stipulated by the National Institute of population and Social Security research, which will give me, for the same data, the most likely projection.

From there understand the trend in which the Japanese population will fall if there will be no change in its trend evolution.

In the second chapter I will study the Japanese Public Expenses instituted by the government.

I will first study this theme from a general point of view, analyzing the Japanese Public Finance Fact Sheet produced by the Ministry of Finance, to better understand the importance and weight put on every scope and in particular on Social Security.

After this first research I will focus on how the monetary incentive were divided inside the Social Security sphere and compare how the allocated fund were used in the past years for the different polices financed by the government.

In the third chapter, then, I will look for the connecting point of the two set of data, population composition and monetary aspect and their influence on each other.

For this reason, I will study the Japanese Tax System, as taxes are paid by the population and its revenue is used to finance part of the government expenditure.

Another aspect that I decided to examine in this chapter are the reforms produced by the governments, as government tried to influence the demographic trend by implementing diverse kinds of polices from an economic point, but also with welfare reforms.

In this last chapter my objective is to understand the role of taxes within the scheme for sustaining public expenditure, and how in the past and more recent time reforms were used to create politics to help resolve the demographic problems of Japan. Also, with the analysis of the politics created by the governments, I will try to understand their impact on the Japanese society.

As for what concern my conclusion, through analysis of the data I have collected, I have come to the conclusion that the Japanese population is going through a period of demographic crisis and population decline that is not going to end in the next future.

This is because regardless of the economic incentive, and polices introduced by the government, people seem to be less and less interested in forming marriage bonds and having children, even by having a solid economic base.

However, this present situation is not due to the implementation of the wrong kind of reforms, it is the result of a change in age that led to a change in mentality.

And this is because the reality we are living is one whose future is uncertain. People have a perception that the future is going to be a difficult place to live in, and for that reason, even somewhat selfishly, they do not want to have children, but prefer to focus on their own personal growth.

First Chapter: The Japanese Population

The Japanese population has entered a trend in which the birth rate has been decreasing steadily as the aging population has grown. Its demographics situation has gotten worst with each passing years and decades. The term *kōreika*, aging, and *chō-kōreika*, hyper-aging, are getting more and more common when speaking about this matter, as is the term *shōshika*, the decrease in the number of children. All these terms underline a situation which started after the Second World War.¹

During the postwar period, the annual growth rate was about 3 percent, but soon in mid-1950s it fell to 1 percent and remained such until mid-1970s and continued to decline until 0.3 percent. As the fertility rate declined so the mortality continued to fall further, increasing the older population. It led to a sharp decline in the percentage of child population and an increase of the aged population over 65 years old causing the burden of old-age support to become a responsibility of the smaller younger age group, which created a vicious system from which is difficult to exit.²

As already stated the Japanese population not only saw a large increase in its aging population, but also a strong diminution of its child population caused by a low fertility rate that reached its first record-low fertility in 1981, it was also remembered as the “1.57 Shock”³, and since then the rate has decreased reaching even 1.26 in 2005 a critical condition that has represented itself in 2022 as the annual population estimation report made by the Japanese Ministry of Wealth state⁴. Therefore, the Japanese population has been decreasing steadily, in the last seven years it has dropped 1.67%.

¹ KOJIMA, Hiroshi, *AGING IN JAPAN: POPULATION POLICY IMPLICATIONS*, chapter in “Korea Journal of Population and Development”, Vol. 24, No.2, December 1995, p. 197.

² AOKI, Reiko, *A Demographic Perspective on Japan's 'Lost Decades.'*, Population and Development Review, vol. 38, 2013, JSTOR, <http://www.jstor.org/stable/23655289>, p. 103.

³ KOJIMA, *AGING IN JAPAN: POPULATION POLICY IMPLICATIONS*, (Vol. 24, No.2, December 1995), p. 198.

⁴ Statistic Bureau Of Japan, *Reiwa 4nen (2022) jinkō dōtai tōkei geppō toshikei (gaisū) no gaikyō*, (2022 Summary of the Monthly Vital Statistics Annual Report (approximate figures)), 令和4年(2022)人口動態統計月報年計(概数)の概況, <https://www.stat.go.jp/data/jinsui/2022np/index.html>, (Last visit: 31/10/2023).

However, to better understand the current Japanese demographic situation, I am going to analyze the most recent 2022 census, data collected by the Statistic Bureau of Japan (SBJ).

1. Japanese Demography based on the Analysis of 2022 Census data produced by the Statistic Bureau of Japan

1.1 Population trends

The Statistic Bureau of Japan states in its report that the total population in 2022 was 124,947,000, the 0.44% less than the previous year 2021, in which in September 2021 was 125,503,000 people. As a result, the year 2022 is the twelfth year in which the Japanese population has been decreasing steadily since the 2011.⁵

And it is possible to see from *table 1*, that since 2015 in seven years, the Japanese population have decreased for around 2 million people, 1.69% from the total of 127.095 thousand people.

表 1 総人口及び日本人人口の推移(2015年～2022年)

| 年次 | 総人口 | | | 日本人人口 | | |
|-------|-----------------------|---------------------------|--------------------------|-----------------------|---------------------------|--------------------------|
| | 10月1日現在 人口(千人) | 増減数 ¹⁾ (千人) | 増減率 ²⁾ (%) | 10月1日現在 人口(千人) | 増減数 ¹⁾ (千人) | 増減率 ²⁾ (%) |
| 2015年 | 127,095 ³⁾ | -142 | -0.11 | 125,319 ³⁾ | -243 | -0.19 |
| 2016 | 127,042 | -53 | -0.04 | 125,071 | -248 | -0.20 |
| 2017 | 126,919 | -123 | -0.10 | 124,745 | -327 | -0.26 |
| 2018 | 126,749 | -170 | -0.13 | 124,349 | -395 | -0.32 |
| 2019 | 126,555 | -193 | -0.15 | 123,886 | -463 | -0.37 |
| 2020 | 126,146 ⁴⁾ | -409 | -0.32 | 123,399 ⁴⁾ | -487 | -0.39 |
| 2021 | 125,502 | -644 | -0.51 | 122,780 | -618 | -0.50 |
| 2022 | 124,947 | -556 | -0.44 | 122,031 | -750 | -0.61 |

Table 1 Development (*sui-i*, 推移) of the total population (*sōjinkō*, 総人口) and Japanese population (*nihonjin-jinkō*, 日本人人口) (from 2015 until 2022).

The population (*jinkō*, 人口) is shorten as thousand units (*sen-nin*, 千人).⁶

⁵ Statistic Bureau Of Japan, *Reiwa 4nen (2022) jinkō dōtai tōkei geppō toshikei*, <https://www.stat.go.jp/data/jinsui/2022np/index.html>, p. 1.

⁶ Statistic Bureau Of Japan, *Reiwa 4nen (2022) jinkō dōtai tōkei geppō toshikei*, <https://www.stat.go.jp/data/jinsui/2022np/index.html>, p. 1.

As for how the Japanese population was composed by gender in 2022, table 2 show how was the population ratio. It was 48.6%, 60.758 thousand males and 51.4%, 64.189 thousand females.

With 2022, it was the 15th consecutive year of decline for the male population with a decrease of 0.43% compared to the previous year, while the female population decreased by 0.46%, with its 12th consecutive year of decline.⁷

表3 男女別総人口の推移 (2000年～2022年)

(単位 千人)

| 年次 | 男 | | | | | | 女 | | | | | | 人口性比 |
|-------|----------------------|-------------------|----------------------|----------|----------|-------------------------|----------------------|-------------------|----------------------|----------|----------|-------------------------|------|
| | 10月1日 現在人口 | 純増減 ¹⁾ | | 自然 増減 | 社会 増減 | 補間 ³⁾ 補正数 | 10月1日 現在人口 | 純増減 ¹⁾ | | 自然 増減 | 社会 増減 | 補間 ³⁾ 補正数 | |
| | | 増減数 | 増減率(%) ²⁾ | | | | | 増減数 | 増減率(%) ²⁾ | | | | |
| 2000年 | 62,111 ⁴⁾ | 94 | 0.15 | 85 | -2 | 11 | 64,815 ⁴⁾ | 165 | 0.26 | 141 | 40 | -16 | 95.8 |
| 2001 | 62,265 | 155 | 0.25 | 81 | 52 | 21 | 65,051 | 236 | 0.36 | 138 | 94 | 4 | 95.7 |
| 2002 | 62,295 | 30 | 0.05 | 69 | -60 | 21 | 65,190 | 140 | 0.21 | 126 | 10 | 4 | 95.6 |
| 2003 | 62,368 | 73 | 0.12 | 28 | 23 | 21 | 65,326 | 136 | 0.21 | 87 | 45 | 4 | 95.5 |
| 2004 | 62,380 | 12 | 0.02 | 22 | -31 | 21 | 65,407 | 80 | 0.12 | 81 | -5 | 4 | 95.4 |
| 2005 | 62,349 ⁴⁾ | -31 | -0.05 | -25 | -28 | 21 | 65,419 ⁴⁾ | 12 | 0.02 | 34 | -25 | 4 | 95.3 |
| 2006 | 62,387 | 38 | 0.06 | -26 | 7 | 57 | 65,514 | 95 | 0.14 | 27 | -6 | 73 | 95.2 |
| 2007 | 62,424 | 37 | 0.06 | -25 | 6 | 57 | 65,608 | 95 | 0.14 | 23 | -2 | 73 | 95.1 |
| 2008 | 62,422 | -2 | -0.00 | -41 | -18 | 57 | 65,662 | 53 | 0.08 | 6 | -27 | 73 | 95.1 |
| 2009 | 62,358 | -64 | -0.10 | -55 | -67 | 57 | 65,674 | 12 | 0.02 | -5 | -57 | 73 | 95.0 |
| 2010 | 62,328 ⁴⁾ | -30 | -0.05 | -74 | -13 | 57 | 65,730 ⁴⁾ | 56 | 0.09 | -31 | 13 | 73 | 94.8 |
| 2011 | 62,207 | -120 | -0.19 | -108 | -37 | 25 | 65,627 | -103 | -0.16 | -75 | -42 | 14 | 94.8 |
| 2012 | 62,080 | -128 | -0.21 | -116 | -37 | 25 | 65,513 | -114 | -0.17 | -85 | -42 | 14 | 94.8 |
| 2013 | 61,985 | -95 | -0.15 | -129 | 9 | 25 | 65,429 | -84 | -0.13 | -103 | 5 | 14 | 94.7 |
| 2014 | 61,901 | -84 | -0.14 | -136 | 27 | 25 | 65,336 | -93 | -0.14 | -115 | 9 | 14 | 94.7 |
| 2015 | 61,842 ⁴⁾ | -59 | -0.10 | -147 | 63 | 25 | 65,253 ⁴⁾ | -83 | -0.13 | -128 | 31 | 14 | 94.8 |
| 2016 | 61,816 | -26 | -0.04 | -156 | 79 | 51 | 65,226 | -27 | -0.04 | -140 | 54 | 59 | 94.8 |
| 2017 | 61,753 | -63 | -0.10 | -197 | 87 | 47 | 65,165 | -61 | -0.09 | -180 | 64 | 56 | 94.8 |
| 2018 | 61,673 | -81 | -0.13 | -220 | 97 | 43 | 65,076 | -89 | -0.14 | -205 | 65 | 51 | 94.8 |
| 2019 | 61,588 | -85 | -0.14 | -249 | 127 | 37 | 64,967 | -109 | -0.17 | -237 | 82 | 46 | 94.8 |
| 2020 | 61,350 ⁴⁾ | -238 | -0.39 | -259 | 2 | 18 | 64,797 ⁴⁾ | -171 | -0.26 | -242 | 40 | 32 | 94.7 |
| 2021 | 61,019 | -331 | -0.54 | -314 | -16 | - | 64,483 | -313 | -0.48 | -294 | -19 | - | 94.6 |
| 2022 | 60,758 | -261 | -0.43 | -371 | 110 | - | 64,189 | -294 | -0.46 | -359 | 65 | - | 94.7 |

Table 2 Development (sui-i, 推移) of the total population by sex (from 2000 until 2022).

The chosen unit of measurement (tan-i, 単位) is of thousand people (sen-nin, 千人).⁸

I will now analyze which aspect caused the total Japanese population to decrease of 556thousand people in only an year respect of the data of 2021.

1.1.1 Diminution of the population by Birth and Death rate

As stated in the introduction, as the fertility rate has drastically decreased, also the number of births has continued to decline reaching 799 thousand births in 2022.

⁷ Statistic Bureau Of Japan, *Reiwa 4nen (2022) jinkō dōtai tōkei geppō toshikei*, <https://www.stat.go.jp/data/jinsui/2022np/index.html>, p. 2.

⁸ Statistic Bureau Of Japan, *Reiwa 4nen (2022) jinkō dōtai tōkei geppō toshikei*, <https://www.stat.go.jp/data/jinsui/2022np/index.html>, p. 2.

In contrast the number of deaths in the same year was 1.530 thousand, with an increase of 5.8% compared to 2021.

As a result, the higher number of deaths implicated a fall of 731 thousand people in total population, making 2022 the 16th year of consecutive natural decrease in population (Table 3).⁹

表2 総人口の推移 (1990年～2022年)

| 年次 | 10月1日 現在人口 | 人口増減 (前年10月～当年9月) (単位 千人) | | | | | | | | | |
|-------|-----------------------|---------------------------|----------------------|--------------------|-------|------|--------------------|--------|------|------|-----|
| | | 純増減 ¹⁾ | | 自然動態 ²⁾ | | | 社会動態 ³⁾ | | | | |
| | | 増減数 | 増減率(%) ⁴⁾ | 出生児数 | 死亡者数 | 自然増減 | 入国者数 | 出国者数 | 社会増減 | 日本人 | 外国人 |
| 1990年 | 123,611 ⁵⁾ | 406 | 0.33 | 1,241 | 824 | 417 | 11,303 | 11,301 | 2 | -30 | 32 |
| 1991 | 124,101 | 490 | 0.40 | 1,224 | 829 | 394 | 11,168 | 11,130 | 38 | -19 | 57 |
| 1992 | 124,567 | 466 | 0.38 | 1,228 | 854 | 374 | 12,720 | 12,685 | 34 | -7 | 41 |
| 1993 | 124,938 | 370 | 0.30 | 1,205 | 882 | 322 | 12,398 | 12,408 | -10 | -17 | 8 |
| 1994 | 125,265 | 327 | 0.26 | 1,229 | 877 | 351 | 13,982 | 14,064 | -82 | -76 | -6 |
| 1995 | 125,570 ⁵⁾ | 305 | 0.24 | 1,222 | 925 | 297 | 15,653 | 15,703 | -50 | -50 | 0 |
| 1996 | 125,859 | 289 | 0.23 | 1,203 | 896 | 307 | 17,375 | 17,388 | -13 | -35 | 23 |
| 1997 | 126,157 | 297 | 0.24 | 1,209 | 921 | 288 | 17,974 | 17,960 | 14 | -42 | 56 |
| 1998 | 126,472 | 315 | 0.25 | 1,215 | 933 | 282 | 17,028 | 16,990 | 38 | -2 | 40 |
| 1999 | 126,667 | 195 | 0.15 | 1,198 | 985 | 212 | 17,237 | 17,249 | -12 | -43 | 30 |
| 2000 | 126,926 ⁵⁾ | 259 | 0.20 | 1,194 | 968 | 226 | 18,462 | 18,424 | 38 | -50 | 88 |
| 2001 | 127,316 | 390 | 0.31 | 1,185 | 966 | 219 | 19,266 | 19,120 | 146 | 66 | 79 |
| 2002 | 127,486 | 170 | 0.13 | 1,176 | 981 | 195 | 16,321 | 16,372 | -51 | -104 | 53 |
| 2003 | 127,694 | 208 | 0.16 | 1,138 | 1,023 | 115 | 15,038 | 14,970 | 68 | 3 | 65 |
| 2004 | 127,787 | 93 | 0.07 | 1,126 | 1,024 | 103 | 17,673 | 17,709 | -35 | -77 | 42 |
| 2005 | 127,768 ⁵⁾ | -19 | -0.01 | 1,087 | 1,078 | 9 | 18,951 | 19,004 | -53 | -103 | 50 |
| 2006 | 127,901 | 133 | 0.10 | 1,091 | 1,090 | 1 | 2,836 | 2,835 | 1 | -60 | 61 |
| 2007 | 128,033 | 132 | 0.10 | 1,102 | 1,104 | -2 | 2,882 | 2,879 | 4 | -75 | 79 |
| 2008 | 128,084 | 51 | 0.04 | 1,108 | 1,142 | -35 | 2,864 | 2,908 | -45 | -110 | 65 |
| 2009 | 128,032 | -52 | -0.04 | 1,087 | 1,146 | -59 | 3,114 | 3,237 | -124 | -77 | -47 |
| 2010 | 128,057 ⁵⁾ | 26 | 0.02 | 1,083 | 1,188 | -105 | 2,840 | 2,840 | 0 | 4 | -4 |
| 2011 | 127,834 | -223 | -0.17 | 1,074 | 1,256 | -183 | 2,686 | 2,765 | -79 | -28 | -51 |
| 2012 | 127,593 | -242 | -0.19 | 1,047 | 1,248 | -201 | 2,757 | 2,836 | -79 | -23 | -56 |
| 2013 | 127,414 | -179 | -0.14 | 1,045 | 1,277 | -232 | 2,796 | 2,782 | 14 | -23 | 37 |
| 2014 | 127,237 | -177 | -0.14 | 1,022 | 1,274 | -252 | 2,911 | 2,874 | 36 | -23 | 60 |
| 2015 | 127,095 ⁵⁾ | -142 | -0.11 | 1,025 | 1,301 | -275 | 3,080 | 2,985 | 94 | -1 | 95 |
| 2016 | 127,042 | -53 | -0.04 | 1,004 | 1,300 | -296 | 3,361 | 3,228 | 134 | -2 | 136 |
| 2017 | 126,919 | -123 | -0.10 | 966 | 1,343 | -377 | 3,615 | 3,464 | 151 | 4 | 147 |
| 2018 | 126,749 | -170 | -0.13 | 945 | 1,370 | -425 | 3,848 | 3,687 | 161 | -3 | 165 |
| 2019 | 126,555 | -193 | -0.15 | 895 | 1,380 | -485 | 4,182 | 3,973 | 209 | 1 | 208 |
| 2020 | 126,146 ⁵⁾ | -409 | -0.32 | 871 | 1,372 | -501 | 1,997 | 1,955 | 42 | 21 | 21 |
| 2021 | 125,502 | -644 | -0.51 | 831 | 1,440 | -609 | 632 | 667 | -35 | -7 | -28 |
| 2022 | 124,947 | -556 | -0.44 | 799 | 1,530 | -731 | 1,596 | 1,421 | 175 | -16 | 191 |

Table 3 Development (sui-I, 推移) of the total population (sōjinkō, 総人口). It shows the development in the field of Natural factors (shizen dōtai, 自然動態), and Social Changes (shakai dōtai, 社会動態).

The chosen unit of measurement (tan-i, 単位) is of thousand people (sen-nin, 千人).¹⁰

1.1.2 Increasing of the population by Immigration and Emigration factors

Is interesting to see how between the two analyzed groups, this is the only field in which a decrease in population was not found (Table 3).

⁹ Statistic Bureau Of Japan, *Reiwa 4nen (2022) jinkō dōtai tōkei geppō toshikei*, <https://www.stat.go.jp/data/jinsui/2022np/index.html>, p. 3.

¹⁰ Statistic Bureau Of Japan, *Reiwa 4nen (2022) jinkō dōtai tōkei geppō toshikei*, <https://www.stat.go.jp/data/jinsui/2022np/index.html>, p. 2.

The number of arrivals inside the country was 1.596 thousand, an increase of around 60% over the previous year, while the number of people leaving the country was 1.421 thousand, an increase of around 39% over the previous year.

Therefore, the number of arrivals exceeded the number of departures by 175 thousand, a major increase in Social Changes after the negative result of 2021.

As with 2022 the country started to open back its border after the closure caused by the COVID 19 emergency, is probable that this data will increase in the future years.¹¹

1.2 Population by Age

The Japanese population, as presented in the introduction of the chapter, has been increasing its aging populations since the postwar period, only to see a decrease of the trend after the Second Baby Boom (1971-1974), after which the number of births has continued to decline as the aging population has continued to increase.

表4 年齢3区分別人口の推移（1950年～2022年）

| 年次 | 人 口 (千人) | | | | | 総人口に占める割合 (%) | | | |
|-------|----------|--------|--------|--------|-------------|---------------|--------|-------|-------------|
| | 総 数 | 15歳未満 | 15～64歳 | 65歳以上 | うち 75歳以上 | 15歳未満 | 15～64歳 | 65歳以上 | うち 75歳以上 |
| 1950年 | 83,200 | 29,430 | 49,661 | 4,109 | 1,057 | 35.4 | 59.7 | 4.9 | 1.3 |
| 1955 | 89,276 | 29,798 | 54,730 | 4,747 | 1,388 | 33.4 | 61.3 | 5.3 | 1.6 |
| 1960 | 93,419 | 28,067 | 60,002 | 5,350 | 1,626 | 30.0 | 64.2 | 5.7 | 1.7 |
| 1965 | 98,275 | 25,166 | 66,928 | 6,181 | 1,874 | 25.6 | 68.1 | 6.3 | 1.9 |
| 1970 | 103,720 | 24,823 | 71,566 | 7,331 | 2,213 | 23.9 | 69.0 | 7.1 | 2.1 |
| 1975 | 111,940 | 27,232 | 75,839 | 8,869 | 2,842 | 24.3 | 67.7 | 7.9 | 2.5 |
| 1980 | 117,060 | 27,524 | 78,884 | 10,653 | 3,661 | 23.5 | 67.4 | 9.1 | 3.1 |
| 1985 | 121,049 | 26,042 | 82,535 | 12,472 | 4,713 | 21.5 | 68.2 | 10.3 | 3.9 |
| 1990 | 123,611 | 22,544 | 86,140 | 14,928 | 5,986 | 18.2 | 69.7 | 12.1 | 4.8 |
| 1995 | 125,570 | 20,033 | 87,260 | 18,277 | 7,175 | 16.0 | 69.5 | 14.6 | 5.7 |
| 2000 | 126,926 | 18,505 | 86,380 | 22,041 | 9,012 | 14.6 | 68.1 | 17.4 | 7.1 |
| 2005 | 127,768 | 17,585 | 84,422 | 25,761 | 11,639 | 13.8 | 66.1 | 20.2 | 9.1 |
| 2006 | 127,901 | 17,435 | 83,731 | 26,604 | 12,166 | 13.6 | 65.5 | 20.8 | 9.5 |
| 2007 | 128,033 | 17,293 | 83,015 | 27,464 | 12,703 | 13.5 | 65.0 | 21.5 | 9.9 |
| 2008 | 128,084 | 17,176 | 82,300 | 28,216 | 13,218 | 13.5 | 64.5 | 22.1 | 10.4 |
| 2009 | 128,032 | 17,011 | 81,493 | 29,005 | 13,710 | 13.3 | 63.9 | 22.7 | 10.8 |
| 2010 | 128,057 | 16,839 | 81,735 | 29,484 | 14,194 | 13.1 | 63.8 | 23.0 | 11.1 |
| 2011 | 127,834 | 16,705 | 81,342 | 29,752 | 14,708 | 13.1 | 63.6 | 23.3 | 11.5 |
| 2012 | 127,593 | 16,547 | 80,175 | 30,793 | 15,193 | 13.0 | 62.9 | 24.1 | 11.9 |
| 2013 | 127,414 | 16,390 | 79,010 | 31,898 | 15,603 | 12.9 | 62.1 | 25.1 | 12.3 |
| 2014 | 127,237 | 16,233 | 77,850 | 33,000 | 15,917 | 12.8 | 61.3 | 26.0 | 12.5 |
| 2015 | 127,095 | 15,945 | 77,282 | 33,868 | 16,322 | 12.5 | 60.8 | 26.6 | 12.8 |
| 2016 | 127,042 | 15,809 | 76,673 | 34,560 | 16,891 | 12.4 | 60.4 | 27.2 | 13.3 |
| 2017 | 126,919 | 15,641 | 76,190 | 35,087 | 17,444 | 12.3 | 60.0 | 27.6 | 13.7 |
| 2018 | 126,749 | 15,473 | 75,796 | 35,479 | 17,913 | 12.2 | 59.8 | 28.0 | 14.1 |
| 2019 | 126,555 | 15,259 | 75,542 | 35,754 | 18,402 | 12.1 | 59.7 | 28.3 | 14.5 |
| 2020 | 126,146 | 15,032 | 75,088 | 36,027 | 18,602 | 11.9 | 59.5 | 28.6 | 14.7 |
| 2021 | 125,502 | 14,784 | 74,504 | 36,214 | 18,674 | 11.8 | 59.4 | 28.9 | 14.9 |
| 2022 | 124,947 | 14,503 | 74,208 | 36,236 | 19,364 | 11.6 | 59.4 | 29.0 | 15.5 |

Table 4 Development (sui-I, 推移) of the population (jinkō, 人口) divided in three age groups (nenrei 3kubun-betsu, 年齢3区分別) (from 1950 until 2022).

¹¹ Statistic Bureau Of Japan, *Reiwa 4nen (2022) jinkō dōtai tōkei geppō toshikei*, <https://www.stat.go.jp/data/jinsui/2022np/index.html>, p. 3.

The population (jinkō, 人口) is shorten as thousand units (sen-nin, 千人).¹²

By dividing the population in three main aging groups, population under 15 years old, population aged 15-64 years old, and over 65 years old, the 2022 population was composed by: 11.6% of people from the younger generation; 59.4% of people from the working-age generation; and 29.0% of people were elderly, aged 65 and over.

For the specific numbers 14.503 thousand people under 15 years old, 281 thousand less than the previous year; 74.208 thousand people aged 15-64, 296 thousand less than the previous year. While the population aged 65 and over was 36.239 thousand, with an increase of 22.000 on the previous year.

The rise of the older population also caused an increase of the population aged 75 and over, that reached 19.364 thousand in 2022, an increase of 690,000 compared to the previous year. So that 53.4% of the population aged 65 and over, was over 75 years old.

Looking at the trends of the total population, the proportion of the younger generation has continued to decline since 1975 (24.3%). The working-age generation has risen since 1982 (67.5%) but peaked in 1992 (69.8%) and has continued to decline since then, reaching an all-time low in 2022 (59.4%), the same rate as the previous year.

On the other hand, the population aged 65 and over has been rising consistently since 1950 (4.9%) and has reached a record of 29.0% in 2022. The population aged 75 and over has also continued to rise since 1950 (1.3%), reaching a record high of 15.6% in 2022, up 0.6 percentage points from the previous year.¹³

Discussion

In conclusion, it is possible to state how the Japanese population has seen a decrease in its growth after the Second Baby Boom (1971-1974). A decrease that states a diminution in population of 0.44% since 2021, for a total population of 124.947.000 people.

The year 2022 is the 12th consecutive year of a steady decrease in population. The diminution was strongly influenced by the Natural Factors, such as the low fertility rate which caused the number of births to be only 799 thousand, and the number of deaths

¹² Statistic Bureau Of Japan, *Reiwa 4nen (2022) jinkō dōtai tōkei geppō toshikei*, <https://www.stat.go.jp/data/jinsui/2022np/index.html>, p. 5.

¹³ Statistic Bureau Of Japan, *Reiwa 4nen (2022) jinkō dōtai tōkei geppō toshikei*, <https://www.stat.go.jp/data/jinsui/2022np/index.html>, pp. 4,5.

been 1.530 thousand the 36% more than the births rate. Making 2022 the 16th year of consecutive natural decrease in population.

The only increase in population was given by the Social Changes, as the number of arrivals in the country outnumbered the people leaving the country by 175 thousand people, a major increase after the negative result of 2021.

Regarding the changes of the Japanese population by Age in 2022, the population has seen a decrease of people under 15 years of age of about 1.9% respect since the previous year, and also the people aged between 15 and 64 years old has decreased of 0.39%. However, the people aged 65 and over has seen an increase of 22.000 units since the year before, which also caused an increase of the population aged over 75 who has reached 1.396 thousand 3.5% more than 2021, the 53.4% of the over 65 years old category in 2022.

2. Prospective of the Future Japanese Population based on the “Population Projections for Japan: 2021 to 2070” report.

After having analyzed the 2022 Census data about the Japanese population, my intention is to understand what the future Japanese population will be. To achieve this result, I will use the Population Projection for Japan produced by the National Institute of Population and Social Security Research.

The projection report at the base of my study will be the “Population Projections for Japan (2023 revision): 2021 to 2070”, which is based on the census of 2020. The method, which is used to create the report data is the Cohort Component Method.¹⁴

2.1 Cohort Component Method

The Cohort-Component Model is one of the most used in the demographic field. It has been used for population projection construction for more than a century. It provides a flexible yet powerful approach to population projection, which is the reason why it

¹⁴ National Institute of population and Social Security research, *Reiwa 3 (2021)- 52 (2070) nen. Fu: sankō suikei reiwa 53 (2071) – 102 (2120) nen*, (Population Projections for Japan: 2021-2070 (With long-range Population Projections: 2071-2120)), 令和 3(2021)～52(2070)年 附：参考推計 令和 53(2071) ～ 102(2120) 年, Population Research Series No.347 August 31, 2023, [pp202311_ReportALL.pdf \(ipss.go.jp\)](https://www.ipss.go.jp/pp202311_ReportALL.pdf), p. 15.

become one of the essential tools used by governments and planning organizations to understand the likely future size and composition of a population.¹⁵

2.1.1 Data needed to create a projection using the Cohort-Component Model

To create a population projection assumption using this model is necessary to set for each sex and age group four category of information: jump-off population, future fertility rate, future survival rate and future international migration rate.

Jump-off population: is the starting point of the projection, data of the total population by age and sex, a Census.¹⁶

Future fertility rate: it requires data on the female age-specific fertility rate of the chosen year. In this method the birth process per female group (population born in the same year) over the course of their life is observed, and from there the forecast fertility rate for group is created. The future age-specific and total fertility rates on an annual basis can be obtained by converting the cohort age-specific data into annual data.¹⁷

Future survival rate: to project the population from one year to the next, survival rates by age and sex are needed, and to obtain future survival rates, it is necessary to construct future life tables. For the creation of the tables, Japan implemented the Cohort model with the Lee-Carter model, an international standard model. The construction of future life tables was modified so that the model adapts to Japan's characteristic mortality trend, which exhibits the highest level of life expectancy in the world. The Lee-Carter model describes the change in mortality rates for each age according to the change in the general mortality level by decomposing the matrix of age-specific mortality rates into a standard age schedule, a general level of mortality (mortality index), age-specific mortality rate changes relative to the mortality index, and an error term.¹⁸

¹⁵ Stanley K., SMITH, Jeff, TAYMAN, David A., SWANSON, *A Practitioner's Guide to State and Local Population Projections* (pp.45-50), Overview of the Cohort-Component Method, Vol 37, October 2013, p. 2.

¹⁶ National Institute of Population and Social Security Research, *Population Projections for Japan (2017): 2016 to 2065 Appendix: Auxiliary Projections 2066 to 2115*, [pp29_summary.pdf \(ipss.go.jp\)](#), pp. 5,6.

¹⁷ National Institute of Population and Social Security Research, *Population Projections for Japan (2017): 2016 to 2065 Appendix: Auxiliary Projections 2066 to 2115*, [pp29_summary.pdf \(ipss.go.jp\)](#), p. 6.

¹⁸ National Institute of Population and Social Security Research, *Population Projections for Japan (2017): 2016 to 2065 Appendix: Auxiliary Projections 2066 to 2115*, [pp29_summary.pdf \(ipss.go.jp\)](#), p. 9.

Future international migration rate: the trend of international migration is significantly influenced by the advancement of globalization and changes in socio-economic conditions, as well as the policies and regulations concerning international migration.¹⁹

In addition, the future fertility rate and the future survival rate data are further analyzed in scenarios where the rate vary in medium-, high-, low-rate, which create nine possible variations of the same future in base of how the data interact.

2.2 Population Projections for Japan: 2021 to 2070

The 2023 revision of the Population Projections for Japan states that the Japanese population

is projected to decrease by 30%, and the population aged 65 and over to make up about 40% of the population by 2070. While the projected future total fertility rates are lower than those in the previous revision released in 2017, the pace of population decline would slow slightly due to an increase in life expectancy and a rise in net migration of non-Japanese nationals.²⁰

Even in the previous projection, based on the 2015 Census, it was stated that the Japanese population was going to enter a long period of population decline, in which the young population (0-15 years) was going to decrease of 2.3%, and the working age population (15-64 years) was going to decrease of 9.4%, while the older population (over 65 years) was going to increase by 11.8%, becoming the 38.4% of the total population.²¹

Comparing the two set of data is possible to understand how the projection trend has not changed drastically, indeed the two projections only strengthen their statement throughout the analyzed data.

Taking in consideration that this trend of population decline will not change in the future, it is possible to see more clearly how the future Japanese population projection will develop.

¹⁹ National Institute of Population and Social Security Research, *Population Projections for Japan (2017): 2016 to 2065 Appendix: Auxiliary Projections 2066 to 2115*, [pp29_summary.pdf \(ipss.go.jp\)](#), p. 10.

²⁰ National Institute of Population and Social Security Research, *Population Projections for Japan (2023 revision): 2021 to 2070. Summary of Results*, [pp2023e_Summary.pdf \(ipss.go.jp\)](#), Cit., p. 1.

²¹ National Institute of Population and Social Security Research, *Population Projections for Japan (2017): 2016 to 2065 Appendix: Auxiliary Projections 2066 to 2115*, [pp29_summary.pdf \(ipss.go.jp\)](#), pp. 1-3.

For this very reason I decided to analyze the “Population Projections for Japan: 2021 to 2070”, based on the 2020 Census, in search of data that will comply with the 2022 total population data analyzed before, to understand which fertility and mortality rate variation will characterize the future Japanese population.

2.2.1 Analysis of the Population Projections for Japan: 2021 to 2070 data

I will start my analysis of the projections report studying the total population projection and comparing the 2020 projected data to the 2022 census data.

表10-1 総人口：出生中位・高位・低位（死亡中位・高位・低位）各推計値

| 年次 | 死亡中位仮定 | | | 死亡高位仮定 | | | 死亡低位仮定 | | |
|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 出生中位 | 出生高位 | 出生低位 | 出生中位 | 出生高位 | 出生低位 | 出生中位 | 出生高位 | 出生低位 |
| 令和 2 (2020) | 126, 146 | 126, 146 | 126, 146 | 126, 146 | 126, 146 | 126, 146 | 126, 146 | 126, 146 | 126, 146 |
| 3 (2021) | 125, 527 | 125, 599 | 125, 460 | 125, 427 | 125, 500 | 125, 361 | 125, 619 | 125, 692 | 125, 553 |
| 4 (2022) | 124, 978 | 125, 143 | 124, 827 | 124, 745 | 124, 910 | 124, 594 | 125, 196 | 125, 361 | 125, 045 |
| 5 (2023) | 124, 408 | 124, 663 | 124, 173 | 124, 054 | 124, 309 | 123, 819 | 124, 742 | 124, 997 | 124, 507 |
| 6 (2024) | 123, 844 | 124, 194 | 123, 521 | 123, 378 | 123, 728 | 123, 055 | 124, 285 | 124, 636 | 123, 962 |

Table 5 Detail of the Total population (*sōjinkō*, 総人口): birth medium (*shussei- chūi*, 出生中位), high (*kōi*, 高位) and low (*teii*, 低位) (death medium (*shibō- chūi*, 死亡中位), high (*kōi*, 高位) and low (*teii*, 低位)) each estimate (*kaku-suikeichi*, 各推計値). The population is shorten as thousand units (1.000 人).²²

The total population reference data will be 124.947.000 people, according to 2022 Census.

Looking at the table (*Table 5*) is immediately visible how the right part of the chart, where the death rate supposition is low (*shibō teii katei* 死亡低位仮定), include only data which surpass the chosen reference data. While looking at the other two segment, there are two data that can be taken in consideration: 124.978 thousand in the first column of the medium birth rate (*shussei chūi*, 出生中位) of the medium rate death supposition set (*shibō chūi katei*, 死亡中位仮定), and the 124.910 thousand in the second column of the high birth rate (*shussei kōi*, 出生高位) of the high-rate death supposition set (*shibō kōi katei*, 死亡高位仮定).

²² National Institute of population and Social Security research, *Reiwa 3 (2021)- 52 (2070) nen. Fu: sankō suikei reiwa 53 (2071) – 102 (2120) nen*, Population Research Series No.347 August 31, 2023, [pp202311_ReportALL.pdf \(ipss.go.jp\)](https://www.ipss.go.jp/pp202311_ReportALL.pdf), p. 174.

The difference between the medium-birth, medium-death rate data and the reference data is 31 thousand over, while the difference between the high-birth, high-death rate data and the reference data is 37 thousand less. A difference around 0,024-0,029%.

After having proved how the two chosen data are the most near and similar to the Japanese total population in 2022, is now time to inspect how the population composition of those two chosen data will be.

In 2022 the population was composed by 14.503 thousand people in age 0-15, the 11.6%; 74.208 thousand people in age 15-64, the 59.4%; and 36.236 thousand people over 65 years in age, the 29.0% of the population.

表1-1 総数、年齢3区分(0~14歳, 15~64歳, 65歳以上)別総人口及び年齢構造係数: 出生中位(死亡中位)推計

| 年次 | 人口(1,000人) | | | | 割合(%) | | |
|-------------|------------|--------|--------|--------|-------|--------|-------|
| | 総数 | 0~14歳 | 15~64歳 | 65歳以上 | 0~14歳 | 15~64歳 | 65歳以上 |
| 令和 2 (2020) | 126,146 | 15,032 | 75,088 | 36,027 | 11.9 | 59.5 | 28.6 |
| 3 (2021) | 125,527 | 14,792 | 74,508 | 36,226 | 11.8 | 59.4 | 28.9 |
| 4 (2022) | 124,978 | 14,515 | 74,196 | 36,266 | 11.6 | 59.4 | 29.0 |
| 5 (2023) | 124,408 | 14,202 | 73,858 | 36,348 | 11.4 | 59.4 | 29.2 |
| 6 (2024) | 123,844 | 13,915 | 73,466 | 36,463 | 11.2 | 59.3 | 29.4 |

Table 6 Detail of Total (*sōsū*, 総数), total population (*sōjinkō*, 総人口) by three age groups groups (*nenrei 3kubun-betsu*, 年齢3区分別) (0-14, 15-64 and 65+) and age structure coefficients (*nenrei kōzō keisū*, 年齢構造係数): median birth (*shusseī chūi*, 出生中位) (median death (*shibō chūi*, 死亡中位)) projection (*suikei*, 推計). The population is shorten as thousand units (1.000 人).²³

Table 6 show the total population composition between the main three groups of age of the median birth, median death rate. As it is written here the population is composed by 14.515 thousand people in age 0-14, the 11.6%; 74.196 thousand people in age 15-64, the 59.4%; and 36.266 thousand people over 65 years in age, the 29.0% of the population.

²³ National Institute of population and Social Security research, *Reiwa 3 (2021)- 52 (2070) nen. Fu: sankō suikei reiwa 53 (2071) – 102 (2120) nen*, Population Research Series No.347 August 31, 2023, [pp202311_ReportALL.pdf \(ipss.go.jp\)](https://www.ipss.go.jp/pp202311_ReportALL.pdf), p. 139.

表5-1 総数、年齢3区分(0~14歳, 15~64歳, 65歳以上)別総人口及び年齢構造係数:出生高位(死亡高位)推計

| 年次 | 人口(1,000人) | | | | 割合(%) | | |
|-------------|------------|--------|--------|--------|-------|--------|-------|
| | 総数 | 0~14歳 | 15~64歳 | 65歳以上 | 0~14歳 | 15~64歳 | 65歳以上 |
| 令和 2 (2020) | 126,146 | 15,032 | 75,088 | 36,027 | 11.9 | 59.5 | 28.6 |
| 3 (2021) | 125,500 | 14,865 | 74,499 | 36,136 | 11.8 | 59.4 | 28.8 |
| 4 (2022) | 124,910 | 14,679 | 74,175 | 36,055 | 11.8 | 59.4 | 28.9 |
| 5 (2023) | 124,309 | 14,456 | 73,827 | 36,026 | 11.6 | 59.4 | 29.0 |
| 6 (2024) | 123,728 | 14,264 | 73,425 | 36,039 | 11.5 | 59.3 | 29.1 |

Table 7 Detail of Total (*sōsū*, 総数), total population (*sōjinkō*, 総人口) by three age groups groups (*nenrei 3kubun-betsu*, 年齢3区分別) (0-14, 15-64 and 65+) and age structure coefficients (*nenrei kōzō keisū*, 年齢構造係数): high birth (*shusseï kōi*, 出生高位) (high death (*shibō kōi*, 死亡高位)) projection (*suikei*, 推計). The population is shorten as thousand units (1.000 人).²⁴

Table 7, instead, show the total population composition between the main three groups of age of the high birth, high death rate. As it is written here the population is composed by 14.679 thousand people in age 0-14, the 11.8%; 74.175 thousand people in age 15-64, the 59.4%; and 36.055 thousand people over 65 years in age, the 29.0% of the population.

The difference between the two projection is mainly over the younger population group, which change for only 0.2%, a variation that increase of 164 thousand people the population aged between 0 and 14 years old.

However, the data to which they are compared to is the composition of the population in the 2022 Census. For its number, and percentage composition, it seems that the median birth, median death rate projection is the one more similar to the chosen reference data.

Therefore, if has previously stated, the Japanese population will not change his growth trend, I think it is possible to state that: the most plausible future for the Japanese population will be included inside the median birth, median death rate projection produced by the National Institute of population and Social Security Research.

2.2.2 How the Japanese population will evolve following the median birth, median death rate projection.

After the comparison of the 2022 census data with the population projection based on the 2020 census, having conclude that the most possible future for the Japanese

²⁴ National Institute of population and Social Security research, *Reiwa 3 (2021)- 52 (2070) nen. Fu: sankō suikei reiwa 53 (2071) – 102 (2120) nen*, Population Research Series No.347 August 31, 2023, [pp202311_ReportALL.pdf \(ipss.go.jp\)](https://www.ipss.go.jp/pp202311_ReportALL.pdf), p. 169.

population is include inside the median birth, median death rate projection, I will now analyze how the Japanese population will evolve over two main data: total population, and population by age.

By observing the first column of *table 8*, which is about the total population (sōsū, 総数), is possible to see how the Japanese population will enter a long-term process of population decline. The population will be 116.639 thousand by 2035, around 10 million less than the reference data of 2020, to be less than 100 million by 2056. The decrease will take the population to reduce by 31%, 39.150 thousand people, by 2070. As is possible to see with *figure 1* the decrease in population will steadily increase each year.

表1-1 総数、年齢3区分(0~14歳, 15~64歳, 65歳以上)別総人口及び年齢構造係数:出生中位(死亡中位)推計

| 年次 | 人口(1,000人) | | | | 割合(%) | | |
|-------------|------------|--------|--------|--------|-------|--------|-------|
| | 総数 | 0~14歳 | 15~64歳 | 65歳以上 | 0~14歳 | 15~64歳 | 65歳以上 |
| 令和 2 (2020) | 126,146 | 15,032 | 75,088 | 36,027 | 11.9 | 59.5 | 28.6 |
| 3 (2021) | 125,527 | 14,792 | 74,508 | 36,226 | 11.8 | 59.4 | 28.9 |
| 4 (2022) | 124,978 | 14,515 | 74,196 | 36,266 | 11.6 | 59.4 | 29.0 |
| 5 (2023) | 124,408 | 14,202 | 73,858 | 36,348 | 11.4 | 59.4 | 29.2 |
| 6 (2024) | 123,844 | 13,915 | 73,466 | 36,463 | 11.2 | 59.3 | 29.4 |
| 7 (2025) | 123,262 | 13,633 | 73,101 | 36,529 | 11.1 | 59.3 | 29.6 |
| 8 (2026) | 122,661 | 13,355 | 72,742 | 36,564 | 10.9 | 59.3 | 29.8 |
| 9 (2027) | 122,044 | 13,100 | 72,335 | 36,609 | 10.7 | 59.3 | 30.0 |
| 10 (2028) | 121,414 | 12,850 | 71,880 | 36,683 | 10.6 | 59.2 | 30.2 |
| 11 (2029) | 120,771 | 12,625 | 71,367 | 36,779 | 10.5 | 59.1 | 30.5 |
| 12 (2030) | 120,116 | 12,397 | 70,757 | 36,962 | 10.3 | 58.9 | 30.8 |
| 13 (2031) | 119,448 | 12,193 | 70,438 | 36,817 | 10.2 | 59.0 | 30.8 |
| 14 (2032) | 118,766 | 12,026 | 69,705 | 37,035 | 10.1 | 58.7 | 31.2 |
| 15 (2033) | 118,071 | 11,879 | 68,949 | 37,243 | 10.1 | 58.4 | 31.5 |
| 16 (2034) | 117,362 | 11,771 | 68,111 | 37,480 | 10.0 | 58.0 | 31.9 |
| 17 (2035) | 116,639 | 11,691 | 67,216 | 37,732 | 10.0 | 57.6 | 32.3 |
| 18 (2036) | 115,902 | 11,605 | 66,268 | 38,030 | 10.0 | 57.2 | 32.8 |
| 19 (2037) | 115,152 | 11,551 | 65,230 | 38,371 | 10.0 | 56.6 | 33.3 |
| 20 (2038) | 114,391 | 11,520 | 64,132 | 38,739 | 10.1 | 56.1 | 33.9 |
| 21 (2039) | 113,619 | 11,474 | 63,080 | 39,066 | 10.1 | 55.5 | 34.4 |
| 22 (2040) | 112,837 | 11,419 | 62,133 | 39,285 | 10.1 | 55.1 | 34.8 |
| 23 (2041) | 112,045 | 11,360 | 61,254 | 39,431 | 10.1 | 54.7 | 35.2 |
| 24 (2042) | 111,243 | 11,292 | 60,451 | 39,500 | 10.2 | 54.3 | 35.5 |
| 25 (2043) | 110,434 | 11,214 | 59,691 | 39,529 | 10.2 | 54.1 | 35.8 |
| 26 (2044) | 109,620 | 11,126 | 58,989 | 39,505 | 10.1 | 53.8 | 36.0 |
| 27 (2045) | 108,801 | 11,027 | 58,323 | 39,451 | 10.1 | 53.6 | 36.3 |
| 28 (2046) | 107,981 | 10,919 | 57,720 | 39,342 | 10.1 | 53.5 | 36.4 |
| 29 (2047) | 107,159 | 10,801 | 57,125 | 39,232 | 10.1 | 53.3 | 36.6 |
| 30 (2048) | 106,336 | 10,676 | 56,529 | 39,131 | 10.0 | 53.2 | 36.8 |
| 31 (2049) | 105,512 | 10,544 | 55,945 | 39,022 | 10.0 | 53.0 | 37.0 |
| 32 (2050) | 104,686 | 10,406 | 55,402 | 38,878 | 9.9 | 52.9 | 37.1 |
| 33 (2051) | 103,859 | 10,263 | 54,900 | 38,696 | 9.9 | 52.9 | 37.3 |
| 34 (2052) | 103,029 | 10,115 | 54,409 | 38,505 | 9.8 | 52.8 | 37.4 |
| 35 (2053) | 102,195 | 9,965 | 53,941 | 38,288 | 9.8 | 52.8 | 37.5 |
| 36 (2054) | 101,355 | 9,813 | 53,500 | 38,042 | 9.7 | 52.8 | 37.5 |
| 37 (2055) | 100,508 | 9,659 | 53,070 | 37,779 | 9.6 | 52.8 | 37.6 |
| 38 (2056) | 99,654 | 9,507 | 52,652 | 37,495 | 9.5 | 52.8 | 37.6 |
| 39 (2057) | 98,792 | 9,357 | 52,213 | 37,222 | 9.5 | 52.9 | 37.7 |
| 40 (2058) | 97,920 | 9,209 | 51,771 | 36,939 | 9.4 | 52.9 | 37.7 |
| 41 (2059) | 97,038 | 9,067 | 51,286 | 36,685 | 9.3 | 52.9 | 37.8 |
| 42 (2060) | 96,148 | 8,930 | 50,781 | 36,437 | 9.3 | 52.8 | 37.9 |
| 43 (2061) | 95,249 | 8,800 | 50,273 | 36,176 | 9.2 | 52.8 | 38.0 |
| 44 (2062) | 94,342 | 8,677 | 49,748 | 35,916 | 9.2 | 52.7 | 38.1 |
| 45 (2063) | 93,428 | 8,563 | 49,205 | 35,660 | 9.2 | 52.7 | 38.2 |
| 46 (2064) | 92,509 | 8,457 | 48,659 | 35,392 | 9.1 | 52.6 | 38.3 |
| 47 (2065) | 91,587 | 8,360 | 48,093 | 35,134 | 9.1 | 52.5 | 38.4 |
| 48 (2066) | 90,663 | 8,270 | 47,531 | 34,861 | 9.1 | 52.4 | 38.5 |
| 49 (2067) | 89,739 | 8,188 | 46,976 | 34,575 | 9.1 | 52.3 | 38.5 |
| 50 (2068) | 88,819 | 8,113 | 46,434 | 34,273 | 9.1 | 52.3 | 38.6 |
| 51 (2069) | 87,904 | 8,042 | 45,879 | 33,983 | 9.1 | 52.2 | 38.7 |
| 52 (2070) | 86,996 | 7,975 | 45,350 | 33,671 | 9.2 | 52.1 | 38.7 |

各年10月1日現在の総人口(日本における外国人を含む)。令和2年(2020)年は、総務省統計局『令和2年国勢調査 参考表：不詳補完結果』による。

Table 8 Total (*sōsū*, 総数), total population (*sōjinkō*, 総人口) by three age groups groups (*nenrei 3kubun-betsu*, 年齢3区分別) (0-14, 15-64 and 65+) and age structure coefficients (*nenrei kōzō keisū*, 年齢構造係数): median birth (*shusseī chūi*, 出生中位) (median death (*shibō chūi*, 死亡中位)) projection (*suikei*, 推計). The population is shorten as thousand units (1,000 人).²⁵

²⁵ National Institute of population and Social Security research, *Reiwa 3 (2021)- 52 (2070) nen. Fu: sankō suikei reiwa 53 (2071) – 102 (2120) nen*, Population Research Series No.347 August 31, 2023, [pp202311_ReportALL.pdf\(ipss.go.jp\)](http://pp202311_ReportALL.pdf(ipss.go.jp)), p. 139.

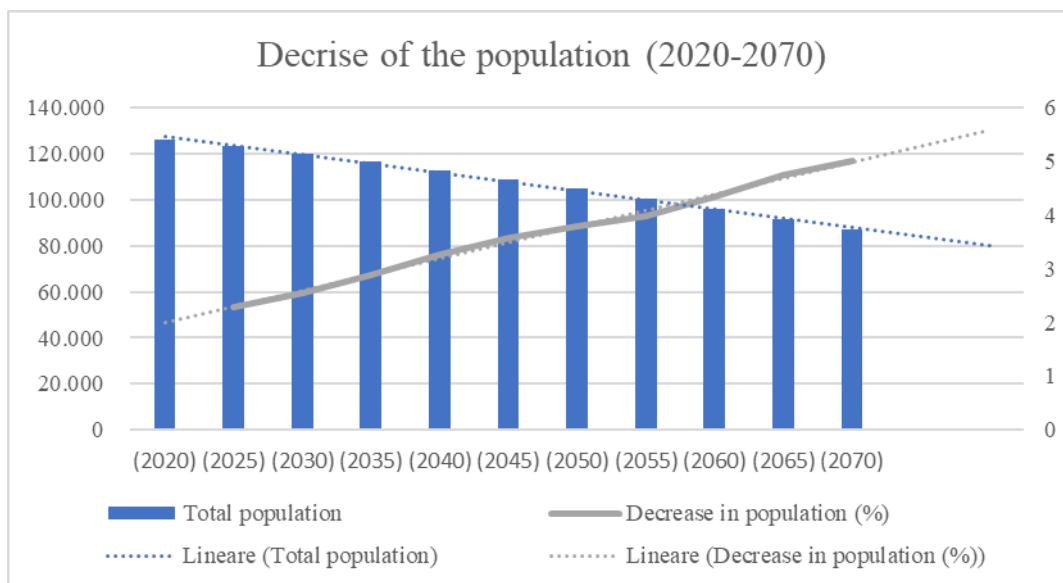


Figure 1 Table made from the Table 8 data. It shows how the Japanese population will decrease during the period between 2020 and 2070.

This trend is mainly influenced by the lower fertility rate, which will affect the birth rate. Between 2020 and 2070 the births will diminish of the 39.8%, starting from 831 thousand birth, to be only 500 thousand in 2070. Moreover, the death rate will grow its number until it will be three times the number of births in 2057, when for the 552 thousand births, 1.554 thousand deaths will be registered.²⁶

As for the composition of the population, table 8 show in its second, third and fourth column the division in the main three group: 0-14 years old, 15-64 years old, and over 65 years old.

The younger generation, 0-14 years old, influenced by the low fertility rate, it is estimated to continue to decline, falling below 10 million by 2053 and reaching the size of 7.975 thousand in 2070.

The working age-population, 15-64 years old, will remain to be over the 50% of the population, however it will fall below 70 million, 60 million and 50 million in 2032, 2043 and 2062, respectively, and to reach 45.350 thousand in 2070. Decreasing by 7.4%.

²⁶ National Institute of population and Social Security research, *Reiwa 3 (2021)- 52 (2070) nen. Fu: sankō suikei reiwa 53 (2071) – 102 (2120) nen*, Population Research Series No.347 August 31, 2023, [pp202311_ReportALL.pdf\(ipss.go.jp\)](http://pp202311_ReportALL.pdf(ipss.go.jp)), p. 147.

The elderly, 65 years and over, will steadily increase, having its peak in 2043, with 39.529 thousand, after the second baby boom generation (born between 1971 and 1974) enters the population aged 65 and over, before declining to 33.671 thousand in 2070.²⁷

Discussion

Therefore, the future Japanese population, taking in consideration that the trend of population decline will not change in the future, and will keep a median-birth, median-death rate, will enter a long-term decrease in population that will reduce the population by 31% by 2070.

As for the population composition, as the birth rate is also going to decrease, the younger generation will decrease of 2.7%, reaching 7.975 thousand people in 2070. The working-age population will still be over 50% of the population, however, because the low birth rate it will also reduce of 7.4%, reaching 45.350 thousand in 2070. Only the elderly population will increase, thanks to the second baby boom generation (born between 1971 and 1974) enters the 65 and over population, having its peak in 2043, before declining to 33.671 thousand in 2070.

This is going to be a likely future for the Japanese population, if a change will not be realized to the Country demographic trend.

²⁷ National Institute of population and Social Security research, *Reiwa 3 (2021)- 52 (2070) nen. Fu: sankō suikei reiwa 53 (2071) – 102 (2120) nen*, Population Research Series No.347 August 31, 2023, [pp202311_ReportALL.pdf \(ipss.go.jp\)](https://www.ipss.go.jp/pp202311_ReportALL.pdf), pp. 2-5.

Second Chapter: Japanese Public Expenditure

Public expenditure, or government spending, is incurred on provision of public goods, dispensation of public services, construction of public works, transferring resources for social security, subsidization of merit services and in running public utilities.²⁸

In the specific the public expenditure are all the economic resources that the State use, specifically by the Central Administration, such as the Ministry, social security institutions and decentralized administrations, such as local authorities, to provide public services, to make the government organization work and to balance the public debt.²⁹

In addition, the public expenditure is also an indicator of the power of a State, as for how many resources the State can manage in relation to the wealth the nation produces, and an object of power, as the administrations decide how to distribute the monetary found in the different public expenditure cohorts.

Therefore, is possible to understand how well are linked the public expenditure and the economic growth of a state.³⁰

The main way to provide funds for the public expenditure is through the Tax System. By paying its taxes each citizen is helping to produce new state services, which they can also benefit from, for this reason it is said that taxes are a “society membership fee.”

As taxes are the main funds providers, they are the most direct method to finance the public expenditure, which make them a limit to the economic fluctuation and a system to stabilize the state economy, by holding down total demand through a tax revenue rise

²⁸ Chaubey P. K., *Unit-13 Theory of Public Expenditure*, Block-5 Public Expenditure, Debt and Deficits, Indira Gandhi National Open University, New Delhi, 2020, Cit., p. 5.

²⁹ Institut National de la statistique et des études économiques (INSEE), *Public expenditure, Definition*, 1 June 2021, <https://www.insee.fr/en/metadonnees/definition/c2125>, (Last visit: 15/11/2023).

³⁰ Abhishek, KUMAR, William, JOE, *Chapter 3 - The Multiplier Effect of Developmental and Non-developmental Expenditure in India*, Rama P. Kanungo, Chris Rowley, Anurag N. Banerjee, *Changing the Indian Economy*, Elsevier, 2018, pp. 37-53.

during an economic boom and stimulating total demand through a tax revenue decline during a slump.³¹

The other method of obtaining funds to invest in public spending is by issuing national government bonds. This second method is adopted when the revenue tax of the year can not cover all the spending instantiated for the year Budget. However, when issuing those bonds, the State indebted itself causing the public debt to increase.³²

1. The Japanese Public Finance, analyses of the “Japanese Public Finance Fact Sheet” of the year 2023

After the general explanation of what is the Public Expenditure and its role inside the social and economic sphere in a nation, I will now analyze the “Japanese Public Finance Fact Sheet,” produced by the Ministry of Finance of Japan, for the year 2023.

I will do so to observe and understand how Japan has divided its financial resources to improve its economic and social situation.

The total budget for the year 2023 was 114.831 billion yen. And more than two third of it were allocated in: social security expenditures (32.3%), and national debt services (22.1%), local allocation tax grants (14.3%).³³

1.1 Division of the 2023 General account budget

The division of the 2023 budget was in three general categories: the General Expenditure, with 63.6%, of 72.731 billion; the National Debt Service, with 22.1% of 25.250 billion; and the Local Allocation Tax Grants, etc, with 14.3%, of 16.339 billion yen. (Figure 2)³⁴

Half of the General Expenditure was taken by the Social Security, with 32.3%, 36.888 billion yen, second place was occupied by National Defense (excluding the Carry-Over

³¹ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, pp. 2,3.

³² Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 27.

³³ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 1.

³⁴ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 1.

to Defense Build-Up, which takes the 3.0%), with 5.9%, 6.788 billion yen, and at third place the Public Work, with 5.3%, 6.060 billion yen.

The remaining groups were Education and Science, with 4.7%, 5.415 billion yen, Contingency Fund for the COVID-19 and measures to address soaring crude oil and commodity prices, with 3.5%, 4.000 billion yen, and others with the remaining 8.0%, which was mainly composed by the Miscellaneous with 5.800 billion and Food Supply with 1.265 billion yen.³⁵

Compared to the General Expenditure the National Debt Service divided its budget only in two accounts, the Redemption of the National debt, which took two third of the budget, with 16.756 billion yen, and Interest Payments with 8.494 billion yen.³⁶

As for the Local Allocation Tax Grants (LAT Grants), which is a financial resource for local governments, it was not divided in any subcategory.

About the total amount of the LAT Grants, it is based on a certain percentage of income tax and corporation tax, liquor tax and lastly consumption tax, in order 33.1%, 50% and 20.8%. The full amount of local corporation tax is determined each year on a macro basis based on standard revenue and expenditure estimates for local government finances in local financial plans.³⁷

³⁵ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 1.

³⁶ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 1.

³⁷ Local Bond Association (Chihōsai kyōkai, 地方債協会), *Chihōsai no anzensei*, (The Security of Local Bond), 地方債の安全性, [一般財団法人 地方債協会 -地方債の安全性- \(chihousai.or.jp\)](http://www.chihousai.or.jp), (Last visit: 16/11/2023).

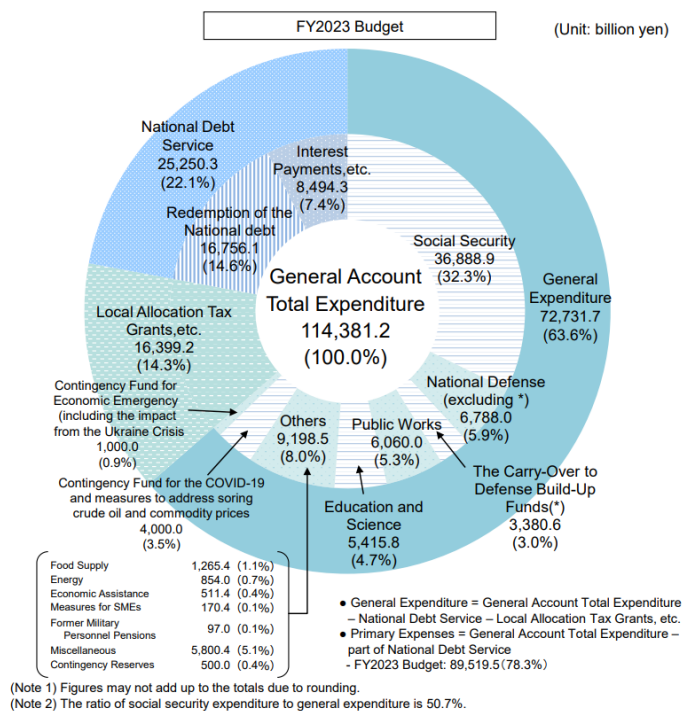


Figure 2 General Account Budget for the year 2023.³⁸

1.2 Tax revenue

The Tax revenue for the 2023 general account budget was estimated to be around 69 trillion yen. This means that the government expenditure could not be fully financed by tax and other revenues this year, the current revenue accounts for only about two-thirds of the whole expenditure.³⁹

As a result, the rest of one-third relied on the revenue from issuing government bonds, which means it will be adding to the national debt, and by doing so it became a burden for the future generations, as they are going to pay for its extinguishment.⁴⁰

The type of bonds that were issued are the **Construction bonds**, which is a type of bond issued to finance public works expenditure, capital contributions and loans in accordance with the proviso to Article 4(1) of the Finance Act, and the **Special Deficit-Financing bonds**, which enter in the Special government bonds (deficit bonds) category, it is a type of bond issued under special laws to raise funds for expenditure other than

³⁸ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p 1.

³⁹ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, pp. 2,3.

⁴⁰ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, pp. 2,3.

public works expenditure when revenue is expected to be insufficient even after issuing construction bonds.⁴¹

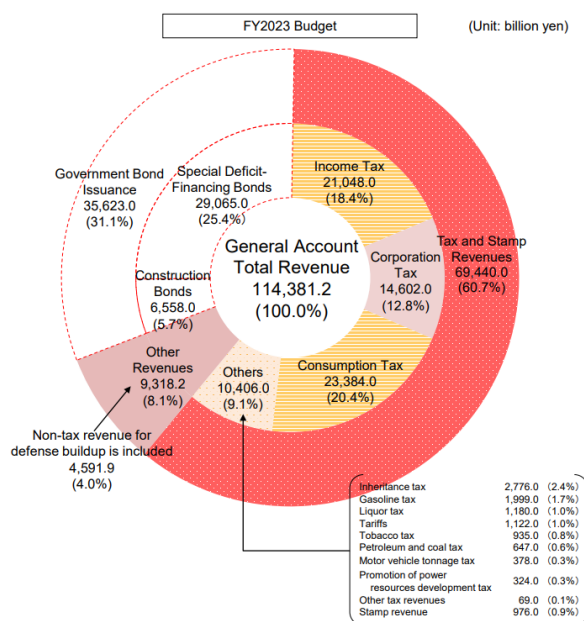


Figure 3 Tax revenue for the General Account Budget for the year 2023.⁴²

1.2.2 General Account Expenditure and Long-term Debt consequences

As explained before, if the tax revenue cannot cover all the public expenditure the funding shortfall gap created will be filled by issuing national government bonds (construction bonds and special deficit-financing bonds).

It was after the OPEC petroleum price hikes in the 1970s, that Japan has started implementing substantial government bonds to keep up with the provision of social services after the resulting economic and social change. Those changes were caused by an economic and fertility crisis, while life expectancy and the median age of the population steadily increased⁴³.

⁴¹ Ministry of Finance, *Kokusai to ha*, (What are government bonds?), 国債とは, [国債とは : 財務省 \(mof.go.jp\)](http://www.mof.go.jp), (Last visit: 16/11/2023).

⁴² Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p 2.

⁴³ AOKI, *A Demographic Perspective on Japan's 'Lost Decades.'*, (Population and Development Review, vol. 38, 2013, JSTOR, <http://www.jstor.org/stable/23655289>), pp. 104,105.

Since 1975 the Japanese Public Finance has been running a budget deficit every fiscal year.

For the year 2023, the bond dependency ratio (bond issuance / general account total expenditure) was projected to be 31.1%, while the outstanding amount accumulated was projected to be 1.068 trillion yen for the end of the year.⁴⁴

In addition to long-term debts as the government general bonds, there are also other debts which add up, such as borrowings and local government bonds.

Which can be divided mainly in **public debt outstanding of central and local governments** (incurred through general policy expenditure); **long-term debt outstanding of central and local governments** (of which interest payments and redemption funds are mainly covered by tax revenue); **government bonds and borrowings outstanding** (debt outstanding which shows the overview of the central government's financing activities such as raising funds from markets); and **general government gross debt** (central government, local governments, and social security funds) based on the universal standard (SNA) to contribute to international comparison.⁴⁵

However, the main factor for such a high increase of the Government General Bonds Outstanding Breaking between the year 1990 and 2023 were two. (*Figure 4*)

From an expenditure side: there was an increase in social security expenditures due to the population aging and local allocation tax grants, etc., while from a revenue side: there was a decline in tax revenue due to economic downturns and tax cuts, which lead to an Increase in Outstanding Government General Bonds of about 897 trillion yen.⁴⁶

⁴⁴ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p 4.

⁴⁵ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 6.

⁴⁶ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, pp. 7,8.

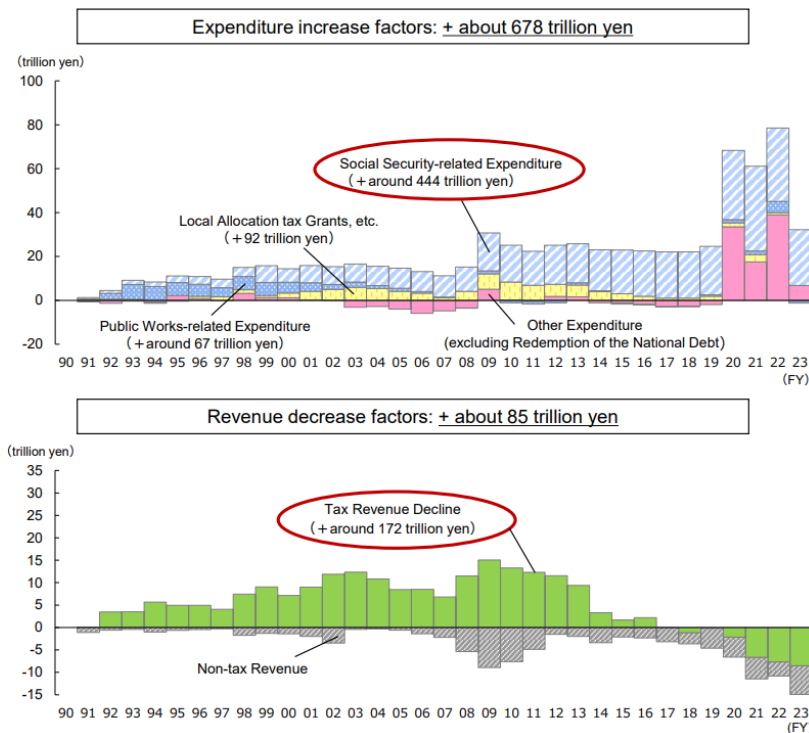


Figure 4 Factors for an Increase in Government General Bonds Outstanding.⁴⁷

2. Japanese Social Security System and its Expenditure

2.1 History of Japanese social security

The history of Japanese social security could be found in charity-oriented communal activities for the poor in the pre-modern era. The “*Shikain* (四箇院)” (four institutions for the frail elderly without family, etc.), set up in 539, was an example of this.

Even if different institution and important people, such as the Buddhist temples, the Imperial court, the Shogunate, and the feudal lords provided relief to the poor, it was only for a limited beneficiary (poor elderly without family).

The main reason for such help to be limited to only a small group was because “mutual aid” was a principal of the society in that Era.

En example of mutual aid of the social capital of the pre-modern society was “*Gonin-gumi* (五人組)” (a five-member group in the Edo Era), who not only took care of the render payment (*Nengu* 年貢), but also the aid in the community.

⁴⁷ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, page 7.

As for healthcare, from ancient times traditional medicine had been imported from China, and in the latter Edo period, Western medicine had been imported from the Netherlands through Nagasaki. Private schools of the Netherlands studies (*Rangaku Juku* 蘭学塾) were set up in Nagasaki and Chiba, and from these, the notable medical faculties of the University in Japan originated.⁴⁸

In the Meiji Era (1868-1912), Japan started to develop in modernization.

The Indigent Person's Relief Regulation was enacted in 1884, but the principle of this regulation remained "mutual aid for the poor," and the beneficiaries were severely limited. An amendment to expand the beneficiaries of the law was discussed by the Imperial Parliament.

It was only with the Poor Relief Law in 1929, that the number of beneficiaries were extended, but it was still inadequate to cope with the situation of that time.⁴⁹

Then it was in the Meiji (1868-1912) and Taisho Eras (1912-1926) that poor health and bad working conditions for factory workers become a serious social problem. This led to the introduction of the Factory Law (1911), which was an origin of the Labor Standards Act (1947).

And after that, a social insurance scheme was introduced for workers. It included the Health Insurance Act (1927), the National Health Insurance Act (1938), and the Labor Pension Insurance Act (1941).

In 1938 the Ministry of Health and Welfare was established. Social welfare, healthcare, public health, and labor policy were its main concern. Local governments also made efforts to cope with poverty.

This system spread throughout Japan and has led to the present welfare commissioner and commissioned child welfare volunteers. In addition to these, many charitable persons set up welfare institutions like orphanages, facilities for intellectually disabled persons, and nursing homes for the elderly.

However, these systems were still inadequate in terms of population coverage.

⁴⁸ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, ISSN 2186 – 0297, IPSS Research Report No.85, July 26, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](#), p. 17.

⁴⁹ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](#), p. 17.

In terms of medicine, the Meiji government decided to introduce Western medicine (from Germany) and had developed a medical doctor license qualification system and educational institutions.

The government also constructed the mechanism of modern public health (Act on Prevention of Infectious Diseases in 1897). The Maternal and Child Health Act was enacted in 1937. Based on this act, the “Maternal Handbook” began to be issued in 1942 (presently, the “Maternal and Child Health Handbook”, a book to protect and promote the health of mother and child by recording health checkups).

The social security system in Japan developed dramatically after the end of World War II. Just after the war, infrastructure development related to social welfare policies were issued along with measures to assist the needy, improve nutrition, and prevent infectious diseases were implemented.⁵⁰

In the Constitution of Japan enacted in 1947, Article 25 stipulates the fundamental principles for developing a social security system and became the starting point for social security-related laws created in the post-war era.⁵¹ The Article stipulates that "All citizens have the right to a minimum standard of living that is healthy and culturally appropriate," and that "The State shall endeavor to improve and promote social welfare, social security, and public health in all spheres of life”, the so-called "right to exist".⁵²

In 1947, the Ministry of Labour was separated from the Ministry of Health and Welfare to independently oversee labor policy (they were re-integrated in 2001 as the Ministry of Health, Labour and Welfare). In 1947 unemployment insurance was introduced.

During the rapid economic growth period that followed, the public pension and health insurance were expanded so more could benefit, but only in 1961 with the so-called “Universal Coverage in Public Pension and Health Insurance” they were extended to all citizens.

The Act on Social Welfare Service for the Elderly and the Maternal and Child Welfare Act were enacted in 1963 and 1964, respectively. The social security system was then reviewed during the period of stable economic growth starting in the late 1970s.

⁵⁰ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](#), pp.17,18.

⁵¹ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](#), p. 18.

⁵² Ministry of Health, Labor and Welfare, *Shakaihoshō wo kangaerru*, (Considering Social Security), 社会保障を考える, *Kōseirōdō hakusho*, (White Paper on Health, Labor and Welfare, 厚生労働白書), p. 29.

Meanwhile, in response to the aging population the social security system started developing new solution. And since the 1990s, measures against the declining birthrate in addition to the aging society have surfaced as an important policy issue. Which lead to an implementation of pension and health insurance system reforms.

The Long-Term Care Insurance Act was introduced, changed, and corrected five times to provide societal support to the elderly with long-term care needs and their families. Improvement of childcare services and financial support were being promoted to assist in childcare.

In addition, due to changes in employment and the widening differences in the economy, employment policies have also become important.⁵³

2.2 Social Security characteristics and Administration Organizations

A Social Security Scheme is primarily a system that supports the people's livelihood by providing necessary support against conditions that lead to poverty, illness, injury, death, aging, and unemployment.⁵⁴

As stated, the Social Security System is a safety net that support the security and stability of people's lives. It is a system that follow people's lives from childhood to the elderly stage of live. It consists in social insurance, social welfare, public assistance, healthcare, and public health.⁵⁵

Social insurance (pensions, medical care, long-term care): compulsory insurance system designed to provide certain benefits to citizens in the event of illness, injury, childbirth, death, old age, disability, unemployment, and various other accidents (insured accidents) that cause difficulties in their lives, and to ensure the stability of their lives.

Social welfare: a system that provides public support to people with various handicaps in social life, such as the disabled and single-mother families, so that they can overcome their handicaps and lead a secure social life.

⁵³ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](#), p. 18.

⁵⁴ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](#), Cit., p. 18.

⁵⁵ Ministry of Health, Labour and Welfare, *Shakai hoshō to ha nani ka*, (What is Social Security?), 社会保障とは何か, [社会保障とは何か \(mhlw.go.jp\)](#), (Last visit: 22/11/2023).

Public assistance: a system that guarantees a minimum healthy and cultural standard of living and helps people to become self-reliant.

Health and public health: A system for prevention and sanitation on various matters so that citizens can live healthy lives.⁵⁶

This system is not only implemented by the State, but also by other various agents such as prefectures and municipalities.

The administration that holds jurisdiction over the social security system is the Ministry of Health, Labor and Welfare (MHLW). The Ministry sets national standards and promotes projects deemed necessary to be implemented nationally. The Cabinet Office oversees planning governmental basic policy plans related to social security such as population aging and childcare policy.⁵⁷

Local governments and, municipalities (cities, towns, and villages) execute and implement social security services, as each local government has its own social welfare offices and public health centers.

Also in recent years, based on the idea of “local authority,” a decentralization of power has proceeded in the form of delegating financial resources from central to local governments, because of it the social security system is differentiated in many schemes.⁵⁸

Beneficiaries and contributions have been managed separately, but this has led to inconvenience for people and inefficiency in management. To solve these problems, the Social Security and Tax Number Law was approved in 2013 and enacted in October 2015.⁵⁹ A unique number is given to all persons, including foreign residents, and companies in Japan. Paying maximum attention to privacy protection, this “My Number” system⁶⁰ is used for tax and social security service management.

⁵⁶ Ministry of Health, Labour and Welfare, *Shakai hoshō to ha nani ka*, [社会保障とは何か \(mhlw.go.jp\)](https://www.mhlw.go.jp), (Last visit: 22/11/2023).

⁵⁷ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019 [2019 PSSJ.pdf \(ipss.go.jp\)](https://www.ipss.go.jp), p 20

⁵⁸ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](https://www.ipss.go.jp), p 20

⁵⁹ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](https://www.ipss.go.jp), p 20

⁶⁰ National Tax Agency, *Shakai hoshō – zei bangō seido (mainanba seido) no gaiyō*, (Social security and tax number system (My Number System)), 社会保障・税番号制度 (マイナンバー制度) の概要, [社会保障・税番号制度\(マイナンバー制度\)の概要 | 国税庁 \(nta.go.jp\)](https://www.nta.go.jp), (Last visit: 22/11/2023).

In detail My Number system is a system that involves assigning a unique personal number to residents. The twelve numbers which compose this identification number are extrapolated by the resident registration code emitted by the mayor of each municipality.⁶¹ This number is then communicated to residents via their registered address. It is emphasized how the My Number is a personal information and it is strictly confidential and should not be disclosed to third parties unless explicitly allowed by law or ordinance.

A significant procedural change occurred on May 25, 2020, where the issuance of the 'notification card' for personal number notification was abolished. Instead, a 'personal number notification form' was used for this purpose.

In the context of national taxation, both the My Number (personal number) and corporate number were incorporated into tax-related documents like tax returns and statutory reports. This integration facilitates a more accurate and efficient process for collating names and matching them with tax returns, ultimately enhancing the precision of income identification.⁶²

About the social security service providers, such as hospitals and clinics for healthcare, daycare centers and institutions for elderly long-term care, rehabilitation centers and support centers for the disabled, and so forth, can be both public and private. However, private institutions are not allowed to gain profit and distribute it. Both public and private institutions are operated under the supervision of the MHLW and the local governments.⁶³

⁶¹ Life +, jinsei keiken ya taikain wo tsutaeru, Life + , 人生経験や体験を伝える, *Jūminbyō kode to mainanba (kojin-bangō) no mitsu no chigai! Shirabekata, tsukaimichi, henkō hōhō nado, matome*, (3 differences between residential code and my number (personal number)! Summary of how to find out, how to use, how to change, etc.), 住民票コードとマイナンバー(個人番号)の3つの違い! 調べ方・使い道・変更方法などまとめ, [住民票コードとマイナンバーの3つの違い! 【調べ方・使い道まとめ】 \(life-purasu.com\)](http://life-purasu.com) (Last visit: 05/02/2024)

⁶² National Tax Agency, *Shakai hoshō – zei bangō seido (mainanba seido) no gaiyō*, [社会保障・税番号制度\(マイナンバー制度\)の概要 | 国税庁 \(nta.go.jp\)](http://nta.go.jp), (Last visit: 22/11/2023).

⁶³ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](http://ipss.go.jp), p 20.

2.3 Social Security Expenditure

The Social Security expenditure for the year 2023 was approved by the Cabinet on 23 December 2022, and as shown in *figure 2*, was 36.888 billion yen. It was raised of 1.7% respect the previous year 2022.⁶⁴

The coverage of the budget for the social security cohort was not only financed by Social Insurance Contribution, as it was not enough to cover all the expenses instantiated. Therefore, also public expenses were used to avoid concentration of the burden on the working-age generation, as in 2020 they had covered about 19% of the expenses. However, this caused the postponement of the burner to the future generation, as they will pay for it without enjoying their benefits.⁶⁵

The reason the social security cost has been increased each year was because the population has been aging at a high speed since the end of the Second World War, as I explained in the previous chapter.

The so-called "baby boomers" born immediately after the War and the children born during the second baby boom in 1971-74 are becoming elderly, and in the present and future years they will all enter the latter-stages of the elderly category (75 years old or older).⁶⁶

By observing *figure 5*, created with data produced by the Ministry of Internal Affairs and Communications "Population Estimates", National Institute of Population and Social Security Research "Population Projections for Japan (April 2017) (medium-fertility and medium-mortality scenario), by the 2025 the first generation of baby boomers will enter the 18% of the population over 70 years old and by the year 2040 this portion of the population will increase of 2%, reaching 2.239 million people, with the second generation of baby boomers entering the group.⁶⁷

⁶⁴ Kanematsu, カネマツ, *2023 nendo yosanan, shakai-hoshōhi ha kakosaidai no 36.9 chō yen*, (Draft budget for FY2023; social security expenditure is the largest ever at 36.9 trillion yen.), 2023年度予算案、社会保障費は過去最大の36.9兆円, *Shakai-hoshō to minkan-hoken*, (社会保障と民間保険), 10 January 2023, [2023年度予算案、社会保障費は過去最大の36.9兆円 | 社会保障と民間保険 \(hosyou-hoken.com\)](https://www.hosyou-hoken.com/), (Last visit: 22/11/2023).

⁶⁵ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 27.

⁶⁶ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 28.

⁶⁷ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 28.

Demographic Changes in Japan

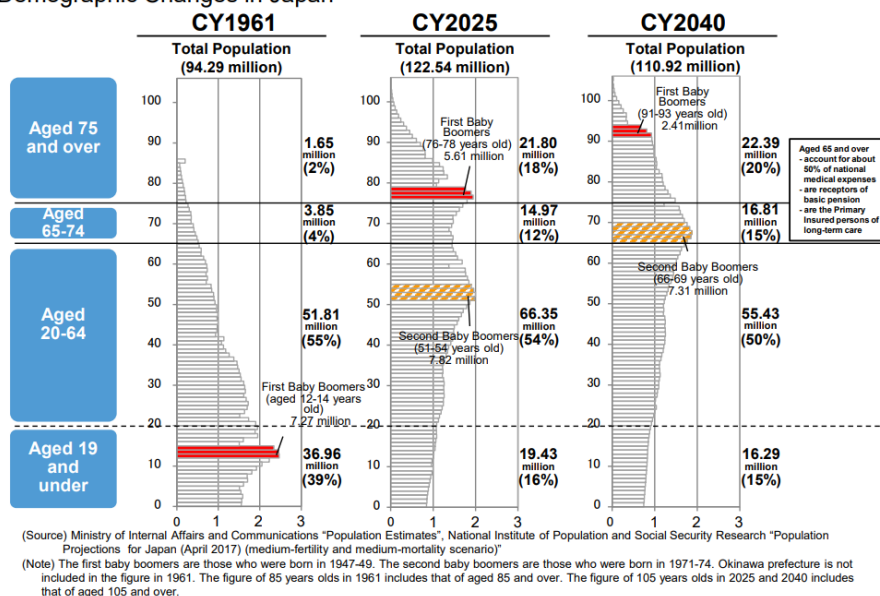


Figure 5 Demographic Changes in Japan. Focus on when the "baby boomers" will be entering the elderly population (over 70 years).⁶⁸

2.3.1 Issues in social security areas

One of the principal concerns in the social security is to address **measures about the declining birthrate and measures for support for child-rearing**.⁶⁹

The decline in the number of births has accelerated and the birthrate has been declining each year, as already presented in chapter one with a focus with *table 3*, which show how the birth rate has decreased since 1990s, while *table 9* show the projection of how the birth rate will diminish to just 500 thousand births for the 2070.

For the child education and childcare economic assistance were implemented in recent years with the use of consumption tax revenue and the contribution from employers (income tax).

Childcare services had been expanded and early childhood education and care have been offered free of charge. Further support for the period from pregnancy and childbirth to infancy (0 to 2 years old) become a current issue.⁷⁰

⁶⁸ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p 28.

⁶⁹ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p. 29.

⁷⁰ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 29.

However, the 60% of children aged 0 to 2 years do not go to childcare facilities even if since 2013 was implemented a development for the childcare services to enlarge the number of workers from 2.3 million people to reach 3.3 million for the 2024, an operation that required an expenditure of approximately 1.2 trillion of yen.⁷¹

About the economic assistance for the education sector, they were implemented according to age, and for some of them the people who can benefit are limited, according to what has been decided (low-income, working hours, etc.).

Child allowance: from the age of 0 to 2 years old: the family would receive ¥15,000 per month; from 3 years until 15: the allowance would be of ¥10,000 per month. However, only the households with annual income of less than approx. ¥12 million (principal income earner) would earn this child allowance.⁷²

Lump-sum allowance for childbirth and childcare and other allowances were of about 500,000 yen. It included childbirth allowance paid to those covered by employees' insurance (6 weeks before birth and 8 weeks after birth: 67%), in addition to lump-sum allowance for childbirth and childcare.⁷³

Childcare leave benefits (6 months: 67%; later: 50%). Only for those who were covered by employment insurance (prescribed working hours: 20 hours or more per week).⁷⁴

Childbirth and child rearing support grants which was about 100,000 yen at the time of pregnancy and childbirth.⁷⁵

Since 2019 the **early childhood education and care became free of charge**, and there was no more income limit for the child from 3 to 6 years. It was possible by investing the 10% of the consumption tax, approximative 0.9 trillion yen.⁷⁶

⁷¹ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p. 29.

⁷² Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p. 29.

⁷³ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p. 29.

⁷⁴ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p. 29.

⁷⁵ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p. 29.

⁷⁶ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p. 29.

For the **compulsory education** (age 6 until 15) there was a **zero-tuition fee**, the textbooks were free, and the school would provide for school supplies expenses to low-income households.⁷⁷

Moreover, the low-income family's **high school tuition fee would be reduced, even reaching zero.**

Providing school enrollment subsidy equivalent to the tuition fee for public high schools (¥119,000 per year) to households with annual income of less than approx. ¥9.1 million.

For those enrolled in private school, they will get an addition for a total: ¥396,000 per year, for those households with annual income of less than approx. ¥5.9 million.⁷⁸

As for higher education (universities) the state instantiates:

-Loan-type scholarship which can be with or without interest. (Without interest for households with annual income of less than approx. ¥8 million). (With interest for households with annual income of less than approx. ¥11.4 million)

-Student support for low-income households which provide for a tuition fee exemption; a grant-type scholarship (households exempted from inhabitant tax; for students going to private universities and those living away from home to attend university). The upper limit for tuition fee exemption: approx. ¥700,000 per year and the grant-type scholarship: approx. ¥910,000 per year.⁷⁹

The second main issue for the social security was about the **future increase in medical care and long-term care costs.**⁸⁰

As in 2025, all baby boomers, born in 1947-49, will move into the latter-stage elderly category, and the population aged 75 and over will increase rapidly, the medical care and long-term care costs per capita would increase significantly when individuals

⁷⁷ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p. 29.

⁷⁸ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p. 29.

⁷⁹ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p. 29.

⁸⁰ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p. 30.

move into the latter-stage elderly category. Therefore, it became a necessity to prioritize and streamline the medical care costs and long-term care benefits.⁸¹

Increase in medical care and long-term care expenditures per capita

| | Medical care (2020) | | Long-term care (2020) | | Number and ratio to total population | |
|------------------|--|--|--|-------------------------------|--------------------------------------|-------------------------------|
| | National medical care expenditure per capita (aged 64 and under: ¥183,000) | State contribution per capita (aged 64 and under: ¥27,000) | Long-term care expenditure per capita (ratio of certification of needed support/long-term care in parentheses) | State contribution per capita | 2020 | 2025 |
| Aged 65-74 | ¥554,000 | ¥82,000 | ¥50,000 (4.3%) | ¥13,000 | 17.47 million persons (13.9%) | 14.97 million persons (12.2%) |
| Aged 75 and over | ¥902,000 | ¥326,000 | ¥478,000 (31.9%) | ¥127,000 | 18.72 million persons (14.9%) | 21.8 million persons (17.8%) |

(Source) Population ratio per age group: Ministry of Internal Affairs and Communications, "Population Estimates"; National Institute of Population and Social Security Research, "Population Projections for Japan (April 2017) (medium-fertility and medium-mortality scenario)"

National medical care expenditure: Ministry of Health, Labour and Welfare, "Overview of National Medical Care Expenditure (FY2020)"

Long-term care expenditure and ratio of certification of needed support/long-term care: Ministry of Health, Labour and Welfare, "Statistics of Long-term Care Benefit Expenditure (FY2020)" and "Long-term Care Insurance Business Report (FY2020)", and Ministry of Internal Affairs and Communications, "Population Estimates"

(Notes) National medical care expenditure and long-term care expenditure per capita are calculated by dividing the national medical care expenditure and the long-term care expenditure by the population in each age group. State contribution per capita is calculated by dividing the amount of state contribution by the population as of 2020 in each age group.

Figure 6 Increase in medical care and long-term care expenditures per capita for the people aged 65 and over; with a projection of the group age between 2020 to 2025, based on the projection made by the National Institute of Population and Social Security Research, "Population Projections for Japan (April 2017) (medium-fertility and medium-mortality scenario)"⁸²

2.3.2 Future issues in social security

First, the payment depending on the ability to pay.

The medical care expenditure per person among people aged 75 and over has been around 1 million yen. Of those 1 million yen, more than 80% of it has been financed by public funds, 46%, and insurance premiums has been paid by the working generation, 38%, only the remaining 16% has been paid by the patient, 8% has been paid directly, while the other 8% has been paid by the insurance paid by the elderly people.

⁸¹ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 30.

⁸² Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 30.

It means that the working generation has been the primary supporter of the social security system, and as the older population will increase, the burden on the working generation about paying insurance premiums has been expected to increase.⁸³

Therefore, it became a necessity to shift to payment depending on the ability to pay, instead of age, to reduce the burden on the working population.

Accordingly, since October 2022, a new system has been introduced for elderly people aged 75 and over whose income exceeds a certain level that will cover 80% of their medical care expenditure, instead of 90% (and require them to pay 20% of the expenditure, instead of 10%).⁸⁴

In addition, the system for payment of insurance premiums by those elderly people will be revised so that the rate of increase of the insurance premiums paid by the working generation will be equal to that of the insurance premiums paid by elderly people on a per-capita basis.⁸⁵

Second, the **problems in Japan's medical care provision system.**

The number of hospital beds per population in Japan had become larger than the one in other developed countries. As a result, the number of physicians assigned per hospital bed also become smaller. In anticipation of the changes in quality and quantity of demand for medical care due to the population decline and aging of society, there was a call for sharing of roles and cooperation among medical institutions in each community, for both inpatient and outpatient medical care.⁸⁶

2.3.3 Comprehensive reform of social security and taxation systems.

The aim of the Comprehensive reform of social security and taxation systems was to rectify the current situation where the burden of a substantial portion of social security costs was postponed to future generations, thereby enhancing and stabilizing the social security system while achieving fiscal consolidation.

⁸³ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p. 31.

⁸⁴ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p 30.

⁸⁵ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p 30.

⁸⁶ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, p 31.

It would be thought the consumption tax that the social security system would be stabilized while also achieving fiscal consolidation. The reason why the Consumption Tax was chosen were because its revenue is stable and unlikely to be affected by economic conditions, and it is neutral in relation to economic activities and does not concentrate burden on certain people such as the working generation.⁸⁷

Discussion

Already from as early as 539, in pre-modern Japan there were charitable institutions in the country that cared for the poor and elderly, even if at that stage the beneficiaries were a small, restricted group. It was with the Poor Relief Law, in 1929, that the beneficiaries were extended, but it was not enough for that period situation.⁸⁸

In Taisho Eras (1912-1926), when the poor health and bad working conditions for factory workers become a serious social problem, which led to the introduction of the Factory Law (1911), and after that, a social insurance scheme was introduced for workers. It included the Health Insurance Act (1927), the National Health Insurance Act (1938), and the Labor Pension Insurance Act (1941), three Act that are at the base of the present of Japanese healthcare system.⁸⁹

Then after the end of World War II, the social security system in Japan developed dramatically. In the Constitution of Japan enacted in 1947, Article 25 stipulates the fundamental principles for developing a social security system and became the starting point for social security-related laws created in the post-war era.⁹⁰

Another historical relevant occurrence for the social security system was the revision during the period of stable economic growth in the late 1970s.

And since the 1990s, measures against the declining birthrate in addition to the aging society have surfaced as an important policy issue.

⁸⁷ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2023, <https://www.mof.go.jp/english/policy/budget/budget/fy2023/02.pdf>, Cit., p 32.

⁸⁸ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](https://www.ipss.go.jp/2019/PSSJ.pdf), p. 17.

⁸⁹ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](https://www.ipss.go.jp/2019/PSSJ.pdf), p. 17.

⁹⁰ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](https://www.ipss.go.jp/2019/PSSJ.pdf), p. 18.

Which lead to an implementation of pension and health insurance system reforms, it also led to the present situation. Japan every year has been increasing its spending over the Social Security department to follow up the demographic trend.⁹¹

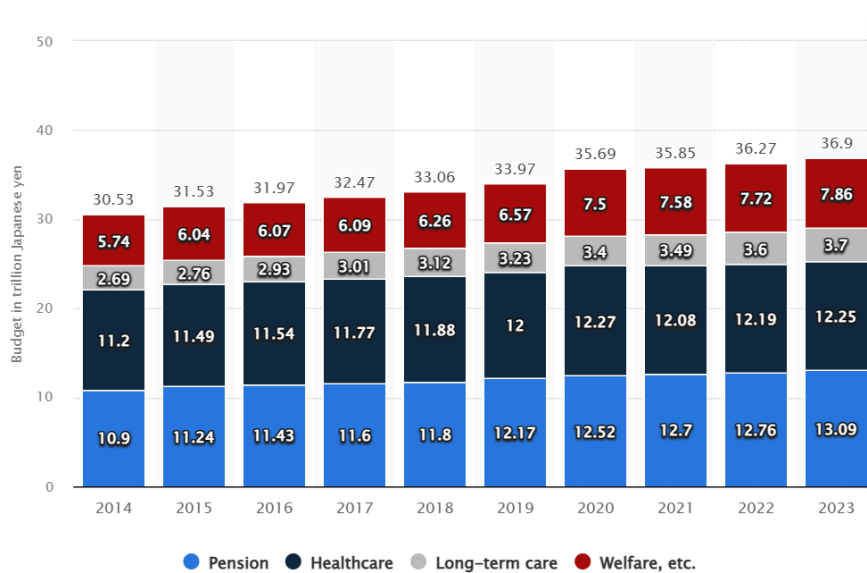


Figure 7 Annual governmental budget for social security in Japan from fiscal year 2014 to 2023, by purpose (in trillion Japanese yen).⁹²

As figure 7 show, in the last 10 years the budget of the Social Security spending has increased by 6.37 trillion yen, an increment of 17%, as pension budget raised of 3 trillion yen, health care of 1.05 trillion yen, long-term care of 1.01 trillion yen, and welfare (etc.) of 2.12 trillion yen.

The rise in expenditure in recent years regarding the Social Security spere was also due to the allocations calculated each year in the State Budget.

For example, looking at the public finance fact sheets produced by the Japanese Public Finance in the last four years (2020-2023), they show how through the consumption tax increase appropriations have been proposed each year, to help the current social situation. And this was why the principal areas affected were: childcare, education, low-income and elderly people, and medical and long-term care.

⁹¹ National Institute of Population and Social Security Research, *Population and Social Security in Japan*, 2019, [2019 PSSJ.pdf \(ipss.go.jp\)](https://www.ipss.go.jp/pssj/2019/PSSJ.pdf), p. 18.

⁹² Statista, *Annual governmental budget for social security in Japan from fiscal year 2014 to 2023, by purpose(in trillion Japanese yen)*, Decembre 2023, [Japan: social security governmental budget by purpose 2023 | Statista](https://www.statista.com/chart/1000000/annual-governmental-budget-for-social-security-in-japan-from-fiscal-year-2014-to-2023-by-purpose-2023/), (last access: 04/12/2023).

For the childcare, an attempt to improve the environment where women who were willing to work can do by eliminating child on a waiting list, raising the number of childcare places and increasing the capacity in after school children's club; than enhancing the child-rearing facilities where parents could leave children with security, which also lead to securing childcare workers and improving their working conditions, and more sufficient allocation of childcare workers.

Lastly, supporting children with no guardians or battered children, which created a better allocation of worker in child and family services, securing their job and providing better working condition.⁹³

For the education, it was to make free the early childhood education, eliminating the cost of kindergartens, day nurseries, and licensed centers for early childhood education and care of all children, and the cost of nursing will be free for the children in households exempted from inhabitant tax.

Then there was an attempt to make free also the higher education, expanding the scheme to exempt tuition fee and grant-type scholarship for the students in households with lower income who are willing to study.⁹⁴

For the elderly, for the low-income elderly people were established a scheme which providing up to ¥60 thousand per year, and also the pension system was changed shortening the required qualifying period to receive a pension from 25 years to 10 years.⁹⁵

And lastly for the medical and long-term care, to secure doctors and nurses, and to prepare appropriate hospital beds for patients' condition on a larger scale, there was an attempt in providing medical treatment appropriate for patients' conditions in the areas where they have lived long, the same was proposed for enhancing g long-term care service in the areas where they have lived long or at their home, which also promote countermeasures against dementia.⁹⁶

Then, there was an attempt to expand the scope of medical fee supports to help more people who suffers from intractable diseases.

⁹³ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2020, <https://www.mof.go.jp/english/policy/budget/budget/fy2020/04.pdf>, p 31.

⁹⁴ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2020, <https://www.mof.go.jp/english/policy/budget/budget/fy2020/04.pdf>, p 31.

⁹⁵ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2020, <https://www.mof.go.jp/english/policy/budget/budget/fy2020/04.pdf>, p 31.

⁹⁶ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2020, <https://www.mof.go.jp/english/policy/budget/budget/fy2020/04.pdf>, p 31.

At the same time there was an effort to increment those benefiting the insurance premiums, as for the National Health Insurance, about 5 million people, and enhancing financial support to the National Health Insurance, a safety net of universal coverage.⁹⁷

And this spending is motivated by how the population has developed thought time. After the second baby boom in 1971-74 there were no other, on the contrary, the number of births has been decreasing. It led to the present, in which fewer people have now the monetary responsibility to take care for a much larger number of elderly.

There is a will to try and alleviate the social pressure, which weight on the shoulders of the working-age population and future generations through a reform of social security and taxation systems, which will alleviate the burden of a substantial portion of social security cost and enhancing and stabilizing the social security system while achieving fiscal consolidation. To achieve such stability consumption tax will become the center of this reform, however it is still a work in progress.⁹⁸

Through the analysis of this chapter data, I was able to understand how the Japanese government has been allocating monetary resources in the sector of Social Security, and how the government has been raising the capital of the cohort to keep up with the need of the Japanese population.

With the realizations of welfare services, in the past four year the government has been trying to alleviate the economic expense of education and implementing childcare services to help the families, while also dealing with the problem of long-term care for the elderly.

⁹⁷ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2020, <https://www.mof.go.jp/english/policy/budget/budget/fy2020/04.pdf>, p 31.

⁹⁸ Ministry of Finance, *Japanese Public Finance Fact Sheet*, April 2020, <https://www.mof.go.jp/english/policy/budget/budget/fy2020/04.pdf>, p 32.

Third chapter: The Japanese Tax System and the Past Welfare Reforms.

As presented in the introduction, the third chapter I will attempt to understand the main link between the allocations produced by the government and the Japanese population trend.

Looking carefully at the contents of the second chapter, the main connecting link between government expenditure, subsidies instigated for social security, and population was largely realized by tax payments.

In fact, as I explained, the public expenditure allocated each year was financed by the revenue tax, while the remainder unfulfilled payment was financed through the issuance of bonds.

Precisely because of the importance of taxes in this financing area, the Japanese tax system will be explained in this chapter.

Furthermore, I will also analyze the most well-known reforms in the area of demographic development and social welfare within this chapter. As government's reform were created through the use of state funds to try to influence population trends.

These will be analyzed for the year in which they were enacted, in terms of their implementation and outcome.

1. The Japanese Tax System

As explained in the introduction of the second chapter, taxes make possible for public services to be accessible to everybody. If public services were left to be provided by the private sector under the market principles, they may fail to be provided in sufficient volume or at sufficient levels.

If people were to broadly and fairly share the costs of public services to support each other, it would be possible to build a better society. And that is what taxes make happen, and for that same reason they are accurately described as a "society membership fee".⁹⁹

The role of "Tax" can be divided in three groups.

It is the most direct and important means to raise found for the public services; it is a mean to redistribute income and assets in conjunction with expenditures of social security benefits through a progressivity in taxing the income tax and inheritance tax, making possible to demand a greater burden on people with more economic power; and it is possible to stabilizes the economy by holding down total demand through a tax revenue rise during an economic boom and stimulating total demand through a tax revenue decline during a slump.¹⁰⁰

Also, the tax system follows principles that make it simple to understand, to be neutral and fair for all its partakers.

Everyone has the right to understand its functions and the way it works, it should never distort economic activities by individuals and business corporations, and it require everyone to participate fairly, it requires people with the same economic capacity to pay the same tax (horizontal fairness), it requires people with greater economic capacity to pay higher tax (vertical fairness) and in recent years the "fairness across generations" has become more important, each generation has the right to be able to use the services for which they will have to pay taxes.¹⁰¹

1.1 Japanese Tax System and Fiscal Situation

The Japanese Tax System imposes taxes on three target, **income** (income taxation), as for the income tax, corporation tax and other taxes that are imposed on profit; **consumption** (consumption taxation), consumption tax and other excise taxes that are levied on consumption of goods and services; and lastly on **assets and properties**, (property taxation), inheritance, fixed asset tax, and other asset taxes that are imposed on the acquisition and possession of assets.¹⁰²

⁹⁹ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 2.

¹⁰⁰ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 3

¹⁰¹ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 3.

¹⁰² Ministry of Finance, "Learning more about taxes", July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 4.

And there are two entities who can impose taxes, the national government, who's taxes are called national tax, and prefectural or municipal governments, who's taxes are called local tax.

In total there are more than 40 taxes between those two groups.¹⁰³ (Table 9)

There is another distinction that can be done between taxes, they can also be classified by who bears the tax (effective tax contributor) and who pays the tax (taxpayer). For example, for income taxation and property taxation, there is no difference between the two figures, as taxpayer is identical to the effective tax contributor, however for the consumption taxation, which can be categorized as an indirect tax, the taxpayer differs from the effective tax contributor.¹⁰⁴

| | National Taxes | Local Taxes | | National Taxes | Local Taxes |
|----------------------|---|--|----------------------|--|---|
| Income Taxation | <ul style="list-style-type: none"> Income tax Corporation tax Local corporation tax Special corporate enterprise Tax Forest environment tax (From FY2024) Special income tax for reconstruction | <ul style="list-style-type: none"> Inhabitant tax Enterprise tax | Consumption Taxation | <ul style="list-style-type: none"> Consumption tax Liquor tax Tobacco tax Special tobacco tax Gasoline tax Local gasoline tax Liquefied petroleum gas tax Aviation fuel tax Petroleum and coal tax Promotion of power resources development tax Motor vehicle tonnage tax International Tourist Tax Tariffs Tonnage tax Special tonnage tax | <ul style="list-style-type: none"> Local consumption tax Local tobacco tax Golf course utilization tax Light oil delivery tax Automobile tax (Environmental performance excise·category base) Light motor vehicle tax (Environmental performance excise·category base) Mine lot tax Hunting tax Mine production tax Bathing tax |
| Asset Taxation, etc. | <ul style="list-style-type: none"> Inheritance/gift tax Registration and license tax Stamp tax | <ul style="list-style-type: none"> Real estate acquisition tax Fixed asset tax Establishment tax Water utility and land profit tax Common facilities tax Housing land development tax Special land possession tax Discretionary tax earmarked for general use Discretionary tax earmarked for special use National health insurance tax City planning tax | | | |

Table 9 It present an example of the Japanese Tax System ordered by entities, who imposes the tax, and target, which the taxes are imposed on.¹⁰⁵

1.1.1 Fiscal Situation

The Japanese fiscal situation has changed with time.

There was a shift in its expense's composition, the social security-related expenses and national debt services, including interest payments on government bonds, have increased in national general account expenditures. Meanwhile, the proportion of other policy expenses has decreased.

¹⁰³ Ministry of Finance, "Learning more about taxes", July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 4.

¹⁰⁴ Ministry of Finance, "Learning more about taxes", July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 4.

¹⁰⁵ Ministry of Finance, "Learning more about taxes", July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 4.

The budget allocation saw an increase over social security expenditure, national debt services, and local allocation tax grants, which now constitute more than two thirds of the total expenditure.

This caused a budgetary imbalance between general account expenditures and tax revenues, creating a significant gap. This gap has been addressed by issuing government bonds, resulting in accumulating national debt, but by doing so the burden of this debt was essentially being passed on to future generations.

To further exacerbated the complicated Japanese financial situation, there was also the repercussion of the COVID-19, which had a strong impact from Fiscal Year 2020 with an increase in expenditure to address the humanitarian crisis.

Consequently, this fiscal situation has burden on the existing tax system, which has struggled to cover the escalating expenditure, particularly in light of factors such as an aging population.¹⁰⁶

1.2 Income tax

About the Income tax, it is imposed on wages, business profits, gains on land sale and other types of incomes.

The income tax on an employee's wage is calculated by subtracting the employment income exemption from wage income (annual income) to determine the wage income amount, subtracting basic, spouse and other exemptions from the wage income amount to consider the employee's taxpaying capacity and applying the progressive tax rate system (where higher tax rates are applied to higher income) to the remaining amount.¹⁰⁷

In this way, income tax can require contribution according to income size and can be fine-tuned according to family structure and other personal circumstances.

However, even if the income taxation is the most common, there are more specific types of income, which can be divided into ten more types of income, depending on the nature of the income.

¹⁰⁶ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, pp. 7,8.

¹⁰⁷ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 10.

In addition, for each, the method of calculating income and the taxation methods is different and determined according to the nature of each income.¹⁰⁸

Interest income is income from interest on government bonds, municipal bonds, corporate bonds, interest on savings accounts and distributions from bond investment trusts. Interest income is limited in scope and does not include interest earned on loans between individuals or interest earned when lending money as a financier, even if this is generally referred to as interest income.¹⁰⁹

Dividend income is income from dividends of surplus or profits of a corporation received by investors or shareholders, distributions of money from investment corporations and distributions of mutual fund earnings.

Interest on loans required for the acquisition can be deducted from income only for the portion corresponding to the holding period of the shares or other assets. However, interest on some borrowings, such as those relating to dividends on shares transferred, cannot be deducted in the calculation of dividend income.¹¹⁰

Real property income refers to income from loans of real estate such as land and buildings, as well as from the establishment and lending of rights over real estate such as superficies and land leases, and loans of ships and aircraft. Income arising from loans of real estate specifically refers to ground rent, rent, key money and rights.¹¹¹

Business income is income earned from the operation of a business, mainly from the main business. Several types of businesses are classified as businesses, including agriculture, fishing, manufacturing and retail. When a business is operated and income is generated on a recurring basis, it is calculated as business income.

¹⁰⁸ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, pp. 10,11.

¹⁰⁹ Money Forward kuraudo kakutei shinkoku, (Money Forward final income tax return cloud, Money Forward クラウド確定申告), *Shotokuzei to ha? Keisan-hōhō ya shurui wo zukai de wakariyasuku kaisetsu!*, (What is income tax? An easy-to-follow, illustrated explanation of how it is calculated and the different types!), 所得税とは？計算方法や種類を図解でわかりやすく解説！, 27 September 2023, https://biz.moneyforward.com/tax_return/basic/59529/#i-19, (Last visit: 04/12/2023).

¹¹⁰ Money Forward kuraudo kakutei shinkoku, *Shotokuzei to ha? Keisan-hōhō ya shurui wo zukai de wakariyasuku kaisetsu!*, 27 September 2023, https://biz.moneyforward.com/tax_return/basic/59529/#i-19, (Last visit: 04/12/2023).

¹¹¹ Money Forward kuraudo kakutei shinkoku, *Shotokuzei to ha? Keisan-hōhō ya shurui wo zukai de wakariyasuku kaisetsu!*, 27 September 2023, https://biz.moneyforward.com/tax_return/basic/59529/#i-19, (Last visit: 04/12/2023).

Design fees for freelance web designers, fees for freelance writers, advertising income for Youtubers, advertising income for affiliate marketers, etc. are also business income if they are your primary business.¹¹²

Employment income is income that refers to salaries, wages, stipends and bonuses paid under employment contracts and executive remuneration under delegated contracts.

The method for calculating income tax on employment income after this is also basically based on the income tax calculation method.¹¹³

Retirement income includes retirement benefits received as a lump sum from your employer when you retire, lump-sum retirement benefits from social insurance schemes and lump-sum retirement benefits from qualifying retirement annuity contracts.

For the purpose of calculating retirement income, the amount of retirement income deduction is the amount calculated according to the following formula 1 million yen is added to the retirement income deduction if the retirement is directly attributable to becoming disabled.¹¹⁴

Timber income or **Forest income** is income from the felling and transfer of forests owned for more than five years, or from the transfer of standing timber. However, the transfer of forests owned for less than five years is treated as business income or miscellaneous income, while the land portion of a forest when the entire mountain is transferred is treated as transfer income.¹¹⁵

Capital gains income came from the transfer of assets not intended for sale, excluding the transfer of inventories such as goods for business use or forests and forests. It may be

¹¹² Money Forward kuraudo kakutei shinkoku, *Shotokuzei to ha? Keisan-hōhō ya shurui wo zukai de wakariyasuku kaisetsu!*, 27 September 2023, https://biz.moneyforward.com/tax_return/basic/59529/#i-19, (Last visit: 04/12/2023).

¹¹³ Money Forward kuraudo kakutei shinkoku, *Shotokuzei to ha? Keisan-hōhō ya shurui wo zukai de wakariyasuku kaisetsu!*, 27 September 2023, https://biz.moneyforward.com/tax_return/basic/59529/#i-19, (Last visit: 04/12/2023).

¹¹⁴ Money Forward kuraudo kakutei shinkoku, *Shotokuzei to ha? Keisan-hōhō ya shurui wo zukai de wakariyasuku kaisetsu!*, 27 September 2023, https://biz.moneyforward.com/tax_return/basic/59529/#i-19, (Last visit: 04/12/2023).

¹¹⁵ Money Forward kuraudo kakutei shinkoku, *Shotokuzei to ha? Keisan-hōhō ya shurui wo zukai de wakariyasuku kaisetsu!*, 27 September 2023, https://biz.moneyforward.com/tax_return/basic/59529/#i-19, (Last visit: 04/12/2023).

easier to understand if you imagine gains from the sale of land or buildings you own, or from the sale of shares you own.¹¹⁶

Occasional income is income other than income arising from continuous acts for profit, which does not fall under the eight income categories discussed above, such as compensation for labor or asset transfers. Specifically, this includes maturity insurance proceeds from life insurance and maturity refunds from non-life insurance (in both cases where the recipient was a policyholder and paid the premiums), prize money, prizes and horse race refunds.¹¹⁷

Miscellaneous income Miscellaneous income is income that does not fall into any of the nine categories of income described so far. Typical examples are public pensions (e.g. old-age pensions from national pensions and welfare pensions), income from side jobs, receipt of lecture fees, pensions from life insurance policies, etc. Miscellaneous income is further divided into three categories: public pensions, futures trading and other miscellaneous income, each of which is calculated using a different formula.¹¹⁸

There are also exemptions such as basic exemption, such as personal basic deduction, spouse deduction, special deduction for spouses, and deduction for dependents, which applies to all people and exemptions which consider individual circumstances, such as deduction for person with disabilities, deduction for widows, single parent exemption, and deduction for working students.

Historically the highest income tax rate ever paid was between 1984-86 and was about 70% for income exceeding 80 million yen. But the rate, with the years was adjusted and lowered to reduce tax burdens on wage earners.

The lowest taxation for wage income was registered between 1999 and 2006 with 37%, however, from 2015, a new tax rate of 45% was created for taxable income exceeding 40 million yen to revive income redistribution function of the tax system.¹¹⁹

¹¹⁶ Money Forward kuraudo kakutei shinkoku, *Shotokuzei to ha? Keisan-hōhō ya shurui wo zukai de wakariyasuku kaisetsu!*, 27 September 2023, https://biz.moneyforward.com/tax_return/basic/59529/#i-19, (Last visit: 04/12/2023).

¹¹⁷ Money Forward kuraudo kakutei shinkoku, *Shotokuzei to ha? Keisan-hōhō ya shurui wo zukai de wakariyasuku kaisetsu!*, 27 September 2023, https://biz.moneyforward.com/tax_return/basic/59529/#i-19, (Last visit: 04/12/2023).

¹¹⁸ Money Forward kuraudo kakutei shinkoku, *Shotokuzei to ha? Keisan-hōhō ya shurui wo zukai de wakariyasuku kaisetsu!*, 27 September 2023, https://biz.moneyforward.com/tax_return/basic/59529/#i-19, (Last visit: 04/12/2023).

¹¹⁹ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, pp. 12,13.

1.3 Inheritance Tax and Gift Tax

Inheritance taxes are levied on properties acquired through inheritance, and they typically involve progressive tax rates, meaning higher asset values incur higher tax rates. The intention behind such taxation is to redistribute wealth.

During the bubble economy period, the basic exemption for inheritance tax was increased to account for substantial land price increases. Despite subsequent drops in land prices, the basic exemption remained unchanged, and tax rates were gradually reduced. Consequently, the inheritance tax affected only 4% of deceased individuals, prompting concerns that its wealth redistribution function was diminishing.¹²⁰

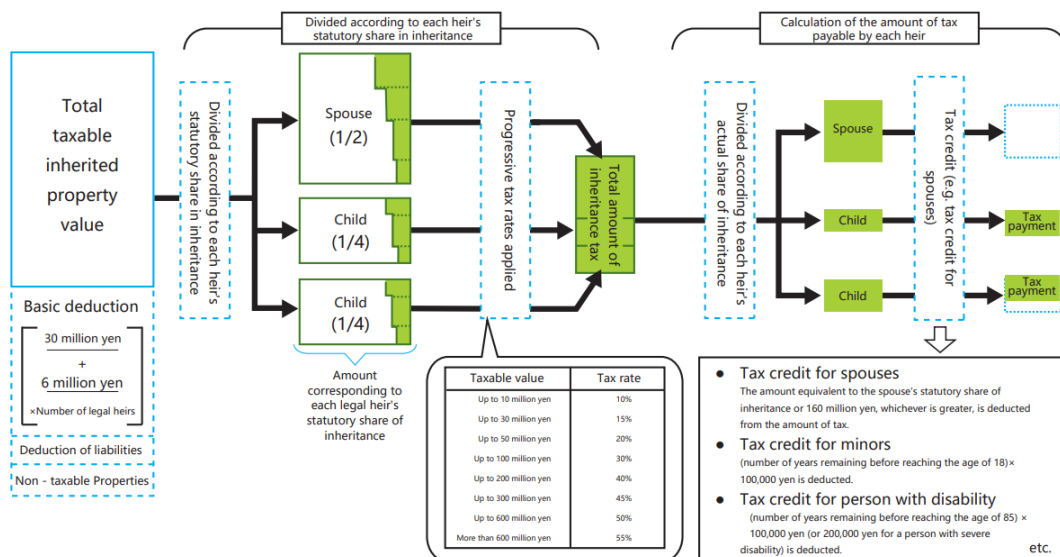


Figure 8 Structure of the Inheritance Tax¹²¹

To address this issue, the fiscal year 2013 tax reform aimed to revitalize the inheritance tax's wealth redistribution role. This was achieved by expanding the inheritance taxation base through a reduction in the basic exemption and adjusting tax rates, with the goal of preventing the widening wealth gap.¹²²

¹²⁰ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 14.

¹²¹ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 14.

¹²² Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 15.

Additionally, there is a Gift Tax imposed on properties acquired through gifts. This tax serves as a complement to the inheritance tax, preventing individuals from using lifetime gifting as a strategy to circumvent the inheritance tax.¹²³

With an aging population, there is a trend towards transferring properties to children and grandchildren through inheritance at later ages. To encourage the transfer of assets earlier, the government introduced an inheritance tax adjustment system.

This system entails gift receivers paying a uniform 20% tax on gifts, allowing adjustments when calculating inheritance tax amounts at a later date, with the option for calendar year taxation. The aim is to facilitate the transfer of properties from elderly individuals to their descendants, potentially contributing to the economic revitalization of society.¹²⁴

1.4 Consumption Tax

Consumption tax is levied broadly and fairly on consumption in general. In principle, sales and provision of goods and services in Japan are subject to consumption tax, and it is imposed on sales of business entities as taxable person. To avoid tax accumulation, business entities may deduct input tax from output tax they collected through their sales and pay the remainder to the tax authority.¹²⁵

The Consumption tax is different from the previously presented taxes such as Income Tax and Inheritance Tax also known as “direct tax”, in which taxable person and actual tax bearer are the same person, as in this case the taxable person and actual tax bearer are two different entities, for this reason it is also referred to as an “indirect tax”.

The reason it is an indirect type of tax is because Consumption tax paid by business entities is added to sales prices as cost and supposed to be supported by final consumers.¹²⁶

It was first introduced in April 1989 under the administration of Prime Minister Takeshita Noboru with a 3% rate, after a consumption tax bill was passed in December 1988.

¹²³ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 16.

¹²⁴ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 17.

¹²⁵ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, Cit., p. 18.

¹²⁶ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 18.

However, before the 1989 there were other two attempt for the implementation of this tax, the first one was in 1979 under Prime Minister Ōhira Masayoshi, where the administration decided to implement a general consumption tax to improve public finances but abandons the plan as its govern fall with October general election. The second attempt was under Prime Minister Nakasone Yasuhiro in 1987, this governs administration submitted a draft sales tax bill to the Diet but abandoned the bid in May due to widespread public opposition.¹²⁷

Trought time the tax rate was elevated. In 1994 the Diet passed a bill to hike the tax rate from 3% to 4%, with an additional regional consumption tax of 1%, bringing the total to 5% in 1997. In 2014, under the administration of Prime Minister Abe Shinzō the tax rate was raised to 8%, while during the October 2019 it was raised to 10%, but only for some products, as items like food products and newspaper subscriptions remained at the 8% rate.¹²⁸

This increase, which took place through time, was also due secure a stable financial source for the current and future social security system. Sharing the burden for all generation and not only the working-age generation, who already pays for social security insurance.¹²⁹

1.4 Corporation Tax and International Tax

Corporation Tax is a tax regulated by the Corporation Tax Act. It is levied on the income earned by a company as a result of its business activities.¹³⁰

The taxable income of a corporation is determined by subtracting costs from gross revenues. The gross revenue includes income from sales of goods, services, lands, and buildings, etc. Costs include sales costs and losses from disasters, etc.¹³¹

¹²⁷ Nippon.com, Japan Data, *The Political History of Japan's Consumption Tax*, 8 October 2019, <https://www.nippon.com/en/features/h00013/the-political-history-of-japan%E2%80%99s-consumption-tax.html>, (Last visit: 04/01/2024).

¹²⁸ Nippon.com, *The Political History of Japan's Consumption Tax*, 2019, <https://www.nippon.com/en/features/h00013/the-political-history-of-japan%E2%80%99s-consumption-tax.html>, (Last visit: 04/01/2024).

¹²⁹ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 20.

¹³⁰ Ministry of Finance of Japan, *Hōjinkazei ni kansuru kihontekina shiryō*, (Basic materials on corporate taxation), 法人課税に関する基本的な資料, [法人課税に関する基本的な資料 : 財務省 \(mof.go.jp\)](https://www.mof.go.jp), (Last visit: 29/01/2024).

¹³¹ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, Cit., p. 22.

Due to the economic situation of Japan, the government has revised the fiscal legislation a different number of times lowering the corporate taxation rate. At the same time the government expanded the tax base, securing financial resources.

However, since this major tax reform applied in 2015-2016, in recent years no major efforts to decrease corporate taxation have been seen.¹³²

About the International Taxation System, is a mechanism to adjust tax procedures for corporations and individuals which engage in cross-border economic activities. The coordination and clarification of international tax rules are important for economic activities and governments.¹³³

In the present day it is common for different corporations and individuals to engage in cross-border economic activities, and the International Taxation System coordinates a classify, through its rules, those economic activities.¹³⁴

A recent major international effort is the BEPS (Base Erosion and Profit Shifting) Project. It refers to tax planning strategies used by multinational enterprises that exploit gaps and mismatches in tax rules to avoid paying tax.¹³⁵ The project aims to prevent multinational enterprises from engaging in BEPS.¹³⁶

At the lead of the project is the OECD (Organization for Economic Cooperation and Development), an international organization that works to build better policies for better lives.¹³⁷ The countries and jurisdictions who collaborate within the “OECD/G20 Inclusive Framework on BEPS” are over 140, and between them there is also Japan.¹³⁸

Alongside this project, to eliminate double taxation and promote investments with other jurisdictions Japan has concluded Tax Conventions with other States.¹³⁹

Tax Conventions provide the measures against international tax avoidance and the avoidance of tax collection through a framework for cooperation between tax authorities

¹³² EU-Japan Centre for Industrial Cooperation, (一般財団法人 日欧産業協力センター), *National corporation tax*, [National corporation tax | EU-Japan](#), (Last visit:29/01/2024).

¹³³ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, Cit., p. 24.

¹³⁴ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 24.

¹³⁵ OECD, *What is BEPS?*, [About - OECD BEPS](#), Cit., (Last visit: 29/01/2024).

¹³⁶ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, Cit., p. 24.

¹³⁷ OECD, *Who we are*, [About the OECD - OECD](#), Cit., (Last visit: 29/01/2024).

¹³⁸ OECD, *What is BEPS?*, [About - OECD BEPS](#), (Last visit: 29/01/2024).

¹³⁹ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, p. 25.

including exchange of information on taxpayers and mutual assistance in the collection of unpaid taxes. Japan holds 84 taxation treaties with 153 countries and regions as of June 1, 2023.¹⁴⁰

Discussion

The Japanese Tax System is a system that was modified entirely during the Heisei Era (1989-2019) to create a fairer tax burden. There was the introduction of the Consumption Tax and the reduction of the personal income tax.

Since then, with time and other tax reforms, the system was implemented to match the economic and social situation. It has been possible thanks to the government that every year revise the past reforms and update them.

For the year 2024 the Tax Reforms decided by the Cabinet, on the 22 December 2023, are aiming to ease the burden on citizens whose wage increases have not kept pace with higher prices and aiming to realize an economy with a sustained wage increase that fully exceed the price rise.¹⁴¹

To do so the Government implemented a cut of the flat-rate tax, a tax in which income is all subjected to the same tax rate, regardless of income level or assets,¹⁴² on income tax and individual inhabitant tax, and strengthen the tax system to promote wage increases. It has also extended for another three years the taxation system to promote wage increases¹⁴³, a measure that consisted in extending the possibility for medium-sized and large companies to deduct the increase in the amount of employees' wages compared to the previous year, when calculating corporate taxes.¹⁴⁴

Furthermore, to increase the revenue of consumption taxation the government has introduced a platform taxation considering globalization, a system under which platform operators are obliged to pay consumption tax on digital services provided by foreign

¹⁴⁰ Ministry of Finance, *Learning more about taxes*, July 2023, https://www.mof.go.jp/english/policy/tax_policy/publication/tax013/e_all.pdf, Cit., p. 25.

¹⁴¹ Ministry of Finance of Japan, *Reiwa 6 nendo zeiseikaisei no daikō no gaiyō (Reiwa 5 nen 12 gatsu 22 nichi kakugike 'tei)*, (Outline of Tax Reforms for 2024 (Cabinet decision of 22 December 2023)), 令和6年度税制改正の大綱の概要 (令和5年12月22日閣議決定), [令和6年度税制改正の大綱の概要 : 財務省 \(mof.go.jp\)](#), p.1.

¹⁴² Tax Foundation, *Flat Tax*, [Flat Tax Definition | Flat Taxes in Practice | TaxEDU \(taxfoundation.org\)](#), (Last visit: 31/01/2024).

¹⁴³ Ministry of Finance of Japan, *Reiwa 6 nendo zeiseikaisei no daikō no gaiyō (Reiwa 5 nen 12 gatsu 22 nichi kakugike 'tei)*, [令和6年度税制改正の大綱の概要 : 財務省 \(mof.go.jp\)](#), p.1.

¹⁴⁴ Ministry of Finance of Japan, *Reiwa 6 nendo zeiseikaisei no daikō no gaiyō (Reiwa 5 nen 12 gatsu 22 nichi kakugike 'tei)*, [令和6年度税制改正の大綱の概要 : 財務省 \(mof.go.jp\)](#), p. 2.

operators to the domestic market via digital platforms, targeting STA operators with a transaction value of over JPY 5 billion.¹⁴⁵

Then there was the review of the content of the exemption for dependents state about child allowance that income limits on child allowances will be removed, and the payment period will be extended to cover high school students. This change is aimed at providing more financial support to families with children during the high school years, which typically involve higher expenses.

The existing deduction for specified dependents (part of the tax deduction for dependents) will be adjusted. The general part of this deduction will be replaced by an additional part to reflect the fact that high school education will now be mostly free. The additional portion of the deduction will be restored to provide further support to families raising children.

Measures will be taken to ensure that changes in taxable income and taxes due to the revision of the deduction for dependents do not negatively affect benefits and burdens under social security and education systems. Ministries, agencies, and local governments will need to adjust their systems accordingly to prevent any disadvantages for individuals and families.

Implementation Timeline: The changes to the deduction for dependents will be implemented gradually, with the application of the deduction for income tax starting in 2026 and for individual inhabitant tax starting in 2027.

Single Parent Exemption: The income requirement for eligible single parents will be increased from JPY 5 million to JPY 10 million to support their independence. Additionally, the income tax deduction and individual inhabitant tax deduction for single parents will be increased to alleviate their financial burden.

Overall, these changes aim to provide more financial support to families with children, particularly those with high school students and single parents, while ensuring that adjustments do not negatively impact other social security and education benefits.¹⁴⁶

¹⁴⁵ Ministry of Finance of Japan, *Reiwa 6 nendo zeiseikaisei no daikō no gaiyō (Reiwa 5 nen 12 gatsu 22 nichi kakugike'tei)*, [令和 6 年度税制改正の大綱の概要 : 財務省 \(mof.go.jp\)](#), p. 3.

¹⁴⁶ Ministry of Finance of Japan, *Reiwa 6 nendo zeiseikaisei no daikō no gaiyō (Reiwa 5 nen 12 gatsu 22 nichi kakugike'tei)*, [令和 6 年度税制改正の大綱の概要 : 財務省 \(mof.go.jp\)](#), p. 6.

2. Japanese Welfare Reforms of the Past Three Decade

The problems that are affecting the present Japan has not just started, as I showed by the study of the past population evolution data in the first chapter, they are a result of the evolution of problems that could not be resolved.

In this second part of the third chapter, I will analyze some of the reforms, to be precise, the reforms realized in the past three decades, starting around 1990s, for categories and on a chronological order.

The reforms on which I will focus my study will be mainly reforms actuated to resolve or to improve the welfare conditions of the elderly and the childbirth drop rate.

From the study of those welfare reforms, I will try to understand how the different implementations of polices has tried to ‘influence’ a change on the demographic trend, if they have succeeded, which were their weak point and which aspect were successful.

Because when promoting a reform of the social security system, the issue that must be considered are how to create a society in which all citizens, including young people, women, the elderly, and the disabled, can participate. How to support the lives of part-time workers, for whom protection by employment relationships is weak; and what policies should be implemented to promote support for children and child rearing and work-life balance. In other words, understand what kind of society Japan has been aiming for.¹⁴⁷

2.1 The Gold Plan

The Japanese life span is known for its characteristic to be more than average. Even when I explained the Cohort Component method in the first chapter, I illustrate how the survival rate projection had to be implemented with the Lee-Carter model as the conventional system could not keep up with the longevity of Japan.

The reasons for this peculiar characteristic are said to be different. Some explain that it is due the post-war economic growth, which was associated to the progress of medical technology, improved access to and availability of medical services. With the progress in medical technology there was also a significant reduction in mortality from infectious and parasitic diseases, as well as maternal, perinatal, and nutritional disorders.

¹⁴⁷ Ministry of Health, Labor and Welfare, *Shakaihoshō wo kangaeru*, Kōseirōdō hakusho, (White Paper on Health, Labor and Welfare, 厚生労働白書), 2012, pp. 17,18.

Other said that the life span was longer thanks to the Japanese diet, which has a less intake of calorie and animal fat than the western diet, or how since the pre-industrial Tokugawa Era (1603–1868) Japanese people were fairly concerned about health and exercised a relatively high level of personal hygiene, rooted partly in the historical influence of Chinese medicine, and partly in the traditional virtue of cleanliness attached in the practice of Shintoism.

Or even for a genetic prospective as it has been found that the frequency of Apolipoprotein e4 allele, associated with the risk of ischemic heart disease and Alzheimer’s disease, is substantially low among Japanese.¹⁴⁸

However, as the life span of the elderly population expand, the number of the of senile person who require care has been growing, and the average family’s ability to provide such care is decreasing. This led the government to reorganize the welfare system for elderly together with medical services for those elderly requiring care.

| | Actual 1989 | Target figures | | Actual 1999 |
|--|-------------|--------------------|------------------------|-------------|
| | | Gold Plan for 1994 | New Gold Plan for 1999 | |
| No. home helpers | 31,405 | 100,000 | 170,000 | 176,000 |
| No. spaces for day services | 4,274 | 10,000 | 17,000 | 13,350 |
| No. beds in short-stay centers | 1,080 | 50,000 | 60,000 | 57,000 |
| No. community care support centers | NA | 10,000 | 10,000 | N/A |
| No. visiting nurse stations | NA | NA | 5,000 | 4,470 |
| No. spaces in special chronic care homes | 162,019 | 240,000 | 290,000 | 297,000 |
| No. elderly health care institutions | 27,811 | 280,000 | 280,000 | 230,000 |
| No. spaces in care houses | 200 | 100,000 | 100,000 | 44,176 |
| No. elderly welfare centers | NA | 400 | 400 | 266 |
| No. new community care workers | NA | NA | 200,000 | N/A |
| No. new nurse and nursing care workers | NA | NA | 100,000 | N/A |
| No. new OTs, PTs | NA | NA | 150,000 | N/A |

Source: Ministry of Health, Labour and Welfare (2001). N/A, data not available.

Table 10 Summary of the Gold and the New Gold Plan targets and actual figures.¹⁴⁹

As for the welfare measures for the benefit of elderly people are managed based on the Social Welfare Service Law for the Elderly (Rojin Fukushi Ho), enacted in 1963. Maintaining and protecting elderly persons’ physical and mental health there is the

¹⁴⁸ HORIUCHI, Shiro, *Major Causes of the Rapid Longevity Extension in Postwar Japan*, Published in final edited form as: *Jpn J Popul.* 2011 Mar; 9(1): 162–171, published online 2011 Mar, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3893302/>, (Last visit: 04/01/2024).

¹⁴⁹ PENG, Ito, *Social Care in Crisis: Gender, Demography, and Welfare State Restructuring in Japan*, in *Social Politics*, December 2002, p. 429.

Provisions of the Health and Medical Service Law for the Elderly (Rojin Hoken Ho), enacted in 1982.¹⁵⁰

Then the LDP, Japanese Liberal Democratic Party, introduced the Gold Plan, also known as the Ten-Year Strategy on Health and Welfare for the Elderly.

The Gold Plan was introduced in 1989, the same year in which the consumption tax was implemented, and it was a plan formulated to set up the necessary infrastructure to provide health and welfare services for the elderly by 2000.

The aspect that characterized the plan were: it was a long-term plan of 10 years, rather than a single-year budgeting that had been the norm in the welfare field; it set clear numerical targets (see *table 10*); and it placed top priority on urgently preparing to provide in-home welfare services.¹⁵¹

The Gold Plan was repropose in 1994 with the name New Gold Plan.

However, despite a further expansion of its targets the two plans proved to be inadequate, they called attention to the serious lack of public provision and led to much public criticism about the adequacy of public care support.

The criticisms were directed to the fact that in anticipation of a huge demand for care services after the introduction of the Gold Plan, local governments reduced the income bracket to limit the demands, which led to the exclusion of most of the elderly from the public care system, only the low-income elderly living alone or without family support could access the care.¹⁵²

With the fall of the Gold Plan and the understanding of which was the main problem to resolve, create a public care support who everyone could benefit from, the building the basic infrastructure for long-term care for the elderly was created as a response.¹⁵³

The discussion for the establishment of a long-term care insurance unfolded from the mid-1990s. It was in December 1997 that the Long-Term Care Insurance Act was passed, and was enacted in April 2000. The Long-Term Care Insurance System was the first new

¹⁵⁰ WEB-JAPAN.ORG, *Japan Fact Sheet, Welfare: helping the elderly, the young and the disabled*, https://web-japan.org/factsheet/en/pdf/e43_welfare.pdf, (Last visit: 04/01/2024).

¹⁵¹ NAKAMURA, Shuichi, *Japan's Welfare System for the Elderly. Past, Present, and Future*, Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN), p. 5.

¹⁵² PENG, *Social Care in Crisis: Gender, Demography, and Welfare State Restructuring in Japan*, 2002, pp. 428, 430.

¹⁵³ NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), p. 7.

insurance system to be introduced since the country's successful establishment of universal health and pension coverage.¹⁵⁴

After much debate the municipalities were appointed as the insurers. However, some doubt remained. An example, whether they could actually collect premiums and whether they could offer long-term care services that would meet the expectations of their residents.

In spite of all the doubt, each municipality gathered personnel and set up a new division to oversee long-term care, made informational meetings for local residents to explain the new system.

The only wonder that remained was if the transition from the old system, in which seniors received whatever services were approved and assigned by the government with "placement fees," to the new long-term care insurance system, "user-oriented", which was based on user choice and operating with "long-term care fees," would be smooth.¹⁵⁵

The "long-term care fees" refers to how the long-term care insurance system adopted the insurance method for addressing long-term care. Everyone over the age of 40 is to be insured and they are divided into two age groups: those aged 65 and over are "primary insured persons," while those between the ages of 40 and 64 are deemed "secondary insured persons." The premiums paid by those insured persons are to cover half the funding for the system.¹⁵⁶ By following this ratio, it was possible to have some flexibility and create a system adapted to the aging populace.

In this way, long-term insurance became a system operated through cost-sharing, where all involved in the system help finance services by paying both a premium and user fees.¹⁵⁷

¹⁵⁴ NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), p. 7.

¹⁵⁵ NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), pp. 7,8.

¹⁵⁶ NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), Cit., p. 8.

¹⁵⁷ NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), p. 8.

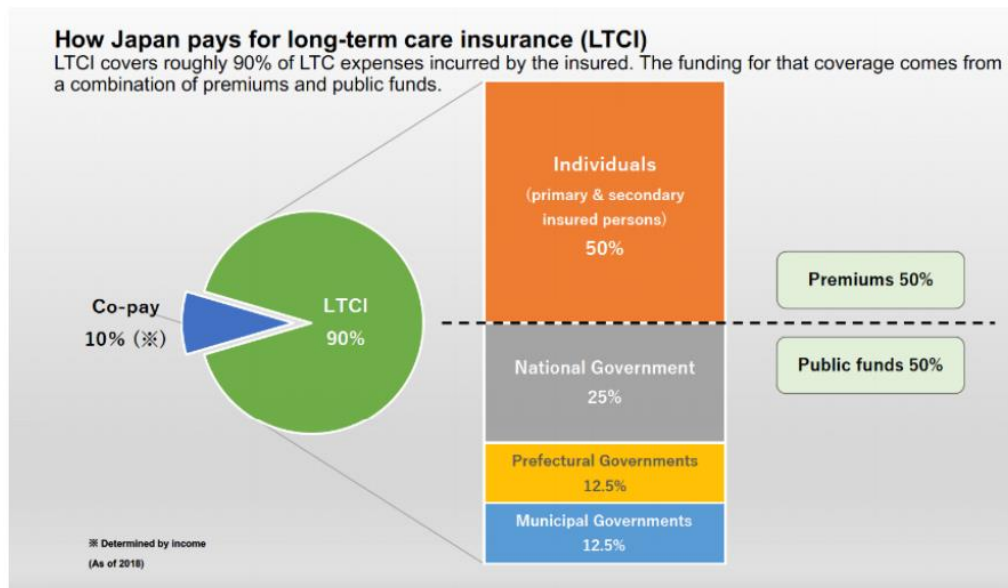


Figure 9 Explanation of the long-term insurance based on the system of cost-sharing.¹⁵⁸

As shown in *Figure 9*, 50 percent of the funding of the insurance derives from public funds and 50 percent from premiums, each municipality sets its own standards for the premium to be paid by the primary insured persons.¹⁵⁹

The municipalities as the insurers came up with long-term care plans with a cycle of three years. But the higher the amount of benefits offered, the higher the premiums become for citizens and the higher the tax burden that the municipalities must bear. Because the benefits and burdens are closely linked to one another the municipalities have to find a balance between what to offer and how much burden they want to put on their citizen.¹⁶⁰

Alongside what kind of benefits are given to which users is one of the most important aspects in formulating a social security system and therefore the creation of a right plan. The long-term care insurance system as a rule offers long-term care services to the elderly population who require it, as a “user-oriented” system, but before they have to receive a “certification” that stipulate the need of such services.¹⁶¹

More specifically, the standards for certification fall into seven categories: two different levels for those in need of support and five different levels for those in need of long-term

¹⁵⁸ NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), p. 9.

¹⁵⁹ NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), Cit., p. 9.

¹⁶⁰ NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), p. 9.

¹⁶¹ NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), p. 10.

care. Those wishing to utilize services must first apply to the municipality for screening, which is conducted based on nationally established certification standards. The extent of services that the senior can access is decided based on their “certified” level of need, and for those applying for in-home services, an upper limit is set, above which the user must bear the full cost of the extra services received.¹⁶²

Moreover, with the Long-Term Care Insurance System the aim to integrate medical and welfare services was possible by bringing together all such services previously offered under the Act on Social Welfare for the Elderly and the Health and Medical Services Act for the Aged under its system.¹⁶³

2.2 Angel Plan

Since the declines in childbirth and fertility rate, with the shocking “1.57 Shock” of 1990, Japan had tried to implement measures to counter the declining birth rate.

However, the approach for the creation of those kind of measures was more complicated than it can be expected due to Japan history of aggressively pro-natalist wartime policies, which obligated women to “give birth and multiply” (*Umeyo fuyaseyo*, 産めよ、殖やせよ).¹⁶⁴ At that time women were encouraged to give birth in order to provide the nation with a larger labor force as well as military manpower. To achieve that result abortion was also kept illegal, to speed up the process.

Yet the result obtained was many families, who were pressed to enlarge their numbers, to produce more offsprings beyond their means, which led them to be hungry during the war and the following occupation. After that experience for a lot of Japanese people it has become a sensitive topic.

Over time, to express the problem expression like “women need to have more children” were no more used, instead it become more comfortable to present the issue of declining fertility trend as a reason to “create an environment in which women who want to have children can do so”. In other words, to create an environment where women did not have to choose between creating a family or having a working career.¹⁶⁵

¹⁶² NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), Cit., p. 10.

¹⁶³ NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), p. 9.

¹⁶⁴ Liv, COLEMAN, *Family Policy: Framework and Challenges*, in Florian Coulmas (by) *The Demographic Challenge: a Handbook about Japan*, Brill, 2008, pp. 749-764, cit., p. 750.

¹⁶⁵ Leonard J., SCHOPPA, *RACE FRO THE EXITS. The Unraveling of Japan's System of Social Protection*, Cornell University Press, Ithaca and London, 2008, pp. 153, 154.

It was from this ideology that the first Angel Plan was created. The Angel Plan, or the Emergency Ten Year Plan in Response to Declining Fertility, passed in 1994, it aimed to expand childcare services and to introduce supportive employment legislation to help women to balance work and family.¹⁶⁶

The plan was structured as a five-year plan from 1994 until 1999, it emphasized the compatibility between work and childcare and support of childcare,¹⁶⁷ which enabled more women to participate in the workforce while relying on a dense support network for raising their children.¹⁶⁸

Some of the essential targets set under the Angel Plan include:

- Coordination of the working environment to balance work and child-rearing.
- Consolidation of various nursery care services.
- Reinforcement of the maternal and child health care system, making childbearing and rearing smoother and less worrisome.
- Improvement of housing and living environments.
- Promotion of "relaxed school education," non-school activities and home education
- Mitigation of financial burdens involved in child rearing.
- Establishment of infrastructure for supporting child rearing.¹⁶⁹

As a part of the program some changes were made to the Childcare Leave Law to support income and exempt payment of social security premium in 1994. With a major revision, in 1997, the Child Welfare Law was to provide satisfactory daycare services for working mother.¹⁷⁰

After the first five years a new plan was created, the New Angel Plan for the period between 1999 and 2004.

¹⁶⁶ PENG, *Social Care in Crisis: Gender, Demography, and Welfare State Restructuring in Japan*, 2002, pp. 426.

¹⁶⁷ SUZUKI, Toru, *Fertility Decline and Policy Development in Japan*, The Japanese Journal of Population, Vol. 4, No.1 (March 2006), p. 9.

¹⁶⁸ Gabriele, VOGT, *Chapter 2: Talking Politics: Demographic Variables and Policy Measures in Japan*, The Silver Market Phenomenon Business Opportunities in Era of Demographic Change, Eds F. Kolbacher; C. Herstatt, 2008, p. 19.

¹⁶⁹ Ministry of Foreign Affairs of Japan, *Chapter 1. General measures of implementation*, The Initial Report Of Japan Under Article 44, Paragraph 1 Of The Convention On The Rights Of The Child (May 30,

1996)<https://www.mofa.go.jp/policy/human/child/initialreport/measures.html#:~:text=In%20response%20to%20the%20falling,a%20mass%20drive%20for%20child%2D>, (Last visit: 10/01/2024).

¹⁷⁰ SUZUKI, *Fertility Decline and Policy Development in Japan*, (The Japanese Journal of Population (March 2006)), p. 9.

It increased efforts of supporting stay-at-home mothers and, for the first time, emphasized the need for alterations within Japan's economic world. It called for family-friendly workplaces, in particular for a reduction of working hours, encouragement for employees to take allotted vacation days, and facilitated child-care leave.¹⁷¹

For this reason, the new plan focused on improving the daycare situation by providing more centers and longer hours of care, to entice Japanese parents to have more children.¹⁷² It was in 2001 that the "Zero Waiting List for Daycare Program" become a political goal.

It was also decided that 40% of wage should be paid during the leave, and as for child allowance coverage, it was expanded from children less than three years old to all preschoolers.¹⁷³

With the Angel Plan and the New Angel Plan, there was a significant extension in social care provision and support for families and children. Those reforms also showed a public recognition of the problem of gender discriminations, which put an enormous burden of care onto women, while trying to ease that burden with facilitating their employment through provision of care services and protective employment legislation.¹⁷⁴

The Children and Childrearing Support Plan applied between 2005 and 2009 was the last step of the Angel plan. It was a plan that was seen as the first step towards a paradigm change in Japan's family policy.

The two "innovative" target groups at the center of this plan were: Japan's "new fathers" and the "parents of the next generation". The plan objective was to encourage men to spend more time with their children and house working, with the shortening of overtime hours. These two goals, even if simple, tried to make a substantial reorganization of the habits and traditions of Japan's working environment.¹⁷⁵

¹⁷¹ VOGT, *Chapter 2: Talking Politics: Demographic Variables and Policy Measures in Japan*, (Eds F. Kolbacher; C. Herstatt, 2008), Cit., p. 19.

¹⁷² Barbara, HOLTHUS, *Childcare and Work-Life Balance in Low Fertility Japan*, Deutsches Institute Fur Japanstudien, <https://www.dijtokyo.org/project/childcare-and-work-life-balance-in-low-fertility-japan/>, (Last visit 10/01/2024).

¹⁷³ SUZUKI, *Fertility Decline and Policy Development in Japan* (The Japanese Journal of Population (March 2006)), p. 12.

¹⁷⁴ PENG, *Social Care in Crisis: Gender, Demography, and Welfare State Restructuring in Japan*, 2002, pp. 432.

¹⁷⁵ VOGT, *Chapter 2: Talking Politics: Demographic Variables and Policy Measures in Japan*, (Eds F. Kolbacher; C. Herstatt, 2008), p. 20.

Based on the 1999 Basic Law for a Gender-Equal Society (*Danjo Koyō Kikai Kintō-hō*) they aimed to create a more equal partnership between men and women by ensuring the compatibility of professional and family life.¹⁷⁶

It is to be underlined how the first innovative point, Japan's "new fathers", wanted to catch up with Western countries when it comes to family policy. While the second innovative point, "parents of the next generation", is a scheme that aimed to demonstrate to young adults the enriching aspect of parenting through classes in which were shared the personal experience of a life with children, and to be a member of a community that can take responsibility for one's own life and the lives of dependents. In other words, to understand how to be self-sufficient and responsible members of society.¹⁷⁷

2.3 Koizumi's Reforms between the year 2001 and 2006

Koizumi Junichiro was the predecessor of the famous Prime Minister Abe Shinzo. He was Prime Minister from June 2001 until he left it in 2006, in the hands of Prime Minister Abe.¹⁷⁸

The slogan Prime Minister Koizumi adopted for its mandate was "structural reform" (*kōzō kaikaku*), to underline how with his agenda he was committed to make a radical change. During a Diet speech in May 2001, he explained how his structural reform would be taking place, pledging to institute "economic, fiscal, administrative, social and political structural reforms".¹⁷⁹

To further explain his ideas there were three phrases he used. The first phrase Koizumi employed was "no growth without reform." This phrase can be interpreted in two ways in economic terms.

One was that it underlain his way of thinking mirroring the approach taken by practitioners of supply-side economics instead of those of demand-side economics. Instead of backing up the demand side implementing measures such as increase or decline in public-sector investment and a tax hike or reduction, Koizumi adopted the policy of

¹⁷⁶ VOGT, *Chapter 2: Talking Politics: Demographic Variables and Policy Measures in Japan*, (Eds F. Kolbacher; C. Herstatt, 2008), Cit., p. 20.

¹⁷⁷ VOGT, *Chapter 2: Talking Politics: Demographic Variables and Policy Measures in Japan*, (Eds F. Kolbacher; C. Herstatt, 2008), p. 20.

¹⁷⁸ KOMINE, Takao, *How Did Koizumi Cabinet Change Japan? Assessment of Koizumi's Economic Policies & Preview of Abe's Economic Stewardship*, Japan Spotlight, May-June 2007, <https://www.jef.or.jp/journal/pdf/153cover%20story01.pdf>, p.6.

¹⁷⁹ Aurelia, George, MULGAN, *Japan's Failed Revolution: Koizumi and the politics of economic reform*, ANU Press, 2013, <https://www.jstor.org/stable/j.ctt31ngnn.5>, p. 3.

reforming mechanisms and organizational structures in areas such as the monetary, fiscal and public sectors, working on the supply-side. It is believed that the policy was aimed at enhancing economic growth by heightening the efficiency of the distribution of resources from the supply side.¹⁸⁰

The second interpretation was that his idea was “not to take incentive measures from the demand side just because the economy is bad.” The meaning inside this phrase showed once again how Koizumi’s chosen path one again was directed on a supply-side economics, as long-term economic changes were decided by how the supply side was put in order, and therefore, the economy at hand would not turn for the better unless demand-stimulating measures are taken. Koizumi’s words meant that “the economy might be bad and painful for a short period but will rebound in the long run if the government continues to sustain its structural policy.”¹⁸¹

The second phrase he used was “let the private sector do what it can.” Koizumi placed significant importance over the market mechanism, and because of that he saw the private sector as the sector which could lead to growth in profit efficiently. At the same time, he saw the public sector as a sector that tends to fall behind in achieving the efficiency because profit does not have any direct connection with it.¹⁸²

And lastly, the third phrase was “let local governments handle what they can.” This concept refers to his idea of decentralization. The leadership was taken by the central government after the War and has led the country since then. However, as the economy matured, there was a diversification of people’s sense of value, leaving their requests for government services to be varied. Such a development, then, led to a rise in the number of areas with the task of decision-making resting with local governments close to residents. This concept is found in the “Principle of subsidiary” viewed by Koizumi. The idea was that “individuals should deal with what they can and that regional communities should step in when individuals cannot carry out the task. When communities find it difficult to perform, local governments come in to cope with it.”¹⁸³

¹⁸⁰ KOMINE, *How Did Koizumi Cabinet Change Japan? Assessment of Koizumi’s Economic Policies & Preview of Abe’s Economic Stewardship*, Japan Spotlight, May-June 2007, <https://www.jef.or.jp/journal/pdf/153cover%20story01.pdf>, p.6

¹⁸¹ KOMINE, *How Did Koizumi Cabinet Change Japan? Assessment of Koizumi’s Economic Policies & Preview of Abe’s Economic Stewardship*, Japan Spotlight, May-June 2007, <https://www.jef.or.jp/journal/pdf/153cover%20story01.pdf>, p.6

¹⁸² KOMINE, *How Did Koizumi Cabinet Change Japan? Assessment of Koizumi’s Economic Policies & Preview of Abe’s Economic Stewardship*, Japan Spotlight, May-June 2007, <https://www.jef.or.jp/journal/pdf/153cover%20story01.pdf>, p.6

¹⁸³ KOMINE, *How Did Koizumi Cabinet Change Japan? Assessment of Koizumi’s Economic Policies & Preview of Abe’s Economic Stewardship*, Japan Spotlight, May-June 2007, <https://www.jef.or.jp/journal/pdf/153cover%20story01.pdf>, p.6.

As for his actual reforms plan, his goal included:

- Privatizing postal services.
- Cleaning up the banks' non-performing loans.
- Radically reforming the taxation, medical care and public pension systems.
- Reducing wasteful spending on public works.
- Redirecting expenditure into areas that will support economic growth and enhance efficiency in the economy.
- Reining in public debt by limiting new government bond issues to ¥30 trillion in 2001-02.
- Eliminating the practice of earmarking special tax revenues (petroleum, LPG and motor vehicle weight taxes) for specific projects (road construction) " granting local governments more autonomy over revenue raising and expenditure.
- Freezing the remaining work on the national expressway project.
- Restructuring (abolishing, privatizing or converting into independent administrative agencies) 163 special public corporations (*tokushu hōjin*) and approved public corporations (*ninka hōjin*).
- Deregulating the Japanese economy to encourage the growth of new industries.¹⁸⁴

All these goals incarnate the ideas of the Prime Minister Koizumi to try and achieve a structural reform of what was the past Japanese government. However, only a few of them were achieved completely or partially.

For what concern the topic of social security, they were only fulfilled partially. For the Medical System Reform was fulfilled only the cost saving, cuts were made in reimbursement payments to medical service providers; there was a 1.3 per cent reduction in doctors' consultation fees; a lowering of price schedules for pharmaceuticals; a fixed rate (10 per cent) co-payment system adopted for medical services for the people aged 70 or older from October 2002; a co-payment for wealthy seniors aged 70 or older raised from 10 to 20 per cent from October 2002; review of ceiling on amount of co-payment for extremely expensive medical treatments; raising health insurance premiums for members of corporate-sponsored insurance schemes in April 2003 but based on total annual income including bonuses; lowering the rate of increase in health insurance premiums scheduled to begin in 2003 for individuals belonging to government-run health insurance programs; raising the proportion of medical care expenses borne by salaried

¹⁸⁴ MULGAN, *Japan's Failed Revolution: Koizumi and the politics of economic reform*, (ANU Press, 2013), Cit., pp. 17-19.

workers, public servants and their family members aged 3~69 from 20 to 30 per cent in April 2003.¹⁸⁵

While the partial achievement for the Pension System Reform was the introduction of a pension-indexing system linking pension levels to prices, resulting in cuts to pensions paid from the state-run scheme; a reduction in unemployment benefits; and a planned reform of pension system in 2004.

To conclude the social security reforms, fall far short of the major overhaul that economists argue is necessary.¹⁸⁶

2.4 The Abenomics Reform under the Prime Minister Abe Shinzo

Shinzō Abe became Prime Minister of Japan in December 2012, after Noda Yoshihiko dissolved the House of Representatives in November. That same day 16 November 2012 Abe gave his first speech on regaining power, where his famous slogan first appeared, “*Nippon wo torimodosu*” (日本を取り戻す) a phrase that in English can be translated with “Regain Japan”.

This same slogan was used in other two of his campaign released on 29 November, in which the verb *torimodosu* ("to take back", "to find", "to bring back", "to win back") was repeated connected to other concept, *keizai* o (the economy), *kyōiku* o (education), *anshin* o (the feeling of security); and finally, "Nippon wo torimodosu". With those two campaigns the future Prime Minister Abe wanted to underline which where the aspect that he wanted to implement to help Japan regain his “lost glory”.¹⁸⁷

To achieve that result, Abe wanted in his mandate to perform radical action to end the economic stagnation, which was affecting Japan since the 1990's. To do so he created a program known as "Abenomics", which consisted of three main aims called the three arrows, they were: expansionary monetary policy, expansionary fiscal policy and structural reforms.¹⁸⁸

¹⁸⁵ MULGAN, *Japan's Failed Revolution: Koizumi and the politics of economic reform*, (ANU Press, 2013), Cit., p. 26.

¹⁸⁶ MULGAN, *Japan's Failed Revolution: Koizumi and the politics of economic reform*, (ANU Press, 2013), Cit., p. 27.

¹⁸⁷ Christian, GALAN, Yves CADOT, Aline HENNINGER, *LOYAUTÉ ET PATRIOTISME (LE RETOUR) Éducation et néo-conservatisme dans le Japon du xxe siècle*, (Presses universitaires de Rennes, 2023) pp. 61,62.

¹⁸⁸ Joshua K., HAUSMAN, Johannes F., WIELAND, *Overcoming the Lost Decades? Abenomics after Three Years*, Brookings Papers on Economic Activity, Brookings Institution Press, FALL 2015, (FALL 2015), pp. 385-413, p. 385.

And each had as objective:

- Monetary policy: extreme monetary easing to bring short-term interest rates into negative territory, making it easier for consumers and businesses to borrow and spend.
- Fiscal stimulus: pouring money into the economy by increasing government spending on infrastructure and other projects, and by offering tax breaks to companies.
- Structural reforms: ease the burden on business and stimulate economic growth by reforming enterprises, increasing the number of working women, liberalizing labor and bringing immigrants into the workforce.¹⁸⁹

The first and second arrows were launched in 2014, and their main aim was to support economy through flexible fiscal injections and to fight deflation through monetary facilitation.¹⁹⁰

As for the last arrow, the structural reform or the growth strategy, it was officially known as the “Japan Revitalisation Strategy”¹⁹¹.

For the growth strategy of Japan 10 major aspects were identified:

- (i) The government will encourage companies to increase wages of their employees, which will encourage the expansion of domestic consumption.
- (ii) To cover increasing social security spending, the government will increase taxes.
- (iii) The government’s deficit targets are by 2015, the budget deficit over GDP ratio should be half of the 2010 level and by 2020 the ratio should be zero. To achieve this goal, the government will make its spending much more efficient.
- (iv) Since Japan’s population is aging, the government will encourage greater female participation in the labor force, in part by improving childcare facilities. The government will also encourage retired people to continue working.

¹⁸⁹ BBC NEWS JAPAN, 『Abenomikusu』 ha nani wo nokoshita no ka. Abe-shi no Keizai-seisaku, (What is left of 'Abenomics' - Mr Abe's economic policies), 「アベノミクス」は何を残したのか 安倍氏の経済政策, BBC News Japan, 9 July 2022, [「アベノミクス」は何を残したのか 安倍氏の経済政策 - BBC ニュース](#) (Last visit: 15/01/2024).

¹⁹⁰ Bruegel, *The Third Arrow of Abenomics: What economic picture will it draw in the middle-term? The seriousness of Abe cabinet on revitalising Japan’s growth potential should be reassessed, paying close attention to the “bureaucratic wording” use*, Blog post on Bruegel, 25 August 2014, [The Third Arrow of Abenomics: What economic picture will it draw in the middle-term? \(bruegel.org\)](#), (Last visit: 17/01/2024).

¹⁹¹ Bruegel, *The Third Arrow of Abenomics: What economic picture will it draw in the middle-term? ...*, Blog post on Bruegel, 25 August 2014, [The Third Arrow of Abenomics: What economic picture will it draw in the middle-term? \(bruegel.org\)](#), (Last visit: 17/01/2024).

- (v) Medical expenses for elderly people have been increasing drastically. The government will monitor prices of medicine and health care to ensure they reflect market prices. The government will put in place a regional medical care system.
- (vi) The government will ensure there is sufficient funding for disaster preparedness.
- (vii) The government will provide more scholarships to students and increase expenditure on research and development.
- (viii) The government will provide sufficient funding for repairing aging infrastructure.
- (ix) The government will ensure SMEs have access to easy financing for research and development.
- (x) The farming population is aging, and the government will provide sufficient funds to ensure an efficient and competitive agricultural sector.¹⁹²

Between the ten aspects identified as the core of the growth strategy, the point that I think had more influenced an improvement in the working environment and about the welfare services, without setting aside an enhancement of the economic condition of the Country are the one created around the human resources.

This is because by the ampliation in number of the female, elderly and young population in the human resource, there was also the implementation of better condition for the working force and about social care, which ensured the possibility for the Japanese couple to create a family and at the same time keep their job position.

2.4.1 human resources as the greatest resource for Japan

When thinking of how to lead the economy to new growth, the government had understood how human resources could become the greatest resource for Japan. By creating policies and goals to secure the number of workers (quantity of labor) and improve labor productivity (quality of labor).¹⁹³

And because of the falling birthrate and with the aim to raise employment rate of people aged between 20 and 64, the government had and will expand opportunities for the young, women and the elderly to take an active role in the society. Based on this, the

¹⁹² YOSHINO, Naoyuki, Farhad, TAGHIZADEH-HESARY, *Three Arrows of “Abenomics” and the Structural Reform of Japan: Inflation Targeting Policy of the Central Bank, Fiscal Consolidation, and Growth Strategy*, ADBI Working Paper Series, No. 492, August 2014, Tokyo: Asian Development Bank Institute, <https://www.adb.org/sites/default/files/publication/156347/adbi-wp492.pdf> , Cit., pp. 12, 13.

¹⁹³ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, June 14, 2013, [en_saikou_jpn_hon.pdf\(kantei.go.jp\)](http://en.saikou.jp/hon.pdf(kantei.go.jp)), p. 39.

government was establishing a society where everyone could participate in social activities, improve their ability and fully exercise their ability.¹⁹⁴

The government had implemented policy changes to shift to labor fluidity, as a response to a rapidly changing employment landscape with the aim to create a dynamic and adaptable labor market, which could provide individuals with the flexibility to navigate their careers in alignment with their personal and professional goals.

Supporting Labor Mobility: with which the government aimed to facilitate smooth job transitions, allowing individuals to change jobs, exercise their abilities, and contribute to economic growth. Both small and large companies were targeted for increased budgetary resources to support labor movement.¹⁹⁵

Reviewing Employment Insurance System: the government had revised the employment insurance system to encourage job retraining, especially for non-permanent employees and the younger workforce looking to change careers and improve career prospects.¹⁹⁶

Creating Financial Incentives for Employment: such as trial employment funds, were to be offered to companies hiring through public employment offices, private-sector human resource businesses, and colleges. The applicable scope of incentives was to be expanded to include those with career gaps due to reasons like child-rearing.¹⁹⁷

Realizing Various Ways of Working: the government had revised systems to enable flexible and diverse work arrangements that align with individuals' lifestyles and preferences.¹⁹⁸

By the revision of the working system the government was actively promoting the participation of women in the workforce, recognizing the importance of leveraging their potential for economic growth. The key initiatives promoted by the government were different and included:

¹⁹⁴ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en saikou jpn hon.pdf \(kantei.go.jp\)](#), pp. 39, 40.

¹⁹⁵ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en saikou jpn hon.pdf \(kantei.go.jp\)](#), pp. 40,41.

¹⁹⁶ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en saikou jpn hon.pdf \(kantei.go.jp\)](#), p. 41.

¹⁹⁷ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en saikou jpn hon.pdf \(kantei.go.jp\)](#), pp. 41,42.

¹⁹⁸ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en saikou jpn hon.pdf \(kantei.go.jp\)](#), pp. 43,44.

Decreasing Women Leaving Work for Childbirth/Child Rearing: it aimed to reduce the number of women leaving the workforce due to childbirth or child-rearing. Part of the strategy involved increasing the percentage of women in leadership positions, considering them as a core element of the overall growth strategy.¹⁹⁹

Incentives for Companies: companies that actively promoted women's participation and support a work-life balance would receive incentives. The government planned to utilize subsidy systems and tax measures to encourage such efforts.²⁰⁰

Supporting Women's Lifestyle Choices: by it the government intended to develop a working environment that facilitated men and women to take childcare leave or choose shorter working hours until their child turned three. Plans included supporting a "plan for support of returning to work after child-raising leave," and considered extensions/enhancements to the Act on Advancement of Measures to Support Raising Next-Generation Children. Efforts were made to encourage greater involvement of men in family chores and child-rearing. Comprehensive support, including internship and trial employment, were provided for reemployment, along with initiatives like "Mothers' Hello Work" to support single-female parents and working people in re-education.²⁰¹

Comprehensive Support for Marriage, Pregnancy, and Childbirth: the government planned to provide comprehensive support for various stages, from marriage and pregnancy to childbirth. This included information provision on pregnancy and childbirth and increased support post-childbirth, recognizing the challenges posed by declining birth rates.²⁰²

Work-Life Balance Environment: The government aims to create an environment where both men and women can strike a balance between work and child-raising, facilitating a more inclusive and supportive atmosphere.²⁰³

¹⁹⁹ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en_saikou_jpn_hon.pdf \(kantei.go.jp\)](#), pp. 44-46.

²⁰⁰ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en_saikou_jpn_hon.pdf \(kantei.go.jp\)](#), p. 46.

²⁰¹ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en_saikou_jpn_hon.pdf \(kantei.go.jp\)](#), p. 47.

²⁰² Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en_saikou_jpn_hon.pdf \(kantei.go.jp\)](#), p. 47.

²⁰³ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en_saikou_jpn_hon.pdf \(kantei.go.jp\)](#), p. 47.

Promoting Women in Public Employment: initiatives were implemented to expand employment and promotion opportunities for women in public service roles.²⁰⁴

New System to Support Children/Child Raising: the government planned to implement a new system to support children and child-raising, focusing on family support, high-quality child education/childcare, and community-based child raising. The "accelerating the zero childcare waiting list project" were developed to be over five years to address childcare waiting lists in municipalities, starting from 2014, anticipating the implementation of the new system in the future two years.²⁰⁵

Overall, these initiatives aimed to create a more inclusive, supportive, and gender-balanced environment, recognizing the diverse needs and aspirations of women in the workforce.²⁰⁶

As the government aimed to create a "Society for All," it encouraged active participation by everyone, so also by both the young and the elderly.

For the young, the focus was on developing their skills through internships, coordinating universities with the industrial sector, and improving scholarship and loan systems. Efforts included supporting companies that actively employed and cultivated young talent, enhancing Hello Work functions, and providing support to small and medium-sized enterprises. The government also emphasized the importance of internships and addresses issues like overwork.²⁰⁷

In terms of the elderly, the government seek to promote lifelong active participation. Initiatives included supporting small and medium-sized enterprises that hire the elderly, enhancing re-employment support, and showcasing model cases of employment that cater to diverse local needs. Additionally, there was a commitment to encouraging the employment of people with disabilities, refractory diseases, and cancer to ensure their participation in society. The overall strategy involved cooperation between various sectors, including education, industry, and the community, to foster a more inclusive and supportive societal framework.²⁰⁸

²⁰⁴ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en saikou jpn hon.pdf \(kantei.go.jp\)](#), pp. 47,48.

²⁰⁵ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en saikou jpn hon.pdf \(kantei.go.jp\)](#), pp. 47,48.

²⁰⁶ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en saikou jpn hon.pdf \(kantei.go.jp\)](#), p. 48.

²⁰⁷ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en saikou jpn hon.pdf \(kantei.go.jp\)](#), pp. 48-50.

²⁰⁸ Shushō kantei Prime Minister Office of Japan, 首相官邸 Prime Minister Office of Japan, *Japan Revitalization Strategy -JAPAN is BACK-*, 2013, [en saikou jpn hon.pdf \(kantei.go.jp\)](#), p. 50.

Discussion

With regard to the long-term care policies stipulated with the Gold Plan and its subsequent versions, it brought to light how the management of care for the elderly could not be handled by specialised centres alone, but rather that there was a lack of comprehensive public care support that everyone could benefit from and of a basic long-term care infrastructure for the elderly, and how their implementation would be the answer for care for the elderly.²⁰⁹

It was from that result that the long-term care insurance was instituted. It was created and placed under the responsibility of local governments and municipalities for its management in 1997. However, its services were privatized and not only did market competition fail, but the elderly and their families did not necessarily receive more or better care than before.

His computerized system for prioritizing care was severely criticised after many people in need of care were excluded due to its inaccuracy. The great regional variation of services was criticised for contradicting the principle of the universal right to care within the social insurance system; and the 10% surcharge applied to all services was accused of generating 'dodgy' behavior on the part of users.

Discontent with care services in the long-term care insurance system turned out to be remarkably high.²¹⁰

On the other hand, regarding the childcare policies stipulated in the Angel Plan and its subsequent versions, the lack of regulation of childcare services meant that pressure was also created on public sector service providers.

For example, in childcare services, the compulsory placement system (*sochi seido*), which gave the state total control over the placement of children in public childcare centers, was replaced by a system of individual contracts in 1996, during the first five years of the Angel Plan. This allowed parents to choose childcare centers and services, but at the same time created fierce competition in the market for public childcare centers and their services.

²⁰⁹ NAKAMURA, *Japan's Welfare System for the Elderly. Past, Present, and Future*, (Chair, Private Sector Consortium of the Asia Health and Wellbeing Initiative, (AHWIN)), p. 7.

²¹⁰ PENG, *Social Care in Crisis: Gender, Demography, and Welfare State Restructuring in Japan*, 2002, p. 433.

The deregulation and expansion of the market for these services led to the entry of for-profit private service providers into the childcare market and increased competition for service contracts by local governments.

The results have been mixed. Although the hours of a large number of child-care centers were extended, benefiting working parents, many state-run child-care centers were forced to close, and many other public child-care centers were forced to use part-time and contract workers as a way to cut staff costs. Moreover, with the increase in childcare facilities required by regulations, the regulatory standard applied to public childcare centers had to be lowered, raising serious concerns about the quality of care.

Moreover, as a result of deregulation and the changes created by the government reforms, most of the local public care workers have been laid off and forced to seek work in the private sector, often with lower pay'. Even more than in the case of childcare, the expansion of social care for the elderly has led to a significant deregulation of services, with some serious consequences.²¹¹

To summarize, about the welfare reforms adopted in the 1990s that I analyzed, Gold Plan, its later evolution the long-term care insurance, and Angel Plan with its other versions, led to a restructuring of welfare services and major changes in the mixed economy of social care.

These reforms largely expanded social care for children and the elderly, an expansion that went hand in hand with the decentralization of state welfare responsibilities. This meant that care services became more flexible in responding to the needs of people in the community, but also that with the privatization of these services there was greater market competition also raised concerns about the quality of care.

Decentralization and deregulation of social care offered the possibility of a greater mix of services to meet individual needs and greater efficiency of services, but at the same time highlighted the question of the capacity of local governments to provide care. The boundaries of care work, care obligations and responsibilities, and costs are clearly redrawn.²¹²

The reforms that were supposed to lead to a 'structural reform' (*kōzō kaikaku*) under Koizumi Junichiro's administration in the early 2000s are remembered as a partially accomplished revolution or a 'failed' reform.

²¹¹ PENG, *Social Care in Crisis: Gender, Demography, and Welfare State Restructuring in Japan*, 2002, pp. 432,433.

²¹² PENG, *Social Care in Crisis: Gender, Demography, and Welfare State Restructuring in Japan*, 2002, pp. 433,434.

In fact, of the many changes the prime minister intended to implement, only a few were completed in their entirety. Most were partially achieved, if not left unfinished.

Although his intentions were to convert Japan from a declining interventionist state to an expanding market economy, the result was an administration that could not be distinguished from its predecessors.

This was due to the fact that the Koizumi administration lacked authoritative executive leadership, which did not allow it to carry out programs of deregulation, fiscal reconstruction and other policy changes necessary to return the economy to growth. This led to a domino effect, the lack of leadership meant that reforms could not get off the ground, delaying the implementation of solutions to solve economic problems.

The lack of a strong power base at the political level caused the Koizumi administration to fail in its structural reform.²¹³

The power that Koizumi lacked can not be said to have been lacking during the Abe administration, which, had it not been for his illness and premature death, would probably still be in office.

Shinzō Abe strongly supported the structural reforms advocated during Koizumi mandate, even inside his program Abenomics composed by the “Three Arrows”, the third one was all about structural reforms.²¹⁴

Yet when speaking of Abenomics are only the first, about aggressive monetary policy, and second arrows, about flexible fiscal approach, to be remembered as a success which helped to restore the Japanese economic situation. This led to make a consisted evaluation difficult of the politics implemented.

As for the third arrow, the structural reform that would have led to an improvement in the social as well as economic situation ended up being sidelined with time and the fact that it was closely linked to the success of the first two.²¹⁵

²¹³ MULGAN, *Japan's Failed Revolution: Koizumi and the politics of economic reform*, (ANU Press, 2013), pp. 239, 240.

²¹⁴ KAYA, Keiichi, *Abenomics: The Reasons It Fell Short As Economic Policy*, Nippon.com, Japan Data, 19 January 2022, [Abenomics: The Reasons It Fell Short As Economic Policy | Nippon.com](https://nippon.com/en/analysis/2022/01/19/abenomics-the-reasons-it-fell-short-as-economic-policy/) , (Last visit: 02/02/2024).

²¹⁵ KAYA, *Abenomics: The Reasons It Fell Short As Economic Policy*, Nippon.com, Japan Data, 2022, [Abenomics: The Reasons It Fell Short As Economic Policy | Nippon.com](https://nippon.com/en/analysis/2022/01/19/abenomics-the-reasons-it-fell-short-as-economic-policy/) , (Last visit: 02/02/2024).

Moreover, even when improvements were implemented, such as the increase in wages, these suffered from the tax burden of rising inflation and increased taxation on consumer products.²¹⁶

However, some of policies created at the time received positive feedback on some of its targets. The instruction since then has been moving toward becoming free, as shown in chapter two when analyzing the allocated money for the social security. Since 2012 the number of women joining the workplace by 3.3 million people and women in management position in the private sector approaches 10%, which is a major improvement. Also, for the number of elderly who still participate in the working environment over the age of 65 years, the number has increased of 5.4% since 2012.²¹⁷

Even now, some of the policies created during the Abe administration are still in place in an attempt to improve today's economic and social situation.

²¹⁶ Joshua K. HAUSMAN, Johannes F. WIELAND, “*Abenomics Preliminary Analysis and Outlook*”, Brookings ,Spring 2014, [Abenomics Preliminary Analysis and Outlook | Brookings](#), (Last visit: 02/02/2024).

²¹⁷ JapanGov, The Japanese Government, *Abenomics Diversity & Empowerment of People*, [Diversity & Empowerment of People - ABENOMICS - JapanGov](#), (Last visit: 02/02/2024).

Conclusion

The data that I have found and analyzed up until now have given me an objective comprehension of the actual situation of the Japanese population.

Those data, such as the demographic projection of a future population, are numbers obtained from questioner, census and mathematical operation, which purpose is to try and find the most probable future for a country. From their results, is possible to understand how the most likely future for Japan will be, but not know which are the historical and cultural causes that influenced the social situation of the country to its present reality.

Even by analyzing the public expenditure and the changes in the Japanese tax system of the country is possible to express the same concept. During the study of how the Japanese government decided to allocate the money for the reforms of the present year, it was possible for me to understand which are the incumbent problem they are trying to solve, but not what were the social causes that made them start.

It was only in the second part of the third chapter, with the analysis of the reforms put in place by the government, starting from the 1990s un until the recent years, that I could observe how different governments were committed into changing and improving the social situation of their time.

Nevertheless, I came to the conclusion that it is not possible to change the social reality of a state by the implementation of a few reforms in the course of a few years, not even Japan can be an exception. It is true that during the Meiji Era (1868 - 1912), Japan was able to put in place some drastic reforms which allowed the country to modernize within a few decades, reaching the same level of the “modern” states of that time.

However, I would like to make you reflect on how that reformation was at start a 'formal' reform. The government, the juridical system and legislative system were the main cohort affected by those reforms. Regarding the Japanese population, they found themselves to follow new rules and having to adapt to the “New Modern Japan”, a change that took its time to be understood and accepted.

Even now, I believe that legislative bodies are trying to change population trends without taking into account the reality by which the population is influenced.

A population that in turn is divided into several fringes, due to the different historical influences in which they have lived. For example, a conservative group, from a generation that has lived through the economic boom and the ideology of the traditional family where

the husband is only the breadwinner and the wife a mother, where roles are still well defined; and a generation that is uncertain of what may await them in the future that feel trapped inside those role imposed by Japanese society, where having a stable job position makes them satisfied and fulfilled.

The problem from a gender perspective

When the problems about population first appeared, mainstream scholarship approached the matters as economic or labor-supply problems, relying mostly on analysis of macro data, while there was no discussion of the issues from a gender perspective. Although, when thinking about the causes of the decline in birthrates there is a need to take into consideration also changes in women's consciousness and behavior.²¹⁸

The shift of behavior over gender related thematic among young Japanese women had been evolving much more rapidly than among men and older women, since the 1980s. the feeling of being trapped inside the Japanese society's conventional "gender structure," suffocated the young women. A dissatisfaction that translated into a rejection of "marriage by default" and "obligatory childbearing."²¹⁹

It is to be said that also men are starting to feel pressured by their role of the Japanese "gender structure". As Japanese men, they face the pressure of long hours of work, as the main source of income in the family structure, which lead an increasingly number of men to become reluctant to marry.²²⁰

They want to exit from the stereotype in which a man must be the soul of the nation who works hard and is the breadwinner for the family. A figure referred to as "Oyaji" (おやじ・ぢ、親父), that in English can be traduced as Father. The word had traditionally been a positive concept, but now the term is becoming less so²²¹, just think how the term was included in the expression "Jishin, Kaminari, Kaji, Oyaji", 「地震・雷・火事・親

²¹⁸ Nippon.com, *Why Japan's Family Policies Have Failed: A Gender Perspective on the Demographic Crisis*, 15 June 2023, <https://www.nippon.com/en/in-depth/d00906/>, (Last visit: 22/01/2024).

²¹⁹ Nippon.com, *Why Japan's Family Policies Have Failed: A Gender Perspective on the Demographic Crisis*, 2023, <https://www.nippon.com/en/in-depth/d00906/>, (Last visit: 22/01/2024).

²²⁰ Wilson CENTRE, *Japan's Declining Population: Clearly a Problem, But What's the Solution? Four experts speak to the multidimensional nature of Japan's declining population*, 24 April 2008, <https://www.wilsoncenter.org/event/japans-declining-population-clearly-problem-whats-the-solution>, (Last visit: 22/01/2024).

²²¹ CENTRE, *Japan's Declining Population: Clearly a Problem, But What's the Solution? ...*, 2008, <https://www.wilsoncenter.org/event/japans-declining-population-clearly-problem-whats-the-solution>, (Last visit: 22/01/2024).

父」, (Earthquake, Thunder, Fire and Father) a common saying that presented the most frightening things on earth.

It was during the Showa Period (1926-1989) that fathers became scary for children. Most children spent their time with the feeling that they could never disobey their fathers. It was a period in which mother had to tend to the child, while the father was always out of the house on business or on company business.²²²

The figure of the “Oyaji” explain way the men are under great stress, they have to be main breadwinner, trapped in his job, where his employer demands long hours of work, making it difficult, if not impossible, for them to support his wife in household and child-rearing chores. It is for this reason that men getting more and more disinterested in getting married, and even if they have the financial stability to make one, more than a half of them still prefer to stay single.²²³

The burden of getting married is a weight that effect each gender, even if it is in different forms.

The problem from an historical perspective

A second reason that may have caused a decline in fertility connected to policies adopted after World War II to hasten economic recovery and growth by the government and corporate policies.²²⁴

Right after the war, in the middle of the baby boom of 1947-49, a concern about the impact of overpopulation on the economy was raised by the government, which actively promoted the use of the use of condoms by married couples as a response. In addition, the Eugenic Protection Law effectively legalized abortion as an alternative if contraception failed.²²⁵ A drastic change in attitude, if compared to the policy of “give

²²² ADECC, Chiryoku-ikusei-kyōshitsu, (ADECC, knowledge training class, アデック、知力育成教室), *Kosodate no nakade no chichioya no itsutsu no yakuwari. Daijina no ha kōdō de shimesu koto*, (The five roles of fathers in parenting. The key is to show it through action.), 「子育てのなかでの父親の5つの役割。大事なのは行動で示すこと。」, 29 March 2020, <https://adecc.jp/columns/father>, (Last visit: 22/01/2024).

²²³ CENTRE, *Japan's Declining Population: Clearly a Problem, But What's the Solution? ...*, 2008, <https://www.wilsoncenter.org/event/japans-declining-population-clearly-problem-whats-the-solution>, (Last visit: 22/01/2024).

²²⁴ Nippon.com, *Why Japan's Family Policies Have Failed: A Gender Perspective on the Demographic Crisis*, 2023, <https://www.nippon.com/en/in-depth/d00906/>, (Last visit: 22/01/2024).

²²⁵ Nippon.com, *Why Japan's Family Policies Have Failed: A Gender Perspective on the Demographic Crisis*, 2023, <https://www.nippon.com/en/in-depth/d00906/>, (Last visit: 22/01/2024).

birth and multiply” (*Umeyo fuyaseyo*, 産めよ、殖やせよ) implemented during the war era.²²⁶

Just a few years before women were encouraged to give birth to provide the nation with a larger population to have more manpower, and to achieve such result abortion was also kept illegal. A policy that has left a great scar on the Japanese population, especially women. However, over a little time the policies were drastically changed, expecting the population to keep its number stable, to not affect negatively the newborn economic stability.

Since that time, as explained in the previous subchapter, the attitude of women changed over the theme of the strict Japanese social gender structure. A change that was criticized by certain politicians and business leaders after the “1.57 shock”, as they blamed the “*declining birthrate on the rising rates of college education and employment among Japanese women [...]*”²²⁷, a severe accusation that received as an answer that is was up to them, as women and not male politician and business leader, to decide if and when to have children.²²⁸

With such a complicated history behind the implementation of policy to actively influence and change in the population, it can result in different generation with a great difference in ideology.

The complexity of an ideology that is changing.

As I have tried to explain previously in this chapter, it is difficult to understand why and how the Japanese population is decreasing.

On one side there is the government, which has been implementing policies and allocating monetary help to help couples to have children, thinking it would be enough to initiate a change. On the other side there is a population, divided in its belief, who is not always satisfied of its own working position or in the society structure in general and is asking for a change.

A change that focused on the wellbeing of the younger generation, who has the feeling that politicians make policies that benefits the other generations as they are still more

²²⁶ COLEMAN, *Family Policy: Framework and Challenges*, (Brill, 2008, pp. 749-764, cit.), p. 750.

²²⁷ Nippon.com, *Why Japan's Family Policies Have Failed: A Gender Perspective on the Demographic Crisis*, 2023, <https://www.nippon.com/en/in-depth/d00906/>, 2023, Cit., (Last visit: 22/01/2024).

²²⁸ Nippon.com, *Why Japan's Family Policies Have Failed: A Gender Perspective on the Demographic Crisis*, 2023, <https://www.nippon.com/en/in-depth/d00906/>, (Last visit: 22/01/2024).

interested in what the elderly think. The impression that politicians do not listen to the needs of the new generation has been getting stronger.²²⁹

From the previous two subchapter, in which I tried to understand some of the reasons which could have led Japan to its present demographic situation, what I understood is how the problem was mainly studied and saw from an economic perspective.

Beyond the dissatisfaction felt by the Japanese female gender with the low regard they manage to obtain in the world of work, and the social pressure exerted on the male gender as the main income earner, there may be other reasons why people do not want to have children, which go beyond the economic motive.

“[...] But what of other dimensions – social, psychological, environmental? The bottom line is, why have kids? Lifestyles other than marriage, sexuality transcending two genders, asexuality, new pleasures, new enjoyments, new distractions, new freedoms, all conspire to make child-rearing seem rather dull in comparison, an oppressive crimp on life’s vastly expanding possibilities and potentials; and besides, global warming threatens the planet’s very existence. How long has the human race got, after all? Selfish considerations aside, is this a world to bring children into? In Japan as elsewhere, young adults are saying no and acting accordingly. Money is not likely to change their minds. [...]”²³⁰

This is what write Michael Hoffman in his article “Japan must accept population decline as inevitable and devise strategies to adapt to it”, for Japan Today.

I think that this statement explains exactly why even if the Japanese government is going to spend all its tax revenue in social security to implement welfare reforms, there will be no changes.

The ideology of people is created and influenced by the time in which they are living. In these years the past ‘traditional family structure’ and its roles are disappearing, man do not want to cover the role of the *okaji*, and the women do not want to be the “good wife and wise mother” like in the Meiji Era anymore. Women wants to make a career for

²²⁹ Justin MCCURRY, ‘I’m more worried than excited about the future’: Japan’s Coming of Age Day tinged with anxiety, The Guardian, 10 January 2022, [‘I’m more worried than excited about the future’: Japan’s Coming of Age Day tinged with anxiety | Japan | The Guardian](https://www.theguardian.com/world/2022/jan/10/japan-coming-of-age-day-anxiety), (Last visit: 07/02/2024).

²³⁰ Michael, HOFFMAN, *Japan must accept population decline as inevitable and devise strategies to adapt to it*, Japan Today, 14 July 2023, <https://japantoday.com/category/features/kuchikomi/Japan-must-accept-population-decline-as-inevitable-and-devise-strategies-to-adapt-to-it>, (Last visit: 23/01/2024).

themselves, and men are happy to work without the social pressure of taking care of a family.

And referring to the speech of Michael Hoffman, in the present condition of the world, in which there is war, a climate crisis and an economic crisis, is there really people who wants to have children? would not be selfish to bring up children in an environment whose future is unsure?

For this reason, I think I can understand why, even having a solid economic stability some people will never choose to have children.

My after all observation is that the method I have used to come to my conclusion has taken into consideration primarily the economic and financial situation with which a population can be influenced in its decisions.

Only here, in the conclusion of my thesis I decided to try and find the reason for which those monetary reforms can not reach the desired results.

And it is for this reason that I can say that the research of my thesis had a positive and negative result.

As with my thesis I wanted to understand whether the demographic trend in Japanese society is related to the government's spending on welfare. In other words, whether expenditures passively follow social and demographic trends or encourage them to change.

I can say that the answer to this query is positive. The Japanese government spending on social security is influenced by the demographic situation.

As has been observed in the previous chapters, both public spending and reforms of the tax system change in order to create reforms that will improve the lives of families, mainly in the economic sphere, by raising wages, making education free, etc., to provide them with greater peace of mind for them to build a family.

However, at the same time the answer to that same query can be also negative, as the money allocated to the social security for its policies by the government have not helped the demographic situation to improve.

And this is not necessarily due to the inadequacy of the policies created, but is rather due to a set of reasons that are related to the historical and social reality that the world is experiencing at the moment.

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