

**Title of the presentation:**

Challenges facing Japan under a Declining Population

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Tomoko KINUGASA is a Professor of Economics at Kobe University in Japan. She received her Ph.D. from University of Hawaii at Manoa. Her research interests include the effects of demographic change on saving and economic development, determinants of technical change and efficiency of agriculture, and regional development by promoting agriculture. She was a Visiting Scholar in the East-West Center in 2013-2014. She received the Murao Educational Foundation, Academic Award in 2017, the Association for Regional Agricultural and Forestry Economics Award in 2016 and the Abe Fellowship in 2012.

Abstract

The population of Japan has been declining since 2008. In this lecture, I will talk about the effect of population on economy, how depopulation influences the Japanese economy in particular, and what necessary measures Japan should take in the face of population decline. Population can have both positive and negative effects on economy. Above all, the contribution of population as a source of technological progress through accumulation of knowledge and competition is important in Japan.

In a depopulated society, Japan is likely to suffer from a decline in labor force, and population aging will have a serious impact on social security such as medical and nursing care. Japan needs to try to increase fertility as much as possible to mitigate the negative effects of depopulation. In order to increase fertility, it is important to increase the marriage rate among younger generations. It is also important to create a society in which women can work while taking care of children. More women and more seniors will need to work in order to increase the labor force. In addition, accepting more foreign workers is important.

On the other hand, population aging and depopulation might have some benefits for Japan. In Japan, life expectancy is quite high and is continuing to slowly increase. People tend to save more because they expect to live longer after retirement. If the older generation's savings increase, capital accumulation will be promoted, and this will stimulate economic growth. In addition, less children could increase education expenditure per child, and this can contribute to economic growth. Japan will need to take advantage of these benefits by educating older people on how to save efficiently and by improving the education of the younger generation.

Furthermore, we should note that increased population could be harmful for the environment and that a declining population might be better in this respect. Rapid population aging will certainly cause many serious problems and taking steps to avoid these issues is important. However, Japan would need to place more emphasis on environmental issues and aim for sustainable growth.