

Natalie Ruth

Clemson In Japan

Kumiko Saito

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The Aging and Declining Population in Japan

Currently, Japan is dealing with a very pressing issue, one that will continue to bear down on the country unless something is done. The aging population of Japan has continued to rise for the past several years and the overall population of Japanese people continues to fall over the past several years. I want to take a look into why Japan's population issues are the way that they are. Though economic factors are certainly an important reason behind this population crisis (and it relates to Sustainable Development Goal 8 of sustainable economic growth), I believe both economic and non-economic factors contribute to Japan's current population dilemma.

First, the elderly population is defined as persons aged 65 years or older according to the Statistics Population Bureau. As of October 2024, the elderly demographic has risen to approximately 29.3% of the total population and is the second highest age demographic, with the highest being persons aged 15 to 64 years old. Notably, the elderly demographic is the only age demographic with an increase over the past year.

This aged population does not come without its challenges. The main reason a high aging population is such a problem to a country is that there leads to a shrinking work base. Of course, there are still those who keep working after they hit the retirement age in Japan. Roughly a quarter of all elderly people in Japan are still in the workforce. However, elder Japanese people

are required to receive a smaller pension once they are both over 60 years old and their salaries and pensions combined reach over a certain threshold. Most companies as a result tend to lower the salaries of elderly workers so that they may keep their pension payments the same. But a lower salary tends to lead to higher workplace dissatisfaction, resulting in a higher tendency among the elderly to change jobs.

Even with a high percentage of elderly workers, there is still a significant portion of the population dependent on post-retirement care. Japan's current Long-Term-Care-Insurance program receives about 50% of funding from government taxes. However, with a rapidly shrinking able-bodied workforce, there is also a shrinking available tax pool from which these care programs can afford to provide for the elderly population. If Japan wishes to take care of its elderly, it must also first take care of its youth and encourage a higher population growth.

With a high elderly population, there must be a significantly high younger population to replace it once those people have passed on. Unfortunately for Japan, this is not the case. As of 2024, the total population has decreased for the fourteenth year in a row. Currently, the population suffered at a decrease of around 550 thousand people, according to the Statistics Population Bureau.

Given that the population shrinking has led to a shrinking workplace, naturally the Japanese government has put great emphasis on try to curb and reverse population decline. From, what I've observed in my research, the government has attempted to do this in two main ways: focusing on the domestic population and increasing the number of foreign workers.

The first is efforts to encourage Japanese people to raise the population. In 2023, the government established the Children and Families Agency. The main goal of this agency is

primarily to help with the overall well-being of children and aid families with parental support.

In addition to childcare, the Japanese government has also been making efforts to support childbirth costs. Currently, the government provides 500,000 yen for each birth. However, the rising costs of healthcare and childbirth means that this package doesn't cover the full cost anymore. Even if the government increases the amount of money covered in the childbirth package, the costs of going through childbirth could rise along with it. Simply throwing money into covering the expenses of childrearing won't be enough to fix Japan's falling birthrate.

The other main governmental approach to increase the workforce in Japan involves slightly more relaxed and encouraged immigration laws to incentivize foreign workers to come work in Japan. As of 2024, Japan currently has roughly 2.3 million foreigners working in various industries, an increase of about 250,000 workers from the previous year. While this may be helping to make up the loss in the short term, I personally think these efforts amount nothing more than a metaphorical band-aid over a deeper wound in the long run. While thankfully there are still efforts being made to adjust current immigration programs to help better assimilate foreign workers to Japanese life, the matter of the economy could lead to bigger issues. Currently one of the largest industries in Japan is the tourism industry. However, tourism itself is dependent on the reputation of the place being visited. If that sector declines it could lead to further destabilization of the economy, and foreign workers may end up incentivized to leave Japan, further increasing the worker shortage.

Given what's known about the effects of the population decline and elderly population, now I want to take a look into the causes. While it may seem that the falling population is caused solely by low economic stability, I don't think that's entirely the case. From what I've seen,

Japan's current state is the result of two main sources: an unstable economy and changing cultural attitudes.

The state of the economy in Japan is often cited as the main reason that people are less inclined to start families. Indeed, a woman in a recent NHK article stated that though she wishes to have children with her husband, with how current household finances are tight and the couple also being in debt, starting a family simply doesn't seem possible at the time. The average salary of a young Japanese person is around 3 million yen, which is only a little over 20,000 dollars in today's exchange rate. With such a relatively small salary coupled with increased inflation, it's no wonder why many Japanese people feel that children are a cost they can't afford.

In short, the economy is unstable, so fewer people are inclined to start families. However, fewer people having children leads to an eventually smaller workforce, which leads to an unstable economy, which leads to fewer people having children, and so on and so forth. Japan is economically trapped in a truly vicious cycle.

Even if the economy improves, or if people are economically incentivized to have children, that may not automatically lead to an increase in population. You can lead a horse to water, but you can't make it drink, as the saying goes. In recent years, there has also been a shift in attitude amongst Japanese people towards remaining single as opposed to getting married or starting a family. According to a recent survey in 2021, a roughly a quarter of men and women responders had no desire to get married. Not just that, but divorce rates in 2020 were about a third of marriage rates, likely owing to stresses caused by the COVID-19 pandemic and subsequent lockdowns. Promoting the benefits of marriage beyond monetary means and as a fulfilling step in a person's life would go a long way towards incentivizing people to get married. But such a change would have to take place over a slow but steady progression.

Could Japan improve its population issues and recover a sustainable economy? Maybe, but it would take a significant shift, both culturally and economically before such a thing could come to fruition. I think, while the economic factor involved in family planning is vital, it's not the only cause behind the falling population. For any future attempts at reversing population decline, efforts must be targeted at social causes in tandem with economic factors.

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