

Section 4 Outlook for Economy and Society

Japan is becoming a society with a declining population, it is therefore important to enhance its industrial structure by supporting technical innovation in order to achieve sustainable economic development. A sophisticated industrial structure leads to high production capacity in domestic markets and ensures employment opportunities. It is also important to stimulate the economic cycle, where added values, born of high production capacity, are distributed among workers, new consumer needs are created, and further employment opportunities are created. In a society with a declining population, it is also necessary to develop care services for children and the elderly so that the life and work of those caring for the elderly and children becomes more fulfilling.

A society with a declining population must focus on human capability. It is a society in which the value people create by utilizing their abilities and wisdom has more emphasis placed on it than the value that machines, facilities, and other production methods may generate. The engine for economic development is having more people willing to work, and the demonstration of their underlying vocational capability is driven by their willingness to work. The value workers generate is not limited in a market sense. It will enhance mutual cooperation in the local community along with the expansion of care services for the elderly and children. Working in this type of society would mean not only earning an income but becoming self-reliant, finding one's role in society, and participating in society through work in order to fulfill that role. All members of society, including the young, female, elderly, and the disabled should work and support each other. This is fundamental to achieving a rich and fulfilling life in a society with a declining population.

(Importance of mutual cooperation and working together for sustainable development in a society with a declining population)

It is hoped that a certain pace of economic development can be maintained in a society where the population is expected to fall in the future. In order to strive for further economic and social development, Japan continues to seek technological advances. However, technological advancement requires investment in new plant and equipment as well as growth in demand to activate the accumulated capital equipment.

The goals of the labour market are to provide the people who are willing to work with employment opportunities, to promote manpower supply, albeit even though there is a declining population, and to facilitate working environments in which each worker becomes motivated to play his or her role. The rate of decrease in the labour force appears to be gradually accelerating (Table 28). Thus it is important to stop this acceleration by developing a system to promote the supply of manpower from the elderly, youth, and female workforces. This will help to prevent a significant reduction in labour force for at least the next ten years. In addition, the Japanese economy is expected to continue to grow by focusing on the value-added facets of the economy (Table 29).

Keeping a dynamic economy alive requires the participation of various members of society that are working and mutual support, which in turn establishes a sustainable social security system and enables each social group to bear their tax burden and pay insurance.

Table 28 Rate of Change in Population and Labour Force (estimate)

(Unit: %)

Year		Total population	Population over 15 years old	Labour force	(Reference) Growth rate
Actual	1975 – 1980	0.9	1.1	1.2	1.2
	80 – 85	0.7	1.2	1.1	1.1
	85 – 90	0.4	1.3	1.4	1.4
	90 – 95	0.3	0.8	0.9	0.9
	95 – 2000	0.2	0.6	0.3	0.3
	2000 – 05 (Population forecast)	0.1	0.4	Δ0.5	Δ0.5
Estimate	2005 – 10	Δ0.0	0.1	Δ0.5	
	10 – 15	Δ0.2	Δ0.1	Δ0.6	
	15 – 20	Δ0.3	Δ0.2	Δ0.6	
	20 – 25	Δ0.5	Δ0.4	Δ0.6	
	25 – 30	Δ0.6	Δ0.5	Δ0.7	
	30 – 50	(Δ0.8)	(Δ0.8)		

Sources: National Institute of Population and Social Security Research "Population Projections for Japan"
Calculated by the Office of Counselor in charge of Labour Policy, MHLW, using Statistics Bureau, MIC "Labour Force Survey"

- Notes: 1) Figures are the annualized growth rate over five years.
2) The figures for the years from 2000 through 2005 are listed as the annualized growth for the period between 2000 and 2004.
3) The labour force figures for 2005 and beyond are the estimates obtained by multiplying the population outlook for the groups by sex and age bracket at 5-year intervals by number in the labour force in 2004.
4) The estimate for the period 1930 through 1950 are the annualized rates of changes over 20 years.

Table 29 Economic Forecast

Expected growth rate (Expected real economic growth)

(Unit: %)

Forecast	Economic growth rate	Change in capital investment
Annual forecast (Fiscal 2005)	1.4	
Forecast over three years (FY2005 through FY2007)	1.5	4.7
Forecast over five years (FY2005 through FY2009)	1.6	

Source: Cabinet Office "Annual Survey of Cooperate Behavior" (2004)

(Basic Direction of Labour Policy in the Future)

It is important to develop a society in which each worker is motivated to work and can demonstrate their ability. For the economy to sustain development in a labour-restricted era, it is vital that the healthy development of and self-reliance among young people, who are responsible for the next generation, are promoted. In order to achieve this goal, public interest must be raised and proper measures should be taken. As indicated by the high levels of willingness to work among elderly workers, the Law for the Stabilization of Employment of the Aged should be implemented in a quick and efficient manner. In addition, a dynamic aged society must be built in which the elderly can keep on working for as long as they have the will and the ability to do so, thus drawing on their full work potential. Female workers, once they have children, often have to leave work; resulting in less systemized alternatives for reemployment. Thus, it is critical to facilitate the employment of female workers who are willing to work by promoting equal employment opportunities for both sexes, introducing flexible work hours at companies when childcare is required, launching the shorter-hour system, and improving and giving more equal treatment to part-time workers. Furthermore, it is expected that there will be a need to reconsider the conventional working system, facilitate a work-life balance, and expand the alternatives in terms of multiple workstyles for both male and female workers, resulting in the implementation of "Multiple Work Sharing" in society as a whole, so that each person can achieve the lifestyle they want. With respect to disabled people, their need for work should be tackled carefully, and an organic linkage between employment and welfare policies must be ensured. The vocational self-reliance of the disabled should be promoted by expanding employment opportunities for these people so that they can get a job in the community and become independent.

(Basic Policy Stance on the Acceptance of Foreign Workers)

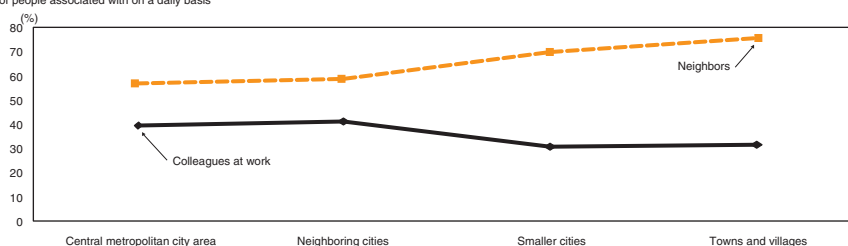
It is not appropriate to consider using foreign workers to cope with labour shortages but it is important to develop an employment environment in which domestic workers can take an active part. It is possible to alleviate the decline in the labour force by raising the participation of the young, elderly, and female workers in the labour market. In addition, technical advances can help offset the impact of the decline in the labour force. While it is important to promote the acceptance of foreign workers in both the professional and technological fields, the impact of such acceptance on the Japanese labour market must be fully studied. The acceptance of foreign workers is a critical national policy issue, involving not just the labour policy, but must also be considered from various directions. This will require reaching a national consensus on social security, education, public security, industrial competitiveness, as well as regional measures. Therefore, in-depth discussion is required in order to reflect the views of all sectors of the Japanese society from a long-term perspective.

(Vitalization of Economic Activities Based on an Affluent Regional Society)

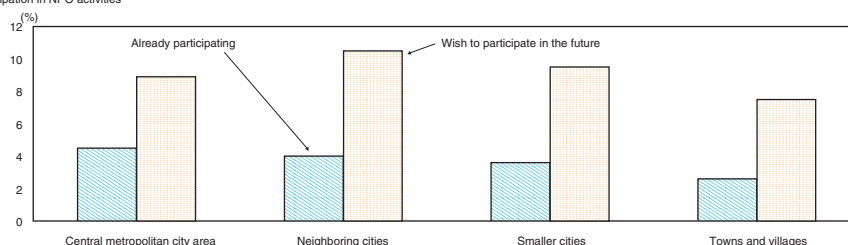
The affluence of a society is supported by the expansion of physical wealth such as economic growth, but psychological fulfillment of each member of society also supports an affluent society. The changes in public awareness are also reflected in actual social activities. For example, the number of NPOs is increasing along with an increased awareness among the public of social contribution. Those who live in the suburban towns of the metropolitan areas have a higher level of interest in NPO activities, which is notable in terms of building a local community in the dormitory towns (Figure 30). While community businesses, which profit from public welfare business in regional societies are drawing attention (Table 31), the number of those who were not brought up on farm families start farming, are also creating interest as they return to the economic development projects in the regions (Table 32).

Figure 30 Awareness of Elderly People and Their Social Participation

(1) Type of people associated with on a daily basis



(2) Participation in NPO activities



Source: Cabinet Office "Awareness survey among elderly people of social participation" (2003)

Notes: 1) The central metropolitan city area refers to the special ward of Tokyo and cabinet-order designated cities (12 major cities).

Neighboring cities are those with populations over 100,000, excluding these 12 major cities.

2) Target elderly group are those over 60.

3) Colleagues at work also include former colleagues.

Table 31 Purpose of Community/business Participation (percent distribution)

Purpose of participation	Percent distribution (Unit: %)
Elderly care and life support (including food delivery)	26.4
Accessible actions and life support for disabled people	9.5
Nature and environmental protection, streetscaping, recycling	8.9
Child welfare and education	7.3
Promotion of social education, including cultural activities and lifelong learning	6.3
International cooperation, protection of human rights, gender equality, promotion of peace	3.9
Promotion of local shopping streets, community renovation, tourist activities	3.6
Supporting social participation and local communication activities	2.6
Sports circle activities	2.4
Health promotion (including fitness sports gyms)	2.0
Restaurants	2.0
Medical and health consultancy, medical related services such as nursing care	2.0
Intermediary service support	1.6
Vocational development, supporting upskilling	1.6
Safety activity, disaster relief	0.8
Production and sales of local agricultural, forestry, and fisheries products	0.7
Consumer protection	0.6
Production and sales of processed products of local agricultural, forestry, and fisheries products	0.3
Other services	7.6
Production and sales of others	7.4
No response	2.4

Source: Mitsubishi Research Institute, Inc. "Survey on Participatory Style of Business and Community Activities" (Study commissioned by MHLW, 2004)

Table 32 Workforce Trends in the Agricultural, Forestry, and Fisheries Sectors

1. Changes in new agricultural workers (members of existing farming household) (Unit: person)

Category	2000	2001	2002	2003
Number of new agricultural workers	77,100	79,500	79,800	80,200
Of the above, those between 15 and 34	9,300	9,100	9,200	9,100

Source: Ministry of Agriculture, Forestry and Fisheries of Japan (MAFF)

"Survey on Agricultural Structure and Movement"

Notes: The figures show the number of those who have recently joined the "mainly agriculture" work category in the past year from the "payroll work" or "student" work groups, two years before the survey.

2. Changes in new agricultural workers, excluding existing agricultural households (Unit: person)

Category	1999	2000	2001
Total number	460	460	530
New college graduates	96	78	104
Voluntary unemployed now agricultural workers	364	382	426
Under 40	188	197	201
Between 40 and 59	143	163	185
60 and Over	33	22	40

Source: calculated by MHLW based on MAFF's "Collected Information on Newcomers to Agriculture, Forestry, and Fisheries"

3. Number employed in the agriculture, forestry, and fisheries industries

Category	1999	2000	2001	2002	2003
Number of persons employed in agriculture, forestry, and fisheries industries	8,612	8,547	10,438	11,215	12,702

Source: MHLW "Report on Employment Service"