



## **The Japanese Economy: Strategies to Cope with a Shrinking and Ageing Population**



This presentation was given on 30 January 2023 at the EBC premises with attendance both in-person and remotely.

The EBC was honoured to have Dr Randall Jones, former Head of the OECD Japan/Korea Desk give a presentation on Japan and its challenges in regards to a shrinking and ageing population. Dr Jones also gave recommendations on what Japan could do to alleviate the stress on the economy, both in terms of increased revenue, but also to combat the increased costs.

He touched upon the demographic situation and strategies to limit the decline in the labour force. Japan has currently the highest elderly dependency ratio among the OECD countries, and this will continue. It will take only twelve years to go from 14% (2018) to 20% (2025) share of elderly (65 years or above). By 2060 this share is projected to reach 39% while the population will decrease by one-fourth.

Other issues were brought up such as the gender gap in pay (third highest in OECD), the increased ratio of non-regular employment, the low productivity in the service sector etc.

Dr Jones also mentioned the importance to reform healthcare , where there needs to be a swift from hospital treatment to long-term care and the need for a pay-for-performance system.

As a last point, the national debt and/or the constant budget deficit was raised. Some taxes would have to be raised and Dr Jones pointed out that some taxes will affect the economy less than others. These were consumption tax and



especially environmental-related taxes. The latter would also help Japan achieve its carbon neutrality goal.

You can read:

[-the presentation slides](#)

[-"The Japanese Economy: Strategies to Cope with a Shrinking and Ageing Population"](#)