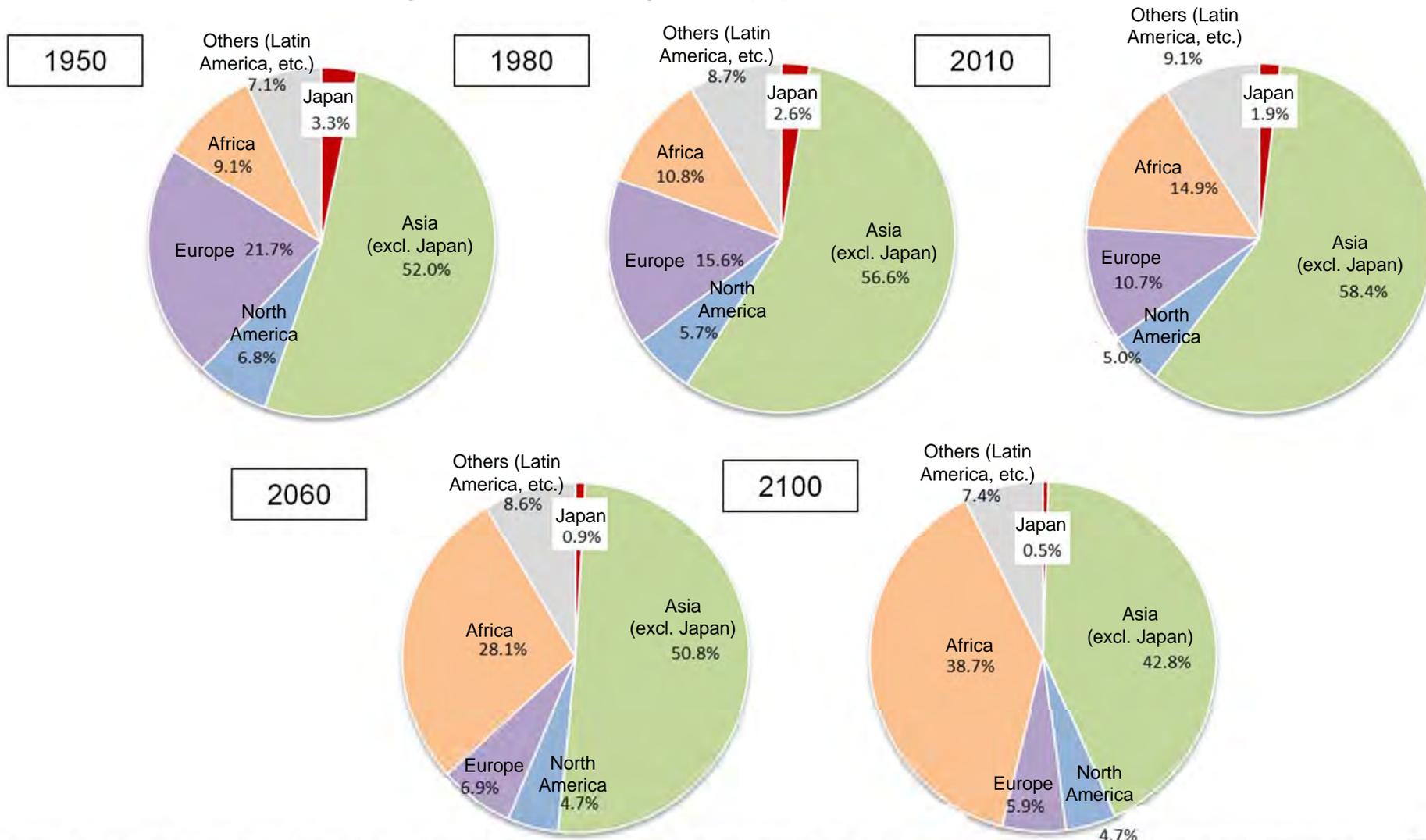


10. Position of Japan in the world (population)

- ❑ The share of Japan in the world population has been on a downward trend.
- ❑ After a 0.7 percentage point decline during the past 30 years, another one percentage point decline is expected in 50 years.

Changes in shares of regions in population around the world

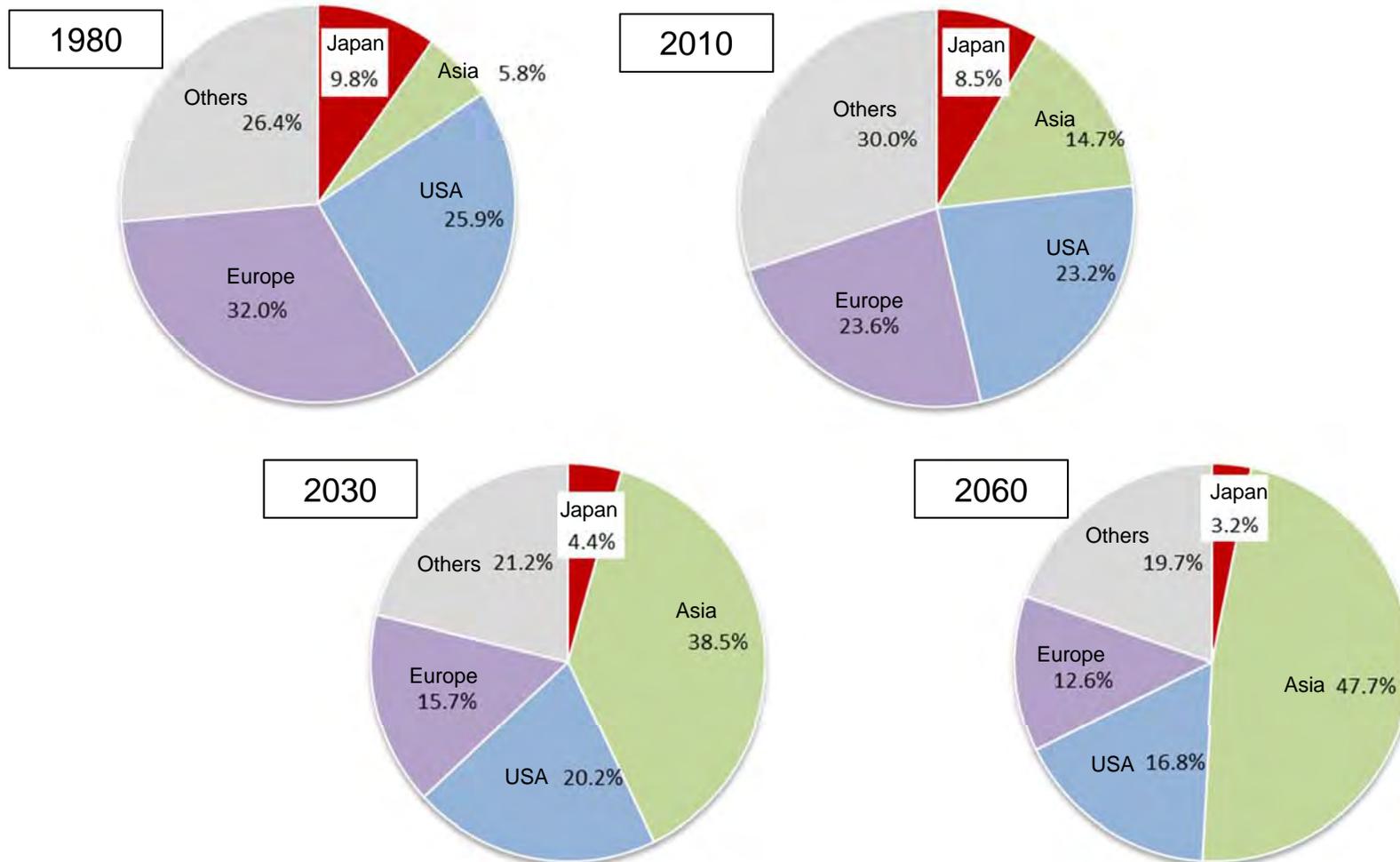


(Note) Adapted from United Nations "World Population Prospects: The 2012 Revision (Medium Variant)," MIAC "Population Census Report" and "Annual Report on Current Population Estimates," and the National Institute of Population and Social Security Research "Population Projection for Japan (January 2012)." (medium projection).

Position of Japan in the world (economy)

- ❑ The share of Japan in the world economy (GDP) has been on a downward trend.
- ❑ After a 1.3 percentage point decline during the past 30 years, another 5.3 percentage point decline is expected in 50 years.

Changes in shares of countries and regions in the world economy (GDP)



(Note) Adapted from IMF "World Economic Outlook Database, October 2014" and OECD "Economic Outlook (May 2014)"

* Asia includes four countries below: South Korea, China, India, and Indonesia.

* Europe includes 15 countries below: Ireland, United Kingdom, Italy, Austria, the Netherlands, Greece, Sweden, Spain, Denmark, Germany, Finland, France, Belgium, Portugal, and Luxembourg.

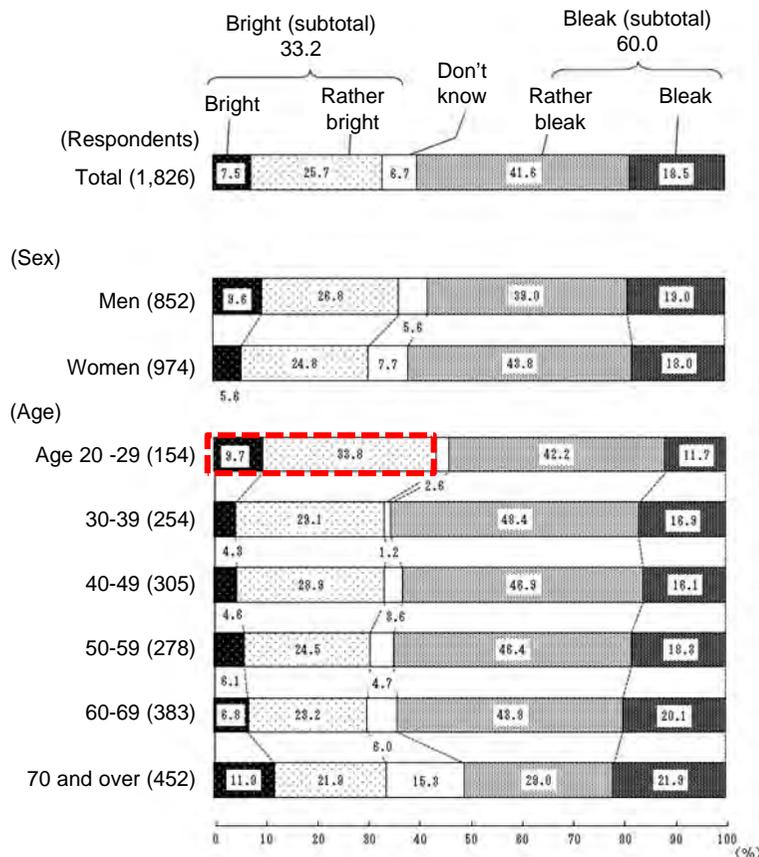
11. Findings of an opinion poll (1) : Awareness of the future of Japan, and balance between policy programs for the elderly and younger generations

- ❑ Asked in an opinion poll about the future of Japan in 50 years, 43% of young respondents answered the prospects are “Bright.”
- ❑ Asked which of policy programs for the elderly or younger generations should be enhanced, younger respondents attached greater importance on programs for the elderly, while older respondents regarded those for younger generations as more important.

◆ In terms of the future of Japan, 50 years from now, do you think prospects are brighter or bleaker than today?

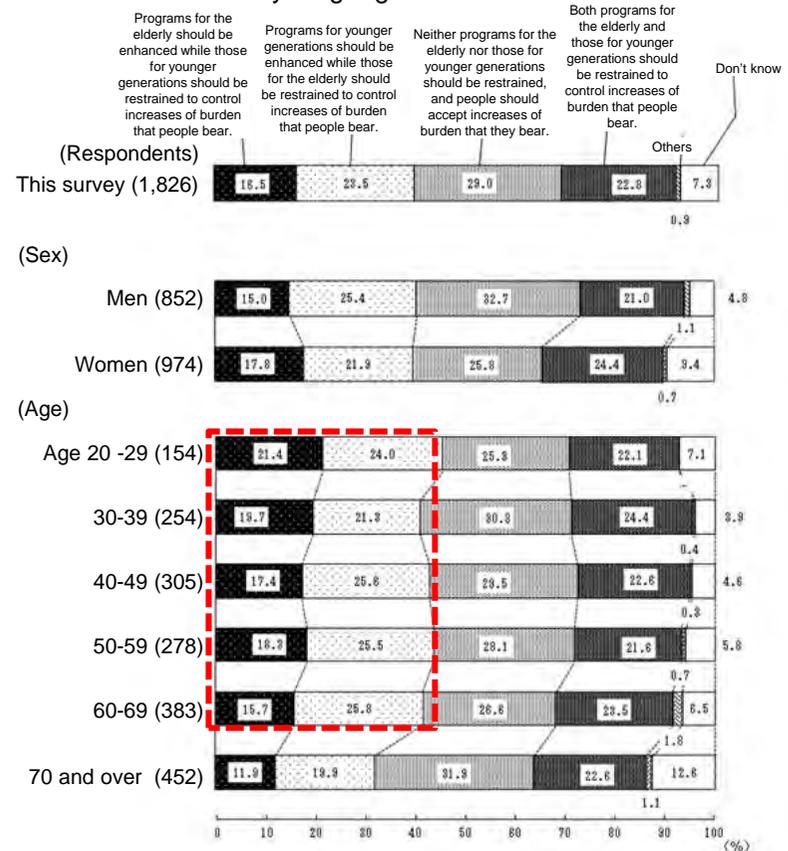
◆ In Japan, with the forecast that population will be further aging, it is expected that people will have to bear growing burden for social security benefits paid to the elderly. What do you think should be done to address this situation?

Fig. 1 Awareness of the Future of Japan



(Note) Adapted from the Cabinet Office, "Opinion Poll on Future of Japan: Population, Economy, Society, Etc." (August 2014).

Fig. 10 Balance between policy programs for the elderly and younger generations



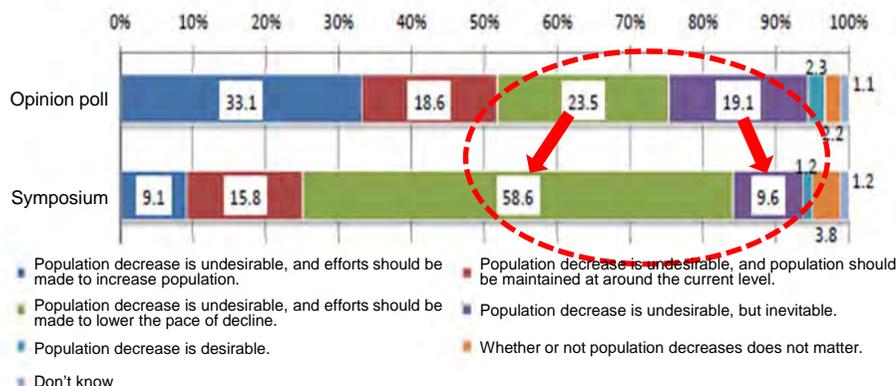
Findings of an opinion poll (2) : Comparison with participants in a symposium

- Comparison between the opinion poll (conducted in August 2014) and participants in a symposium (held in October 2014) in answers to questions about the future of Japan shows that a smaller percentage of the symposium participants said “Population decrease is inevitable,” while “Efforts should be made to lower the pace of decline” was the most common answer among them.
- Asked about the future of Japan, a little less than 50 percent of the symposium participants said “Bleak” or “Rather bleak,” while “Don’t know” turned out to be much more common than in the opinion poll.

2. About population decline, falling birthrate, and aging

Q4. What do you think of such a sharp decline of Japan’s population? Please choose one of the alternatives below.

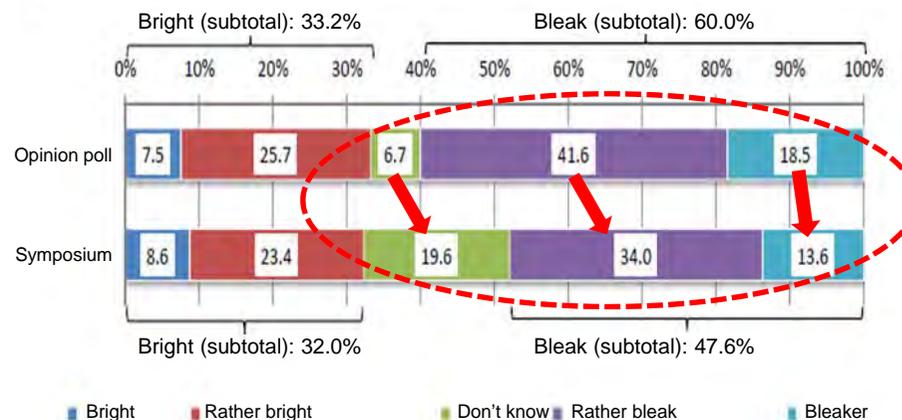
	Opinion poll (%)	Symposium (%)
Population decrease is undesirable, and efforts should be made to increase population.	33.1	9.1
Population decrease is undesirable, and population should be maintained at around the current level.	18.6	15.8
Population decrease is undesirable, and efforts should be made to lower the pace of decline.	23.5	58.6
Population decrease is undesirable, but inevitable.	19.1	9.6
Population decrease is desirable.	2.3	1.2
Whether or not population decreases does not matter.	2.2	3.8
Don't know	1.1	1.2



1. About future of Japan

Q1. In terms of the future of Japan, 50 years from now, do you think prospects are brighter or bleaker than today? Please choose one of the alternatives below.

	Opinion poll (%)	Symposium (%)
Bright	7.5	8.6
Rather bright	25.7	23.4
Don't know	6.7	19.6
Rather bleak	41.6	34.0
Bleaker	18.5	13.6

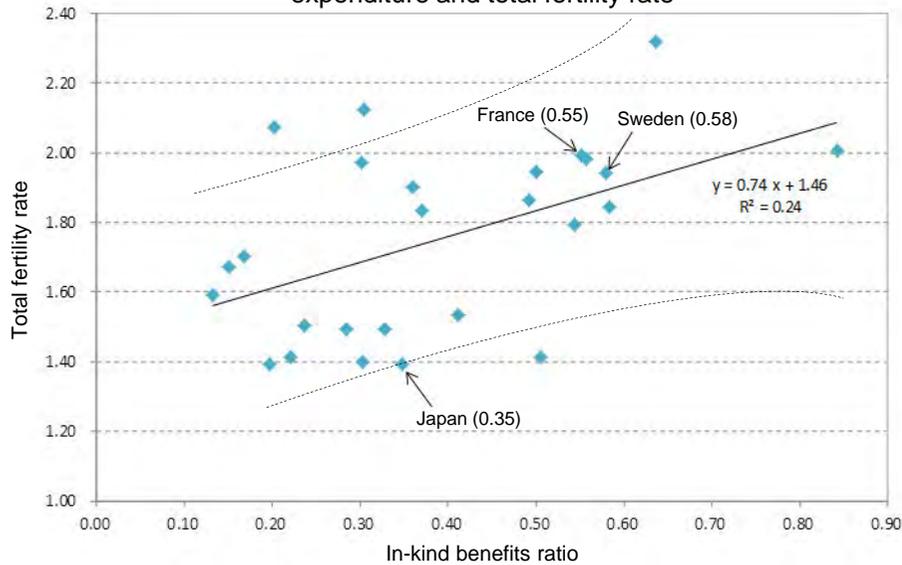


(Note) Adapted from Material 3-1 for the 12th meeting of the Committee for Japan’s Future (October 28, 2014), the overview of the findings and analysis of “Opinion Poll on Future of Japan: Population, Economy, Society, Etc.”

12. Relation between family-related government expenditure (in-kind) of countries and their total fertility rates

- Looking at countries with a higher total fertility rate than Japan's, a larger proportion of in-kind benefits in family-related government expenditure is often observed with a higher total fertility rate. The latest ratios of in-kind benefits are: (Japan) 35%; (France) 55%; (Sweden) 58%.
- The larger the proportion that family-related government expenditure in comparison with the elderly-related government expenditure, the higher the total fertility rate becomes, showing a modest positive correlation between them. The latest proportions of the family-related government expenditure against the elderly-related government expenditure are: (Japan) 0.12; (France) 0.26; (Sweden) 0.36.

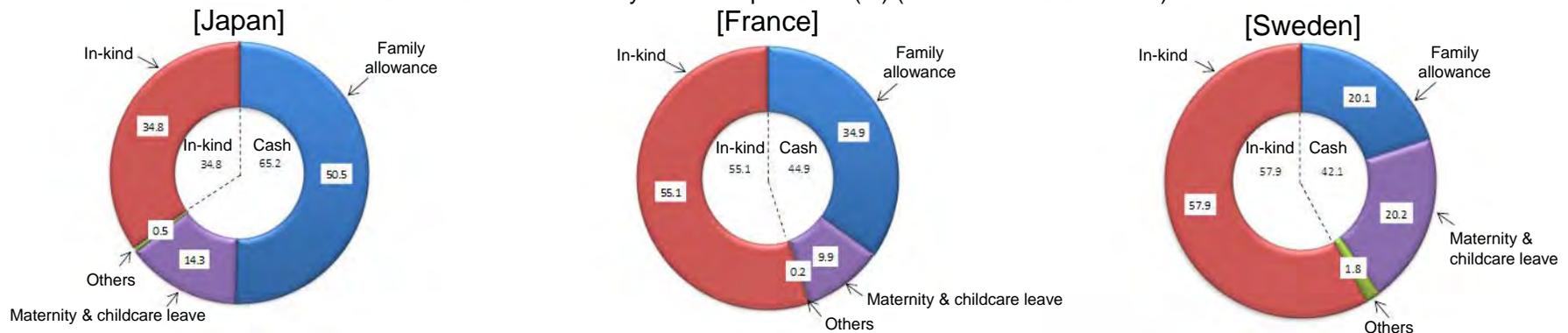
Correlation between the ratio of in-kind benefits in family-related expenditure and total fertility rate



Correlation between the ratio of family-related expenditure to elderly-related expenditure and the total fertility rate



Distribution ratio of family-related expenditure (%) (cash and in-kind benefits)

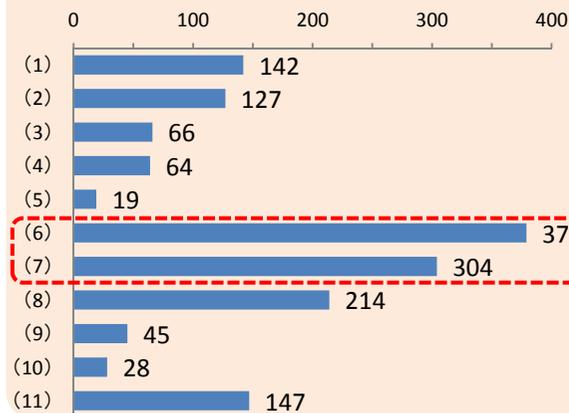


- (Notes) 1. Adapted from OECD "Social Expenditure" and "Family database," and IPSS "The FY 2011 Financial Statistics of Social Security in Japan"
 2. Figures for 2009. For Japan and Switzerland, figures are for FY2011 and 2008, respectively.
 3. An in-kind benefits ratio represents a percentage of the in-kind benefits to the family-related government expenditure.

13. Priority programs implemented by local governments as measures to counteract the falling birth rate

- Local governments give especially high priority to “Clear out children on the waiting list for nursery schools” and “Expand options of childcare support” among measures they implement to counteract the falling birth rate.
- Asked which programs they think should be enhanced, many of them pointed out needs for offering diverse options and improving quality of service, such as “Develop schemes for supporting marriage,” “Expand options of childcare support,” and “Enhance nursery service.” Asked which programs for which they need to work with other organizations and/or the national government, “Enhance the perinatal medical system in safety and reliability” was mentioned by many, together with programs referred to above
- In terms of support and promotion programs conducted by the national government, they have the greatest need for seamless support for marriage, pregnancy, childbirth, and childcare.

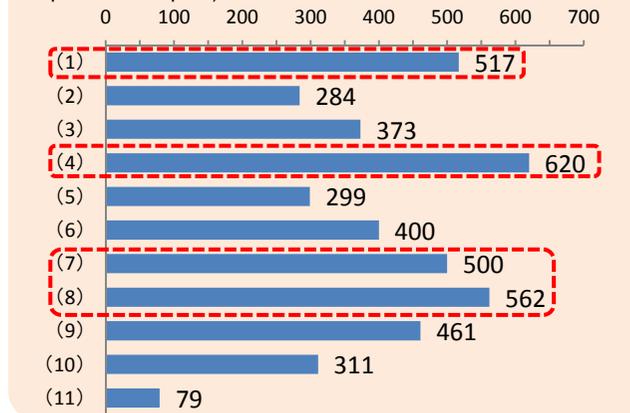
◆ Which policy program do you give especially high priority to? (Choose one alternative only.)



◆ Which policy program do you think we need to enhance? (Multiple responses accepted)



◆ For which policy program do you think we need to work with other organizations and/or the national government? (Multiple responses accepted)



◆ Among support and promotion programs the national government carries out for local governments when they implement measures to counteract the falling birth rate, which do you expect to be enhanced and/or extended? (Choose one alternative only.)

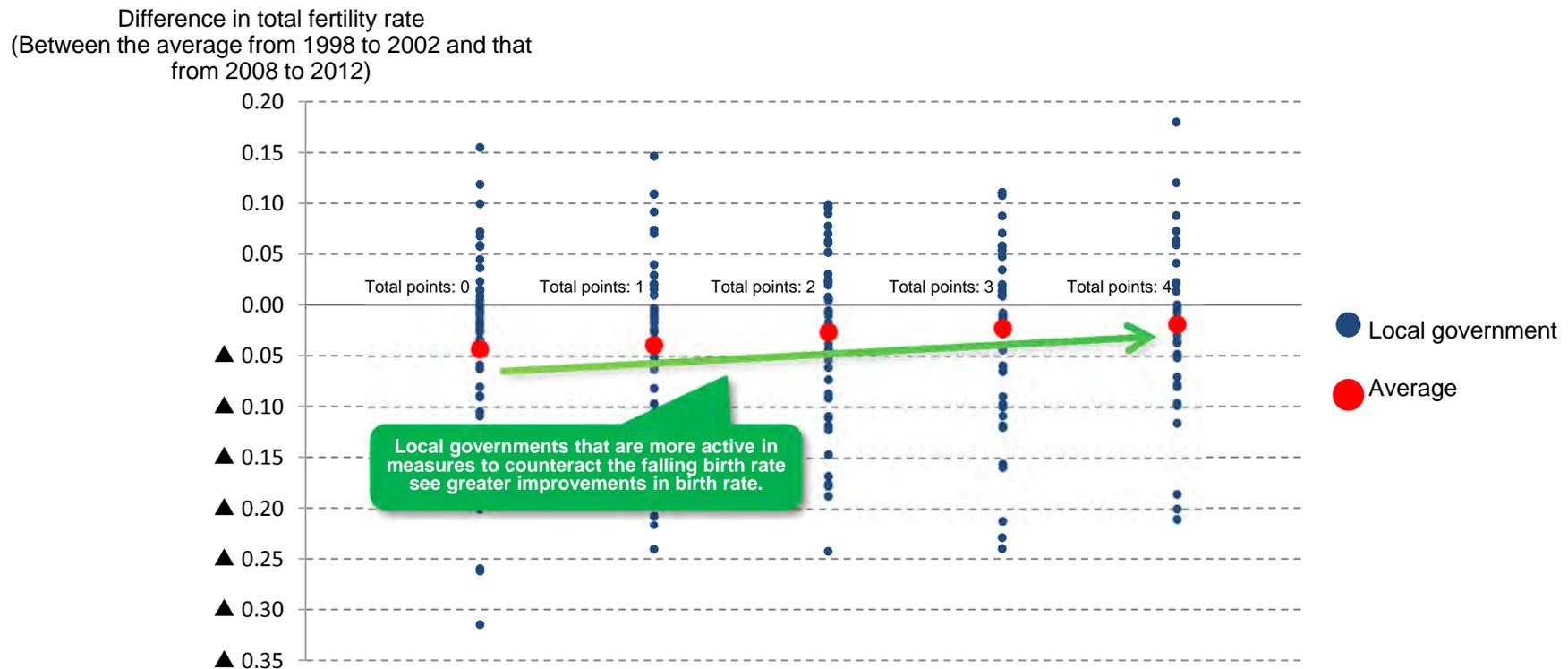


- Offer people opportunities to meet, and develop consulting and support arrangements (Hold various types of events, and operate marriage support centers, among others)
- Facilitate supply of housing for young married couples and families with children
- Provide comprehensive support for sterility treatment (Increase grants for projects for supporting specified treatments of those suffering sterility, develop consulting and support systems to enable both men and women to consult a doctor more easily, provide support for men in sterility treatment, and provide support for women suffering infertility, among others)
- Enhance the perinatal medical system in safety and reliability (Introduce more effective measures to secure doctors, among others)
- Promote provision of medical information about pregnancy and childbirth (Facilitate preparation of life plans)
- Clear out children on the waiting list for nursery schools (Expand facility-type benefits for certified preschools, kindergartens, and nursery schools)
- Expand options of childcare support (Provide support for small-class nursery service, etc.)
- Enhance nursery service (Introduce measures to improve treatment of childcare workers and secure human resources, etc.)
- Enhance the support system for children who need social protective care
- Develop a postpartum care system
- Others

(Note) Based on findings of the Cabinet Office, “Survey of the Current State of Measures Implemented by Local Governments to Counteract the Falling Birth Rate” (September 2014). Responses came back from 1,535 organizations out of 1,788 to be surveyed.

14. Relation between measures implemented by local governments to counteract the falling birth rate and the birth rate

Comparing local governments that implement, as part of measures they carry out to counteract the falling birth rate, “Establishment of a department responsible for planning and promoting comprehensive policy programs,” “Cooperation for work between relevant departments,” “Increase of the budget for measures to counteract the falling birth rate,” and/or “Enhancement of personnel engaged in measures to counteract the falling birth rate” with those which do not, it turns out that local governments that are more active in such programs see greater improvements in birth rate as compared with 10 years ago.



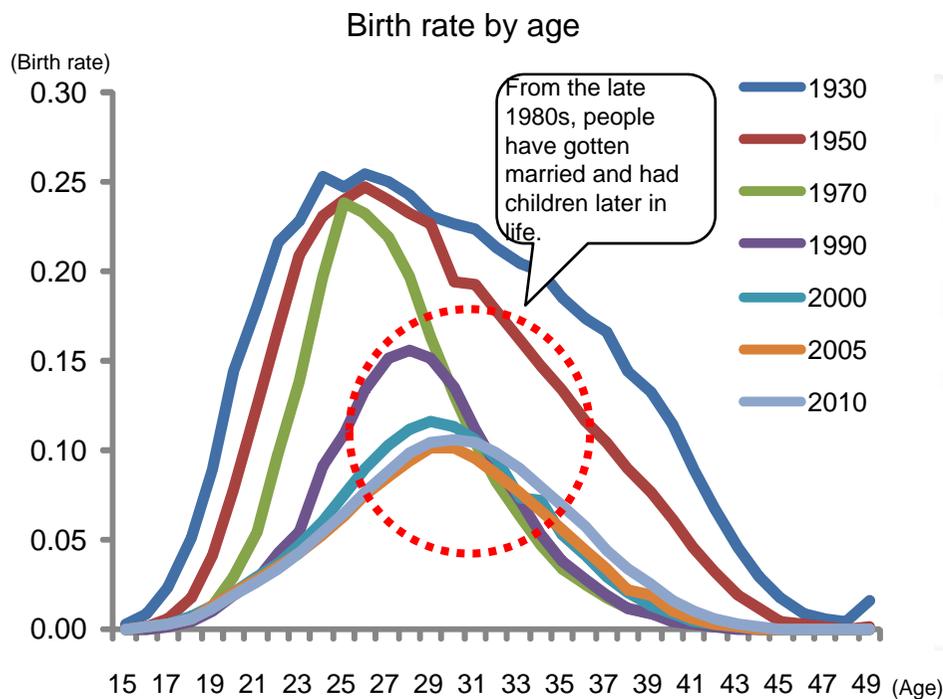
[Method] Answers to questions below are represented in points to divide local governments into groups according to their total points and calculate their average fertility rates.

- (1) Have any department responsible for planning and promoting comprehensive policy programs? Yes: 1; No or Under consideration: 0
- (2) Have relevant departments that work in cooperation? Yes: 1; No: 0
- (3) Trend of the budget for measures to counteract the falling birth rate over the past 10 years: Upward or Rather upward: 1; Unchanged, Rather downward, or Downward: 0
- (4) Trend of the personnel engaged in measures to counteract the falling birth rate over the past 10 years: Upward or Rather upward: 1; Unchanged, Rather downward, or Downward: 0

(Note) Based on findings of the Cabinet Office, “Survey of the Current State of Measures Implemented by Local Governments to Counteract the Falling Birth Rate” (September 2014). Responses came back from 1,535 organizations out of 1,788 to be surveyed.

15. Factors behind a falling birthrate, and basic responses

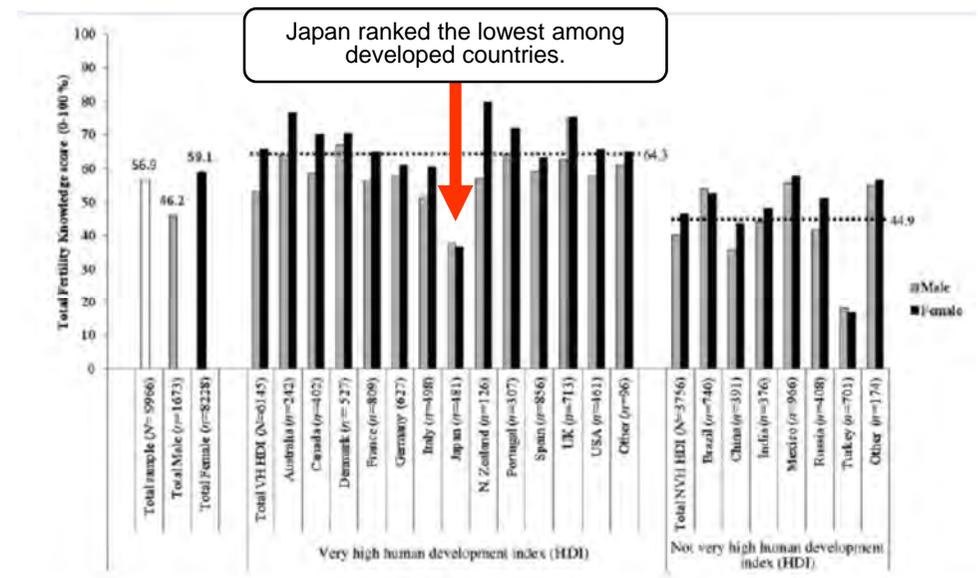
- ❑ Correct medical knowledge about pregnancy and childbirth, among others, should be disseminated to help people prepare a life plan for themselves.
- ❑ Development of sterility treatment and other medical techniques should not be regarded as a guarantee that you will be able to get pregnant whenever you want.
- ❑ Social systems should be established immediately that allow people in their 20s to choose to have and bring up a child without anxiety.



[Birth rate] = [No. of children born to women at an age] / [No. of women at the age]

IPSS, Population Statistics 2013

Knowledge about Fertility (by country & sex)



Human Reproduction, 28:385-397, 2013

(Note) Adapted from materials produced by Dr. Hidekazu Saito, Director of the National Medical Center for Children and Mothers, National Center for Child Health and Development

16. Report of the Working Group on Growth and Development [Overview]

—Prevent a contraction spiral for population stability, innovation, and Japan branding

If no action is taken now to change the current situation, a rapid decline of population is feared to lead the economy to a contraction spiral.

Population stability

Population is a critical foundation for growth and development of the economy (as it has impact on all of labor input, capital accumulation, and **productivity**)

Stability in population and increases in younger people should generate fusion with generations with rich experience and facilitate innovation.

Innovation for rapid enhancement of productivity

Intensive implementation of reforms by the early 2020s to make a jump start

- **Broaden the perspective from “Monozukuri” (manufacturing) to “Mono-Kotozukuri” (value added manufacturing).**
- **Reform awareness to accept something unfamiliar.**
- **Carry out all policy programs available to promote reform to clear high hurdles.**

- Enhance investment in knowledge capital (IT investment, R&D investment, human resource development, branding, marketing, etc.)
- Strengthen open innovation in a strategic manner.
- Train and accept diverse human capital, and offer them more opportunities to play active roles.
- Enhance universities in functions for human capital development and innovation.
- Make available more diverse financing methods to promote entrepreneurship.
- Encourage businesses to transfer unprofitable operations for restructuring.
- Develop global value chains to maximize added value.
- Turn Tokyo into an international financial center that attracts people and information.

Build the “Japan Brand” as part of the national strategy as a hallmark we feel proud of before the world.

- Integrate the characteristics and strengths Japan has into what the Japanese people as a whole feel empathy for, to share them among us and spread them to the world.
- Take an active part in rulemaking for the global community.

Pass down a society with sustainable growth and development to coming generations.