THE POLITICS OF JAPAN’S SHIFTING Demographics

Brookings “SILVER democracy” Panel
LEONard Schoppa, December 3, 2014
DECLINING FERTILITY AND FALLING POPULATION

**Fewer and Fewer Babies**

- Births (in thousands)
- Years: 1972 to 2057

**Population Projected to Lose 41 Million by 2060**

- Population (in thousands)
- Years: 1972 to 2057

Source: data before 2010 from Japan Statistical Yearbook; Figures for 2011-2060 from NIPSSR 2012 Projection
THE SLOW PACE OF IMMIGRATION INTO JAPAN:
NET-INFLOW OF JUST 36,000 IN 2011

Source: OECD Migration Data
SHIFTS IN AGE COMPOSITION OF POPULATION
SHIFTS IN AGE COMPOSITION
OF ELIGIBLE VOTERS

Source: data before 2010 from Japan Statistical Yearbook; Figures for 2011-2060 from NIPSSR 2012 Projection
TURNOUT RATES BY AGE IN 2012 LOWER HOUSE ELECTION

ELIGIBLE AND ACTUAL VOTERS IN 2012 LOWER HOUSE ELECTION

Applies 2012 age-specific turnout rates to population projected in 2012 NIPPSR population projections.
POSSIBLE POLICY IMPLICATIONS

- Older voters may block efforts (via consumption tax increases) to shift tax burden onto the elderly and off of working-age adults and corporations.

- They may block efforts to cut pension & medical benefits for the elderly.

- On the other hand, they have an incentive in keeping the government solvent enough to pay their retirement benefits.
CONSUMPTION TAX

- Noda and DPJ paid a huge price in 2012 for raising the tax.

- Abe has done the politically popular thing and postponed the second-stage of the tax increase until 2017 ahead of this election.

- Will the party in power be able to withstand the pressure to postpone again?
WORKING AGE JAPANESE ALREADY BEARING A HEAVY LOAD UNDER PENSION REFORM OF 2004

Japanese Employee Pension Contribution Rates (% of salary)

Japanese National Pension Contribution Rates (yen/month)
If Japan Can’t Raise Taxes or cut Retiree benefits, its debt problem will get even worse…

OECD Economic Outlook No. 92
AGING VOTERS AND L.D.P. DOMINANCE

• Very difficult to speculate about this given how the party system remains in flux.

• Today, the LDP benefits from disproportionate support from elderly voters while younger voters have tended to be more supportive of opposition parties.

• Possible the LDP will lose support as its most supportive cohorts pass away. But if young cohorts become more conservative as they age, they may sustain the party’s support well into the future....
ELECTION ON DECEMBER 14

295 Single Member District Races

- LDP v token: 59
- LDP or Komeito v DPJ: 155
- LDP or Komeito v JIP: 22
- Three Way Battle: 59