

What Worries Japan

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A great deal is made of Japan's ageing population, but this isn't the only thing giving the country grey hairs. The results of Ipsos' Global Advisor "What Worries the World?" survey highlight two clear themes around what is troubling today's Japanese.

The big worries...

The first theme is that, after decades of economic contraction and more recent slow growth, Japanese society has slowly morphed into one of clear winners and losers. This emergent reality is reflected in the level of concern around the issues of 'Maintaining Social Programs' (33%) and 'Poverty and Social Inequality' (36%).

As the baby boomer generation ages, retires and joins the ranks of those receiving public pensions and heavily-subsidized healthcare, the workforce supporting that spending is rapidly shrinking. Since its peak in the late 1990s, Japan's workforce has shrunk by about 2 million just as more than a fifth of its population are now

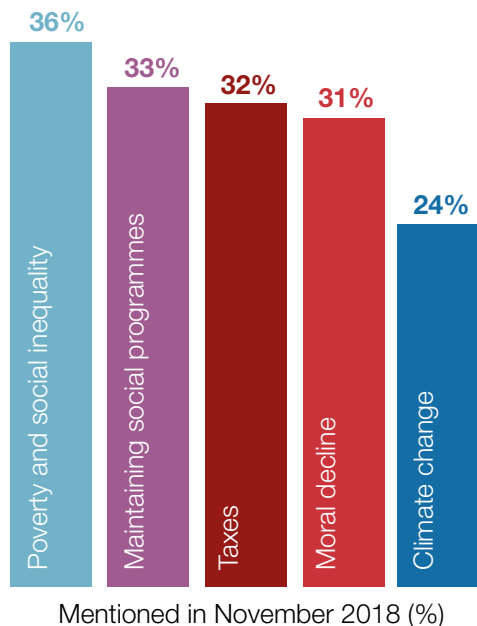
aged over 70. Partly due to this imbalance, Japan is now the most indebted industrialized nation with public debt at 250% of GDP. In this potentially unsustainable situation, the government is looking for solutions. One policy option on the table is raising the pensionable retirement age, currently at 60 years old, to 70 years old or beyond. This makes the necessity of diminished government largesse a tangibly looming reality.

This older generation benefited from the personal financial stability that was long-offered by the traditional employment-for-life system of corporate Japan. But, in post-bubble Japan, full-time corporate jobs were gradually structured out and replaced by more flexible and cheaper contract, temporary and part-time workers. Today, nearly 40% of the Japanese workforce is engaged in such "non-regular" employment, which lacks the stability, benefits and status that come with full-time work. In this context, many of today's younger Japanese do not expect the same level of material wealth as their parents' generation.

In part due to the division of the Japanese workforce into these “regular” and “non-regular” employee categories, income inequality and poverty are growing issues, hence the presence of ‘Poverty and Social Inequality’ as a top concern for the Japanese.

While the 2007 “Lehman shock” was a major set-back for all, those now in their 30s and 40s have suffered particularly lasting effects. While relative poverty rates and income inequality have continuously grown over the past three decades, such that 1 in 6 Japanese now lives below the poverty line, the starkest disparity is amongst households with children, especially female-led, single-parent households. A 2016 UNICEF survey put Japan’s child poverty rate of 15.8%, making it the 15th worst of the 44 OECD nations surveyed. Unfortunately, the stigma of poverty in Japan prevents many from seeking help, even when they are eligible to receive it: only 200,000 of the 3.5 million children eligible for state support receive any.

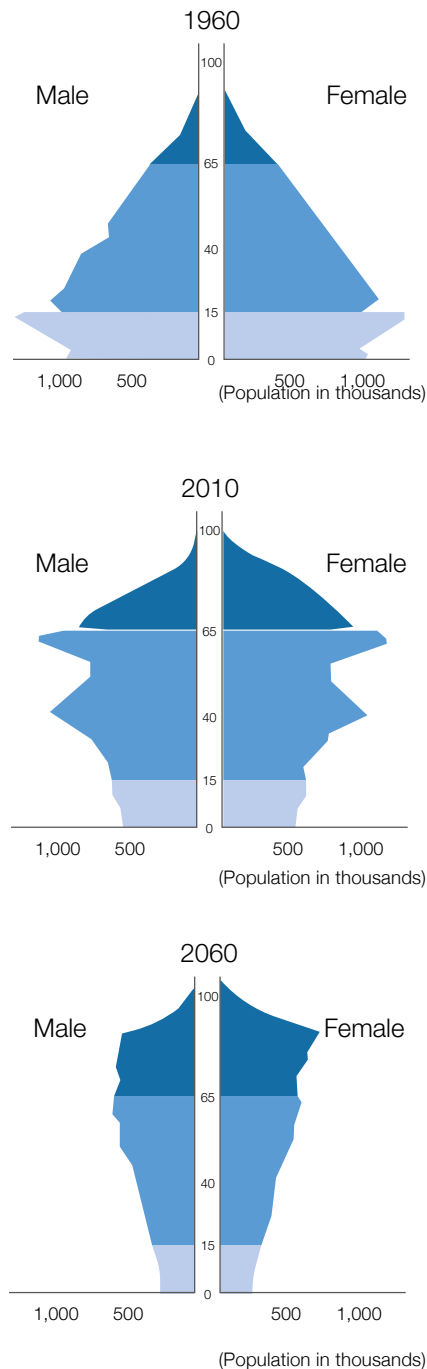
Which three of the following topics do you find the most worrying in your country?



Base: Representative sample of Japanese adults aged 16-64. November 2018: 1,095; October 2018: 1,075. Source: Global Advisor

Figure 1

Japan’s Changing Population Pyramid (population by age)



Sources: (For 1960 and 2010) Statistics Bureau (Ministry of Internal Affairs and Communication), Population Census of Japan; (for 2060 projection) National Institute of Population and Social Security Research, Population Projections for Japan (January 2012), based on medium-variant fertility and mortality assumptions.

Figure 2



The second theme that the survey results highlight is the unusual circumstance of a conservative government pursuing a socially, economically and environmentally progressive agenda. While Prime Minister Abe has promised “overall social-security reform, including health and medicine, pension and others”, he is well-aware that his ageing constituents will resist rapid change. As a result, measures thus far remain modest and incremental. He’s right to be cautious: change can be a scary thing, and particularly for older Japanese who have the most to lose by reform. They are the greatest recipients of income redistribution at the expense of the working generations.

Back when I was young...

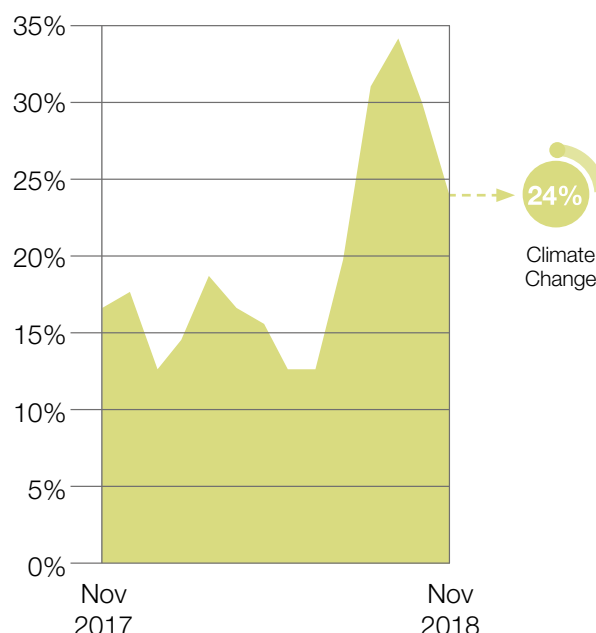
Just like the older generations of any country, Ipsos survey results show Japan’s older people are fretting over ‘Moral Decline’. Reported by 31% of those surveyed (compared to the global average of 15%), this is a significantly larger concern in Japan. This may reflect the fact that Japan has far less concern when it comes to violence, crime and other worries that are more urgent elsewhere. Yet, the prominence of this worry and the fact that those aged between 50-64 are the most likely to list this as a top concern (as many as 43% of those aged 50-64 in November 2018), reflect a serious generation gap. This illustrates a conservative older generation standing in judgement of a younger generation that has different values and urgently needs change to address their economic worries.

Summer of disasters

In September 2018, on the heels of a particularly cruel summer of natural disasters including record-breaking heat, typhoons, torrential rains and mudslides - not to mention earthquakes - it was no surprise that Japanese ranked ‘Climate Change’ (34%) higher as a concern than all other countries surveyed. This has slightly receded since (to 24%) but remains at one of the highest levels ever, on par with environmentally conscious countries such as China, Canada and Sweden.

While the Japanese are well-aware of the threat of natural disaster and the dangers of an unpredictable sea, the summer of 2018 felt nearly apocalyptic. During a seven-day period in July, 22,647 people were taken to hospitals due to the heat. In the same month, 176 people were killed and millions were forced to evacuate their homes as torrential rains caused widespread flooding and landslides. It qualified as Japan’s worst weather disaster in 36 years. It’s with little surprise that the recently-announced Kanji of the year is “災” wazawai, meaning “disaster”.

Which three of the following topics do you find the most worrying in your country?



Base: Representative sample of Japanese adults aged 16-64. c. 1000 per month. Source: Global Advisor

Figure 3



Other worries that surfaced for Japan were ‘Taxes’ (32%) and ‘Financial/political corruption’ (17%). Taxes are always a worry, but the long-awaited consumption tax hike scheduled to come into effect in October 2019 sharpens the point. While other concerns have detracted worry from ‘Financial/political corruption’ in 2018 (it has declined by 3 percentage points since 2017), the picture could change in 2019 as current scandals evolve (Ghosn/Nissan) and new ones possibly emerge. Finally, while the unemployment rate is enjoying a 24-year low, ‘Unemployment and jobs’ remains a concern for 21% of people, and is most pronounced amongst those under 50, reflecting a continued sense of personal economic insecurity among the working-age population.

Looking to the future

One worry notable for the *lack* of concern it garnered in the survey is ‘Immigration Control’ (9%). But, immigration is currently becoming a more discussed topic in the Japanese media. A bill to overhaul the current immigration system, allowing in 340,000 foreign workers in the next five years, has been hotly debated in the Diet (Japan’s parliament) in recent months. However, allowing in more immigrant workers does not signal a new openness to multiculturalism in Japan. Rather, with staying in Japan being conditional upon employment, importing labor is being explored as a potential solution to the increasingly dire worker shortage – along with raising the retirement age, getting and keeping more women in the workforce, and greater use of robots and artificial intelligence.

Though the bill was finally passed, physical scuffles in the Diet and a subsequent public vote showing 66% disapproval of the bill serve as evidence that there is no consensus on the issue. As foreign faces continue to arrive in greater numbers, a sense of concern around immigration in Japan will certainly grow.

In conclusion...

In the context of a population that isn’t just rapidly changing, but is also rapidly shrinking, the Japanese are understandably concerned about the future. Most are relying upon the government to find solutions and to lead the way. Yet, a conservative government made up mainly of older men may not reflect the values and needs of younger Japanese. As issues arising from demographic imbalance, huge public debt, economic slow growth and wage stagnation, growing inequality and climate change continue to accelerate, those in Japan waiting for the torch to be passed are perhaps rightly worried.

Read more on What Worries Japan:
https://www.ipsos.com/sites/default/files/what_worries_Japan_201811.pdf

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