



Ear to Asia podcast

Title: Can Japan stop its rapid population decline?

Description: Japan's population is shrinking at the alarming 1000 people per day, with ominous implications for the nation's economy and society. Can solutions be found in more family-friendly corporate culture, attracting migrants or even robotics? Migration and diversity expert Assoc. Professor Nana Oishi unpacks Japan's depopulation phenomenon on Ear to Asia.

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Peter Clarke: Hello, I'm Peter Clarke. This is Ear to Asia.

Nana Oishi: The population decline in Japan is quite serious and many people in the world including the United Nations has been telling the government that the current policy is really not sustainable. Japan needs more immigrants. And not just temporary migrants but permanent migrants.

Peter Clarke: In this episode, grappling with a plunging population in Japan.

Ear to Asia is the podcast from Asia Institute, the Asia research specialists at the University of Melbourne.

Japan is a member of a reluctant club of countries, including Italy, Greece, and much of Eastern Europe, in which national population's are nosediving. Japan is the world's tenth most populous country with over 125 million people, but with a stubbornly low birth rate and very little inward migration. In 2017 alone, Japan lost a net 400,000 of its people, and the population continues to shrink at an average rate of about 1,000 people per day.

The Japanese government knows this is now mere demographic dip, and that it has implications not only for the nation's highly developed economy and industries but, also, for social welfare and even the very cultural fabric of Japan. Whether it's getting people to have more children or using robots to replace disappearing workers, Japan is looking for answers. They're even planning the previously unthinkable, importing migrant workers on a massive scale.

How did Japan get here? What are they going to do about it? What lessons does Japan's predicament have for the rest of the world?

To discuss how the world's third biggest economy is contending with this rapid population decline, migration and diversity researcher, Associate Professor Nana Oishi of the University of Melbourne's Asia Institute is with us.

Nana, welcome to Ear to Asia.

Nana Oishi: Thank you very much. It's a pleasure to be here.

Peter Clarke: I just described the general problem. The numbers really tell the story, don't they? Japan had an enormous population increase just after the war in the last century, but it's really been crashing in the last decade especially. What's been going on?

Nana Oishi: As you just said, Japan's population grew throughout the 20th century. It almost tripled in its size. But, the birth rate started declining since the late 1970s. Our fertility rate right now is 1.4 meaning that a Japanese woman gives birth to 1.4 children on average which is obviously not enough to maintain the population level.

In 2010, the population started declining. Japan is the fastest shrinking country in the world. The country will lose one-third of its population by 2100. It's quite a serious situation right now.

By the way, though, Japan is not in a unique situation. Most industrialized countries are having very low birth rates. For instance, the fertility rate of the United States and Australia is 1.8 for both countries which is also not enough to maintain the replacement level, just like Japan. If we don't have immigration, our population in Australia will shrink, so we can maintain our population, only because immigrants are contributing to fill in the shortage.

Peter Clarke: But, immigration hasn't been a big strength of Japan, has it?

Nana Oishi: That's right. That's the reason why the government is now finally taking a step to change the situation through immigration.

Peter Clarke: We'll explore that in a moment. But, it's not just about numbers is it, Nana? Because, it's the more detailed demography we should be looking at, and that's about age, isn't it? Because, Japan like a lot of other industrialized countries you just alluded to, we've got a bulge. The baby boomer bulge, I suppose you could call it, exacerbated, perhaps, in Japan by the fact that there, old people tend to live longer too.

Nana Oishi: That's right because medical technologies have been advanced, and a lot of people live longer, and that's one of the reasons why we are the oldest society in the world. 33% of its population is now over the age of 60 which is quite a huge percentage I have to say.

Peter Clarke: What about the, just in general terms, as people get older in Japan, perhaps, have been working for corporations in the cities, the men particularly, but, out in the country, of course, things are different. What sort of social security context are we talking about here?



Nana Oishi: Right, well, I'm glad that you asked that question, because social security issues are quite, quite serious in our country, and then the people are very concerned about it. There are many fears about social security, because the Australian superannuation, for example, is basically that everybody contributes certain amount of money for their old age, and then the money will stay until they retire.

In Japan, everyone who is contributing the money to the social security fund is actually used to support the current elderly population. Basically, the younger generation are supporting current old generation. If we have fewer and fewer workers in the future that means that the sustainability of the social security system will be in great question, because there might not be enough people who could support the older people, not enough people to support or pay for their pension fund.

Peter Clarke: Pay for it and physically actually look after them-

Nana Oishi: Exactly.

Peter Clarke: ... I suppose too.

Nana Oishi: Exactly, yeah, this too, yeah.

Peter Clarke: Let's just emphasize, we talked about old people, but how bad is the situation in Japan for the drop in younger workers entering the workforce?

Nana Oishi: Well, that means that there will be a huge labor shortage which is already happening.

Peter Clarke: It's biting now, it's starting to bite now?

Nana Oishi: Oh, definitely, that's one of the reasons why the government is finally taking the step to open the market to more immigration. Yeah, there are labor shortages everywhere. In agricultural field, basically, the majority of the foreign workers are technical interns who are actually workers, but they have the status of interns who don't really pay full minimum wage.

Peter Clarke: Low wages, they're working as, as you described, interns within Japan.

Nana Oishi: Right.

Peter Clarke: That's the current situation?

Nana Oishi: Right, so it's very similar to backpacker situation in Australia in farms. Just like backpackers can never get permanent resident status here, those in technical interns in Japan cannot get any permanent residency or citizenship in the future. It's just for temporary status, and they just do the farm work,

and, after several years, they just leave. They can stay up to five years, but, after that, they have to go.

Peter Clarke: Shinzō Abe's government has moved quite briskly recently, against some opposition I might say, to change this. Please describe this legislation which has only just been passed through the Diet in Japan.

Nana Oishi: Right, so this new law is aimed to increase the number of foreign workers, migrant workers. The Prime Minister Abe declared that it's not immigration policy. It's just a temporary migration policy.

But, in any case, the biggest change that this law is making is that the number of migrant workers will be quite high, much more so than in the past, and the types of workers who are coming into the country will be quite different. In the past, the government basically declared that we don't have any unskilled workers, unskilled migrants in the country. The only migrants we have are skilled migrants, the professors, doctors, et cetera.

Peter Clarke: Gold-collar workers, the IT workers.

Nana Oishi: IT workers, right, but no construction workers, no care workers can be officially allowed to immigrate to Japan.

However, this new law allows migrants in 14 different sectors which used to be considered as unskilled sectors, for example, construction, care work, agriculture, food processing, et cetera. So shipbuilding, hospitality, all those things used to be perceived as unskilled sectors. However, those people who are coming to Japan from next year onward will be in these sectors previously defined as unskilled sectors.

Peter Clarke: What has been the primary motivation for the Abe government to move on this right now?

Nana Oishi: Obviously, there are just not enough people who could work in those sectors and, particularly, in agriculture. A lot of regional areas are really clamoring for the workforce. A lot of people, young people are coming into cities, they don't have enough people to work in farms.

They already have technical interns already working in farms and fisheries, and, yet, the number is still not enough. To maintain the economic vitality in each regional area, the government had to take a decision to do this.

Peter Clarke: To be clear, the response of the Abe government is to that economic impact-

Nana Oishi: Exactly.

Peter Clarke: ... as the workforce starts to drop, particularly, the younger workforce.

Ultimately, it's not about renewing the population. It's about responding to an economic demand at the moment.

Nana Oishi: One major difference in this law is that after working for five years in Japan, and if they actually demonstrate their skills, then they can actually become permanent residents in Japan, and they can bring their family members. For the first five years they cannot. But, then, after five years, once they pass the exams and tests, demonstrate their proficiency in Japanese, and then they can actually bring in their family members and stay in Japan for good, which is a huge difference. Which was really never allowed in Japan before, so this is a huge breakthrough.

Peter Clarke: It's a breakthrough, but some of the polls are showing that there's quite a lot of opposition within the general Japanese population against this legislation.

Nana Oishi: Right, that's true. Yeah, there are several polls, and I think, previously, in general, Japanese people are supportive of having more immigrants in the society. But, after this law was passed, people were quite concerned with the actual number of people who are coming in which is according to the government 340,000 people within the next five years, which is quite high.

A lot of people never actually thought that it would happen in reality, so people began to feel like, "Wow, there are a lot of people who may not speak Japanese fluently are coming to live in a community all of a sudden," and the government is really not providing enough secure measures to ensure that everybody will be getting language training, et cetera.

Peter Clarke: That's not in the legislation at the moment?

Nana Oishi: Well, they said they'll try to provide language assistance, but it doesn't really specifically say that what kind of language programs for how many hours. For example, in Germany, the government provides 600 hours of language training for each migrant. The government provides resources for that.

But, in Japan, this legislation doesn't say, for example, each migrant will get a certain number of hours of language training or anything like that.

Peter Clarke: One can imagine a manager of a fish farm somewhere that has three or four new migrants arrive who don't speak much Japanese, quite a lot of pressure within even the workplace.

Nana Oishi: Right, exactly, and the government is basically saying that each company which will hire migrant workers should ensure that those workers will get some language training.

Peter Clarke: The company?



Nana Oishi: Right, right, the local government will also provide some support, but it doesn't really specifically say how much support will be given, so everything is sort of up in the air. The government recently stated that they will provide quite a bit of resources to the major cities which are likely to receive these migrant workers. But, nobody really knows exactly how much will be allocated for language training, and all those people will really fully understand Japanese language.

I think people began to feel a bit uneasy about so many people coming in all of a sudden. They might suffer too, the migrant workers also suffer too because of the lack of understanding of the language.

But the government also issued a statement that it would conduct Japanese language exams in seven countries, major source countries in Asia.

Peter Clarke: What are those source countries?

Nana Oishi: Philippines, Vietnam, and China, et cetera, Indonesia. The government decided to conduct those exams, language exams and make sure that only those people who passed the basic language exam will come to Japan.

Peter Clarke: We're talking about low skilled workers. But, you've also referred to the higher skilled workers already in Japan. They sit in a different cohort all together. They're able to bring their families. They're able to seek promotion within the big corporations, et cetera. How does that work out for the high skilled workers as some sort of indication of how things might work out for lower skilled workers?

Nana Oishi: Right, right.

Peter Clarke: What has been the experience, say, of Germans or Italians coming into Japan to work within the big corporations?

Nana Oishi: Right, well, the highly skilled workers in Japan are doing quite well. They receive the same wages, same salaries as Japanese. But, the Japanese government has been trying to attract those highly skilled workers from other countries, simply because we don't have enough workforce in certain sectors, such as IT and finance.

In other areas too, Japan is actually the number one country in terms of the labor shortage in the skilled workforce. The government has been really making efforts to change the policy to attract skilled workers. For example, we now have a new point system. Actually, if you are qualified enough, you can actually get the Japanese permanent residency much faster than Australia or any other country. It's the fastest path for permanent residency.

But, I guess the problem is that a lot of highly skilled people who come to Japan don't really stay for too long. According to my interviews with human



resources directors, they said 90% of the skilled migrants leave within 10 years. Even in Australia though, 30% of skilled migrants leave after 10 years.

It's really not the migrants don't stay for good, that's everywhere, but 90% is still very high. That used to be one of the reasons why a lot of Japanese companies were hesitant to hire migrant workers, because they knew that they wouldn't stay for good, whereas the Japanese workers tend to stay longer.

But, recently, they realized that young Japanese people also tend to leave relatively early too. They began to think that they should not really differentiate between Japanese young workers and foreign workers. They're now trying to hire people on an equal basis as long as they perform really well and skilled migrants speak good Japanese.

Peter Clarke: Nana, that 90% figure indicates to me that people are leaving for a whole set of reasons. Can you home in and see what those reasons are?

Nana Oishi: Sure. I've been interviewing a lot of highly skilled migrants in Japan. A lot of them want to stay in Japan, but they also face a lot of challenges. There are several reasons why they decided to leave Japan. One big factor is career development path. Many of them feel that they cannot really get promoted to a higher level when they look at management people, they're all Japanese, and then they don't really see any migrants or foreigners in there, and they feel like there's no role model for them that they could look up to, and they don't really feel that they will be successful in the company.

Peter Clarke: Is seniority still a big factor in all that?

Nana Oishi: Yes, yes. For them to be successful in a company, they need to stay in the company for a very long time, and that's a big issue. Another issue is the work-life balance. Many of them feel that they have to work very long hours, which is fine when they are really young, but, then, once they get married and have kids, they begin to feel that they really don't want to just work for the company. They just want to maintain their sound family life as well. They want to spend more time with their kids and spouses as well.

Peter Clarke: Even recreation.

Nana Oishi: Yeah, exactly, they just want to have both work and happy family life. So that's one reason. Another reason is the children's education. Many of them want to raise their kids in a multicultural environment where kids can learn English.

But, in Japan, there are not many schools that provide that kind of environment. And they can put their kids in an international school. But, international schools usually cost \$30,000 a year, and the companies don't



subsidize. If you have two kids if you have to pay \$60,000 a year, that's a lot of money.

The salary for young people is actually lower compared with other industrialized countries, including Australia, so it's really difficult for highly skilled people to do that. Many people actually leave Japan when their kids are reaching the school age or when they reach the secondary school age.

Finally, a lot of highly skilled women from overseas are having difficulty in Japan, because they feel that gender equality is really not embraced in the workplace. They often feel women are discriminated against in a variety of settings, and they feel that they are not equally treated as men. This gender inequality is pushing these highly qualified, very talented women from overseas to other countries.

Peter Clarke: You're listening to Ear to Asia from Asia Institute at the University of Melbourne. I'm Peter Clarke with Asia Institute sociologist and migration expert, Associate Professor Nana Oishi.

We're talking about how Japan is coming to grips with a dwindling population and a vast looming labor shortage.

So far Nana, we've focused on these new laws, the migrant laws, but there are other policy settings going on, aren't there, to try and tackle the other part of the equation which is the fertility rate and the declining birth rate. What policy settings are emerging now in terms of I guess assisting parents have children?

Nana Oishi: Well, the government is trying to build more child care facilities.

Peter Clarke: Is that a problem in Japan, child care?

Nana Oishi: Oh, yeah, there's a huge shortage particularly in cities. There are lots of kids who cannot get into child care.

Peter Clarke: Has that been identified as one of the big disincentives?

Nana Oishi: It's one of the biggest problems. One of the reasons why a lot of parents are hesitant to have kids, because they know that it will be really difficult to put their kids into day care, and then that means that woman cannot go to work. They have to stop working, so it's a big issue.

Peter Clarke: If that fertility rates stays stubbornly at 1.4, the mathematics is very clear. What other policy settings are moving into place right now in Japan to try and lift that fertility rate?

Nana Oishi: For example, the Japanese government is trying to encourage Japanese companies to stop the practices of long working hours, because that's one of

the biggest reasons why people try not to have more children. If everybody has to stay in the workplace for a long time, and they can't leave the office until nine or 10 ... My husband used to work until 3:00 AM, sometimes, when he was busy.

Peter Clarke: It's mostly about men?

Nana Oishi: Mostly men, but if the women are on the career track positions or in a managerial positions they also have to work 'til really late as well. If you have kids, basically, you really cannot sustain your lives.

Peter Clarke: Nana, another policy that's emerging is having people stay in the workforce longer, pushing that retirement age later.

Nana Oishi: Right, keeping people in the workforce longer is definitely making sense. But, at the same time, a lot of young people express their concerns according to some reports on the internet young people are basically saying that their positions, their opportunities will be taken away by old people.

Now, the government is trying to make people work until age 70, so that they wouldn't have to pay the old age pension earlier. But, young people are really not happy about that kind of option, because, obviously, their career opportunities will be affected by that. But, older people are obviously very happy that they can sustain their economic situations longer.

Peter Clarke: Shinzō Abe's government isn't hugely popular at the moment. I've just been reading some of the news coming out of Japan after this legislation went through with a lot of opposition. A lot of this is going to depend on general population receptivity to the changes to the migration and some of the other policy settings. Do you feel from your analyses that the general Japanese population is strongly enough aware of the problem, and what may be needed to correct the declining fertility rate?

Nana Oishi: I think people are very welcoming the government's policy to boost the fertility rates, like making more child care facilities and encouraging companies to stop making people work long hours and stuff. But, at the same time, many people are concerned about the new immigration that was introduced recently. Well, it hasn't really happened yet. We will start having new migrants from next April, so people are really concerned about that.

Peter Clarke: If there were a change of government, and that will happen eventually, Abe's been in longer than a lot of Japanese Prime Ministers. If there is a change of government, could that whole policy be just expunged and the migration not occur?

Nana Oishi: I don't think so, because the population decline in Japan is quite serious, and, many people in the world, including the United Nations has been telling the government that it's really not sustainable, the current policy is really

not sustainable. The United Nations data says that the Japanese population will be shrunk by one-third.

Even without the United Nations' advice, the Japanese demographers and the government demographers have already known that the country's population will be even shrunk further than that. The objective data shows it's really indispensable that Japan needs more immigrants, and not just temporary migrants, but permanent migrants.

Peter Clarke: We've been talking about inward migration, and we've made brief allusion to the fertility rate and having more children, which seems quite a stubborn problem in Japan. What about culturally? It's very, very hard, isn't it, historically, to imagine a multicultural Japan. Yet, as part of the solution to that dropping population that may be where Japan has to go eventually. But, there are strong cultural resistances to that, aren't there?

Nana Oishi: Yes and no, because we already are quite multicultural society, even though Japan is perceived as a monocultural, homogeneous society. But, in reality, we have lots of people who have multicultural backgrounds. We have more than two million foreigners living in our society. In some areas, there are quite a few of them, and they are really full members of society.

For example, I am doing research in Niseko and Kutchan, both towns are in Hokkaido. There are lots of Australians and Americans and British working and living in those areas. They are the ones who are actually turning the depopulated areas into global tourism spots.

What we need in Japan is those people who are talented, who are highly skilled, and who can coexist with Japanese with no problem. Some of them don't speak fluent Japanese. But, it's fine. They can still make great contributions to the economy, and they can really change the small towns into great tourist spots.

Yeah, there are a lot of areas where non-Japanese people, foreigners are really making a huge impact. I'm quite hopeful, and as long as we have skilled people and highly skilled people and people with needed skill sets, I think we should be able to make it work.

Peter Clarke: I've just been in conversation with an academic colleague of mine, just spent a year in Japan, in a city not far from Hiroshima in a university there. He spoke no Japanese, very little English was available to him. He had an assistant who spoke English, did all his translations. He found it a very difficult year in terms of communication. How big a hurdle is that Japanese language in company with not that much English in Japan?

Nana Oishi: Well, I guess if you are in a workplace where very few people do understand English, then that will be quite difficult. But, more and more workplaces are becoming bilingual, I must say, particularly in big cities.

In the countryside, it's difficult. But, for example, the towns that I was talking about, Kutchan and Niseko, those places are now bilingual. The entire towns are bilingual. If we have enough critical mass of skilled workers, then the situation will change.

Peter Clarke: We've been talking about inward migration, Japanese also have an interest in outward migration. What are the risks there, and how did the Japanese people generally feel about Japanese leaving Japan?

Nana Oishi: It's really true that more and more Japanese people are leaving the country these days. Right now, 1.4 million Japanese people are living overseas, and about half a million of them are permanently living overseas. I actually looked into the data more closely, and I found out that 12.5% of the country's net population loss is due to the emigration of its citizens. The population aging or population decline is not just happening because of more people dying or of fewer babies are born and stuff. 12.5% of the loss comes from people who are leaving the country which is a major problem I think.

Peter Clarke: What draws them away?

Nana Oishi: I've been interviewing Japanese emigrants in Australia and Singapore and found many people decided to leave Japan for various risk concerns. One of them is natural disasters. Japan is expected to have more major earthquakes.

Peter Clarke: Earthquakes, possibly more tsunamis.

Nana Oishi: Yeah, and volcano eruptions. Many of them also felt the concerns about sustainability of social security systems that we talked about earlier. A lot of them felt that it will be fewer people in the future, and that means they won't get old-age pensions, because there will not be enough workers to support them in the future.

The overall economic prospect was a big concern as well. And because of these future risk concerns, not the current risks that are happening, but the future risk concerns are actually pushing more and more skilled Japanese people to other countries.

Peter Clarke: They're quite rationally based risk assessments that are convincing people to leave their home country to find a better life somewhere else. But, particularly, the risks for themselves and their children, I guess, and their families.

Nana Oishi: Right, right. Many of them actually chose Australia, because Australia doesn't have nuclear plant. Nuclear power plant issue was one of the biggest decision factors for migrants.



Peter Clarke: That's very interesting. By way of contrast, now we think of Japan as robot central. We see a lot of robots emerging in all different settings, the big industrial robots even the domestic robots and the company robots. Is that a possibility that robotics could be part of the answer to both the skill sets required for relatively simple tasks and even more complex tasks? Can Japan meet some of the need in the workforce by robotics?

Nana Oishi: It's a difficult question. It's really hard to say yes or no at the moment. At least at this point, I don't think robot technology can replace workers. Really, it hasn't really reached this stage. It has been highly developed, obviously. For example, moving and lifting the elderly's bodies, robots are really being utilized in different workplaces.

But, I don't know how fast the technology will be advanced in the future. Personally, I don't think robot will be the answer to the labor problems in Japan. Maybe in construction or agriculture, I guess it really depends on the area. Journalism, some people said even law could be partly replaced by artificial intelligence. So there are a lot of areas in the future where robots and AI could replace workers.

But, there'll be always some areas which require physical labor. I don't think this technology will entirely replace workers, particularly in elderly sector, these sectors that involve more emotional labor and human relationships between care providers and care recipients.

Peter Clarke: Final question, Nana. As we step back from this, it seems that we've got some policy on the move increasing inward migration. There are some targets being set trying to raise the fertility rate from 1.4 to about 1.8 and having later retirement ages, et cetera.

But, in your opinion as a sociologist, how successful do you think Japan's going to be in the next couple of decades in stemming the decline in the birth rate and in the fertility rate?

Nana Oishi: To be honest, I'm a bit pessimistic, because I used to work for the United Nations, and I know that my boss used to go to Japan and telling the government many, many times that they had to take actions. That was in early 1990s. Even at the time, we felt it was already late to start boosting immigration.

It never took place until this year, so it's been three decades. I think, I looked at various projections, population and immigration, and I think it was a bit too late already to fully recover the birth rates and population level.

Nana Oishi: But, it's never too late to try to sustain the population level. Even if it's too late, we still need to keep doing that, and the Japanese people would have to get used to the idea of having more diversity in the community members.



We need to learn how to live with them, and how to interact with them, and how to help them as well and learn from them at the same time.

Peter Clarke: As a final piece of advice to other countries, particularly, developed countries like Australia, United States who are facing similar problems with, perhaps, not as low a fertility rate as 1.4. but approaching that.

What advice would you give them, perhaps, start thinking about it more deeply now?

Nana Oishi: Well, there are several things. For example, a lot of studies have shown that financial assistance to couples will actually help increase the birth rates. That has happened in France, Nordic countries, and other places. Definitely, providing financial assistance to people who have small kids will be a very important step to increase the birth rates.

Secondly, what we need is to maintain these highly skilled migrants who came to our country. It's the same for Australia, same for Japan. A lot of people who are not treated well, they just leave to other places.

It's not just bringing in people will solve a problem. We need to retain good people in our workplace. For that, we need not just diversity policy, but diversity and inclusion policy to be installed in every single workplace, so that everybody feels welcomed, and everybody feels that he or she is included. That would really help the immigration policy to really work.

Peter Clarke: There's probably no more fundamental challenge than facing up to a declining population, whether it's Australia, Japan, and it's one of our closest partners, Japan. It's very interesting to us. This is a very interesting topic. Thank you so much for being with us today, Nana.

Nana Oishi: Thank you very much.

Peter Clarke: Our guest on Ear to Asia, Associate Professor Nana Oishi from Asia Institute, University of Melbourne.

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