2 Changing Social and Economic Structures

Declining birthrate and aging society

With fewer children being born, Japan is aging at a speed unprecedented among the major developed countries, and is transforming into a super-aged society with a shrinking population.

![Graph showing trends in the proportion of population aged over 65](image1)

- **Japan**
- **United States**
- **United Kingdom**
- **France**
- **Germany**
- **Sweden**

**Trends in the proportion of population aged over 65**

- **1950**
- **1970**
- **1990**
- **2010**
- **2050**

**Trends in total population**

- **1965**
- **1990**
- **2012**
- **2025**
- **2050**

- **Total population:**
  - **1965: 98.28 million people**
  - **1990: 123.61 million people**
  - **2012: 127.50 million people**
  - **2025: 120.66 million people**
  - **2050: 97.06 million people**

- **Proportion/population aged 20 to 64:**
  - **1965: 6.18 (6.3%)**
  - **1990: 14.89 (12.0%)**
  - **2012: 30.83 (24.2%)**
  - **2025: 36.57 (30.3%)**
  - **2050: 37.68 (38.8%)**

- **Proportion/population aged 65 or over:**
  - **1965: 56.08 (57.1%)**
  - **1990: 75.9 (81.4%)**
  - **2012: 74.15 (58.2%)**
  - **2025: 65.59 (54.4%)**
  - **2050: 46.43 (47.8%)**

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**Notes:**
2. For data for other countries, projections by the United Nations.


(Note) The total fertility rate (2006) is estimated as 1.66 (high), 1.35 (median), or 1.12 (low).
Growing social security costs

As population aging further advances, the costs of providing social security benefits, such as pensions, and medical and nursing care, will continue to increase significantly. With the decreasing proportion of working population, the members of which are the supporters of the social security system, how to secure stable revenue resources is now an important issue.

Economic slowdown and globalization

Since the burst of the bubble economy in the early 1990s, Japan has been struggling through sluggish growth. It is also experiencing rapid progress in the globalization of the economy. With the vigorous cross-border movement of people and capital, and increasingly intensifying international competition, it is essential to take into account the perspective of maintaining and enhancing economic vitality across society in the process of considering public finance and tax policy.

Trends in social security benefits

- **Trends in GDP and inflation rate**

  ![Diagram showing trends in GDP and inflation rate over time](image)

  **Notes:**
  1. "Costs of social security benefits" is the total amount of benefits paid under the public social security system.
  3. Data for FY2012: Based on the initial budget for FY2012
  5. The data is estimated on the assumption that no measure will be taken to enhance, prioritize or improve the efficiency of medical care benefits.

**Economic slowdown and globalization**

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**Trends in GDP and inflation rate**

![Diagram showing trends in GDP and inflation rate over time](image)

**Notes:**
1. For the GDP figures, those for FY1995 to FY1979 are under the 1990 System of National Accounts (SNA), those for FY1980 to FY1993 are under the 2000 SNA, and those for FY1994 and onward are under the 2005 SNA. For the growth rate, figures for FY1996 to FY1985 are under the 1990 SNA, those for FY1981 to FY1994 are under the 2000 SNA, and those for FY1995 and onward are under the 2005 SNA.
2. The inflation rate is the year-on-year percentage change of the CPI (yearly average). (Ministry of Internal Affairs and Communications). The data have been compiled since 1970.