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The Impact of Current Socioeconomic Trends in Japan on National Security

Japan's population is quickly approaching unprecedented territory. The nation's "demographic timebomb" is catching the attention of the international community because other developed countries, such as Singapore, China and Italy, may encounter similar circumstances. The population problem is two-fold: not only is the number of senior citizens rapidly growing, but also the fertility rate is below the replacement rate necessary for population stability. Ideally, Japan's fertility rate should counterbalance the aging population, and the working population should support the rapidly aging population. In actuality, the size of the nation's labor force is decreasing, and the total population is becoming concentrated with elderly citizens.

The result of Japan's shrinking and aging population is a smaller percentage of working citizens. These working citizens in the labor force cannot generate enough fiscal revenue to offset pension expenditures. This is due to the accumulation of a significant percentage of the nation's wealth through social security by the older generation.

When coupled with Japan's total fertility rate of 1.43 births per woman—the replacement-level fertility rate for industrialized countries is 2.07 births per woman—this demographic trend has clear consequences. According to medium projections by the National Institute of Population and Social Security Research, Japan's population will decline from 127 million today to around 90 million by 2055. Today, 26% of the total population is 65 and older, and by 2055 this number will increase to 41%. High projections indicate an increase in the total fertility rate to about 1.55 births per woman, which would make the total population 97.8 million with 37.3% being 65 and older. This means that, at best, even if Japan does manage to raise its fertility rate the population will still shrink and contain a high percentage of elderly citizens.

The present age-structural transition in Japan is hindering the nation from strengthening its economy due to a diminishing labor force. As the population rapidly ages and shrinks, there are fewer working to support social security for the elderly. As a result, taxes on the working population are increased. This causes per capita income to decline and, ultimately, discourages couples from having children because of the difficulty in providing for them. In addition, since Japan's population is living longer and well past retirement age, the older population is retiring later and continuing to occupy job positions. This limits the career opportunities for the younger working population and reduces consumer spending, which means profit cuts for companies and a decrease in the nation's wealth. Yet, the lack of economic stability might have further implications for Japan's national security in the future.

The challenge posed to national security by current socioeconomic trends is undermining the ability for Japan to provide adequate, long-term protection for itself. Therefore, Japan's population problem could be viewed as a forecast of its deteriorating security policy given that the nation is facing a decline in its most precious resource: manpower. Richard Cincotta, former Demographer-in-residence at the Stimson Center, conveys this point with these figures: the male population eligible to join the Japan Self-Defense Forces (aged 18 to 26) was nine million in 1994, then fell by 30 percent to around six million and is projected to drop below five million by 2030. The nation's thinning pool of manpower will become troublesome for Japanese decision makers, especially when trying to compete or defend against China's growing military might in East Asia. With a population

dilemma, an unbalanced worker-retiree ratio and a reluctance to use military force to reach specific security goals, Japan will have to decide whether or not to risk its dwindling resource to fulfill basic military obligations ranging from homeland defense to the facilitation of international responsibilities. Such a decision might cause Japan to rule in favor of using its manpower for standard operations as opposed to international peacekeeping missions.

Basing the prioritization of manpower by Japanese decision makers on the need to solve the population problem will likely create a disparity between the nation's strategic posture and resources in the coming years. In choosing to reserve the Self-Defense Forces for homeland operations and reduce regional presence, Japan may begin to depend on the U.S. military for the bulk of the defense responsibilities mutually shared by both nations through the US-Japan alliance. If Japan continues along this trajectory, the nation might then become less willing and able to assist the United States in defending the liberal international order. This should be avoided at all costs because in order for the US-Japan alliance to remain "the cornerstone for regional peace and security", Japan must be well-equipped to remain committed to ensuring peace at home and abroad. Therefore, Japan needs to dedicate a significant amount of attention to this problem before it becomes unmanageable.

Due to the population and economic decline in Japan, there are serious limitations in the nation's policy options. However, Japan does have some options. Japan can better engage its female workforce, ease its immigration policy, or invest in technological advancements to normalize current socioeconomic trends. A stronger economy supported by a larger labor force will furnish the resources to allow Japan's national security to remain intact. This way, Japan will be able to overcome the implications of its current population dilemma and avoid future challenges.