

# **Japan's 21<sup>st</sup> Century Dilemma**

## *Shifting Demographics and the Immigration Question*

Myles Carroll

Since the 1990s, Japan has faced a double-edged sword of both stagnant economic growth and productivity, as well as a growing demographic crisis due to an aging, shrinking population, whereby the number of retirees will soon be approaching the number of working people.<sup>1</sup> Considering the consequences this will have in terms of the growing healthcare budget in relation to its shrinking tax base, how can Japan overcome this problem and maintain long-term economic prosperity? I argue that Japan's demographic challenge is substantial; both the growing number of retirees in proportion to working people and the declining overall population threaten to put Japan in a perpetual long-term recession. Arguably, any solution to this demographic challenge will not be sufficient unless it includes engaging in high-volume immigration as has been practiced in Europe, Australia and North America. However, such a policy would require a fundamental shift in the national consciousness of what it means to be Japanese; from one rooted in ethnic nationalism to one rooted in civic nationalism, as well as an overhaul of the social and physical infrastructure needed to support high-volume immigration.

This paper begins by outlining the demographic shift many have predicted for Japan over the next half-century. Next it discusses what the implications are for the current Japanese economy by examining the past twenty years of economic stagnation, and exploring the structural parallels between the underlying conditions that precipitated the 1989 stock market crash and the looming demographic shift that Japan will have to endure. Then, it considers how other literature has dealt with the extent to which immigration is a viable solution. Next, it examines other policies to dealing with the demographic challenge, outlining both

why they may be useful, and why they cannot fully solve the problem. Finally, it suggests high-volume immigration as a necessary element of any policy, and discuss its merits as well as the obstacles Japan will face in being able to implement it successfully. While it may valorize certain policy decisions, this paper is not intended to be prescriptive; it simply puts forth the argument that unless Japan can avert this demographic shift, its long term economic prosperity will very likely be compromised due to the growing proportion of retirees; the shrinking labour pool; the declining consumer base; and rising health care and pension costs. Whether it chooses to engage in the radical change needed to meet this challenge, or accept the implications of being a less affluent society will be a serious debate in Japanese society over the coming decades.

While they may disagree on the exact numbers, nearly all demographers and researchers are predicting a serious population decline in Japan over the next half-century and beyond. According to Ryuichi Kaneko, Japan's population is projected to fall by 30 percent from its current population of 127 million by 2055, to under 90 million people.<sup>2</sup> By that same year, the number of people aged 65 and older will be over 40 percent, almost double its current proportion, and quadruple what it was during the economic boom years of the 1980s.<sup>3</sup> By examining the implications of such a monumental demographic shift for the Japanese society, and in particular for the Japanese economy, these statistics can be given more context. More specifically it is difficult to understand what the future would hold for Japan in an era of tremendous demographic transformation without examining the recent past. In particular, the events during the late 1980s and 1990s indicate what might be one consequence of a permanently declining and aging population. How are the dynamics that lead up to the bursting of Japan's bubble economy in 1989 relevant to its future demographic challenge? To answer this question, further examination of the fundamental causes of the 1989 bursting of the bubble and the "lost decade" is necessary.

## **Economic problems of a shrinking population**

The post-war era was one of remarkable economic growth in Japan. Indeed, the Japanese economic miracle, as it is known, involved both double-digit growth in gross domestic product (GDP) and the development of one of the most egalitarian societies in the First World.<sup>4</sup> However, things started to spin out of control in the late 1980s, with increasing over-speculation in both financial and housing markets, and in late 1989, as the Nikkei Stock Exchange sat just under 39,000 points, four times its value two decades later, the situation finally began to unravel.<sup>5</sup> What followed was financial collapse – the Nikkei plunged, shedding half its value in a year, land value fell substantially and what is known as the “lost decade” ensued.<sup>6</sup>

Why was Japan's economy suddenly in crisis in 1990, and why has this crisis failed to go away since then? According to Hiroshi Yoshikawa, the crisis was brought on by insufficient demand.<sup>7</sup> Real wages were not increasing at a rate of more than 2 percent on average from 1975 until 1991, while the GDP grew at more than twice that speed.<sup>8</sup> At the same time, Japan's GDP is strongly correlated with private capital investment. During the early years of the recession, from 1988-1993, as GDP growth fell from 6 percent to 0.3 percent, private capital investment fell from 2.3 percent to -2 percent.<sup>9</sup> In the mid-nineties recovery, as GDP growth briefly rose to 5 percent in 1996, private capital investment grew from -2 to 2 percent.<sup>10</sup> Private capital investment is strongly correlated with GDP, and therefore low GDP growth and decline can be understood as part of a lessening or absence of profitable investment opportunities, as explored below.

When investment opportunities diminished in the late 1980s, an increasing amount of investment was drawn into speculative finance and property bubbles. A combination of low regulation, a high-value yen, and low interest rates caused investment in speculative capital, financial, and property markets

to skyrocket. According to John Price:

In 1987 ... Japan's GNP was valued at 345 trillion yen. In that one year alone, financial assets increased by 382 trillion yen. Land values went up by 345 trillion yen. ... One could have bought every single square inch of Canada and the U.S. for the same price as all the land in Tokyo.<sup>11</sup>

The surplus wealth in the Japanese economy very quickly concentrated in the few areas (speculative capital and property) that seemed profitable. However, when investors lost confidence in the Japanese market, the Nikkei collapsed, land value fell dramatically, unemployment grew and consumer confidence fell, with consumption growing by only 0.3 percent from 1989 to 1999.<sup>12</sup> The economic collapse of the early 1990s and subsequent “lost decade” can be understood as a consequence of an over-accumulation of capital, whereby businesses could not find legitimate places in which to invest, as a result of increasing productivity that was not matched by increasing consumption or wages. The implications of this for the future are in how Japan's shrinking market and labour force will make it even more difficult for businesses to find places to invest. Therefore, the most problematic implication of Japan's demographic shift is not the burden an aging population will have on the pension and healthcare infrastructures, but that an ever shrinking workforce will cause a perpetual crisis of over-accumulation.

The shrinking labour force will chronically be unable to maintain levels of consumption needed to ensure that surplus capital can be reinvested in the economy with the guarantee of profitable returns. According to David Harvey, surplus profits are the driving force of economic growth, but in order for their value to be realized, they must be reinvested in the economy, in “spatiotemporal fixes”, that is, either new territories where investments can be profitable, or in new sectors of the economy

which had previously not been open to investment.<sup>13</sup> If businesses cannot find new places in which to invest that will be profitable, their accumulated profits will be wasted, and there will be a crisis of over-accumulation, like what happened in 1989.<sup>14</sup> Therefore, businesses are inclined to look for “untapped” markets in which to invest, whether by expanding spatially to underdeveloped parts of the world where they can make profit, or by creating new ways of investing in the home market, which has recently involved speculative financial investment and property investment.<sup>15</sup> The economic growth of the 1980s was in part an expansion of investment into these new speculative financial realms, as well as outward investments in the American property market and in China.<sup>16</sup> While these waves of investment enabled economic growth in the short term, eventually the fictitious nature of these economic endeavours caught up with investors, and in 1989, the bubble burst.

As mentioned before, the crisis of over-accumulation comes as a product of businesses no longer having anywhere to viably invest their surplus profits. The demographic shift in Japan fundamentally exacerbates this problem because it means that there is a perpetually diminishing labour force and consuming class. Generally, economic growth works alongside population growth: as businesses generate surpluses, they are provided with both more potential workers to hire as they expand operations, and more consumers to sell their products to. Hence economic growth can take place without the immediate threat of a crisis of over-accumulation. However, in Japan, the population is shrinking, and businesses are faced with a shrinking labour supply, and a declining market. One legitimate response, as we have seen, is for Japanese businesses to pursue foreign markets. Recently there has been substantial investment in China as well as the United States, and these two markets are proving to be adequate “spatiotemporal fixes,” at least for now.<sup>17</sup> However, we have to wonder how much of these overseas investments are coming back to Japan, and how long this trend can last. It is fair to predict that if Japan's

population were to fall at the rate many predict, its economy would be achieving crises of over-accumulation at rapid intervals, and each bust would bring the economy further down than each following boom could compensate, because of the steadily diminishing market and labour force. As each “boom” would take place in a smaller market than the last, there would be less room to expand before the next crisis of over-accumulation. Matsutani Akihiko has argued that GDP growth is dependent on labour growth, and thus population decline will lead to GDP decline.<sup>18</sup> While technological innovation can counterbalance this problem, Japan's population is set to shrink too rapidly for technological innovation to compensate.<sup>19</sup>

Other consequences of this demographic shift need mentioning. As conditions for maintaining profitable investments and GDP growth deteriorate, Japan will be faced with the challenge of a growing population of retirees which will account for as much as 40 percent of the population by 2050.<sup>20</sup> The costs of providing healthcare and social security for nearly a half of the population will be monumental. According to Akihiko, Japan's social security budget could be over 100 trillion yen by 2030 – thus it is possible to hypothesize that statistics for 2055 will be even higher; compared to 65 trillion today.<sup>21</sup> While social security expenditures accounted for 15 percent of GDP in 1987, it could account for three times that in 2030.<sup>22</sup> Furthermore, by 2030, there will be less than 1.5 working people for every pensioner. By 2055, Japan will have four pensioners per every five working people.<sup>23</sup> Japan's healthcare predictions are even more concerning. The country's healthcare budget will have to grow from 21 trillion yen in 1990 to 120 trillion in 2025 to meet the needs of a rapidly aging population.<sup>24</sup> While it should be noted that statistical projections like these are highly contingent and by no means precise, in general, we can only expect the healthcare and social security budgets to increase substantially over the next few decades to meet the needs of a rapidly aging society. The public expenditures necessary to provide social services at today's levels will be

enormous, further constraining businesses and consumers because of the necessarily higher rates of taxation such programs will require, meaning that all the problems a declining population pose for economic growth and prosperity will be exacerbated.

### **Literature debate on Japanese immigration**

Ultimately, the question of whether Japan's demographic shift mounts a challenge to its long term economic prosperity is taken for granted: nobody disputes that the combination of a shrinking workforce and an aging society will perpetually reduce Japan's productive capabilities, as already demonstrated. However, the key area of debate on this issue centres on the question of whether or not immigration is the best solution. Some authors, such as Stephen Murphy-Shigematsu, David Blake Willis, Glenda Roberts and Mike Douglass have argued the viability of immigration reform by showing the extent to which Japan has always been culturally and socially diverse, and that its supposed unique monoculturalism and cultural unity are myths, both today and in history. Conversely, other academics, like Chris Burgess and Matsutani Akihiko have argued that it is not currently compatible with Japanese society.<sup>25</sup> Therefore it is important to reflect on the basic points made by either lines of thought, highlight their strengths and weaknesses, and consider which insights provided by each side may provide a better understanding regarding the issue.

Murphy-Shigematsu, Willis, Roberts, Douglass and Roberts, and Michael Weiner each make the claim that Japan is and has always been a more heterogeneous society than is depicted. Murphy-Shigematsu and Willis give examples of the emerging ethnic diversity in Japan, and contend that "in a rapidly changing Japan, 'the Japanese' themselves are being transformed as they confront a new range of diversity in their midst."<sup>26</sup> Weiner shows how the presence of foreign residents in Japan is not new, and cites how there were as many as 880,000 Korean residents in 1938, and 2.1 million in 1945.<sup>27</sup> Douglass and Roberts attempt to

dispel four myths about immigration in Japan: that Japan has no history of immigration; that the government can prevent immigration; that the immigration of low-wage labour will not be needed in the future; and that immigration imposes high costs on Japanese society and economy, especially in terms of crime.<sup>28</sup>

Contrary to these positions, Chris Burgess argues that the emerging discourse of Japanese multiculturalism with Murphy-Shigematsu and others discuss obfuscates the reality of a largely homogenous and closed society.<sup>29</sup> He begins by pointing out how Japan is unique in having a body of knowledge called *nihonjinron*, or the study of Japanese people. He uses this fact to articulate how there is a pervasive idea in Japanese society that Japanese people are somehow different from others, insofar as they deserve their own subject area. He further shows how Japan lacks any characteristics of multiculturalism in a policy sense, and cites the negative ways of how migrant workers are treated, both in policy and in discourse, as evidence of a lack of any cultural openness.<sup>30</sup> Similarly, Akihiko argues that foreign workers cannot be a solution because while they would fill labour shortages in the short term, "the experience of Germany suggests that an influx of foreign workers would become untenable ... and ... Japan would then shut the door."<sup>31</sup>

These positions represent two extremes that both neglect valid points in each other's arguments. Firstly, the pro-immigration side makes some very good points. Japan's history of a foreign presence is an important and often neglected fact. Furthermore, Douglass and Roberts show how foreigners are not actually responsible for any more crime than citizens, dispelling one of the common myths used to argue against immigration.<sup>32</sup> However, the pro-immigration side is mistaken to assume that the scope of Japan's historical colonial immigration policy that allowed a couple million Korean workers to reside in Japan while Korea was a colony is evidence enough that Japan is capable of accepting the scale of immigration needed today. This argument neglects the



statistical evidence that shows how the overall Japanese sentiment towards foreigners is more negative now than even 20 years ago, suggesting that whatever shifts to a trans-cultural Japan may be afoot, many people in Japan feel deeply anxious about the influx of foreigners.<sup>33</sup> Murphy-Shigematsu and Willis succinctly articulate the sheer variety of Japanese multiculturalism,<sup>34</sup> but their evidence is only anecdotal and does not prove that the positive trends they point to are generalizable beyond a small segment of the population. Overall, the writers from this side of the argument overemphasize small examples of how Japan is becoming multicultural, but fail to consider that immigration reform will clearly be a mammoth task.

Immigration sceptics like Burgess and Akihiko also have good points. Burgess convincingly demonstrates how through the very existence of *nihonjinron* and by virtue of the low opinion Japanese hold of foreigners, Japan presents an especially complex case for immigration reform. Similarly, Akihiko is arguably correct in suggesting that migration will pose new demographic challenges further down the line. However, he makes the mistake of only considering migrant labour, and not outright immigration, as a solution. Migrant labour involves a shifting side-community of workers, while immigration involves a permanent integration of migrants into society. Furthermore, his assumption that Japan would inevitably shut the door on migrants just because Germany has is flawed as it neglects the countless examples of countries where this has not happened. Burgess' argument is generally sound, but his pessimistic picture of the difficulties Japan faces in implementing high-volume immigration does not preclude the possibility of change. Overall, both of these sides to the argument make useful contributions to the debate. Therefore, it is important to draw from each. On one hand, the pro-immigration side is correct: Japan must begin immigration, and there are signs that point to the possibility for it to become viable in the near future. At the same time though, Japan is not currently suited, in terms of infrastructure or culture, for immigration, and hence serious reform

and cultural changes are needed.

### **The solutions and their limits**

Thus far, this paper has explored how Japan's potential demographic shift is likely to prevent long-term economic growth and prosperity. A shrinking population carries a strong risk of precipitating a perpetual downward trend in GDP growth as each business cycle becomes shorter, and each recovery fails to achieve the level reached before the last downturn. An aging population will only exacerbate the problem as more and more government resources are required to be channelled into social security and healthcare, and as far more people are leaving the workforce than entering it. Clearly, in order to avert economic collapse, Japan must avert this demographic shift. This paper has already discussed the arguments that are made for and against the viability of high-volume immigration.

However, some argue that there are better options to avert the demographic shift than immigration. Firstly, various discussions revolve around solving the crisis of under-consumption by compensating for the shrinking home market by increasing exports. However, it is hard to see how Japan will be able to increase its exports in the context of an emerging China. China's exports can only be expected to grow, and with lower labour costs, it would be a monumental task for Japanese exports to displace them. Another solution is to rely solely on short-term migrant labour. Proponents of this solution would say that this will overcome the condition of a shrinking labour force, without the problems of having to reorient society to accommodate immigrants.<sup>35</sup> The problem here is that the crisis of under-consumption is not solved. While Japan may be able to solve labour shortages, there will not be a parallel market expansion: the consumer base will continue to shrink indefinitely. Furthermore, as with other cases of migrant workers in Europe and North America, these workers would be lowly paid, and would be

generally sending their wages back home in the form of remittances, instead of spending them in Japan. One more potential solution comes in the form of increasing Japan's native population through pro-fertility policies to increase the birthrate. However, the gendered implications of such a policy are very problematic, considering how it orients women's "national purpose" as supplying more babies. Moreover, according to a 1998 survey, less than 20 percent of Japanese women say that they "derive satisfaction from child rearing," compared to half of American women and 70 percent of British women.<sup>36</sup> However, these statistics are not immutable, and with enough investment on family-friendly policies, enhanced childcare programs, and maternity leave benefits, the birthrate could be brought up, although not by enough to avert population decline. Yet even if pro-fertility social programs were introduced that rewarded families with three or more children, for example, these would be costly, and the "benefits" of such a program would not even begin to emerge until 2030 or 2035 at the earliest, even if such a program was introduced next year.

### **The reality of immigration reform**

Immigration could potentially solve all of the problems that these other solutions cannot. Unlike increasing exports, it would ensure a market for its products at home. Moreover, incomes earned in Japan would actually be spent in Japan, contrary to the empirical pattern seen in policies that seek to increase migrant labour. Unlike pro-fertility population policies, it does not take women back out of the productive labour market, and its results can be realized in the short term rather than decades down the road. However, immigration has its own set of problems, some of which are universal, and some of which are particularly pertinent to Japan. According to United Nations, Japan would require admitting 609,000 immigrants a year for the next 50 years in order to maintain its current labour force.<sup>37</sup> Alternatively, to maintain its current population, Japan would need to admit 381,000 immigrants

over the same period.<sup>38</sup> Japan faces two obstacles in meeting such a significant challenge. For one, Japan faces the costs of improving infrastructure to deal with immigrants, to integrate them into the labour market and into society, and to increase access to Japanese language lessons and other support programs.<sup>39</sup> Furthermore, Japan faces tremendous social costs of reorienting societal views of “non-Japanese” people<sup>40</sup>, and Japanese identity from one based on ethnic nationalism to one based on civic nationalism. Japan does not have the infrastructure to deal with the level of immigration espoused by the UN. This involves the physical infrastructure required to process applications and facilitate immigrants' integration into the labour force. However, this also involves social infrastructure necessary to ensure immigrants are not excluded from mainstream society. More specifically, this amounts to improving access to Japanese language training, creating programs for facilitating integration into communities, making education more multicultural and pluralist, and increasing funding for multicultural events, festivals, institutions, and programs; all of which are important elements in facilitating the integration of immigrants into mainstream society.<sup>41</sup>

Currently, Japan has a population of just over 2 million foreigners, a number it would need to add every six years if it were to maintain its current population.<sup>42</sup> In 2008, the Japanese Business Federation expressed its support for immigration reform that would allow unskilled as well as skilled labour to be brought into Japan.<sup>43</sup> Whether or not this represents a call for migrant labour or immigrants is unclear. However, according to Burgess, the current infrastructure is not set up to deal with a significant influx of either immigrants or migrants.<sup>44</sup> Furthermore, current immigration law states that workers can apply for naturalization if they have lived in Japan for five years and are able to support themselves economically.<sup>45</sup> In 1999, 16,000 people were naturalized, many of whom already held permanent resident status.<sup>46</sup> Yet it is currently almost impossible for anyone other than skilled labour or people with Japanese blood to get work permits

for that long.<sup>47</sup> Furthermore, because nationality is based on *jus sanguinis* instead of *jus soli*, babies born in Japan are not citizens unless they have Japanese blood.<sup>48</sup> Clearly, the present immigration laws, policies, or infrastructure is currently set up to deal with high-volume immigration.

## Future policy reform

While there has been little done in a policy sense to begin immigration reform, Japan has experienced an influx of migrant labour since the late 1990s. In 1999, over 108,000 migrant workers entered Japan, mostly from East Asia.<sup>49</sup> Overall, there were 670,000 migrant workers in Japan in 1999.<sup>50</sup> Since the 1990s, Japan's policy has been to seek skilled labour and professionals, but to limit the entrance of unskilled migrants as much as possible.<sup>51</sup> This policy framework is set to expire in 2010.<sup>52</sup> Since the 1990s, Japan has acknowledged the need to meet labour shortages with international migrants. However, in the long run, this will not be enough to avert economic decline. In the coming decade, policy-makers need to shift from migrant labour policies to immigration policies if the demographic shift is to be averted. Japan's limited experience with migrant labour will be helpful in realizing immigration reform. However, much has yet to be done if a shift in policy will be viable, as the infrastructural and legal obstacles to immigration reform remain. At the same time, there are social and cultural obstacles to immigration reform.

In the wake of 9/11 and perceived immigration problems in France, Germany and Britain, the Japanese have grown apprehensive to the influx of migrant labour.<sup>53</sup> Consequently, there has been a growing fear of migrants, and an association of foreigners with crime.<sup>54</sup> According to a 2005 survey, 55 percent of people felt that public safety had worsened over the past decade as a result of a rise in crimes committed by foreigners.<sup>55</sup> Unlike in other liberal democracies, a significant proportion of Japanese see Japan's ethnic homogeneity as inherently desirable, and even as the

basis for security and prosperity. In 2005, Taro Aso referred to Japan as “one nation, one civilization, one language, one culture, and one race”.<sup>56</sup> Most remarkable is that these remarks raised little controversy within Japan. Another deeply pervasive idea is that Japan represents not only an ethnically homogenous, but economically classless society.<sup>57</sup> This is channelled into apprehensions of what the growing presence of foreigners will do to Japan's economic equality. In terms of Japan's own minorities – the Ainu, Okinawans and Burukamin – state policy has largely been to ignore their existence as distinct groups within Japan.<sup>58</sup> These policies are a reflection of the popular conception of Japan as a single state, nation, race, ethnicity, and class.<sup>59</sup> For now, the overall cultural attitude many Japanese hold towards foreigners, and the conceptions they have of what it means to be Japanese are not compatible with any high-volume immigration policy.

What investments and changes are required to overcome the above problems and make high-volume immigration in Japan a viable policy? There is no doubt that they are considerable. High-volume immigration will fundamentally transform Japanese society. Even in the most successful cases – Canada, United States, Australia, the Netherlands – high-volume immigration policies have begotten new social tensions, economic inequality and culture loss. The national identities of these countries have been transformed significantly as an effect of immigration. Immigration in Japan will only be successful if Japanese people can come to terms with a reorientation of Japanese national identity from ethnic to civic. If Japanese people can come to associate “being Japanese” with the cultural, social, linguistic characteristics of their national society – but not the ethnic or racial characteristics – and accept that compromise and cultural fluidity are necessary to meet the current challenge, and then immigration reform can be successful. However, it will unavoidably cause Japan to look more like Australia, the Netherlands or Canada than its current self. Although Murphy-Shigematsu may argue that Japan is already as diverse as Germany, Italy or the UK 20 years

ago<sup>60</sup>; in actuality it represents a fundamentally more challenging case for multiculturalism than any Western European state. Certainly, the perceived monoculturalism, the existence of *nihonjinron* and the conception of Japan as one culture, one race, one language, one nation and one state are powerful discourses that provide unique challenges not present in any immigrant-receiving country.<sup>61</sup> However, while high-volume immigration is a challenge, it is not insurmountable. In earlier times, Japan has been able to rapidly reorient its society, its national purpose, and its national identity in order to meet new challenges, from the Meiji Restoration and subsequent rapid modernization in the late 19<sup>th</sup> century to the sudden (albeit enforced) move from militarism to pacifism in 1945.<sup>62</sup> How these changes can and ought to be accomplished will be questions of increasing significance in Japanese political discourse.

## Conclusion

It is hard to see how Japan can maintain the demographic balance needed to stave off economic collapse without instituting high-volume immigration. This is not to say that Japanese policies in dealing with the demographic challenge cannot be flexible and involve other approaches besides immigration; nor does it mean that immigration must meet the UN quota of 609,000 a year for the next half-century. The latter would be economically unattainable, politically unviable, and culturally inconceivable. However, it is just as difficult to see how Japan can avert the problem without beginning to accept a considerable quantity of immigrants. In this paper, I have shown how both facets of Japan's demographic shift – population decline and aging – will seriously exacerbate the poor economic conditions with which Japan has been grappling for the past twenty years, and could, in the worst case, lead to a perpetual recession, as businesses would have a perpetually decreasing labour pool and consumer base, making it increasingly difficult to make profitable investments. I have also demonstrated how the added costs of caring for an elderly society will put further strain

on Japanese society and economy. I have tried to explain why solutions to this problem beyond immigration either cannot sufficiently meet the demands (fertility increases, further export-growth), or do not address the problem holistically, and consequently will only cause other problems to emerge (migrant labour). However, these solutions should not be condemned outright; they may play an important role in overcoming the problem. Nonetheless, it is difficult to foresee a real solution to the problem that does not involve high-volume immigration.

Finally, I have examined the obstacles to immigration reform, some of which are universal, and others unique to Japan. The issue of immigration reform will be a hotly debated topic in Japanese political discourse. The Japanese people may decide that they are willing to compromise long-term economic prosperity and global significance in order to preserve their perception of a unique homogenous culture and society. Conversely, they may be willing to engage in the fundamental reorientation of society necessary to meet this 21<sup>st</sup> century challenge, in the way challenges were met in the 19<sup>th</sup> and 20<sup>th</sup> centuries. In this paper, I have clarified what the problem is, what the consequences of not acting are, what solutions are viable, and what the implications of these solutions are. The next question is whether the costs of perpetual economic recession and international decline outweigh the costs of transforming society from (supposedly) monoculturalism to multiculturalism: whether immigration reform is worth it for Japanese society.

---

## Notes

<sup>1</sup> Ryuichi Kaneko, "Statistical Foundations for Population Projections," in *The Demographic Challenge: A Handbook about Japan*, ed. Florian Coulmas, Harald Congrad, Annette Schad-Seifert and Gabriele Vogt (Netherlands: Brill, 2008), 53.

<sup>2</sup> Kaneko, "Statistical Foundations for Population Projections," 41.

<sup>3</sup> Richard Jackson and Neil Howe, *The Graying of the Great Powers: Demography and Geopolitics in the 21<sup>st</sup> Century* (Washington: Centre for



- 
- Strategic & International Studies, 2008), 44.
- <sup>4</sup> Gerald Curtis, *The Logic of Japanese Politics: Leaders, Institutions, and the Limits of Change* (New York: Columbia University Press, 1999), 40.
  - <sup>5</sup> Hiroshi Yoshikawa, *Japan's Lost Decade*, trans. Charles H. Stewart (Tokyo: International House of Japan, 2002), 60-70.
  - <sup>6</sup> John Price, "Japan's Postwar Fordism: An Historical Perspective on the Economic Crisis in Japan," in *Japan after the Economic Miracle: In Search of New Directions*, ed. Paul Bowles and Lawrence T. Woods (Dordrecht, NL: Kluwer Academic Publishers), 31.
  - <sup>7</sup> Yoshikawa, *Japan's Lost Decade*, 12-13.
  - <sup>8</sup> Price, "Japan's Postwar Fordism," 27.
  - <sup>9</sup> Yoshikawa, *Japan's Lost Decade*, 14-15.
  - <sup>10</sup> Yoshikawa, *Japan's Lost Decade*, 15.
  - <sup>11</sup> Price, Price, "Japan's Postwar Fordism," 31.
  - <sup>12</sup> Yoshikawa, *Japan's Lost Decade*, 14.
  - <sup>13</sup> David Harvey, *The New Imperialism* (Oxford: Oxford University Press, 2003), 43.
  - <sup>14</sup> Harvey, *The New Imperialism*, 112, & 139-142.
  - <sup>15</sup> David Harvey, "Neo-liberalism as Creative Destruction," *The ANNALS of the American Academy of Political and Social Science* 610, no. 1, (2007): 34-37.
  - <sup>16</sup> Price, "Japan's Postwar Fordism," 31.
  - <sup>17</sup> Mike Douglass and Glenda S. Roberts, "Japan in a Global Age of Immigration," in *Japan and Global Migration: Foreign Workers and the Advent of a Multicultural Society*, ed. Mike Douglass and Glenda S. Roberts (Honolulu: University of Hawaii Press, 2000), 24-5.
  - <sup>18</sup> Matsutani Akihiko, *Shrinking-population Politics: Lessons from Japan*, trans. Brian Miller (Tokyo: International House of Japan, 2006), 12-13.
  - <sup>19</sup> Akihiko, *Shrinking-population Politics*, 12.
  - <sup>20</sup> Kaneko, "Statistical Foundations for Population Projections," 53.
  - <sup>21</sup> Akihiko, *Shrinking-population Politics*, 105.
  - <sup>22</sup> Harry Kaneharu Nishio, "Japan's welfare vision: Dealing with a Rapidly Increasing Elderly Population," in *The Graying of The World: Who Will Care for the Frail Elderly?* ed. Lara Katz Olson (New York: Haworth Press, 1994), 244.
  - Akihiko, *Shrinking-population Politics*, 105-106.
  - <sup>23</sup> Kaneko, "Statistical Foundations for Population Projections," 52.
  - <sup>24</sup> Nishio, "Japan's welfare vision," 247.
  - <sup>25</sup> Akihiko, *Shrinking-population Politics*, 17-18.
- Chris Burgess, "The Discourse(s) of Migration: Changing Construction of the Other Since 9/11," *Kokusai Kankeigaku Kenkyu* (The Study of International Relation, Tsuda College, 33 (2007), <http://www.japanfocus.org/-Chris-Burgess/2389>. [Condensed version published online].

- 
- <sup>26</sup> Stephen Murphy-Shigematsu and David Blake Willis, "Transcultural Society," in *The Demographic Challenge: A Handbook about Japan*, ed. Florian Coulmas et.al (Leiden, NL: Brill), 294.
- <sup>27</sup> Michael Weiner, "Japan in the Age of Migration," in *Japan and Global Migration: Foreign Workers and the Advent of a Multicultural Society*, ed. Mike Douglass and Glenda S. Roberts (Honolulu: University of Hawaii Press, 2000), 55-57.
- <sup>28</sup> Douglass and Roberts, "Japan in a Global Age of Immigration," 10-26.
- <sup>29</sup> Burgess, "The Discourse(s) of Migration: Changing Construction of the Other Since 9/11."
- <sup>30</sup> Ibid.
- <sup>31</sup> Akihiko, *Shrinking-population Politics*, 17.
- <sup>32</sup> Douglass and Roberts, "Japan in a Global Age of Immigration," 24-5.
- <sup>33</sup> Burgess, "The Discourse(s) of Migration: Changing Construction of the Other Since 9/11."
- <sup>34</sup> Murphy-Shigematsu and Willis, "Transcultural Society," 293-294.
- <sup>35</sup> Akihiko, *Shrinking-population Politics*, 16-17.
- <sup>36</sup> Chikako Usui, "Aging Society and the Transformation of Work in the Post-Fordist Economy," in *The Demographic Challenge: A Handbook about Japan*, ed. Florian Coulmas et. al. (Leiden, NL: Brill, 2008), 171.
- <sup>37</sup> Daniela de Carvalho, *Migration and Identity in Japan and Brazil: The Nikkeijin* (London: Taylor & Francis, 2002),  
<http://lib.myilibrary.com.ezproxy.library.uvic.ca/Browse/open.asp?ID=18038&loc=79>, 81-82.
- <sup>38</sup> Glenda S. Roberts, "Immigration Policy: Framework and Challenges," in *The Demographic Challenge: A Handbook about Japan*, ed. Florian Coulmas et. al. (Leiden, NL: Brill, 2008), 770.
- <sup>39</sup> Burgess, "The Discourse(s) of Migration: Changing Construction of the Other Since 9/11."
- <sup>40</sup> Ibid.
- <sup>41</sup> Ibid.
- <sup>42</sup> Roberts, "Immigration Policy: Framework and Challenges," 768.
- <sup>43</sup> Matsutani Minoru, "Keidanren: Immigrant Worker Influx Vital to Halt Labor Shortage," *The Japan Times*, October 12, 2008.
- <sup>44</sup> Burgess "The Discourse(s) of Migration: Changing Construction of the Other Since 9/11."
- <sup>45</sup> Japan: Ministry of Justice, "The Nationality Law," Article 5  
<http://www.moj.go.jp/ENGLISH/information/tnl-01.html>
- <sup>46</sup> Yasushi Iguchi, "Japan," in *Migration and the Labour Market in Asia: Recent Trends and Policies*, ed. The Japan Institute of Labour (Paris: Organization of Economic Co-operation and Development, 2002), 188.
- <sup>47</sup> Roberts, "Immigration Policy: Framework and Challenges," 766-768.

- 
- <sup>48</sup> Iguchi, "Japan," 188.
- <sup>49</sup> Iguchi, "Japan," 187.
- <sup>50</sup> Iguchi, "Japan," 190.
- <sup>51</sup> Iguchi, "Japan," 198-199.
- <sup>52</sup> Iguchi, "Japan," 199.
- <sup>53</sup> Roberts, "Immigration Policy: Framework and Challenges," 771.
- <sup>54</sup> Carvalho, *Migrant and Identity in Japan and Brazil*, 84-86.
- <sup>55</sup> Burgess, "The Discourse(s) of Migration: Changing Construction of the Other Since 9/11."
- <sup>56</sup> Yomiurui Shinbun (2005) quoted in: Burgess "The Discourse(s) of Migration: Changing Construction of the Other Since 9/11."
- <sup>57</sup> John Lie, "The Discourse of Japaneseness," in *Japan and Global Migration: Foreign Workers and the Advent of a Multicultural Society*, ed. Mike Douglass and Glenda S. Roberts (Honolulu, University of Hawaii Press, 2000), 71.
- <sup>58</sup> Lie, "The Discourse of Japaneseness," 81-83.
- <sup>59</sup> Lie, "The Discourse of Japaneseness," 81.
- <sup>60</sup> Murphy-Shigematsu, "Transcultural Society," 302.
- <sup>61</sup> Burgess, "The Discourse(s) of Migration: Changing Construction of the Other Since 9/11."
- <sup>62</sup> Kenneth Pyle, *Japan Rising: The Resurgence of Power and Purpose* (New York: Public Affairs, 2007), 49-51.