

Declining Fertility and Comprehensive Reforms of Tax and Social Security Systems.

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Abstract

We identify economic effects and problems of the declining fertility in Japan. We propose policies to mitigate them after clarifying reasons for the declining fertility in Japan. Our analysis and policy proposals are based on economics of fertility. We argue that there are good reasons for the government to intervene and support individual child-rearing because various market failure problems, such as externalities and incomplete information, exist in our raising children. In our policy proposals, we stress importance of making comprehensive reforms in tax system and social security system to prepare for the aged society that is coming as a consequence of the declining fertility in Japan.