

SUMMARY

- As the term “aging Asia” suggests, low birth rates and aging populations are now common issues for many APEC economies.
- With labor shortages consequently worsening, social policies aimed at improving labor quality have become increasingly important.
- We should bolster welfare states worldwide, not only to enhance labor productivity but also to maintain the free trade system.

1. FREE TRADE AND SOCIAL POLICY

- There is a close relationship between trade and social policy. To maintain free trade, social policy needs to be reinforced.
- The hidden aim of founding the ILO (1919) was to improve Japan's social policies to level the playing field in trade competition.
- Unlike the US populist backlash against free trade, Euro populism is not anti-free trade, as the workers have social protection.

2. THE TARIFF WAR OF A HUNDRED YEARS AGO

The high-fertility world of 1930:

- All economies had young populations, and emerging economies had a surplus of labor. Social policy was relatively underdeveloped.
- All economies faced export competition in feeding their expanding populations. The rise of protectionism has resulted in trade wars.
- Efforts to mitigate protectionism by improving social policies of emerging economies ultimately proved unsuccessful.

2. THE TARIFF WAR OF A HUNDRED YEARS AGO

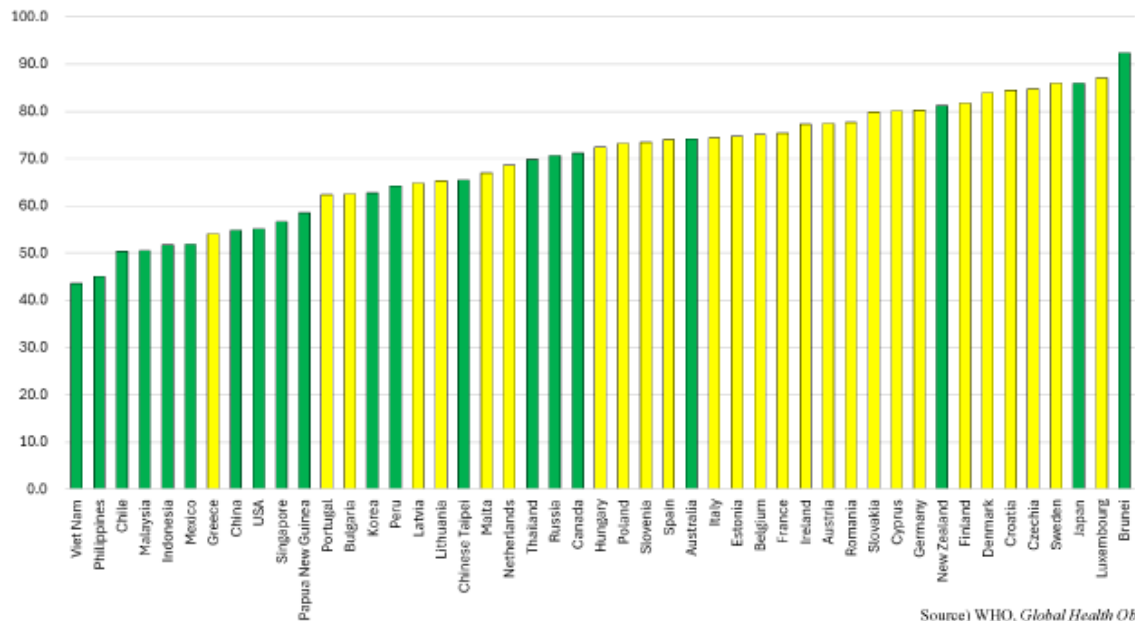
The low-fertility world of 2025:

- Birth rates are declining in many economies. Labor shortages make social policies aimed at enhancing labor quality ever important.
- As birth rates decline, *ceteris paribus*, export pressures decrease. This shift enables what Rodrik refers to as moderate globalization.
- Social policies in emerging economies are improving. By addressing the North-South gap, protectionism can be mitigated.

3. UNIVERSAL HEALTH COVERAGE

- Inequality causes anti-free trade populism. Aside from economic inequality, *social inequality* can be reduced by social protection.
- UHC means that all people have access to the full range of quality health services they need without financial hardship.
- APEC economies have the opportunity to promote the extension of public healthcare and other forms of social protection together.

Towards UHC (Public Health Expenditure Ratio, 2022)



4. LABOR SHORTAGES AND LONG-TERM CARE

- Labor demand is difficult to predict, as it depends not only on demographic changes but also on technological progress such as AI.
- While many white-collar “bullshit jobs” will be replaced by AI, essential work like care work and green jobs will not be automated.
- Nursing care can be a decent work filled with gratitude and recognition. Its working conditions should be maintained well.

CONCLUSION

- Free trade benefits all economies, but it can harm some workers, creating room for protectionism to take hold.
- Instead of relying on tariffs, we can safeguard people's livelihoods through social policies. Let's strengthen social protection worldwide.
- An urgent task for the international community today is to consider the global conditions that will enable the well-being of all peoples.