



11th International Conference on New Ideas in MANAGEMENT, ECONOMICS & ACCOUNTING

17-19 February 2023

Barcelona, Spain

What is the Best Choices in a Shrinking World Economy?

Yusuke Miyake

Nippon Bunri University, Japan

Abstract

In recent years, the birthrate in developed countries has been declining. The government has been providing financial support to households raising children by increasing childcare allowances and offering free childcare as part of its policy to reduce the birthrate. However, the total fertility rate in Japan continues to be at an all-time low, and the effects of these policies are unclear. This analysis will examine whether the direct allocation of funds to households as described above is beneficial to the declining birthrate and growth or whether the government's indirect increase in public capital can affect the birthrate by boosting labor productivity and expanding income. This analysis shows that an increased share of public capital investment brings higher economic growth. The growth rate will be maximized if all tax revenue is allocated to public capital investment.

Keywords: Public capital investment, Childcare support, Income tax, Economic growth