

Population crisis and family policies in Japan

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Abstract

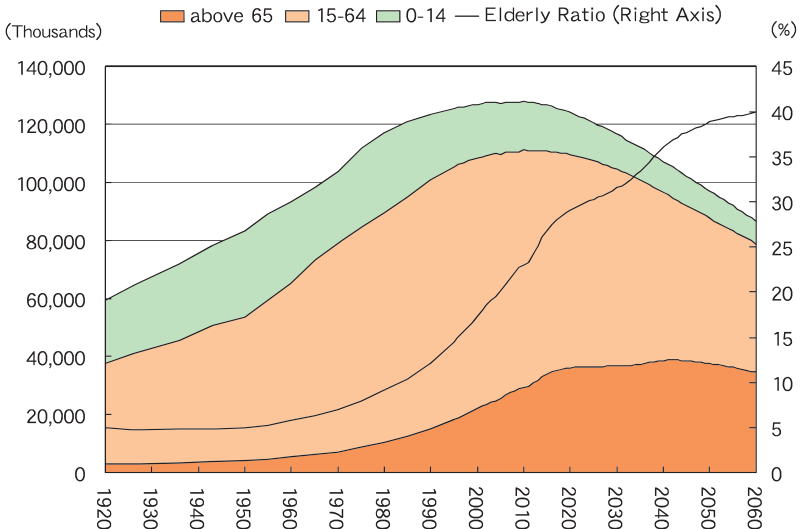
Japanese society is facing a serious population crisis with a rapidly ageing and declining population. The crisis has its roots in the changing shape of Japanese families. The reasons for this change are not so different from those in other developed countries. Japan is now facing this crisis because of its family policies and the government's slow response to the changes in families and demography. Our analysis suggests that the recovery from the population crisis would be politically difficult, even if the solutions to overcome the crisis are fairly clear. The slow responses to demographic problems, which stemmed from the myopic decisions of Japanese politicians will have deep and long-term impacts on Japanese society and the economy.

The population crisis is only the external aspect of what is really a crisis in the family as an institution. Myrdal, A. (1941, p.4)

1. Introduction

The Japanese population started to decline in 2010, and is forecasted to shrink rapidly. The number of elderly people (above 65 years old) is still increasing. The elderly ratio, i.e. the ratio of elderly to the total population, will reach around 40% in 2050 before levelling out (Figure 1).

Figure 1: The Demographic Change in Japan



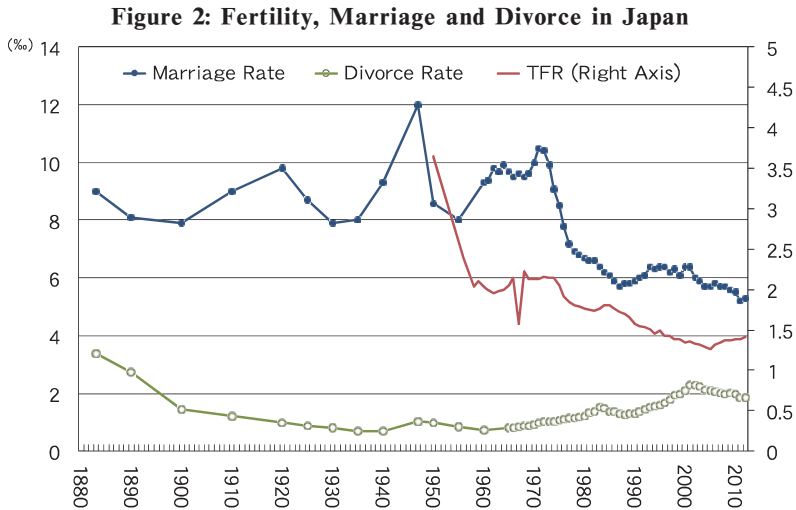
Source: IPSS (National Institute of Population and Social Security Research) Statistics, 2014.

If this demographic trend continues, it is estimated that the population will be

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halved by around 2082, eventually reaching zero. This population crisis in Japan was basically caused by the low total fertility rate (hereinafter TFR). After 1974, TFR dropped below the population replacement ratio¹ (approximately 2.07) and has never come close to this ratio in the past forty years. As of 2013, it was 1.43.

Figure 2 shows the trend of TFR together with the marriage and divorce rates. The figure supports a claim that the declining fertility can be explained by the decline in marriage which started in the early 1970s. The figure also shows that the divorce rate has been gradually increasing. It is estimated that one third of marriages will eventually end in divorce (Raymo et al. 2004).



Source: IPSS Statistics, 2014.

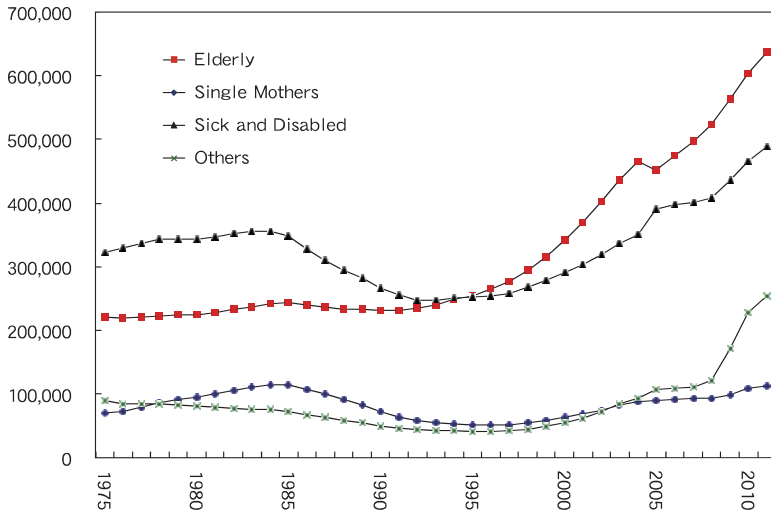
All these facts suggest that families in Japan have changed. As Alva Myrdal pointed out in a book written in 1941, the population crisis is simply a reflection of the crisis in the family as an institution.

In most societies, the family has been working as a fundamental institution for reproduction and mutual help. Japanese families, however, are losing their reproductive powers and creating the population crisis. Mutual help (“protective functions”) within families is also disappearing, which is reflected in the increasing poverty² especially among the elderly in Japan. Figure 3 shows that the number of elderly under the public assistance program is rapidly increasing³.

¹ The population replacement ratio is the TFR under which the population remains constant in the long term.

² The increasing number of recipients of public assistance may reflect the declining “sense of shame” in receiving public assistance in Japan. Garon (2002), for example, argued that the number of public assistance recipients in Japan was low in the past because ‘the Japanese state has sought to discourage dependence on official poor relief. Bureaucrats, conservative politicians, and others have worked hard to cultivate and strengthen a “sense of shame” in the Japanese people regarding reliance on public assistance.’ The increasing number of recipients suggests that this mechanism is not working well now in Japan. See also Garon (1997) for further discussion on the development of the public assistance program in Japan.

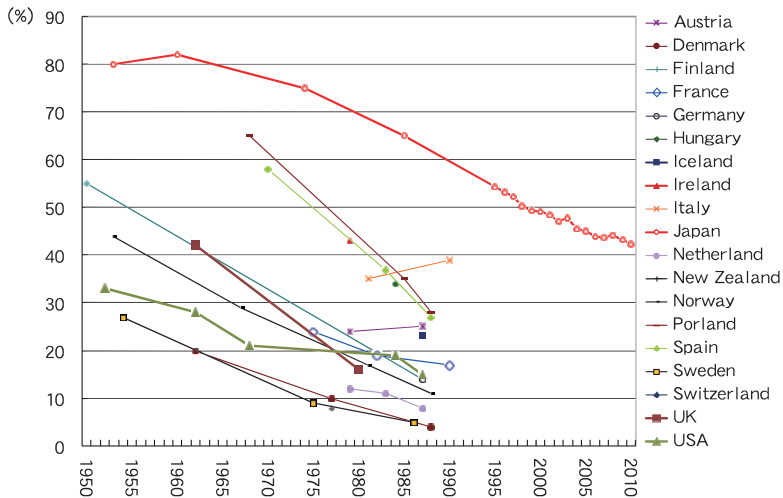
Figure 3: Increasing Recipients in Public Assistance Program



Source: IPSS Statistics, 2014.

In Japan, the elderly were largely supported by their children. Figure 4 shows that the ratio of elderly living with their children was as high as 80% until the 1960s. The three-generation household, consisting of elderly parents, married children, and grandchildren, was very widespread in the past. If children were living with their elderly parents, it was easier to support them.

Figure 4: Ratios of the Elderly Living with Their Children



Source: IPSS Statistics for Japan and Sundström (1994) for other countries.

Three-generation households, however, have been disappearing from Japan.

³ Not only the number but also the ratio of elderly claiming public assistance to the total elderly population is increasing. It is also notable that the number of sick and disabled claiming public assistance program is also increasing. This may also reflect the weakened state of families in Japan in the sense that more families of the sick and disabled are giving up supporting them.

More and more elderly are now living independently from their children⁴, and the cost of supporting elderly parents is increasing.

Japanese law clearly states that children have obligations to support their parents⁵. The poor elderly, however, can obtain public assistance if their children are not able to support them or if they do not have a child. The declining number of three-generation households has contributed to the increasing number of elderly receiving public assistance (Figure 3).

With a decline in fertility and the number of marriages, the number of poor elderly people will increase further. The increasing poverty in Japan, just like the population crisis, can be seen as “an external aspect” of the crisis in the Japanese family as an institution.

In this paper, we try to clarify the process by which the family has changed, which in turn caused the population crisis in Japan. In Section 2, we present a framework to help understand the changes in families in welfare societies. Based on the framework, in Section 3, we explain the process of the changing family in Japan. The process is not so different from those experienced in other developed countries. In Section 4, we argue that the difference lies in family policies and the government’s slow response to the demographic changes in Japan. The last section concludes the paper with some discussion on the difficulty of designing and implementing social policies to recover from the population crisis in Japan.

2. Analytical Framework

The changing family has been observed in most developed countries⁶. For example, Coleman (1990, p.607) stated as follows:

Modern society differs extensively from the village social structure described above. The family is no longer the primary welfare unit. Responsibility for caring for the aged has been taken over by the society as a whole. Responsibility for medical care has been taken over by the state and employers. ... The family, greatly shrunken in size and function, has become incapable of carrying out many welfare activities. ... The state, greatly expanded in size and function, has taken on most welfare functions.

In order to explain changes in Japanese families in the next section, we propose a simple framework to analyze such changes in families in modern societies in general, as described above. The framework tries to clarify the relationship between markets, families, and the government. It can be summarized in a simple diagram as shown in Figure 5. Three causal relationships are depicted⁷.

⁴ Figure 4 shows that the ratios of elderly living with their children are also declining in other developed countries. This phenomenon has attracted interest from many researchers and has been explained mainly by the increase in income (including the social security payment) of the elderly. On the other hand, Kotlikoff and Morris (1990) argued that, since intergenerational co-residence involves children’s decisions, the bargaining between parents and their children should be considered. Kotlikoff and Morris also showed that decisions were indeed dependent on the conditions of children. Similar results are obtained in the case of Japan by Silverstein and Takagi (2011).

⁵ This sometimes creates serious poverty problems, because children often try to avoid providing support, and the elderly give up trying to obtain it.

⁶ Changes in families and demography in western countries are summarized, for example, by Cliquet (2006).

Figure 5: A Framework for Analyzing Changes in Families**(1) Development of Markets Weakens Families**

First, the development of markets diminishes the role of the family. As the market economy develops, young people increasingly believe that by accumulating assets and purchasing insurances in markets, they will have security after retirement. They have a smaller number of children and save money in the form of various financial assets. Children are replaced, as it were, by financial assets.

This mechanism is explained by Cigno (1993), who showed that the development of the financial markets broke the traditional chain of responsibility for caring for elderly parents and reduced fertility rates.

Furthermore, in order to find better job opportunities for asset accumulation, many young people in rural areas move to urban areas leaving their parents behind. As the market economy develops, families are weakened (arrow [a] in Figure 5) in the sense that the formation of ties of mutual help within families is undermined.

(2) Weakened Families Demand Expansion of Government

The market system, however, is not the perfect method for securing lives, especially those of the elderly and poor. Those who are frail, who traditionally have been supported by their families, start to demand social security from the government (arrow [b] in Figure 5).

One may argue that the demand for social security should not be as great as to affect political decisions in the early stage of economic development when the ratio of elderly is still low. Models of political economy, however, suggest that such a conjecture need not be right.

For example, if children have a sense of altruism with regard to their elderly parents then not only the elderly but also their children will demand social security. Furthermore, Leroux and Pestieau (2014), for example, showed that if the level of uncertainty regarding children's support after retirement were sufficiently high then the majority of young voters would demand social security. Indeed, most developed countries introduced the social security system before the phenomenon of population ageing started.

(3) Expansion of Government Weakens Families

If the government expands its social security role, this will further reduce the role of the family. The number of children is further reduced when the young people realize that not only markets but also the government are providing security after retirement. Children are now replaced by the government. Families are weakened as the government expands (arrow [c] in Figure 5).

⁷ The framework is a slightly modified version of the one presented in Yamashige (2002). In the original version, families are considered to be a special form of community; and it is argued that "weakening families" can be extended to "weakening communities". Further discussion can be seen in Yamashige (2013).

In the literature of family economics, it is well known theoretically as well as empirically that expansion of social security is likely to reduce fertility and replace private intergenerational transfers within families (Leroux and Pestieau 2014, p.118). It is also argued that public care services can crowd out family care for the elderly (Costa-Font 2010). The expansion of the government's social security role can further weaken family ties.

(4) Continuous Expansion of the Government

Social security, however, is not a perfect system. When the level of social security is low, the lives of the frail cannot be fully secured. It is then likely that demands for security will increase.

If the government responds to such demands, it further weakens families. The fertility rate can be further decreased and the ratio of elderly can increase. This would contribute further to the increase in political demand for more social security. The process of weakening families and the expansion of government can be cyclical (arrow [b] and [c] in Figure 5). Social security expenditure can start to snowball.

In fact, the relationship between markets, families and the government was well recognized as long as 70 years ago, when Myrdal (1941, pp.4-5) wrote:

The chances of eventually getting a higher family income and of attaining greater security in old age by having more children are now much smaller than in the earlier economy. ... Changes in the economic structure of society weaken the family as an institution. The *protective* function of the family likewise plays a declining role. Hospitalization, institutionalization, and social security measures are taking the place of family care for the old and sick. This trends, on the one hand, to alleviate the crisis in the family as an institution and, on the other hand, to decrease the value to the individual of marriage and childbearing.

The observation and analysis above refer to the Swedish economy in the early twentieth century when the fertility rate started to decline. It argues that economic development (changes in the economic structure) weakened families and that the expansion of the role of government weakened families further and contributed towards the decline in marriage and fertility rates.

The framework we use in this section, we believe, is a general one that describes the transformation of market economies⁸.

3. Transformation of the Japanese Family

Based on the framework in the previous section, we will describe changes in Japanese families after the Second World War. The process of weakening families and government expansion is the same as that described in our theoretical framework. This suggests that the Japanese experience is not so different from that of other developed countries.

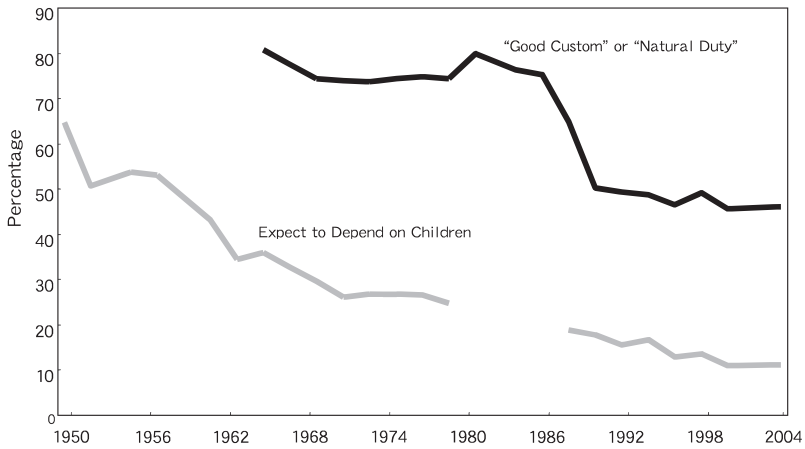
⁸ The framework can be more complex. For example, Esping-Andersen (1990, Chapter 1) states that families can change market economies. It suggests the existence of feedback effects (stemming from the weakened families) on the development of the market economy.

(1) Economic Development and the Weakening Family

The government started to rebuild the damaged economy after the war ended in 1945. The economy and society were stabilizing by the 1950s, and started to enjoy rapid economic growth in the late 1950s and 1960s.

Economic development changed the way people think about how to find security in their lives. In the survey results shown in Figure 6, we see that the ratio of women⁹ who answered that they expect to depend on their children declined gradually from 1950 onwards, during the process of economic development¹⁰.

Figure 6: Changing Norms in Japanese Families



Source: Ogawa and Matsukura (2007; Figure 10).

When someone does not expect to depend on his or her children, the need for children is weakened. This can explain the decline in fertility. Figure 2 shows that the fertility rate dropped to around 2 at the end of the 1950s.

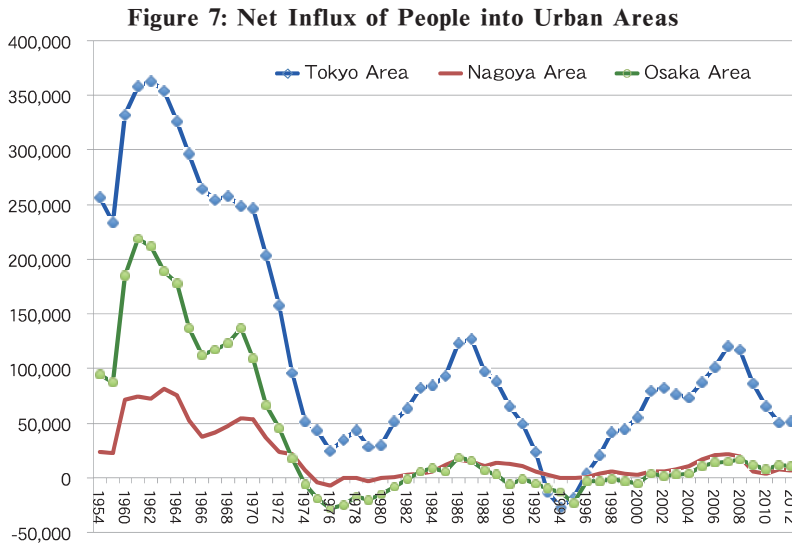
Another important fact about Japanese economic development was that it occurred mainly in urban areas, in which government strategically made high levels of public investment in order to recover from the damages caused by war. Young people in rural areas moved into urban areas to look for good job opportunities. Figure 7 shows that, in the high economic growth period, there is a great influx of people into three large urban areas.

Yoshihara and Wada (1999, Chapter 18) describes the increase in social problems after 1955 as follows:

The distortion of rapid economic growth began to be visible, caused various social problems and had serious impacts especially on the lives of the elderly. Due to the shrinking share of primary industry and the outflow of people, especially the young, from rural to urban areas, the elderly are left behind in rural areas, resulting in depopulation in those areas.

⁹ Those who answered were the women of reproductive age with at least one child.

¹⁰ The figures after the mid-1970s will be discussed later in (3) of this section.



Source: IPSS Statistics, 2014.

This clearly describes how economic development changed families in rural areas thereby rendering the lives of the elderly uncertain. Economic development gradually changed the family structure in the late 1950s.

(2) Weakened Families Demanded More Social Security

Given the increasing awareness of the problems affecting the elderly, the Liberal Democratic Party (hereinafter LDP), which had been the majority party between 1955 and 1993 with its important voting blocs in rural areas, responded to the voices of the elderly. Yoshihara and Wada (1999) states that ‘with the increasing attention being paid to the problems affecting the elderly, the first thing that showed up was the universal national pension system.’

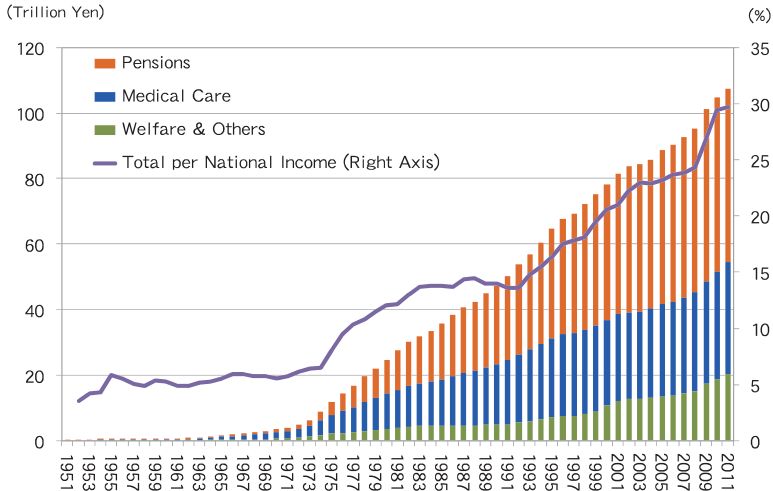
Takeda (2005, p.117) also describes the changes in the late 1950s as follows:

High growth had destabilized the social units through mobilization of population caused by the transformation in the industrial structure that had, in place of the public purse, been providing support for those in need, namely families and communities. As a result of this transition, the nation-state was required to compensate for functions that families and communities normally played.

In 1961, the Japanese government introduced universal public pension and the universal public health insurance. Everyone in Japan has been covered by the social insurances since then. Social insurances amounts, however, were not high in the 1960s, and the elderly demanded more social security.

In 1973, the Japanese government declared the “first year of welfare”. It increased the pension payment drastically and made healthcare services for the elderly free¹¹. After the declaration of the welfare state in 1973, the Japanese government continuously increased its social security expenditure (Figure 8).

¹¹ Free medical services were terminated in 1982.

Figure 8: Expansion of Social Security in Japan

Source: IPSS Statistics, 2012.

(3) Expansion of Government Weakened Japanese Families

The expansion of social security had a deep impact on Japanese families. Marriage rate and fertility rates entered continuous decline after 1974 (Figure 2), just after the government's declaration of the welfare state in 1973.

Figure 7 indicates that the expectation to depend on children for old-age security continued to decline in the process of expansion of social security. Development of the market economy and the expansion of social security replaced the roles of children, and the fertility rate declined.

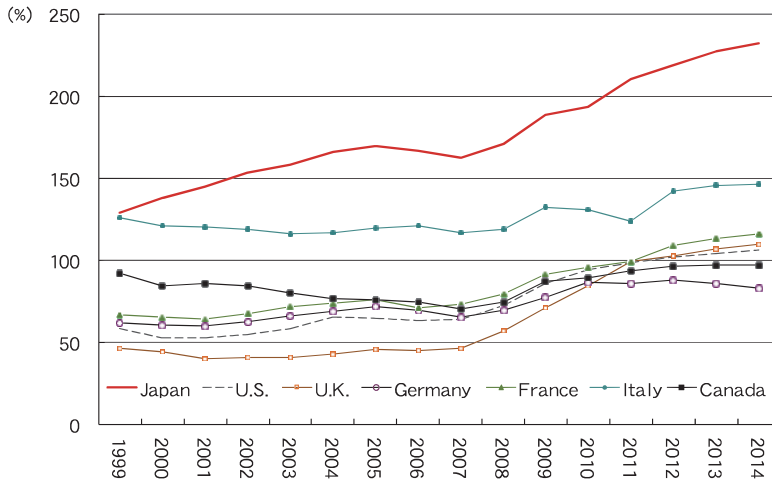
Figure 7 also shows that the norm of children taking care of their aged parents changed drastically. The ratio of those who answered that children taking care of aged parents is a "good custom" or "natural duty" declined after 1986.

Figure 4 shows that the ratio of the elderly living with their children, which was traditionally high at around 80%, also started to decline. More and more elderly started to live independently. The risk of the elderly getting into poverty became greater, particularly when the number of children became smaller. Needless to say, the elderly with no children must rely on the government when they have a smaller income than they need.

(4) Continuous Expansion of the Government

The argument above suggests that the cyclical process of weakening families and the expansion of government seems to have occurred in Japan after 1973. Social security payments have displayed continuous expansion (Figure 8), and the Japanese family was weakened ever further as Figure 2 and Figure 4 indicate, for example.

Since the Japanese government has not raised tax and social security contributions enough to cover the increasing expenditure for social security, public debt expanded rapidly. The Japanese government accumulated great public debt, particularly in the last two decades (Figure 9).

Figure 9: Accumulation of Public Debt.

Source: Ministry of Finance of Japan.

Huge levels of public debt can seriously constrain the government's ability to design and implement active family policies to support child-rearing in the future.

4. Family Policies

We have seen that the process of changing families in Japan is not so different from that in other countries except that the change occurred during a relatively short period after the war. Japanese society, however, now faces a serious population crisis that other developed countries have not yet experienced. The difference seems to lie in the family policies that governments implemented in response to the changing family.

In this section, we describe characteristics of family policies in Japan, in compared with those of other developed countries. We first show that the total expenditure for families is low in Japan, and then argue that a shortage of daycare centers is the reason for low female labor participation rate and low fertility rate in Japan. Finally, we try to find reasons for such poor family policies that created the population crisis, by focusing on the social norms and family laws in Japan.

(1) Social Expenditure for Children and Families

When low levels of fertility continued, many developed countries expanded their social expenditure to support families with children and encouraged fertility. In economics, such a family policy is shown to be necessary to prevent inefficiency in child-rearing under the PAYG pension system (Groezen, et al. 1993).

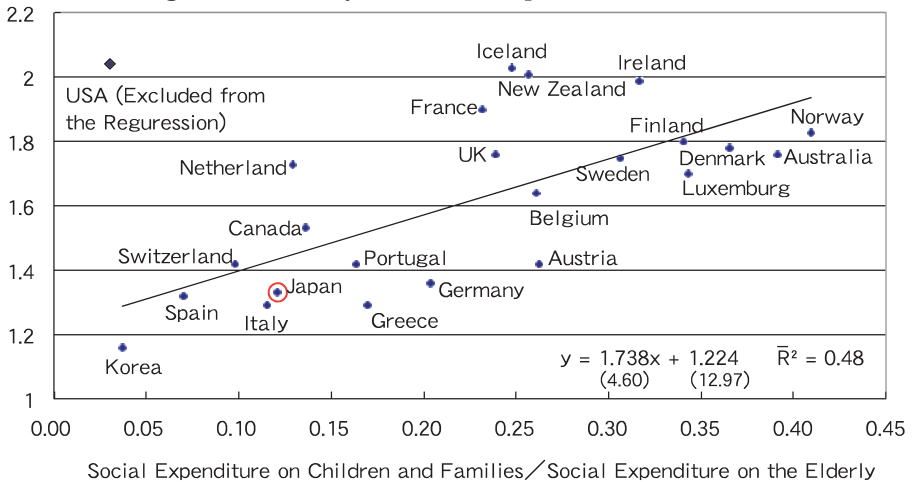
The argument is as follows. Under the PAYG pension system, one can receive the pension after retirement regardless of whether one has children. It means that many can "free-ride" on the children of others in the sense that they can obtain a pension without paying the cost of raising children. In such a case, people tend to have an inefficiently small number of children.

One way to prevent such inefficiency is to provide subsidies to families who raise

children. In many OECD countries, the government started to support families with children. Although the Japanese government has also increased such expenditure, the level has been very low compared with other countries which enjoy high fertility rates.

The purpose of Figure 10 is to show the relationship between TFR and social expenditure for children and families. The argument above suggests that the extent of social expenditure for families relative to expenditure for the elderly is important. For example, even if social expenditure on families is the same, the country with a higher level social expenditure on the elderly will have lower fertility rates because the young may feel more secure without children.

Figure 10: Fertility and Social Expenditure on Families



Source: Data for TFR and population from UN Demographic Yearbook 2001, etc. (Data for 2001). Data for the social expenditure from OECD Social Expenditure Database, 2004.

Therefore, we took the ratio of social expenditure on children and families to expenditure on the elderly as the horizontal axis. Furthermore, we divided the numerator by the number of children and the denominator by the number of elderly to express the expenditure per person¹². The figure clearly shows a positive relationship between TFR and the relative size of the social expenditure for families with children¹³.

The Japanese case shows that social support for rearing children is very small relative to that for the elderly; and that the fertility rate is very low. The Japanese government started to increase support for families since the late 1990s. The

¹² Without this adjustment, a country with a small number of children, for example, will automatically exhibit a low ratio.

¹³ The data for the United States seems to be the outlier. A high TFR under a small-scale social support system for children and families is often explained by the large number of immigrants who usually have high fertility rates. It is, however, well known that the native women also have relatively high fertility. Furtado and Hock (2008) showed that the low-skilled immigrants have lowered the cost of the child-care in the U.S. and made child-care more affordable, which in turn increased the fertility of college graduate native females. In the U.S., immigrants and free markets, rather than social expenditure, seem to be one factor in high fertility. It is often pointed out, however, that the quality of childcare is not so high in the U.S., which may be seen as a side-effect of the U.S. approach.

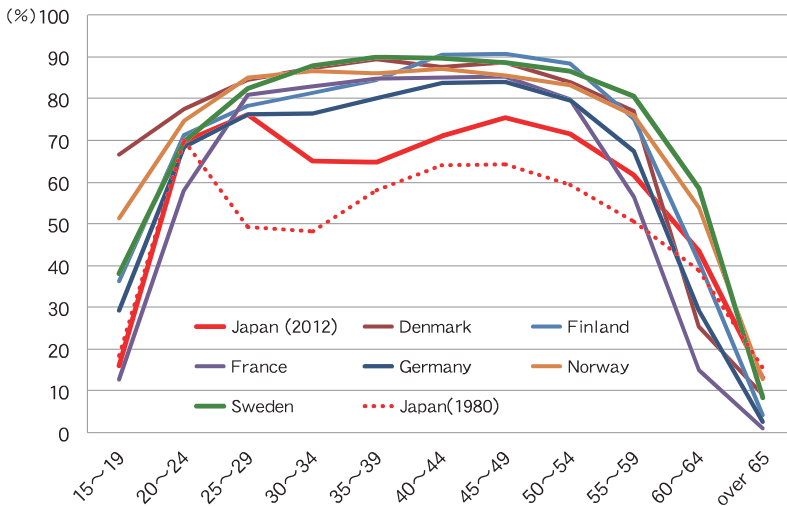
support, however, was too little to mitigate the negative effects of public support for the elderly.

(2) Daycare and Female Labor Participation

In Japan, the elderly population is still increasing and the productive-age population is decreasing, which suggests that there will be a shortage in the labor supply in the service sectors, particularly for the elderly. As we will show later, Japanese society is reluctant to accept an increase in the number of foreign workers, and the government expects women to participate more in the labor markets.

Female labor participation, however, has been low particularly during periods of birth and rearing children. In Figure 11, the so-called M-shaped curve can be clearly observed in female labor participation in 1980.

Figure 11: Patterns of Female Labor Participation



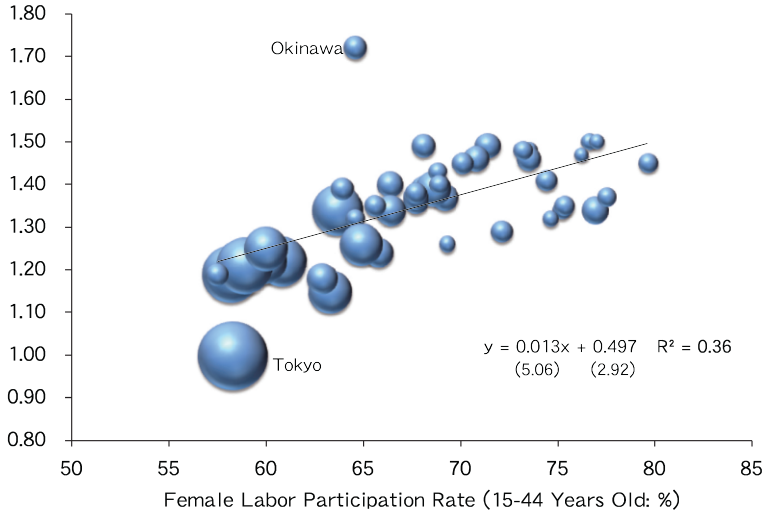
Source: Data except Japan is 2008, collected from IPSS Statistics.

In 2012, the participation rate increased, reflecting a higher level of female education and increased support for rearing children in Japan. Female labor participation, however, is still low compared with European countries.

One of the reasons is the shortage of nursery services in Japan. Traditionally, nursery services for children had been provided by grandparents in the three-generation households, which allowed mothers to work while raising children. Using the data of 47 prefectures in Japan, we drew Figure 12 which shows a positive correlation between TFR and female labor participation.

The size of each bubble represents the population of the prefecture; and the figure shows that higher fertility and higher female labor participation rates are in rural areas. This can be explained by the fact that the ratio of three-generation households is higher in the rural areas. On the other hand, in urban areas, three-generations households are not as common, and the number of places available in daycare centers, which allow women to work while fostering

Figure 12: TFR and Female Labor Participation in Japan



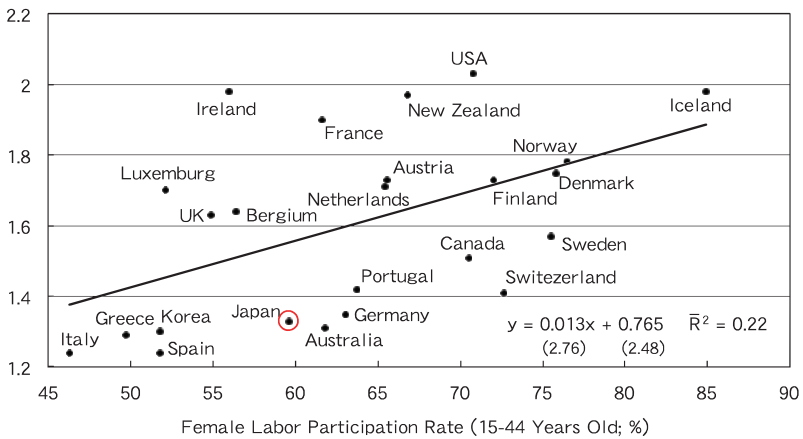
Source: Data for 2005, taken from IPSS Statistics.

children, are in great demand.

The government, however, has not expanded daycare centers very much, resulting in great shortfalls in the number of daycare center places in urban areas. As the number of three-generation households shrinks, the government should expand formal nursery services, especially in urban areas.

Without such services, female labor participation rates and the number of children remain low because working women must sacrifice marriage and children. Due to the large populations in urban areas, average TFR and female labor participation rates have remained low compared with other OECD countries, as Figure 13 shows.

Figure 13: TFR and Female Labor Participation

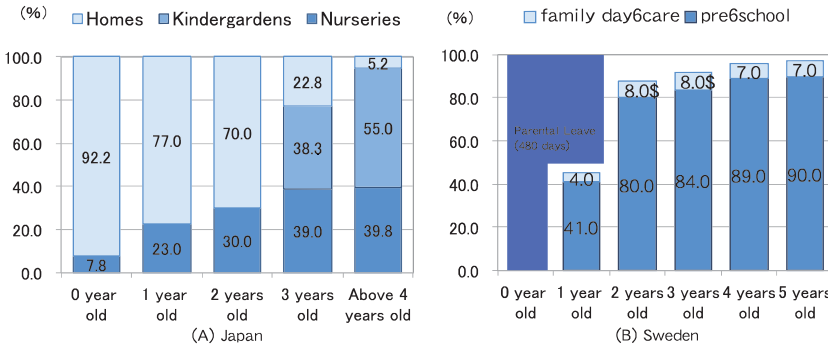


Source: Data for TFR from UN Demographic Yearbook 2001, etc. (Data for 2001). Data for Female Labor Participation from ILO Yearbook of Labour Statistics (Data for 2000-2001; Ratio of Female Labor to Female Population in 15-64)

Figure 13 shows that there are many countries in which the TFR and female labor participation rate are both higher than in Japan. In many of these countries, daycare centers are well provided for, to allow women with children to work, as the female labor participation patterns shown in Figure 11 suggest.

For example, in Sweden, most of the children play and learn in family daycare or in preschool after parents finished their parental leave of one and a half years' duration, as Figure 14 shows. In Japan, however, only 30% of 2-year old children go to daycare centers and 70% stay at home. The figure strongly suggests that the supply of formal nursery services is quite limited in Japan.

Figure 14: Places where Children Stay in the Daytime



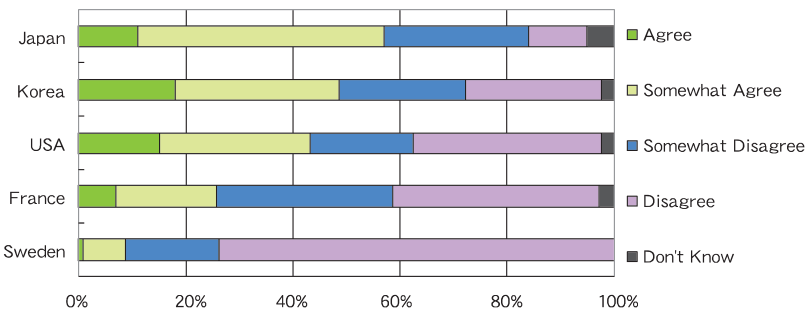
Source: Cabinet Office of Japanese Government.

One of the questions is why the Japanese government has been so slow in responding to this low level of fertility. One reason is the lack of understanding regarding the necessity of such social supports for families with children. There are, however, more political reasons. We try to answer this question below by examining the social norms and family law in Japan.

(3) Social Norm and Family Law

The most important factor is that there still exists a traditional norm that wives should stay at home to raise children (Figure 15).

Figure 15: Social Norm regarding the Roles of Women and Men in Japan



“Husband should work outside home and wife should keep the house.”

Source: Cabinet Office of Japanese Government, Attitude Survey on the Low Fertility Society in Five Countries, 2004.

The number of people who hold this traditional view is decreasing. However,

older male politicians, who are influential in the Japanese political system, tend to hold this view. Due to the traditional norm regarding the sexual division of labor, mothers are expected to take care of everything at home¹⁴. They are expected to take responsibility for housekeeping, children's education¹⁵, and often care for elderly parents. "Motherhood" in Japan is regarded as a tough full-time job that working women cannot easily undertake.

Hence, the low fertility rate is a consequence of modern women not being able to take on the heavy role of "motherhood", just as men cannot, if they wish to engage in full-time jobs in the labor markets. To support working women having children, it is necessary to make "motherhood" more enjoyable. Although providing good daycare services for children is an effective and justifiable measure to mitigate the burdens of "motherhood", politicians who still hold the traditional view hesitated to support expansion of daycare services.

The traditional views on the sexual division of labor and roles are also reflected in Japan's low ranking in the "Global Gender Gap Index" published by the World Economic Forum (2013). Its ranking was 105th among 136 countries in 2013. The Japanese government's policies for gender equality are too weak to change the Japanese social and economic system.

Rosenbluth (2007, p.12) points out that '[E]arly party platforms of the LDP stated explicitly that women should stay at home to help their husbands be good workers (Jiyu minshuto 1979)'. Furthermore, Rosenbluth (2007, p.212) states as follows: 'In 2004, a special LDP committee on constitutional revision denounced the 1947 constitution's "women's rights" clauses for nurturing "egoism" in postwar Japan, leading to the collapse of family and community.' The sexual division of labor has been politically favored by LDP leaders who had great influence on the formation of Japanese society after the Second World War.

Rosenbluth (2007, p.201) concluded as follows¹⁶:

Japan's low fertility is overdetermined, because Japanese women are stuck between a rock (an inhospitable labor market) and a hard place (the government's reluctance subsidize family work). Japanese women face

¹⁴ For more information regarding traditional roles of women and traditional norms in Japan, see Traphagan and Knight (2003), who provide interesting information regarding anthropological approaches to the Japanese family in order to understand the demographic changes in Japan. See also Coulmas (2007) for sociological approaches.

¹⁵ For example, Hirao (2006, p.170) states as follows: 'Japanese mothers face a great deal of pressure to be involved intensively in their children's education. Getting into top schools is so competitive, and the importance of an academic pedigree is so important for landing the best jobs, that Japanese families expend vast amounts of time and money herding their children through after-school "cram schools" (juku) in the private market. The burden falls most heavily on mothers in the traditional Japanese family.'

¹⁶ One of the main arguments of Rosenbluth (2007) is that the social norm regarding the sexual division of labor has been sustained by the typical characteristics of the Japanese employment system such as lifetime employment, seniority system, and long working hours. The system works well for firms only if workers are homogeneous, and female workers with children who usually need flexible work, are disadvantaged and would not be treated well. Thus, believing in the social norm regarding the sexual division of labor becomes a good choice. Young women who want to work full-time must work like men and give up having children under Japanese-style employment. Modifying the system so that workers can earn adequate wages and enjoy flexible working hours may be one solution to mitigate Japan's low fertility rate.

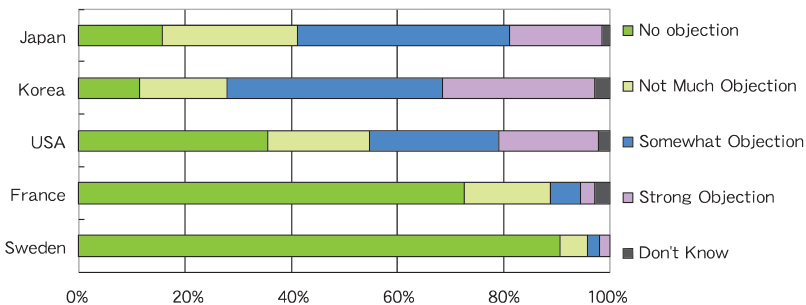
difficulties that are different in degree, but not in kind, to those faced by women in other rich democracies.

The social norm against non-marital birth also seems to be contributing towards the low fertility rate in Japan. Japanese law and society have been intolerant towards children born out of wedlock¹⁷. The ratio of such children in Japan is very low compared with other OECD countries.

Hertog and Iwasawa (2011, p.3) showed that, in Japan, 23% of all births resulted from premarital conception in the early 2000s. Of the premarital pregnancies to women aged 15 to 29 years old, more than half are aborted, 38% resulted in marital births (due to “shotgun” marriages) and only 4% were nonmarital births. In the U.S., almost half of premaritally conceived children were born outside wedlock¹⁸. Hertog and Iwasawa also showed that ‘for a typical Japanese woman, giving birth outside marriage is the morally inferior solution’ (p.1) and ‘abortion is often seen as a more responsible solution and is encouraged by everyone from doctors to family members’ (p.22)¹⁹.

The preferences and norms of Japanese people regarding children born out of wedlock can be observed in Figure 16. It shows that compared with other developed countries, other than Korea, perceptions of the Japanese people regarding children born out of wedlock are very negative.

Figure 16: Preferences regarding Children Born out of Wedlock



“What do you think about unmarried couples having children, in general?”

Source: Cabinet Office of Japanese Government, Attitude Survey on the Low Fertility Society in Five Countries, 2004.

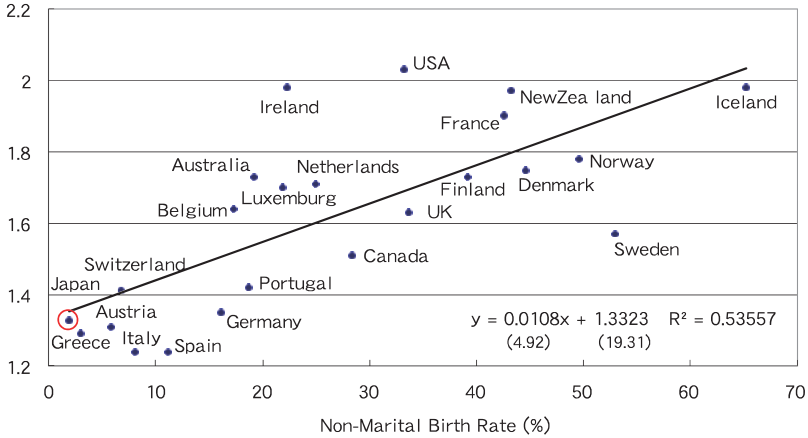
The effects of this norm on the fertility rate may be seen in Figure 17, which suggests that, in countries where the nonmarital birth rate is high, TFR is also relatively high. One of the reasons for such a relationship may be that, in those societies, children are usually protected by society, regardless of their origins; and thus, women feel relatively safe to give birth even if they are not married and the TFR tends to be higher.

¹⁷ Colin (2014) is a good reference for finding out the recent changes in Japanese law on the rights of children born out of wedlock, along with explanatory historical background.

¹⁸ In the U.S., a third of premarital conceptions were aborted and less than 10% resulted in “shotgun” weddings.

¹⁹ Hertog and Iwasawa (2011, p.1) demonstrated that for many American women, in contrast, ‘choosing to bear a child outside wedlock rather than rushing into a marriage or having an abortion is often seen as a sign of greater maturity.’

Figure 17: Fertility and Ratio of Children Born out of Wedlock



Source: Data for TFR from UN Demographic Yearbook 2001, etc. (Data for 2001). Data for Nonmarital Birth from the Council of Europe, Recent Demographic Developments in Europe, 2003.

The reason why traditional societies are not tolerant of children born out of wedlock is that society wants couples to engage in marriage contracts to form stable long-term relationships for their children. Legal and social intolerance is a penalty aimed at those who do not conform to this norm. Such a penalty, however, can work as a factor to discourage people from having children.

In some countries, the government started to provide the same benefits to unmarried couples with children as for married couples, and protect children in single-parent families. When the government plays a greater role in protecting the lives of children, the issue of whether or not parents have long-term relationship becomes less important. The Japanese people, especially the elderly, have been very conservative and have not started any discussion on such policy changes.

Furthermore, the Japanese people are not ready to open the door to foreign workers. Figure 18 shows that the ratio of foreign workers to the total population has been low compared with other countries²⁰.

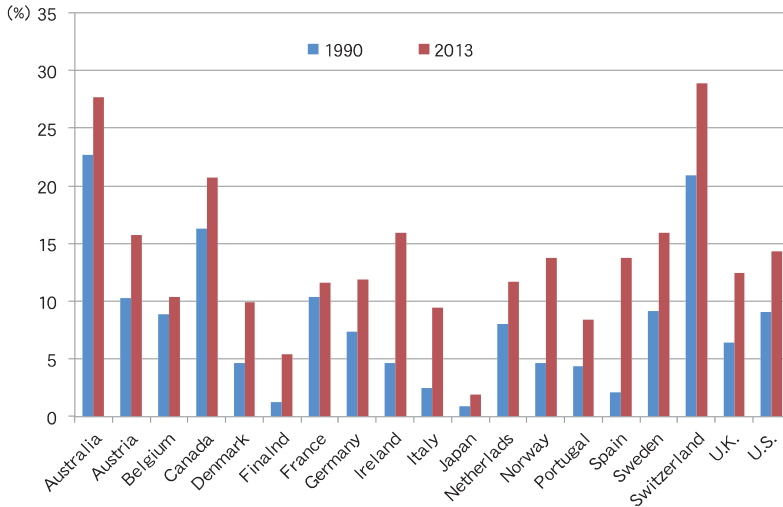
To sum up, the Japanese government and society have been conservative and have made no serious change to the norms and laws regarding Japanese families²¹. This is one of the important reasons why the fertility rate has been so low for a long time, and why population decline has started in Japan.

5. Concluding Remarks

The shape of the Japanese family changed drastically after World War II. We

²⁰ Although the ratio of foreigners to the total population is low in Japan, it is different from region to region. For example, Nagy (2012) pointed out that the ratio is 3.24% in Metropolitan Tokyo and 11.19% in the Shinjuku ward in Tokyo. In some regions, therefore, the ratio of foreigners is as high as in other countries. In such regions, local governments are required to handle many problems concerning foreigners. As for the development of Japanese immigration policies, see, for example, Roberts (2012) and Chivavacci (2012).

²¹ Such a conservative attitude may originate in the low level of awareness in Japan regarding human rights of women, children, and foreigners.

Figure 18: Ratio of Foreign and Foreign-Born Population

Source: United Nations: Migrant Stock 2013.

identified two reasons for such a great change. One is the development of markets and the other is the expansion of social security. Both have provided roles that children traditionally played. The need for children naturally declined.

With the Japanese government's lack of effort to mitigate the low fertility rate, the population of Japan is now declining. On the other hand, the number of elderly is still increasing. Furthermore, the Japanese government has accumulated high levels of public debt (Figure 9) in the process of expanding social security to meet the needs of the elderly.

All these facts raise questions about the sustainability of the social security system, the government's fiscal system, and the labor markets, particularly in the service sector for the elderly. Unless the current TFR reaches 2.07, the Japanese population will continue declining. This is the simple population dynamics, and the consequences will be serious.

As Myrdal (1941) pointed out, '[T]he population crisis is only the external aspect of what is really a crisis in the family as an institution.' The crisis in the family can be also observed in the increasing poverty among the elderly in Japan.

The government should have recognized the essential problems of the crisis and introduced policies to mitigate them. The Japanese government, however, has not introduced effective policies to overcome the crises. One reason is that politicians had the conservative preference for traditional families. They hesitated to increase the number of daycare centers and to change family law to support children born of unmarried couples. They also hesitated to increase the number of foreign workers.

Needless to say, their hesitation reflects the views of the majority of Japanese people. As the population ageing crisis deepens in Japan, it would be more difficult to change its course because elderly voters are those who are usually conservative and myopic.

It is not easy for Japan to overcome the population crisis in a democratic way. There may still be a glimmer of hope in this recent trend of the declining working-age population and the increasing elderly population now creating a labor shortage. An increase in the labor demand for women is expected. Firms and the government may create circumstances in which women with children can work comfortably²². The Japanese employment system may finally be modified to be family-friendly and flexible, because of the labor shortage.

Such a change, if it happened, would change social norms regarding families in Japan. The population crisis in Japan is indeed a reflection of the crisis in Japanese families, which in turn results mainly from the trend that more women want to stay in the labor markets²³ and cannot take on the traditional role of mothers. In order to overcome these crises, it is necessary to create circumstances in which being mothers, and parents in general, is more enjoyable.

Family policies need to be carefully designed, together with other policies such as those governing labor, immigration, education, social security, and policies concerning social norms. Not only designing such policies but also implementing them politically will be great challenges for Japan.

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²² This idea is also expressed by Rosenbluth (2007, p. 208).

²³ Concerning the reasons for women's desire to stay in the labor markets, Rosenbluth (2006, p.5), for example, provides the following explanation: 'Without a potential source of livelihood outside of the home, women risk poverty in a world where divorce rates are relatively high, and risk misery should their husbands take advantage of their inability to strike out on their own.' In this paper, we have pointed out, based on economic theories, that the expansion of markets and social security lowered the cost for women not having children and staying in the labor markets.

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