



What is needed to counter the falling birthrate? The short cut is to rectify the long working hours —A solution in the style of the United States/Northern Europe is difficult

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< Key Points >

- Countries that have brought the falling birthrate under control have transformed the male breadwinner model
- The cost of childcare presents a challenge to promoting support for work-life balance
- Active women and improved ways of working for men are one and the same

In 2015, the total fertility rate (an estimate of the number of children born to a woman during her lifetime) was 1.46, a recovery of 0.2 points from the lowest ever rate of 1.26 recorded in 2005. Since the birthrate for women aged 25 to 29 is also on the upswing, these trends are likely the result of the recent improvements in the economy and in the work-life balance.

However, these numbers fall far short of the figure of 1.8 that the Abe administration has set as the target for 2025. There is also a wide gap with the figures from other countries where the birthrates have recovered, for example, 1.86 in the United States, 1.89 in Sweden and 1.99 in France (all data from 2014).

Apropos the falling birthrate, the spotlight is on policies for child care services intended to facilitate the work-life balance such as pledges to secure child care arrangements for 500,000 children and to raise remuneration for child care workers by 2%, both of which were listed among the LDP campaign promises for the upper house elections. Of course, these policies are necessary, but in this paper I would like to take a broader view and to clarify some issues that are revealed through comparison with other countries.



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In the United States, Sweden and other developed countries, the first signs of birthrates dropping below the replacement level (the birthrate needed to maintain present population levels = 2.07) appeared around 1980. This was a period when rates of unemployment among men worsened significantly, causing the “male breadwinner” model, which had been constructed all around the world up to the 1970s, to malfunction, creating difficulties around family formation.

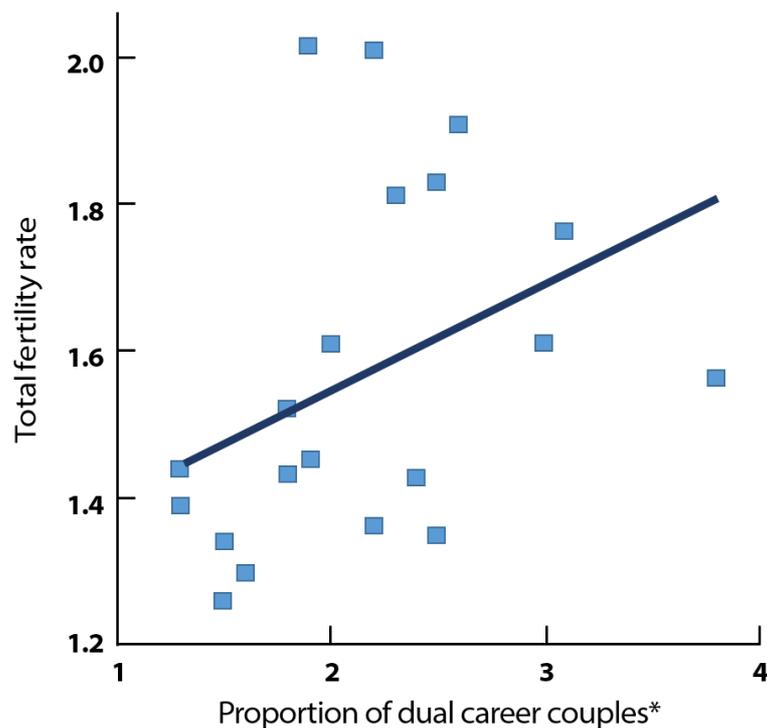
Trends in birthrates around the world diverged after this period. In the United States and Sweden, the birthrate recovered, but in Japan, Germany and Italy there was no recovery and these countries were plunged into a stage of extremely low birthrates. One factor that explains this divergence is the emergence of the dual-income society. There is a sharp contrast between

countries where female employment supplements the increasingly uncertain male employment, thus encouraging the formation of couples, and countries where the male breadwinner model has endured.

Even in Japan, the rate of women’s participation in the workforce has been constantly rising since the late 1970s. But since this can be explained by an increase in single women who stay in employment and married women who participate in the part-time labor market, the likelihood of women in long-term employment, continually earning a stable income, remains as small as ever.

In all the countries that have brought the falling birthrate under control, it is possible for women to stay in employment and the wage gap between men and women is small. These countries have been able to draw out the positive effects of women’s earning capacity, which in the past was perceived as a negative for household formation, by reducing the difficulties around staying in employment that accompany marriage and childbirth. The figure shows the proportion of dual-career couples and the total fertility rate for the countries where data is available. I was unable to obtain data from Japan and the United States, but on the whole the relationship is positive.

Dual career couples and the total fertility rate



Note: * refers to the number of dual career couples when the number of single-career couples is 1.

Sources: Proportion of dual career couples (OECD), total fertility rate (World Bank)

We can say that from the perspective of women, there has been a shift from a situation where they do not get married because it is difficult to continue working after marriage, to a situation where they are able to marry and have children precisely because they can continue to earn income. Men have also reached the point where they are no longer looking to marry a woman who stays at home after marriage; rather, in order to survive in an uncertain society, they look for a woman

with the capacity to earn. In actual fact, this trend is also becoming evident in Japan as suggested by empirical research undertaken by Fukuda Setsuya at the National Institute of Population and Social Security Research.

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For women's earnings to have a positive effect on household formation, it is necessary to avoid the problems that accompany the work-life balance. In this sense many governments are acting rationally by citing policies supporting the work-life balance among the measures to counter the falling birthrate. However, it is definitely not a matter of simply providing public assistance in the period when parents are rearing children.

The biggest problem is the cost. It is difficult to make child care services more efficient and technical innovation will not do much to bring down the costs to any substantial degree. Ironically, the more high-earning women in full-time employment need daycare services, the higher the cost of daycare service where most workers are women. The dilemma is that daycare workers will choose other professions unless their wages increase in line with the salaries of professional women.

The issue of the cost of child care is a fateful challenge for any country. There are also different approaches to solutions.

The United States provides hardly any public sector assistance for child care services, but women return to the workplace early and couples employ nannies or babysitters with the income earned from two careers. Large numbers of migrant workers are employed as carers. It is a system where it is possible to keep the cost of child care relatively low due to the wage difference between dual-career white-collar professionals and the immigrant workers.

When the wage differences between home and abroad are substantial, the option of procuring child care services from the market is a pragmatic one. Such trends were also apparent in pre-war Japan, but the market for live-in help shrank substantially amid the overall rise in income standards during the postwar period of rapid economic growth.

The public sector provides the solution to the aforementioned dilemma in the Northern European countries. First of all, pay for child care workers is linked to market wages and the burden of child care cost on the household finances is reduced by providing child care services in the public sector. Secondly, in the public sector, which employs large numbers of women, it is possible to alleviate the pressure caused by the male-female wage gap when women have to interrupt their employment, which is in contrast to the private sector. Therefore, the cost of childcare is substantially reduced and parents are persuaded to take childcare leave that may have an adverse impact on future income.

To sum up, the United States, Sweden and other countries where the birthrate is recovering have a situation where either the wage gap between home and abroad is substantial, or the size of the public sector is substantial. Neither condition is present in Japan.

Japan has the lowest level of immigrant stock and flow of foreign workforce in the OECD, and the scale of public-sector employment is also the lowest in the OECD. The ratio of women employed in the public sector is also extremely low. In such a situation, expanding child care services or improving the system of work-life balance is by no means easy.

As might be expected, the two factors of disparity and public sector employment have barely been given any attention in the context of measures to counter the falling birthrate, but it is

important to once again confirm the disadvantages of the situation for Japan. These are heavy shackles for Japan and it is essential to tackle the difficult challenge of improving the birthrate. Drastic policy intervention is essential to truly overcome the challenges.

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Expanding public-sector employment is the countermeasure that emerges out of the discussion above. There is relatively less competitive pressure in public-sector employment, which makes it an attractive option for stable career formation for women whose careers tend to be interrupted in any country including Japan. Nonetheless, there is probably little possibility of obtaining agreement in severely cash-strapped circumstances.

To return to the shortcut of improving the work-life balance, rectifying the long working hours is an urgent issue. The meager child care service is not the only factor that inhibits the continued employment of women; the moment a woman tries to be “active” she is required to work in the same way as a man with a wife at home.

Consequently, it is necessary to establish upper limits for working hours with a structure that closes the loopholes as soon as possible. In France, where the birthrate has also similarly recovered, women’s entry into the workforce and improvements to men’s way of working were promoted together.

But there are also side effects. In corporations, imposing conditions and controls on ways of working from the outside can also raise hurdles for management. There is a tendency to avoid workplace regulation policies that can place the burden on individual businesses in Japan.

In that sense, the time has perhaps come for a shift from the current policy of “protecting employment through the protection of corporation” to the policy style in Northern Europe where workers who lose their jobs are protected by the public sector while corporations that are unable to comply with the standards (no management leeway) are forced to withdraw from the market.

Translated by The Japan Journal, Ltd. The article first appeared in the “*Keizai kyoshitsu*” column of *The Nikkei* newspaper on 17 August 2016 under the title, “*Shoshika-taisaku ni nani ga hitsuyoka (2): Chojikan-rodo zesei koso odo (2): Bei Hoku-O gata no kaiketsusaku wa konnan*” (What is needed to counter the falling birthrate? (Part II of 3) The short cut is to rectify the long working hours —A solution in the style of the United States/Northern Europe is difficult),” *The Nikkei*, 17 August 2016, p. 26. (Courtesy of the author)

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