

Toward a Prosperous Society with a Declining Birthrate—Enhancing the Social Environment for Childcare Support

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Introduction

The dual demographic trends of aging and declining birthrate are rapidly advancing in Japan. With elderly persons already comprising over 18% of the population, social systems are being prepared for the aging society, including the Long-term Care Insurance System introduced in April 2000, and current revision of the public pension system. Meanwhile, the birthrate, as measured by the total fertility rate (TFR), fell to 1.32 in 2002. In July 2003, the government enacted its latest countermeasure, the Basic Law on Measures for Society with a Decreasing Birthrate, and has begun a comprehensive review of policies to halt the decline in birthrate. In this paper, we consider policies to make the society with fewer children a more prosperous one.

1. Present Conditions and Projections

1. Aging and the Declining Birthrate

First let us examine the status of aging and the declining birthrate based on data from the *2000 Population Census of Japan* by the Ministry of Public Management, Home Affairs, Posts and Telecommunications, and *Population Projects for Japan: 2001-2050 (January 2002)* by the National Institute of Population and Social Security Research.

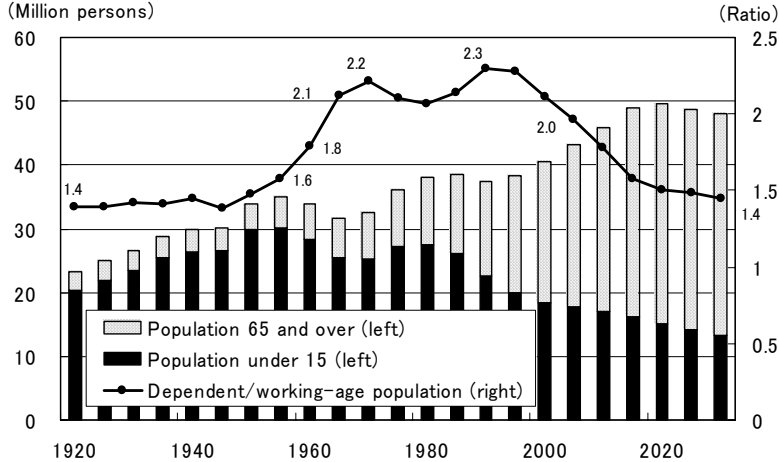
The elderly population (age 65 and over) is projected to grow rapidly to around 2020 as the baby boom generation enters old age. The ratio of elderly persons in the population is projected to exceed 21% in 2010, and slowly approach 30%.

Meanwhile, the child population (age 0 to 14) began decreasing in 1980, and fell below the elderly population for the first time in 2000, and continues to decline. The ratio of children in the population has consistently declined during the entire postwar period, reaching 15% in 2000, and is projected to reach 11% in 2030.

Moreover, the working-age population (age 15 to 64) peaked out in 1995 at 87.17 million persons, and also has been declining. Their ratio in the population is projected to decline from 68% in 2000 to 59% in 2030.

As a result, the number of working-age persons supporting each dependent person (children and the elderly) is projected to decrease from 2.3 persons in 1990 to 1.4 persons in 2030. While the same population dependency ratio existed in 1950, there is one major difference—the population compositions of the elderly and children have reversed positions.

Figure 1 Composition of Dependent Population, and the Population Dependency Ratio



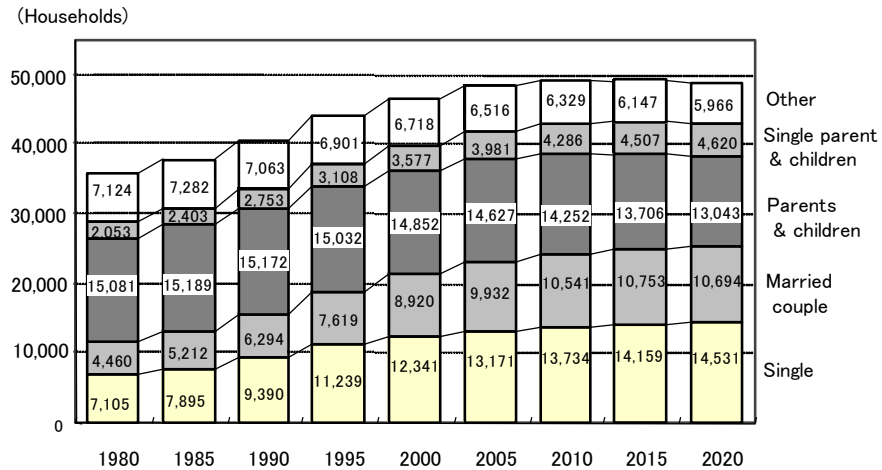
Source: National Institute of Population and Social Security Research, *Population Projections for Japan: 2001-2050* (January 2002).

2. Decrease in Family-Type Households

According to *Household Projections for Japan (2003)*, the number of ordinary households in Japan is projected to grow until 2015 even as the population decreases, due to a decrease in average household size. By household type, one-person, married-couple, and single-parent households will grow, while the larger married-with-children households will decrease.

The most common type of household is the married-with-children household, which comprised 32.0% of households in 2000. However, by 2015 their supremacy will be lost to one-person households for the first time. With the proportion of one-person and married-couple households consistently rising since 1980, households with two or less persons are projected to comprise the majority of households in 2015.

Figure 2 Composition of Households



Source: National institute of Population and Social Security Research, *Household Projections for Japan (2003)*.

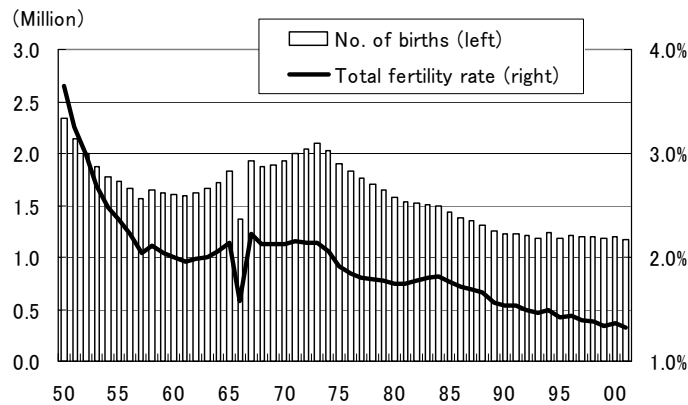
3. Japan's Population to Start Shrinking

According to the national census, Japan's population in 2000 was 126,930,000. After reaching 127,740,000 in 2006 (medium variant projection), however, the population is projected to start decreasing. The population decrease will be substantial, falling to 117,580,000 in 2030, and to 100,590,000 in 2050. Japan will thus soon become a shrinking society.

2. Factors Causing the Decline in Birthrate

The number of childbirths in Japan has steadily decreased since peaking out in 1973 at 2.09 million, and has been hovering below 1.20 million in recent years. In addition, the total fertility rate (aggregate of birthrates for women in each age group from age 15 to 49) has also been declining, and by international comparison was second lowest in 2002 at 1.32, ahead of only Italy. The decline in birthrate can be attributed primarily to declines in both the marriage rate and birthrate among married women.

Figure 3 Number of Births and the Total Fertility Rate



Source: Ministry of Health, Labor and Welfare, *Vital Statistics*.

1. Decline in Marriage Rate

In Japan, the percentage of children born out of wedlock is extremely low at around 1-2%, with the overwhelming majority of children born to married couples. Thus a decline in marriage rate directly impacts the birthrate.

According to *Vital Statistics* from the Ministry of Health, Labor and Welfare, the average age at first marriage rose to 29.0 for men and 27.2 for women in 2000. In addition, the ratio of never-married persons has also risen significantly in each age group; in particular, the ratio among men aged 30-34 rose from 32.6% in 1990 to 42.9% in 2000, while that of women aged 25-29 rose from 40.2% in 1990 to 54.0% in 2000. The ratio of persons who remain unmarried for life (the never-married ratio at age 50) is also high at 12.6% for men and 5.8% for women.

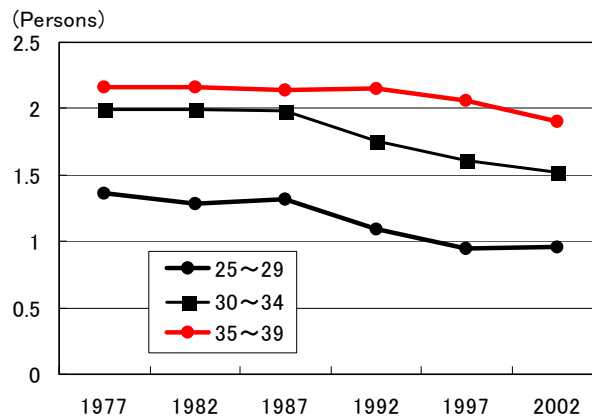
According to the *2003 Survey of Attitudes of Young Persons* by the Cabinet Office, published in the *2003 White Paper on National Life*, the postponement or rejection of marriage is attributed to the growing pessimism of young persons toward marriage. In addition to conventional responses such as not having met the right person or being financially unprepared, fewer men and women find psychological comfort in marriage, and more feel that marriage restricts freedom to use money as they want. In addition, pressure from society and parents to marry has been waning, and recently the number of so-called “parasite singles” who live at home with their parents has grown.

Another factor is the worsening job environment and resulting income instability. Unemployment has grown in recent years among persons 15 to 34, while over four million young persons are freelance part-time workers who drift from job to job.

2. Decline in Birthrate of Married Women

In the past, since the number of childbirths by married women over their lifetime (completed fertility rate) changed very little, the decline in births was attributed mainly to an increase in persons who never marry or marry later in life. However, other important factors have recently come to light. According to the *Basic Survey of Birth Trends*, since the 1990s, the average number of children for couples married 5-9 years and 10-14 years has been decreasing, and recently even the birthrate of married women has declined.

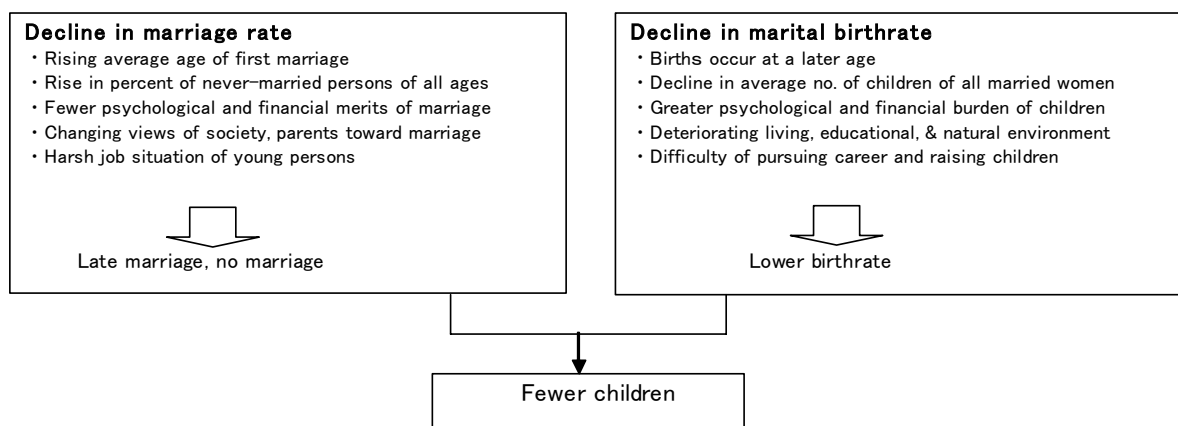
Figure 4 Average Number of Children Born to Married Women by Age



Source: National Institute of Population and Social Security Research, *Basic Survey of Birth Trends (2002)*.

The decline in birthrate among married women can be attributed to the older age at which they give birth after marrying later in life, and to the large financial and psychological burden of raising children.

Figure 5 Factors Causing the Decline in Children



Source: NLI Research Institute

Moreover, survey of young persons' attitudes mentioned earlier shows that a growing number of young persons regard raising children as costly, and that over 60% of women with children have anxieties about raising children. In addition, both the ideal and planned number of children is decreasing. Other factors include the deteriorating environment for raising children, including the residential, educational and natural environments, and difficulties in raising children while pursuing a career, particularly given the rising employment rate among women of childbearing age.

3. Issues and Answers for a Society with Fewer Children

As the number of children continues to decrease, what are the issues confronting Japan's economy and society? Many issues come to mind—the decrease in working-age population reduces domestic production, the declining population causes consumption to slump and economic activity to contract, and pension and other social security programs cease to function as the supporting population shrinks. However, from a global perspective, all mature societies inevitably undergo changes in population structure due to aging and a declining birthrate. The important point is to design new social and economic systems to accommodate these population trends, and to effect a smooth transition to the new systems through policies that avert a precipitous decrease in birthrate. Below we examine policies that have attempted to slow the decline in birthrate.

1. Plus One Measures to Halt the Declining Birthrate

Striving to “create an environment for raising healthy children,” the government launched an initiative called Basic Guidelines to Halt the Declining Birthrate in December 1999, along with the New Angel Plan to boost childcare facilities. However, recognizing that the birthrate was not responding to measures to support working parents to raise children, the Ministry of Health, Labor and Welfare compiled a new initiative in September 2002 called Plus One Measures to Halt the Declining Birthrate.

Plus One actually adds four new policy goals to the Zero-Waiting List Campaign for Nursery Schools, which is based on a cabinet resolution passed in July 2001 called Guidelines for Measures to Support Working Parents to Raise Children, and adds four new measures: (1) revision of work styles for men and women, (2) community support for childcare, (3) reduction of social security burdens during parenting, and (4) enhancement of children's socialization and promotion of their independence.

The Plus One policy is commendable in aiming to create a gender-equal society by revising

work styles for men as well as women, and thereby establishing a more friendly work environment for parenting. It delves into fundamental aspects of company-centered lifestyles by setting childcare leave acquisition targets for men and women, and reducing overtime work during parenting periods.

Another feature of the policy is that it not only supports working parents to raise children, but extends the support for raising children to all households and persons involved in childcare.

2. Law for Measures to Support the Development of the Next Generation

Two pieces of legislation were enacted in July 2003 to promote the Plus One initiative: the Law for Measures to Support the Development of the Next Generation, and the partial amendment to the Child Welfare Law. The next-generation law, which expires in March 2015, requires local governments and business owners to formulate action plans by March 2005 aimed at building an environment for the next generation of children to be born and raised in good health.

The next-generation law puts the burden of supporting childcare on society. It requires business owners with over 300 employees to formulate and file an action plan to develop a work environment allowing workers to raise children, regardless of whether workers actually have children (companies with 300 or less employees have a duty to make efforts). If business owners achieve the targets specified in the action plans, they can apply for and receive a certification, which they can display in advertisements and products.

Already, 30 companies including Shiseido have set up study groups on action plans to support childcare (*Nikkei Shimbun*, February 26, 2004). The research groups plan to study options for working at home, and to conduct opinion surveys on balancing work and parenting.

4. Toward a Prosperous Society with Fewer Children

1. Basic Law on Measures for Society with a Decreasing Birthrate

In response to the rapid decline in birthrate, the government enacted the Basic Law on Measures for Society with a Decreasing Birthrate in July 2003. The law states that while decisions on marriage and childbirth are left to individuals, “we are being strongly called upon to halt the decrease in children by creating an environment where parents can feel secure in giving birth and raising children who will be the next generation of society, and to

realize a society in which children grow up equal and healthy in mind and body, and parents truly feel pride and joy.”

Basic measures to support the next generation have been broadened to include the following: improve the work environment, enhance childcare and other services, develop community childcare support, improve maternal and child health systems, promote more flexible education, improve the living environment, reduce financial burdens, and promote education and enlightenment. The government has thus launched a comprehensive policy on the declining birthrate by drawing together the Ministry of Health, Labor and Welfare, Ministry of Education, Culture, Sports, Science and Technology, and Ministry of Land, Infrastructure and Transport, and plans to compile a broad policy framework by May 2004.

2. Direction of Policies to Halt the Declining Birthrate

1. Developing the environment for childcare

Policies to counter the declining birthrate have mainly addressed the balancing of family and career commitments. However, another issue that must not be neglected is the quality of childcare. There is a tendency to give priority to the convenience of parents, sometimes at the cost of impairing the childcare environment.

To accommodate overtime work and the convenience of parents, childcare services are sometimes offered for extended hours and nighttime, in locations conveniently near train stations. These demands, however, need to be considered carefully. Stress from long hours of childcare, and lack of contact with the natural environment such as playing in sand or roaming green areas, can have important effects on children.

In addition, while company childcare facilities could satisfy certain needs, considering their locations and commuting conditions in urban areas, such facilities also have drawbacks. Professor Masami Ohina of Keisen University points out that “childcare support is not simply about providing services. It is important to distinguish between needs that must be met, and needs that need not be met.”

Recently, much attention has been paid to consolidating nursery schools and kindergartens. However, the two facilities have clearly different objectives. Nursery schools have provided childcare under the jurisdiction of the former Ministry of Health and Welfare, and kindergartens under the jurisdiction of the former Ministry of Education. Nowadays, households who need childcare are not limited to those with two working parents, but include all households. As such, the distinction between nursery schools and kindergartens based on the working status of parents is fading. We thus need to consider not simply consolidating nursery schools and kindergartens, but a new approach to childcare facilities

from the perspective of both parents and children.

2. Childcare support and corporate social responsibility

Recently, expectations for corporate social responsibility (CSR) have grown to emphasize not only legal compliance and contributing to society, but fulfilling broad social responsibilities in the course of conducting business. Since childcare support ties into human resources development for the next generation, companies must play a major role alongside the government and general public.

While the next-generation law requires employers to formulate action plans for making the work environment compatible with parenting, companies will not necessarily have to provide childcare services directly. Rather, the law seeks to alter the opinions and attitudes of managers and workers, thereby fostering a work environment that encourages employees to actually use existing programs such as childcare leave.

Indeed, if companies were to set up in-house childcare facilities as a fringe benefit for attracting employees, the benefit would be limited to a certain group of people. A more socially responsible approach to nurturing the next generation would be to offer childcare support in the form of something like a “parenting fund,” whose usefulness would be more universal.

3. Building communities that bring together workplace and home

The modern family model emerged in Japan during the rapid economic growth of the 1960s, shaped by the demands of urbanization and industrialization. Society highly valued the efficient sexual division of labor in which men worked at the office while women stayed at home to do housework and raise children. As a result, massive New Towns arose in the suburbs, known colloquially as “bed towns” because of their one-dimensional nature.

The separation of workplace and home has been a major impediment to reconciling work life and family life. To create new work styles for men and women, communities must be redesigned so that the workplace and home are in close proximity.

Of course, existing policies have tried to build multi-purpose new towns combining workplace, home, and recreation, by attracting businesses and decentralizing business functions. In the future, to build communities that bring together workplace and home and provide diverse lifestyles and flexible work styles, further measures are needed to develop community businesses and workplaces.

Conclusion

The rapid decline in birthrate and continued decrease in children will have serious consequences for the economy and society. Current policies have focused on halting the decline in birthrate. However, policies for a society with fewer children must instead focus on designing social and economic systems that accommodate demographic trends of the maturing society and decrease in children. In the future, the aims of policy and direction of society will need to be debated in greater detail from all perspectives.

Moreover, in the same way that aging policies strive to create a society in which the elderly can live with prosperity and dignity, policies for a society with a declining birthrate must aim to create an environment for raising healthy children and giving parents a sense of security. That is, we must recognize that these policies are ultimately devoted to the children themselves.

According to a study of social security benefit costs by the National Institute of Population and Social Security Research, the total cost of social security benefits in fiscal 2001 was approximately 81.4 trillion yen. Of this, benefits for the elderly comprised almost 70% or 56 trillion yen, while benefits for children and their families (child allowance, dependent children allowance, child welfare services, childcare leave benefits, etc.) amounted to only 3 trillion yen, or 3.7% of the total. According to Professor Toshiyuki Shiomi of the University of Tokyo Department of Education, “social security benefits for children and families represent an investment in developing the next generation; by ensuring that children grow up healthy, the total cost to society in the future can be reduced.”

Thus childcare support needs to be viewed in the social context of fostering the next generation of society. The national budget must be harnessed to create a social environment that encourages and supports parents to raise healthy children. This approach appears to have the best chances of reviving the birthrate and producing a vital society in which people can pursue their dreams.