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SOCIAL POLICIES: JAPAN AND THE DEMOGRAPHIC CRISIS

Ciocîrtău G. I.

*BA Student at the Department of International Relations and European Studies
University of Oradea
Oradea, Romania*

Țoca C. V.

*Doctor of Geography,
Associate Prof. PhD at the Department of International Relations and European Studies
University of Oradea
Oradea, Romania*

Much of the world is currently undergoing demographic change. Fertility rates are below replacement level (2.1 children/woman) in about two thirds of the global population. The consequences of the demographic transition are being felt in countries such as Italy, Japan and Germany, where fertility rates are low and the number of older people is increasing due to high life expectancy. The main effect is a shrinking working population, which mainly affects the economic and social systems [1].

This paper focuses on the situation in Japan. Its responses to demographic problems have been slow and rather superficial, which has brought it to the brink of a demographic crisis. According to the National Population and Social Security Research Institute, Japan's population (approx. 126 million in 2020) is expected to shrink by 30% (to 87 million) by 2070, and the 65+ population is expected to account for almost 40% of the total [2, p.4]. One of the main causes is the low fertility rate. Japanese society is against having children out of wedlock, so marriage is a prerequisite for having children, but the number of marriages is decreasing – in 2023, there were 474,717 marriages (it was the first time in the post-war era that the number of marriages fell below 500,000) [3]. Add to this the fact that in modern society, families are smaller. Thus, there is an increasingly low fertility rate.

The number of marriages in Japan is falling for several reasons. First, young people are choosing work over family life. Men tend to make this choice because of job instability, insufficient financial resources and because they do not want to lose their financial freedom. Women make this choice because of gender inequality in domestic and childcare responsibilities. This inequality stems from society's traditional mentality that men should provide

for the family and women should take care of the housework and children. So young people are more reluctant when it comes to the prospect of starting a family, preferring to postpone it until later in life or even reject the idea. Second, while in other countries, immigrants have contributed positively to rising fertility rates, in Japan this cannot be achieved because the Japanese state is relatively little open to foreigners, and those who are welcomed usually stay only temporarily.

The Japanese government has focused more on social welfare measures. For example, the government undertook such measures through the "New Dimension" policy of former Prime Minister Fumio Kishida's cabinet. Among other things, they proposed the following: Pay all households a monthly lump sum of 15,000 yen (€94) for children up to the age of 3, 10,000 yen (€62) for children aged 3 to high school age, and 30,000 yen (€188) for the third and each subsequent child; increase the lump sum for childbirth from 420,000 yen (€2,633) to 500,000 yen (€3,135) from fiscal 2023; reduce the cost of higher education from fiscal 2024; offer preferential 35-year fixed interest rates for home buyers using a points system; establish a system whereby all children can attend nurseries and kindergartens, improve their quality and create a child-friendly society by providing priority lanes at counters for pregnant women and those with children and open spaces on transport for people with prams; increase the percentage of men taking paternity leave to 85%. One of the ways mentioned is a system whereby a company receives more assistance from the government the more it promotes taking childcare leave [4].

Most policies lean heavily towards financial assistance and the evidence suggests that the effect of such measures is limited. In the case of Japan, support for the elderly is higher than for families. For example, through the pay-as-you-go pension system, the childless have an advantage in that they do not pay child-rearing costs. Thus, although the state increases financial assistance for families with children, if the contribution is not balanced with social spending for the elderly, young people may feel safer without children [5, p.117]. Efforts to promote gender equality in domestic and childcare responsibilities, increasing wages for young people and encouraging immigration are measures with a potentially more significant and lasting positive impact [6]. In this respect, two measures intended by the former Prime Minister's cabinet stand out.

First, establish a system where all children can attend nurseries and kindergartens. By expanding the number of childcare facilities and encouraging attendance, parents can be helped. Mothers in particular, who do not have to look after their children all day, would have more time for work, which could improve

their outlook on starting a family. This type of measure has proved effective in Germany. In 2004 and 2005 respectively, the Day Nurseries Expansion Act and the Childcare Expansion Act were passed, and since 2013, parents have had the right to apply for institutional care for their child from the first birthday. According to the United Nations Population Fund, more than 90% of children between the ages of 3 and 6 spend at least part of their day in kindergarten thanks to these initiatives. However, for children aged 0-2 years, childcare services are below demand. This was observed in 2017, when of parents with children under 3 who wanted to enroll them in such services (45%), only 33% were able to secure their enrollment. On the other hand, in Japan, between 2013 and 2023, the number of childcare facilities increased by 63% and the number of children on the waiting list decreased by 87%. However, utilization of these facilities remained relatively low (52% in 2023). Nevertheless, expanding the number of daycare centers is considered a positive policy in addressing the demographic crisis. According to Unayama (2023), since 2005, the expansion of childcare facilities has resulted in an increase in the total fertility rate by 0.1 [7, pp.22; 24].

Second, the rising percentage of men taking paternity leave. Japan has one of the most generous parental leave schemes: around 50 weeks paid paternity leave, with 61% of salary for the first 180 days, capped at around 305 000 yen (€1903) per month, and 50% of salary after 180 days, capped at around 228 000 yen (€1422) per month [7, p.22], [8]. However, few fathers take paternity leave – in 2022, the average duration was less than 6 weeks. In this case, the example of Norway and Sweden may be a good model to learn from. In 1993 and 1995 respectively, they introduced the "daddy quota" scheme, whereby the family loses paid parental leave if the father does not take leave. This provides a strong financial incentive for fathers to take paternity leave. Following implementation, the take-up rate has increased from 4% (1995) to over 90% (2003) in Norway and almost 90% in Sweden. Germany also adopted a model similar to the Nordic one in 2007, and in 2015 they introduced a flexible leave system whereby parents can take part-time leave for up to 36 months. According to research such as Sobotka, Matysiak, and Brzozowska (2019), fertility rates among highly educated women have increased due to this type of policy reform [7, p.24].

A smaller population has its advantages, such as reducing environmental damage or making housing cheaper, but it will have a major impact on social and economic systems. A shrinking population also means a shrinking working population. This and the ageing of the population will make it more difficult to sustain per capita income levels and the health and social expenditure system. The latter is expected to increase to 17 trillion yen (€107.1 billion) between 2025 and 2040, according to national projections [9, p.72]. In 2020, social spending

was about 136 billion yen (€863 million) [10, p.5]. The elderly dependency ratio is also contributing to the situation, which is also expected to increase: from 48% in 2020 (2.1 working persons per elderly person) to 74.2% in 2070 (1.3 working persons per elderly person) [2, p.9].

In conclusion, Japan's demographic crisis will not abate any time soon unless the Japanese government imposes policies that address the root causes of the problem. Moreover, in addition to a declining population, it risks facing major social and economic problems in the future.

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