

The Shrinking State: A Critical Analysis of how Japan has Handled its Looming Population Crisis

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Abstract:

Declining fertility rates have become a point of concern for many developed countries over the past several decades. After witnessing a considerable increase in the number of births during the years that followed the Second World War, several notable countries have not only witnessed a steady decline in their fertility rate but now sit below the natural replacement rate of 2.1 live births per woman. Although Japan has a fertility rate that is similar to countries such as Germany or Italy, the Japanese have arguably been the most affected by this trend as the latest census figures show that the country's population has already begun to contract and will likely continue to do so. The prospect of seeing the Japanese population dip below 100 million has prompted the Japanese government to introduce a host of new policies in an attempt to stave off the anticipated decline. This paper will examine the effectiveness of the implemented policies and offer a critical analysis of the pronatalist, immigration and economic reforms ushered in by the Abe administration. While these reforms alone are not expected to resolve Japan's looming population crisis, they will play an instrumental role in easing Japan's inevitable population decline, act to support a rapidly aging population that is economically dependent on younger workers and provide a framework for how other countries should attempt to resolve the various issues that are directly associated with a declining fertility rate.

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The gradual decline of fertility rates in the developed world has increasingly become a matter of concern for policymakers over the past several decades. The social, economic and political challenges that accompany this demographic trend are being experienced in a large number of countries but is perhaps most noticeably felt in Japan. While the ramifications of a dwindling birthrate are far reaching, the greatest concern revolves around the issue of finding a way to support a growing class of elderly dependents with an ever-shrinking pool of resources produced by the workforce. In order to address this issue, successive Japanese governments have introduced a host of policies aimed at increasing the country's birthrate as well as the total number of laborers. The most significant policy measures have included expanding the presence of women in the economy, increasing the number of childcare facilities, extending the length of parental leave and offering more generous child allowances while simultaneously easing the restrictions on highly-skilled workers and attracting more low-skilled laborers. Although each of these policy fields all share the same goal of reducing Japan's demographic decline, they have been implemented with varying degrees of success. While these reforms are not expected to entirely resolve Japan's looming population crisis, they will act to soften the coming demographic shock and serve as a useful guide for other countries facing similar prospects.

Demographic History

In order to place the broader issue of Japan's looming population crisis into perspective, specific details regarding their past demographic changes should be examined while also highlighting the future population trends that are likely to occur. After the Second World War came to an end, Japan, like many of the other belligerents, experienced a sharp increase in the national birthrate and enjoyed a postwar baby boom. From 1946 until the end of the decade, Japan averaged an annual growth rate of 3.18% (IPSS 2012). This served as a marked improvement compared to the 1.18% figure averaged during the 1930s (IPSS 2012). While the Japanese population would continue to increase over the latter half of the twentieth century,

growth occurred at a considerably slower rate. With the exception of brief spurts that lasted from the late 1960s until the mid-1970s, the overall rate of growth steadily declined over the rest of the century (World Bank 2017).

Over this period of seventy years spanning from the end of the Second World War to the present day, two key demographic patterns have helped to saddle Japan with their current population predicament. The first is a decline in the country's total fertility rate (TFR). The TFR, the expected number of children produced by the average woman over the course of her reproductive life, has fallen in post-war Japan from an average of nearly 4.5 children down to figures as low as 1.26 (Sutton 2009, 63). While a figure slightly above 2.0 is often considered to represent the natural replacement rate, "Japan fell below replacement level in 1965, rose again and then fell below in 1974 for good" (Sutton 2009, 63). The second crucial metric that has factored into Japan's population crisis has been the significant rise in the average life expectancy. Although most countries have seen a rise in their average life expectancy over the past fifty years, Japan's development has been exceptional in this regard as they have experienced a 16 year increase since 1960 compared to 12 and 10 year increases by other developed states such as France and the United Kingdom respectively (World Bank 2017). According to a recent report by the World Health Organization, Japan has one of the highest average life expectancies of any country in the world with the average Japanese person living to the age of 83.7 years old (WHO 2016, 8). The combination of fewer births along with a prolonged lifespan has resulted in a rapidly ageing population that places a virtually unprecedented level of stress on the Japanese workforce. In fact, the number of dependent people for every 100 members of the working-age population has increased by more than 45% over the

past 20 years (World Bank 2017).

After a period of declining growth that led into a plateauing stage, Japan reached its point of peak population in 2009 when the official tally reached slightly above the 127 million mark (Kyodo 2016). The most recent census figures confirm that Japan has entered into a new phase in its demographic history as the population has officially begun to decline. From 2010 to 2015, Japan's population decreased by nearly 950,000 people and represented "the first decline since official census records began in the 1920s" (Smart 2016). If left unabated, a shrinking population will continue to plague Japan throughout the twenty-first century. According to Japan's National Institute of Population and Social Security Research, the national population is expected to fall below the 100 million mark before the midway point of this century (IPSS 2012). By the year 2100, it is possible that Japan will no longer be included amongst the thirty most populous countries in the world (United Nations 2015, 24). Although it can be difficult to predict fertility rates and immigration quotas nearly one century in advance, most population models indicate that Japan will look considerably different in the future with some suggesting that Tokyo will lose half of its current residents while the nation as a whole could see "a decline of more than 61 percent on the 2010 figure" over the next 90 years (Ryall 2012). Despite these significant changes at least one current characteristic is likely to remain intact; Japan will continue to be one of the oldest countries on the planet as it is expected that 27 percent of the population will be over the age of 75 by as soon as 2060 (Marlow 2015).

Reasons and Responses

With an understanding of the dire situation facing Japan in regards to their demographic trajectory, it is important to look at some of the key reasons for these developments as well as the

responses that are being put forward by the government. Although the decline of fertility rates at the national level are the result of a confluence of several factors, two such developments deserve particular attention. The first reason worthy of examination is the ongoing deferment of marriage in Japanese society. The number of people deciding to wed in Japan has not only declined but the average age at which it occurs has also been pushed farther back. From 1970 to 2007, the number of non-married women in the 25-29 age category has increased from 21 to 59 percent (Harvey 2016, 1). Over this same approximate period, “the average age of first marriage has risen by 4.2 and 5.2 years for men and women respectively, to 31.1 and 29.4” (The Economist 2016). Pushing back the age of marriage has adversely affected the fertility rate because in Japan, if women are not married their odds of having children is extremely low. Whereas some Western European countries have more than 40 percent of their children born out of wedlock, that figure stands at only 2 percent in Japan (Oshio 2008, 3). Waiting longer to have children is also a reason for concern because it can reduce the number of children a woman is able to have while also potentially leading to increased health problems for both the mother and her children (Kincaid 2015).

The delayed average age and overall decrease in the rate of marriage is closely related to the second noteworthy reason. For many Japanese, getting married and having children is not financially plausible. For men that are economically less well-off, financial insecurity and poor job prospects make the idea of moving away from their parents’ home and starting a new life with their spouse seem like a daunting task. Similarly, changes in social attitudes about male breadwinner households and the increasing need for dual-income families have led women to invest more time in their education and future careers (Boling 2008, 318-319). Both of these

economic drivers clearly discourage marrying at an early age and in turn hamper the overall fertility rate. Additionally, even if a couple does get married, the added costs of having children is a point of concern. Although over 88 percent of single women in Japan would be open to having children and close to half of all men wish to have three or more children, the financial burdens of childrearing have caused many to delay their plans in this particular regard (Otake 2015). These beliefs are well-founded as the estimated total of lost income from exiting the labor force to have a child and then returning in a part-time capacity is close to 240 million Japanese Yen (JPY) (Lee, Ogawa and Matsukura 2009, 352). A recent OECD study found that average childcare costs amount to close to 17 percent of a family's net income in Japan (The Guardian 2012). Having additional children as well as incurring indirect costs such as requiring larger living spaces could push that figure even higher. With the harshening effects of plummeting marriage rates and rising childcare expenses, it is no surprise that the government has prioritized certain policies to help increase the nation's TFR.

The Japanese government has employed a number of techniques to ease the looming decline of the country's population. While policies that directly affect the population through either increasing the birthrate or the level of immigration will receive the most attention in the following sections, helpful economic reforms have also been implemented. By extracting more from the already existing members of Japanese society, the impacts of population decline can be lessened. For example, the mandatory retirement age has been revised after staying dormant since the late 1990s as it will undergo incremental increases until it reaches 65 by the year 2025 (Schreiber 2013). Leveraging more out of the aging segments of the Japanese workforce will help to balance the ratio of workers to dependents but the more significant reform has been

strengthening the role of women in the workforce. By introducing measures to make the workforce more gender balanced, Japan could increase their GDP by 13 percent and add an additional 1.5 million workers (OECD Better Policies Series 2015). However, even with the gains made from extending the length of the average working life and increasing the rate of female participation, Japan will still experience a noticeable labor decline and must therefore support pronatalism and immigration if they are to change their current demographic trajectory. While detractors might claim that having more women in the workplace could further suppress the birthrate, studies have suggested that high employment rates can not only make women more likely to have children but also more likely to have multiple children (Greulich, Thevenon and Guergoat-Lariviere 2016).

Pronatalist Policies

The Abe administration has sought to implement a variety of pronatalist policies in an attempt to raise the nation's growth rate and prevent the population from falling below the 100 million figure. Although Japan is affected by an extreme case of fertility decline, they are not the only country to have embarked upon a pronatal path. While pronatalist policies have been utilized in other Asian countries along with Western European states, antinatalist advocates have developed a common set of critiques that seek to cast doubt on the efficacy and even the ethical character of such policies. Examining some of these more general points of contention and how they relate to the particular case of modern-day Japan will help to make sense of why the country has leaned so heavily on pronatalist policies to help ease their expected population crisis.

While addressing the concern of low fertility in Scotland, John MacInnes and Julio Perez Diaz provide a helpful overview of many of the central tenets of the antinatalist argument.

Perhaps the most direct challenge to pronatal policies comes from challenging the assumption that a declining population even warrants rectifying. MacInnes and Perez Diaz note that there is not an obvious correlation between population and prosperity and that in terms of economic well-being, “UK, Dutch and German government inquiries in the 1970s and 1980s failed to conclude that stable or slowly declining population levels constituted a serious problem” (MacInnes and Perez Diaz 2007). If one does accept the line of thinking that a growing population benefits society, there still remains the possibility that flawed data can hinder a states decision-making ability. Since metrics such as TFR can be fickle and prone to considerable fluctuations along with the fact that we may be relying on outdated societal notions such as the belief that one becomes “dependent” at the age of 65, governments may not craft policies that adequately address their intended concerns (MacInnes and Perez Diaz 2007). Finally, there is the powerful critique that trying to bolster a population through pronatalist policies feeds into potentially dangerous claims of nationalism, especially considering the past links between pronatalism and eugenics (MacInnes and Perez Diaz 2007). In this vein, the authors make a well-reasoned argument that if increasing the population is the primary goal, a country would be better off to simply accept more migrants than to alter their population through pronatal policies (MacInnes and Perez Diaz 2007).

Although the arguments against the use of pronatal policies are well-founded, the combination of Japan’s political climate and the seriousness of their demographic situation have left them with few alternatives. Aside from the expected steep population decline and the virtually unprecedented burden that will be placed on the Japanese workforce, the idea of maintaining a robust and large population is important in its own right to many Japanese. An

important distinction that should be made is that the looming population crisis will not only impact the economy; it will have political and social repercussions as well. While some Japanese undoubtedly feel that “Japan’s total fertility rate is a source of national shame” it could also be the case that concerns regarding “regional instability, national decline, paranoia and fear of globalization” are being projected onto the issue of fertility (Sutton 2009, 61-62). In terms of questioning the validity of data, this argument may hold water in cases where countries devise policies based largely on short-term trends but Japan has seen an actual decline in their population for several years in a row and has experienced decades of falling TFR. To argue that a natural resurgence may come at a later date is also fraught with risk as the “awaited correction may never come and, even if it does...the damage to [the] age structure may already have been done” (McDonald 2006, 214). Accepting more immigrants offers some obvious benefits to the Japanese workforce due its immediacy and predictability. However, working within the parameters of domestic politics, this option is not likely to be embraced by many Japanese officials. While significantly increasing quotas for either long-term residents or temporary workers (as will be explored later on) could virtually solve Japan’s population problem, “many conservative politicians, including Abe, are reluctant to ease immigration rules...fearing social and economic tensions that could arise from the introduction of different ethnic groups” (Yoshida 2015). The combination of Japan’s propensity to associate a large population with national prestige, a prolonged and severe demographic decline and a social and political aversion to widespread immigration reform have resulted in the necessity of an innovative pronatalist strategy.

Childcare Facilities

While there are a number of ways in which a government can foster growth in the national

fertility rate, the most common forms revolve around either making it easier for parents to directly care for their children or through providing alternative assistance. Both of these general fields will be examined by looking at the amount of parental leave and child allowance funds that are offered to parents as well as the extent to which the government has been able to provide its citizens with adequate daycare centers. Due to the government's concurrent goal of boosting the total number of women active in the workforce, the Abe administration has placed a premium on meeting the growing demand for childcare facilities. Even though Japan's TFR has remained low for decades and the population has been contracting over the past several years, demand for childcare facilities has continued to rise due to the fact that more than 1 million women have entered the workforce between 2012 and 2015 (Cabinet Office 2016). In order to provide care for children that have two working parents, the Abe government has done a commendable job of increasing the number of childcare facilities. After a period of stagnation that saw the creation of approximately 600 facilities from 2008 to 2012, the government was able to create over 1,400 facilities in the three following years (Cabinet Office 2016). By creating room for an additional 219,000 children in the nation's childcare facilities during the 2013 and 2014 fiscal years, the government is on pace to reach their goal of having half a million new spots by the end of 2017 (Cabinet Office 2016). In addition to creating more public daycare centers, the Abe government has also worked to create an environment that further encourages private enterprises to enter the childcare industry. By easing regulations and providing financial incentives, the government hopes that private businesses will be able to contribute more than 50,000 new spaces in childcare facilities around the country (Japan Press Weekly 2016).

Despite the level of attention that childcare facilities have received from the government,

there are still several reasons to be cautious about the Abe administration's ability to provide adequate daycare services for all of Japan's families. The first and most obvious slight regarding the government's progress in this field has been the lack of change in the total number of children on waiting lists. According to government statistics, the number of children denied access to facilities has surpassed the 20,000 mark every year since 2008. After reaching a high of more than 26,000 in 2010, the lowest recorded value since was in 2014 when the tally stood at 21,371 names long; that figure is still 3,000 entries more than what it was in 2007 (Ministry of Health, Labour and Welfare 2016). After four years of decline, this figure increased in 2015 by nearly 2,000 to 23,167 (Osaki, 2016). This latest increase should make it difficult if not completely unattainable for the government to achieve their goal of reducing the wait list to zero by 2017 (MHLW 2016).

Providing childcare assistance through daycare centers, be it public or privately managed, will be instrumental in raising Japan's fertility rate. This is only further underscored by the findings of a recent study which found that "41.7% of married people with less than 14 years of marriage said they want to have one more baby if they don't have to look for child care facilities" (Kim 2016). If the government is going to provide this assistance to families with young children, they will need to look past merely building facilities and increasing the total number of available slots. Perhaps the greatest obstacle in lowering the national daycare waiting list is ensuring that facilities are properly staffed. The building of additional facilities is useful but making sure that they operate to their full capacity is not only more practical but will likely be a more cost effective method moving forward. As of 2013, the number of children enrolled in childcare facilities is approximately 70,000 less than the stated maximum capacity (MHLW 2015).

One of the reasons for this subprime performance is the difficulty in retaining qualified workers. By some estimates, nearly two-thirds of qualified caregivers are either not currently employed or have left the industry to find new work due to the stressful conditions and low pay (Fifield 2014). While perhaps not nearly as audacious as planning to create half a million new childcare spaces, the Abe Administration has set a goal of recruiting 69,000 nursery teachers between 2013 and 2017 (MHLW 2016). Knowing the potential challenges in recruiting so many into a rather undesirable field, the government has tried to tackle the industry wide issue of low pay through “a pay rise equivalent to 2% according to the recommendation by the National Personnel Agency in FY2015... [as well as] another pay rise equivalent to 3%, utilizing consumption-tax revenue, and one more pay rise equivalent to 1.9% within the supplementary budget for FY2015” (Plan for Dynamic Engagement 2016). Although the government has allocated nearly \$480 million (USD) to raise the income of workers in 2017, those that do not qualify as skilled and experienced are only expected to see their incomes rise by about \$50 per month (Kyodo 2016). Even if the pay is only nominally improved upon in the near future, efforts are also being taken to improve the working conditions of childcare workers. Examples of these measures include increased training opportunities, and the issuing of favorable loans to students seeking to obtain childcare certifications (MHLW 2015).

In addition to not being able to staff the new facilities, another risk that the Abe administration accepted when they undertook the objective of rapidly increasing the number of daycare facilities was that the level of care may decline. While not having a sufficient pool of qualified daycare workers contributed to this problem, various forms of deregulation have also

impacted the quality of treatment at the nation's daycare centers. While some regulatory reforms such as the 2001 revision that enabled daycare centers to accept unweaned infants, granted that such children received a specially designated room, acted to increase the number of children that could be accepted at childcare facilities, a number of more precipitous reforms have also been approved (Nishimura 2016, 29). Reforms that allow facilities to operate without the presence of a kitchen or even a first-aid center have been characterized as a "de facto dilution of minimum requirements for [the] creation and operation of day-care centres" (Nishimura 2016, 29). An important consideration is the increasing number of children that are being cared for in privately managed daycare facilities; a figure that increased by 230,146 between the years 2009 to 2013 (MHLW 2015).

The matter of safe daycare spaces is even more pertinent when looking at the rise of unlicensed facilities operating around the country. Over the past five years, 82 children have died in daycare facilities and 61 of those deaths have occurred in unlicensed centers (Otake 2016). While there are obvious and tragic repercussions at the micro level that come with having unqualified individuals look after young children, these deaths also have the ability to alter the larger national birthrate. By pursuing a strategy of deregulation, the Abe government may be able to build more childcare facilities but could ultimately discourage families from opting to have more children because they feel that their government has overlooked their children's wellbeing and safety in favor of "a cheap fix" (Daily Mail 2016). While an average of 16 deaths per year could callously be considered as an acceptable figure considering the vast number of children enrolled in Japanese daycares, it is important to note that when it comes to pronatalist policies "it is the perceptions or symbolic meanings that count the most" and that while

“individual policies may have a small econometric impact on births...[the] real significance is in adding to the perceptions of young people of the adequacy of the overall level of societal support for those who have children” (McDonald 2007, 25). While the government has made the commitment to create additional spaces in daycare centers across the country, demonstrating that the facilities are safe and properly staffed will need to be a top priority moving forward.

Parental Leave

Childcare facilities play an invaluable role for parents that need to balance the competing demands of their professional and personal lives. However, families can also be supported through parental leave programs. In most OECD countries, mothers and in some cases even fathers, are offered to varying degrees a period of time off with a portion of their pre-leave income. Japan has provided some form of maternity leave since before the 1960s which puts it roughly on par with other OECD countries, however, they have lagged behind their counterparts when it comes to establishing additional parental leave having only done so in 1992 (Atoh & Akachi 2003, 8-9). Currently, Japanese mothers can take 14 weeks off with an average payment rate of 67% for their maternity leave and when combined with the extra period of parental leave they can receive 58 weeks off with over 60% of their regular income (OECD PF2.1 2015). Although the full-rate equivalent payment (average payment ratio multiplied by number of weeks) during the initial maternity leave is one of the lowest amongst the world’s most industrialized countries, the more generous parental leave brings Japan close to the international average in this regard (OECD PF2.1 2016). When it comes to paid leave that is specifically designated for men, Japan is virtually in a league of their own. In an effort to have men make more of a contribution to the childrearing process, the Japanese government has allowed men to take an entire year with an average payment of 58.4% (OECD PF2.1 2016). Despite a late start

when it comes to parental leave policy, Japan has now positioned themselves as a reliable provider of support for parents wishing to stay home with their new children.

Even with generous child leave policies in place, issues remain regarding its overall effectiveness. Such efficacy questions are largely predicated on the low levels of Japanese workers that actually take advantage of the existing policies. Official statistics from the National Institute of Population and Social Security Research show that close to six out of ten Japanese women do not take full advantage of their leave benefits and merely resign after the birth of their first child (Mun & Brinton 2015, 3). One of the main driving factors behind these decisions is the prevalence of workplace harassment directed at pregnant women. Amongst temporary workers, slightly under half “encountered victimisation, ranging from dismissal and demotion to unfair treatment and verbal abuse” while more than 20 percent of full-time workers reported having comparable experiences (McCurry 2015). While laws do exist that prohibit workplace discrimination, the resentment and hostility directed at expected mothers proves that in addition to political action there must also be a concerted effort for reform in the social and corporate spheres. When looking at the use of leave policies across 500 Japanese companies, Mun and Brinton found “that there is no significant relationship between the generosity of a firm’s leave policy and the number of female employees taking parental leave” (Mun & Brinton 2015, 23). Instead, factors such as the prominence of human resource managers in the company’s hierarchy, the level of gender equality and even the size of the company itself act as better indicators as to whether or not a woman will utilize her available maternity leave (Mun & Brinton 2015, 23).

Raising the number of men that take time off from work to help with childcare has been a top

priority for the Abe administration. The reason for the prioritization is that it ultimately contributes to the larger womenomics strategy by helping to lessen the burden of Japanese mothers but also because the percentage of men that actually take advantage of the leave policy is so low that it is ripe for reform. In the past, parental leave was to be used by only one parent and was in effect virtually always taken by women (Ray, Gornick and Schmitt 2009, 16). Even with efforts to make parental leave more enticing for fathers such as the previously mentioned 52 week leave and the ability to take a shorter second leave after returning to work for a brief period, the number of men that take advantage of the policy is still low (Lee, Ogawa and Matsukura 2009, 350). Despite more than quadrupling the percentage of men that took paternity leave from 2005 to 2014, the number of men that did so in the latter year was still below 3 percent of the population (MHLW 2015). This has left the government unlikely to reach their goal of having the figure climb to 13 percent by 2020 (Narula 2016).

In a similar vein as their female counterparts, Japanese men are largely discouraged from taking parental leave not because of inadequate or less than generous government policies but because of constraints emanating from the corporate and social spheres. Norms that reinforce the idea of a bifurcated division of labor where men provide for their families and women stay home and handle more domesticated duties likely cause fathers to shun the time off from work, especially when considering that “large Japanese companies are characterized by long work hours, an emphasis on face time, and an expectation that employees demonstrate commitment to their work section and to the company” (Mun and Brinton 2015, 9-10). Laws such as the one passed in 2009 that caps the number of hours that parents can work in a given day and allowing for them to deny taking on overtime hours are a positive example of how the government can

intervene to lessen the influence of corporations (Lee, Ogawa and Matsukura 2009, 350). While social stigmas can be difficult for any government policy to wash away, the Abe government's decision to promote and encourage the concept of "iku-men" (men that are actively involved in the childrearing process) shows that they are at least committed to attempting to alter the social realm that fathers must operate within (Yan 2016).

Child Allowance

Public policy can be used to influence the way in which children are raised either through allowing the parents to spend more time with their children or through the introduction of services like subsidized daycare facilities but the Japanese government has also attempted to raise the fertility rate in a much more direct manner; cash payments. Japan has eased the financial strain faced by parents with both direct cash transfers and tax exemptions. The system of payments to parents that care for children (*Jido Teate*) has undergone a number of revisions and alterations since it was first offered in the early 1970s when low-income families that had more than three children under the age of 18 would receive 3,000 JPY per month (Abe 2015, 50). The initial aim of the policy "was targeted at a fairly small group; yet, the impact of the benefit was designed to be significant" (Abe 2015, 50). Over time, the program has been expanded and now consists of a larger payout and is geared towards a larger share of the population. As of 2012, the monthly total for children under the age of three is 15,000 JPY, children between three and the final year of elementary school receive 10,000 JPY (15,000 JPY for a third child) and all children regardless of birth order up until the age of 15 receive 10,000 JPY (Minato 2016). Any family that makes more than the annual income cap that ranges from 8.76 million to 10.42 million JPY depending on the number of children they have receives 5,000 JPY per month (Minato 2016)(IPSS 2014). While there is an income restriction on accepting the child

allowance, as of 2010 more than 85 percent of all children in Japan were eligible for the *Jido Teate* (Abe 2015,51). It is also worth noting that insured women are eligible to receive the Childbirth and Childcare Lump-Sum Grant of 420,000 JPY when they give birth, therefore, families are able to attain an approximate total of 600,000 JPY during their child's first year (Kaga-shi 2016).

The 2007 doubling from 5,000 to 10,000 JPY for first and second born children under the age of three was explicitly done to help stem the dwindling birthrate and indicated that Japan was serious about mitigating the issue (MHLW 2007). However, the proposal made by the Democratic Party of Japan during the 2009 election to offer increased and universal payments of 26,000 JYP per month showed that the matter of child allowances are ultimately a secondary concern when faced with broader budgetary issues as they were forced to scale back their offer to 13,000 JYP (Library of Congress 2010). The lack of support for the new policy from factions within the government at the time, opposition parties and the general public would make a return to large universal allowance payments unlikely in the near future (Abe 2015, 51-52). Since the high threshold for the income cap allows a large majority of children to meet the eligibility requirements, future policy reforms could perhaps forego striving for universal enrollment and instead focus on returning to the initial aim of Japan's child allowance policy by attempting to make a more noticeable impact for those in need. Despite the increased payouts to families in recent years, the current figures are not as impactful when compared to the payments of the early 1970s that covered roughly half of the total expenses of raising a child (Abe 2015, 50). The current payments, although still helpful, seem paltry in comparison when considering that even a publicly subsidized daycare can cost 70,000 JPY per month, not to mention the additional costs

associated with raising a child (Wingfield-Hayes 2013). Even though the price of daycare facilities can vary wildly, the average childcare fees for two children takes up close to half of the typical family's monthly income (OECD PF3.4 2014).

Immigration

In addition to raising the fertility rate, increasing the extent of immigration is another solution for a country seeking to stabilize a falling population. Choosing to raise the population through immigration as opposed to pronatalist policies offers some considerable advantages. For starters, by accepting immigrants, the government would have a greater degree of certainty when it comes to anticipating population changes from year to year. Secondly, the new members of society would presumably already be of working age and could contribute to the workforce immediately. However, despite these added benefits, the government has not engaged in a considerable effort to increase the level of immigration to Japan. If Japan wished to keep their population at current figures, they would need to accept nearly 17 million immigrants from 2005 to 2050 according to a UN report or under the proposal of the former director of the Tokyo Immigration Bureau, 10 million over the next half century (Burgess 2014). Although the number of foreigners coming to Japan has increased in recent years, the figure is still well below these projections. From 2008 to 2015, the number of foreign workers nearly doubled from 480,000 to 908,000 (Curran and Cisló 2016). Japan's approximately 2.5 million foreign residents equates to roughly 2 percent of their total population which places them well behind the G20 average of 10.8 percent (Kodama 2015, 3).

While Japan has traditionally been viewed as having strict and exclusionary policies regarding immigration, recent developments are beginning to cast Japan in a new light and

warrant further examination (Chiba and Yamamoto 2015, 215). A recent poll that found a majority of Japanese saying they favor increasing the rate of immigration is perhaps indicative of a political and social transition which will see immigration play an increased role in alleviating the country's demographic decline (Asahi Shimbun 2015).

There are a number of ways to classify and differentiate between foreign visa holders but in Japan two significant segments dominate policy discussions; high and low-skilled foreign workers. In regard to highly-skilled foreign workers, the Japanese government has made a commendable effort to attract more foreign nationals. The main thrust by the Abe administration to incentivize such migrants can be found in the reduction of time needed to gain permanent residency status while simultaneously increasing the accompanying benefits that come with this status. Under the new Points-based Preferential Immigration Treatment for Highly Skilled Foreign Professionals program, the Japanese government has attempted to target highly-skilled professionals in the fields of advanced academic research, specialized technical activities and advanced business management activities (Immigration Bureau of Japan, 2016). Holders of visas under this category see the required amount of time to qualify for permanent residency halved from ten to five years, have their spouse receive the right to work in Japan, the ability to bring family members to Japan as well as several other benefits (Immigration Bureau of Japan, 2016). However, while the program is ambitious in nature, the results so far have been mixed. The number of entrants to Japan under the program more than quadrupled in its first two years, but the total number is still rather low at 1,446 (Kodama 2015, 3). Some of the main criticisms of the program such as the lack of government publicity for the project, confusion over specific details and the contradictory goal of recruiting both young people and highly experienced professionals

help to explain its overall lackluster results (Green 2014, 21). Programs such as this, although not perfect, are needed if Japan is to shed their image as a non-destination for members of the highly-skilled global migrant class. A recent report issued by the Institute for Management Development had Japan ranked 48th out of 60 countries when it came to “attractiveness to foreign-born highly skilled professionals” (Kodama 2015, 13).

The other previously alluded to migrant group, low-skilled workers, have also been affected by recent legislative initiatives. As a numerically larger group by a nearly four to one ratio, less qualified foreign workers play an instrumental role in contributing to the Japanese economy (Kodama 2015,6). In fact, of all foreign workers in Japan, nearly 60 percent work in either manufacturing, sales, hospitality, food and beverage or construction (Curran and Cislo 2016). One specific policy goal for the Abe administration that will be critical in reforming the broader market for low-skill workers has been overhauling the Technical Intern Training Program (TITP).

Created in 1993, the TITP was designed to bring in foreign interns for a year of studying that would then be followed by a two year period of on-site instruction, however, the program was regularly abused and many companies treated the program as a means to recruit cheap laborers that did not enjoy the full protection of the law (Asian Development Bank Institute 2016, 32-33). With low-skill workers becoming increasingly important in filling labor shortages, the Japanese government was forced to make two key revisions to this program. First, the TITP was expanded both in terms of the length of duration as well as the range of acceptable professions. Examples of this expansion included an additional two years of on-site instruction for interns in the fields

of shipbuilding and construction and the inclusion into the program of caregivers for the elderly (Hayakawa 2015, 13). Secondly, more stringent regulations have been put in place concerning the supervision and inspection of host companies as well as harsher penalties for companies that fail to comply with the new guidelines (Watanabe 2010, 62).

While the first revision can be considered successful in that it helps to grow the labor force, the second has shown to be less beneficial. It is important to recognize that the number of companies that have violated the terms of the program have either remained consistent or have actually increased since the revisions were implemented (Daiwa 2015, 6)(Mainichi 2016). Failure to seriously address the matter of companies violating the TITP represents a myopic view of the Japanese government on the role of foreign labor by favoring another cheap fix at the expense of the country's long-term reputation (Kodama 2015, 7).

Conclusion

After years of a steadily declining birthrate, the Japanese population has also entered into a stage of decline. The trajectory for the population seems as if it will mirror that of the national fertility rate and pursue a long and consistent downward path that could ultimately lead to Japan losing more than one-third of their current inhabitants. If this trend can be reversed, or at least mitigated to some effect, it is possible to see the population remain near the 100 million mark. Such a development would greatly aid the government's ability to support the aging segment of their society and maintain a vibrant workforce. In order for this to occur, Japan will need to succeed in raising their fertility rate through pronatalist policies and attract more foreign workers through reformed immigration policies. While the government has identified key areas for improvement, portions of these essential policies have not been adequately developed. The

increased focus on building daycare facilities, extending parental leave and providing more lucrative child allowances are important steps. However, the desired changes in the fertility rate that the government hopes to see may not occur if the facilities are less safe due to excessive deregulation, not properly staffed due to unsuitable wages and working conditions for caregivers and social and corporate attitudes prevent parents from enjoying the entirety of their benefits. At the same time, easing the burdensome restrictions placed on foreign workers and improving their working conditions will help to grow the economy. Yet the raw data concerning the number of highly-skilled laborers entering the country and the amount of labor violations occurring at Japanese worksites indicates that the policies in their current state could benefit from further revisions and alterations. If Japan is able to successfully stabilize their population through a strategy that draws on pronatalist and immigration policies they will not only work to ensure their own national well-being, they will also provide a framework for an issue that will likely take on greater significance for policy makers throughout the industrialized world.

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