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# Why cash alone won't solve Japan's baby deficit

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## IN BRIEF

Record low birth rates in J.

fertility-boosting policy measures have historically had limited success due to the country's conservative family values and dwindling interest in marriage and childrearing among young people. An effective response to the crisis will require the Japanese government to adapt its policies to reflect evolving societal norms and to better support diverse family structures.

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On 5 June 2024, the Ministry of Health, Labour, and Welfare (MHLW) released updated demographic statistics revealing that the trend of declining birth rates in Japan continues unabated. The number of births in 2023 was 727,000, the lowest since recording began in 1899. The average number of children a Japanese woman is expected to have in her lifetime also hit a record low of 1.2.

Prime Minister Fumio Kishida declared in March 2023 that the next six to seven years would be the country's 'last chance' to reverse this trend, but current statistics still project a relentless decline.

Kishida's call for 'unprecedented measures against the declining birthrate' amounts to as much as **3.6 trillion yen** (US\$22.3 billion) per annum. A 'support fund system' will be created to collect contributions from the public and businesses, alongside public health insurance, with phased implementation starting in the 2026 fiscal year. The Kishida administration is considering securing funds by increasing out-of-pocket expenses for elderly people aged 75 and over.

While Kishida's administration is hesitant to address the initiative's future burden on the public, the other unanswered question is whether funding alone can solve Japan's decline in births. It appears unlikely that financial incentives alone will increase birth rates.

In 2019, less than 2 per cent of Japan's GDP was allocated to family public benefits. This pales in comparison to the roughly 3.5 per cent spent by France and Sweden, both of which have experienced a recovery of their respective birth rates.

Despite the ostensible correlation between a country's fertility rate and its investment in family welfare spending, fully understanding Japan's decline in births requires a deeper examination of national policy change over the last three decades.

When the fertility rate plummeted to a then all-time low of 1.57 in 1989, Japan's Ministry of Health and Welfare (MHW) began, for the first time, to consider the issue of a declining birth rate. But this policy push was led by MHW bureaucrats rather than politicians. The development of actual policy measures was left to other line ministries, rendering the MHW itself incapable of coordinated decision-making.

This bureaucratic fragmentation came to a head in 2001 with the reorganisation of national ministries. The first cabinet of former prime minister Junichiro Koizumi's administration brought the Child and Family Bureau of the newly reformed MHLW under its supervision. But Koizumi's approach centred on the deregulation of the childcare sector, not increasing public spending on family benefits. The rationale behind this policy reveals how the inner workings of the ruling Liberal Democratic Party shape conservative Japanese family values.



In 2003, the Basic Act for Measures to Address the Declining Birthrate was introduced as a comprehensive approach to Japan's fertility problem. But this did little to shift the needle on the preservation of traditional three-generation households and practices like official matchmaking. Even policies made by the Task Force for Overcoming Population Decline under former prime minister Shinzo Abe's administration in 2013, including an emphasis on work-life balance and support for dual-income households, failed to bring about widespread social change.

Conservative lawmakers view the family as the primary welfare agency. The outcome of this belief is that funding has continually been allocated to other policy areas. This neglect has led the Japanese people to have little confidence in the government's support for childbirth and childcare.

In 2020, only 38 per cent of the public had a positive assessment of Japan's suitability for childrearing. In stark contrast, surveys in Sweden and France polled at 97 per cent and 82 per cent respectively. In Japan, there is a significant gap between desire and reality in support systems for work-life balance.

Annual births remain high in France and Sweden as well as other countries that emphasise individualism. Conversely, countries like Japan, South Korea and those in Southern Europe where family is perceived as a source of welfare tend to have low fertility rates. Cultural norms and practices in family-oriented countries would be expected to exert a positive influence on national fertility. But changes in Japanese social values have continued to demonstrate the opposite.

A 2023 national survey of unmarried individuals aged 18-34 found that more people now believe that getting married is not a priority and that there is growing support for single lifestyles. In 1982, 2 per cent of surveyed unmarried men and 4 per cent of unmarried women answered that they 'never intended to get married'. In 2021, these figures had increased to 17 per cent for men and 15 per cent for women.

When examining the long-term causes of the declining birth rate, these surveys suggest that diversity in family structures is crucial. The way forward is to move beyond the traditional 'standard family' structure and ensure that individuals who want children – whether they are single or in common-law marriages – can raise them without financial or emotional insecurity.

Clinging to outdated family structures and societal norms will spell trouble for Japan. The current government is failing to recognise the importance of revitalising society through diverse households and families. It needs to embrace diversity, for example by ensuring the same family benefits to de facto relationships.

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