

Policy-oriented Understanding of Low Births: Why Cash Support Isn't Enough to Fix Japan's Low Birth Rate

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Introduction

On June 5, 2024, Japan's Ministry of Health, Labour, and Welfare [MHLW] released updated demographic statistics, showing that the country's birthrate continues to fall. In 2023, births dropped to 727,000, the lowest since records began in 1899, and the average Japanese woman is now expected to have only 1.2 children [1].

Between 2015 and 2019, about half of 81 countries with below-replacement fertility rates implemented policies to raise them [2]. Over the past 30 years, Japan has gradually expanded its family policies, with a major milestone in 2003: the passage of the Basic Act for Measures to Address the Declining Birthrate.

Japan's family policies have had minimal impact on raising fertility rates, with the total fertility rate still low and completed fertility among the world's lowest [1]. The average total fertility rate among OECD countries (1.58 in 2021) remains much higher than that of Japan (1.30 in 2021) [3].

In 2019 Japan allocated less than 2 percent of its GDP to family benefits, compared to about 3.5 percent in France and Sweden—both of which have experienced a recovery of their respective birth rates [4].

In March 2023, Prime Minister Fumio Kishida called the next 6–7 years Japan's "last chance" to address its declining birthrate, proposing a 3.6 trillion yen (US\$22.3 billion) annual investment in new measures [5]. Starting in 2026, this plan will be funded by a "support fund system" for child-rearing, with contributions from the public and businesses, along with potential increases in medical costs for those over 75.

Although there appears to be a correlation between a

country's fertility rate and its investment in family welfare spending, fully understanding Japan's declining birthrate calls for a closer look at national policy changes over the past three decades. This article argues that doubts remain as to whether financial incentives alone will halt the decline in the case of Japan.

Problem Statement

Birth rates remain high in countries known for their focus on individualism, like France and Sweden, unlike the persistently low fertility seen in Japan, South Korea, and Southern European nations where families are often viewed as the primary support network. One might assume that cultural norms emphasizing strong family ties would greatly impact fertility rates. However, France and Sweden have provided substantial support for work-life balance and fostered an environment where women are increasingly aware of economic self-reliance [e.g., 6,7]. Examining the causal links between public spending and fertility intentions may help clarify this puzzle. To this end, fully understanding Japan's decline in births requires a deeper examination of national policy change over the last three decades.

In Japan, family-related social expenditures are quite low, but empirical research focusing on specific family policies have indicated a discernible positive impact on birth rates. A number of researchers attempted to provide evidence on the effectiveness of the following policies in Japan: childcare leave and employment policies [8-10], childcare services [11-13], and financial support such as reduction of educational expenses or child allowance [14-16].

How, then, does family policy influence fertility? The prevailing assumption guiding the modelling of causal

connection between public spending and total fertility rates posits that policy measures collectively aim to assist families in managing dual employment and childcare responsibilities, ultimately reducing the trade-offs associated with these roles and potentially contributing to higher fertility rates. Nevertheless, it remains unclear whether the challenges they face while striving to balance these roles indeed leads to their fertility behavior or whether other factors are involved.

Policy Core Beliefs in the Welfare State Regime of Japan

Since coming to power in 1955, Japan's Liberal Democratic Party (LDP) has consistently upheld family values, making challenging to implement policies that may undermine the centrality of family. A prime example is the 1979 "Japanese-style Welfare Society" initiative, which celebrated Japan's high rates of cohabitation with parents as a unique national strength, contrasting it with the Scandinavian welfare model. The LDP report at the time warned against state-backed support for all aspects of life as an "unwise approach to be avoided" [17]. It argued that women prioritizing careers over home responsibilities could undermine the family as a social safety net, leading to societal "de-familialization" [17]. This concern drove the LDP's emphasis on the significance of childbirth and child-rearing for Japan's future, linking it closely to population policy [18]. The need to maintain an optimal population became crucial for national survival and progress. These convictions unified conservative LDP lawmakers, reinforcing the view that the family should remain the primary welfare provider and limiting support for women's economic independence.

Compartmentalized Bureaucracy

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. In 1994 the "Angel Plan" was introduced as a joint initiative by the ministries of education, welfare, labor, and construction. This agreement outlined future childcare support measures [19] and served as a policy blueprint for childcare, employment, education, and housing over the following decade, starting in fiscal year 1995. Notably, the Angel Plan emphasized "child rearing in the home as the foundation" of childcare support (Section 3, [19]). Although the plan introduced new childcare policies, it upheld the established principle of family self-reliance and a family-centered approach to care.

Additionally, the responsibility for developing concrete policy measures was assigned to other line ministries, leaving the MHW unable to coordinate decisions effectively. The plan's development was constrained by compartmentalized bureaucracy, as it emerged from negotiations among

various relevant ministries and agencies. The lack of policy coordination hindered effective policy formation. MHW policy initiatives thus encountered challenges in uniting the different ministries to collaborate on policy problems, such as fertility policy, which did not neatly align with the jurisdiction of a single government agency.

Limitations of Political Leadership

This bureaucratic fragmentation came to a head with the 2001 reorganization of national ministries. Authority was centralized under the Cabinet Office, placing the national bureaucracy under its oversight. In 2003 the Basic Act for Measures to Address the Declining Birthrate was introduced and passed by legislators to tackle the issue [20]. The Basic Act outlined policy directions but required the government to establish specific measures and goals every five years. This approach involved the Cabinet Office and both government and ruling party participation, moving away from the previous practice of individual ministries proposing separate measures.

Prime Minister Koizumi Jun'ichirō (2001-2006) showed a strong commitment to addressing the declining birthrate through his "Zero Waiting List for Daycare" campaign [21]. His goal was to achieve this by encouraging private sector involvement and deregulating the childcare sector to create more jobs. The Koizumi administration prioritized privatization over public support in childcare, with the Regulatory Reform Council advocating relaxed regulations to strengthen child-rearing support [22]. As a result, conservative lawmakers' belief in the family as the primary welfare agency meant funding was continually directed elsewhere, limiting effective solutions to the issue.

Conservative Beliefs and Social Transformation

In the early 2000, the emphasis on family responsibility for child-rearing began to face challenges after the Basic Act stated that "parents and other guardians have primary responsibility for child rearing" (Article 2). In 2005 the Chief Cabinet Secretary faced the complex task of building policy cooperation that would benefit both conservative politicians and business leaders. Although business groups resisted legally mandated childcare leave, concerns over the declining birthrate led to new proposals [23]. By this time, Keidanren (Japan Business Federation) was advocating for "active workplace advancement for women" and "active participation of women in society" [24]. While conservatives held to family-centric values, business coalitions, driven by labor shortages and profitability, could not push for women's confinement to the home. Keidanren's core beliefs could be flexible, especially when conservative values conflicted with corporate interests.

Despite increasing female workforce participation, conservative politicians continued to push their beliefs into policy. In 2006, the Council for Measures to Address the

Declining Birthrate (CMADB) introduced the New Measures, aiming to create a supportive environment where “both men and women can work while raising children” and promoting societal support for child-rearing [25]. However, these measures also highlighted traditional family values, including the “importance of passing down life to future generations and strengthening family bonds through the joy of child-rearing” [25]. While this compromise aligned with political realities, the Prime Minister’s Office struggled to achieve cohesive policy cooperation among the stakeholders.

Marginal Changes in Core Beliefs

Shortly after the formation of Abe’s second Cabinet, the “Task Force for Overcoming Population Decline” (TFOPD) was established in 2013, introducing three key strategies: supporting child-rearing, reforming work styles, and promoting marriage, pregnancy, and childbirth [26]. The following year, the Cabinet adopted a plan targeting a “desired fertility rate of 1.8”—the number of children people hoped to have under ideal conditions [27]. While the policy’s goals were sound, short-term inconsistencies and limited improvements to child-rearing environments diminished its impact on young people. Workstyle reforms included exemptions for the Highly Skilled Professional System, showing favor to business interests, while tax reform for spousal income was delayed. This piecemeal approach led to conflicting measures that weakened policy effectiveness, as the Abe administration tackled operational issues without fundamentally challenging broader conservative beliefs on family and household roles.

Kishida’s initiative for a new “support fund system” for child-rearing will start in 2026. However, while the future public burden is still unaddressed, it is uncertain whether funding alone can reverse the declining birthrate, as financial incentives alone seem unlikely to significantly increase birth rates. Such financial benefits will likely be welcomed by families raising children, but it is unclear to what extent they will lead to an increase in birth rates. What is truly needed are policies aimed at increasing marriage rates, not only support for families after children are born, but this has not been addressed.

Public Sentiments and Fertility Intention

Japanese adults are increasingly losing faith in their government’s support. Cross-national surveys conducted by Japan’s Cabinet Office in 2010 and 2020 gauged public views on the environment for marriage, childbirth, and child-rearing. When asked, “Do you believe your country provides a favorable environment for childbirth and raising children?” only 38.3% of Japanese respondents in 2020 answered “strongly agree” or “somewhat agree.” This represented a decline from 52.6% in 2010. By contrast, the 2020 survey showed much higher agreement rates in other countries: Sweden (97.1%), France (82.0%), and Germany (77.0%) [28].

In traditionally family-oriented societies, cultural norms might boost fertility rates; however, social transformation in Japan has led to a different trend. A 2021 survey of unmarried people aged 18–34 found increasing numbers who see marriage as unnecessary, with more support for single lifestyles. In 1982, only 2% of unmarried men and 4% of unmarried women stated they had “no intention of marrying,” but by 2021, these figures rose to 17% for men and 15% for women [29].

As more Japanese women enter the workforce, they encounter traditional family values that place childcare burdens disproportionately on them, deterring marriage and family formation unless substantial government support enhances the perceived quality of married life [30,31]. Understanding this tension may clarify the policy impacts on Japan’s low fertility rates. The gradual “de-familialization” of childcare through women’s inclusion in the workforce challenges Japan’s conservative values, with limited policy solutions supporting women’s social advancement. Policy leaders have only incrementally shifted conservative perspectives to adapt to societal change, often making minor adjustments rather than rethinking core beliefs.

Japan’s limited public support for those who do not see marriage as an improvement on their current lifestyle also discourages cohabitation and parenthood. While countries like France and Sweden, known for individualism, provide robust support for enhancing family life quality and maintaining high birthrates, Japan’s conservative model emphasizes family as the primary welfare agency. This reliance on outdated family norms presents challenges for Japan, which has yet to expand support for diverse family structures.

To address long-term causes of declining birth rates, Japan must consider broader support for varied family models. Moving beyond the “standard family” model and offering benefits to diverse family forms—including de facto relationships—will be essential for a sustainable society. Embracing this diversity will be critical for Japan’s future.

Final Remark

How does family policy influence fertility? Generally, countries with robust public support for families see higher fertility rates [32,33]. Fertility intentions often rise when governments increase family welfare spending [34,35]. Delving into this causal mechanism holds promise for comprehending the policy impacts on fertility rates.

While much research has focused on the direct effects of policies on fertility, this article explores how the policy-making process itself impacts fertility. Rapid social changes among younger generations can undermine their fertility intentions, clashing with traditional norms about living arrangements, marriage, and parenting. Deeply ingrained, non-mandatory values influence policy design and implementation, often

shaping fertility aspirations. When policy-makers view families as primary caregivers for dependents, family welfare spending may be limited. In a family-centric society with an employment-focused economy, younger generations often feel discouraged from having children. This is especially true in a context where traditional family values still place a disproportionate childcare burden on women.

So, if the argument is correct that Japan's social values, driven by a desire to avoid future economic risks, lead to excessive caution around marriage and childbirth, resulting in a declining birthrate, then it is essential to change these values as well as addressing economic concerns. At the very least, it can be said that previous measures to counter the declining birthrate have not adequately achieved these goals.

There is significant variation in each country's ability to address low fertility through policy. This article does not aim to present cause-and-effect relationships between variables in different contexts (generalizability). Instead, it provides insights from a country-specific analysis that may be relevant in similar situations (transferability). The findings are intended to prompt further investigation and questions, offering a foundation for a broader understanding of fertility policy beyond this specific context.

Addressing the declining birthrate is important; the government cannot ignore the drastic changes in population dynamics. An aging, shrinking society will likely lose vitality and weaken in terms of nation's economy. Taxpayers will struggle under the burden of funding pensions and healthcare for the elderly. In a normative sense, however, whether to have children is a personal choice, and it should remain so. Even more crucial is creating a society where individuals, regardless of gender, can live freely and vibrantly. Achieving desired family sizes should come from a society where the joy of raising children outweighs the costs of what parents might forgo—not through social pressure to conform to “traditional extended family” norms. This goal aligns with fostering a society in which individuals can live fulfilling lives.

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