



ドイツ日本研究所 German Institute for Japanese Studies (DIJ)

International Symposium

November 6th and 7th, 2008 at the Center for the Advancement of Working Women (CAWW)

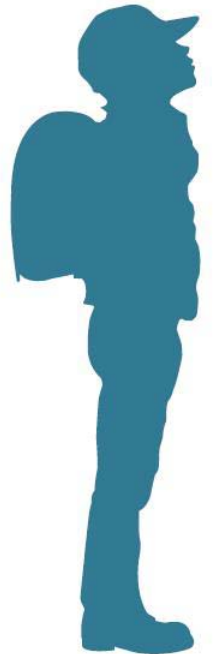
Fertility and Social Stratification Germany and Japan in Comparison

Friday, November 7th, 2008

Section 7: Employment and Education

“Labor Market Structure and Fertility in Japan, and Considerations of Gender, Class and Education”

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Labor Market Structure and Fertility in Japan, and Considerations of Gender, Class and Education

My main focus today is on the Japanese system of employment as it relates to gender stratification and low fertility. But as is appropriate for a panel on Employment and Education, I begin with a brief discussion of education, low fertility, and gender and social stratification.

In Japan, graduating from a top university establishes one's academic credentials as smart, hard working, well schooled, and a good test taker--and a degree from an elite private or national university can help job applicants get jobs from large private companies or pass the national civil service exam, and later, be considered for promotions to leadership positions. Degrees from lesser schools do not open as many doors as Tōdai, Kyōdai, Waseda, Keio, or other top schools, but even graduates of ordinary universities are more likely to be recruited for regular full time positions with good companies than are high school or junior college graduates. But female college graduates with degrees in liberal arts may not benefit as much as their male counterparts from a college education, as employers are still likely to assume that they are a bad investment for intensive firm-specific training because they are likely to quit when they marry or have children.

Job applicants who enter the job market during economic downturns are likely to find their entire workplace experience tinged by their initial success or failure in gaining a regular full time job. Kondo argues that failure to obtain a regular job when one enters the job market carries a stigma, makes the worker feel demoralized, bars the young person from intensive training and investment in company-specific skills and makes him or her a less productive worker, who on all these counts is unlikely to be hired for a regular job down the road.

Educational differences matter during tight job markets, as those with university degrees are 15% more likely to obtain regular full time jobs than those with high school degrees. Further, for every 1% increase in the unemployment rate, the probability of never getting a permanent full time job increases by 3% for men and by 12% for women. It appears that job market entrants found it hard to get regular “core” jobs in the 1990s because employers were protecting prime-age members of their aging workforce during an economic slump, and were not able to offer as many full time regular entry level positions. Under such conditions women and less educated men are likely to be relegated to provisional or peripheral employment as part timers, temps, or contract workers, making less money, and without regular raises, bonuses, or job security.

The increase in the numbers of young people unable to find regular full time jobs has contributed to delayed marriage and lower fertility, as young men with poor job prospects are not good marriage material. Many have deferred entering the job market by attending college--the percentages have jumped for both men and women over the last fifteen years—which also contributes to delayed or foregone marriage and lower fertility.

Some see women’s higher educational attainment as a valuable addition to their human capital that enables them to get better jobs, earn more, and aspire to lifelong workforce commitment. Logically, higher education should lead to better paying jobs, which increases the opportunity costs of quitting. For all these reasons, well educated women are more likely to be capable of supporting themselves and less in need of a husband to support them. But Shirahase demonstrates that more highly educated women are *less* likely to work, as are women with children under the age of three and women whose husbands have good salaries (2007, 49-50). They may seek a college education as a cultural asset that helps them attract a high-earning husband, rather than as a set of skills to help them get better jobs.

Indeed, as I argue more fully below, Japanese workplaces may not value the general skills that women gain from a college education, especially when they get degrees in liberal arts or home economics or the like, as most of the important skills required of workers are firm-

specific. Employers discriminate against women because they see them as a bad investment for expensive firm-specific training given the likelihood that most women will exit the labor market to raise children. The desire of educated women to nevertheless pursue permanent careers or good jobs, and the perception that this is difficult in a traditional marriage or while raising children, may lead them not to get married or have children, thus depressing fertility.

A final inequality issue worth noting is related to the rapid aging of Japanese society, since households composed of one or two elderly people living on their own are among the poorest in Japanese society. Women are the key providers of unpaid care for family members, but as people delay marriage and fewer marry, Japan will have to face the problem of who is going to do the work of caring for children and elderly parents. Whose shoulders will this fall on? As women and men delay marriage, the high intensity demands of raising children and the period when aging parents start to need care will start to overlap, which will be exhausting for women, especially if they are also working for pay. If co-resident adult children end up never getting married, will they end up caring for their parents later on—and if so, how will they fare in terms of their ability to support themselves as well as their parents?

Let me move now to the second focus of my talk today, explaining Japan's very low total fertility rate. At 1.32, Japan is one of the lowest fertility countries of the world (see PowerPoint Table 1). Although there are many reasons to be concerned about low fertility, a central one is that low fertility may provide a way to gauge female welfare. If low levels of fertility reflect the difficulties women have working for pay in the labor market and caring for their families at the same time, then variations in fertility may provide a useful comparative measure of the constraints on women's ability to balance family and career. Piggybacking on Frances Rosenbluth's argument in her 2007 edited book, *The Political Economy of Japan's Low Fertility*, I shall argue that low fertility is both a result and an indicator of structural barriers that make it difficult or impossible for women to work for pay while raising children.

In order to persuade you that low fertility rates are an indicator of structural constraints on women's ability to be employed in core or "ideal worker" jobs while raising children, we need to consider and dispose of other plausible explanations for Japan's falling total fertility rate. Drawing on the broad literature on demographic and policy analyses of falling fertility, I examine three such approaches, family support policies, delayed marriage, and cultural explanations.

I. Family support policies

If one begins by looking at Japan's expenditures on overall social and family spending as a percentage of GDP, Japan is comparable to liberal market economies like the United States, Ireland, Canada, Australia, and New Zealand, and much lower than most of the coordinated market economies of Europe, including countries with very low fertility rates (below 1.4) like Spain, Greece, Italy, Germany, Hungary, and Poland (see PowerPoint Tables 2-3). Evidently the percentage of a country's GDP devoted to social spending does not correlate with fertility rates, as some of the lowest spenders have high TFRs (the U.S., Australia, New Zealand, the U.K.), and some of the higher spenders have quite low TFRs (Germany, Italy). Indeed, the U.S. does very little beyond offering small tax breaks to families with children and to help defray child care expenses—yet its TFR at 2.1 is the highest among the OECD countries.

Despite the fact that its spending levels are low, Japan has improved its work-family reconciliation policies since the adoption of the first Angel Plan in 1994, aiming to reduce waiting lists by increasing the number of spaces in child care centers, especially for infants, provide more choice and flexibility for parents, and increase spaces in after-school care. It also passed a one year paid parental leave in 1992, compensated as of 2000 at 40% of usual pay, and increased payments and duration for family allowances, which now cover children up to age 12 (see PowerPoint Table 4). Japan also provides a variety of tax payments and private benefits to primary wage earners for their dependent children and spouses; the

dependent spouse benefits have been controversial because they provide strong incentives for the lower earning spouse to limit her earnings to ¥1.3 million.

With respect to childcare, Japan ranks in the middle of the pack of OECD countries, with 19% of children under the age of three enrolled in formal childcare, and 85% of three to five year olds who are attending kindergarten or enrolled in childcare (see PowerPoint Table 5). Japan also does quite well with respect to spending on childcare per child enrolled, staff-child ratios for formal childcare services for 0-3 year olds, and above average with respect to the affordability of childcare services, reflecting the redistributive impact of its sliding scale fee schedule for childcare centers.

Even so, childcare and parental leaves are not adequate to meet the needs of full time workers. First, child care continues to fall short of demand, especially for infants and for people who live in big cities. Second, the demands of full time jobs (including commute time, overtime, and after-hours socializing) usually exceed the operating hours at most childcare centers. Third, the parental leave policy gives workers one year off at 40% of usual pay, which can create financial hardships for families that depend on the leave taker's salary. But most surprising, the majority of Japanese women do not take parental leave: two thirds of them simply quit their jobs a few weeks before their due dates. Only 26% of working women who give birth and would appear to qualify for parental leave actually take it. Evidently the leave policy is undermined by supervisors who expect pregnant workers to quit, reinforcing the dominant ethos of the Japanese workplace that good workers do not take time off, do not refuse to put in extra hours when there are deadlines looming, do not claim all their vacation days, etc. Indeed, many women who did take parental leave return to work to find themselves receiving the cold shoulder from colleagues who had to take up the slack while they were gone, and who believe that taking time off to have a child is not compatible with devotion to the job. This suggests that for many women, taking a year of parental leave and returning to work full time is so difficult in terms of work expectations and interpersonal relations at work that quitting work for a few years when children are

small and then returning to a part time job feels like the only viable option in a culture where long work hours and intensive mother-care are both normative.

In short, the mix of family support policies offered in Japan aim both to assist working mothers with work-family conflicts (parental leaves, child care) and to assist families with expenses related to childrearing (tax and dependent child/spouse benefits, family allowances). They are substantial efforts to address low fertility, and designed with an emphasis on short leaves and high quality, affordable child care that generally favors women returning to work promptly and minimizing the atrophy of job skills and incentives not to hire women in the first place. But they are not adequate to serve the number of children who need care, or to meet the demand for coverage for full time work hours. Nor are people ready to overcome cultural norms about mother-care for children under age three or workplace expectations about uninterrupted work commitment.

II. Delayed marriage

The rate of out-of-wedlock births in Japan is extremely low, only 2.11%, which means that changes that affect when and whether people marry have a large impact on fertility rates. The average ages at first marriage have increased rapidly, from 28.4 to 30.0 for men and 25.9 to 28.2 for women between 1990 and 2006, and the proportion of women aged 30-34 who have never married is now 32%. Many believe these changes are consequential for Japan's fertility rate, and offer several explanations for the fall off and delay in marriages.

Here is a brief overview of several major explanations:

1. Shift in marriage patterns: people no longer rely on arranged marriages, but don't always meet suitable partners at school or work. The difficulty meeting potential marriage partners is compounded by women's greater pickiness about picking potential spouses; as women feel less compulsion to marry and have babies, they are taking more time in hopes of meeting "Mr. right."

2. Some suggest that women's shift toward becoming more egalitarian in outlook and increasingly dissatisfied with the highly gendered division of labor in traditional marriage arrangements "is probably contributing to the rise in mean age at marriage and the proportion never marrying" and, arguing that women's lack of enthusiasm about entering into traditional marriages is part of what is driving the trend toward delayed marriage and childbearing. Among young women, there is more skepticism about and resistance to entering into the traditional marriage bargain.
3. As we saw earlier, more women are pursuing higher education, with the percentage enrolled in four year colleges doubling (from 20% to 40.6%) between 1993 and 2007 (men's enrollments increased from 38.9% to 53.5% in the same period). Women who pursue tertiary education tend to marry later and to be less likely to marry than those who do not.
4. Job insecurity combined with tolerance for young adults living at home for an extended period also contribute to late marriage. The difficulty young men encountered during the 1990s finding permanent regular jobs made them poor marriage prospects, contributing at least to a temporary blip in delayed or foregone marriage. Increasing numbers of young women are working and living at home with their parents' support, which allows them time and money for travel and consumption.

In sum, increasing opportunities and decisions to pursue higher education on the part of both men and women may be related to the slack job market in Japan since the early 1990s; people often decide to continue their education when it is not clear what their prospects are for finding good permanent jobs. It is also unclear whether women choose to attend four year colleges and universities because they want to improve their own human capital and employment prospects, or because they want to improve their cultural capital to improve their chances of finding a good marriage partner. Education, employment and prolonged spells of young adults living at home contribute to delayed marriage, but the more direct impact in driving up the average age of a first marriage and non-marriage rate is probably

men who do not get regular permanent jobs, for whom this is a permanent black mark as they pursue various “irregular” jobs or work for smaller companies.

III. Cultural explanations

I have already mentioned the strong preference for giving birth in the context of marriage, and the emergence of a broader set of values and satisfactions related to work, travel, and consumption noted above. Echoing the second point, Addio and Ercole note that women’s higher educational attainment and labor force participation often bring about changes in attitudes or values, leading women to value autonomy and financial independence more, and to have a broader array of goals they want from life than raising children. Analyzing data from the World Values Survey, they note that younger women have less traditional views about women’s roles within families than do older ones, or than men. But even though they think this broad shift in ideologies, values and norms concerning women’s role in society is contributing to fertility delay as the “cultural incompatibility” between women’s roles as mothers and housewives and as earners increases, they do not conclude that such changes uniformly lead to lower fertility rates.

Several other value-related explanations for declining fertility also deserve note.

Brewster and Rindfuss argue that expectations of intensive maternal involvement with children’s care and education lead to lengthy interruptions from work for mothers, mentioning Ireland, Japan and Germany. This is related to a larger point about gendered expectations regarding women’s and men’s unpaid care work. Cross national data on the amount of time women and men spend on housework and childrearing reveal telling differences between countries in the very low fertility group, like Japan, Italy, Spain, Germany, and medium-low fertility countries like the U.S. or France, with women in the former spending more time on care work, less time working for pay, and receiving less help from their husbands with household work. In Japan and elsewhere, low levels of male

involvement with housework and childrearing also appear to be related to women's financial dependence and relative inability to "exit" their marriages.

Though his work is based on European countries, Esping-Andersen's comment that "the 'familialistic' social policy typical of countries in which Catholicism remains culturally salient makes it extremely difficult for women to combine work and family, leading to lower rates of fertility than in countries where the obstacles are less daunting" seems pertinent to understanding Japan as well. Subsidiarity, a preference for leaving responsibility for helping out needy relatives to their families, and expecting families to provide for significant forms of care and welfare are clearly features of Japan's approach to social welfare.

Linda Hantrais's distinction between "nations of families" and "nations of individuals" is a useful way to summarize national orientations toward resolutions of work-family conflict, the former sorting with a male breadwinner orientation and less gender equality, and the latter with valuing equality and women's rights. Broadly, political/cultural values revolving around respect for women's equality, assuming that "women have the same need to work as men," insuring equal access to employment and prohibiting pay discrimination, not judging working mothers harshly, and expecting men to be responsible for some of the unpaid care work at home, seems to go along with the deeply rooted democratic traditions of the higher fertility countries of the "individuals" side of the divide, while values related to role complementarity, women's role as the center of home and family, upholding male breadwinner jobs and limiting women to low paid part time employment go along with deeply conservative political and cultural orientations. Interestingly, the fascist countries from the Second World War, Germany, Italy, Spain, and Japan, are now all very low fertility (TFR < 1.4) countries; the contrast is also evoked in a recent article on European low fertility in *The Economist*, which introduces a section on the medium-low-fertility countries with the heading, "Liberty, fraternity, fecundity." If as McDonald argues countries with a gap between treating women equally in formal contexts (like education or the workforce) and unequal gender expectation in informal ones like the family are likely to

have lower fertility rates, it would appear that the values argument might have some traction in explaining low fertility countries.

We've considered arguments about values related to stability and conservatism (not having children out of wedlock, familial social policies, expectations of intensive mothering and sharply gendered responsibility for childrearing/housework in societies where women do not earn much and cannot support themselves), and some related to change, flux, and new views of older patterns, such as gender equality, more young people who go to college, and work and live at home for longer before marrying, and the emergence of new satisfactions and expectations about marriage.

Although I think welfare state policies, marriage delay, and cultural explanations are important, they need to be related—as do fertility decisions themselves—to the structure of Japan's labor market, so that we can think more systematically about how decisions about work and childrearing are reinforced by the needs and preferences of employers and characteristic labor practices, which in turn affect (and are affected by) marriage timing, cultural practices and values, and social policies. Focusing on cultural explanations without putting them in the larger context of a story about the organization of paid work might lead some to uncritically embrace cultural uniqueness, or to see falling fertility in terms of the decline of traditional gender roles and responsibilities, laying the blame for women's move away from traditional marriage, toward selfishness and individualism at the feet of higher education and feminist values. Similarly, focusing on family policies leads to the implicit assumption that the government has been appropriately addressing the problem of declining fertility by working to increase and improve child care services and promote work-gender balance, and that the state is slowly but surely moving in the right direction, it is just a question of time and resources. Short-term problems like the poor job prospects for men of the Lost Generation which have depressed marriage rates are disappearing, the TFR even reversed slightly in 2006, and everything will eventually be OK. But the first perspective exaggerates women's culpability and places undue weight on traditional gender norms: after all, Japanese women have always worked hard, and notions that women should be

good wives and wise mothers are relatively recent. The second one is unduly optimistic because it accepts that the basic direction taken by policies to support working mothers is right and will ultimately work.

IV. Political economy of Japan's low fertility

A new thread of work examines the reasons for fertility behaviors in relation to welfare state policies and the organization of labor markets, an approach Estévez-Abe refers to as a meeting between “gendering the welfare state” and “varieties of capitalism”. I contribute to such analysis in my comparative work on policies to support working mothers, and here I briefly set out its potential for understanding low fertility in Japan.

One of the striking anomalies for scholars who do comparative work on family support policies is the fact that liberal market economies like the U.S., the U.K., Australia, Ireland, New Zealand and Canada have relatively high TFRs even though they spend relatively little on policies like subsidized child care, paid maternity and parental leaves, family allowances, or tax breaks. We can explain this by considering the fluid labor markets and weak labor unions that build in less incentive for workers to invest in firm- or industry-specific skills. Workers with more portable general skills are more mobile, and the cost of interrupting their careers is cheaper both for them and for their employers. In such a situation, “employers have less reason to discourage women from work (because they) are not investing in a woman's firm-specific skills, so her career interruptions on account of childrearing represent less of a cost to the firm”. In such economies, welfare state policies are relatively underdeveloped, but affordable child care is readily available in unregulated market economies like the U.S. and Canada, where poorer women do care work for low wages.

Contrast the situation in Japan, where the labor market is organized around firm-specific skills that represent a significant expense for employers, and are not at all portable. An employer doesn't want to hire an employee who will be expensive to train and then might

interrupt her career to have children, or perhaps quit and never come back. The investment in core workers (including long term contracts and life time employment) is so substantial that employers rely on having a category of workers to buffer economic ups and downs. There is both a rationality to discrimination against women based on the statistical likelihood that they will interrupt or quit their jobs, and a long-term set of political commitments to business supporters of the Liberal Democratic Party to keep women from seeking to be full active participants in the labor force, which would have required massive increases in spending for child care and removed the buffer zone in the labor market that women workers represent.

Rosenbluth believes there is “strong evidence for the proposition that low fertility is at least in part a response to women’s perceived need to try harder to make a go of it in the labor market.” If we think of “fertility as an indirect indicator of constraints on women deciding how to allocate effort and time between home and career,” countries that have markets or government policies that make it relatively easy for women to leave and re-enter the labor force should have relatively high fertility rates, and those with markets that require women to make either-or trade-offs between careers and children, like Japan or Germany, will have very low fertility rates.

What is the significance of cultural and delayed marriage explanations for low fertility in this model? Rosenbluth writes:

Women need to feel that family and career are reconcilable goals. The situation (in Japan) is a classic Catch-22: as long as firms hire workers for life, an employer bears higher costs when hiring someone who is likely to interrupt her career for family work; but as long as women face employment discrimination, the cultural norms, educational investment choices, and household division of labor supporting the male breadwinner model are unlikely to be challenged. Women feel trapped in an unsought role and escape by being childless. More women are delaying marriage, with an unprecedented 27 percent (now 32%) of Japanese women aged thirty to thirty-four remaining unmarried, rather than marry

a typical male who “expects the wife to cheerfully surrender her job, or juggle a career with keeping house and raising the kids.”

There is, then, a self-fulfilling quality to this organization of the labor market. What can be done about the impact on fertility rates of organizing labor markets around core male workers who put in long hours, devote themselves to their employers, and give back good return on the investment in firm-specific investment in their training? I end with a few suggestions.

Japan might improve the uptake rate for parental leave by guaranteeing parents who take a year off when a child is born that they can resume their old job without fear of ostracism or recrimination, thus making the leave much more user friendly. Eliminating the remaining dependent spouse benefits that discourage women from earning more than ¥1.3 million per year would remove incentive for women to accept being segregated in low-paid part time jobs. Addressing the organization of the labor market in the following ways could change the entire calculus of marriage and childbearing: limiting workers to 40 hours a week and penalizing use of long overtime; forbidding discrimination against primary parents, and insuring that part time jobs are paid well and qualify workers for pension and health benefits.