Economic Growth: Expanding ‘L’ through Population Growth

These articles (2) highlight potentials difficulties that national governments encounter: The case of Japan and Sweden.

Japan Encourages Young People To Date And Mate To Reverse Birth Rate Plunge, But It May Be Too Late

By Palash Ghosh @Gooch700 On 03/21/14 AT 12:29 PM

The Japanese government is taking desperate measures to reverse the nation’s plunging birth rate -- funding matchmaking and dating services to get more young people married and producing babies. Local officials arrange “konkatsu” parties where singles can meet and mingle, after having bought tickets that allow them to drink and eat at bars and restaurants.

Prime Minister Shinzo Abe’s government has allocated 3 billion yen (about $29.3 million) to the program to help lift birth rates in the current fiscal year. Japan’s birth rate has fallen to half of what it was only six decades ago, Bloomberg reports, leading analysts to worry that a dwindling population will not only reduce the labor force, but place greater financial burdens on youths to take care of the costly health care needs of their rapidly aging parents and grandparents.

Yuriko Koike, a member of Abe’s conservative, nationalist Liberal Democratic Party, warned that, as of 2012, the average fertility rate for Japanese women amounted to only 1.41 children, well below the replacement rate of 2.1 needed to sustain a stable population. Japan’s birth rate has not been above 2 level since 1974. At present trends, by 2050 there will be only 1.3 workers to support each senior, from 2.6 workers currently. By 2026, social security costs are expected to climb to 24.4 percent of GDP, up from 22.8 percent in fiscal 2012, the country’s welfare ministry projected.
"Now is the last chance to take action on this problem," said Masanao Ozaki, the governor of Kochi prefecture about 500 miles west of Tokyo. "I'm deeply concerned as to whether young workers in the future will be able to take on such a huge burden." Masahiro Yamada, a sociology professor at Chuo University in Tokyo, provided an even darker outlook on Japan's demographic future. "The falling birthrate will probably have a very severe impact on the Japanese economy," Yamada told Bloomberg. "Japan's social security system will probably collapse."

Since the money earmarked for the birth rate program will last only one year, local officials want a longer-term commitment by the government to get a handle on demographic trends that have been building for decades. The challenge for Japan may be insurmountable. As in the Western countries, Japanese people are marrying later in their lives (if at all) and younger women are putting off marriage and children in pursuit of their careers. The economic malaise that has gripped Japan over the past 25 years has also played a serious role in dissuading marriage and child-rearing. Interestingly, despite the dramatic changes Japan has endured over the past four decades, some of its moral traditions have not been affected; for example, only 2 percent of Japanese children are born out of wedlock, versus a figure of 41 percent for the United States, according to Japan's Welfare Ministry.

Meanwhile, population trends keep declining. Last year, Japan recorded only 1.03 million births -- and the country may lose one-third of its current population of 127 million by 2060, said the National Institute of Population and Social Security Research. By 2110, Japan is expected to have a population of only 42.9 million, which would be lower than the 50 million the country had in 1912. The population shrunk by a quarter-million people last year alone, government figures revealed.

Consider what Japan’s future demographic crisis will do to the metropolis of Tokyo -- a municipal government report warned that the population of the capital city will be cut by half over the next 90 years. By then, almost one-half (46 percent) of the city’s residents will be past retirement the age of 65, underlining the trend that Japan’s population is rapidly aging and will require increasing health care and financial support. (Currently, the elderly account for about one-fifth of Tokyo’s populace). The report -- compiled by city officials and academics for the Tokyo Metropolitan Government -- projects that by 2100, the city’s population will plunge to about 7.13 million from the 13.16 million recorded in 2010 (after reaching a peak of some 13.35 million in 2020). This means that Tokyo's population in 2100 will match the numbers from 1940. "The number of people in their most productive years will decline, while local governments will face severe financial strains," the report stated. "So it will be crucial to take measures to turn around the falling birth rate and enhance social security measures for the elderly."

Akihiko Matsutani, professor emeritus at the National Graduate Institute for Policy Studies, told Japan’s Kyodo News agency: "The working population, concentrated in Tokyo, will be rapidly graying. If the economies of developing countries continue growing, the international competitiveness of major companies in Tokyo will dive."

"We have never before seen a country of the size and importance of Japan face these kinds of demographic issues before, said Stephen Bronars, Ph.D., a Washington, D.C., senior economist with labor and employment consultancy Welch Consulting. "It's not just that the overall population of Japan will decline; the crucial issue is that the size of the labor force relative to the overall population will decline," Bronars said.

Aside from encouraging young singles to meet and date, another method the Tokyo government will try to boost population is by increasing immigration. Chosun Ilbo, a South Korean newspaper,
reported last month that Japan may allow 200,000 immigrants annually to settle in the country. Under this policy, Japanese authorities predict their population would reach 114 million by 2110. Japan has had restricted immigration laws for decades, but now has a need or skilled foreign workers, including nurses and construction workers, as well as to replenish the population itself.

But Peter H. Liotta, Ph.D., the author of "The Real Population Bomb: Megacities, Global Security & the Map of the Future," warned in 2012 that higher immigration may not be the answer either. “The easiest solution would appear be [for Japan] to allow immigration immediately,” he said. “But this solution will never work. Japan, let us be honest, is a civilization unto itself. It cannot integrate wide cultural diversity, unlike the United States or India.”

Can governments influence population growth?

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Fertility levels – the number of children being born to assure the next generation – are generally low in OECD countries. This is a cause of primary concern to governments because it contributes to ageing societies and means fewer taxpayers to fund pensions, health services and so on. Yet, almost a century of policies to encourage larger families has failed to boost birth rates. The case of Sweden may help explain why.

When many governments introduced their social welfare programmes during the economic depression of the 1930s and 1940s, they did so mainly to combat widespread poverty, unemployment and poor housing conditions. But in Sweden’s case, there was less of a concern about these problems than about population. Influential Swedish economists, Alva and Gunnar Myrdal, argued in their 1934 book, Crisis in the Population Question, that Sweden must raise its birth rate; at the time the rate was below two children per woman, down from four at the turn of the century. The way to reverse this trend, they said, was by social reform that would support the family. Their proposals placed the responsibility for population targets in the hands of government and included maternal and child healthcare, free delivery, maternity and housing benefits, and general child allowances. Changes in social and welfare systems and marked reforms in the spheres of sexuality and reproduction saw the birth rate for most of the past half-century fluctuate at around two children per woman. It peaked at around 2.5 in the mid-1940s,
when the general child allowance was introduced following the end of the Second World War, but never recovered its turn-of-the-century level.

A recent sharp fall has brought the birth rate to its lowest ever – 1.5 children per woman. Again, government is increasing support to parents and benefits to families with children, hoping to reverse the trend.

Some changes over the past 60 years have clearly affected the birth rate, though not always in predictable ways. A law in 1939 preventing employers from dismissing women because of marriage, pregnancy or childbirth helped push up the birth rate, as more women became able to marry, have children and keep earning money. Indeed, since that time, most Swedish women have sought to combine family life and a career.

The next breakthrough for women on the labour market came in the 1960s, when rapid economic development led to increased opportunities for schooling and higher education, and well-paid jobs. Employers were crying out for staff (male or female); sexual equality and gender roles were under discussion; and women’s economic freedom increased. Many women also took advantage of the new sexual freedom provided by the contraceptive pill and the IUD. Although contraceptive methods – chiefly condoms and diaphragms – had been part of sex education in school (introduced on a voluntary basis in 1942 and made compulsory in 1955), views on sexual relations had remained strict. Abstinence before marriage was all schools could recommend. The introduction of the pill as a reliable and simple contraceptive for women, helped change attitudes, allowing young people to live together without marriage.

The economic expansion of the 1960s fuelled optimism about the future, and the birth rate rose to more than 2.5, if only temporarily. Many women found themselves struggling to balance a full-time job with taking care of the home and children due to inadequate childcare facilities. They had won the right to work full-time, but men were not clamouring to help share the responsibilities at home. As a result, many women remember these days of “progress” for their hard work and a constant feeling of inadequacy.

A need for effective birth control had become obvious. The pill was a help, but still expensive and restricted, especially for young, single women. Then, in 1974 the government introduced a law allowing abortion on demand. In order to ensure abortion was seen as a last resort, the government saw it as an obligation to make contraceptives equally accessible. Family planning services, provided by trained midwives, were soon created at health centres all over the country.

Women juggling work and family were at last able to plan their childbearing. Indeed, since the early 1970s it has become common and socially acceptable for young people to live in stable relationships without having children. Most young women want to finish their education and find a job before starting a family. In 1975, the mean age for a first-time mother was 24; by 1998 it was 28.

This trend of having fewer children caused the birth rate to fall in the 1970s to 1.6, a new low. This was the decade when public day-care facilities became widespread and men were officially encouraged to share the responsibilities of childcare, with six months’ paternity leave at 90% of
their salary. But at the same time, women became full economic equals with men through a new law on individual taxation which made all adults responsible for earning their own living and providing for themselves. One indirect result of all these changes was an increasing number of divorces, as no woman felt obliged to stay in a miserable relationship for either economic or conventional reasons.

The early 1980s brought more economic expansion. The participation rate of women in the labour force was high; 86% of women aged 20 to 64 and 90% of men of the same age group were gainfully employed, one of the highest in the OECD area. Most men worked full-time, while a third of women had reduced working hours. Still, the birth rate increased to 2.1, while other European countries such as Italy, Germany and Hungary reported rates of 1.3 to 1.5 children per woman.

The reasons behind Sweden’s high fertility level, despite its high female employment rate, were generous parental benefits and improved childcare conditions, allowing working women to have a third child. By 1989, combined maternity and paternity leave had been extended to 12 months at 90% of salary and three months with minimum pay. Moreover, either parent became entitled to up to 60 days paid leave a year to look after a sick child.

But a shift from economic boom to deep recession and high unemployment in the 1990s put an end to these reforms. Efforts to restore the economy to health led to cuts in almost every area of the welfare system, including parental benefits. The birth rate fell back to 1.5 children per woman at the end of the 1990s, the lowest ever recorded.

The last few years of the decade were economically buoyant, and child allowances and parental leave benefits were increased. Female unemployment remained high and fewer women wanted to start a family, as they felt uneasy about their economic future. Women without a foothold in the labour market or on very low incomes, whether due to unemployment or studies, have the lowest birth rate of all. What is more, there is no evidence of young women choosing to have children instead of seeking work or furthering their education. This is a break with previous trends in Sweden and differs from several other OECD countries, e.g. the US and the UK.

Meanwhile, the population continues to age. But any new social reform plans to solve this demographic crisis will have to take into account the fact that both women and men in Sweden want first and foremost to work and earn an income of their own before raising a family.

* Qweb is a global network on women’s health and empowerment

(For PDF article with graph, see below.)

References


©OECD Observer No 229, November 2001

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