

## **The Political Economy of Japan's Low Fertility**

**Edited by Frances McCall Rosenbluth**

*Stanford, California: Stanford University Press, 2007.*

*ISBN: 978-0804754866, 240 pages.*

**Carl Mosk**

**University of Victoria**

[mosk@uvic.ca](mailto:mosk@uvic.ca)

Below replacement fertility coupled with growing attachment of women to the paid labour force have become two of most salient — and controversial — social aspects of economic modernization. Is a bleak demographic future (rapid aging, negative population growth, a shift in the dependency burden from the very young to the very old) for the high-income countries etched in the cold-blooded phrase “time is money”? Can national public policies promoting reproduction temper the speed, or even reverse the direction of, this headlong rush to population decline?

Recent empirical work rejects demographic pessimism, holding out the possibility that fertility may be rebounding even as female labour force participation soars, at least under the right political and economic circumstances. These results have led to a modification of the use of the “cost-of-time” hypothesis key to the analysis of demand for children rooted in human capital theory. According to the logic of human capital theory as household income rises parents invest more resources in the education of their children, bolstering the human capital embodied in them, thereby raising the opportunity cost that they will face as adults — the foregone income that could be earned on the market — of engaging in home production that takes place within the confines of the family, including raising children.

Crucial to the deduction that this thesis makes about fertility is that raising children is unusually demanding of parental time — more time intensive than vacuuming or cooking on electric ranges for instance — adults enjoying the benefits of extensive human capital formation substituting away from consuming child related activities towards other sources of satisfaction. But suppose parents can find market substitutes for their own time inputs devoted to raising children, putting them into daycare centres while they work or employing nannies? Would we not anticipate that as more and

more women work in the market the demand for childcare centres is bolstered, inducing the wholesale entry of childcare providers into the market, ultimately reducing the costs of finding substitutes for parental time inputs?

Armed with this logic one sees that highly educated mothers earning premium wages on the market can more easily afford to secure substitutes for their own time inputs into raising children than less fortunate women commanding lower earnings. As women increasingly get advanced degrees, entering the professions — medicine, law, university teaching — they find they can “afford” more children than they first expected, the total fertility rate responding positively to growing female labour force participation in the long run.

Working against this rosy reasoning is a second prediction of human capital theory: the quality/quantity tradeoff, the notion that households enjoying expansion in their real incomes feel compelled to lavish more and more resources on each of their offspring rather than having a larger brood of children, each child getting less in terms of parental time inputs, clothing, toys, and their own private space to play in. One says “compelled” because families can and do compete with one another through the achievements of their children, measuring their own “reproductive success” in terms of the “reproductive success” of other families with whom they are acquainted, through work, through neighbourhood, through interacting in the schools their children attend.

The book under review addresses these issues for one of the most advanced industrial societies in the world, Japan. Japan is an especially interesting case because its total fertility rate is so low. For instance employing data for the early 2000s we find that amongst 28 countries enjoying income per capita of over \$10,000 (measured in international dollars) — Mauritius and the oil rich states of the Middle East excluded from the list — two have total fertility rates of over 2 (Israel, the United States); nine have total fertility rates lying in a range between 1.7 and 2 (the Scandinavian countries figure prominently in this list); 10 have total fertility rates between 1.3 and 1.7; and seven (Hong Kong, Italy, Japan, Spain, Singapore, South Korea and Taiwan) below 1.3. In the light of its sheer economic size Japan’s plight is especially compelling for global forecasting. Thus one expects the book edited by Rosenbluth (of the political science department at Yale University) to garner considerable attention throughout both academic and policymaking circles concerned with demographic issues and demographic projection.

Reflecting Rosenbluth’s interests in political economy, the book lays out a thesis explaining Japan’s low fertility that heavily emphasizes political variables (e.g., the dominance of the probusiness Liberal Democratic

Party whose voter base is concentrated in rural areas) and economics (the internalized labour market “lifetime employment” system prevailing in large and medium sized firms that mainly relies upon male workers and the intense competition to excel in the educational system where advancement hinges upon success in writing entrance examinations for schools at the above elementary school level). While academic sociologists do figure among the authors whose papers appear here as chapters, politics, policies, and economics dominate in the arguments advanced in the volume.

The book is divided into four sections, the first — introduction and overview — consisting of two chapters. The first, “The Political Economy of Low Fertility” penned by Rosenbluth lays out the main theses of the book: it argues that the male oriented lifetime employment system that promotes the slow accumulation of firm-specific skills — hence raising the penalty suffered by a worker taking time off to care for small children — favoured by the politicians in the Liberal Democratic Party is crucial to understanding why levels of paid (nonfamily business) labour attachment amongst contemporary Japanese women is so low. A second chapter by Shirahase documents the well-known fact that Japanese women employed in large companies tend to leave the company — and the labour market — once they become pregnant with their first child, not returning to employment until years later if at all. Shirahase’s analysis is comparative, demonstrating that the Japanese pattern is not applicable to the corporatist Scandinavian countries (where females employment is well entrenched in government bureaucracies) nor to the liberal market economies like those of the United States and Canada where employment opportunities for women in low-skill services are plentiful.

The second section of the volume takes a close level on the constraints on Japanese female employment opportunities, analyzing the demand for female labour there. A chapter by Estevez-Abe emphasizes structural differences in the way capitalism operates, noting that well-developed welfare states like those in Western Europe encourage workers to invest in industry-specific skills (as opposed to general skills that workers in liberal market economies are more prone to invest in or firm-specific skills that workers in Japan are more likely to develop). Her conclusion: the employment opportunities offered women are generally better in the liberal market economies than in either Western Europe (Scandinavia being an exception due to extensive opportunities in government) or Japan. An interesting comparison of clerical employment in the United States and Japan emphasizes the feminization of office work in the early 20th century in the United States, a feminization absent in Japan where generalist skills specific to a country overshadow occupation specific skills. Finally a chapter by Kenjoh analyz-

es maternal employment following the birth of a first child in Great Britain, West Germany, Sweden, the Netherlands, and Japan. Kenjoh demonstrates that social policies that help women balance family and career demands matter in shaping the response of women to giving birth to their first child, concluding that Japan's "rigid internal" labour markets constrain women there to such an extreme degree that it is hard — if not impossible — to envision a set of government subsidies for leave and childcare that will put Japanese women on an equal footing with males in the labour market.

The third part of the volume focuses on constraints upon the supply of female labour in Japan. A chapter by Boling discusses government policies designed to support working mothers, including childcare centres (that she rates "high quality"), childcare allowances, tax breaks for dependent children, and subsidized childcare leave (14 week maternity leave). Boling notes that despite the Japanese government providing childcare centres, demand far outstrips supply, a host of unsubsidized centres ("baby hotels") flourishing on the margins of a high-quality government-sponsored system. This theme is picked up in a chapter by Wada who emphasizes an apparent paradox: while childcare services are of high quality, their supply is insufficient and inflexible. Wada accounts for this with two political economy arguments: the Liberal Democratic Party's political base is rural Japan where demand for childcare is muted and working mothers with children in childcare centres are very effective in organizing into groups aimed at improving the quality of childcare services and holding down childcare fees (hence depressing the return to opening new centres).

The third chapter in the third section, by Hirao, analyzes the burden in terms of time input imposed on mothers who have their children in private *juku* ("cram schools") that train students to compete effectively on school entrance examinations. Hirao argues that producing a "high quality" child is incredibly demanding in terms of a mother's time: she acts as a liaison between *juku* instructors and her child; she monitors her child to make sure he or she keeps up on assignments; and she plans, creating a framework for her child to follow in efficiently studying. Mothers who work simply cannot do a good job of managing their children's cram school programs. Testimony to this fact is a cross-sectional analysis carried out by Hirao: districts where female labour rates are high have low levels of attendance at *juku* and visa-versa.

Indeed, from the point of this author, Hirao's chapter is the most telling in the whole volume. It suggests that young Japanese women face a tough dichotomous choice, either becoming efficient managers of the human capital development of their children or working in the labour market. The quality/quantity tradeoff dominates in fashioning fertility in contemporary

Japan. That total fertility rates are also depressed in Hong Kong, Singapore, South Korea, and Taiwan where the educational system is unusually competitive is testimony to the importance of this thesis.

The fourth and final section of the volume consists of a chapter by Rosenbluth that summarizes the arguments made throughout the volume and speculates about the future of female labour supply in Japan. Basing her opinion on the fact that new election rules introduced in 1994 will weaken the position of the Liberal Democratic Party, and on the fact that the growth of the Japanese economy has been desultory since the collapse of the bubble economy in 1992, weakening the viability of the internal labour market system, she remains cautiously optimistic about the future of female labour force participation in Japan. But fertility? Given the competitiveness of the Japanese educational system, is it reasonable to project a rising total fertility rate for Japan? At any rate this reader remains skeptical, convinced that Japanese fertility is likely to remain depressed for many decades to come.

## **Applied Demography in the 21st Century.**

**Edited by Steve H. Murdock and David Swanson.**

*New York: Springer Science+Business Media B.V. 2008.*

*ISBN: 978-1-4020-8328-0, \$189.00, 374 pages.*

**Thomas K. Burch**  
**Population Research Group**  
**University of Victoria**  
[tkburch@uvic.ca](mailto:tkburch@uvic.ca)

This volume contains 19 papers on applied demography plus introductory and concluding chapters by the editors. The papers were selected from presentations at the Biennial Conference on Applied Demography, San Antonio, Texas, January 7–9 2007.

The volume's stated aim is to give "an overview of the current range of interests in applied demography," and to illustrate its breadth and depth. As the editors are the first to admit, however, it is not easy to define "applied demography" or to identify its practitioners. Much applied demographic analysis is done by persons with other disciplinary ties — economists, geographers, urban planners, market analysts, etc. And many demographers do some applied work, but do not consider themselves "applied demographers." For the most part, the book represents the discipline as practised and promoted by a sizeable group of demographers associated with the Southern Demographic Association and its well-respected journal *Population and Policy Research Review*.

In their concluding chapter, the editors describe the field as follows:

... applied demographers are currently characterized by interest in addressing pragmatic questions in specific (generally small) geographic areas for clientele who need to make decisions impacting current or future periods of time. They show particular foci on population estimates and projections and on GIS applications while employing multiple sets of disciplinary knowledge to address such questions. (p. 363)

Elsewhere they note that "estimates and projections are at the core of applied demography" (p. 362). This focus is apparent in the volume; roughly half of the chapters deal with estimates or projections.