Gender-equal Society: Most Effective Strategy for Growth

By Naoyuki HARAOKA

Technological Innovation Key to Growth

Nearly 20 years have passed since the Japanese economy matured, thus continuing to grow only at a slow pace. Moreover, we currently face a deflationary situation where prices are on a downtrend and the big policy question is what economic stimulus measures should be taken. Deflation has the risk of lowering expectations toward economic growth and putting a further brake on growth. Normally, macroeconomic policies – fiscal and monetary – have the role of promoting growth since they help stimulate the economy and raise expectations of growth.

But Japan is burdened with a huge fiscal deficit and, with interest rates already at historic lows, there are hardly any measures left to jump-start the economy. However, if deflation persists, the anticipated growth rate will fall and corporate capital investment will stagnate, leading to a decline in productivity and possibly resulting in decreased potential for economic growth over the medium to long term.

To avoid such long-lasting negative effects on the economy and to put it on a track of sustainable growth, it is important to depend not on fiscal and monetary policies, but on the "animal spirits" of the private sector to boost technological innovation so that demand is created for new products and new industries. Technological innovation stimulates productivity on the supply side and raises the potential for economic growth, and at the same time creates new consumer demand with the launch of new products and industries.

In that sense, technological innovation can be called the most effective economic policy. New technologies and new products which contribute to solving global environmental problems, such as solar batteries and electric automobiles, as well as those helpful for an aging society as represented by biotechnology – including healthcare and medical services and products – are the new industries on which we can pin our highest expectations, and it is these products and technologies that are indispensable for growth strategy.

TABLE
Student performance in OECD PISA*

(unit: points)

Area		Reading literacy	Mathematical literacy	Scientific literacy	Problem-solving skills
Japan	Male	487	538	550	546
	Female	509	530	546	548
	Gender difference in points	+22 (significant)	-8 (insignificant)	-4 (insignificant)	+2 (insignificant)
Japan average (rank)		498 (14th)	534 (6th)	548 (2nd)	547 (4th)
OECD average		494	500	500	500
OECD	Male	477	506	503	499
	Female	511	494	497	501
	Gender difference in points	+34 (significant)	-12 (significant)	-6 (significant)	+2 (insignificant)

*Note: *Program for International Student Assessment*
Source: OECD (2003)

Women's Role Vital in Innovation

The question is, however, whether we have enough supply of human resources to push forward with such innovation. I would like to emphasize here the importance of women as part of the workforce engaged in innovation. Toshiaki Tachibanaki, professor of Doshisha University's Faculty of Economics, recently published an interesting book in this connection. Titled *"Jojo-kakusa (Disparities Among Women),"* the book studies numerous disparities in the lives of women that are caused by factors such as education, career, marriage, divorce, having children, working status (full-time or temp) and appearance (attractive or not). The book probes into the rationality of these disparities. From the viewpoint of innovation, there are some interesting points made in the book which I would like to touch on in the following paragraphs.

First, according to the OECD's academic test results of 15-year-old male and female students, category-by-category average scores in Japan and other OECD member countries showed similar trends in 2003. While boys did slightly better than girls in mathematical and scientific literacy, the difference was of little significance. On the other hand, in the humanities area such as reading, the ability of the girls was meaningfully higher than that of the boys *(Table)*. Girls also did slightly better in problem-solving ability than boys, but the difference was not significant. To explain why students majoring in science at university are mainly male, or why jobs related to science are mainly taken up by men, the reason often given is that males have much superior academic abilities in science, but these test results show that we must do away with such a conception.

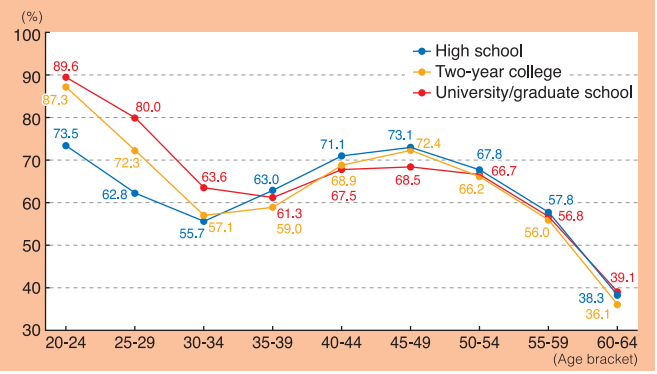
Better Work/Life Balance to Boost Women's Contribution

When it comes to reading, girls have a considerably higher academic ability than boys, indicating that girls have strong language skills, a good understanding of passages and excellent communication skills. Boys are not innately equipped with a remarkable academic ability for science, but their abilities in the language and humanities spheres are overshadowed when compared with those of girls. We can then state this hypothesis: it is because of this relative excellence of boys in science against other areas dominated by girls that boys choose to major in science and later pursue a career in science-related work and that they make such choices in a passive way in the absence of other options left.

The commonly held notion that girls excel in humanities and boys excel in science, and that innovation is created from students majoring in science is not rational. If we can throw this notion out the window, we will see a large number of brilliant women move into the field of science and spur innovation. It is the prejudice that society has about the difference in the innate abilities of boys and girls that

CHART 1

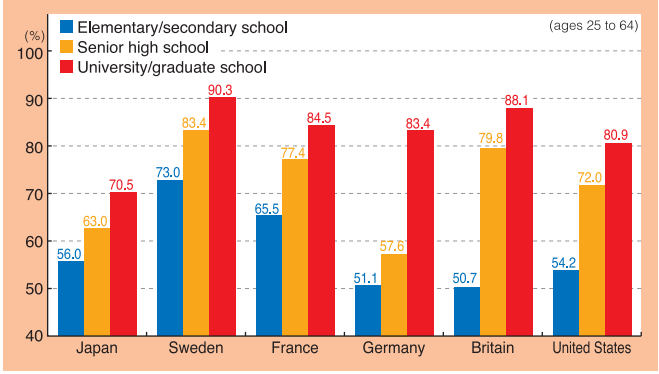
Rate of working women by age group/education level



Source: "Labor Force Survey" (2002), Statistics Bureau, Ministry of Internal Affairs & Communications

CHART 2

Internationally compared rates of working women by education level



Source: "Trends in Female Employment" (fiscal 2004), Ministry of Health, Labor & Welfare

brings about the disparities among women. (Girls who do not have this prejudice become scientists and drive technological innovation forward while girls who buy into this prejudice graduate from the humanities department and become housewives.)

Next, let us look at *Chart 1* which shows the employment rate of women according to age groups and education levels. The "disparities among women" caused by their levels of education are clear. The employment rate of Japanese women in their 20s with high educational background is greater than that of those with lower levels of education. But from the late 30s, when many women get married and have children, the employment rate of higher-educated women drops, and by the late 40s, the rate of working women with up to high school education is higher. The same phenomenon in female employment according to education levels can also be seen in internationally compared data as shown in *Chart 2,* but what is characteristic of Japan is that the labor participation rate of higher-educated women is lower than those of other countries. Tachibanaki explains that in Japan, higher-educated women are often married to higher-educated men and do not have the pressing need to work after marriage and childbirth. On the other hand, women without higher education tend to have spouses who also did not get higher education, and after marriage/childbirth, these women often get jobs in order to help family finances. That is why their working rate is not much different from those of other countries.

In the November/December 2007 issue of *Japan SPOTLIGHT,* we did a feature on the work/life balance and emphasized that it is important to establish a working environment where women with higher education can continue working after marriage/childbirth. Recently in Japan, measures have been taken to improve the work/life balance, allowing more women to keep working after marriage/childbirth. This is shown in the flattening of the so-called M curve, which represents a drop in the labor participation rate of women aged 25 to 34 after marriage/childbirth and a rebound after the age of 35. This trend is becoming more evident as women get older. I hope that further improvements in the work/life balance will be made so that higher-educated women can help advance innovation and contribute further to economic growth.

Another Key: Women's Participation in Decision-making Process

I would also like to emphasize here the potential contribution that women without higher education can make toward economic growth. Just as there is little significance in having disparities among men based on the differences of their educational levels, I think it unreasonable that there are disparities among women according to the levels of education they received. For the potential of economic growth to be boosted, entrepreneurship such as setting up ventures needs to thrive as strongly as innovation. In entrepreneurship, education levels are irrelevant. There is no need to be an intellectual; if one is intelligent, one is qualified to set up a venture.

The employment rate of Japanese women without higher education is high when compared internationally. This shows that such women, most of them apparently part-time workers currently, present much potential in entrepreneurship. Just as it is clearly irrational for there to be disparities among women based on whether they are good-looking or not, factors such as education which lead to so many inequalities are also irrational and I think that in many cases, such irrationality is often based on mistaken preconceptions and prejudices. What an inexpensive feat it would be if we were able to promote innovation and growth simply by removing our preconceptions and prejudices.

Lastly, I would like to introduce what the female workers at our foundation have to say about the merits of women having completely equal participation in key decision-making processes at corporations and government. According to the female staff in charge of editing *Japan SPOTLIGHT,* men do not understand how tough child-rearing is. Sending the child to a nursery and picking it up, making meals, giving the child a bath, putting it to bed – all these are important tasks that have an impact on the life of a child. Men talk with an air of authority on abstract things such as economic growth and innovation, but they have hardly had any part in child-rearing, which is specific work and most important and basic.

By having equal participation in decision-making, women will be able to talk about economic and social problems from a perspective different from that of men, and might be able to propose totally different solutions. Instead of looking just at economic growth, we need to look at other complex issues of today such as the environment and aging society from many angles.

That is what the significance of a gender-equal society is all about. And another thing to point out: men work too hard, sometimes to the detriment of their health. And when they resign and leave the workplace, they cannot learn to enjoy the rest of their lives by engaging in hobbies or volunteer work because the workplace is all they have known throughout their lives and, in many cases, they become depressed. If men and women could share burdens in the workplace, perhaps these problems can be solved. A gender-equal society should help improve the work/life balance of men as well.

I wonder what thoughts the readership has about this. **JS**

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