

No Signs of a Halt to Population Decline – Japan's Birthrate Falls for 4th Straight Year –

THE age of depopulation is on the horizon in Japan. The total fertility rate – the number of children born to each woman during her reproductive years – came to 1.29 in 2004, marking an all-time low for the fourth consecutive year, according to the demographic statistics of the Ministry of Health, Labour and Welfare. The latest report attests to the fact that Japan's birthrate is falling at a faster-than-expected pace. The subsequent depopulation is expected to affect the very foundation of the nation's social security system, such as pension benefits, and medical and nursing care insurance – a factor that could lead to slack economic activity in the future.

The total fertility rate needs to be at least 2.08 if a nation is to keep its population unchanged. Japan's rate fell below 2.08 in 1974 and has remained below this level ever since – partly due to the rising trend of late marriages and having children later in life. Reflecting the popularization of higher education among women and their greater roles in society, the average age of the first marriage and first child for women have risen to 27.8 and 28.9, respectively. In addition, a greater number of women remain unmarried and bear no children during their lifetime.

The government started taking measures to support child rearing about a decade ago, such as making it easier to set up day care centers. In 2003, the government enacted a law designed to have both the public and private sectors support child-rearing efforts. This April, it introduced numerical targets for business corporations to achieve in giving their employees child-care leave. The latest data, however, indicates that the government's efforts have been unsuccessful.

The high cost of raising children and education are factors behind the falling birthrate. Critics say the government needs to improve child care allowances by raising the age of eligibility and boosting the amount of such allowances, as well as introducing tax breaks for households that have children as part of its comprehensive



Photo: Kyodo News

A room for newborn babies

economic measures. Japan's social security system has so far prioritized supportive measures for the elderly, but the government now finds it necessary to give priority to coping with the falling birthrate as well.

The 2004 White Paper on the Society with a Declining Birthrate describes the next five years as a good opportunity for

Japan to reverse the downward trend of the birthrate, noting that those women who belong to the second wave of baby boomers will be able to have children around 2010. The government, businesses and regional communities need to step up joint efforts to put the brakes on the falling birthrate.

COMING UP

"The Japanese Baby Boomers' Retirement – Year 2007 problem" will be the theme of the next issue. Many of the baby boomers who have sustained Japan's economic growth for many years will retire en masse in 2007. Japan Spotlight will analyze this phenomenon and its potential impact on Japan's economy and society.

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