Comment on "Lowest-Low Fertility and Governmental Actions in Japan"

Hopeless or not?

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Contents

- ☐ Points of this paper
- ☐ Implications
- ☐ Discussions and Questions

Brief summery

- ☐ Policy Interventions; Are they effective?
  - ■ Government actions, plans   (No)
  - ■ Child Allowance   (Yes, but not significant)
  - ■ Childcare Leave   (Yes, but small effect)
  - ■ Childcare Service   (Not sure or small effect)
  - ■ Compatibility and micro-macro paradox
- ☐ Cultural Factors
  - ■ McDonald's divide   (Line of 1.5)
  - ■ Reher's theorem   (Women's position)
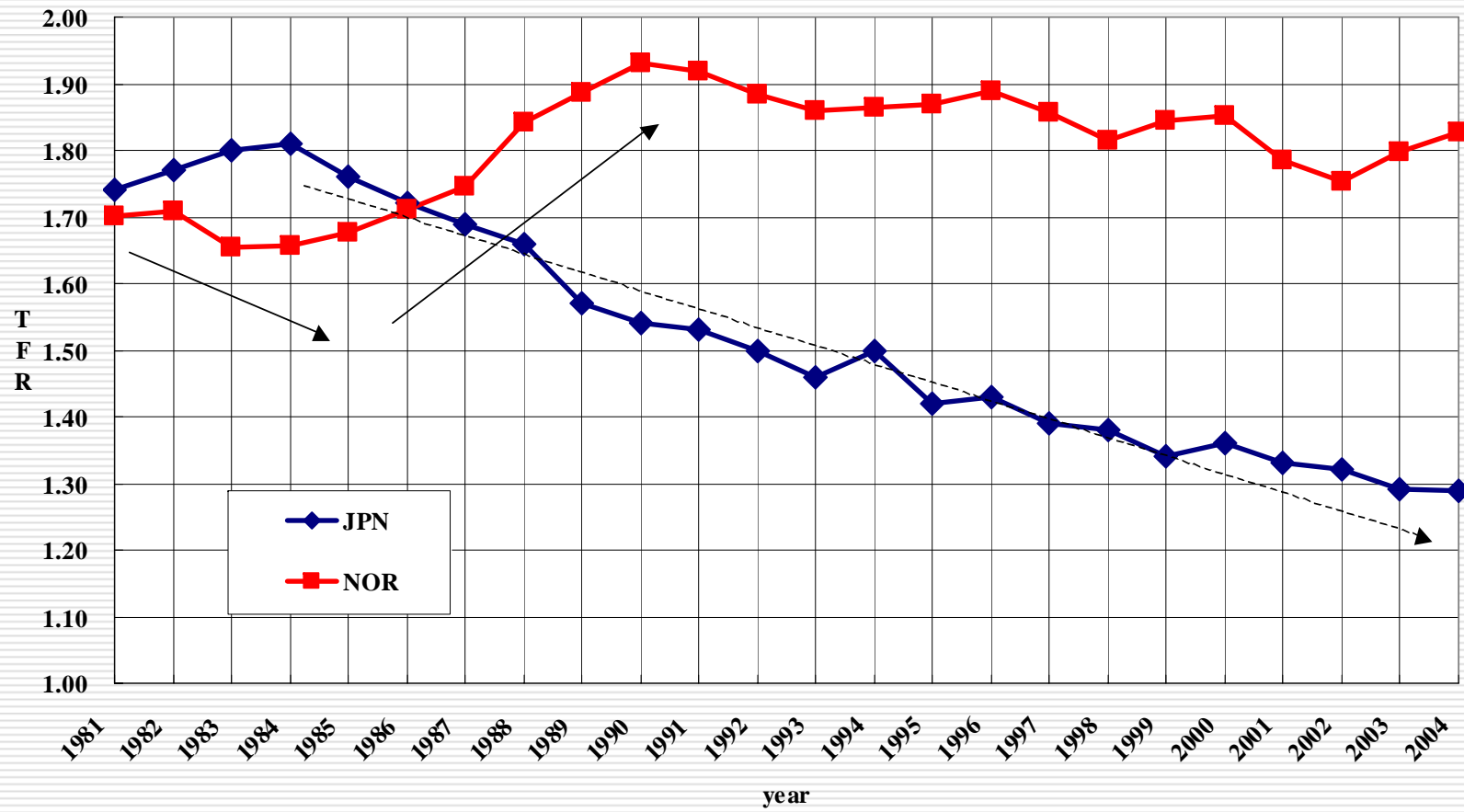 - ■ Timing of home-leaving (Late in Japan)

Implication

- □ "Can Japan recover its fertility rate?"
  - ■ The answer of this paper is "No" or "It may be very hard to recover."
- □ Reasons
  - ■ Many Japanese studies find only weak effects.
  - ■ Japan is categorized into a different group from that of high fertility countries.
  - ■ Cultural; factors unexplainable by economic variables?

Discussion I

- "Is Japan different from other (high TFR) countries?"
  - My personal opinion; No. Not so different.
- "The TFR in Japan differs much!"
  - Not because of Japanese preferences, but because of economic variables.
- "How do we confirm it?"
  - We should confirm the *difference* directly based on a **comparable fertility function,**

not based on indirect evidences.

Discussion II

- ☐ "Can Japan recover its fertility?"
  - ■ My personal opinion; Yes, we can.
- ☐ "Previous studies find only weak effects."
  - ■ The previous studies about Japanese policy is based on the data under current insufficient systems.
  - ■ My personal opinion; the adequate cost solving policy will work in Japan.
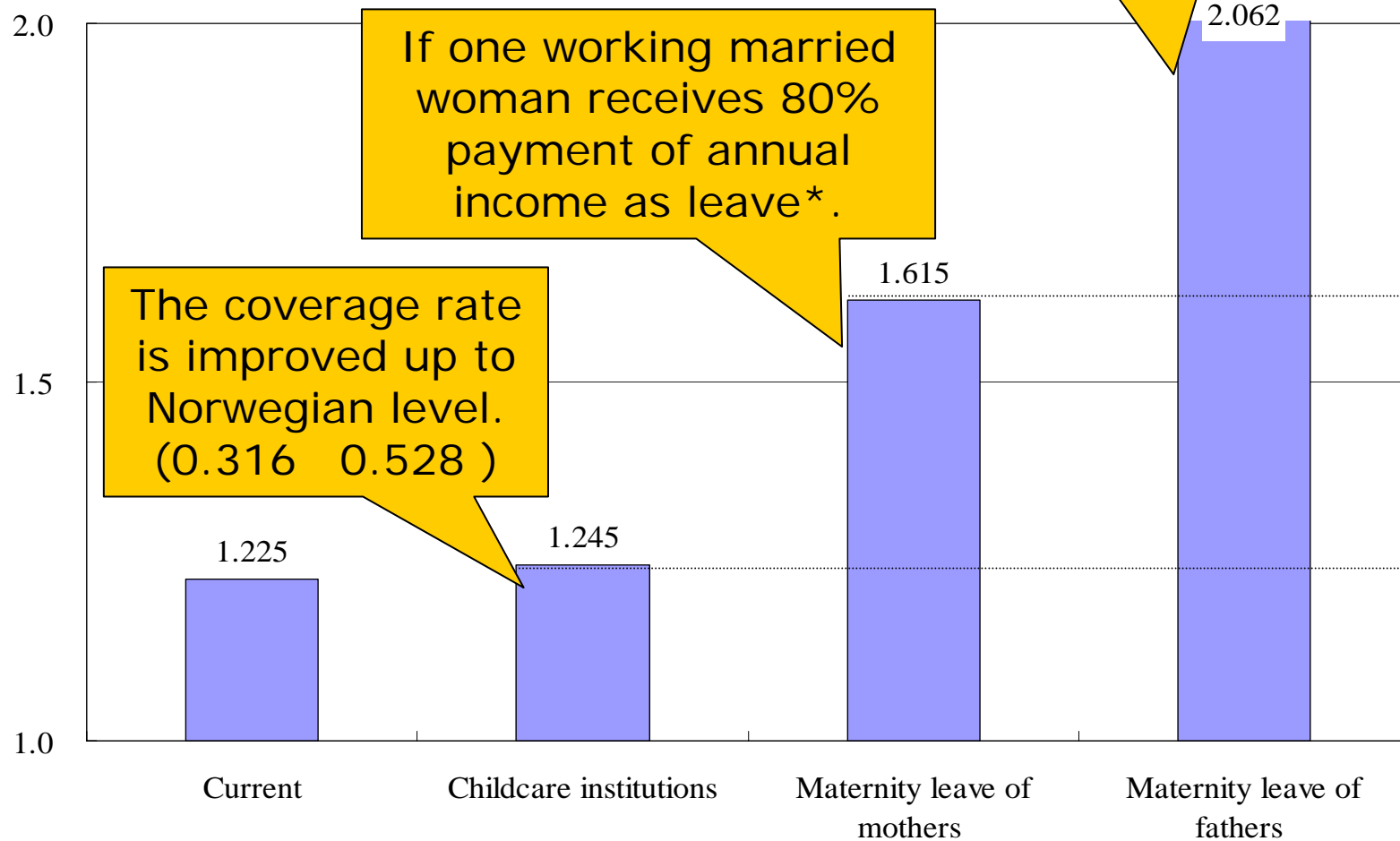
Example; TFR regression

	Norway		Japan	
Intercept	1.409	***	3.521	***
Men's income	-0.018	***	-0.020	**
Men's income^2	0.050	***	0.041	**
Women's income	-0.007	***	-0.006	**
Couple rate	5.021	***	.291	***
Childcare institution coverage rate	0.305	*		
Number of Observation	433			
Adjusted R-square	0.810		0.879	

Differences are small! Japan is not out of model.

Women respond the wages (cost of time). It is not inelastic. We can control it!

Regional data of each country in 2000. Monetary unit NKR/year.

Simulation; Solving the

*Net new effect is 40%. **Net new effect is 100% and no income effect.

Questions

1. Is Japan totally different from others?
2. Is the cost solving policy invalid in Japan?
3. Determinants of low fertility rate
   - Education and health (cost of human capital)
     - Why do parents buy higher education more than before? (against the high cost)
   - Cultural Factors
     - Why has the TFR fallen, as women's position has been improved in Japan?
4. Policy Interventions
   - Compatibility "g" ; a policy variable or a result ?
   - Finally, what should the Japanese government do?

End

□ Thank you! *We can recover it!*

Contents

- Brief summery of paper
- Imprecation
- Question
- Suggestion

Brief summery I

☐ Determinants of low fertility rate
- ■ Nuptialily decline, tempo effect   (Yes)
- ■ Contraception and others   (No)
- ■ Demands for Spouse and Children (No)
- ■ Direct cost of children; Price   (Yes)
- ■ Economic Recession; Income   (Yes)
- ■ Female Labor, Gender   (Yes)

Brief summery II

- Policy Interventions
  - Government actions, plans   (No)
  - Child Allowance (Yes but not significant)
  - Childcare Leave (Yes but small effect)
  - Childcare Service (Not sure, small effect)
- Cultural Factors
  - McDonald's divide
  - Reher's theorem (women's position)
  - Home leaving

Questions Ⅰ

- ☐ Determinants of low fertility rate
  - ■ Education and health
    - ☐ Why do parents buy higher education more than before? (against the high cost)
  - ■ Cultural Factors
    - ☐ Why has the TFR fallen, as women's position has been improved in Japan?
- ☐ Policy Interventions

15

Questions

- ☐ Determinants of low fertility rate
  - ■ Education and health
    - ☐ **Why do parents buy higher education more than before? (against the high cost)**
  - ■ Cultural Factors
    - ☐ **Why has the TFR fallen, as women's position has been improved in Japan?**
- ☐ Policy Interventions
  - ■ How do you evaluate latest proposal to double the Child Allowance for 1st and 2nd children?

Idea

- $TFR_w = a_w + b_w X_w$
- $TFR_J = a_J + b_J X_J$
  - X_i ; Economic variables of country i.
- The difference of *TFRs* comes from
  - the differences of a_i, b_i. (preference; It means the TFR is not easy to control.)
  - the differences of X_i. (magnitude of economic variables; It means the TFR is controllable.)