

Global Economics Monthly

VOLUME III | ISSUE 9 | SEPTEMBER 2014

MAKING WOMENOMICS WORK

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The Japanese economy has been under-performing since the 1990s, and—with a shrinking population and the highest debt-to-GDP ratio in the world—it is at risk of doing even more poorly over the next couple of decades. The only way Japan is going to be able to improve its long-term growth trajectory is by getting more people into the workforce and increasing worker productivity. Prime Minister Shinzo Abe’s “[womenomics](#)” agenda holds the promise of addressing both elements of this formula by better utilizing the half of Japan’s population that at present is not meaningfully employed. But Tokyo has tried to address this challenge before—in 1986 with the equal employment law and in multiple iterations since—and has yet to make a significant impact on women’s economic opportunities. The missing ingredient has been a capacity for hard-nosed enforcement, without which companies have had no real incentive to change. The test of Abe’s reforms will be whether they lead to real changes in Japanese corporate behavior.

It is difficult to overstate Japan’s demographic problems. At 1.4 children per woman, the country has the one of the lowest fertility rates in the world. In 2013, the Japanese population declined by 250,000—roughly the population of Orlando, Florida. If nothing is done, Japan will lose 30 million people by 2050. Long-term care for the elderly is expected to cost 3–4 percent of GDP by 2025. The data on female participation in the workforce is similarly striking. Japan has the second-lowest female labor participation rate in the developed world and—according to a [World Economic Forum study](#)—ranks 105th out of 136 countries worldwide. Only 38 percent of Japanese women return to work after having their first child, and many of those who do work part-time. Women earn just over half what their male colleagues do, are rarely given real responsibility, and are increasingly hired into nonregular positions without full benefits.

Prime Minister Abe, to his credit, has been very vocal in acknowledging these problems and in laying out his ambitious womenomics agenda, most recently at Japan’s first “[World Assembly for Women](#)” (WAW!) conference last week. In a cabinet reshuffle earlier this month, he appointed five women (a record high, matched only by Prime Minister Junichiro Koizumi’s cabinet in 2001). Abe has said he wants to see women in 30 percent of board-level and senior executive positions by 2020. He is moving to overhaul the nation’s child-care system. And he has given speeches in every corner of the world explaining how important female economic empowerment is to global economic and social stability. But guidelines and better access to child care will only get Japan so far. As Abe himself has recognized, real progress on womenomics will not be possible without taking on the country’s grueling work culture—a serious problem for both men and women, and one that has so far proved resilient to reform.

There is a word in Japanese, *karoshi*, which means “death by overwork.” Those who succeed in Japanese companies are expected to spend almost [every waking hour in the office or in the bar](#), networking with colleagues and superiors, trying to get a leg up. The hours and associated stress have meant that the number of individuals dying as a result of work-associated stress has increased year-on-year since 1992. It is no surprise then that a woman able to live off her husband’s salary is unenthusiastic about subjecting herself to the life of a salary-woman. Men, were it socially and financially possible, would probably choose the same. It is especially unsurprising that mothers would be reluctant to absent themselves from their children’s lives in favor of another round-the-clock job. In a country where professional success is awarded to those who put in the most hours, the decision to work doesn’t just raise questions about the practical difficulties of having both a child and a job, but the entire point of it. Why have a family if you don’t get to spend time with them?



Upcoming Events

- September 23: [Womenomics: Why it Matters for Japan and the World](#) (CSIS)
- October 3: Asian Architecture Conference @ CSIS (CSIS)
- October 8: Outlook for G-20 Brisbane (CSIS)
- October 10–12: World Bank and IMF Annual Meeting (Washington, DC)

MAKING WOMENOMICS WORK *(continued)*

Changing this will require not only reducing the burden of child care on working mothers, but also shifting some of it onto working fathers. A woman who feels she needs to be at home by 7:00 p.m. to have dinner with her children will not be able to compete with a man who feels he needs to stay out until 2:00 a.m. to drink with his boss. Again, the problem here is cultural rather than legal. On paper, the Japanese **parental leave system** rivals that of Scandinavian countries in the incentives it offers men to stay at home with their newborns—yet in 2012, only 1.9 percent of Japanese men opted to take paternity leave. Why? It is not that fathers don't want to spend time with their children, but that they feel they will be branded as selfish or incompetent if they do so—or, even worse, be asked to resign.

The Abe government understands this and has launched a campaign, the “**Ikumen Project**” (*ikumen* literally translates as “child-rearing men”), which encourages men to take leave and companies to grant it. Unfortunately, positive encouragement alone is unlikely to do the trick. In 2012, a revision to the Child Care and Family Care Leave Law told companies to reduce employee working hours until their children reached the age of three. With most overtime informal and unpaid, the policy was ineffective. Real change will only come about through greater oversight of companies.

Japan needs to figure out what it is aspiring to do. If the goal is an increase in female labor participation, it is on a decent enough track. But if it wants to see women

employed full-time, enjoying the benefits of regular workers, and reaching the top of the career ladder, more difficult political decisions will be required: quotas, not just targets; and tangible punishments and rewards, not just encouragement. As has been seen in **multiple other countries** that have struggled with the same problems, there will need to be real financial and legal costs to not appointing women to senior positions.

While the political costs of pursuing this approach will be high, the payoff will be better than the alternative. Companies with more women in leadership roles perform better. Gender equality in child rearing and a better work/life balance leads to higher fertility rates. And rather than simply playing catch-up with other advanced economies, effective gender equality policies and a transformative shift in the way women, work, and family are viewed in Japan will position the country as a global leader. Getting to that point won't be impossible, but it will require Prime Minister Abe to build on his efforts and enthusiasm to date by taking on Japan's powerful companies and the middle managers that run them. ■

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Simon Says...

“In this high-technology era, with all the progress of office automation and so on, human feelings are still very slow to change, so I think it's going to take a very long time, perhaps even longer than some people think.” So said a woman working in a securities firm in Tokyo back in 1986, referring to women's advancement in the workplace, in an interview conducted by Simon when he was a lowly reporter trying to earn his chops covering Japan's then newly passed Equal Employment Law. Simon wonders, nearly three decades later, whether this woman found her real calling in economic forecasting...

If being a woman in Japan is tough, being a woman born in 1966 is far worse. Traditional Chinese thinking dictates that women born in the “Year of the Fire Horse” end up being infertile, terrible mothers, bad with money, and unkind to their husbands. The **stats back this up**: Fire Horse women are more likely to be divorced, less well educated, and lower paid than women born in other years. Expect to see a big drop in Japanese fertility in 2026, the next year of the cursed fire horse. Remarkably, 463,000 fewer babies were born in Japan in 1966 than in the preceding year, and the number of induced abortions—Japan's main form of birth control—jumped from 46,000 to 65,000 that year. ■