

Shirahase, Sawako

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## Cross-national comparison of economic inequality among households with children

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# **Luxembourg Income Study Working Paper Series**

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**Cross-National Comparison of Economic Inequality among  
Households with Children**

**Sawako Shirahase**

**May 2007**



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# **Cross-national Comparison of Economic Inequality among Households with Children\***

Sawako Shirahase  
Department of Sociology  
University of Tokyo  
[sshiraha@l.u-tokyo.ac.jp](mailto:sshiraha@l.u-tokyo.ac.jp)

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## Abstract

The paper consists of three parts. The first part presents empirical results on the economic situation among Japanese households with children. The second part compares and analyzes cross-national micro-data on households with children. And, lastly, I discuss attitudes toward child-rearing policies in the United States, France, Sweden, South Korea, and Japan. In Japan, a larger extent of income inequality is manifest particularly among households with young children. The poverty rate among households with young children is higher in Japan than France and Sweden. The need for child-rearing policies in Japan is not differentiated as largely as in other countries by household income. Poor or rich, people strongly desire more robust economic support for child rearing in Japan.

Cross-national Comparison of Economic Inequality among Households with Children  
Sawako Shirahase

1. Introduction

It is widely accepted that since the 1980s the degree of economic inequality has increased. Nevertheless, opinions vary as to the degree of increase and how to assess it. Tachibanaki (1998; 2006; Tachibanaki, Urakawa 2006) claims that Japan has developed inequality on par with the United States, and warns that the high level of poverty in Japan rivals the US. Alternatively, Ohtake (2005) dismisses the notion that the extent of economic inequality is widening as illusory and argues the recent rise in income inequality is largely the result of Japan's ageing population. No uniform increase in the degree of income inequality is found across age groups. Much of the rise in income inequality is due to an increase in the percentage of households with elderly, which exhibit a relatively a large degree of income inequality.

I agree that we should be cautious in emphasizing the extent of widening income inequality. By calling for caution, however, I do not intend to ignore or minimize changes in the degree of income inequality. Instead, I question which parts of society show the greatest change in degree of income inequality. That is a very important research question to tackle. Economic changes do not take place uniformly over a society, nor is income inequality a recent phenomenon. Ohtake (1994; 2006) focused on the ageing population to examine the change in the extent of income inequality. I then will examine the extent of income inequality focusing on the decline in fertility. Recent increases in the extent of income inequality have been witnessed among younger age groups in their twenties and thirties (Ohta 2004; Shirahase 2006a).

A decline in the number of children ("Shoshi-ka") results from the failure of the total fertility rate to meet the replacement fertility rate of 2.08. The decrease in the total fertility rate can be largely explained by the two factors. The one is due to the increasing number of young people who shy away from marriage, and another is to the decline in birth rate among married couples (Hiroshima 2000, Iwasawa 2002, Kaneko 2004). That said, there has not been a significant increase in married couples without children, and only 5.6 percent of couples married 15 to 19 years do not have children (National Institute

of Population and Social Security Research 2006). The completed fertility rate was 2.09 in 2005. Its corresponding figure was 2.23 in 2002, and such a decline is primarily a result of the decrease in the number of couples with three children.

In response to the “1.57 Shock” of 1990, the government implemented a variety of policies to address the declining birth rate. Despite a pervading sense of crisis, the fertility rate has continued to fall. In 2005 Japan’s total fertility rate was 1.26. Why won’t the birth rate rise? What is the reason? If social policies are evaluated by their effect on the birthrate, unfortunately it must be said that they did not prove successful. However, birthrates do not rise quite so easily (Ohbuchi 2005). It will take a while to remedy the falling birth rate, and there are inherent problems with the idea that the falling birth rate can be solved only by governmental policy.

Since various family policies operate under budgetary constraints, it is understandable that the term “efficiency” would appear. There is not enough budgetary surplus to blindly support policies without attention to their results. The effects of various policies on the actions of women and their partners are not direct or immediate, and cannot be expected to be. Changing the birth rate should be at most one among a variety of aims, but should not be the ultimate goal of family policies. A better approach would be to debate the declining birth rate in the context of the social position of child rearing more generally. Even if the birth rate does not increase, the significance of social support for child rearing cannot be denied.

Attitude surveys related to the declining birth rate often query the burden of child rearing. By far the most common response is economic burden—people do not say that they do not want children. In fact, not a small number of people consider three the ideal number of children and the Japanese National Fertility Survey, conducted by the National Institute of Population and Social Security Research in 2005 stated that the ideal number of children was 2.48. Although it is in decline, the ideal of 2.48 is still higher than the fertility replacement rate of 2.08. Why aren’t people having their ideal number of children? Asked the reasons why they had not had their planned number of children, two thirds of respondents replied, “Due to the high expense of childrearing and education” (National Institute of Population and Social Security Research 2006). Since it is expensive to have children, people cannot afford to have children. If that were the case, if economic support is provided, perhaps more people would have children. That has been the response of the Japanese government to a series of survey results. However, logically

is that really an appropriate response?

I will explore the degree of income inequality among households with children and reveal who holds the greatest economic risk. This paper consists of three parts. The first section presents empirical results on the economic situation among Japanese households with children. If the income level were the limiting factor in bearing children, one would expect a tendency for households with a large number of children to be economically better off. However, there are economic disparities among households with children. It is not the case that only well-off households have children. This section will reveal changes in the degree of economic inequality in households with children.

The second section compares and analyzes cross-national micro-data on households with children. The countries that we are going to analyze are the United States, France, and Sweden<sup>1</sup>. The United States is one of the few industrialized countries with a population that is increasing, and is representative of a market-oriented liberal welfare state (Esping-Anderson 1990; 1997). Beginning in 2000, France's total fertility rate recovered and in 2005 had returned to the mid-1970s level of 1.94. The recovery of the French fertility rate was seen as the result of pronatal family policies based around a robust family allowance. Sweden is a champion welfare state that has developed universal welfare policies. After the economic stagnation it experienced in the early 1990s, by 1999 Sweden's total fertility rate had fallen to 1.50 but recovered to 1.77 by 2005.

Lastly, I discuss attitudes toward child rearing policies in the United States, France, Sweden, South Korea, and Japan. Each of these five countries has taken a different approach to family policy. This paper will examine the emphasis people in each country place on child rearing and what kind of governmental support they expect. Reflecting on the results of the comparison of the extent of income inequality in the United States, France and Sweden examined in section two, section three will explore to what degree income level affects attitudes toward child rearing. I will consider what the degree income inequality and expectations of child-rearing support suggest for peoples' family policy needs.

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<sup>1</sup> South Korea is included in the comparison of cross-national attitude surveys later in this paper. In the discussion of income inequality, however, the Korean data are not available in the LIS data archive.

## 2. Income inequality among households with children

In this study, I define child to be those aged 17 and under and based on the relationship with the head of the household. In the analysis, I will examine disposable income, which I calculate by subtracting tax and social insurance payments from total gross income. In all societies including Japan, I use disposable income with the equivalent scale of elasticity 0.5 .

Income data used in this paper comes for Japan from the National Survey of Living Conditions (*Kokumin Seikatsu Kiso Chosa*)<sup>2</sup> in 1986, 1995, 2001 (the Ministry of Labor, Health, and Welfare) and for foreign countries from the Luxembourg Income Study (hereafter, LIS). In order to make our analysis comparable, the family type is constructed based on the relationship with the household head. Following this way of operationalizing the family type, unmarried adult children living with their parents or one-person households living with their parents would each be classified as either nuclear families or three-generation families. According to the 2003 National Survey on Single Mothers (Ministry of Health, Labor, and Welfare), the number of single mothers who return to their parent's home has increased. Therefore, the number of single-parent households tends to be underestimated under our way of constructing the family-type category. For instance, if the head of the household in which the single-parent live with their children is their parent, not their own, their family-type category should be three-generation families, not one-parent families.

### 2.1 Households with and without children

Let us first examine the degree of economic penalty incurred by having children by comparing households with children and those without. Since there are cases in which the event of having child has not yet occurred among young people, I examine only the households whose heads are in their 30s and 40s<sup>3</sup>.

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<sup>2</sup> The full translation of name of the survey is the Comprehensive Survey of Living Conditions of People on Health and Welfare.

<sup>3</sup> Since this survey has no information on date of marriage, instead I employ the age of the head of household in approximating the family stage.

Figure 1 about here

Figure 1 is a comparison of median household income between households with children and households comprised of only a married couple. The income gap between these groups has expanded in recent years. In 2001 the median income of households with children was approximately 70 percent of those without. The relative economic level among households with children is becoming comparatively worse than that of households without children. The economic penalty for having children has been rising in recent years. Such a relative disadvantage in economic level among households with children might be derived from the increase in the number of those under poverty.

Figure 2 about here

Figure 2 shows trends in the relative poverty rate<sup>4</sup> (hereafter, poverty rate) among households with and without children. The poverty rate for both households with and without children shows trends toward increase, but the degree of increase is greater for those with children. In 2001, over 10 percent of households with children were living in poverty. The increasing poverty rate is associated with the increasing economic penalty for having children.

Figure 3 about here

Did the rise in the poverty rate among households with children lead to a downward shift in economic conditions for households with children, or did it increase the degree of heterogeneity within the households with children. Figure 3 reveals the change in the degree of income inequality between households with and without children. Examining the degree of income inequality represented by the Gini coefficient, we see that in 2001 there was largely no difference in the Gini coefficient for households with or without children (Fig. 3). In other words, the increasing economic penalty has widened economic inequality for households with children, bringing them to a similar level of income inequality as households without. The households with children are very diverse category, ranging from those in poverty to those enjoying a wealthy life.

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<sup>4</sup> The relative poverty rate refers to those whose disposable income is below 50 percent of the median income of the total number of households.



Figure 4 about here

Figure 4 presents the poverty rate by the age of the youngest child: pre-school child, elementary school child, and secondary school child<sup>5</sup>. In each category we see an increase in the poverty rate, but it is apparent to the greatest degree among households with pre-school age children. In 1986, households with secondary-school aged children had the highest rate of poverty, but in recent years the poverty rate has increased more for comparatively younger households, often those with pre-school aged children. By 2001 the poverty rate for households with secondary school aged children had fallen to the lowest among the three categories. Why has the poverty rate risen for households with young children? Let us examine working status of mothers of young children.<sup>6</sup>

According to the Japanese National Fertility Survey conducted by the National Institute of Population and Social Security Research in 2005, there has not been major change in patterns of mother's employment since the mid-1980s. From the mid-1980s to the mid-1990s, straddling the bubble era, the employment rate for mothers with young children has remained largely the same. One possible reason that women could stay at home may be that the husband's salary was sufficient for life expenses under that era of good economic performance. The pattern of leaving the labor market at birth of a child has not changed greatly despite the end of the bubble economy and subsequent recession. However, the percentage of households with children with both parents working is rising. In particular, from 1995 to 2001 the percentage of working mothers in households with young children grew from 26.7 percent to 36.5 percent. One can imagine that this rise is the result of the economic downturn encouraging women to return to the labor market. But we must carefully investigate to what degree the rise in the labor force rate has actually contributed to household economy. In fact, the poverty rate for households with young children also increased.

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<sup>5</sup> Since I employ the age of the youngest child as an indicator of life stage, in order to enlarge the sample size to analyze, the analysis is restricted to those heads of household in their 40s.

<sup>6</sup> Here I focus only on working or not working difference, and not on the distinction between full/part time work because of the lack of information on detailed employment status in the National Survey of Living Conditions.

Figure 5 about here

The analysis of Figure 5 is limited to households with pre-school children, and it shows the labor force rate for mothers and the proportion mothers' income contributes to the household economy by income decile. The most important finding here is that although from 1986 to 2001 the labor force rate for low and middle-income mothers rose, there has not been not a correspondingly change in their contribution to household economy. On the other hand, among high income working mothers there was an increase in both the employment rate and their contribution to household economy. In other words, greater economic polarization has developed among households with working mothers. This is a major factor in the increase in inequality among households with young children. While there are higher-wage earning mothers who continue to work, others struggle under non-regular or non-permanent employment and low wages to contribute to their family economy. The problem found in non-regular employment is not only for young adults but also for young couples with children.

### 2.1 Cross-national comparison of income inequality among households with children

Let us now examine income inequality among households with children from a cross-national comparative perspective. The countries included in this analysis are the United States, France, and Sweden. These countries were selected taking into account the attitude survey regarding child-rearing social support that I will discuss in the final section. South Korea is included in the attitude survey, but it is not included in the LIS data. Therefore, I focus on the examination of income inequality in only the former three countries. Our analysis is also limited to households whose heads are in their 40s and under.

The overall degree of economic inequality (based on the Gini coefficient) in 2000 for the United States was .368; France, .278; Sweden, .252; and for Japan, .332. Just based on the Gini coefficient it cannot be said that Japan is an economically equal society. Even in the mid-1980s, the Japanese Gini was not particularly low, and it is incorrect to assume that after the 1990s Japan has suddenly become an unequal society. Of course looking at the changes in the Gini coefficient since the mid-1980s and the age of householders, we find that France, Sweden, and Japan all hold in common a rise in economic inequality largely found among younger age groups (Shirahase 2007). In particular, despite recovering from the severe economic down turn in the 1990s,

Sweden's labor market for young workers is by no means hopeful and economic inequality is great among younger workers (Palme 2006). On the other hand, in the otherwise unequal United States, economic inequality among younger workers is growing smaller. One reason is the development of welfare-to-work and other proactive but limited-term work training welfare programs (Olof 2005).

Examining the poverty rate for households with children in 2000, we find the United States at .219; France, .079; Sweden, .042; and Japan, .144. Considering all households with children, the Japanese figure is not as high as the poverty rate of the United States, but is clearly higher than French and Swedish figures. We cannot ignore the extent of the poverty rates among children as someone else's problem. The poverty rate among households with children in the mid-1980s in Japan was .103, so the subsequent degree of its increase is by no means small.

As seen in the preceding section, the economic inequality among households with children is particularly apparent in households with young children. The following section continues this discussion with a focus on households with pre-school age children.

Figure 6 about here

Figure 6 shows trends in the poverty rate among households with young children in the mid-1980s, the mid-1990s, and 2000. The poverty rate in the United States is high, but Japan's poverty rate is increasingly higher. Similarly, Sweden's poverty rate for households with pre-school aged children has been rising since the mid-1990s. The main reasons for that rise, as previously noted, includes the worsening labor market for younger workers as well as the influx of lower-income immigrants (Olof 2005). Although it is regarded as a model welfare state, Sweden shares with Japan problems in the youth labor market.

Let us now examine the level of economic well-being of households with young children headed by single parent, particularly those households headed by single mothers. The rate of labor force participation for mothers of young children in Sweden is 83 percent, in the United States 63 percent, 60 percent in France, and 40 percent in Japan. The degree of the economic contribution from working mother to the household economy is by far the highest in Sweden, followed by France, and then the United States. Employment among mothers of young children in Japan is limited and as such their

contribution to household economy is substantially low (Shirahase 2007). To what degree does labor force participation by the mother lower the risk of falling into poverty?

Figure 7 about here

Figure 7 shows the poverty rate of two parent households with young children by the mother's working status. The most important finding in Figure 7 is that in Japan, whether the mother works or not does not significantly affect the poverty rate. In Japan the poverty rate for two parent households with young children and both parents working is 8 percent while for the households where the mother is not working it is 10 percent, a difference of only 2 percent. Conversely, in the United States the rate of poverty varies greatly based on labor force participation of the mother. When the mother is working, the poverty rate is 9 percent, but in households where she is not working the poverty rate jumps to 28 percent. While the difference is not so stark in either the French or Swedish cases, working mothers play an important role in alleviating the risk of falling into poverty. In Japan, however, labor force participation of the mother has little direct bearing on the risk of falling into poverty. One might assume that since working mothers with young children receive low pay or are limited to non-regular employment that their contribution to diminishing risk of poverty is relatively low.

Another important aspect to consider for households with children is the rise in single parent households. The problem of poverty is closely linked to one-parent households headed by women (US Census Bureau). In France, even if couples do not marry, children are often born and reared by couples in secure partnerships. This is a substantial distinction in economic conditions from what is commonly thought of as a single parent household. In Sweden as well, many couples do not legally marry but are instead joined in partnership. Even if the couple cohabits without legal marriage, they will not face any handicap in raising children. Still, without a stable partnership with a particular person single parents face economic difficulty even in Sweden.

Single parent households are increasing in Japan, though still very small in number. In the 2005 survey on single mother household (Ministry of Health, Labor, and Welfare), the number of single mother households in Japan was estimated to be 1,225,400, and the increase in its number is largely explained by the increase in the divorce rate in

recent years.<sup>7</sup>

If households with pre-school aged children are classified into five categories based on household structure: single-father household, single-mother household, two-parent single-earner household, two-parent dual-earner household, and two parent both not working households, a large majority in Japan is that of the two-parent household. In Japan as well as in other nations, two-parent families are the majority among households with young children, even if the percentage of two-parent families is smaller outside Japan. In the United States 17 percent of households are single-parent (14.5% single-mother households) while over 80 percent are two-parent households. In France the rate for single-parent households is 7 percent and over 90 percent for two-parent households. And in Sweden 12 percent is the proportion of single-parent households while over 80 percent of households are two-parent.

The distribution of household structure for households under poverty reveals that the problem of poverty is not just relevant to single-parent households, but is also a problem in two-parent households—over half of households with young children. It is insufficient to simplify the problem as solely one of single-mother households. It is both a problem of single-mother and single-father households, and clearly relevant to two-parent households as well. As such, it is too simple to assume that the problem of poverty among households with young children is the result of single-parent mothers who cannot gain employment. In fact, it has been already pointed out that the rate of employment of single mothers in Japan is comparatively higher than in Europe or the United States (Nitta 2003; Fujiwara 2003; Yuzawa 2004; Abe and Oishi 2005).

Figure 8 about here

Figure 8 shows the poverty rate for single-mother households in which the mother is in the labor force. The poverty rate of working single-mother headed households where women raise children by themselves is 34 percent in Japan, slightly lower than the rate of 39 percent in the United States. This result has confirmed that employment for single

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<sup>7</sup> The divorce rate in Japan in 2005 was 2.08 per one thousand. It increased rapidly in 1990 to 1.28 and in 2003 had reached 2.25 before receding slightly. The divorce rate by age group, divorce rates are falling for those in their 20s (National Institute of Population and Social Security Research 2007).

mothers does not guarantee avoiding poverty.

While being in the work force does not always function in guaranteeing the economic security for the single-mother household, if they did not work, things would be worse. Japanese social welfare programs targeted at single mothers have been until now developed on the premise of employment, the option not to work outside the home and instead engage in child rearing has been nearly non-existent. Here we find the problem of the working poor. In the United States the problem of the working poor has long received attention, Figure 8 reveals that similar conditions can be seen in contemporary Japan. How should society respond to the harsh conditions for working single mothers and parents raising children? This is not simply a problem of single-mother households but is also faced by two-parent households. It is important to address poverty issues in a wider view, not as a problem limited to single-parent families.

In the sections above we have focused on economic inequality among households with young children. In Japan, the degree of economic inequality is widening among households with young children. Even for two parents living together or for two-parent households with both parents employed, we have confirmed that the risk of poverty is not irrelevant. In order to ameliorate economic inequality among households with children, it is necessary to deploy strategically linked employment and welfare policies. Though discussions about raising the minimum wage are already underway, to ensure the economic well being of the next generation of children it is important to understand to what degree employment can guarantee basic standards of living.

### 3. Cross-national comparison of child-rearing support

This section analyzes the cross-national survey on attitude towards the decline in fertility rate (hereafter, cross-national survey on low fertility) conducted by the Japanese Cabinet Office in 2005 in Japan, France, Sweden, the United States, and South Korea. It investigated the respondents' attitudes towards child-rearing social support in countries where the framework of family policies and the approach of government towards marriage and child rearing differ. The respondents of the survey are men and women aged between 15 to 49 in each country (for detailed information about the survey, please refer to the Final reports on the cross-national survey on the low fertility rate (Japanese Cabinet Office 2006)). Before discussing the results of the survey, let us first take a brief look at how the social support of child rearing is provided in the United States, France, Sweden,

and South Korea.

### 3-1 Child rearing in four countries

Europe and North America have very different approaches for socially supporting child rearing. The U.S. government for the most part does not provide family economic policies. Family issues are regarded as a private matter, and social policies are constructed around the basic position of non-interference by government. For that reason, family policies are not aimed universally to all households with children, but rather based on assisting families with particular needs. Temporary Assistance for Needy Families (TANF) is one such policy (Shirahase 2003). Additionally, working mothers are not assured the ability to receive paid childcare leave. The childcare leave policy established in 2000 basically does not include paid leave and applies only to workplaces with fifty or more employees. Nearly half of working mothers do meet that condition. Moreover, most working mothers cannot afford to take non-paid childcare leave for economic reasons (Shirahase 2006). Family policies in the United States are primarily implemented via tax policy, but the size of social policies is not as large as that of the advanced welfare states of Europe.

France has implemented comprehensive family policies that are very well funded. All mothers, regardless of marital status, age, or ethnic background are eligible to receive a series of family benefits. Those include benefits for medical care while pregnant, childbirth allowance, single-parent allowance, allowances for special education for children with disabilities, allowance for the start of the semester expenses, and family assistance for parents of more than three children between the ages of 3 and 21 years old. In addition to these robust cash allowances, France also provides substantial childcare services. Most nursery schools for children aged 3 to 5 years old are public and the cost for parents who bring their children there is minimal. There is also an at-home allowance to assist childcare at one's own home. A percentage of the cost for these public day care services is levied on working parents based on their income. In return for their high monetary contribution they are able to receive high quality childcare assistance from the government. The wage differential between women with children and those without is small, and the opportunity cost for having children is held to a very low level by France's comprehensive family policies.

Since recovering from recession in the 1990s, Sweden has also apportioned a

large budget for childcare services. Childcare services and their provision have been a central part of the government policy since the rapid increase in labor participation by women in the 1960s. Services, mainly provided by municipalities, were overwhelmed by demand in the 1970s and 1980s and it has been an urgent need to eliminate waiting lists for nursery schools. In response, law was promulgated in 1995 that required immediate provision of childcare for the children of working parents or parents in education, and Sweden came to occupy a central position among welfare states. Family policy centers the Swedish welfare state policy in which all children should be eligible for guaranteed childcare service and no child should be refused service for any reason. Recently, efforts have been made to proactively integrate education-oriented services with childcare services. In fact, in 1996 the bearer of public health policy, the Ministry of Health and Social Affairs, was renamed the Ministry of Education and Science. Over 80 percent of children aged 1 to 5 years old receive services from public nurseries, and three fourths of children aged 6 to 9 years old receive school-age child services. Sweden's welfare state is characterized by a commitment to gender equality and the basic principle of its policies is to maintain and improve the well being of Swedish children (Shirahase 2005).

Comparing the full range of policies in France and Sweden, Sweden is characterized by a close linkage between family policy and labor policy. Grandparents are also given consideration as a worker, and there is a work leave policy for caring for grandchildren. Social policy is oriented not to force a choice between working and not working, but rather is planned on the premise of employment—it is unlikely that one would consider not working while raising children. The limited freedom to choose not to work is a demerit, but at the same time, it would be the case that because of the premise in which everyone is supposed to be in the work force, they have succeeded in providing universal policies.

When compared with Sweden, France has as a rule positioned employment and family policies separately. Parents can opt for support to raise children at home, or to employ a home-helper to assist in childcare. The diverse range of child rearing support policies that place importance on the prevention of economic disadvantages for having children is remarkable. Nevertheless, we cannot ignore the economic inequality among households with children, and the needs of parents are differentiated by mothers' employment and household economic situations. In fact, though high-income families employ private childcare helpers, even at a high cost, low and middle-income households



increasingly depend on nurseries (Japan Institute of Labor European Office 2003). To that extent, while Sweden's universal approach has secured standardized high quality childcare, France, on the other hand, has developed family policies to fit the diverse range of needs of parents. That said, the family allowance that is the center of the family benefit system is not paid for only one child and is the allowance is higher for three or more children. It is apparent that France has developed family policy in accordance to pro-natal policies.

South Korea's decline in birthrate is more sever than that of Japan. From 2000 the declining birthrate in Korea has quickly surpassed Japan's. The divorce rate is also rising, and in 2000 the percentage of single-mother households was 6.3 percent. The female labor participation rate had climbed in 2003 to 48.9 percent but the employment pattern differs by age and resembles the M-shape curve found in Japan. The South Korean government is intent on supporting recent economic growth by using the labor power of women, but the difficulty in reconciliation between work and family is a very large burden to carry in continuing to work (Park 2005).

South Korean childcare facilities are largely privately operated, and there is still insufficient public assistance for child rearing. In 2001 the Maternal Protection Act was amended to widen the range of applicability for maternity leave and childcare leave. However, the number of women working actually eligible for the provisions of the law is limited, and there is still long way to go to provide sufficient social childcare support in Korea. The South Korean government is working vigorously to meet the new needs of a society experiencing drastic demographic transformation and changes in family values.

### 3-2 Attitude towards favor with child rearing

Figure 9 about here

Figure 9 presents the percentage of positive answers to the question, "In your country is it favorable for giving birth to and raising children?" Notable here is that nearly 100 percent of respondents in Sweden selected the positive answer. That result should not be surprising given comprehensive welfare policies that support for both family and employment for which Sweden is famed. Even so, it is outstanding to see the overwhelming majority of people in Sweden consider their own country to be congenial to child rearing. On the other hand, the country with the most negative view of child rearing favor was South Korea. Nearly 80 percent of respondents felt that, "In my country

it is not favorable to raising children,” and of that number nearly 40 percent responded with the strongly negative opinion. In Japan, negative opinions on the favor of child rearing were not as high as in Korea, but approximately 14 percent still responded with the strongly negative, “I don’t think Japan is an favorable place to raise children at all,” and about half of the total respondents showed negative attitudes.

Following Sweden, the next highest proportion of positive attitude towards child rearing was in the United States. It is rather surprising that so many people in the United States, without universal child-rearing support provided by government, would hold positive opinions on the favor of child rearing. It would be a bit dangerous to conclude, then, that even without universal social child-rearing support people felt that it was favorable for raising children their country.

### 3-3 child-rearing support needs by income group

The percentage of strongly positive responses to the statement, “The government should operate facilities to assist child rearing,” was 96.6 percent for Japan, 95 percent for Korea, and 93.7 percent for Sweden. French responses that the government should be expected to assist in child rearing were in the majority at 88.6 percent. Although the United States percentage was over half at 66.1 percent, it was not high in comparison to other countries. In cases where public support for child rearing is already limited, people do not expect a very high degree of government child rearing assistance. It does not appear that just because public support is low people will demand more. Perceptions of need are constructed within the social, economic, and political contexts in which people live.

Building on the discussion of economic inequality in households with children in sections 1 and 2, I will now examine difference in need for child-rearing support in low, middle, and high-income groups<sup>8</sup>. I evaluate the need for child-rearing support using the response to the following question as the proxy variable, “What type of child rearing support is important?” For example, if a large number of respondents state that economic support for child rearing is important, that indicates that the need for economic support for child rearing is high. There were fifteen total selections for child rearing support and

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<sup>8</sup> The three income categories were constructed by the original income categories in each country. Please see the final report of the survey for detailed information (Japanese Cabinet Office 2006).

respondents were able to choose five. The fifteen available selections were: 1. More diverse child care services, including longer hours, 2. Better in-home childcare options, like baby sitters and nannies, 3. More family friendly policies at companies, 4. More work flexibility including flex-time and part-time work, 5. More social benefits such as child allowances to lessen the economic burden of child rearing, 6. Tax exemptions or other tax based measures to lessen the economic burden of child rearing, 7. Maintaining workplace environments where childcare leave easy to take, 8. Requiring men to take limited childcare leave from work, 9. Promoting assured income during childcare leave, 10. Promoting ease of return to the workplace after taking maternity or parental leave, 11. Improving pediatric medicine, 12. Assistance with or lowering education expenses, 13. Raising public awareness about the joy and fun of giving birth and raising children, 14. Maintaining a safe environment to raise children with parks and the like, and 15. Preventing crimes against children and guaranteeing area safety.

#### Table 1 about here

In Japan the importance of lessening economic burden is cited as a policy task, but in Sweden and other countries as well many respondents noted the economic burden that comes with raising children (Shirahase 2006a). But although the sentiment that raising children is an economic burden is consistent across different countries, it does not mean that favored assistance measures will be consistent. Table 1 shows the top three social policy selections judged most important for each country. The child rearing assistance measures most important in Japan and South Korea were the same, both focusing on child allowances, diversity in childcare services, and reducing the cost of educational expenses. For other countries, it was revealed that allowing flexible employment is considered an important way to assist in child rearing. Responses from the United States in particular suggest the importance of workplace environment is important.

#### Table 2 about here

Table 2 presents that the perception of importance of child rearing support policy shows significant variance between income levels. This significant difference in child rearing needs based on income level was particularly apparent for France. Low-income families placed importance on child allowances and other social policies while high-income respondents showed greater need for flexible employment and more diversity in childcare services. In France, Sweden, and South Korea, low-income respondents judged economic

support to a great extent the most important. But in Japan both low and high-income respondents placed high emphasis on economic support. In fact, for the three child-rearing policies judged most important in Japan shown in Table 1 did not show a significant difference by income. The respondents that showed a significant difference by income level were to mandate childcare leave for men and to maintain a safe environment. These were both ranked at a comparatively lower level overall in terms of the importance in child-rearing policies. Compared to other countries, Japan is characterized by fairly minimal difference based on income level in the child rearing policies respondents judged most important. Both low-income and high-income respondents revealed that they considered economic support, diverse childcare services, and educational assistance as important to a similar degree.

In other words, the particular need for child-rearing policies in Japan is not differentiated by income level. Poor or rich, people strongly desire more robust cash benefits and childcare services. While I did not find a significant difference at the 5 percent significant level based on income, the respondents who placed importance on lowering educational costs were not those in lower income brackets but rather much more common among the higher income respondents. Rather than the poor looking for a reduction in education cost burden, I found that the high-income respondents who invest a great amount of money in educational expenses were the ones who most desired relief from that burden. One can conclude from these results that child-rearing cost is not absolute, but instead exceedingly relative.

In countries outside Japan, child-rearing policy needs differs by income level. Those in the low-income group hope for monetary benefits and economic assistance but those in the high-income group tend to favor flexible employment, assured return to the workplace, or reduction of child rearing costs via the taxation system. Despite the fact that economic inequality among households with children in Japan is of the same degree as in the United States, people's perceptions of it are less pronounced than actual economic inequality.

#### 4. Conclusion

In sum, we have examined the degree of and trends in economic inequality among households with children and a cross-national comparison of attitude towards child-rearing support. In Japan, a larger extent of income inequality is manifest

particularly among households with young children, but it is not limited to single-mother households but is also applicable to two-person households in tight economic situations. In recent years the rate of employment of mothers of young children has been rising. But the jobs these women have available to them are often non-regular and low paying, and allow only a limited degree of contribution to household economy. Parents with young children are often themselves young and have not accumulated enough skills before they enter the labor market, often with peripheral jobs. The problem of the working poor is not just one of single mothers, but also that of two parent families. The problem of poverty is not limited to single parent households and as such it is necessary to approach the issue from a macro perspective.

To improve the economic well being of households with young children the first step is to ensure a minimum wage to maintain a reasonable living standard. Our results have shown the importance of ensuring linkage between minimum livelihood protection and employment. However, in practice there is diversity in the term “employment.” At present, one problem is that employment “diversity” is coming to mean exceedingly peripheral jobs that threaten younger and elderly workers, or those with little education or who have not accumulated sufficient human capital.

Raising children incurs an economic penalty. That feeling of burden does not lessen even among the highest income earners. But can we then say that providing universal economic support to all the households with children would be an effective remedy? Educational expenses are one of the high-cost aspects of raising children. With the introduction of comprehensive class at school and the recent praise for the influence of family background, educational inequality has been on the increase. The provision of better quality of public education will be the one of key remedies to lessen the burden parents feel from educational expenses.

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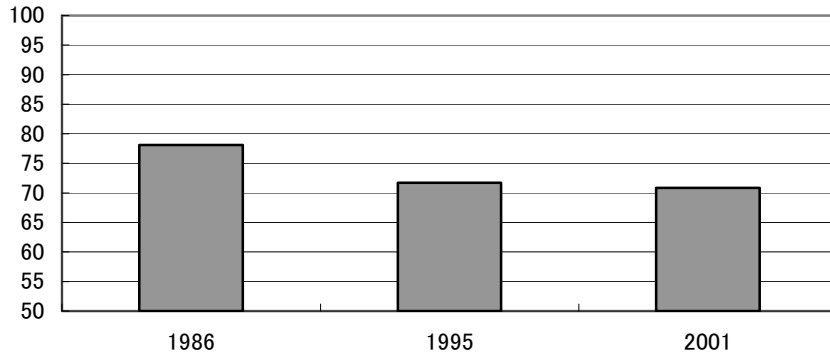
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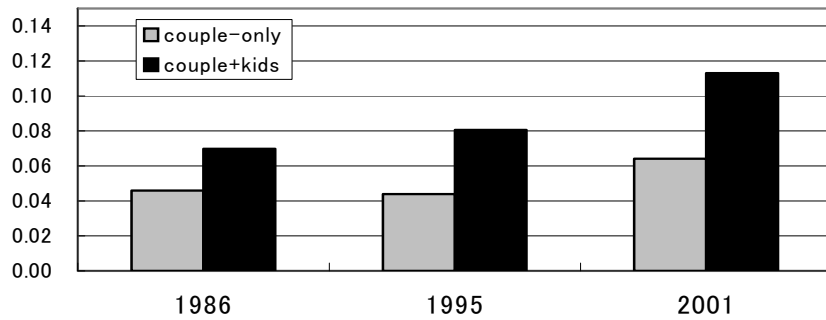
Figure 1. The extent of income differences between the households with children and those without (the median income of couple-only=100)



source) Basic Survey of People's Living (each year)

note) The analysis is limited to the households whose heads are in their 30s and 40s.

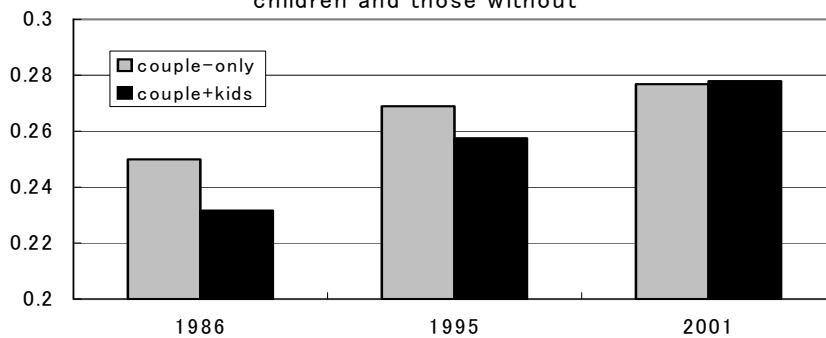
Figure 2 The poverty rates among the households with children and those without



source) National survey of living conditions (each year)

note) The analysis is limited to the households whose heads are in their 30s and 40s.

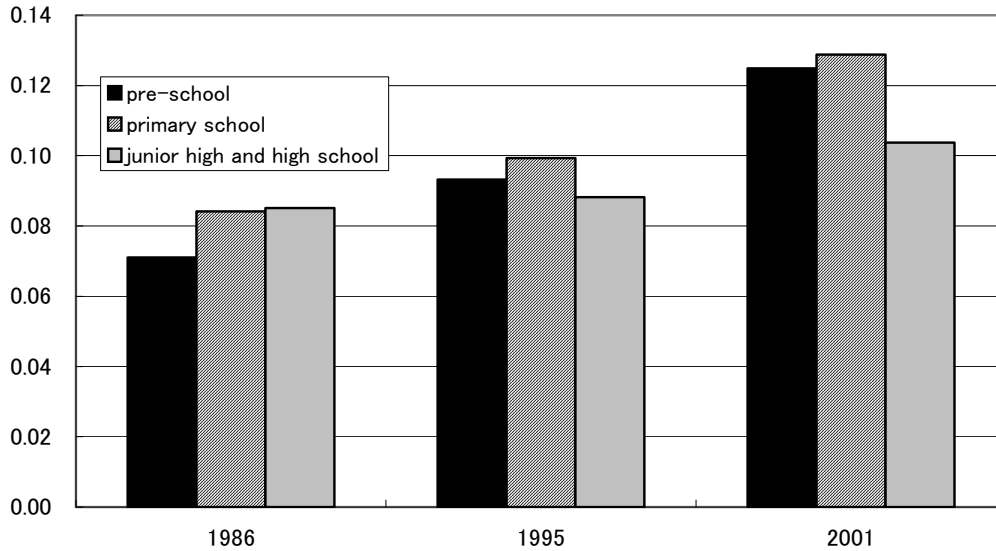
Figure 3 Gini coefficients among the households with children and those without



source) national survey of living conditions (each year)

note) The analysis is limited to the households whose heads are in their 30s and 40s.

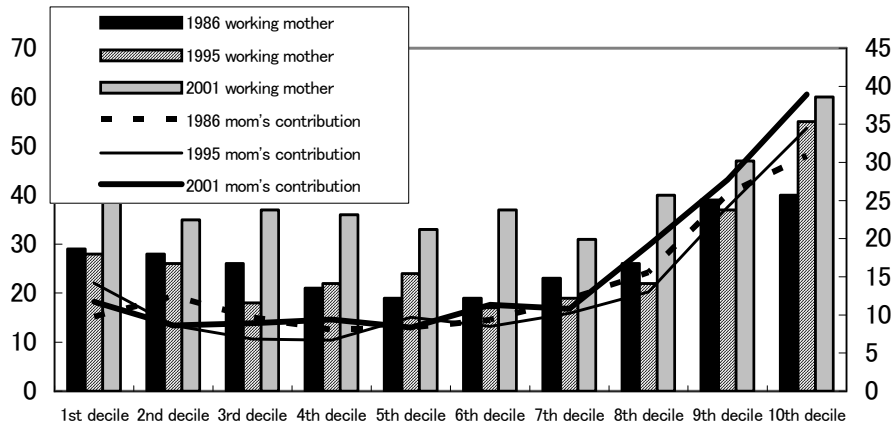
Figure 4 Trend in the poverty rate by the age of the youngest child



source) Basic Survey of People's Living (each year)

note) The analysis is limited to the households whose heads are in their 40s and under.

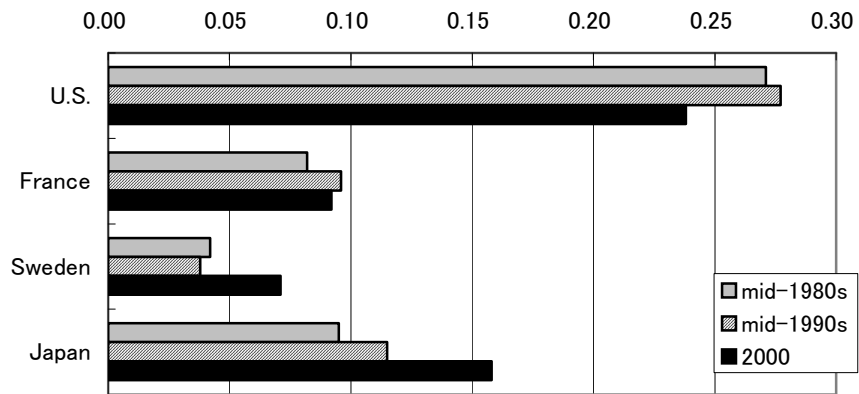
Figure 5 Employment rate and the proportion of mother's contribution to the household economy by decile among the households with pre-school age child (%)



source) National survey of living conditions (each year)

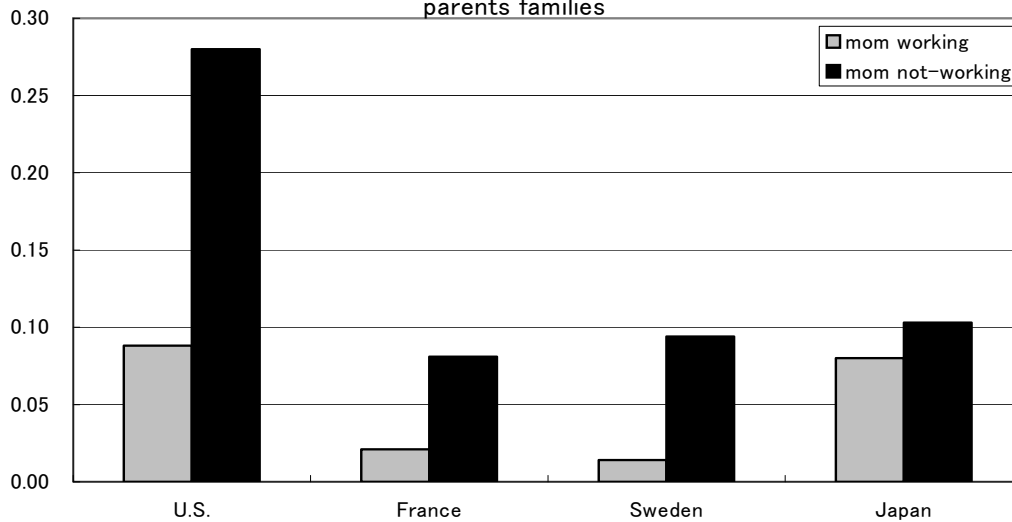
note) The analysis is limited to the households with pre-school age children whose head is in their 40s and under.

Figure 6 Trend in the poverty rate among the household with pre-school children



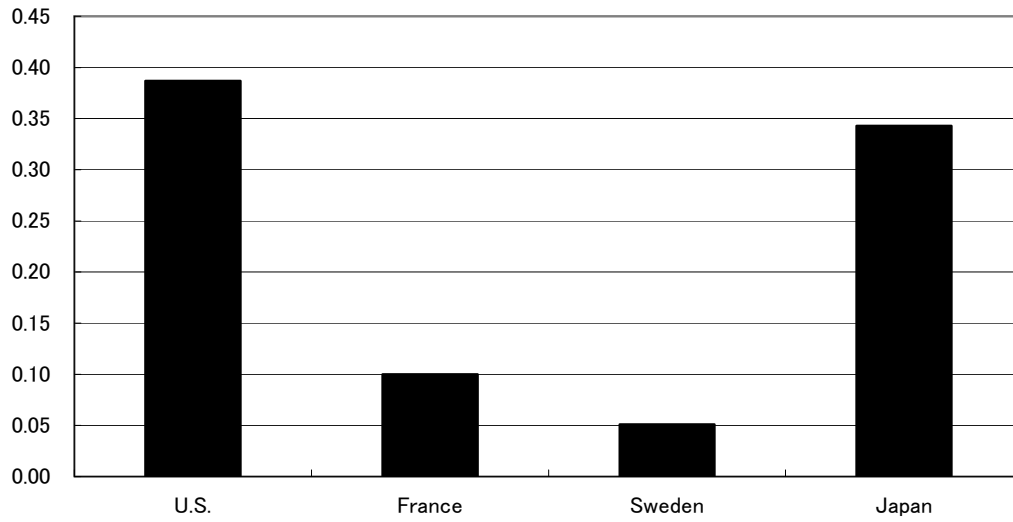
Source: Japan=the 2001 National survey of Living Conditions other=LIS  
 note: The analysis is limited to households whose head is in their 40s and under.

Figure 7 Poverty rate by the working status of mothers among two-parents families



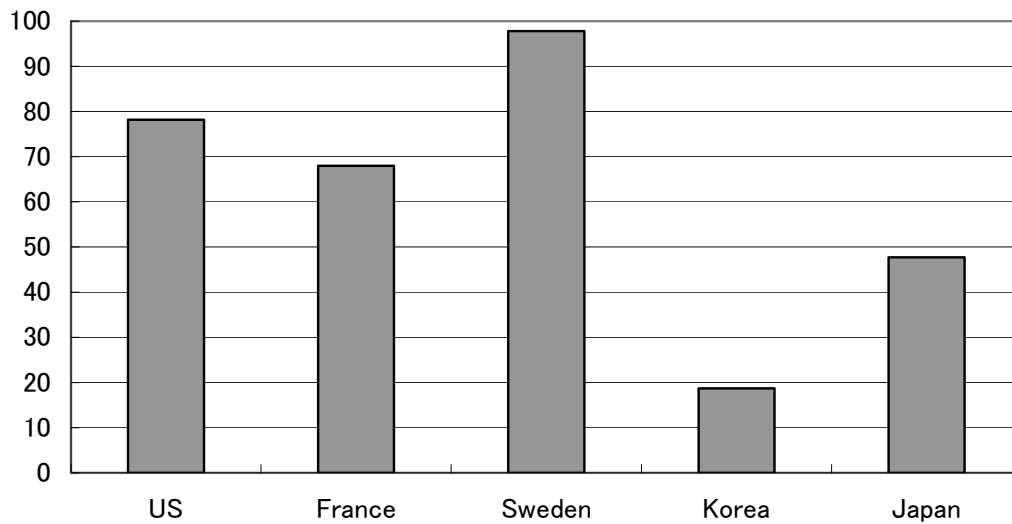
Source: Japan=the 2001 National survey of Living Conditions other=LIS  
 note: The analysis is limited to households whose head is in their 40s and under.

Figure 8 Poverty rate among working single-mother households



Source: Japan=the 2001 National survey of Living Conditions other=LIS  
note: The analysis is limited to households whose head is in their 40s and under.

Figure 9 The proportion of positive responses to ease of child rearing (%)



source: Cross-national survey on the decline in fertility (Japan Cabinet Office 2005)

Table 1 Importance of childrearing assistance measures (%)

Japan	
More social benefits such as child allowances	68.5
More diverse childcare services, including longer hours	56.3
Assistance with or lowering education expenses	43.4
South Korea	
More diverse childcare services, including longer hours	60.6
Assistance with or lowering education expenses	58.1
More social benefits such as child allowances	52.2
United States	
More work flexibility including flex-time and part-time work	44.9
More diverse childcare services, including longer hours	36.4
More family friendly policies at companies	35.6
France	
More work flexibility including flex-time and part-time work	52.7
More social benefits such as child allowances	47.4
Tax exemptions or other tax based measures	42.0
Sweden	
More work flexibility including flex-time and part-time work	60.7
Maintaining workplace environments with easy childcare leave	44.7
More social benefits such as child allowances	41.4

source: Cross-national survey on the decline in fertility (Japan Cabinet Office 2005)

Table 2 Needs for child rearing support which show a significant effect of household income

Japan	
Requiring men to take limited child care leave	
Maintaining a safe environment to raise children	
South Korea	
More social benefits such as child allowances	
Tax exemptions or other tax based measures	
Maintaining workplace environments with childcare leave easily taken	
United States	
More work flexibility including flex-time and part-time work	
Guarantee of return to workplace after quitting for maternity or childcare	
France	
More diverse childcare services, including longer hours	
More work flexibility including flex-time and part-time work	
More social benefits such as child allowances	
Requiring men to take limited child care leave	
Preventing crimes against children and guaranteeing safety	
Sweden	
Better in-home childcare options, like baby sitters and nannies	
More social benefits such as child allowances	
Requiring men to take limited child care leave	
Guarantee of return to workplace after quitting for maternity or childcare	

source: Cross-national survey on the decline in fertility (Japan Cabinet Office 2005)