Learning from Japan’s ‘womenomics’

What is the issue?

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- Abenomics was the economic revival strategy put forth by Prime Minister of Japan.
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- It projects that womenomics as one of the ways to revive the ailing Japanese economy and also getting more women into the workforce and in positions of leadership.
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- Other components of abenomics are expansionary monetary and fiscal policies, structural and economic reform and also consist of deregulation, trade liberalization, tax reform and industrial restructuring.
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Why womenomics is necessary for Japan?

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- Japanese women are highly educated on average have a higher college enrolment than men.
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- Yet female labour force participation rate in Japan has been among the lowest among OECD countries.
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- Following Abenomics, female labour force participation rate rose to 67% in 2015 from 63%.
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- But their pay for similar jobs is only 72% of what men are paid.
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- So around 60% of women quit their jobs disappointed by their career prospects.
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- Female participation is crucial for Japan, since its population is declining and also ageing rapidly.
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- The elderly will make up 40% of the total population by 2060.
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- The ratio of working to retired persons will be 1:1 by 2050.
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- The pension and tax burden will be crushing and will affect economic growth.
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- If female labour participation is on a par with other industrial nations, Japan’s per capita output would be higher by 4%.
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- If female participation were on parity with males Japan would gain 8 million workers and its GDP would be riser by 14%.
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What are the strategies employed in womenomics?

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- Womenomics initially aimed to have 30% of leadership positions for women in government and business.
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- The availability of day-care is a big hurdle to young mothers rejoining the workforce. Thus it also aims to increase 400,000 new centres by the end of 2017.
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- The government asked the business establishment to double their childcare leave.
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- It calls for greater participation of women on company boards.
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- It also contains reforms like removing the tax penalty for working mothers, and introducing new training subsidies to help them return to the workplace.
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What is the Indian scenario?

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- In recent years, the female labour force participation rate (LFPR) in India has been falling.
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- It fell by 11% between 1987 and 2011.
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- Only one-third of the female labour force describes itself as “working”.
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- Presumably, the remaining does unpaid work.
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- Even among those who are working, the pay gap for similar work is substantial.
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- Only in programmes like MGNREGA there is low gender gap.
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What should be done in India?

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- The LFPR pattern shows a U-shaped relationship with women’s education attainment.
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- As women’s average education achievement crosses eighth or tenth grade schooling, it results in higher LFPR as well as lower fertility.
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- e.g The total fertility rate in many southern states, with relatively higher female education attainment, has fallen to replacement levels. Those states also exhibit higher LFPR.
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- Beyond education, skilling, pay parity and board positions, India’s agenda also includes providing women leadership positions in political life
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- But there is as much a cultural hurdle as an economic policy hurdle to achieving progress for women. e.g Protests in Nagaland against 33% reservation in local governments.
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- But as Japan’s “womenomics” shows, numerical targets do help us get started.
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Source: Live Mint

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