

Abe must show path to fiscal health

Heading into a snap poll, Japan's PM seeks to expand child-care services despite reality of budget shortfall

When Japanese Prime Minister Shinzo Abe told his country on Sept 25 that the lower house of parliament would be dissolved on Sept 28 for a snap election — expected on Oct 22 according to local media — he pledged to make child day-care services and pre-school education free in fiscal 2018.

The ruling Liberal Democratic Party's (LDP) platform will include using some of the revenue from a planned hike in consumption tax — from 8 percent to 10 percent in October 2019 — to expand child-care support. That is nearly 2 trillion yen (\$17.8 billion) each year from



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an estimated additional 5 trillion yen the consumption tax hike will generate.

More spending to help people raise children is a right choice for Japan, as the population is shrinking rapidly. The demographic challenge is caused by a low birth rate and more deaths.

Within the past few years, Japan has lost trillions of yen in GDP and experienced a population decline of nearly 1 million. If the country's demographics continue to shift in this way, experts forecast a severe

economic downturn and a breakdown in the fabric of social life.

The country's fertility rate — the average number of children a woman will bear in her lifetime — stood at 1.44 in 2016, while a 2.07 rate is said to be needed to maintain the population level.

A survey conducted by Japan's Ministry of Health, Labour and Welfare showed that people in the country tend to marry late. The average age of men who got married for the first time was 30.7 in 2015, the highest on record, while that of women was 29, tying the record marked the previous year.

Also, new data from the ministry show that the country has broken its record for the number of people living past their 100th birthday. The total came in at 67,824.

And 2015 census data showed the ratio of people aged 65 or older also as the highest ever.

The demographic challenge has hit Japan's fiscal health, with pension and health spending soaring. Japan's social security provides generous benefits to older citizens, as the *Nikkei Asian Review* put it, while offering relatively little support for children and child care.

Helping families balance work and child care can ease labor shortages in the short term. And, over the long run, creating an environment more conducive to child-rearing may encourage more people to have children.

Boosting day-care capacity has been a key pillar of Abe's economic policies, as it focuses on empowering working mothers to strengthen a dwindling workforce.

The day-care crunch — caused both by a surge in the number of working women and a shortage of nursery facilities and staff — has kept many women from returning to their careers.

"The number of people with jobs has gone up by 1.85 million over the past four years, out of which women account for 1.52 million," Japanese Chief Cabinet Secretary Yoshihide Suga said.

"Applications for day care are increasing at an unprecedented pace. As a result, the day-care crunch remains unresolved, especially in big cities."

Abe announced in May that his government will create 220,000 new day-care spots, bringing the number of children on the waiting list for nurseries to zero by the end of fiscal 2020.

The culture among regular workers, often pressed to choose between their work and family life, has deterred women from developing their careers and men from participating in household chores and child-rearing. This has also been a major factor behind the low birth rate.

Roughly 47 percent of Japanese women leave work after having children. Long working hours make

doing their share of child-rearing impossible.

Needless to say, expanding child-care and nursing-care facilities is important to boost the country's birth rate and help the working parents.

But that alone will not see women taking more active roles in society or bring about an increase in the birth rate.

An overwhelming 84 percent of the interviewees in Japan said flexibility is a top consideration when weighing up an offer from a potential new employer, according to recruiting experts Hays.

Abe views stepped-up investment in citizens as key to unlocking the country's economic potential. The LDP's policies, such as free pre-school education, can resonate with Japanese voters.

The *Nikkei Asian Review* recommended that Abe cut benefits to seniors of means and use the savings to fund assistance for younger households.

But Abe has shunned this painful approach. Politicians tend to cater to the needs of the elderly, who will vote for political parties that promise to maintain social welfare.

The need for increased support for free preschool education will inevitably be weighed against the harsh reality of the nation's cash-strapped financial health. Japan's public debt is the highest in the developed world at around 250

percent of GDP. The Abe administration has pledged to turn the deficit in the primary balance into a surplus by fiscal 2020. Abe has been criticized for not being committal on fiscal health as his planned education-related spending would delay the country's debt reduction.

The Cabinet Office has projected an 8.2 trillion yen deficit remaining in fiscal 2020, even if the economy keeps growing at around 2 percent in real terms.

A delayed target could slow efforts to streamline spending on social security, because annual budget limits have been set according to the primary surplus target.

The *Nikkei Shimbun* has warned that an increase in education spending may open a Pandora's Box, prompting more funding demands from other government agencies, such as for defense and public works.

While campaigning for the general election, Abe and his LDP comrades need to come up with an explanation of how Japan's fiscal health will be restored.

By calling a snap election, he is asking for a public mandate for his plan on how additional revenue will be used after the consumption tax rate is increased.

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IP rights boost Internet economy

Rising value of online copyright industry shows the progress Beijing has made in protecting intellectual property

By GAO WEI

While raising doubts over China's intellectual property (IP) laws and practices, the United States should not ignore the progress Beijing has made in those areas. For example, guaranteeing full protection to IP rights online is a difficult task, yet the government has taken measures to address the problem and make remarkable progress in this regard.

According to a China Internet Network Information Center report, by the end of last year China had about 731 million Internet users and the total value of Internet copyrights exceeded 560 billion yuan (\$85 billion). But online piracy, too, has grown with the Internet industry, harming the protection of

IP rights online. Piracy is the most serious online copyright violation, because of the low costs and low risks involved, and the high profits it can fetch.

This year's *China Network Intellectual Property Development Report* indicates that the country's core online copyright industry increased 31.3 percentage points last year compared with 2015, with the online game industry being worth 180 billion yuan, online literature 10 billion yuan, and online videos 5.21 billion yuan. But for online piracy, these figures could have been bigger.

Data from iResearch Consulting Group show that in 2015 and 2016, piracy caused losses of 7.97 billion yuan and 7.98 billion respectively to the online literature sector. The paid-for mobile-reading sector was worth 4.36 billion yuan and 5.02

billion in 2015 and 2016 respectively. There is little doubt that China, despite some drawbacks in its IP laws and practices, has made tremendous efforts to protect IP rights online.

Since 2005, government departments, such as the National Copyright Administration and the Ministry of Industry and Information Technology, have been leading a campaign called Sword Net to combat online piracy in literature, music, videos and games.

As a result, many websites involved in IP piracy have been shut down. And because of the increasing awareness of IP protection, establishing a foolproof system for protecting online copyright has become an important task for the government, for which it has implemented more comprehensive laws.

Besides, to combat piracy and protect new media's copyrights, 10 mainstream media outlets and websites formed an association at the National Conference on Copyright Protection in Digital Environment in April.

The association is expected to play an active role in managing copyrights, making rules and negotiating prices, and thus help its members protect their legitimate rights.

The National Copyright Administration directly supervises more than 3,000 websites, including Baidu, Youku and 18 other influential video platforms, to ensure they closely monitor the content published.

Moreover, due to strengthened IP protection, more online video copyright owners are getting their share of payment. And this year's *Global*

Music Report issued by the International Federation of the Phonographic Industry said the digital music sector markedly increased in scale last year to hit 15 billion yuan.

Strengthened online copyright protection has also facilitated technological and cultural innovations and creations, a new driver of economic growth.

As such, better IP rights protection will boost the mobile Internet, the Internet of Things and other related sectors, including artificial intelligence, and help China to become a stronger Internet economy.

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