Japanese Household Financial Management and Unmarried Rate: Enlightenment to China

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Abstract: With that social mobility has intensified in contemporary society, Japanese's values have become more diverse. In particular, the concept of consumption has a great impact on young people. It has a great impact on traditional concepts of marriage, family and fertility, ae well as people's choice of lifestyle, which increases the risk that people choose not to marry. As the economic development has entered a period of deceleration and transformation, it becomes more difficult for individuals to find a soulmate in the marriage market. Analyzing the changing trend of Japanese marriage pattern is helpful to understand the factors influencing marriage choice, and has some enlightenment on the current marriage dilemma in China. This paper analyzes the marriage problems under urbanization from the perspective of family finance. It is necessary to understand the influencing factors of individual marriage decisions so as to analyze the changing trend of Japanese marriage patterns.

1. Introduction

Since the 1970s, the phenomenon of late marriage in Japan has gradually emerged and has intensified. Before the 1970s, it was taken for granted that “men should marry and women should marry”. With the decline of the “family system”, it has gradually lost its binding force. Japan has become the world's leading “late marriage country”. According to a 2018 reasoning forecast by the National Institute of Social Security and Population Issues in Japan, the single population in Japan will account for 46.8% of the total population in 2040 (including widowed and divorced families)[1]. The expansion of late marriage and non-marriage groups has also brought about the problem of population aging[2]. The aggravation of population aging will lead to an increase in the base of the non-working population and a corresponding decrease in the number of working populations, which will affect the reallocation of resources and the development of the economy. Since the government has introduced layers of targeted policies, the situation is still difficult to turn. This paper explores the issue of individual marriage choice in Japan and analyzes the changing trend of unmarried rate under urbanization and its causes. This paper uses international data and takes Japan's first-level administrative districts as the unit, from two main perspectives of financial constraints and financial management ability. In terms of wage income, the sum of the wage income of both parties is the daily income of the family. The higher the income of both parties, the lower the financial constraint of the family after marriage. Therefore, the income level of both parties affects the degree of financial constraint of the family after marriage. Therefore, this paper takes income as financial constraint index. In terms of educational background, learning ability is the basis of financial management ability. Higher learning ability means better grasp of financial management related knowledge in life, and people with higher education have better system planning ability and financial information integration ability. Therefore, this paper takes academic background as an indicator of financial management ability. China has entered into the society of late marriage relatively late, and the phenomenon of late marriage and non-marriage is almost the same with Japan in the 1990s. It is of great reference significance for China to study the problem of late marriage and non-marriage in Japan[3].

2. Characteristics and Influencing Factors of Japanese Marriage Status

2.1 Status and Characteristics of Marriage in Japan

According to the 2020 census data of the Ministry of Internal Affairs and Communications, the average unmarried rate in Japan is 40.1% among people at the ages of 20-50, of which men are 39.4% and women are 42.0% unmarried. The unmarried rate is calculated by dividing the unmarried population by the total population. “Rate” represents the proportion of people in the area who never marry for life, and is replaced here by the 50-year-old unmarried rate. The 50-year-old unmarried rate is generally considered to be the lifetime unmarried rate because the unmarried rate hardly decreases after this age, and it is extremely rare for women to give birth at the age of 50[4].

Judging from the youth unmarried rate, the unmarried rate in Tokyo is far ahead. The regions with the highest rates of unmarried young men are Akita, Tokyo, Ibaraki, Aomori, and Yamanashi, among which Tokyo, Ibaraki, and Yamanashi are cities in the Tokyo metropolitan area. Aomori and Akita are northeastern cities and they are some of the lowest wages in Japan. The areas with the highest female youth unmarried rate are Tokyo, Kyoto, Nara, Osaka, and Kanagawa, among which Tokyo and Kanagawa are belong to the Tokyo metropolitan area, and Nara, Osaka and Kyoto are Osaka Metropolitan city. From the perspective of regional characteristics, men who marry later are mainly concentrated in large cities in Tokyo and backward cities in Northeast Japan, and women who marry later are mainly concentrated in metropolitan cities. The regions with low male youth unmarried rate and early marriages are Kagoshima, Miyazaki, Nagasaki, and Kumamoto, all of which are in Hokkaido. The regions with lower rates of unmarried female youth and earlier marriages are Shimane, Miyazaki, Yamaguchi, and Aichi in order[5].

From the perspective of lifetime unmarried rate, the cities with the highest lifetime unmarried rate of men are Iwate, Aomori, Akita and Saitama, among which Aomori, Akita and Iwate are the three cities with the lowest monthly salary in Japan. Saitama is a metropolis in the Tokyo area. The cities with the highest female lifetime unmarried rate are Kochi, Tokyo, Hokkaido, Osaka, Kyoto, Nagasaki, and Fukuoka , which are mainly concentrated in the big cities of Shikoku and Kyushu. The cities with a lower lifetime unmarried rate are Fukui and Shiga[6].

It can be seen that in large cities in the metropolitan area, the unmarried rate of men and women is generally higher. Meanwhile, in economically backward areas the unmarried rate of men is also higher. To sum up, the urban economic environment has an important impact on the concept of marriage between men and women.

2.2 The Effect of Financial Constraints on Marriage Choices

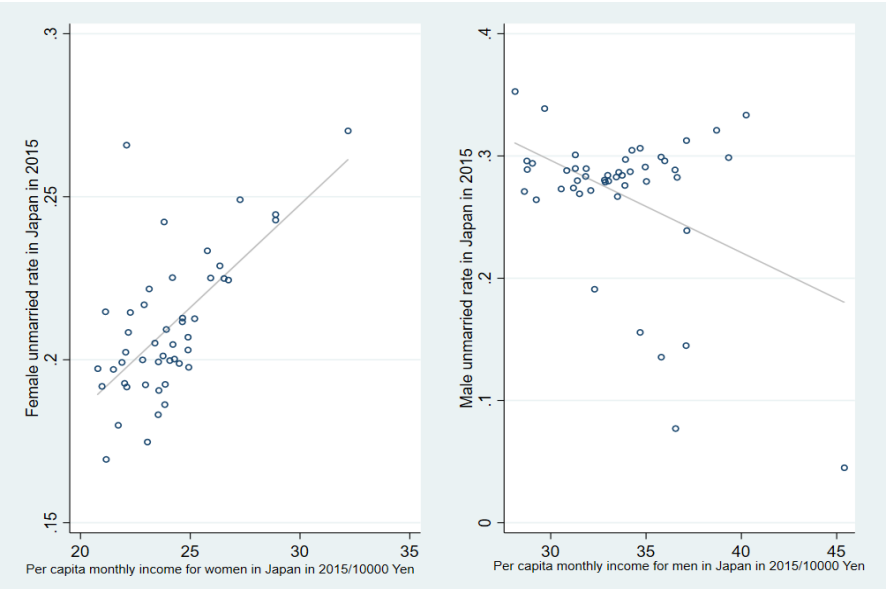

Figure 1: Relationship between Male and Female Wages and Unmarried Rate in 2015

According to the data of “Basic Survey of Employment Structure” published by Ministry of

Internal Affairs and Communications in 2015, the relationship between the annual income of male and female employees and the unmarried rate can be calculated, as shown in Figure 1. From the data analysis, the higher the annual income of men, the lower the unmarried rate, and the opposite trend for women. We mainly studied people over the age of 35. It was found that more than half of the "working poor" with an annual income of less than 2 million yen were unmarried even at the age of 35. In addition, if the annual income of women exceeds 10 million yen, the unmarried rate will skyrocket. Among women with an annual income of more than 15 million yen and a successful career, 70% are unmarried, which is entirely different from men.

According to "Money View Survey of Young People in Their Twenties" of SMBC's 2022 Consumer Finance, more than half of young people in their 20s believe that they can get married with an annual income of 5 million yen, and 13.8% think that they do not want to get married no matter how much their annual income is. According to the basic survey of employment structure in 2017, we take samples of 30-40-year-old couples who are both employed and without children (except parents living together) and founded only 10% of couples have a higher income than their husbands. This means that men have a preference for marrying women with lower incomes than them. This is one of the reasons why the higher the income of men, the lower the unmarried rate.

Japan introduced a new tax policy in 2018: the spouse control policy, that is, the spouse with the highest income can apply for the support of the low-income spouse, and the supporter (usually the husband) assumes the wife's social security and receives certain tax reductions. However, the condition is that when the annual income of the dependent spouse is less than 1.03 million-1.41 million yen (in 2018, it was raised to 1.41 million-2.016 million yen), the husband can enjoy a pre-tax income deduction of 360,000-30,000 yen. At the same time, once the income of housewives exceeds 1.03 million yen, they are required to pay personal income tax. Housewives who earn 1.06 million yen in the year and are expected to work for more than one year also need to bear the health and welfare pension tax by themselves. If the income exceeds 1.3 million yen, the husband cannot pay social security for the wife. If the income exceeds 1.5 million yen in the year, the husband's pre-tax deduction will be reduced accordingly. If the income exceeds 2.016 million yen, the husband will completely lose the spouse control benefit. It can be seen that the more housewives earn from their work, the heavier the tax burden the whole family has to bear. Therefore, married women will try to control their income within 1 million yen, which can not only reduce taxes for their husbands, but also fully avoid tax. In this way, the main income of the family after marriage comes from men, and the childcare and living expenses are also borne by men. In order to ensure family financial freedom after marriage, women naturally have higher expectations for the income of the other half. In the Basic Survey of Birth Trends conducted by the National Institute of Population Issues, Japan's National Institute of Social Security asked single females aged 18 to 34 about their "conditions for marriage". From 1997 to 2015, the number of women who chose "male economic strength" remained at 90% above. This is the reason why male income is inversely related to the unmarried rate.

For women, getting married means losing jobs and giving up individual financial freedom, as well as the equal social status gained through financial equality. High-income women are often reluctant to give up their careers and the financial freedom that comes from hard work. According to the data released by the Ministry of Internal Affairs and Communications in 2012, the relationship between men's marriage rate, unmarried rate and annual income aged 20-39 was as follows. Among men with an annual income of less than 1 million yen, the marriage rate was only 1.3%, and there are 38.8% of them even never dated women. It can be seen that the annual income level of less than 1 million yen is very difficult for women to maintain a married life, so they stay away from these men. The annual income range for men with the highest marriage rates is 8 million yen and 10 million yen, which is 44%. Among them, the proportion of men who have dated women is 72%. It can be seen that this income area is more attractive to women. However, according to data from the National Tax Agency of Japan, people with an annual income of more than 8 million yen in 2020 will only account for 9.2% of the total. Therefore, for high-income women, men with higher incomes account for less. This is also an important reason that women's income is in direct

proportion to the female unmarried rate.

2.3 The Effect of Financial Management Ability on Marriage Choice

According to the basic statistical survey data on wage structure released by Japan Ministry of Health, Labor and Welfare in 2016, the average wages of people with different educational backgrounds are shown in Figure 2.

The monthly income of men with a college degree is generally 339,700 yen, the monthly income of men with a junior college degree is 306,300 yen, and the monthly income of men with a high school degree is 288,100 yen. It can be seen that education is directly proportional to income, and women will inevitably tend to highly educated men in order to seek high-income spouses.

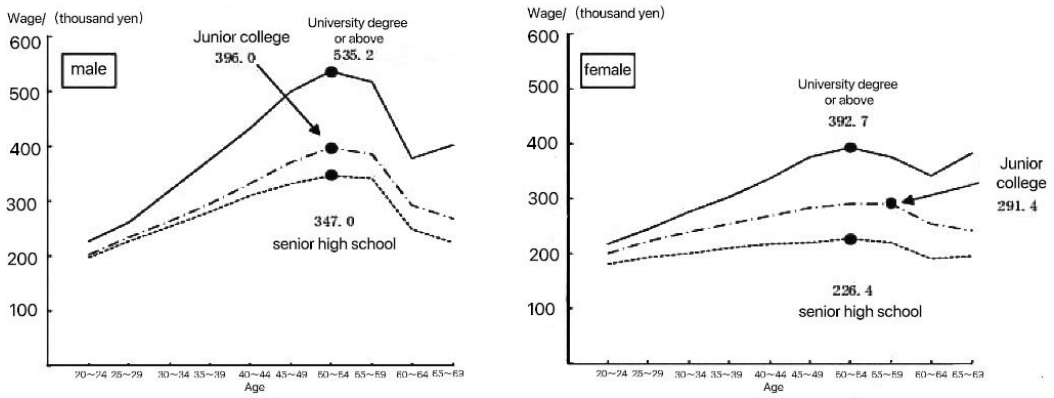

Figure 2 Income trends for different education and gender

In the latest female questionnaire survey, when asked about the educational requirements for future marriage partners, 61.2% of women chose a university degree, which shows that Japanese women prefer highly educated men when choosing a mate. According to statistics from the 2013 Ministry of Health, Labor and Welfare white paper, more than half of unmarried women who are willing to marry choose to consider or value the other party's education, while the corresponding proportion of men is 25%, which shows that women pay more attention to men's education when choosing a mate. The reason for this phenomenon is that, in the eyes of women, marrying a man with a high degree of education has the following three advantages. Firstly, since education is generally proportional to income so they can look forward to future prosperity. Secondly, highly educated male has more intellectual charm. Thirdly, a highly educated mate is easier to be recognized by family members. It can be concluded that the larger the proportion of people with higher education in the region, the more favorable it is to reduce the unmarried rate of the region.

3. The Impact of Urbanization on Marriage Choices

From the perspective of the city, the degree of population agglomeration under urbanization is large, and on the surface, it may alleviate the high unmarried rate. However, the analysis of the population between 20 years old and 39 years old shows that the impact of urbanization on the unmarried rate is positive. The total urban population, population density, and land area are all significantly positively correlated with the unmarried rate. The correlation coefficients are: 0<land area coefficient<population density coefficient<total urban population coefficient, the scatter distribution and its fitting line are shown in Figure 3.

Under urbanization, the population is denser, the allocation of resources is optimized, the income of residents is higher, and the living conditions are better. In theory, the unmarried rate can be alleviated under the effect of urbanization. However, Figure 3 shows that with the development of urbanization, the unmarried rate increases instead of decreasing. Thus, this paper further analyzes and explains this phenomenon.

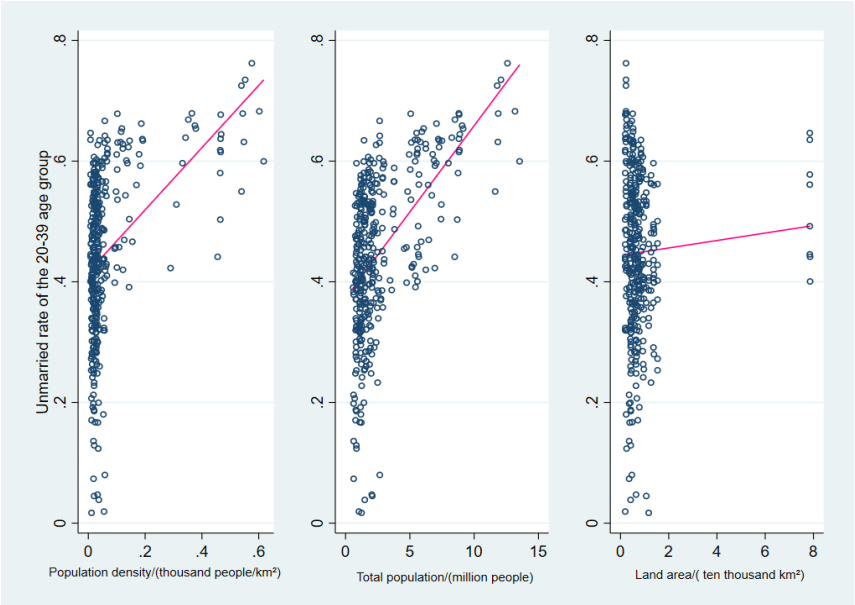

Figure 3 Unmarried Rate and City Size

3.1 The Effect of City Size on the Financial Constraints of Men and Women

The relationship between city size and men's and women's income is shown in Figure 4. There is a clear correlation between city size and men's and women's income. The specific manifestations are: urban population density is positively correlated with male and female income, total urban population is positively correlated with male and female income, and urban land area is negatively correlated with male and female income.

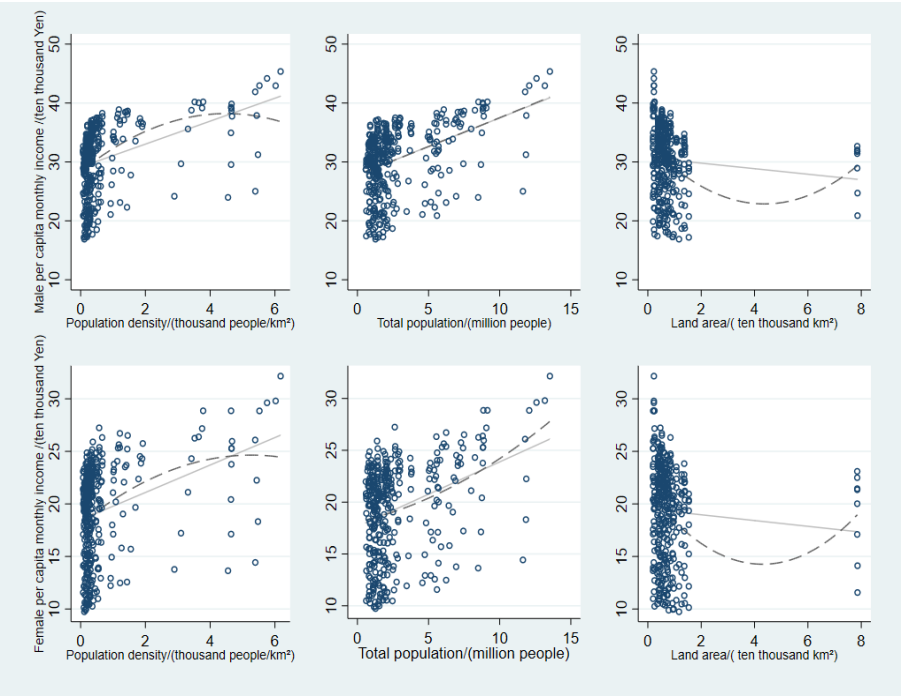

Figure 4 Relationship between city size and per capita monthly income of men and women

When the urban population is decomposed into the two dimensions of population density and land area, it can be seen that the positive relationship between population density and the income of men and women plays a major role, while the land area shows a negative relationship, which means that the urban population size has a significant impact on residents. The positive effect of income is mainly achieved through population agglomeration, and the population distribution becomes more loose when the land expansion rate is higher than that of population agglomeration, which will offset the dividends brought by urbanization development to boosting residents' income. The scatter

distribution and fitting line (solid line) are shown in Figure 4.

Fitted line (dotted line) based on nonlinear relationship: the relationship between urban population density and income is an inverted U-shaped relationship, and the relationship between land area and both is a positive U-shaped relationship. Since the value of space increases with the increase of population density, the price of land and the cost of living also increase. When the marginal cost of living gradually rises so as to offset the benefits brought by the scale economy of the city, the positive effect of population agglomeration on the promotion of residents' income turn to negative.

3.2 The Effect of City Size on Financial Management Ability

The impact mechanism of city size on education is highly similar to the impact mechanism of city size on male and female income. The proportion of population with higher education under the linear assumption is significantly positively correlated with the total population, while the fitted line (dotted line) under the nonlinear assumption also gives almost consistent information. From a simple statistical point of view, the total population has a strong linear positive effect on the proportion of the population with higher education, while the nonlinear effect is very weak. It can be seen that the aggregation of educational resources brought about by the size of the city is conducive to the improvement of the educational level of the urban population. The proportion of the population with higher education is positively related to the urban population density and the proportion of the number of people with higher education in the city. The area is negatively correlated with the proportion of the number of people with higher education. The correlation coefficients between city size and the proportion of people with higher education are: land area coefficient < 0 < total population coefficient < population density coefficient. The scatter distribution and fitting line (solid line) are shown in Figure 5.

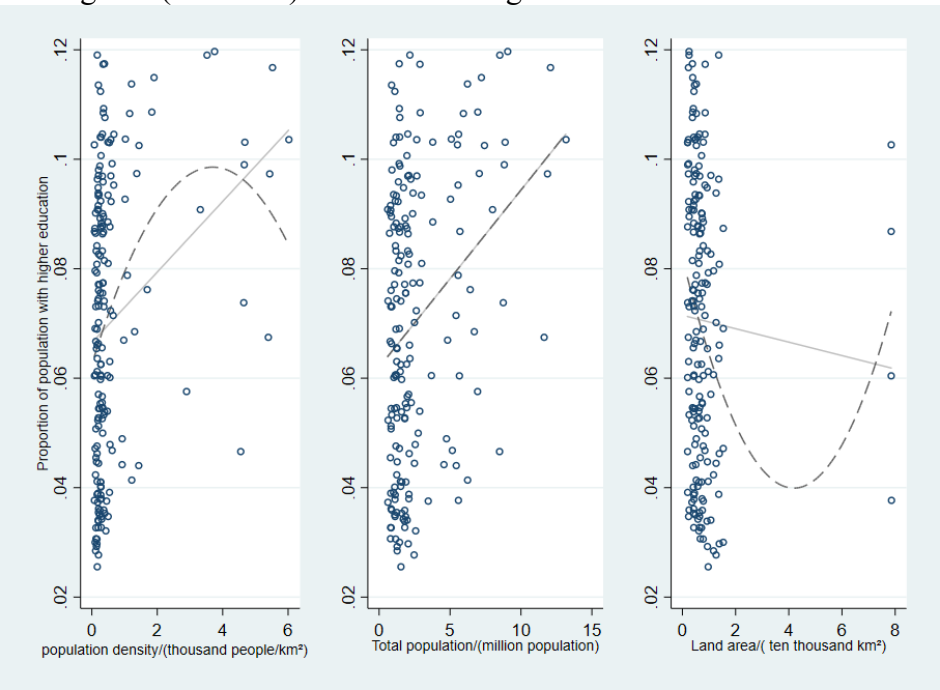

Figure 5 City Size and Educational Background

4. Japan's Current Main Response Measures

4.1 Housing Allowance after Marriage

In 2020, the Cabinet Office of Japan issued new regulations on new marriage allowances. From 2021, as long as the newlyweds are younger than 39 years old on the day of marriage, and the family income is less than 5.4 million yen, they can apply for a living allowance of up to 600,000 yen. This policy is intended to help young people who have given up marriage for financial reasons.

The rising cost of living under the current urbanization is a major factor preventing young people from getting married and starting a family. This measure can alleviate the economic pressure of young people after marriage to a certain extent.

4.2 Perfect Education System

The distribution of educational resources in Japan is relatively balance, and the teacher rotation system is adopted. Japanese teachers belong to the civil servant sequence and must obey the deployment of the state. Teachers across the country implement a rotation system. Usually once every 6 years. This compulsory administrative system ensures that the level of teachers in all public schools is similar to a certain extent, which benefits students across the country, especially for the improvement of the situation of schools with weak resources in remote areas. What's more, as the hardware facilities and software facilities are unified, the school facilities and staffing are the same no matter whether it is a central city or not.

5. Policy Implications for China

5.1 Implementing Policies Related to Marriage Allowances

One of the factors contributing to the rising unmarried rate among young people is the high cost of getting married. The pressure of high housing prices, high bride price and post-marriage childcare costs has led young people to postpone marriage. Subsidies and post-marriage housing subsidies can ease the economic pressure brought about by young people getting married and encourage young people to marry and have children early.

5.2 Improve the Education Resource Allocation System

The current level of equalization of compulsory education in China can basically be divided according to the level of economic development. From a horizontal perspective, the distribution of educational resources in the eastern and western regions is not fair, and the gap is growing. From a vertical perspective, urban and rural education has developed in a polarized manner, and there are huge differences in the educational strength of cities, counties, and townships in different regions. On the one hand, there are not enough teachers and standard educational facilities in the central and western regions. On the other hand, the eastern region has surplus educational resources. The existence of urban-rural duality limits the balanced development of education. Every country in the world has the problem of uneven development of education, but it is not as serious as China. Therefore, improving the education system and balancing the allocation of educational resources is an effective means to improve the national education, and it also plays an important role in reducing the unmarried rate.

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