

The child allowance

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An allowance for each child up to the third grade at middle school is a main promise in the Democratic Party of Japan's election manifesto. The party plans to make the monthly ¥26,000 (US \$290) allowance a permanent measure. The Hatoyama administration plans to give half the amount, or ¥13,000 (US \$145), in fiscal 2010, the first year of the measure, and give the full amount from fiscal 2011.

At present, there is a similar monthly allowance of ¥5,000 to ¥10,000 (US \$56 to \$112) covering children up to the sixth grade at primary school. Given the nation's financial difficulty, the government is divided over whether an income cap should be imposed for the new allowance and whether local governments and enterprises should shoulder part of the cost. For the current allowance, which annually requires some ¥1 trillion (US \$11 billion), the central government shoulders ¥269 billion (27%), local governments ¥568 billion (56%) and enterprises ¥179 billion (17%).

The Finance Ministry suggested that local governments and enterprises shoulder part of the cost for the new allowance. But Prime Minister Yukio Hatoyama declared that in principle, the central government will shoulder all the cost. Cabinet ministers are discussing where to find financial resources. Whatever their conclusion, it is important for the government to forge a consensus among the public that they, in one way or another, have to shoulder some of the financial cost of raising the birthrate and enabling families to rear children without worries.

Another problem is the possibility that the child allowance alone may not achieve the intended goal. The government should seriously consider increasing the number of nurseries, improving the child care leave system, providing compensation for people who lose income by taking child care leave, and equalizing wages between regularly and irregularly employed workers.