

Lunch Seminar

on the Japanese Society and Economy

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What Future for the social security system in Japan?

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1. The Crisis of the Welfare State

1-1 2 assumptions of the Welfare State

1-2 Social Changes and Social Exclusion:
De-Industrialization and Globalization

1-3 Realignment of the Welfare State:
towards Social Inclusion

1-1 2 assumptions of the Welfare state

1) Stable Family

The Modern Family based on
the male-breadwinner and female-housewife

2) Stable Work

Full Employment , presupposing stable access to
work through regular employment and lifetime
employment

⇒ Welfare State sometimes forced particular ways of
living and working on people.

1-2 Social Changes and Social Exclusion

De-Industrialization and Globalization



Destabilization of Work and the Family

Welfare State based on stable work and family failed to include diverse lives (ex. Single mothers, sexual minorities and contract workers)

=“Social Exclusion”

1-3 Realignment of the Welfare State

--restructuring the welfare state to avoid such social exclusion and promote social inclusion.

"Workfare"

= a concept to ...

1) require recipients to join workforce in exchange of qualifications for welfare

2) promote job training as an objective of welfare

→ reinforce the link between work and welfare

2. Japanese Workfare: “Self-Reliance Support”

--The keyword of Japanese Workfare is
"self-reliance support"

2-1 the reform of the child rearing allowance

2-2 the reform of the public assistance system

2-3 the real effort of these reforms

2-4 the outcome of these reforms

2-1 the reform of the child rearing allowance

- child rearing allowance = a primary source of income for single mother households
- The reform of this system
 - 1) reduce benefits for many single mother households
 - 2) intensify the promotion of job placement as a way of “self-reliance support”.
 - 3) cut down benefit period to 5 years.
- The model of this reform was the shift from AFDC to TANF in the USA.

2-2 the reform of the public assistance system

- public assistance system (livelihood protection) is the final safety net in the Japanese social security system.
- The reform of this system
 - 1) introducing "Self-reliance support programs" into this safety net.
 - 2) abolishing various additional benefits
... to prioritize "encouraging self-reliance" over "guaranteeing a minimum standard of living"
- The aim was to encourage the recipients to become "independent" from the benefit by pushing them into work

2-3 the real effort of these reforms

- "self-reliance support" approach is being introduced in a wide range of other areas. (ex. welfare for persons with disabilities, policy towards the homeless, policy towards unemployed, policy towards "freeters" and "NEET")
- The real effort of these reforms is the departure from dependence on welfare benefits.
 - ∴ "self-reliance support" has always been promoted hand in hand with reduction of benefits

2-4 the outcome of these reforms

- 1) 80% of single mothers are already working
→ additional job placement support will not improve the living situation of most single mothers.
 - 2) many recipients of the livelihood protection are the people who are unable to work.
→ The effectiveness of "job placement support" for such people is questionable
- Worse than that, the abolishment of additional benefits for elderly people and single mothers has made their lives even more difficult.
- ⇒ social "exclusion" and increased poverty

3. Poverty in Japan

-- Japan has no poverty...?

3-1 Extreme Poverty①: Starvation

3-2 Extreme Poverty②: homelessness

3-3 Extreme Poverty③: suicide

3-4 Relative poverty in Japan

3-1 Extreme Poverty①: Starvation

- In May 2005, the mummified body of a 56 year old man was found in Kitakyusyu-City. He ultimately died of starvation.
 - "I want to eat a rice-ball"
- About 100 people "starve to death" every year in Japan.
 - 90 people in 2000, 97 in 2003, and 82 in 2005
- In the name of "supporting self-reliance," are people in fact being placed at risk of starving to death, rather than being "guaranteed a minimum standard of living"?

3-2 Extreme Poverty②: homelessness

- 18,564 homeless people (in 2007)
- The average age: 57.5
- working homeless people: 70.4 %
(They are not “lazy”!)
- ··· average earnings: 40,000 yen
(monthly)

3-3 Extreme Poverty③: suicide

- Japan is known as one of the most suicidal countries in the world, with about 30,000 suicides every year.
- 31.5% of the suicides are due to economic reasons.
- This is thought to be due to the lack of social security, as discussed next.

3-4 Relative poverty in Japan

- Japan's relative poverty rate is 4th from the worst among the 30 member countries.

(OECD 2008)

- It is second only to the USA among the “industrially developed countries”.
- Japan's relative poverty rate is now 15.7 % .
(the government statistics 2009)
→ 1 out of 7 citizens is in a state of poverty!

Poor Social Security System

- the benefit levels of Japan are the second lowest after the USA.

4. Social Security System in Japan

4-1 what role has social security played?

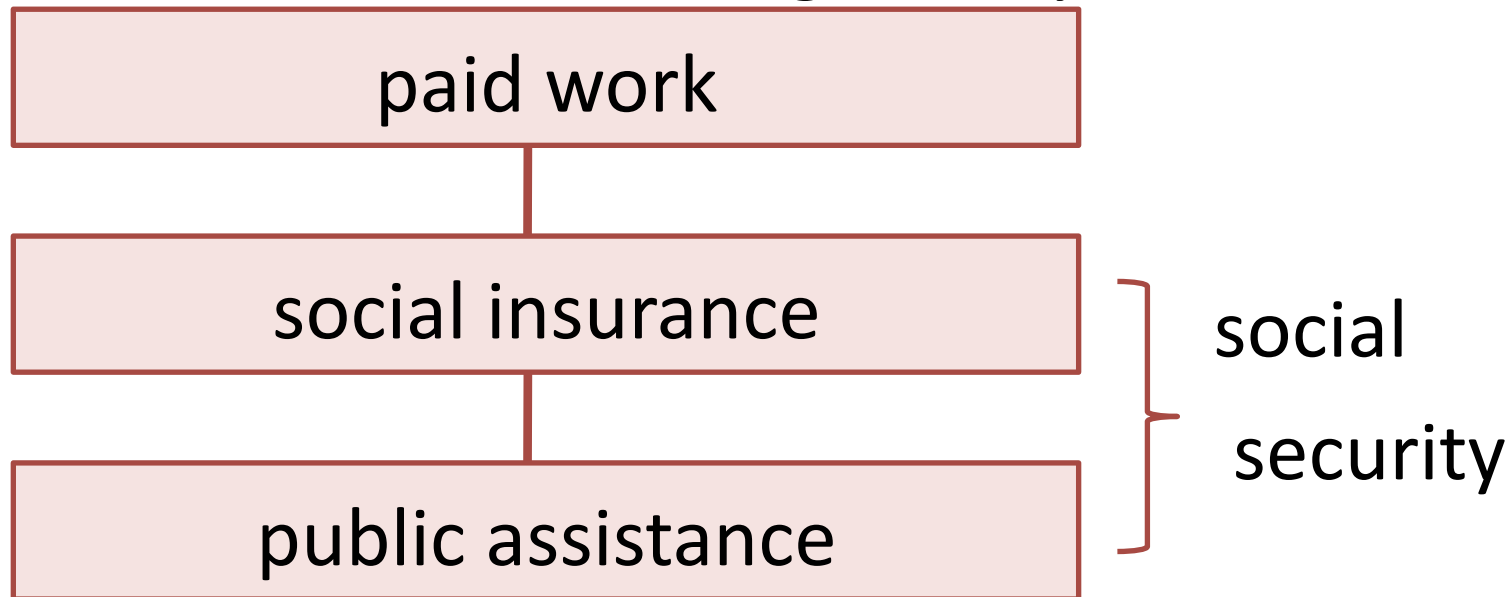
4-2 The reality of “Paid Work”

4-3 The reality of “Social Insurance”

4-4 The reality of “Public Assistance”

4-1 what role has social security played in the welfare state?

- capitalist society
= society where living requires money
- The means of obtaining money



4-2 The reality of “Paid Work”

- 2 myths

"if you can work, you can eat."

"there is work for anyone willing to work ."

- 2 realities

-- The working poor people is increasing

-- The unemployment rate is increasing

4-3 The reality of “Social Insurance”

- "the disappeared pensions" / “non-payment of pension premiums“
- the "actual" issue of non-payment of pension premiums
 - there are many people who cannot pay the premiums even if they would like to.

⇒ social insurance does not cover all people.

4-4 The reality of “Public Assistance”

- The coverage rate of livelihood protection (take-up rate)
 - 32.1% (according to the MHLW)
 - 10-20 % (according to some researchers)
 - cf.) 60-70% in European countries.

⇒ livelihood protection saves only 2~3
out of 10 people

5. Trends towards Realignment

5-1 The Background of the new trends

5-2 Child Allowance

5-3 The Earned Income Tax Credit

5-4 The meaning of the new trends

5-1 The Background of the new trends

- the welfare state model (focusing on paid work)
- the workfare approach (reinforcing the links between paid work and welfare)

--they cannot respond to the present day reality of poverty

⇒ social “exclusion” and increasing poverty



- Growing Anti-poverty campaigns
- The Shift from the LDP to DPJ



new trends to realign social security

5-2 Child Allowance

- 26,000 yen per child (under 15 years old)
 - 1) universal benefit paid to all households with children
 - 2) regardless of income level
 - 3) without any restrictions.
 - 4) the duration of payment has been extended until the end of junior high school.

5-3 The Earned Income Tax Credit

- The aim is to establish a system favorable to those in need.
- It has revised the rules for deductions from taxable income, which have been more advantageous to high income earners.



correct income gap

5-4 The meaning of the new trends

- These realignments have similarities to the policy concept of Basic Income.
- Basic income is a universal benefit payment that unconditionally ensures for all people a basic level of income sufficient to live on.
- The Japanese social security system has tried to respond to the crisis of the welfare state with its own workfare regime. But this has led to increased poverty and income disparity. Now there are attempts to transform past systems fundamentally with policies resembling Basic Income. It seems necessary under the present circumstances.

As an aside....

- Basic Income has gained some support not only from the working class but also from the capitalist class. (ex. Horiemon)

Thank you.

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