

# Policy Frame for Poverty Alleviation

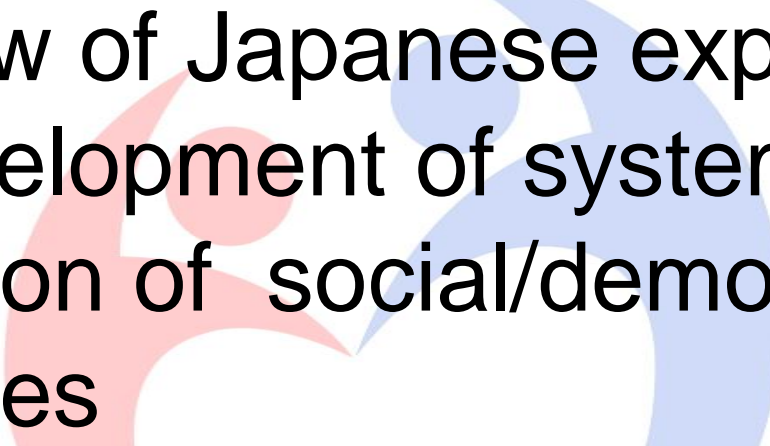
-Recent Japanese Experiences-

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# Outline

1. Review of Japanese experiences in development of systems and adoption of social/demographic changes
2. Refinement of understanding poverty
3. Case Study: Programmes against urban poverty



1. Review of Japanese experiences  
in development of systems and  
adoption of social/demographic  
changes

## Stipulation of Historical Rationale for Social Security

### Article 25 of the Constitution of Japan (Constitution of Japan, 1946)

Paragraph 1. All people shall have the right to maintain the minimum standards of wholesome and cultured living.

Paragraph 2. In all spheres of life, the State shall use its endeavors for the promotion and extension of social welfare and security, and of public hygiene.

### Recommendations on the social security system (Advisory Council on Social Security, 1950)

- The provisions of Article 25 of the Constitution of Japan clarified that the people have the right to live, and the government has the obligation to secure the living.
- The so-called “social security system” refers to providing economic security for the causes of hardship by insurance or directly public burdens, and securing of the minimum standards of living and trying to improve public hygiene and social welfare by governmental assistance for those who fall in hardship of living, and thereby making all people able to live their life worth being members of the cultural society.
- As long as the government take responsibilities, the people shall also fulfill their social obligations necessary for the maintenance and operation of this system, with the spirit of social solidarity, depending on the individual capability.
- The core of the social security is the social insurance system which bear necessary expenses for the system per se, and at the same time, the government shall directly assist those with hardship who cannot be saved with the insurance system alone, and secure the minimum standards of living. Furthermore, the government shall simultaneously carry forward the expansion of public hygiene for the maintenance and enhancement of the people’s health, as well as the social welfare administration to defend against the breakdown the people’s living.

# Changes in the Social Security System

20s of Showa Era  
(1945-54)



30s and 40s of Showa  
Era (1955-1974)



50s and 60s of Showa  
Era (1975-1989)



Heisei Era (1989-)

<Background>

- Postwar Devastation/Confusion
- Improvement in nutrition, Prevention of infectious diseases and Assistance for living

Postwar emergency aid and infrastructure reconstruction (Saving Poverty)

<Background>

- Rapid growth of the economy
- Improvement in the living standard

Development of the social security system including universal health insurance and pensions (Poverty Prevention)

<Background>

- End of the rapid growth of the economy
- Administrative and financial reforms

Shift to stable growth and review of the social welfare system

<Background>

- Falling birthrate
- Burst of the bubble economy and the long stagnation of economy

Structural reforms of a social welfare system reflecting the society with falling birth rate and aging

# Basic Concepts of the Social Security System in Japan

## Purport/Mechanism

- The social security system is a safety net to support the “sense of security” and the “stability” of living of the people.
- “Social justice” as the equality of payment and fairness of burdens should be realized through redistribution of incomes

## [Basic Concepts]

Securement of the “sense of security” by combining “self-aid,” “mutual-aid,” and “public-aid”

- The basic of the people’s living should be made with one’s own responsibilities and efforts by individuals (self-aid)
- Living should be secured by mutual solidarity for risks that cannot be dealt with self-aid (diseases, aging, nursing care, loss of employment, etc.) (mutual-aid)
- Necessary living security such as public assistance should be implemented for situations such as hardships that cannot be dealt with self-aid and mutual-aid (public-aid)

### Self-aid

Individuals maintain their living by their own efforts with earned incomes or bank deposits.

### Mutual-aid

#### Social insurance

Compulsory insurance intended to pay a certain amount and to ensure the stability of the living when various kinds of accidents (insurance accidents) that will bring difficulty with living such as diseases, injuries, childbirth, death, aging, disability, loss of employments, etc.

### Public-aid

#### Social welfare

A system to provide public supports to people with various kinds of handicaps in social living such as people with disabilities and single-mother families so that they can overcome their handicaps and spend the social life with a sense of security.

#### Public assistance

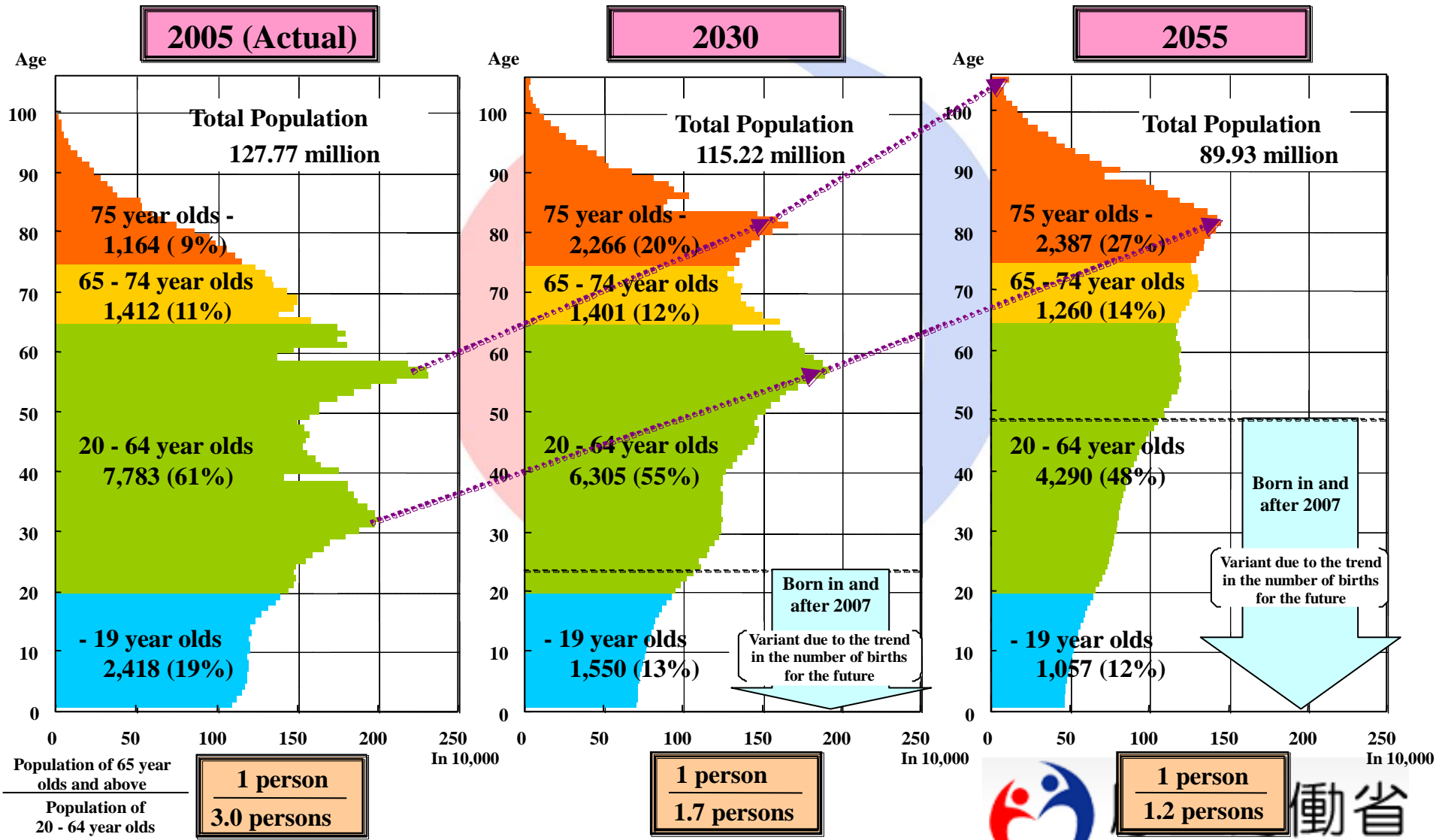
A system to secure the minimum standards of living and assist the independence for people with hardship of living.

## Societal Changes surrounding the Social Security System

1. Falling birthrate and the aging population
2. Worsening of economic situations
3. Changing form of employment
4. Changing household incomes
5. Widening income gap

# Trend of Demographic Pyramid (2005, 2030, 2055)

## Median estimate in 2006



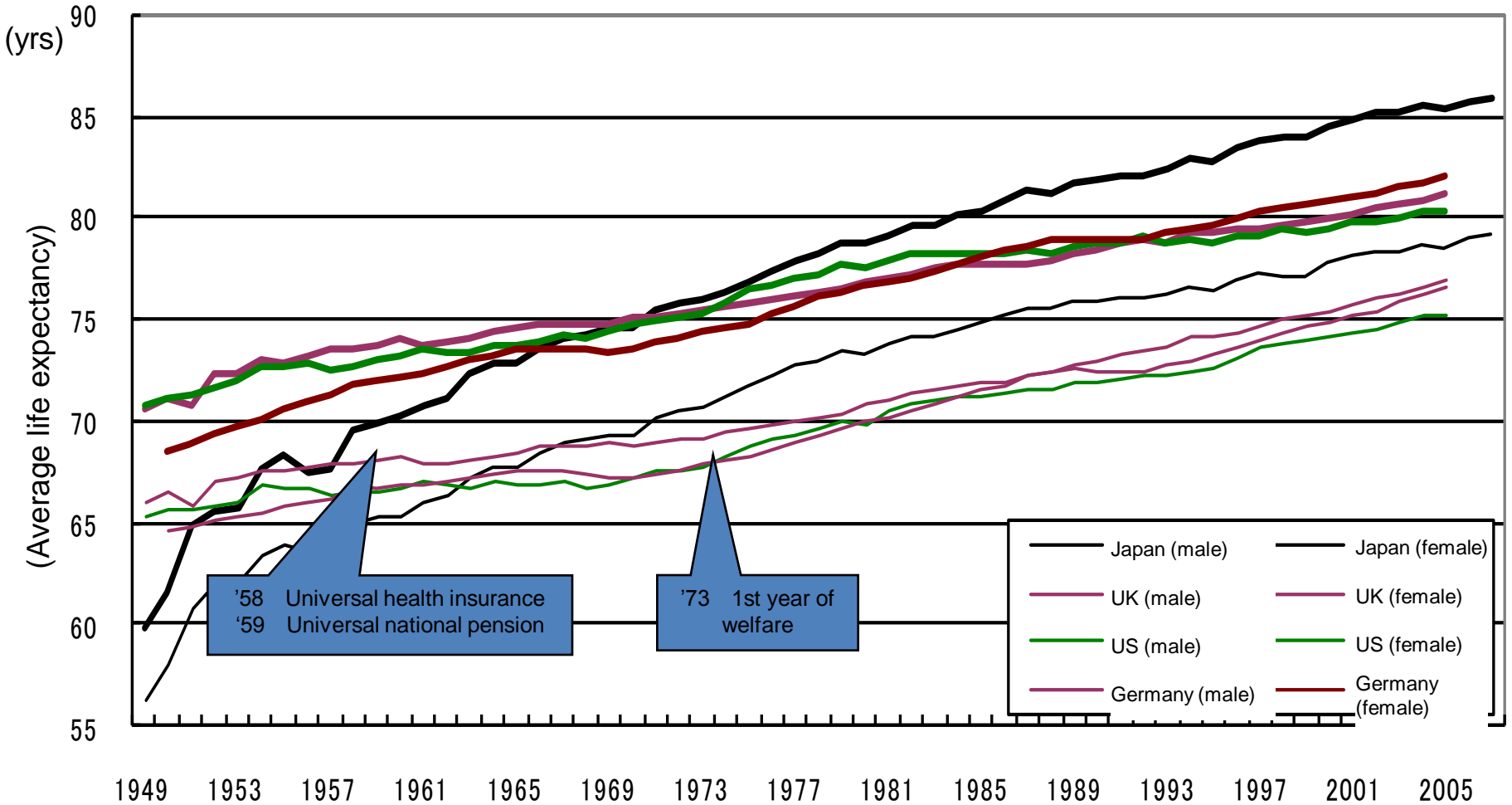
Note: The figures for 2005 are results of the National Census (proportional distribution of persons of unknown ages).





# Trend of Average Life Expectancy

○ In advanced countries, the average life expectancy has been consistently increasing. This is supposed to be contributed by improvement of medical technology, as well as well functioning public health, healthy diet and healthy housing environments.

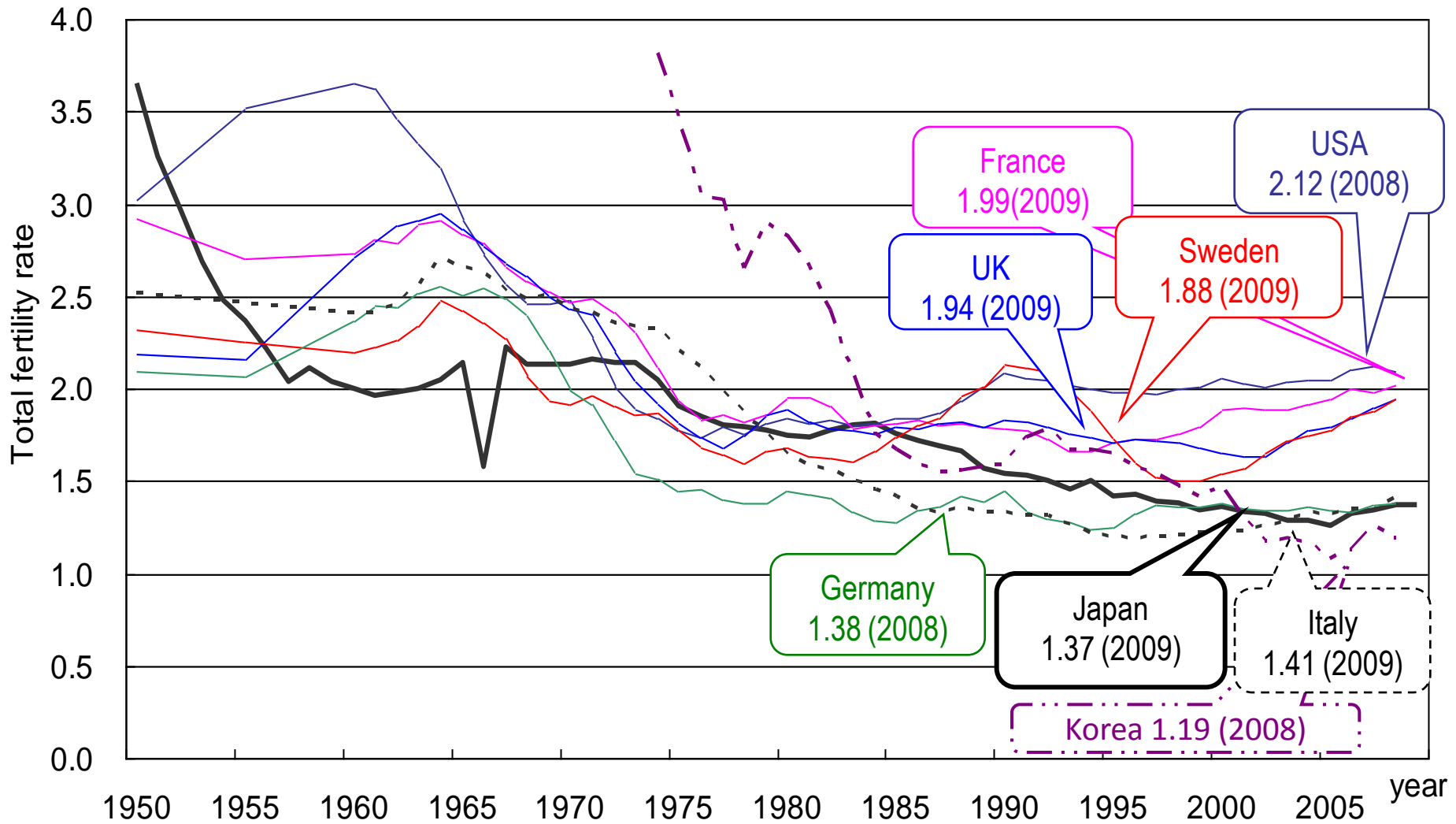


(Source) UN "Demographic Yearbook," etc.

- (Notes) 1. Numerical values in Germany before 1990 were values in old West Germany.  
2. Numerical values in the UK before 1982 were values in England (Whales).

# Transition of total fertility rate in other countries

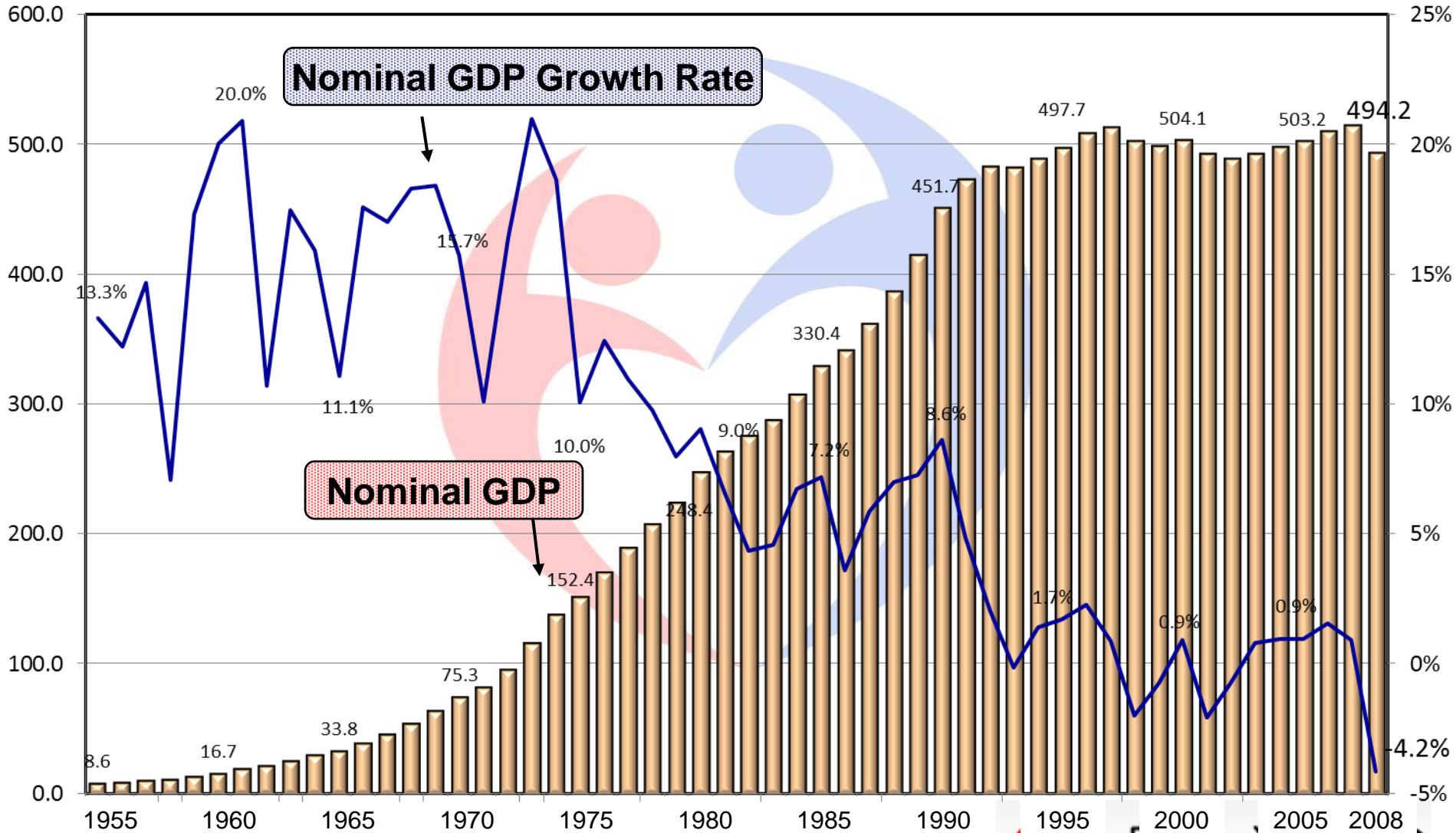
When comparing Japan's birth rate with other countries, along with Germany, south and east European countries, and NIES in Asia, Japan is at the lowest level from the international perspective, and as a characteristic, Japan's birth rate continues to decline.



sources: Council of Europe : recent demographic developments in Europe 2004 and statistics for other countries of Health, Labour and Welfare (Figures before 1960 are from UN: Demographic yearbook. Data for Germany before 1991 is from West Germany.)

# Trend of GDP and Growth Rate

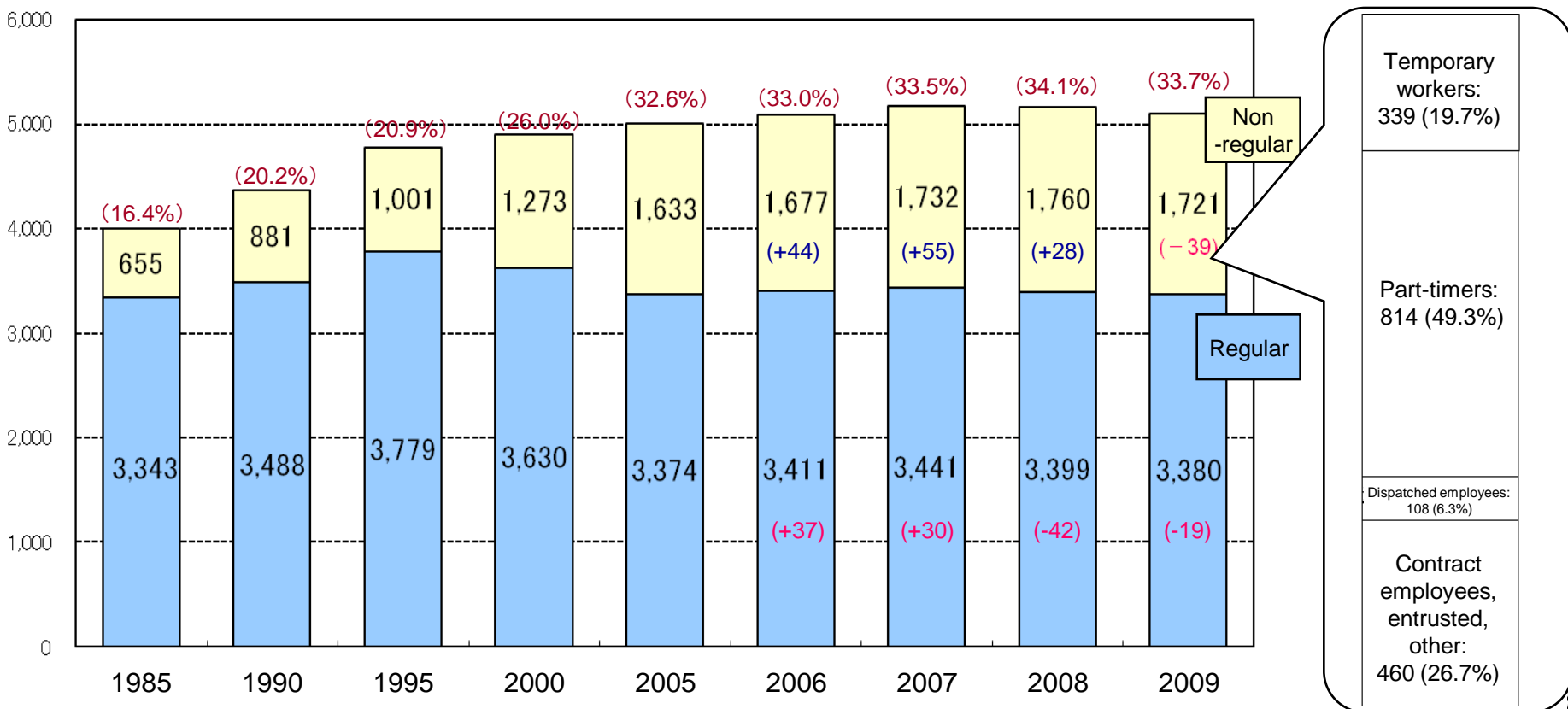
(trillion yen)



# Transition of Form of Employment regular employees, part-timers, temporary employees

- The number of regular employees has been reduced in recent years.
- The number of non-regular staff/employees was reduced for the first time after 2003.
- The number of dispatched workers was reduced by 320,000 compared to the previous year.

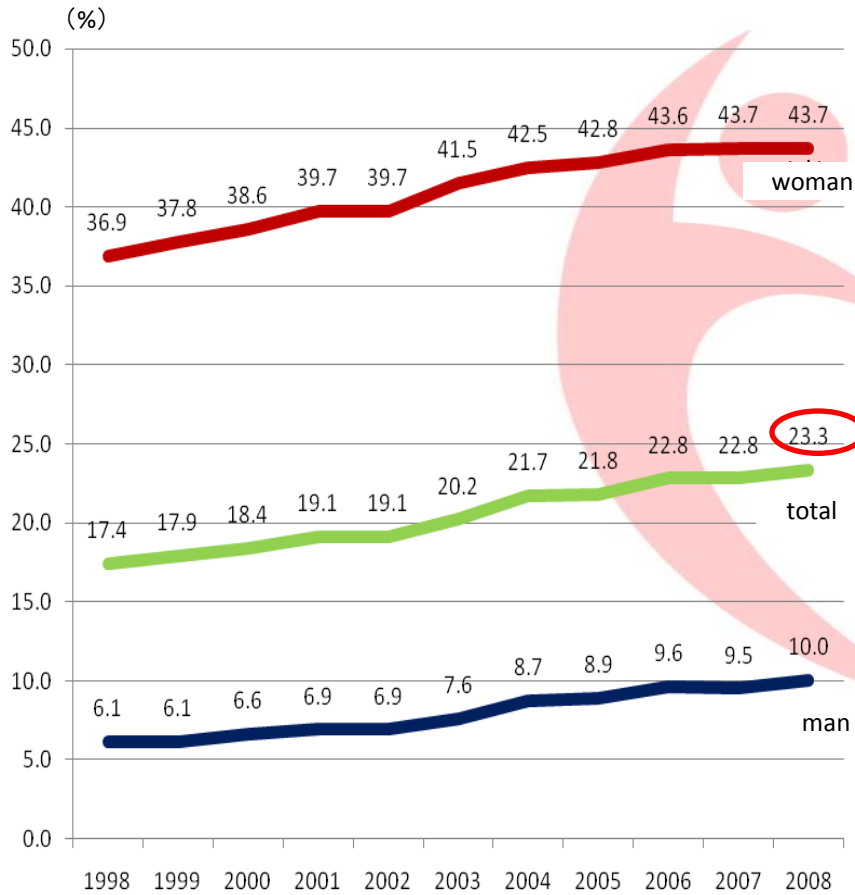
(10,000 people)



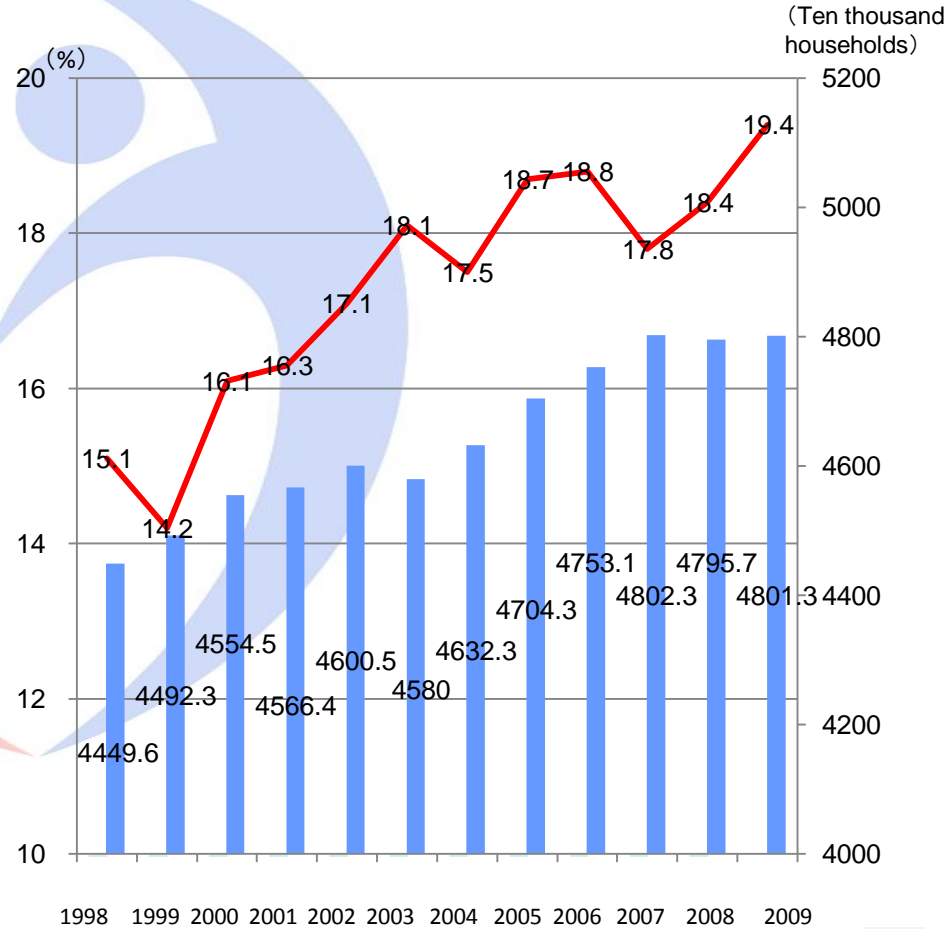
Source: "Labor force survey (special survey) until 2000 (Feb. survey), and "Labor force survey (detailed totalization) after 2005 (annual average).  
(Note) The classification of employment patterns was based on "names" at workplace.

# Trend of Annual income below 2million yen

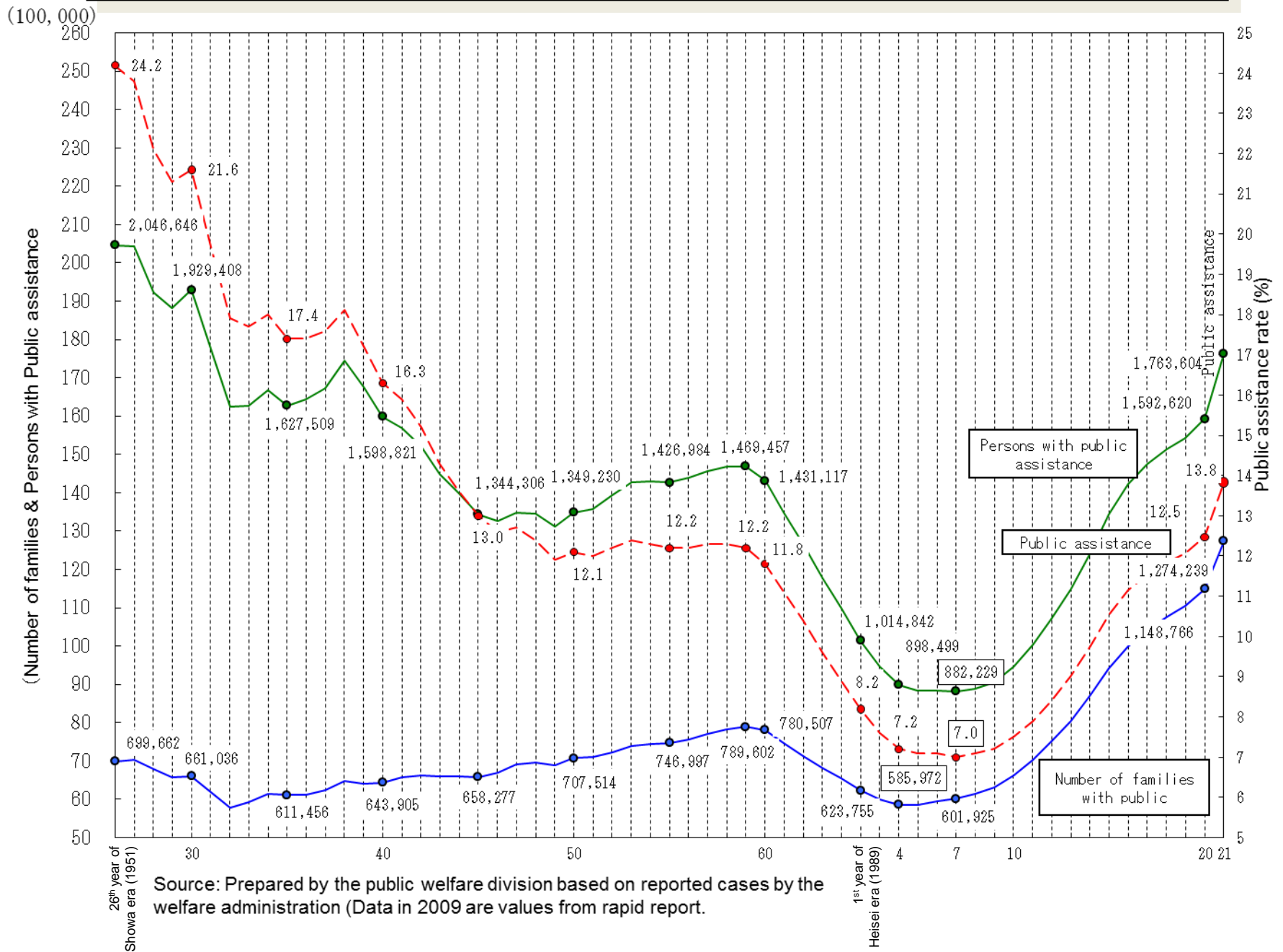
**(1) The ratio of employee with annual income below 2million yen**



**(2) The ratio of household with annual income below 2million yen**



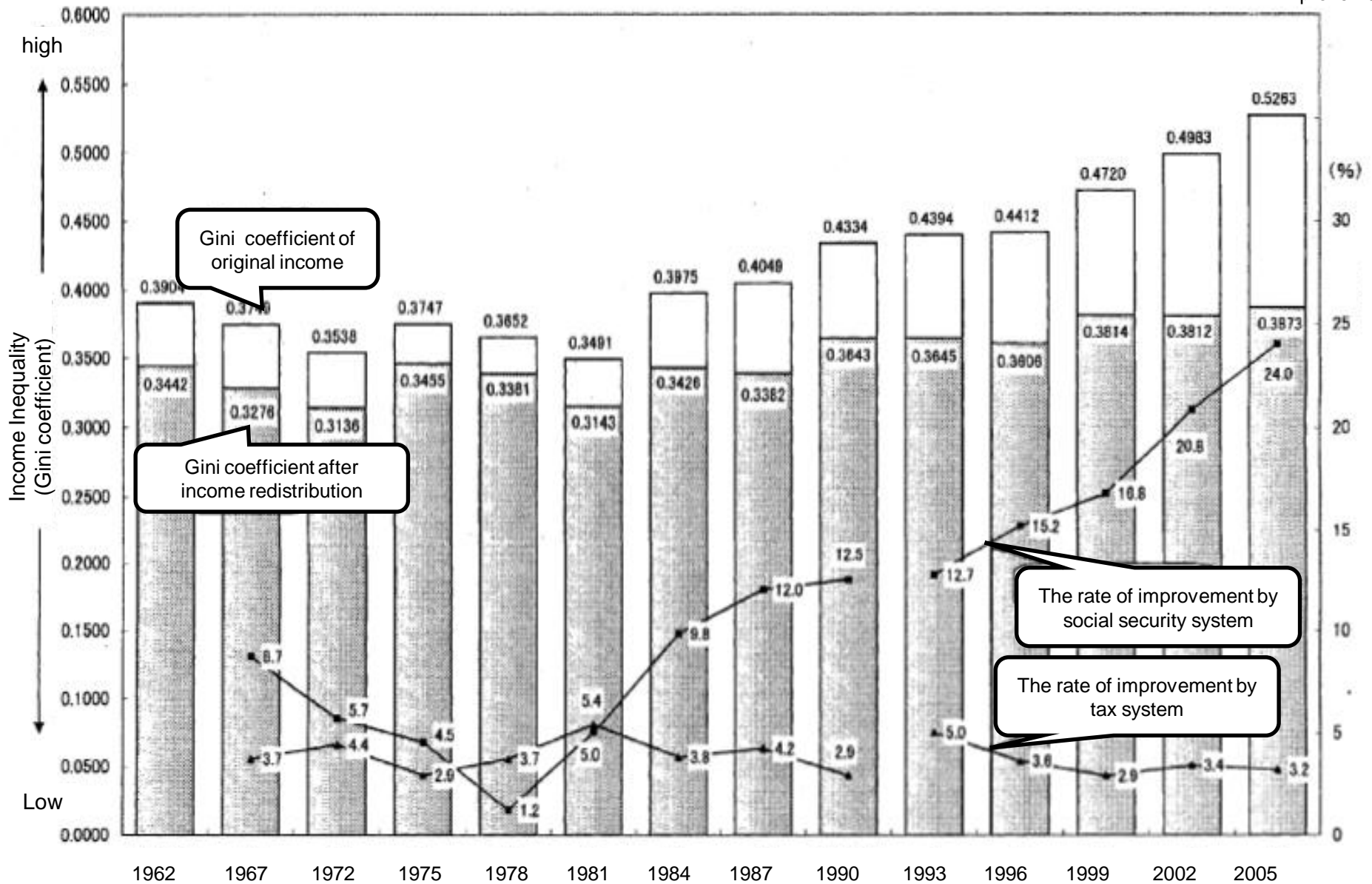
# Trend in the Public Assistance Rate



# Trend of Gini coefficient

## Trends in the Gini coefficient through income redistribution

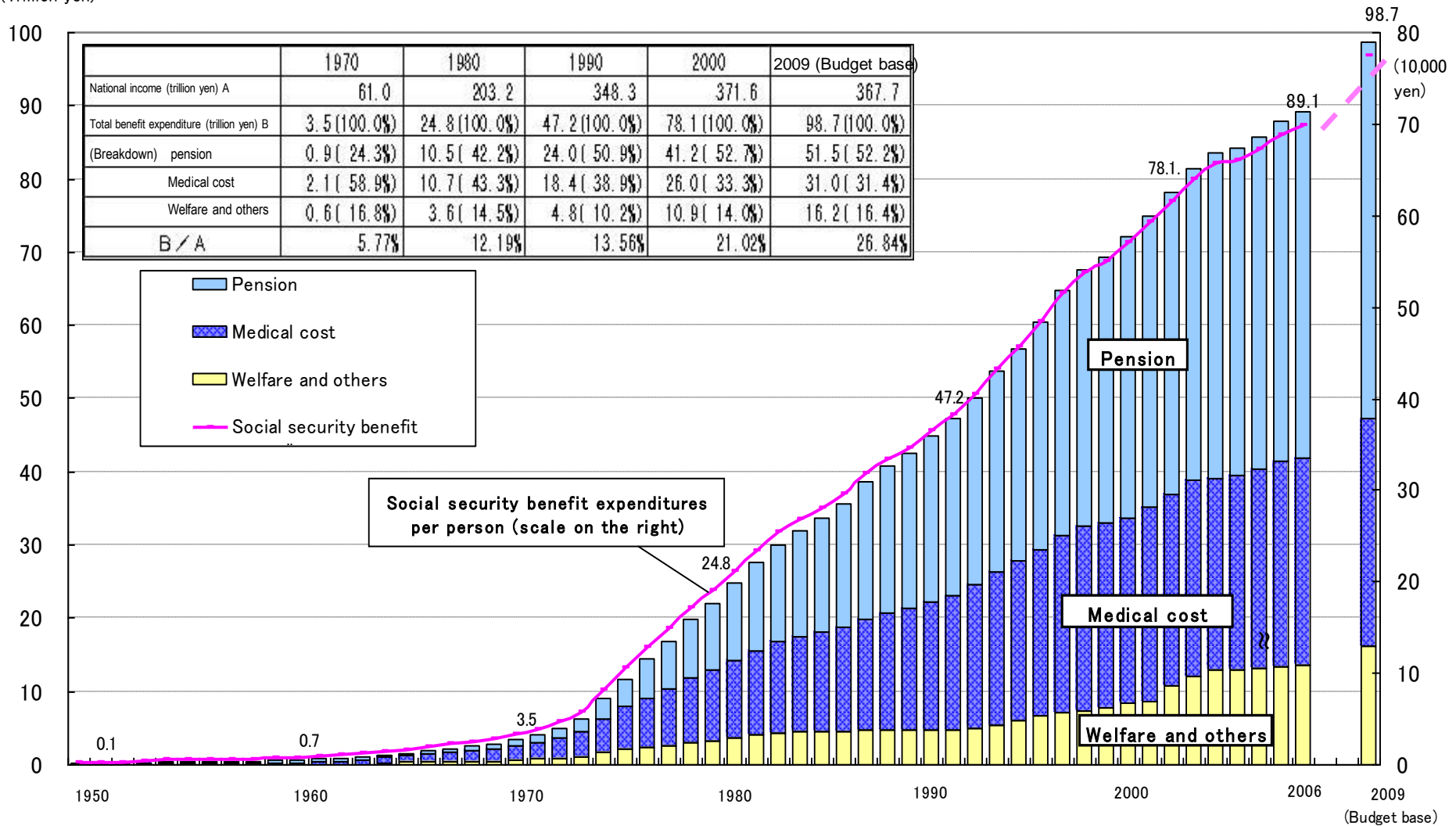
The rate of Improvement





# Transition in the Social Security Benefit Expenditures

(Trillion yen)



Source: "FY2006 Social Security Benefit Expenditures" by the National Institute of Population and Figures for FY2009 (budget base) are Ministry of Health, Labour and Welfare estimates.

(Note) Figures in the diagram are social security benefit expenditures (trillion yen) for 1950, 1960, 1970, 1980, 1990, 2000 and 2006, and an estimate for 2009.

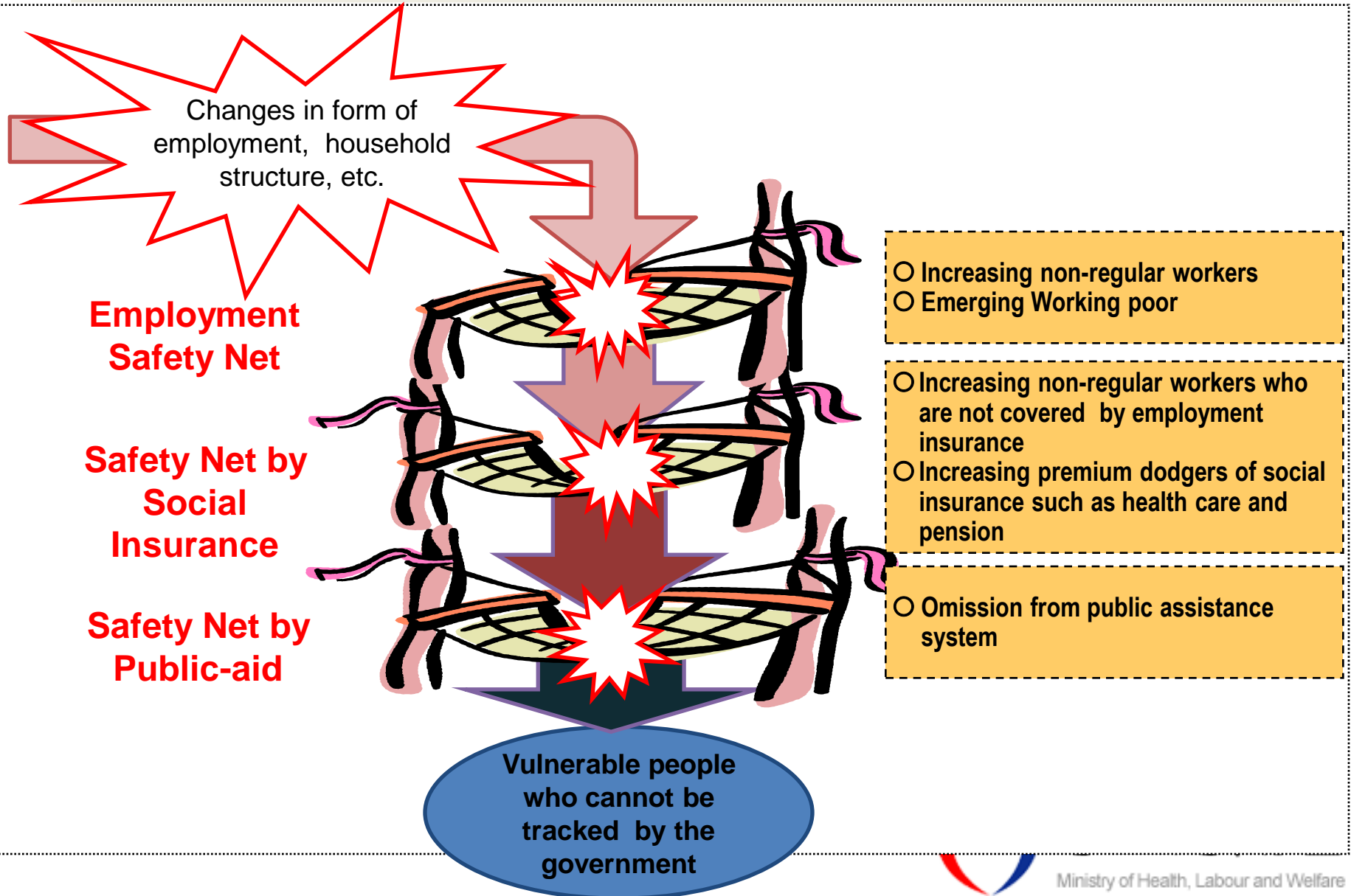
(Reference) Social security benefit expenditure per person is ¥697,000 in FY2006 and ¥775,000 in FY2009 (budget base).



## Societal Changes surrounding the Social Security System

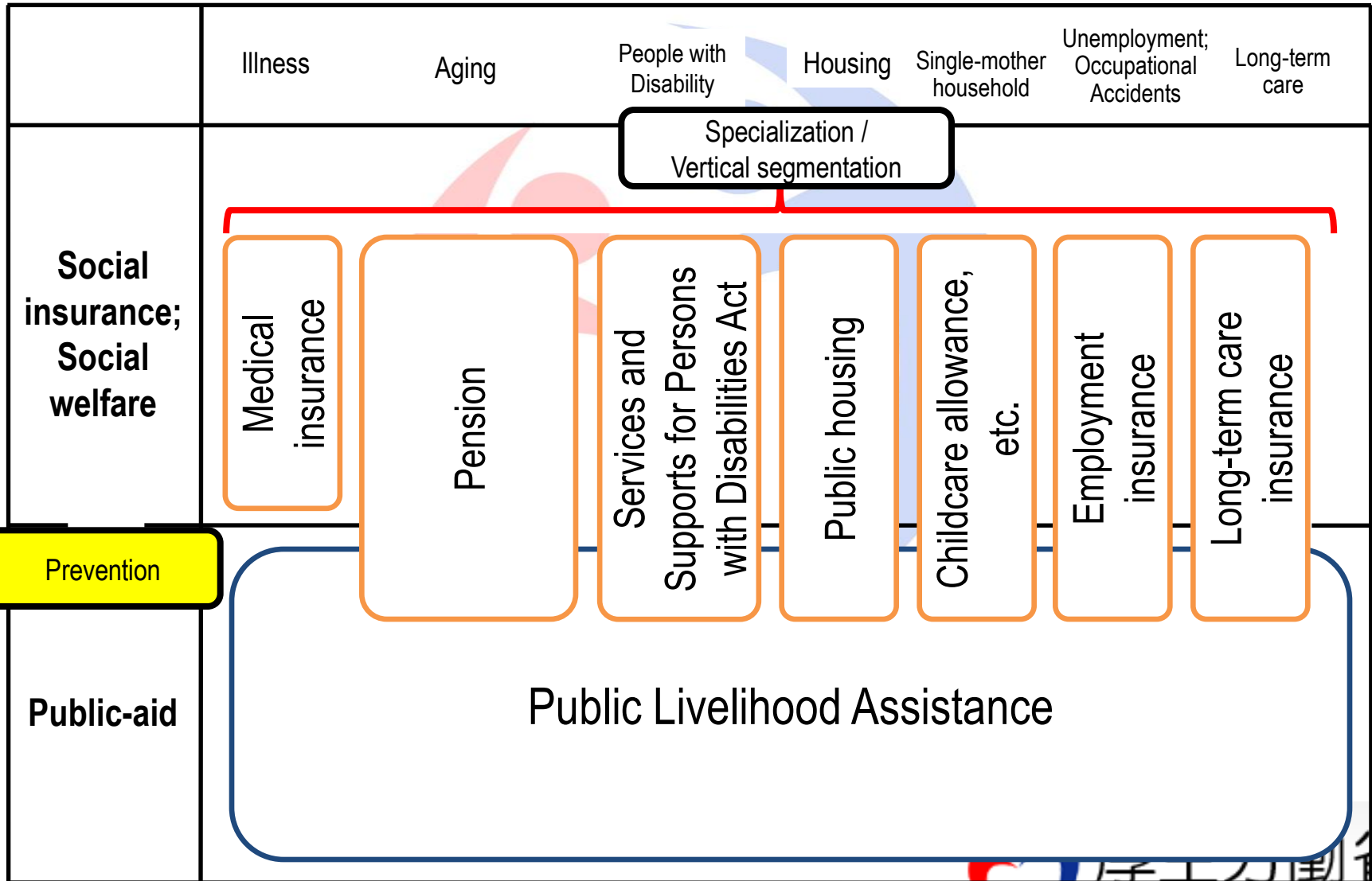
1. Falling birthrate and the aging population
2. Worsening of economic situations
3. Changing form of employment
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# Increasing the number of vulnerable people who fall out from social safety nets and cannot be tracked by the government



# Segment-specific Approach → Need-specific Approach

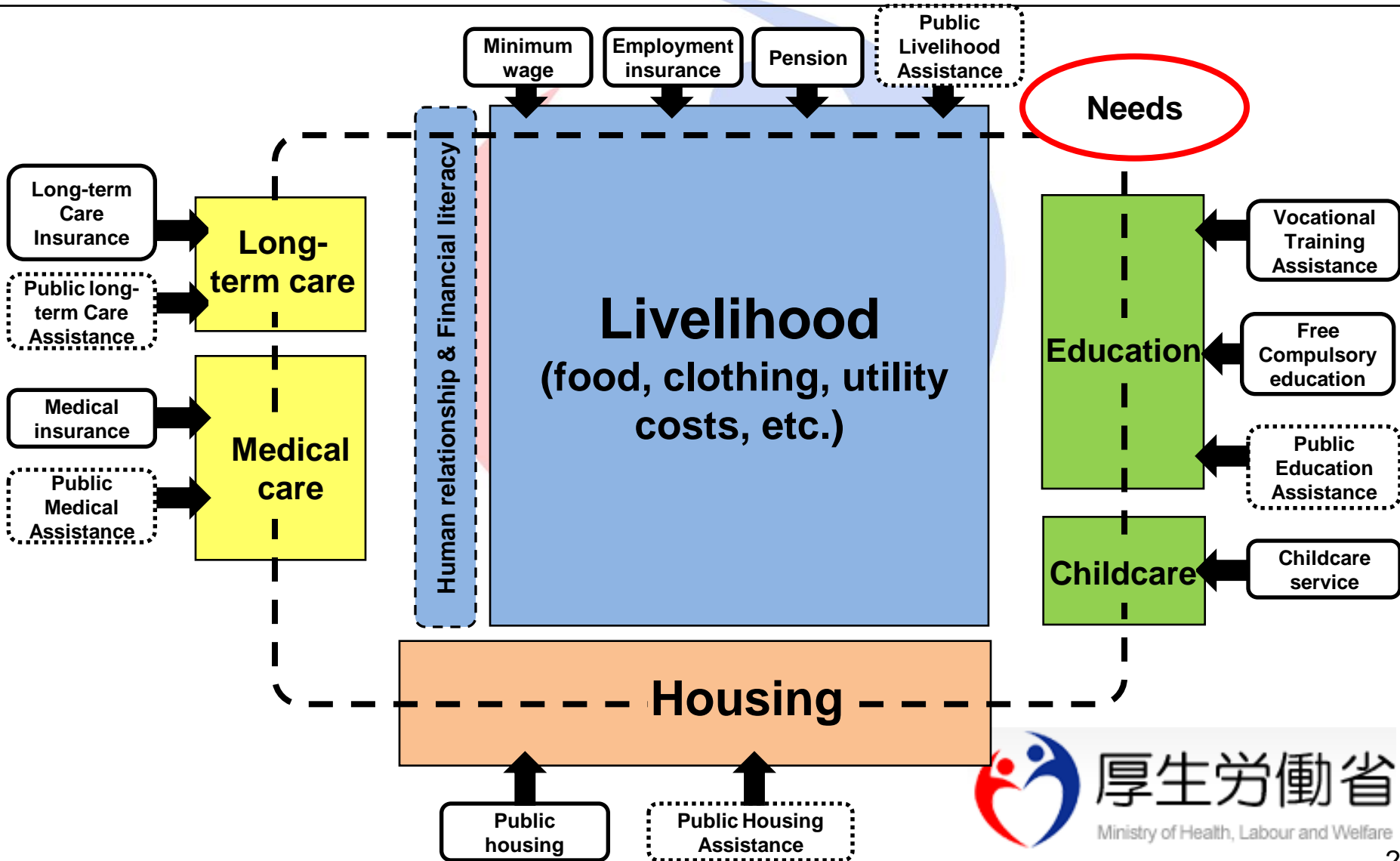
## Saving Poor → Poverty Prevention



## 2. Refinement of Understanding Poverty

# Basic Structure of National Minimum from Viewpoint of Living Needs

○ National Minimum can be understood as minimum demands/needs which is required to ensure “minimum level of healthy and cultural life” in various life stage.



# Points of Interim Report from National Minimum Study Meeting (June 2010)

## Concepts of national minimum

- The national minimum refers to the “minimum level of healthy and cultural living” which is ensured to all citizens based on Article 25 of Japanese Constitution.
- This was traditionally identified only by economic indicators such as income and assets, however, it should be viewed also by social indicators such as interpersonal relationships and social participation.
- Due to a variety of living needs, for understanding the accurate situation, it is necessary to refer to multiple indicators in a composite manner.

## Policies to secure national minimum

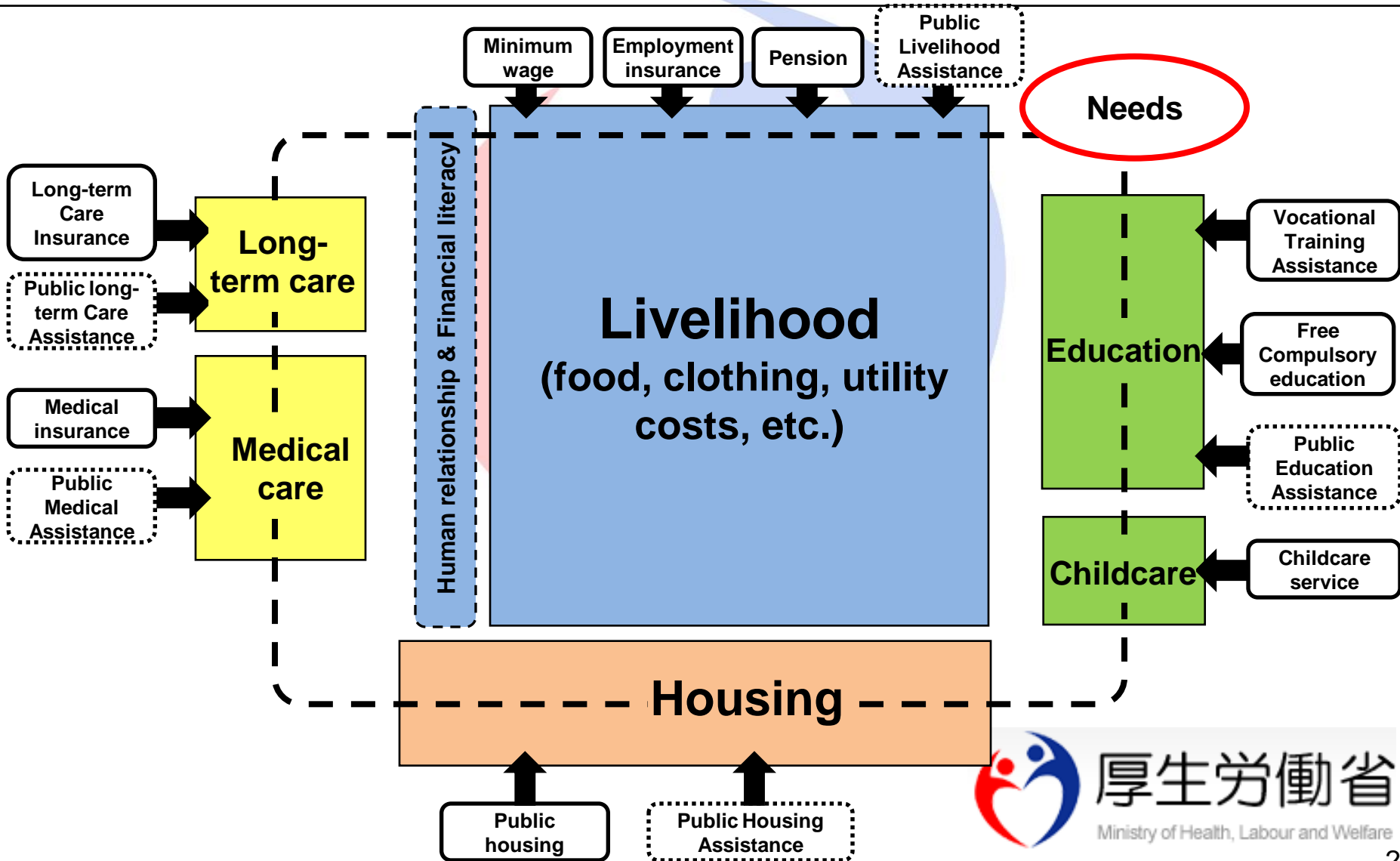
- Reflecting a variety of risks in the life cycle, the national minimum should be secured by not only public assistance but also social security and employment programmes such as pension, minimum wage, employment insurance, medical insurance, and child allowance.
- we need to build a second safety net to help assisted persons re-enter the job market through employment assistance and housing assistance, just like jumping on a trampoline.

## Policies against poverty/income gap Policies for economic growth

- The capacity of all citizens should be utilized by creating the environment which allow people re-challenge in assistance with social security.
- For the reduction of poverty and income gap, the provision of social service to the working ages is required in addition to cash benefit.

# Basic Structure of National Minimum from Viewpoint of Living Needs

○ National Minimum can be understood as minimum demands/needs which is required to ensure “minimum level of healthy and cultural life” in various life stage.





# 3. Case Study: Programmes against urban poverty



# Poverty in Urban Areas (current situations of homeless)

## Definition of homeless

“Homeless” are individuals who live daily livings in a urban park, liver, road, post-house, or other facility without reason (Article 2 of the Act on Special Measures concerning Assistance in Self-Support of Homeless [Law No. 105, 2002])

## Goals, etc. for measures in the Act on Special Measures for Homeless (Article 3, Paragraph 1 of the Law)

○ Measures for securing a place of stable employment, securing opportunities for working by development of vocational ability, securing place of stable living by support for moving in a residence, etc., and securing public health and healthcare by providing health check-up or healthcare, as well as consultation and guidance on living shall be conducted for homeless with the will of independence, to make these individuals independent.

## Number of homeless people

○ The number of homeless people keeps declining according to the most recent nationwide survey conducted in January 2010 based on the Act.

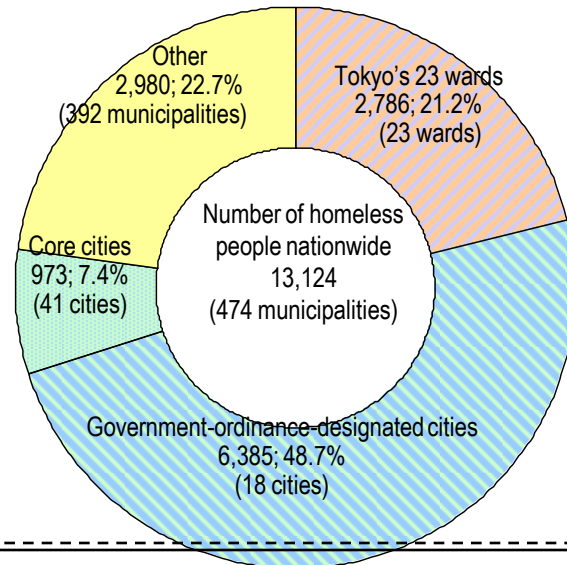
Previous survey (2009): 15,759



▲2,635

The current survey (2010): 13,124

Status of distribution of homeless people nationwide



# Poverty in Urban Areas (Programmes against homeless issue)

Homeless people in parks,  
river beds, etc.

( 25,296 (Jan. 2003)

→ 13,124 (Jan. 2010)  
▲12,172

Circuit Counseling at parks, etc by local government

( Type of project: Counseling activities  
Implementer: NPOs entrusted by local government. )

Welfare Office (public assistance, etc.)  
<self- sustenance by welfare programmes

## [Type of project]

- Provision of accommodation, food, bathing, and clothing.
- Basic livelihood counseling/guidance
- Job consultation/guidance
- Health counseling; public medical assistance when needed
- Supporting resident registration
- Securing of housing reflecting needs of users

## [Number of local government conducted]

(as of June 2010)  
10 local governments ; 25 institutions,  
capacity of 2,216

Project for Emergency temporary lodging (shelter)

(Type of project:: Provision of shelter  
Implementer: NPOs entrusted by local government )

Homeless self-sutenance support center

**Securing employment opportunities  
(in collaboration with “Hellowork”)**

- Tailored job consultation
- Vocational trainings for license/qualification
- Trial employment, etc.

**By working**

**Securing of eternal housing**

- Offering Public housing, etc.
- Providing Information on cheap housing
- Assisting application to private apartments by using private credit guarantee companies, etc.

**Self-sustenance**

# Summary

1. Review of Japanese experiences in development of systems and adoption of social/demographic changes
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