Poverty among Japanese Children and Youths: Issues & Policies

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THE MYTH OF "EGALITARIAN SOCIETY" : 1960S TO 1980S

- Rapid economic recovery and development after the WWII
- “The (aftermath of) the war is over” (EPA 1956)
- 1965 The Ministry of Health & Welfare stops measuring number of households with low standard of living.
- 1970s “100 million all middle-class (Ichioku So Churyu)” became the popular word.
  - 1975 National Survey: more than 90% answered they belong to the middle class (upper, upper-middle, middle, lower-middle, lower).
- The notion that Japan achieved “egalitarian society” became pride and identity of Japanese people.
First apparent signs: Emergence of “homeless” people in 1990s

2000 Law for Measures to Assist Homeless (People to achieve Independence)

Still, homelessness was seen as “special case” caused by individual laziness, alcoholism and their “preference (they like the freedom of living on the streets!)”

Denial of government to acknowledge the “poverty” as a social issue.
2008-2009
LEHMAN SHOCK, GOV’T CHANGE

- Discovery of “poverty” as a social problem
- 2008-9 Lehman Shock, the “Haken” village, the Change of Government
- 2009 Government announces the poverty rate (officially recognized for the first time)
- 2011 The Great East Japan Earthquake
- 2013 The Law to Promote Measures against Child Poverty
At the end of 2008, an NPO put up a tent village in Hibiya Park to house those who have lost their jobs and housing.
### CHANGES IN RELATIVE POVERTY RATE IN JAPAN: 1985-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Poverty Rate (All persons)</th>
<th>Poverty Rate (Children aged under 18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>12.0</td>
<td>10.9</td>
</tr>
<tr>
<td>1988</td>
<td>12.9</td>
<td>12.2</td>
</tr>
<tr>
<td>1991</td>
<td>12.8</td>
<td>12.2</td>
</tr>
<tr>
<td>1994</td>
<td>13.2</td>
<td>12.2</td>
</tr>
<tr>
<td>1997</td>
<td>13.5</td>
<td>12.2</td>
</tr>
<tr>
<td>2000</td>
<td>13.8</td>
<td>12.2</td>
</tr>
<tr>
<td>2003</td>
<td>14.4</td>
<td>12.2</td>
</tr>
<tr>
<td>2006</td>
<td>14.9</td>
<td>12.2</td>
</tr>
<tr>
<td>2009</td>
<td>15.7</td>
<td>12.2</td>
</tr>
<tr>
<td>2012</td>
<td>16.0</td>
<td>12.2</td>
</tr>
<tr>
<td>2015</td>
<td>16.1</td>
<td>12.2</td>
</tr>
</tbody>
</table>

Poverty definition: 50% National Median (OECD Equivalent Scale – square root of household size)

Strikingly high poverty rate of lone parent families.

Three-Generation family is no longer the most economically secure family type.

Among working age population, lone (single-person) families and lone parents suffer from strikingly high poverty rate.

Even among elderly, and even among men, lone (single) families and lone parents suffer from strikingly high poverty rate.

Are there really

In JAPAN?

As seen from UNICEF Innocenti Report Card 14

Building the Future
RELATIVE POVERTY RATE

Percentage of children aged 0–17 living in a household with income lower than 60 per cent of the median, 2014 and 2008.
OTHERWISE EXCELLENT PERFORMANCE OF JAPAN

- Food security 1st in 41 countries
- Neonatal mortality 1st among 36 countries Teenage birth rate 6th among 41 countries
- Percentage of 15 yr olds achieving baseline competency 2nd
- NEET rate 1st among 40 countries
- Household where no one works 1st among Child (0-19yrs) homicide rate 6th (37)
BUT SOME MID-TO-BAD PERFORMANCES

- Palma ratio 18th among 41 countries
- Formal childcare from 3 yrs 26th among 32 countries

- Adolescent (15-19 yr olds) suicide rates 26th (37)
- Relative income gap 32nd (41)
- Difference in Reading, Math & Science with a one-unit increase in ESCS index (SES) 26th (39)
- Preschool organized learning 24th (36)
In the past year, has your family ever experienced not being to afford food that your family needed?

All together, about 10% of children have experienced food shortage even in Tokyo, where the average income is the highest in Japan.

Source: Tokyo Metropolitan Government (2017)
In the past year, has your family ever experienced not being to pay following bills? (% yes)

- Telephone
- Electricity
- Gas
- Water
- Housing Rent
- Housing loans
- Other debt

<table>
<thead>
<tr>
<th></th>
<th>11 yr olds</th>
<th>14 yr olds</th>
<th>17 yr olds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone</td>
<td>3.0%</td>
<td>2.9%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Electricity</td>
<td>2.6%</td>
<td>2.2%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Gas</td>
<td>2.5%</td>
<td>2.1%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Water</td>
<td>2.6%</td>
<td>2.2%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Housing Rent</td>
<td>1.8%</td>
<td>2.0%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Housing loans</td>
<td>1.1%</td>
<td>1.3%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Other debt</td>
<td>4.0%</td>
<td>4.7%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

- About 3% of all children in Tokyo live in households with problems in meeting basic housing needs.

Source: Tokyo Metropolitan Government (2017)
LACK OF AMENITIES BY SES

<table>
<thead>
<tr>
<th>Service</th>
<th>Low SES</th>
<th>Middle SES</th>
<th>High SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone</td>
<td>0.0%</td>
<td>0.0%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Electricity</td>
<td>0.0%</td>
<td>0.0%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Gas</td>
<td>0.0%</td>
<td>0.0%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Water</td>
<td>0.0%</td>
<td>0.0%</td>
<td>4.8%</td>
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<td>0.0%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Housing Loans</td>
<td>0.0%</td>
<td>2.5%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Other Debt</td>
<td>1.1%</td>
<td>0.3%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

Blue – low | Orange - Middle | Dark Blue – High SES

For low SES children, about 1 in 3 child live in households with housing problems.

Source: Tokyo Metropolitan Government (2017)
ACADEMIC ACHIEVEMENT (14 YR OLDS)

In general, do you understand classes at school?

- **Always**
- **Often not**
- **Mostly not**
- **Not much**
- **n/a**

Source: Tokyo Metropolitan Government (2017)
In the past year, has your child experienced following items?

Percentage of those who answered “No, because of financial reasons” (p<.0001 for all items)

Source: Tokyo Metropolitan Government (2017)
% OF PARENTS WHO HAVE NO ONE TO TALK ABOUT PROBLEMS

11 yr olds (***)

- Low: 22.5%
- Middle: 8.5%
- High: 5.3%

14 yr olds (***)

- Low: 24.9%
- Middle: 13.9%
- High: 5.5%

17 yr olds (***)

- Low: 20.1%
- Middle: 12.1%
- High: 6.2%

Source: Tokyo Metropolitan Government (2017)
STATUS OF CHILD POVERTY IN JAPAN

- While over all performance of Japanese children are good, some indicators show bad performance.

- Especially, there are significant inequality among Japanese children.

- Latest survey results of children show that there are some children who are lacking basic amenities, difficulties in understanding classes, have health problems and there is a sharp differential according to the SES of families.
EXPERIENCES OF POVERTY

▪ “I live day-to-day and can’t think of future with only 100,000 yen monthly income. Can’t get in to public housing and have to pay high rent. My-ex says he has no intention of paying child support. Children are getting bigger and I can’t bear this anymore” (single mother age 35, 2 children)

▪ “After summer holidays, there are sometimes children who look thinner than before the summer holidays.” (school teacher)

▪ “Please lower the rent. Have no money” (17 yr old)

▪ “I became 16 and have to pay my medical fees. Please make medical cost free until 22.” (17 yr old)

▪ “University is too expensive and I have only limited choices.” (17 yr old)
1) More than anything, family structure determines the living standard of individual (especially women).

- Family is the biggest provider of safety-net. Public social protection schemes are based on the assumption that everyone is supported by family first.

- More than that, not following traditional life course indicates higher poverty risk (even though the causal relationship could be reverse).
2. Unemployment not a problem, but “working-poor” is.

- 2-tier structure of labour market
- **Hiseiki** (non-regular) workers have no labour market protection
  - ✔ No social insurance coverage
  - ✔ No labour union
  - ✔ No unemployment insurance
  - ✔ No equal pay for equal value of work
  - ✔ Minimum wage fairly low
3. Government plays very little role in alleviating poverty.

- **Social protection** is very strict and places very stringent means test (asset test, family support test and work test)
- Unemployment insurance is limited in its duration (only 20% of unemployed receive unemployment benefit).
- No minimum guarantee of public pension
- Not much income support for the poor and lone parents (no housing assistance, no utility assistance, etc.)
- The reason that labour market participation of single mothers is very high is that they cannot survive without working (with just public assistance – they cannot be dependent on welfare (unless ).
- Extremely **regressive social insurance premiums** (tax).
THE PRIMARY SAFETY-NET: FAMILY

- 1979  Prime Minister Ohira “Welfare State Japanese Style”
  - Public only comes in after “self (one’s own ability)” and “mutual (family)” fail to provide safety-net
  - Public pension ..> not designed to support the living of the elderly on its own.
  - Public assistance ..> Strong requirement for family obligation to support family member (even if estranged)
  - Care for elderly ..> family (children and their spouse) cohabiting is assumed.

- However, “Family” as we know it has been changing rapidly.
Japan’s biggest safety net was the family. People relied on their family for income support (by living together) and for care (in old age).

Multi-generation household assures multiple earners.

However, now single-person households consists second largest share of household types (26.5%).

### FAMILY STRUCTURE OF CHILDREN: 1985, 2012

<table>
<thead>
<tr>
<th>Family Type</th>
<th>1985</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Two-parent families</strong></td>
<td>95.0%</td>
<td>89.8%</td>
</tr>
<tr>
<td>2-generation</td>
<td>60.5%</td>
<td>72.0%</td>
</tr>
<tr>
<td>3-generation</td>
<td>34.5%</td>
<td>17.8%</td>
</tr>
<tr>
<td><strong>Single-mother families</strong></td>
<td>3.9%</td>
<td>8.9%</td>
</tr>
<tr>
<td>2-generation</td>
<td>2.9%</td>
<td>6.2%</td>
</tr>
<tr>
<td>3-generation</td>
<td>1.0%</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Single-father families</strong></td>
<td>1.1%</td>
<td>1.3%</td>
</tr>
<tr>
<td>2-generation</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
<tr>
<td>3-generation</td>
<td>0.5%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

Date: Author’s calculation from Ministry of Health, Labor and Welfare “Comprehensive Survey of Living Conditions 2013, 1985.”
Strikingly high poverty rate of lone parent families.

Three-Generation family is no longer the most economically secure family type.
UNEMPLOYMENT RATE

3.1

10.1
% OF HISEIKI WORKERS ON THE INCREASE (37.4%)
- Hiseiki workers (1.1~1.2 mi.yen)

- Seiki workers’ wages increase with age

Source: MHLW
### 2-TIER STRUCTURE OF LABOUR MARKET

<table>
<thead>
<tr>
<th></th>
<th>Seiki Workers</th>
<th>Hi-Seiki Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Duration</strong></td>
<td>Life-long guarantee until retirement age</td>
<td>1-2 years or shorter at a time</td>
</tr>
<tr>
<td><strong>Wage/ Hour</strong></td>
<td>High and guaranteed to increase with tenure</td>
<td>Low and fixed</td>
</tr>
<tr>
<td><strong>Social insurance</strong></td>
<td>Health, pension &amp; unemployment insurance</td>
<td>None</td>
</tr>
<tr>
<td><strong>On the job training</strong></td>
<td>Continuous</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(have to pay their own)</td>
</tr>
</tbody>
</table>
WHAT DOES THE GOVERNMENT DO TO ALLEVIATE CHILD POVERTY?

▪ Public Assistance (welfare)- The % of population receiving the Public Assistance is small. About 2%. Half of the recipients are elderly. Only those with disability or are sick or elderly can (in effect) receive the benefit.

▪ Child Benefit - Almost universal. 0-2 yrs old ¥15,000, 3-15 ¥10,000 (/mo).

▪ Child Rearing Allowance (Benefit for low-income single-mothers) - ¥41,000 (/mo) if income is low (income threshold is rather low).

▪ Education – compulsory education up to 9 years. High school tuition allowance since 2010. % of cost of higher education borne by parents/student is one of the highest among the OECD.
The public assistance receipt rate is increasing, but it only covers less than 2% of the population. The system is not equipped to handle large welfare pay-roll.
Only in Japan, the After-TT poverty rate is higher than the Before-TT poverty rate.
AVERAGE HOUSEHOLD EQUIVALED INCOME BY AGE OF HOUSEHOLD MEMBERS

Government redistribution reduces poverty among elderly, but has little effect on the poverty among the working age.

For age 0-4, the after TT poverty rate is higher than before TT poverty rate.

Poverty rate before and after Tax & Transfers (Women)

RIGID SOCIETY BASED ON OUTDATED “FAMILY & GENDERED NORMS”

- The social security system is based on “Hyojun Setai (Standard family)” in which:
  - The husband has a Seiki job assuring social insurance coverage for the entire family. He is guaranteed a life-long job with increasing pay as children grow up, but he is required to “devote” his day to his work.
  - The wife has no job or works as a “Hiseiki” worker whose pay is low and does not provide much social security, yet it is fine because she is covered by her husband’s security and income. Yet, she would have to bear entire “care” responsibility.
  - Children’s cost are borne by the family mostly, it is assumed all families can afford to do so. At the same time, children when they grow up, are expected to care for his/her parents.

- Anyone who does not follow this life course faces high risk of poverty and social exclusion.
  - Yet, the labour market and family structure does not assure “hyojun setai” for everybody anymore.
THANK YOU

& I LOOK FORWARD TO HAVE DISCUSSIONS WITH YOU!