

**The 16<sup>th</sup> ASEAN & Japan High Level Officials Meeting on Caring Societies**

**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 SIGNS OF “VISIBLE” POVERTY IN JAPAN: 1990S

- 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.



80 yr old homeless man (photo  
taken in 1997)

# 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

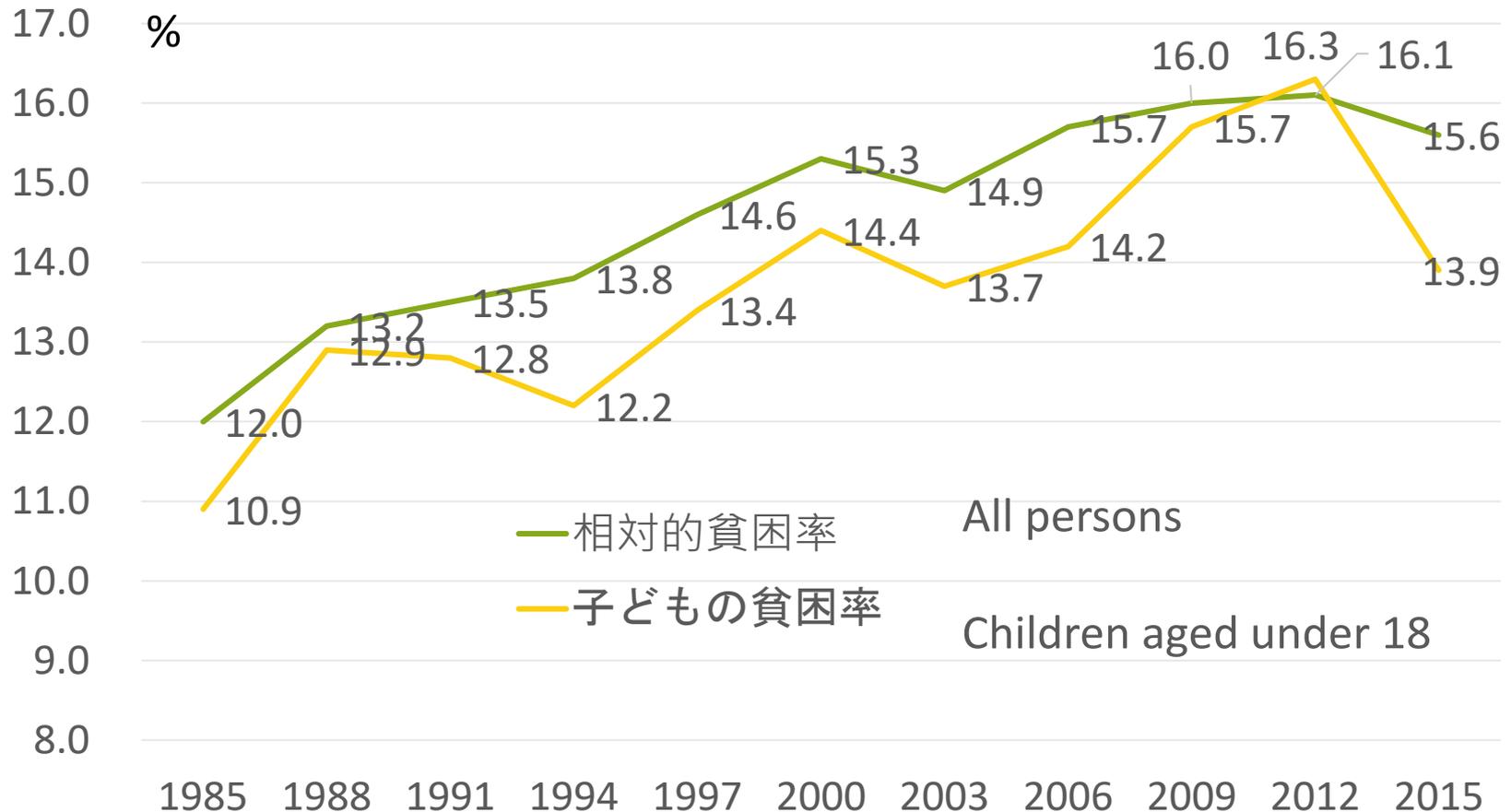
## “The Haken (contract-worker) Village” (2009)



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.



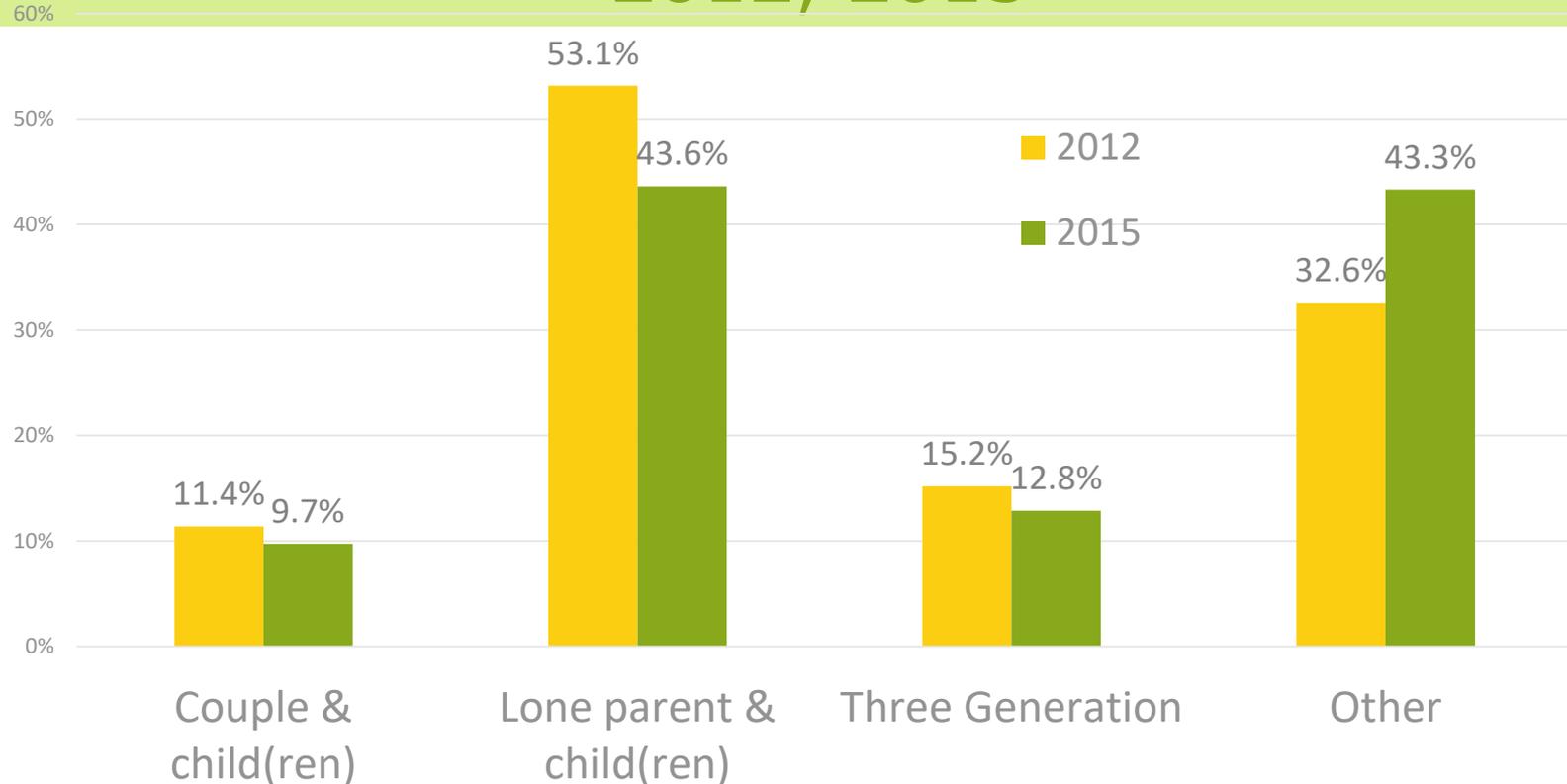
# CHANGES IN RELATIVE POVERTY RATE IN JAPAN : 1985-2015



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

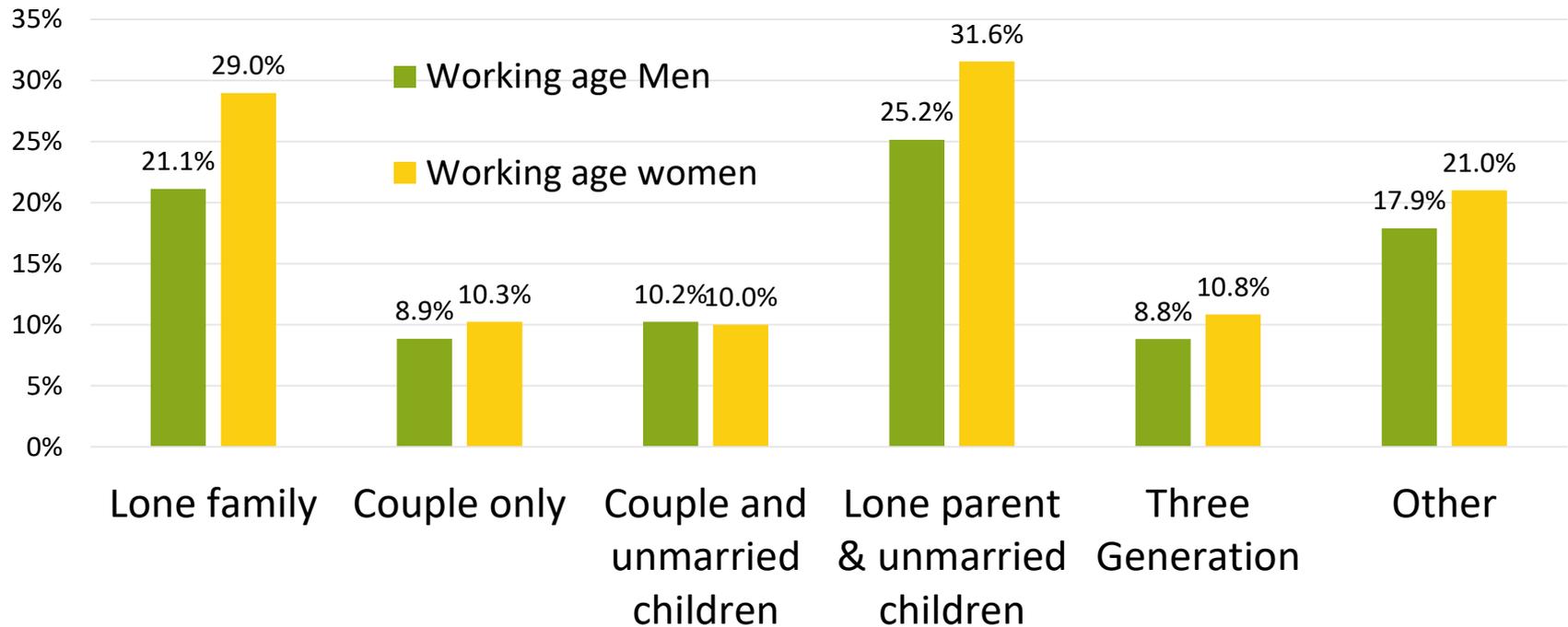
Source: Ministry of Health, Labor and Welfare (2017) *Comprehensive Survey of Living Conditions 2015*

# CHILD POVERTY RATE BY FAMILY TYPE 2012, 2015



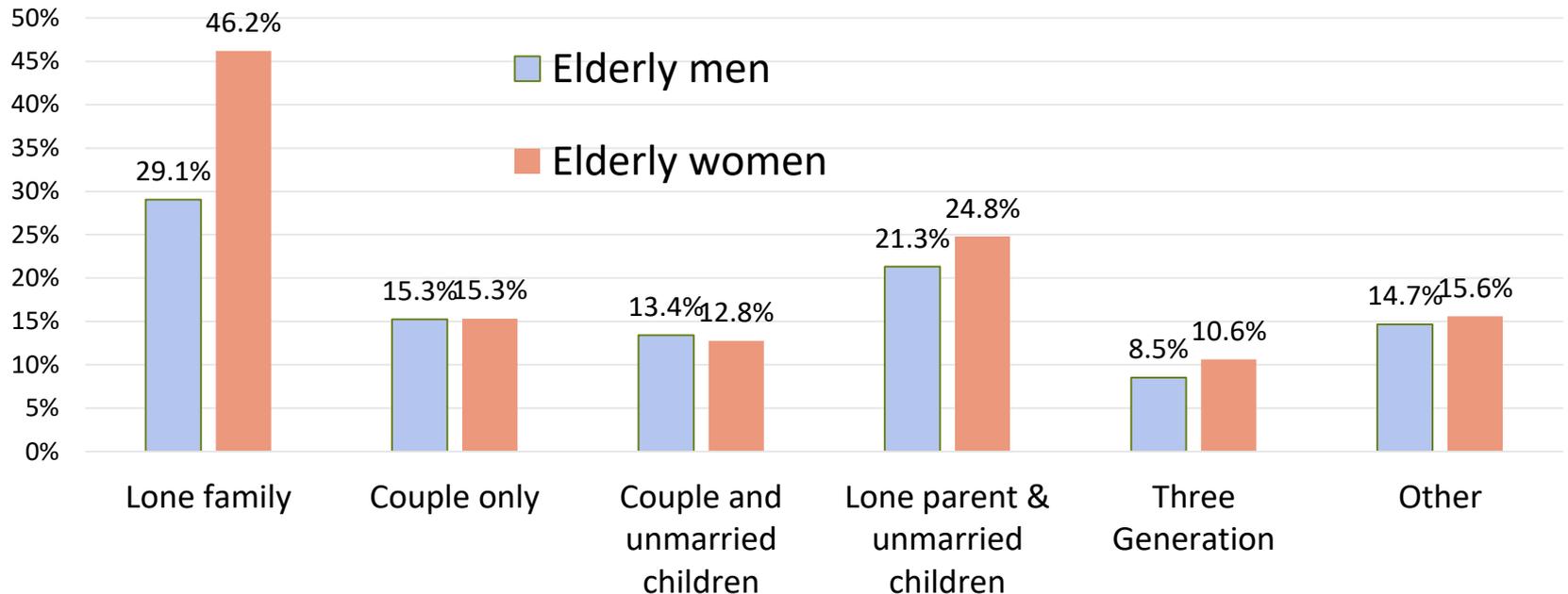
- Strikingly high poverty rate of lone parent families.
- Three-Generation family is no longer the most economically secure family type.

# POVERTY RATE OF WORKING AGE BY FAMILY TYPE

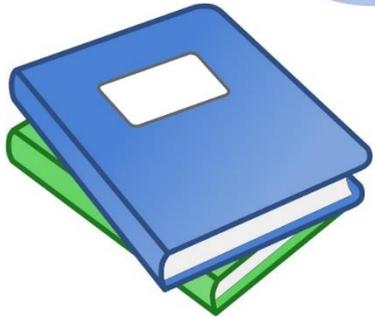
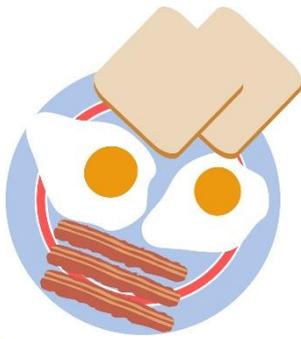


Among working age population, lone (single-person) families and lone parents suffer from strikingly high poverty rate.

# POVERTY RATE OF ELDERLY BY FAMILY TYPE



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



Are there  
really

In JAPAN?

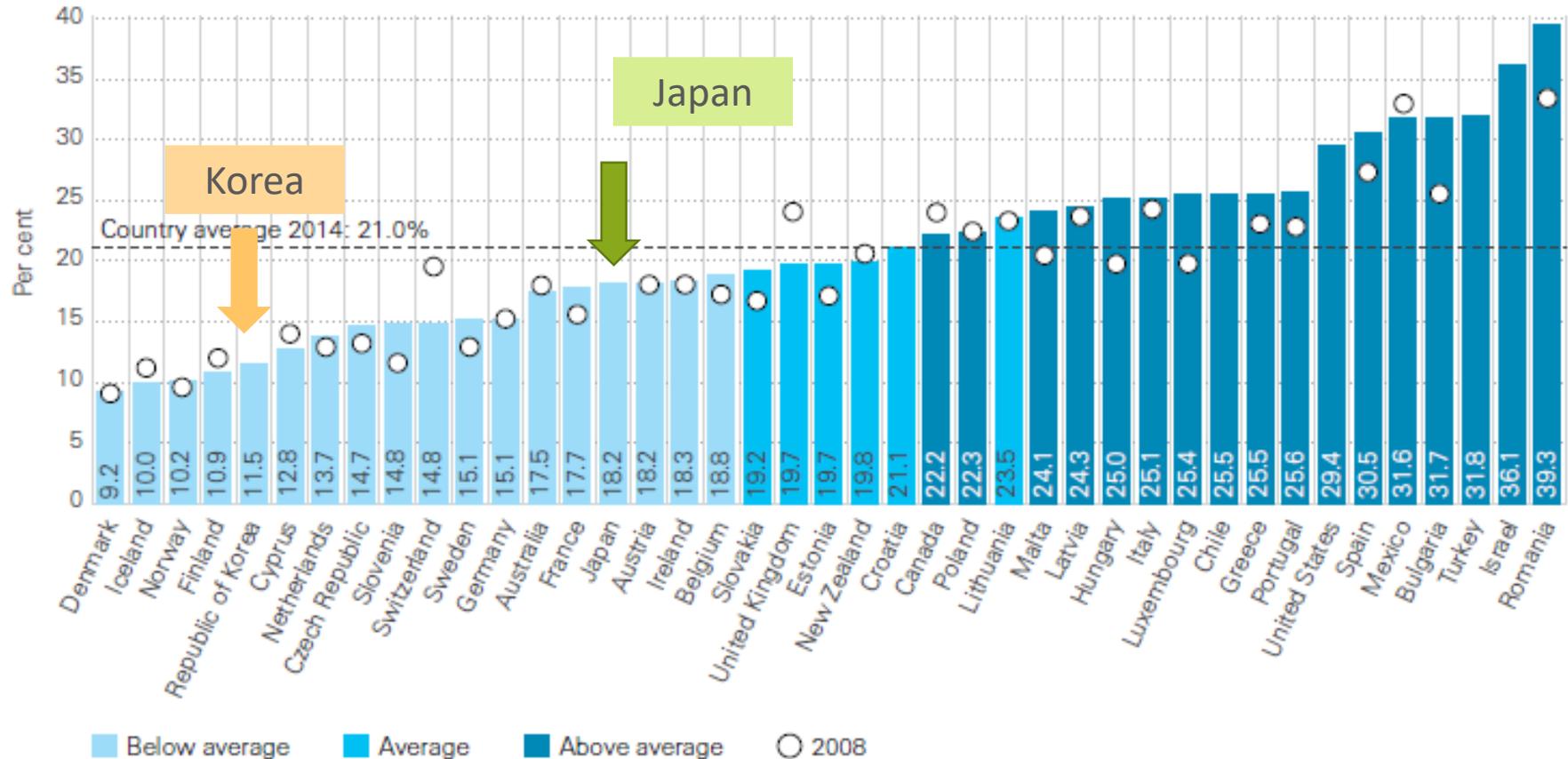


## CHILD & YOUTH POVERTY

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

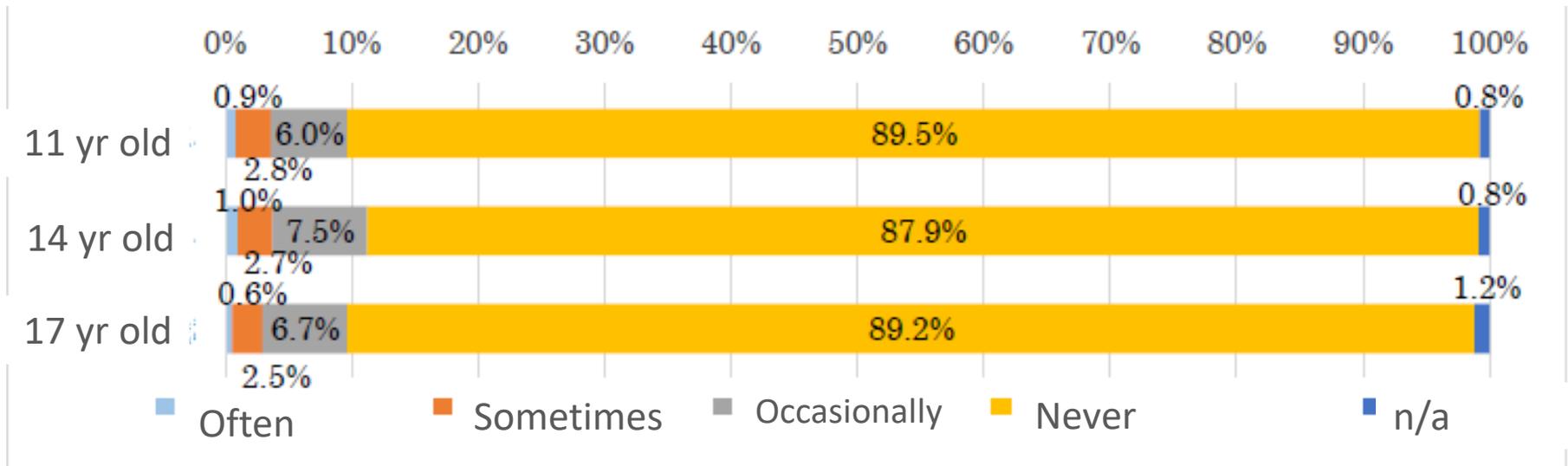
- Food security 1<sup>st</sup> in 41 countries
- Neonatal mortality 1<sup>st</sup> among 36 countries Teenage birth rate 6<sup>th</sup> among 41 countries
- Percentage of 15 yr olds achieving baseline competency 2<sup>nd</sup>
- NEET rate 1<sup>st</sup> among 40 countries
- Household where no one works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

# BUT SOME MID-TO-BAD PERFORMANCES

- Palma ratio 18<sup>th</sup> among 41 countries
  - Formal childcare from 3 yrs 26<sup>th</sup> among 32 countries
- 
- Adolescent (15-19 yr olds) suicide rates 26<sup>th</sup> (37)
  - Relative income gap 32<sup>nd</sup> (41)
  - Difference in Reading, Math & Science with a one-unit increase in ESCS index (SES) 26<sup>th</sup> (39)
  - Preschool organized learning 24<sup>th</sup> (36)

# TOKYO SURVEY OF 8000 FAMILIES (2016) FOOD SECURITY

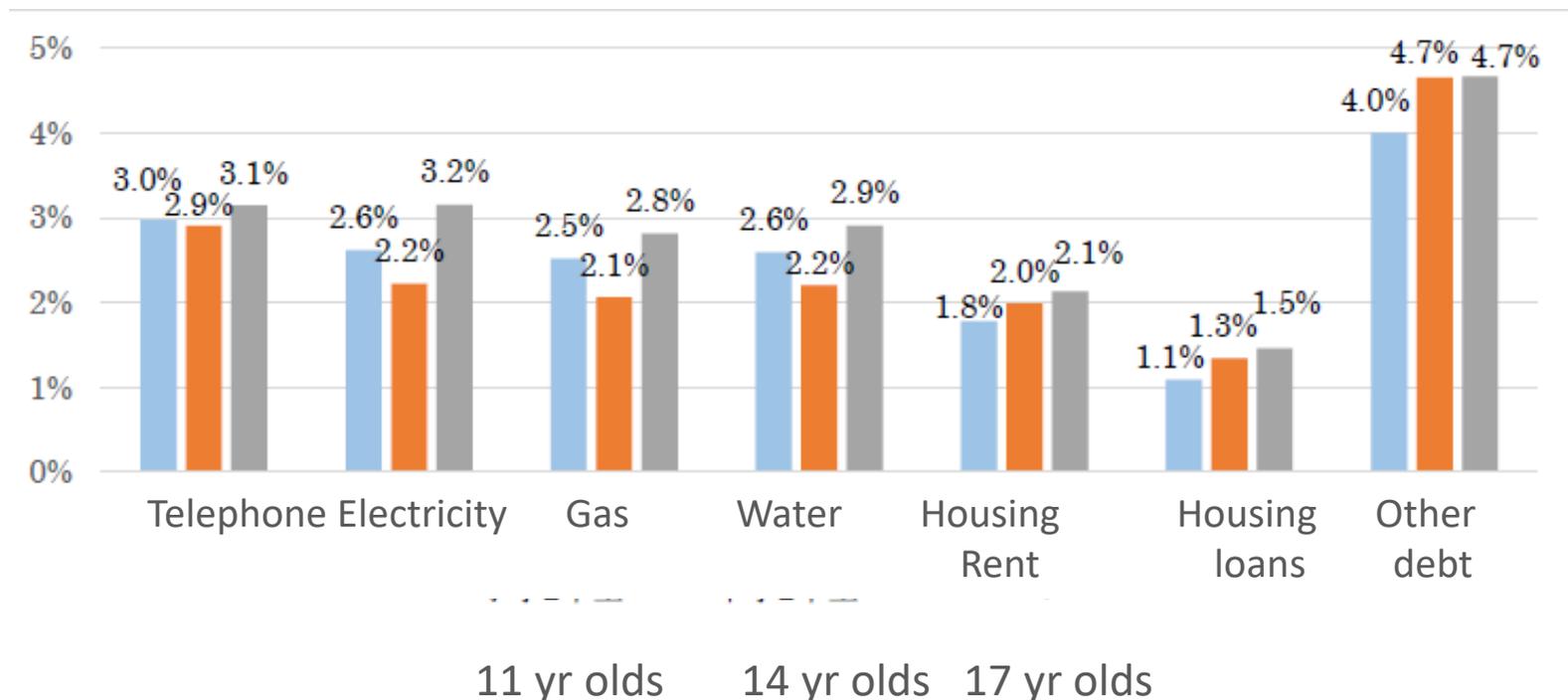
In the past year, has your family ever experienced not being to afford food that your family needed?



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

# PRECARIOUS HOUSING AND LACK OF AMENITIES

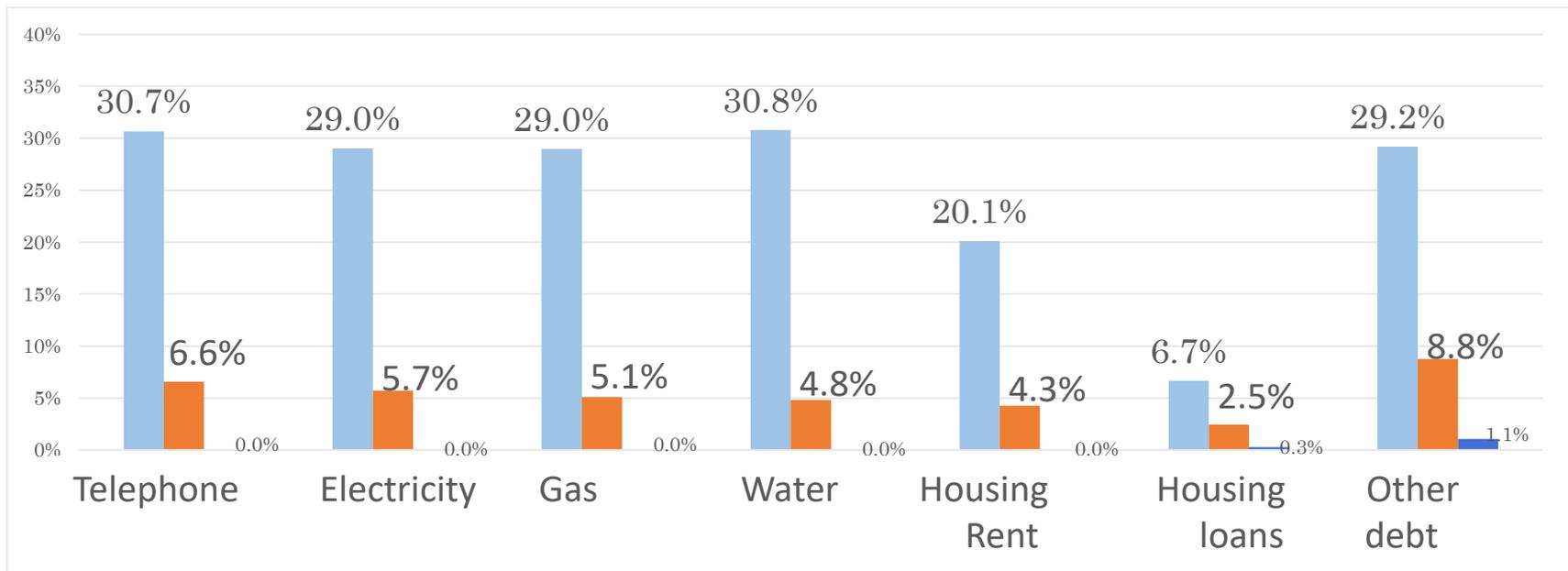
In the past year, has your family ever experienced not being to pay following bills? (% yes )



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

# LACK OF AMENITIES BY SES

11 year olds

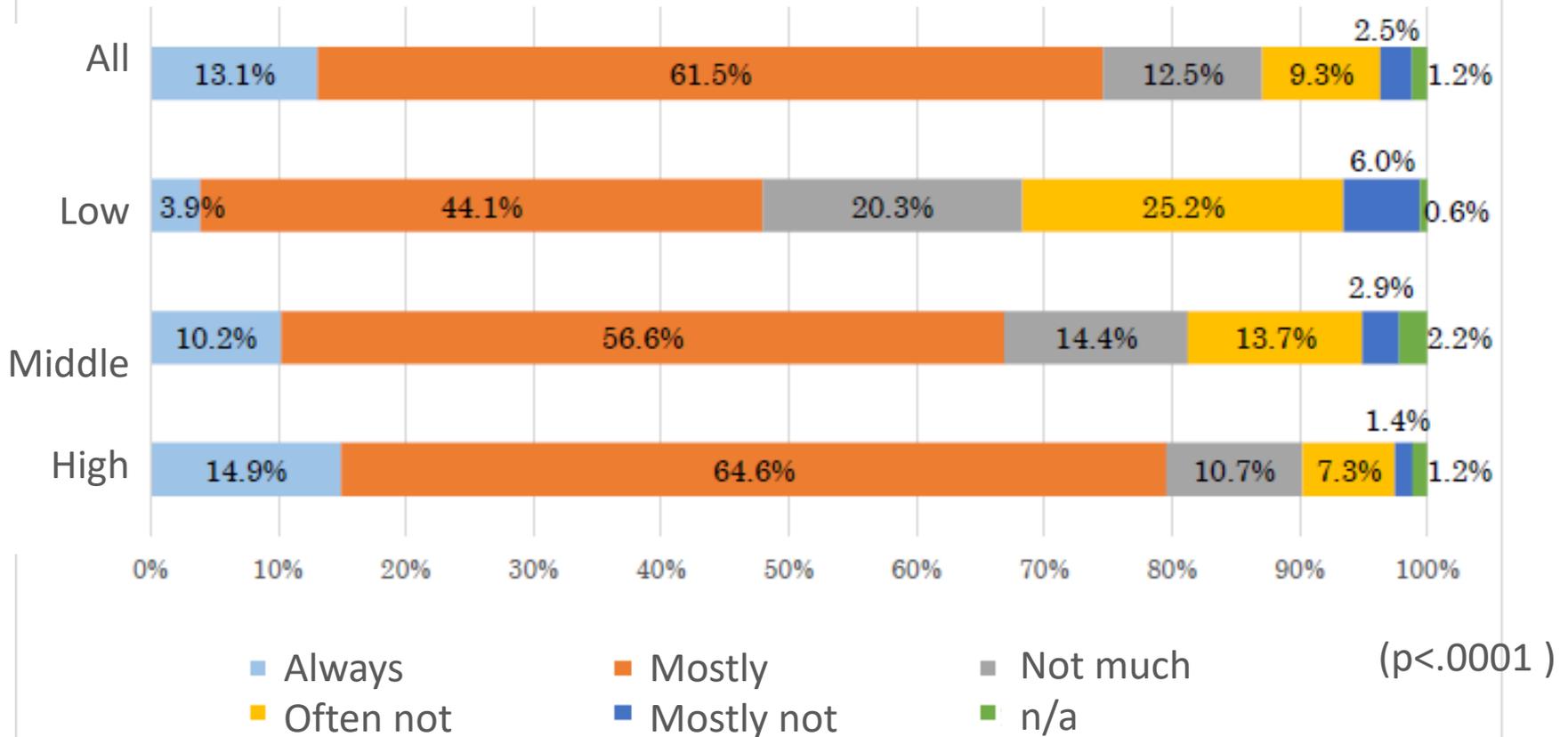


Blue – low Orange- Middle Dark Blue – High SES

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

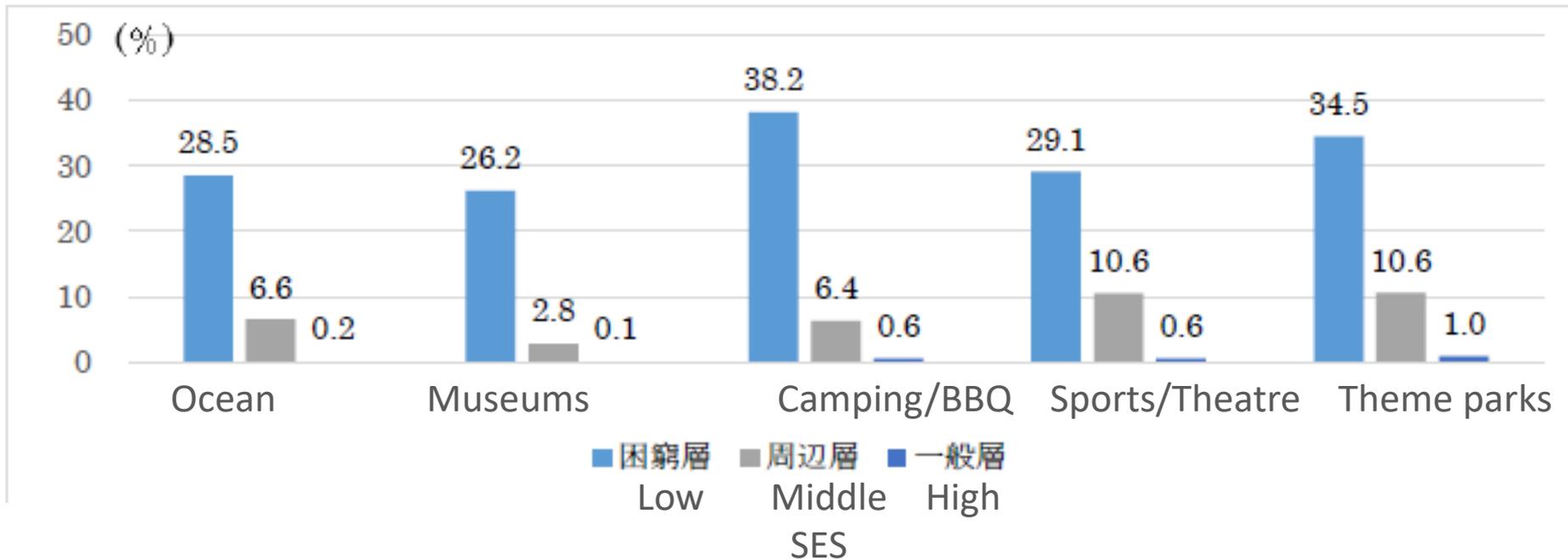
# ACADEMIC ACHIEVEMENT (14 YR OLDS)

In general , do you understand classes at school?

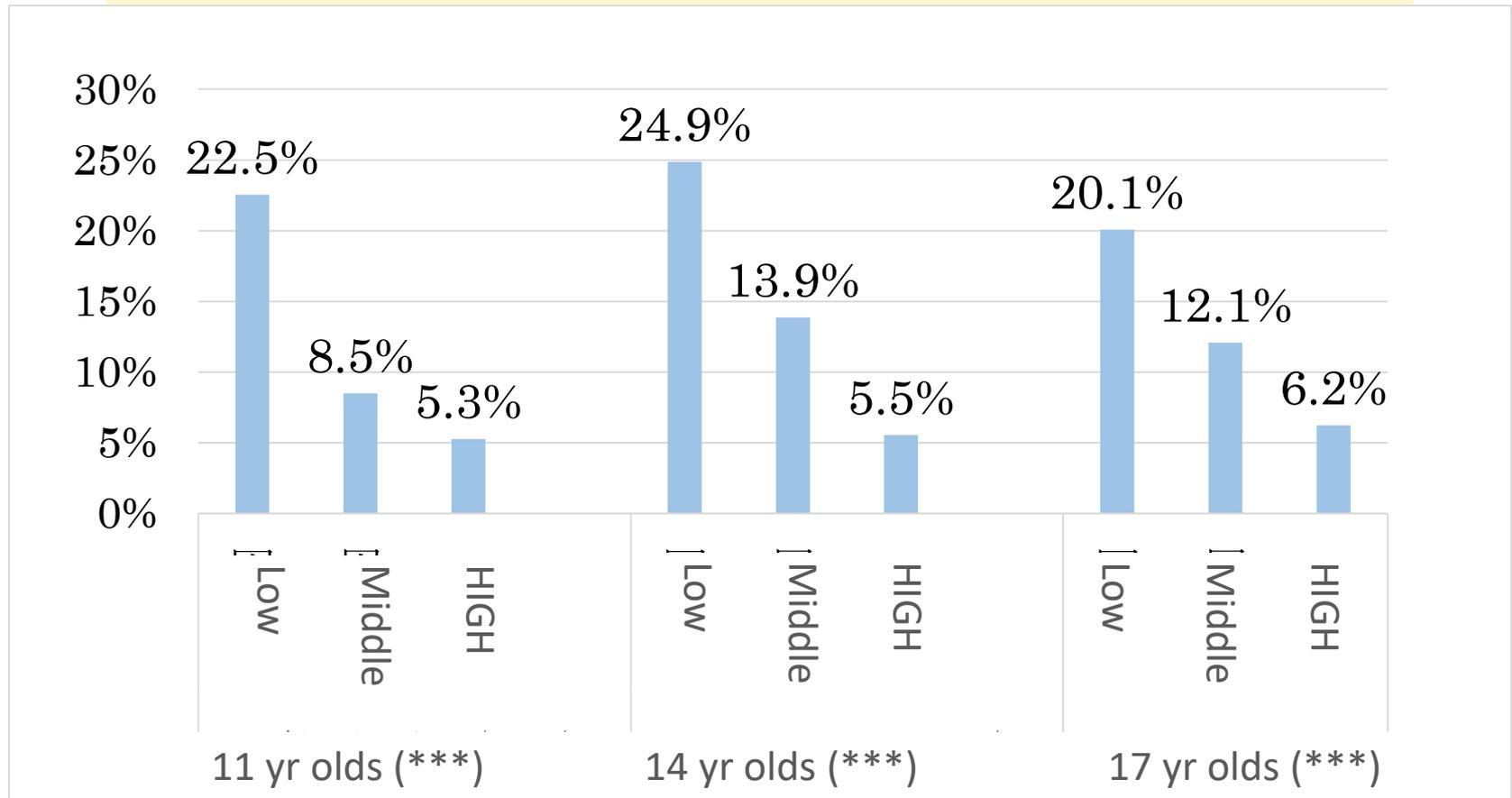


# EXPERIENCES (11 YR OLDS)

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)



# % OF PARENTS WHO HAVE NO ONE TO TALK ABOUT PROBLEMS



# STATUS OF CHILD POVERTY IN JAPAN

- While overall performance of Japanese children is good, some indicators show bad performance.
- Especially, there is 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))

# CHARACTERISTICS OF POVERTY IN JAPAN

- 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).

## CONT.

### 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

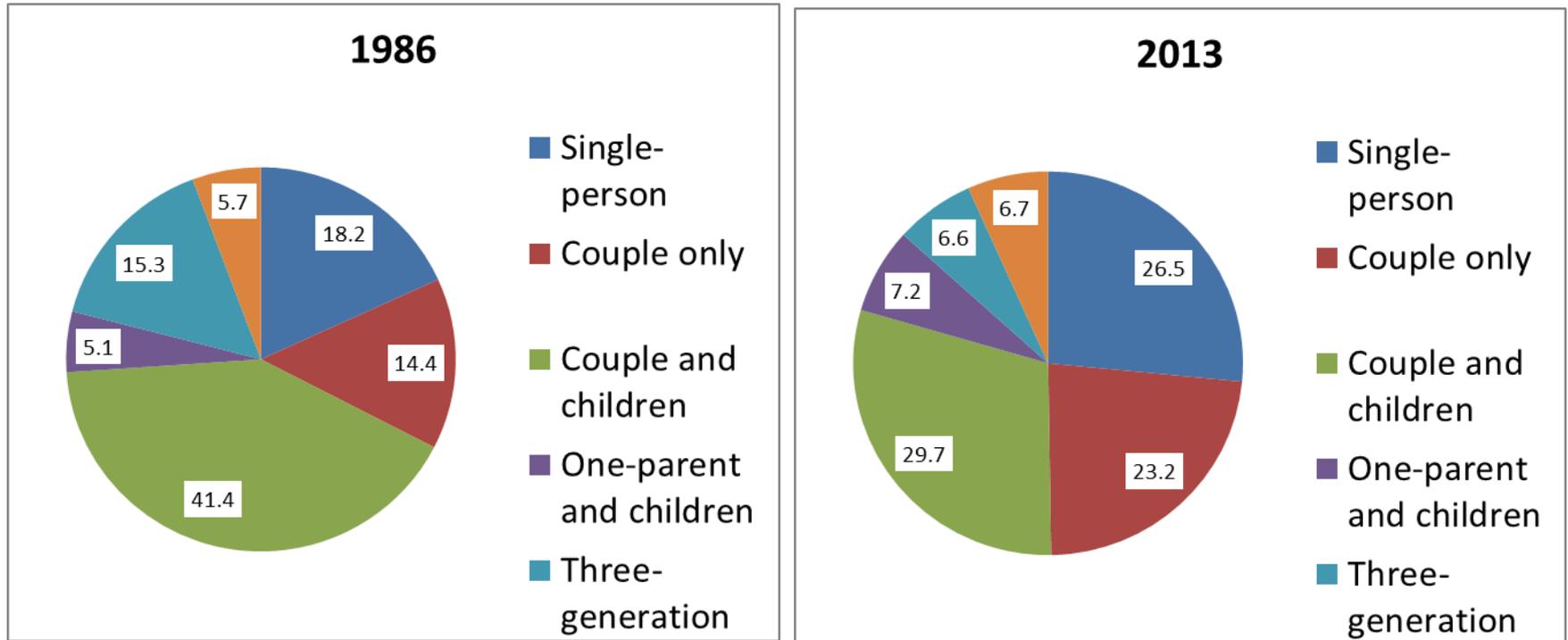
# CONT.

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”
- 2010~ Liberal Democratic Party “Self-Help, Mutual-Help, Public Help”
  - 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.

# CHANGING FAMILY STRUCTURE OF JAPAN : ALL PERSONS



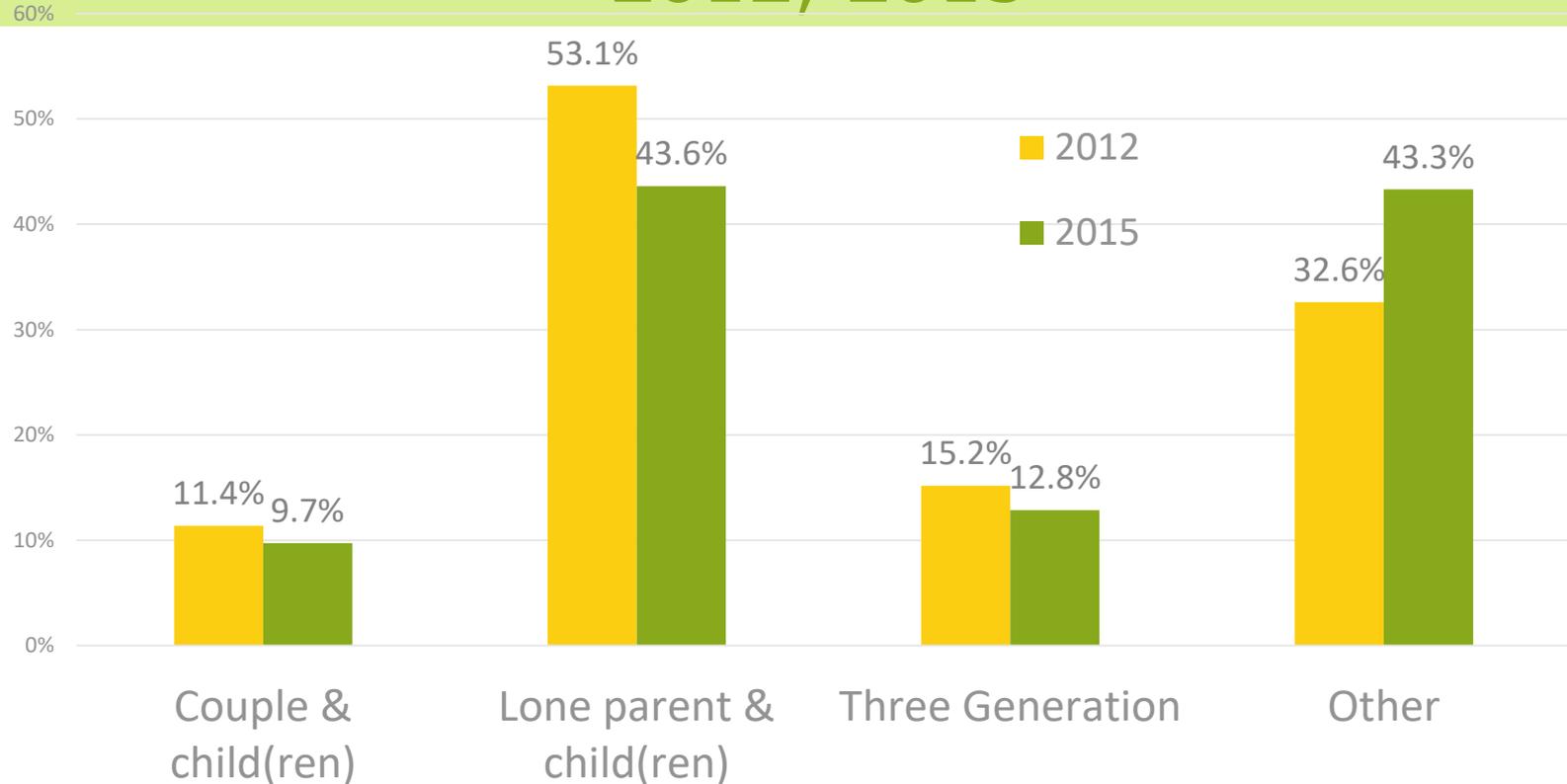
- Japan's biggest safety net was the family. People relied on their family for income support (by living together) and for care (in old age).
- Multi-generation household assures multiple earners.
- However, now single-person households consists second largest share of household types (26.5%).

Date : Author's calculation from Ministry of Health, Labor and Welfare "Comprehensive Survey of Living Conditions 2013, 1985.

# FAMILY STRUCTURE OF CHILDREN : 1985, 2012

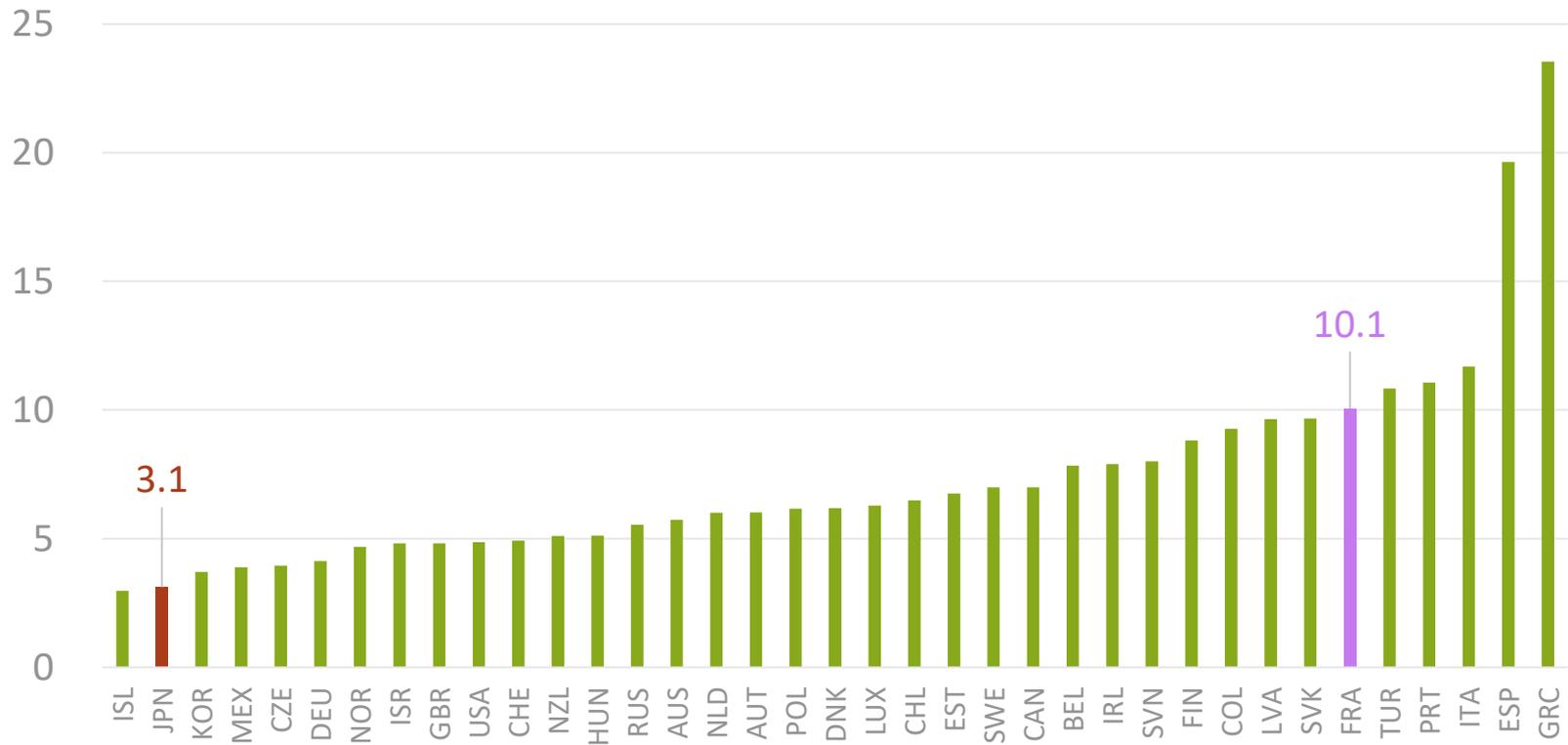
	1985	2013	
Two-parent families	95.0%	89.8%	
2-generation	60.5%	72.0%	
3-generation	34.5%	17.8%	
Single-mother families	3.9%	8.9%	
2-generation	2.9%	6.2%	
3-generation	1.0%	2.7%	
Single-father families	1.1%	1.3%	
2-generation	0.6%	0.6%	
3-generation	0.5%	0.6%	

# CHILD POVERTY RATE BY FAMILY TYPE 2012, 2015

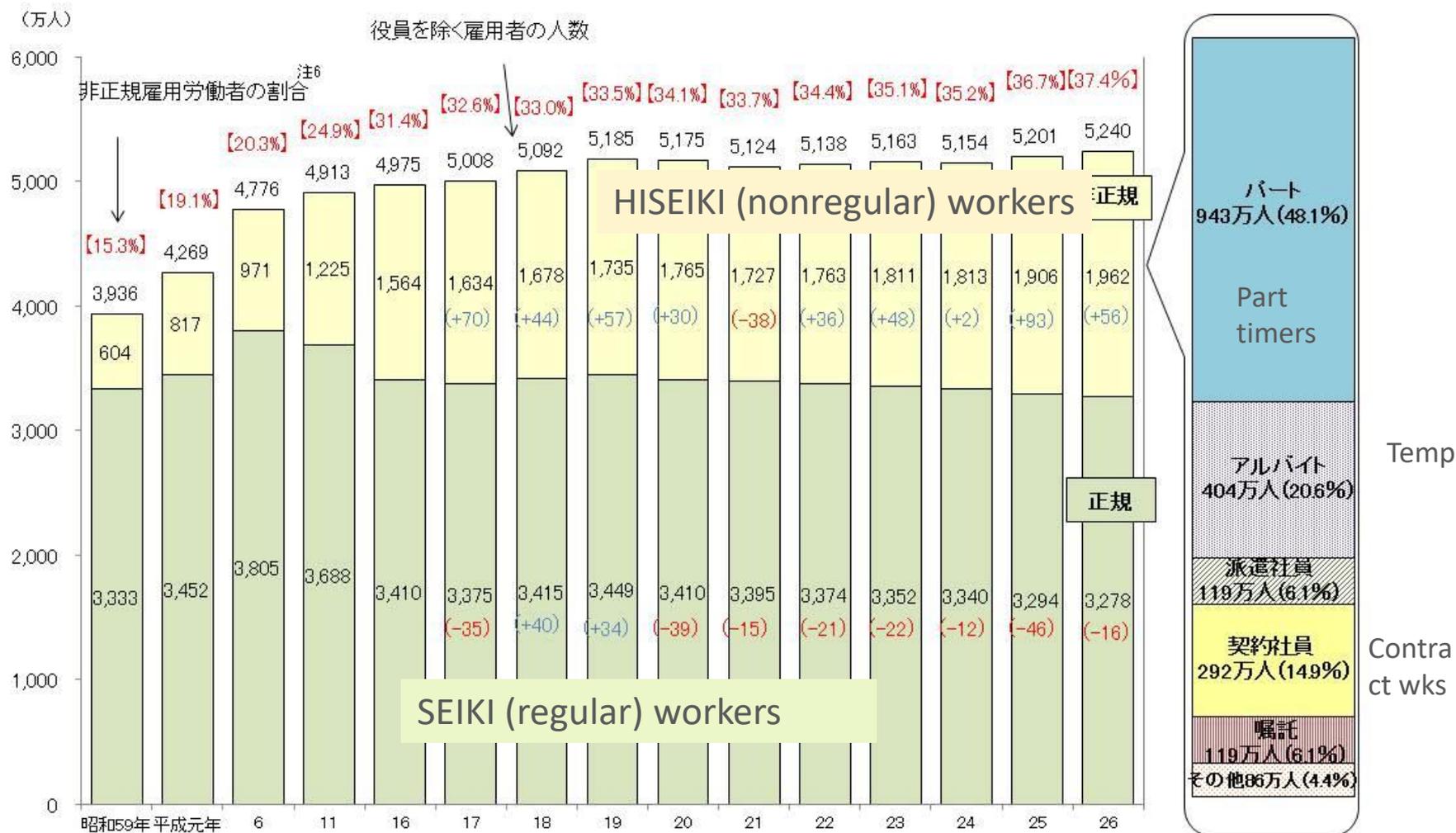


- Strikingly high poverty rate of lone parent families.
- Three-Generation family is no longer the most economically secure family type.

# UNEMPLOYMENT RATE



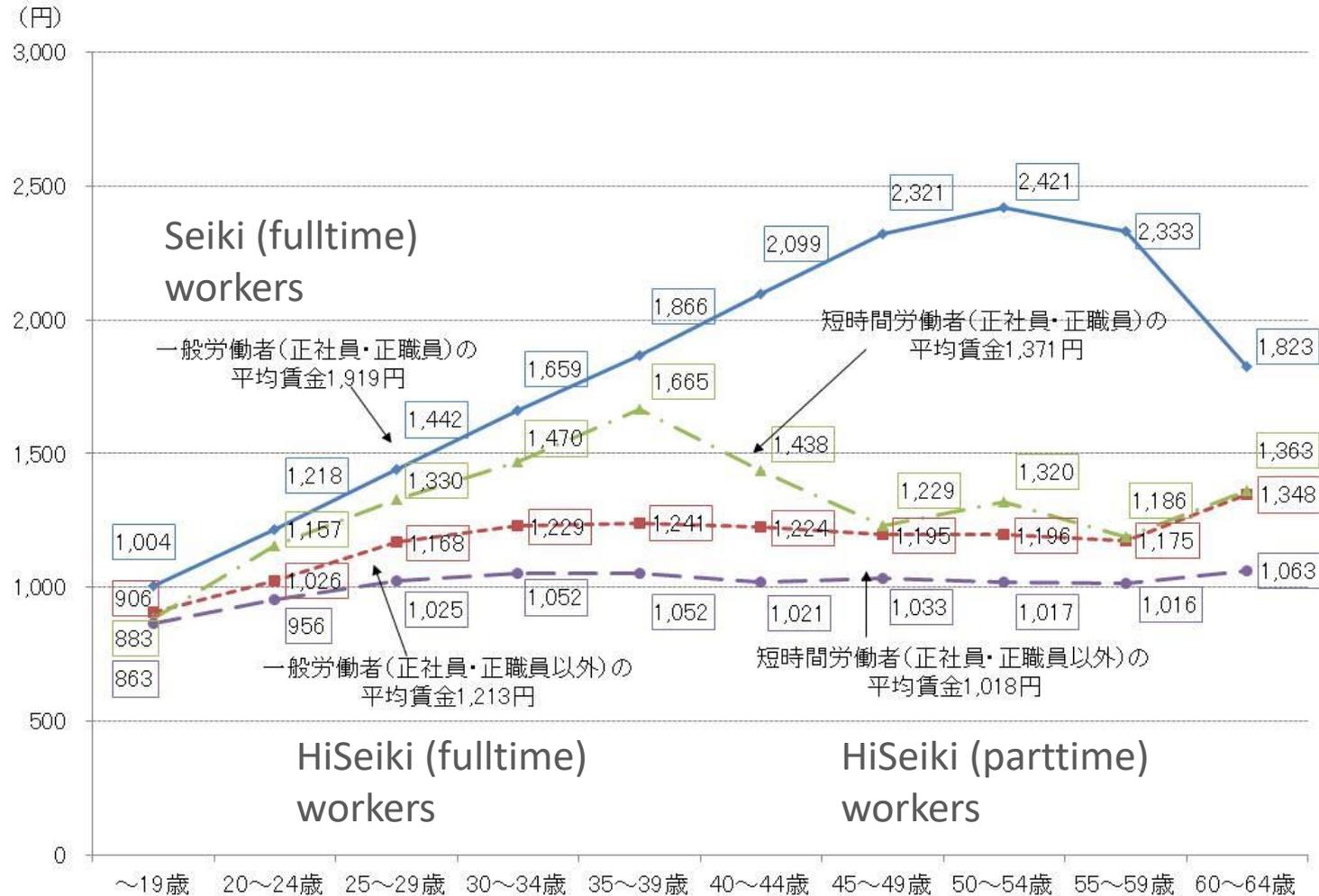
# % OF HISEIKI WORKERS ON THE INCREASE (37.4%)



# AVERAGE WAGE BY AGE CATEGORY

- Hiseiki workers (1.1~1.2 mi.yen)

- Seiki workers' wages increase with age



Source : MHLW

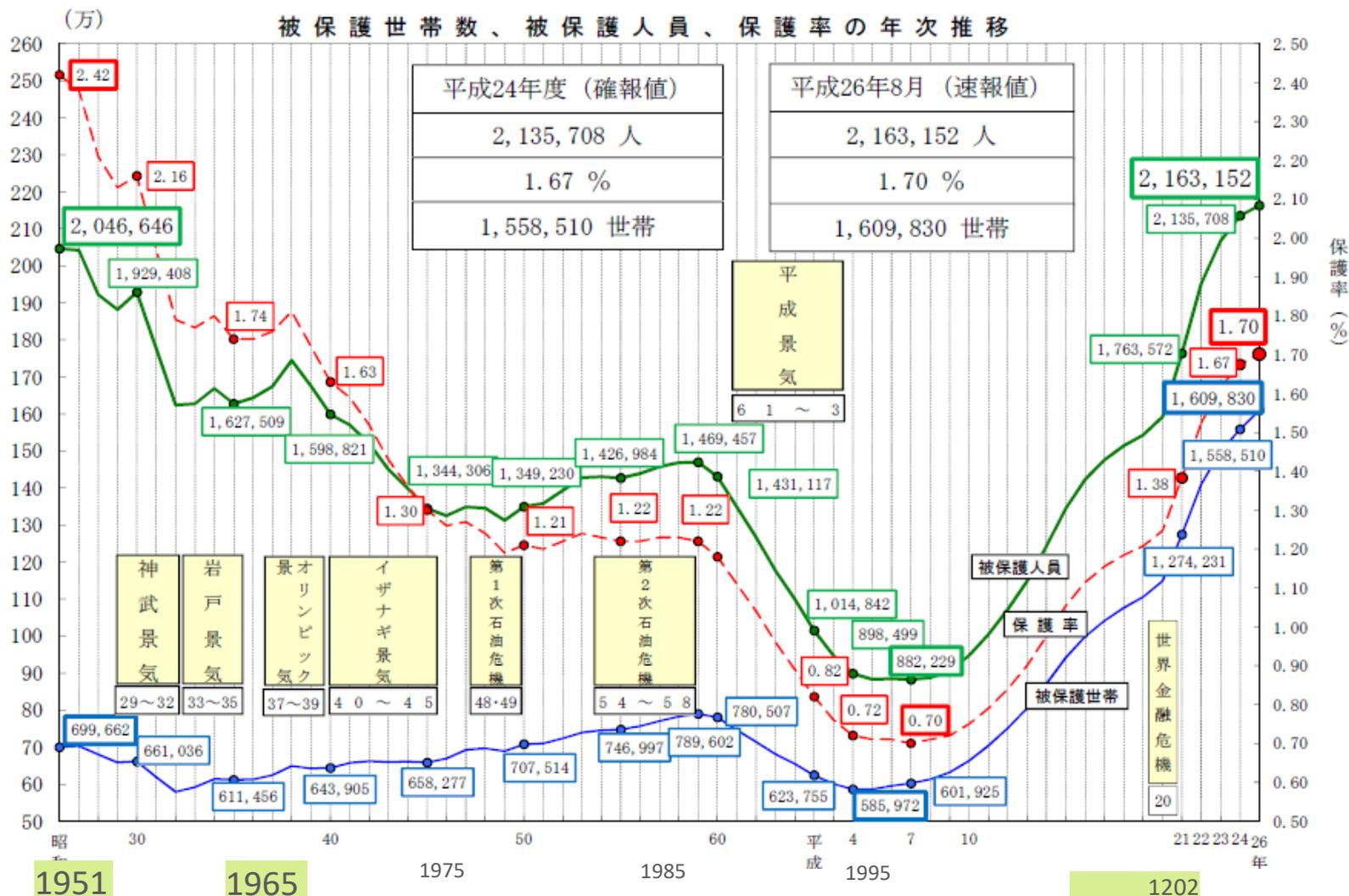
# 2-TIER STRUCTURE OF LABOUR MARKET

	<b>Seiki Workers</b>	<b>Hi-Seiki Workers</b>
Duration	Life-long guarantee until retirement age	1-2 years or shorter at a time
Wage/ Hour	High and guaranteed to increase with tenure	Low and fixed
Social insurance	Health, pension & unemployment insurance	None (have to pay their own)
On the job training	Continuous	None

# WHAT DOES THE GOVERNMENT DO TO ALLEVIATE CHILD POVERTY?

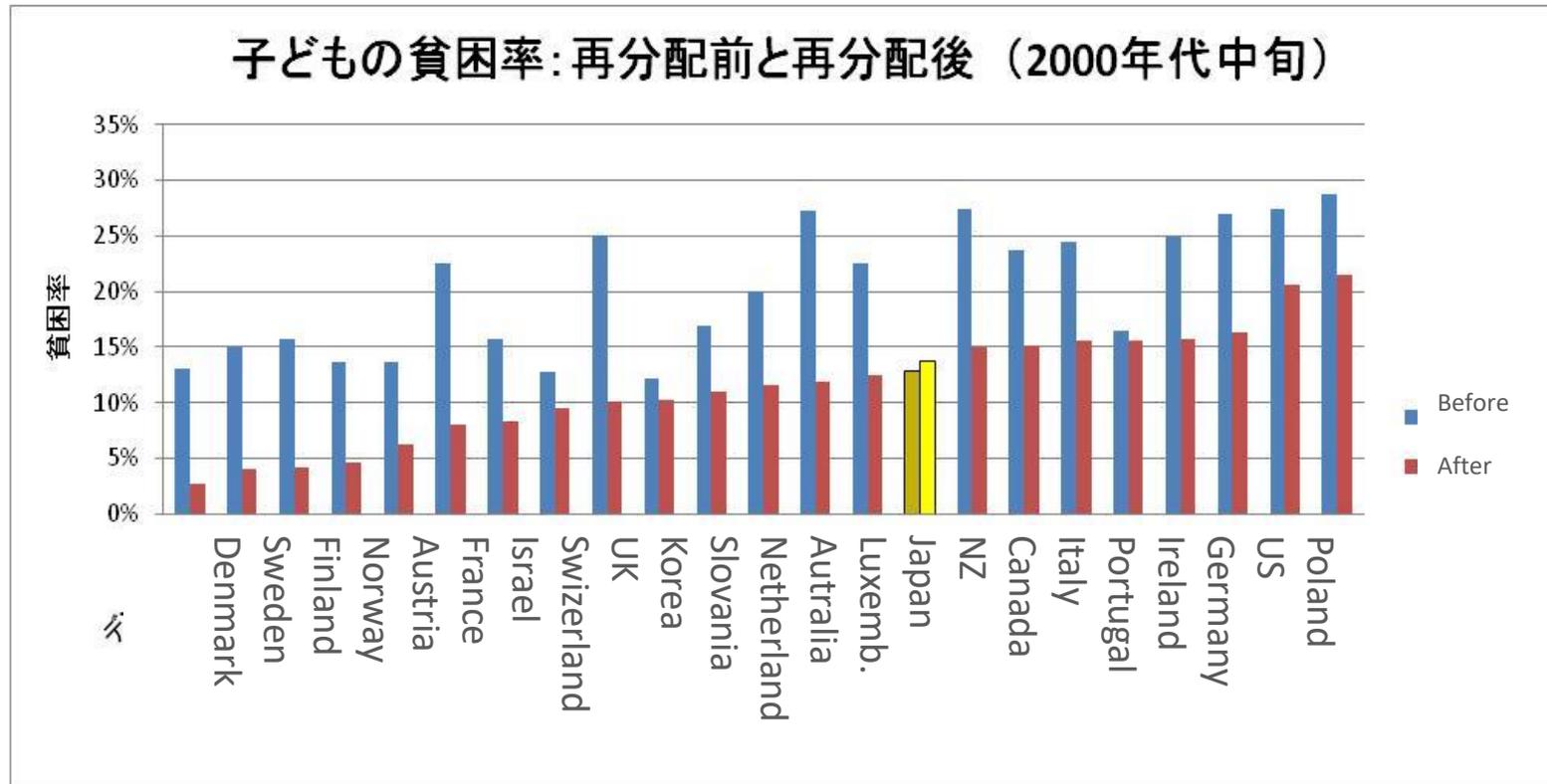
- Public Assistance (welfare)- The % of population receiving the Public Assistance is small. About 2%. Half of the recipients are elderly. Only those with disability or are sick or elderly can (in effect) receive the benefit.
- Child Benefit - Almost universal. 0-2 yrs old ¥15,000, 3-15 ¥10,000 (/mo).
- 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.

# JAPAN'S PUBLIC ASSISTANCE RECEIPT RATE 1951-2014



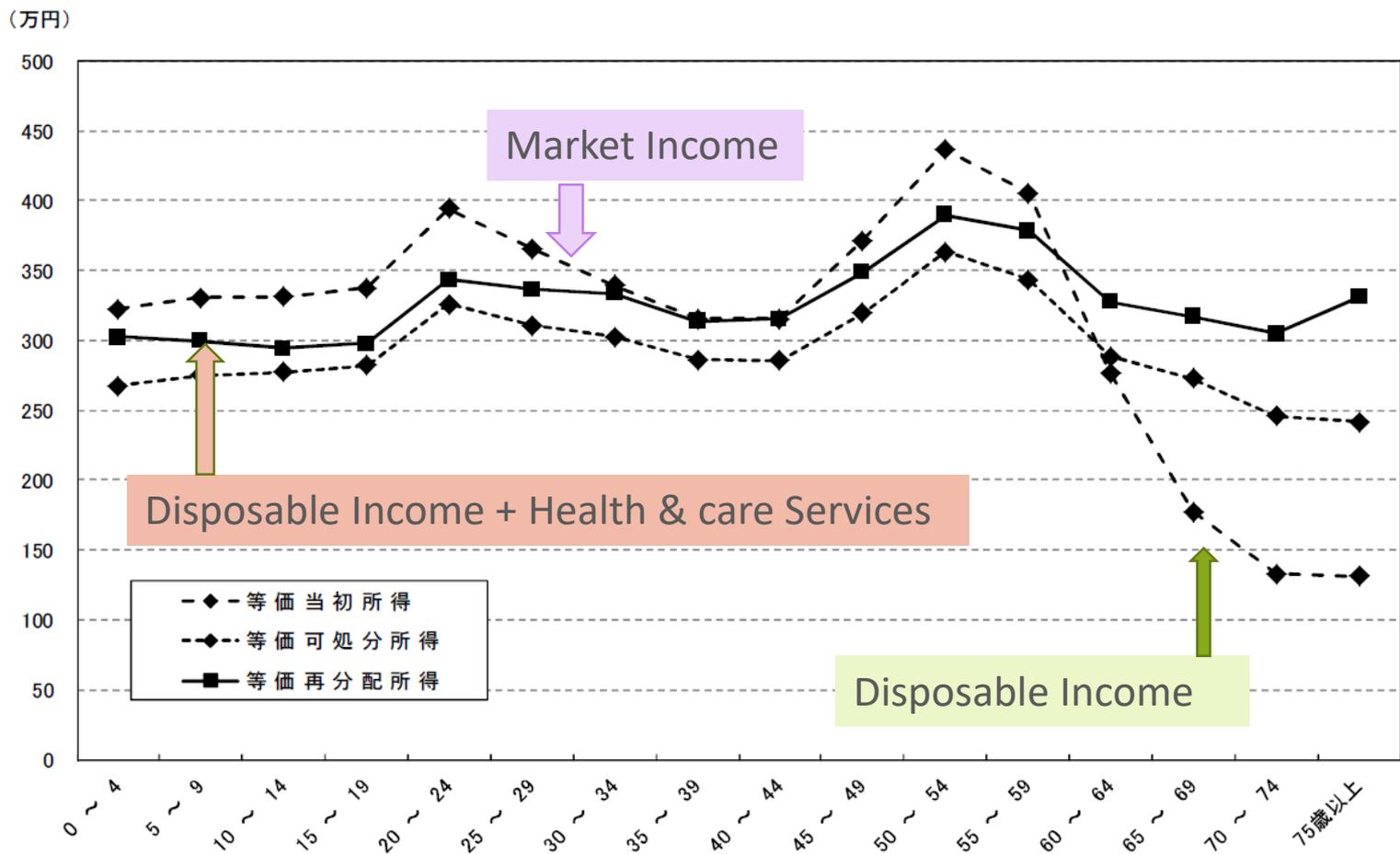
- The public assistance receipt rate is increasing, but it only covers less than 2% of the population. The system is not equipped to handle large welfare pay-roll.

# CHILD POVERTY RATES: BEFORE AND AFTER TAX AND TRANSFERS, COMPARING OECD COUNTRIES (MID-2000S)



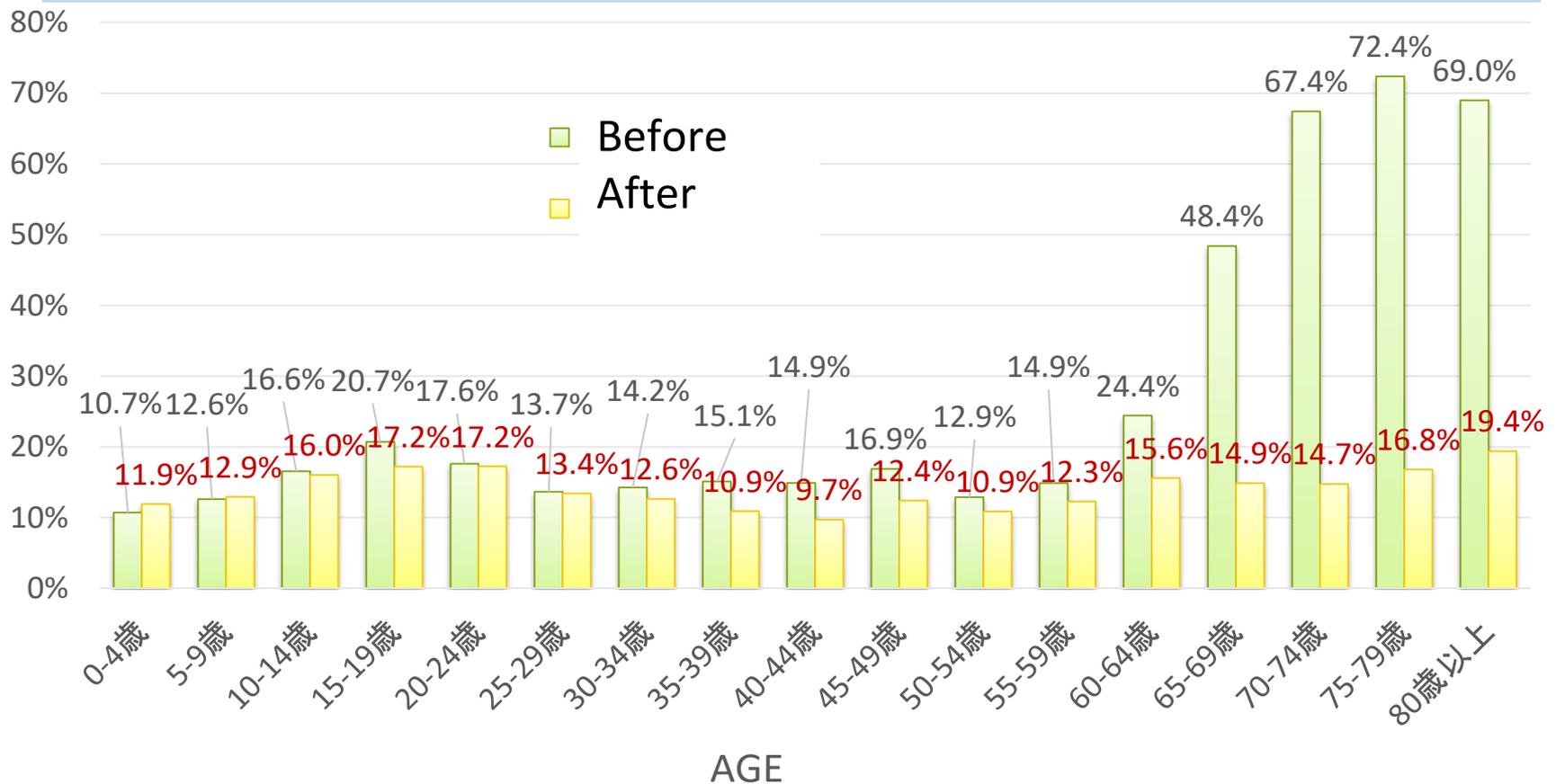
- Only in Japan, the After-TT poverty rate is higher than the Before-TT poverty rate.

# AVERAGE HOUSEHOLD EQUIVALIZED INCOME BY AGE OF HOUSEHOLD MEMBERS



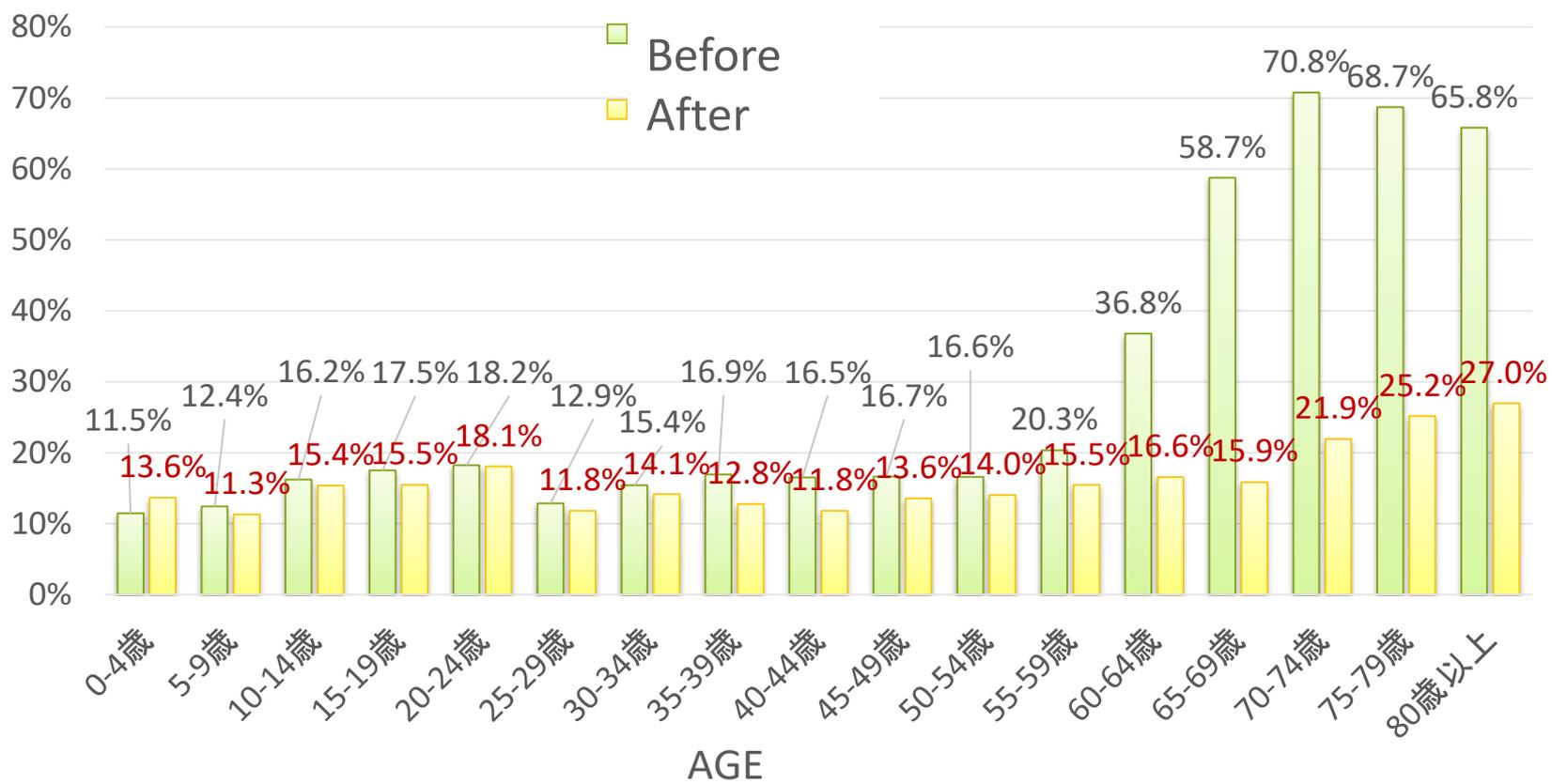
Source : Ministry of Health, Labor and Welfare (2016) 2004 Income Redistribution Survey

# Poverty rate before and after Tax & Transfers (Men)



- 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)



Source: Author's calculation using Ministry of Health, Labor and Welfare (2017) *Comprehensive Survey of Living Conditions 2015*

# 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 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!