Age, Change and Poverty: Coping With Social Transformation

By Sawako Shirahase

For decades, Japan was described as an "all-middle-class society," a characterization that was always open to skeptical analysis.

Japanese academic Sawako Shirahase probes the profound social changes Japan is undergoing and calls on policymakers and civil society to build a new social consensus that better reflects the new realities.

SINCE THE END OF 2008, two topics have been dominating discussion in Japan: poverty and labor. The financial crisis that started in the subprime lending market in the United States has threatened to overwhelm the entire world economy, Japan included. Unemployment has steadily increased beginning in late 2008, particularly among non-regular, or contract, workers. In December, 2.7 million workers were unemployed, an increase of 390,000, according to the Ministry of Health, Labor, and Welfare's Labor Force Survey. The jobless rate in December was 4.4 percent.

While the number of regular workers has declined in Japan, non-regular workers as a part of the work force have been increasing since the 1990s and now face the most serious crisis. There are now about one million contract workers, mostly in the automotive and consumer electronics industries, and it is predicted that at least 400,000 of these will lose their jobs by the end of March 2009. In a sign of the government's inability to cope with the scale of the social crisis, non-profit organizations and labor unions have had to fill the void. At the end of last year they organized a so-called *haken mura*, a village for contract workers, to help those who lose their livelihood and homes to get through the cold weather at the turn-of-the-year when most government offices were closed.

This is just one aspect of the many changes, for good or bad, Japanese society is undergoing. In this essay, I would like to discuss three aspects of this. First, I will show how the issues of inequality and poverty in Japanese society have been dis-

1 Ishida, Hiroshi. 2002. "Shakai Ido kara Mita Kakusa no Jittai"(Inequalities in Social Mobility), in *Nihon no Shotoku Bunpai to Kakusa*, edited by H. Miyajima and Research Institute for Advancement of Living Standards. Tokyo: Toyo Keizai Shinpo sha, Pp.65-98.

2 Hara, Junsuke and Kazuo Seiyama. 1999. *Shakai Kaiso Yutakasa no nakano Fubyodo* (Social Stratification Inequality in an Affluent Society). Tokyo: University of Tokyo Press.

cussed since the 1990s following the collapse of the bubble economy. Second, I will discuss the country's demographic changes. At the macro-level, a rapidly ageing population characterizes Japan, while at the micro-level a high degree of economic hardship is leading to an increase in unconventional living arrangements. Finally, I will tackle the issue of single-person households and single-parent families as examples of newly emerging family types that exist outside the Japanese family and welfare-state system.

RISING INEQUALITY AT THE TURN OF THE CENTURY

Japan was the first Asian country to successfully industrialize, and the period of rapid economic growth that began in the 1950s transformed the country and made Japan a leading economy. The "Income Doubling Plan" of the Hayato Ikeda cabinet in the 1960s reached its goal well ahead of schedule, and foreign observers began to describe the Japanese as "economic animals," while researchers studied Japan's system of lifetime employment.

From the 1970s to the 1980s, Japan came to be seen as the "all-middle-class society." Although the economic growth rate slowed somewhat, average incomes continued to rise. People were able to afford household appliances and cars. A "home of your own" was no longer just a dream. It seemed that everybody was watching the same television programs and had a refrigerator and a washing machine. In a comparative study of income distribution in 1976, the Organization for Economic Cooperation and Development (OECD) found Japan to be the most egalitarian country. This was taken as further evidence of Japanese exceptionalism and the characterization of Japan as wholly middle-class and homogeneous was given further impetus. The stereotype of the Japanese as a people with a universal middle-class consciousness who shared a common lifestyle became firmly established.

By 1979, the scholar Yasusuki Murakami argued that classes no longer existed in Japan. He showed that there was great homogeneity in lifestyle and outlook and that the differences between classes had disappeared, making Japan a "mass-middle society." These confident assertions, however, started to fade beginning in the late 1980s against a background of growing doubt about the true degree of social equality. Toshiaki Tachibanaki's *Economic Inequality in Japan* (1998) became a bestseller. A sociologist, Toshiki Sato, joined the debate with the book *Japan as an Unequal Society* (2000). Tachibanaki offered the shocking assertion that income inequality in Japan was actually similar to that of the United States, and Sato reported on the limited degree of mobility in the upper white-collar class, arguing that social stratification was becoming more rigid in Japan.

To argue that Japan had ceased to be egalitarian and was now divided by class assumed, of course, that Japan had been a society with a high degree of equality in the first place. Hiroshi Ishida (2002)[1] and Junsuke Hara and Kazuo Seiyama (1999)[2] claimed, meanwhile, that there was no trend toward inequality. Seiyama believed that anxiety about growing inequality was more or less based on myth, and that there was no convincing evidence for these arguments. He said there was no pattern of change in the degree of economic inequality. An economist, Tsuneo Ishikawa (1991; 1994)[3], also cast doubt on the proposition that Japan had ever been as egalitarian and homogeneous as was commonly supposed.

One of the reasons why there was a resurgence of interest in the subject of inequality was due to instability in the Japanese labor market. The number of non-regular workers increased significantly during the so-called Heisei Recession (*Heisei Fukyo*) of the 1990s. The economic downturn was especially harsh on young workers, particularly those with lower educational levels. The unemployment rate among those aged 15 to 19 was 6.7 percent in 1992 when the bubble economy ended and increased to 12.8 percent over the next decade. Now about one third of the labor force is made up of non-regular workers, with more than half of the female labor force in that category, mostly as part-time workers. Moreover, having a job no longer means being free of pov-

3 Ishikawa, Tsuneo. 1991. *Shotoku to Tomi* (Income and Wealth). Tokyo: Iwanami Shoten. Ishikawa, Tsuneo. 1994. *Nihon no Shotoku to Tomi no Bunpai* (Income and Wealth Distibution in Japan) Tokyo: University of Tokyo Press.

4 Ohtake, Fumio. 2005. *Nihon no Fubyodo* (Inequality in Japan) Tokyo: Nihon Keizai Shinbun sha.

5 The completed fertility rate is calculated using the number of children that were born to couples who have been married for 15 to 19 years.

erty and the whole issue of the working poor is attracting more attention. Non-regular workers are often paid unreasonably low wages and toil in unfavorable working conditions. The life-long employment system is no longer dominant in Japan, and a sharply segregated employment system is becoming more common.

AN AGEING POPULATION AND CHANGING LIFESTYLES

Initially, rising income inequality did not affect all age groups uniformly. Much of the rise in income inequality was due to the increase in the number of elderly households, many of which are relatively worse off than younger people. Fumio Ohtake (2005)[4] focused on the ageing population to explain growing inequality. (The phenomenon is not confined to the aged, however, as the extent of income inequality is now spreading to people in their twenties and thirties.)

Declining fertility rates, of course, have been the driving force behind Japan's rapidly ageing population. In 2006, the fertility rate in Japan was 1.32, far below the replacement rate of 2.08, meaning more older people and an eventual decline in total population. The population as a whole started to decline for the first time in 2006, resulting in policymakers and business people expressing worries about future economic growth.

The decrease in the fertility rate is largely explained by two factors. One is the increasing number of young people who shy away from marriage, and the other is the decline in the birth rate among married couples. Since the mid-1990s, the latter became more important in explaining the decline. The completed fertility rate, meaning the number of children a couple actually has, for married couples[5] was 2.09 in 2005 (National Institute of Population and Social Security Research 2006) compared to 2.23 in 2002, primarily due to a decrease in the number of couples with three or more children. Interestingly, there has not been a significant increase in the proportion of married couples without children, though they are having fewer offspring, and only 5.6 percent of couples that have been married for 15 to 19 years do not have

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The most common reason people give for their reluctance to have children is the economic burden, a factor Japan shares with South Korea, which has experienced similar declines in fertility. Since child rearing is very expensive in Japan, couples cannot afford to raise as many children as they might wish. According to the Japanese Cabinet Office's 2005 survey of international attitudes, Japanese people want more economic support from the government for childrearing, such as family allowances. Indeed, most Japanese feel the country is not a favorable place to raise children, and the vast majority claim that the government should take greater responsibility for childrearing. As a result, one of the policy agendas proposed by the government is to address the burden on families. It is not only low-income families that look to central authorities for help. Those with high incomes commonly claim they also need financial support in raising their children, especially in coping with high educational costs, a factor they mention more often than poorer groups. This is mainly because families with high incomes spend more on their children's education than those with low incomes, who cannot afford the wide range of choices on offer.

Japan has also been characterized as providing an unfavorable work environment for women, as exemplified by the discontinuous pattern of work among mothers, the large wage gap between men and women and the very low proportion of women holding managerial positions. About 70 percent of mothers stop working after giving birth to their first child. About half of all married women say that mothers should leave the labor market when their children are small (National Institute of Population and Social Security Research 2006).

A strong belief that mothers should stay at home to take care of small children remains common. Even among the younger generation, there is a strong preference in Japan for mothers to take care of small children at home. This conflict between having children and pursuing a career poses a serious obstacle to women's status in the work force. As a result, married women's contribution to the household economy remains limited. Behind such attitudes, there is no assumption that the husband and the wife share family responsibilities. The model of a strong male breadwinner has been firmly established since the high-growth economic era. The very important point that tends to be missed in discussions about family-friendly policies is how to make it possible for fathers as well as mothers to be involved in child care. It is difficult for fathers to accept a share of family responsibility given the extremely long working hours they must put in. The longer the husband's working hours, the less likely he is to do family chores. Therefore, making the workplace more family-friendly means reforming the employment system so that it is more flexible and responsive to the needs of both men and women.

NEWLY EMERGING FAMILY TYPES

Recently, family-and-work balance and the appropriate policies to ensure that balance have received a lot of attention from policymakers and researchers, who believe that the right policy mix could help mothers reconcile family with work, and consequently help increase the fertility rate. However, supporting this idea is the expectation that both the mother and the father are present in the family. But behind the recent increase in income inequality among young households with small children is an increase in the number of single-parent households. Research shows that single-mother households, in particular, face high economic risks. While single-mothers have a high employment rate, they still experience high rates of poverty.

The family has traditionally played a critical role in providing basic livelihood security in Japan, and the Japanese-style welfare state is characterized by a heavy dependence on the family. However, with both the divorce rate and the number of people choosing not to marry rising, we can no longer expect the family to play this traditional role. Indeed, one of the greatest problems posed by the changing nature of the family in Japan — in particular, the growing numbers of older people living alone and single-parent households — is that these non-typical families are closely associated with a high risk of poverty. In other words, the economic penalty for being an atypical family is high in Japan.

Research I have carried out shows that working single mothers in Japan suffer more from poverty than their American, French and Swedish counterparts. Given that employment for these women does not seem to prevent poverty, single mothers living with their parents have a greater chance of avoiding poverty than those who live alone. In place of poor social support, the extended family still plays a critical role in preventing poverty among single mothers. However, not all single mothers can secure their basic livelihood through their families. And, of course, there are single mothers who do not have families to rely on.

Getting divorced and becoming a single mother used to be a stigma in Japanese society. It is less so now, and we have to cope with an increasing number of single-parent families no matter what is driving this trend. If for no other reason, this must be done in the interest of guaranteeing equality of opportunity for children. Currently, not only single-mother families but also single-father families are increasing. In the past, the latter were considered to be not as problematic as

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the former, because the fathers were thought to be better able to cope because of their own jobs. These days, however, the poverty rate among single-father families is also increasing, although the number is still small.

Japan also faces the problems and challenges of its ageing population. In the past, as people entered old age, it was typical for them to reside with the younger generation in the so-called three-generation household. Recently, however, the number of three-generation households has declined, while the number of elderly one-person and couple-only households has increased. In households whose head is 65 years old and over, the degree of economic inequality has declined since the mid 1980s, but the economic inequality in elderly households is still larger than that of other households. Among the elderly, female one-person households, in particular, are at high economic risk. Almost half of female single-person households and about one-fourth of male single-person households are below the poverty line.

Of course, elderly people living alone are at greater economic risk in a number of countries, not just Japan. In Europe and the United States, older females living alone have a higher risk of poverty than their male counterparts. Japan used to be seen as exceptional, since it was presumably able to avoid such social problems, but it is time to recognize that we have reached the point where Japan faces the same problems of inequality and poverty common in other advanced capitalist societies.

In the past Japan was characterized by fast-paced change driven by rapid industrialization, but it is now facing the consequence of rapid social change because of an ageing population and other features of the society. Because of this, popular perceptions of what is happening to society tend to swing between extremes: equal or unequal, hope or despair, family or career. Our ability to understand and respond to these changes will determine whether we can make the adjustments necessary for society. While people tend to recognize that Japanese society is changing, at the same time we do not understand precisely what is happening and how we should adjust. Politicians, on the other hand, often do not seem to recognize the changes underway and they tend to react too late. We need both the political and economic maturity to deal with these issues. Making it clear what kind of society we want in the future, and reaching a social consensus, would be the first critical step toward building a new and manageable welfare state in the coming era.

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