

# The Political and Social Economy of Care: Japan Research Report 1

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#### 1. Introduction

Japan attracted world attention because of the remarkable economic growth lasting for almost 25 years since 1960's. But it experienced the serious economic stagnation in the 1990's which is called "the lost decade". Since the year 2003, the economy recovered, but again it was involved in the world recession in the Autumn of 2008, facing a large scale of redundancy mainly in the automobile and electronics industry, which focused on the non-standard employees initially but the standard-type employees are now no exception.

Though economy in Japan has been remarked and introduced to the international arena (for example, World Bank1993 *The East Asian Miracle: Economic Growth and Public Policy*, A World Bank Policy Research Report, Oxford University Press), social security schemes and welfare regime in general have not been known so far. Epoch-making Esping-Andersen (1990) has not examined Japanese case in detailed way.

Japanese welfare regime had features of employment-centred or "workfare" which means that full employment substituted the welfare function. These features can be observed in the rapidly developing Asian NIEs (Newly Industrialized Economies) such as Korea, Taiwan, Singapore and Hong Kong. But these Japanese features have changed by the rise of unemployment rates in the 1990's and its performance is no longer well as it used to be.

The purpose of this report is, first, to examine the path of social security development, second, to explain the current issues and character regarding Japanese welfare regime.

## 2. Brief History Part 1: 1867 - 1945

Japan bade farewell to its feudal economic and political systems and paved the way for the creation of a modern capitalistic nation at Meiji Restoration in 1867. After that the government abandoned previous 'close-the-door' policies and sought to tackle two new goals which were regarded as essential to avoid the country being colonized by the Western powers:

The encouragement and development of manufacturing industries The creation of the strong military

The 140 years since 1867 is usually divided into two periods. The first is until the end of the Second World War in 1945 and the second is thereafter. These two periods differ from each other in respect of both political systems and economic life and ideas. In short, after 1945, Japan restarted as a democratic nation departing forever from its past militaristic regime. We do not have space to explore social policy in the pre Second World War period in detail here, but the below point must be mentioned.

Social policy developed relatively late. But even under the military regime, few social policy measures were enacted in the earlier period. Health services, for example, began to be provided in 1927 on the basis of insurance (The Employees' Health Insurance, EHI), although this covered only employees in large firms. Pension schemes (The Employees' Pension Insurance, EPI), were introduced in 1942, covering similar kinds of workers. And, as with other late developing capitalistic countries, Japan sought to adopt an insurance basis for provision, aiming to imitate the carrot-and-stick ideas of Bismarkian social insurance schemes.

In Japan it was civil servants in central government and military members with their families who were the first priorities to be covered by the insurance protection (pension and health services) run by the state. These were followed later by local civil servants and employees in large firms. However, it was only later, in the post Second World War period that other groups of workers and farmers were covered.

#### 3. Economic Growth and Fluctuations

#### 3.1 Economic Growth

The other key element structuring policy development in Japan, has been the country's rapid economic growth. The scale of growth in the fifty years up to the mid 1970s was quite remarkable - the miracle of the Japanese economy, based especially on the export of popular consumer goods such as cameras, radios, TV sets, and cars. GDP per capita in the year 2007 was 33,326 US dollars, one of the highest in the world. This rapid economic growth also went hand in hand with massive changes in industrial structure within the country. The agricultural and fishery sector, which in 1960 employed 31 per cent of the total work forces, employed only 5 per cent in 2000 - fewer than in the construction industry. In 2000, 20 per cent were working in the manufacturing industry and 27 per cent in the service industry of which figures are doubled in these forty years (from 13 % to 27%).

Table 1 Work forces by industry (old standard)

(Ten thousand of persons)

Year	Total								
	Total 1)								
		Agriculture and forestry	Fisheries	Mining	Construction	Manufac- turing			
1960	4436	1273	67	43	253	946			
	100%	29%	2%	1%	6%	21%			
1970	5094	842	44	20	394	1377			
	100%	17%	1%	0%	8%	27%			
1980	5536	568	45	11	548	1367			
	100%	10%	1%	0%	10%	25%			
1990	6249	419	40	6	588	1505			
	100%	7%	1%	0%	9%	24%			
2000	6446	307	29	5	653	1321			
	100%	5%	0%	0%	10%	20%			

	Total	Electricity, gas, heat supply and water	Transport and communicatio	Wholesale and retail trade, eating and drinking places	Financing and insurance, real estate	Services	Governme nt (not elsewhere classified)
Year							
1960	4436		239	899		574	142
	100%		5%	20%		13%	3%
1970	5094	28	324	1012	132	751	161
	100%	1%	6%	20%	3%	15%	3%
1980	5536	30	350	1248	191	1001	199
	100%	1%	6%	23%	3%	18%	4%
1990	6249	30	375	1415	259	1394	195
	100%	0%	6%	23%	4%	22%	3%
2000	6446	34	414	1474	248	1718	214
	100%	1%	6%	23%	4%	27%	3%

Source: Statistical Bureau, Labor Force Survey in each year

### 3.2 The Change in the Labor Market focusing on the female participation

Figure 1 shows economic growth was remarkably high (circa 5 %) from the late 1980's to the beginning of the 1990's. In fact the late 1980's economy took on the asset bubble with export and domestic demands being in top shape. The reason why it is called the asset bubble is that speculation on the real estate raised their prices with record degree.

But this bubble economy burst in the year of 1991-92 and partly because of "the negative asset effect", the economy entered into the phase of long stagnation called "the lost decade". The year 1996 saw the economic recovery but it was only transient to have another recession in 1997 and

experienced the second minus growth in 1998 (the first was in 1975). Since then we have had modest growth rates with some fluctuations.

Figure 1 Trends in Real GDP Growth

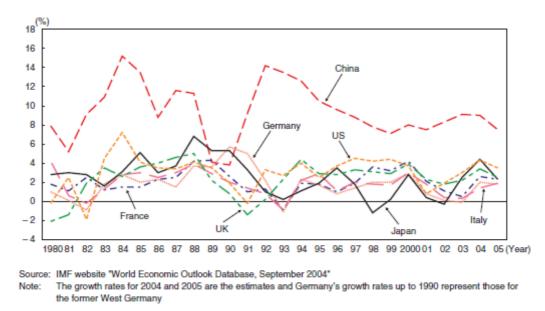
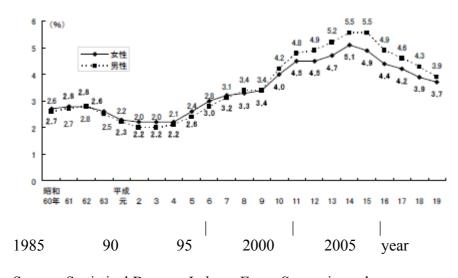


Figure 2 shows the trend of the unemployment rates which is on the rise for ten years from the year 1992 (from 2.12% to 5.5% for male and 2.1 % to 5.1 % for female). During the period when unemployment rates are low, the difference between those of male and female is slight but when they are high, rates for female tend to be fairly lower than those of male. The reason of it is explained that married female workers abandons seeking job preferring to stay home as non-worker when in the stagnation.

Figure 2 Unemployment rates for men (■) and women(•)



Source: Statistical Bureau, Labour Force Survey in each year

*Table 2*, summarizing the basic features of female workers in the years of 1970, 1985, 1999 and 2007, tells us that what is changed and what is unchanged about female workers.

Table 2 Summary of female workers (figures in the brackets are those of male, %)

year	1970	1985	1999	2007
Participation rate as work forces	49.9	48.7	49.6	48.5
(work forces include self-employed)	(81.8)	(78.1)	(76.9)	73.1
Female proportion in total work forces	39.3	39.7	40.6	41.4
Proportion of employees in female	54.7	67.2	80.4	86.4 (86.0)
work forces	(71.5)	(78.9)	(83.9)	
Numbers of female	10960	15480	21160	22970
employees(thousand)	(22100)	(27640)	(32150)	(32260)
Female proportion in the total	33.2	35.9	39.7	41.6
employees				
Composition of female employees				
Unmarried	48.3	31.3	33.3	31.8
Married	41.4	59.2	56.9	57.2
Widowed or divorced	10.3	9.6	9.8	10.6
Average age of employees	29.8	35.4	37.2	39.2 (41.9)
	(34.5)	(38.6)	(40.4)	
Average working years as employees	4.5	6.8	8.2	8.7 (13.3)
	(8.8)	(11.9)	(13.1)	
Proportion of part time employees	12.2 (-)	22.0 (5.1)	37.4 (11.5)	
				41.7(13.1)
Proportion of non-standard, atypical	-	32.1 (7.4)	45.2 (11.0)	53.5(18.3)
employees				
Ratio : Female wage / male wage (%)	50.9	51.8	51.0	50.1
Monthly working hours	174.1	162.5	141.0	131.2
	(192.7)	(182.4)	(165.2)	(165.3)

Source: MHLW, Statistical Bureau

What is unchanged for these 37 years is the fact that female share of total workforces is about 40 %. When including unpaid work such as domestic work, child rearing and care for the elderly, the share must be over 50 %. The survey conducted in 1996 shows that the proportion of unpaid work to GDP is 23 % and 84.5 % of those is shouldered by female. The minutes devoted to unpaid work by female are 230 minutes with a big contrast of 29 minutes by male (Ministry of Internal Affairs, 1997).

The ratio of female to male wage is staying unchanged (circa 50 %) since 1970. It is, first,

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