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The Political and Social Economy of Care:

Japan Research Report 3

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Introduction

Traditionally in Japan, the care needs of those who are elderly, sick or disabled as well as children have been met within the family. Being one of the welfare states with the highest proportion of elderly people (defined as those who are 65 years and older) the state also provided some care services, but its extent was limited and covered those with most severe care needs. However, a number of social forces have made it necessary to expand the public role in providing care. Such forces include changes in demography (ageing of the society), in family structure (the increasing proportion of one-person households and households that include only elderly persons), and in the labour force (increase in female labour force participation). For elderly care, it soon became quite apparent that the on-going welfare schemes for the elderly provided by the government were inadequate in both quantity and in quality. At the same time, the on-going practice was costly for the government, and could not be financially sustainable given the fiscal constraints faced by the government. Such social changes have culminated in the introduction of the Long-Term Care Insurance (LTCI) in 2001. The LTCI has incorporated the market mechanism into state provision of elderly care services and has made some impact in changing the "care diamond" of elderly care in Japan. However, it is this paper's argument that the fundamental characteristics of the Japanese care diamond remain unchanged: the bulk of personal care demand is still met within the family, and overwhelmingly by a female member of the household.

It should be noted, in Japanese, there are two words for "care". One is *Hoiku* (=Rearing), which only refers to child care. Of course, children of all ages need some degree of supervision by adults but *Hoiku* usually refers to caring for pre-school (under 6 years old) children who actually need someone to watch over them at all times. Children above 6 years old are usually considered to be able to be left alone for a few hours, at home after school or on weekends. Nearly 100% of children attend 9 years of compulsory education (from ages 6 to 15) and then 3 years of secondary (non-compulsory) education. Thus, in this paper, I will mainly discuss child care for children under 6 years of age.

The other term for care is *Kaigo* (=Assistance) which refers to caring for those with severe care needs, mostly elderly persons, but it may also include caring for disabled and sick persons (which may include children). *Kaigo* refers to a series of assistance activities such as helping to go to toilet, bathing, eating, turning over (for bed-ridden persons), doing some non-technical procedures for medical needs (such as phlegm removal) and/or simply watching over physically and/or mentally (e.g. dementia) frail persons. Since the introduction of LTCI, some daily needs for less severe frail persons who are living alone are also included (such as doing grocery shopping or cooking for those elderly who cannot do it on their own). Elderly care is getting to be a much bigger social issue than child care in Japan, because Japan's population is ageing rapidly and elderly care can sometimes last 20 to 30 years. Thus, this paper will place its main focus on *Kaigo* (the report will use the term "elderly care" for "Kaigo", but it also includes caring for disabled persons and children who are not elderly.)

The paper will describe the enormity of the elderly care (and some child care) problem in

Japan and examine the government's role in providing care, and to a limited degree, the market's role before and after the introduction of LTCI. The report expands on the idea of "care diamond" introduced by Razavi (2007) and applies the idea to Japan's elderly care and child care, and compares the "diamond" between the two. The outline of the report is as follows. In the first section, characteristics of Japanese social policy regime are described in order to give readers some insight into the principles governing the various social programmes and schemes. Then in the second section, a brief description of Japanese social policy regime, including information on the coverage and benefit incidence of the key programmes (public pension, public health insurance, public assistance, etc.) is given in order to provide some contextual background for the readers. The third section provides the overview of the elderly care problem in Japan. The latter half of this section will describe state policy vis-à-vis elderly care, with special emphasis on the description of the Long-Term Care Insurance. The fourth section will turn to prevalent child care arrangements in Japan, and the state's role therein. The last section will construct "care diamonds" for elderly and child care and compare the two.

1. Japanese Social Policy Regime

Japan, as a welfare state, has been analyzed by scholars, both Japanese and non-Japanese. One of the first analyses in English which clearly positioned the Japanese welfare state among the welfare states of other industrialized countries was Goodman and Peng's (1997). Goodman and Peng (1997) sum up the Japanese welfare state as follows:

> (a)A system of family welfare that appears to negate much of the need for state welfare; (b) a status-segregated and somewhat residual social insurance based system; and (c) corporate occupational plans for 'core' workers. (Goodman and Peng 1997, p.207)

They offer an alternative explanation of the Japan and other Asian countries' (notably Korea and Taiwan) so called "Asian model" of welfare state, different from traditional ethnocentric explanations. Their main claim is that the development of social welfare in these countries can best be described as "peripatetic adaptive learning and development strategies with the prime goal of nation-building (p.210)". For example, Japan imported the Bismarckian social insurance system, supplemented by theoretical ideas found in the English Poor Law of 1834, and at the same time, social work practices influenced strongly by the American model. From these examples, Goodman and Peng (1997) concludes that Japanese social welfare developed out of learning from multiple sources, instead of driven by theoretical ideas of its own, and that it is issue-driven.

Japanese scholars have also been active in explaining the so called "the East Asian model" of welfare state. Some insightful analyses have pointed out that: 1) the main force to propel the welfare system was the bureaucracy and it is a product of top-down decision-making, rather than a product of political forces such as labour movement, liberal or conservative forces (Kamimura 1999, Tominaga 2001, Miyamoto 2003); 2) even though each scheme is "mimicked" from different welfare models in an ad-hoc way, the overlaying principle is prioritization of economic development (Miyamoto 2003).

From a gender perspective, Japan's welfare state is easy to categorize. The feminist movement has never been strong in Japan, and Japanese welfare schemes reflect this. Ikami (2003) notes that by any of the feminist welfare state typologies such as those proposed by Lewis (1992) ("bread-winner model"), Sainsbury (1996) or Fraser (2000) ("caregiver parity model"), Japan can be categorized into strongly male-breadwinner, female-caregiver model. This model is reinforced not only by dominant ideologies, but also by women's weak position in the labour market, as we will see in later sections of this paper.

However, it is apparent that the Japanese welfare state is in the midst of a crisis and it will need to introduce some changes to its current model of welfare. Even though it still retains the main features and schemes of the past 40 years, which have been in place since the beginning of the "welfare state" in Japan, many of its underlying assumptions are changing. The three "features" noted by Goodman and Peng (1997), namely, strong family welfare, residual social insurance based system, and corporate welfare for 'core' workers, are all under severe strain. As this paper will discuss in detail, the family provision of welfare is no longer a force to "negate the need for social welfare" because of changing family structures. The social insurance system is also on the verge of losing its universality; the coverage of occupation-based social insurance is shrinking, and the default rates of premiums for the National Pension and the National Health Insurance are increasing, so that we are beginning to see a fragment of the population that has completely dropped out of social insurance. The corporate welfare system has also been cut back drastically. The "core workers" have been reduced and were replaced by "non-core" temporary and part-time workers. Further, even for core workers, the corporate welfare provision, such as life-long employment, corporate housing, and generous retirement packages is no longer the norm.

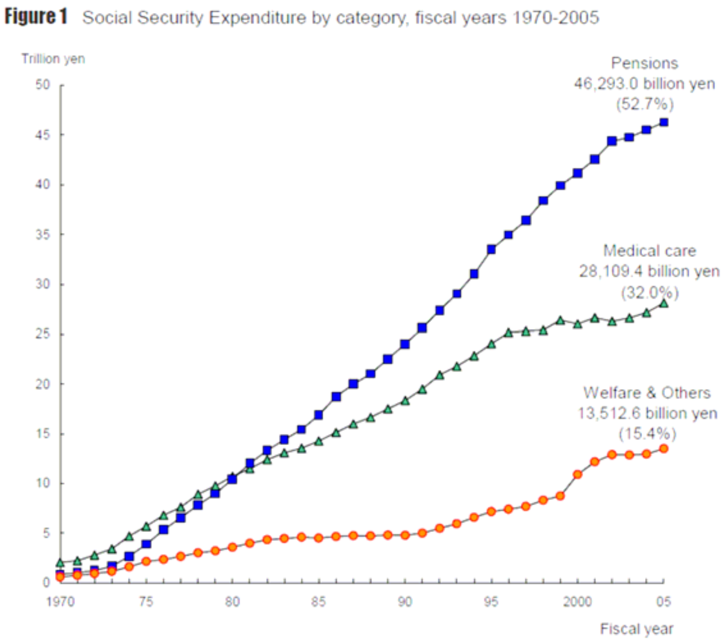
The retrenchment of family and corporate welfare support means that there is an increased need for provision of public support and social services, especially by those who are on the lower end of the income strata. However, this need has not been met by expansion of public support thus far. The government has been unable to implement necessary reforms to fill in the gaps left by the retrenchment of family and corporate welfare for two reasons. The biggest reason is the budgetary constraints. The Japanese social expenditure has been increasing rapidly because of the ageing of the population. In 2002, Prime Minister Koizumi at the time enacted a policy to decrease the natural increase (i.e. increase caused only by demographic change) by 220 billion Yen from fiscal year 2003 to 2006, and then extended this policy in 2006 to cover fiscal years 2006 to 2011 (The so-called Koizumi Reform). This policy is still in place, and almost all aspects of social provision, both in-cash and in-kind benefits, have been cut back (for example, Old Age Pension, health services for elderly, Public Assistance, benefits for disabled persons, benefits for single mother households). The second reason is the institutional constraints. Japanese welfare is designed under the assumption of strong family and corporate welfare provision. Thus, it is extremely rigid and resists the forces to implement a major reform that expands the state's role in social welfare. For example, social insurance schemes have created a sense of "ownership" and "rights" in their subscribers and many of them are against the idea of providing benefits to those who have not contributed premiums, using "their" contributions.

2. Description of Social Security System in Japan

2.1 Overview

The fundamental design of Japanese social policy is universal social insurance schemes supplemented by fairly small social assistance and welfare programmes. The social insurances are, as pointed out by Goodman and Peng (1997), segregated by the status of the profession, yet it is widely held notion in Japan that they are universal because all citizens are covered by at least one of the social insurances. The four social insurance programmes are: Pension (retirement, disability and survivors), Health, Unemployment, and Long-term Care. The public pension and the public health insurance systems take up the bulk of the social security expenditure, which amount to nearly 24% of national income. The expenditure on public pension takes up nearly one-half of the entire social expenditure, and health insurance, a little more than one-third. (pensions 12.59%, health 7.65%, others including unemployment and long-term care insurance and other social services 3.68% as % of national income). Overall, the social security programs have grown to become an increasingly large share of national income (**Figure 2.1**) and are forecasted to grow even more due to population ageing. Thus, in 2001, the government announced that it will curve the natural growth of social security related expenditures and started to implement a series of measures to cut down the costs.

Figure 2.1 Social Security Expenditure by Category, 1970-2005



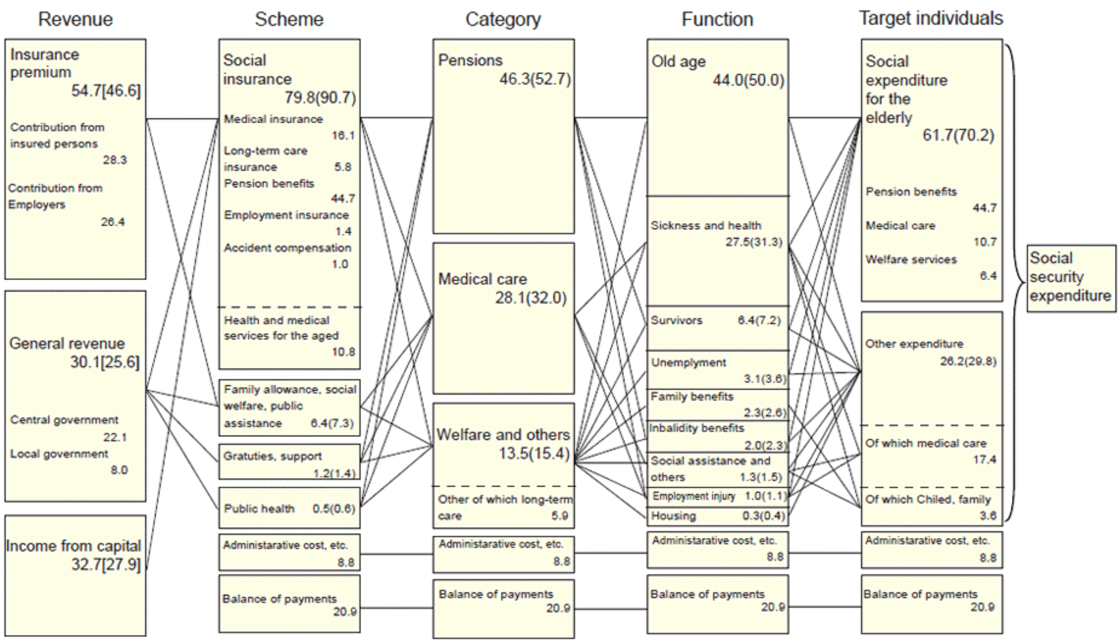
Source: NIPSSR, HP.

All of social insurance schemes, in principle, are financed by premiums collected from the subscribers and in the case of employees, employers as well, even though the outlay from the government general budget is significant in all social insurance schemes. Consequently, they require individuals to pay premiums for certain period of time in order to qualify for the benefit.

Figure 2.2 shows a breakdown of social security revenue and expenditure as defined by the International Labor Organization. Insurance premium accounts for nearly 60% of the total revenue and government contributions and others for the rest.

Figure2.2 Social Security Expenditure by revenue, scheme, category, function and target individuals, fiscal year

(Unit: Trillion of yen, %)



Notes: 1 "Child, family" refers to medical insurance in the form of a lump sum maternity allowance and child-rearing allowance, employment insurance in the form of parental leave allowance, day-care facilities administration costs and single parent family and disabled child allowances.

2 Fiscal year 2005 Social Security Revenue amounted to 117.5 trillion yen (excluding transfer from other systems). The figure in square brackets [ ] represents the ratio of the Social Security Revenue total.

3 Fiscal year 2005 Social Security Expenditure amounted to 87.9 trillion yen. The figure in parentheses ( ) represents the ratio of the Social Security Expenditure total.