

The Future of Public Assistance Reform in Japan: Workfare vs. Basic Income?

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Hayato Kobayashi (The Japan Society for the Promotion of Science)

HP: <http://www.arsvi.com/w/kh05e.htm>

Mail: hayatok2012@gmail.com

1. Introduction

The purpose of this paper is to demonstrate the direction of public assistance reform in Japan by analyzing the recent debate about it in terms of discourse politics. First, I show the implications for public assistance reform in Japan from examples of such reforms in the USA. Second, I explain the situation of attempts at public assistance reforms in Japan and analyze the recent debates about these proposals. Third, I examine a basic income proposal by the mayor of Osaka City, in the context of devolution, using the examples of welfare reform policies in the USA and welfare reform debates on the national level in Japan

2. The framework of discourse politics

The welfare states in Western European and the USA have been implementing welfare reform in the direction of workfare (or welfare-to-work), and this reconstruction process has influenced policy developments in Japan. Workfare is a combination of work and welfare, which means, in the broad sense, it is a policy which requires work as a condition for social security. This trend was started in the USA by workfare programs that emphasized mandatory work requirements for public assistance recipients who can work and strictly supervised the recipients to ensure they fulfilled their

obligations.

There are three types of welfare states: social democratic regimes, conservative regimes and liberalism regimes, so welfare states have been reconstructed in various ways (Esping-Andersen 1999). Despite these dissimilarities, why has workfare spread throughout the welfare states of Western European and the USA? And why has the direction of welfare reform of each of the states converged on workfare? The answer to this question is that advanced industrial states have common issues, so the solutions to these issues have been similar.

Welfare states originally developed social security systems against the basic risks of aging, sickness, unemployment and retirement based on the assumptions of stable employment and family structures. However, employment and family structures became destabilized by globalization, deindustrialization, low birthrates and increased longevity. These trends undermined the conceptual foundations of the welfare states and rendered them less able to ameliorate poverty and unemployment. Achieving full employment in the labor market became difficult and the number of the irregularly employed and the unemployed increased. The types of families also became more diverse, so the single bread winner model of families became irrelevant. Moreover as the number of non-married and divorced women increased, the poverty problems of single mothers increased.

In the process of the reconstruction of welfare states, many ideas for welfare reform other than workfare have also been suggested. A “discourse politics” theory has attracted attention as a model which can analyze the welfare politics which promotes the reconstruction of welfare states. As a framework for welfare politics of welfare states, there are three different models of the development of welfare states. In the phase of the shaping of welfare states, the powers of different groups shape institutions, so a model that can research such powers is important. In the phase of the retrenchment of welfare states, institutions establish interests and political strategies of different groups, so a model that can research such a situation is also important. In contrast, in the phase of the

reconstruction of welfare states, the reform of the institution itself becomes an issue for addressing the problems of poverty and unemployment. Welfare politics suggest new ideas and discourses about welfare reform, involving not only concerned political actors but also voters and interest groups, in order to achieve a broad consensus formation. Therefore, it is important to analyze the many ideas and discourses about institutional reform; to this end, a “discourse politics” theory is useful (Miyamoto 2006: 68-75).

Generally welfare politics in the reconstruction phase neither abolishes nor replaces an institution, because the social security institutions are needed for stability and sustainability, and there is resistance against the retrenchment of the institutions by the specific interest groups produced by the institution. Despite this, however, workfare replaced public assistance with the new welfare system including with a five year time limit in the USA in 1996. Welfare politics through welfare experiments was useful for welfare reform in the USA, where the idea of workfare was implemented through experimental welfare programs and reform was then promoted through their outcomes (Rogers-Dillon 2004).

As Winston (2002) points out, welfare reform in the USA developed through devolution; the new public assistance system established in 1996 gave states much of the flexibility they sought in administering programs; in turn, the states gave local governments flexibility. State governments like California were the main actor for welfare reform and they made the federal governments create a new public assistance system based on the outcomes of experimental welfare programs by local governments (Kobayashi 2010).

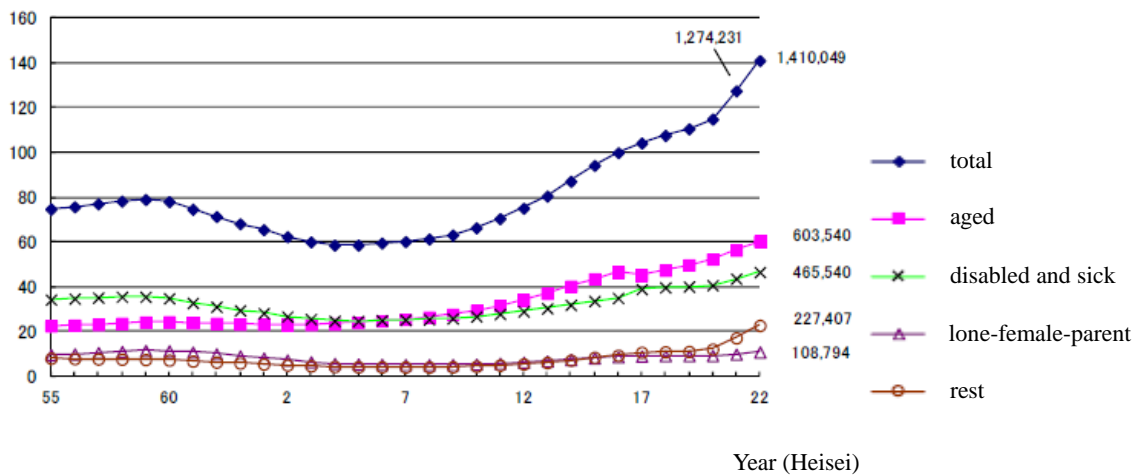
I will show in the next section that the debate on public assistance reform in Japan also developed in the direction of workfare based on the example of welfare reform in the USA. I propose that, in Japan, we need to pay attention to ideas proposed by local governments, as they are likely to play an important role in future public assistance reform.

3. Debates on public assistance in Japan

In Japan since 1995, family and employment structures have become more and more destabilized, and low income, unemployment and poverty have become serious problems. The number of public assistance recipients increased after 1995, reaching over one million in 1999, at which point, public assistance reform became a hotly debated political issue.

Figure 1. The number of household receiving public assistance in Japan

The number of households (million)



(Source: Kouseiroudou sho 2011)

Figure 1 shows the monthly average of the number of households receiving public assistance in Japan. The number of total household increased after Heisei 7 (1995). As the figure illustrates, most households receiving public assistance fell into the aged category or disabled and sick category: these households have unemployable recipients. However, the rate of households in the rest category has grown rapidly since Heisei 21 (2009). The global financial crisis in 2008 also deteriorated employment conditions in Japan and many of the unemployed applied for public assistance. The rest

category consists largely of the unemployed.

The ideal of public assistance in Japan is to guarantee the right to existence based on Article 25 of the Constitution of Japan. However, public assistance has not functioned adequately in Japan. For example, some researchers estimate that the take-up rate of public assistance in Japan was less than 20% from 1995 to 2001 (Tachibanaki and Urakawa 2006: 124-7). This is partly because applicants are often turned away from the welfare office. As a result of this *mizugiwa* strategy, many of the unemployed and the working poor, such as single mothers, do not receive public assistance despite being eligible for benefits.

After 2001, although the take-up rate of public assistance was estimated to remain low or to have dropped lower, the widening income divide in Japan, a trend which had developed from the late 1990s, led to an increase in the number of people requiring public assistance. For public assistance expenditures, the national government was responsible for 75% and local governments the rest. Therefore, welfare expenditure increases have become a problem in big cities, such as Tokyo and Osaka, with large numbers of recipients. In response to these rising welfare costs, Tokyo Prefectural Governor, Shintaro Ishihara, sent a team to investigate administrative reform, including welfare reform, in N.Y.C under the Giuliani administration, and got ideas about welfare reform in 2001 (Tokyotochijihonbu 2001).

The national government under Koizumi administration also wanted to cut welfare costs. It set up a Special Committee on Public Assistance Institution, which began debating about welfare reform in August 2003. Several times, the ministry proposed plans in which the national government's share of public assistance expenditures decreased. As a result of the council's deliberations, the financial burden of national government remained at 75%, but a consensus was built between the national government and local governments; they should make an effort to "adjust" public assistance in order to cut welfare costs.

The ministry issued a notification, “About the manual for managing public assistance administration appropriately” in March of 2006. Public assistance in Japan had been managed “flexibly” by notifications from the Ministry of Health, Labour and Welfare, which made it possible for local governments to implement the *mizugiwa* strategy. These notifications are not mandatory, so local governments do not suffer sanctions if they do not go along with them. However, there was fear that the endorsement from the national government accelerated efforts for the “adjustment” of public assistance in order to cut welfare costs (Yoshinaga 2006).

In fact, the Japan Association of City Mayors and the National Governors Association presented a new idea, “A Proposal for a New Safety-Net,” which suggested imposing a five-year benefit limit for employable recipients in October of the same year (Zenkokushichokai 2006). It seems that Ishihara, who learned ideas of welfare reform from N.Y.C., played an important role in National Governors Association’s proposal and imported the model of workfare from the USA (Kobayashi 2012).

The influence of workfare from the USA can also be seen in a welfare reform plan that the Mayor of Osaka City presented to the national government in 2010. In it, welfare recipients, who are employable but have difficulty getting jobs in the private sector, have to work for the city. For example, they have to remove bicycles parked on the street illegally. For any welfare recipient who refuses the city work, their benefit time will be limited of three to five years (*Asahi Shinbun*, January 26, 2010).

As can be seen by these developments, the recent debates about public assistance reform in Japan have developed in the direction of workfare. This trend has also become stronger, as the number of employable recipients has increased since 2009.

4. Proposal of Basic Income by a local political party

The Act of Public Assistance guarantees the right to existence based on Article 25 of the Constitution of Japan. So it has been difficult for local governments in Japan to implement workfare policies imposing on a five year time limit and an obligation to participate in job assistance program, because national law, the Act of Public Assistance, would have to be changed first. Nevertheless, future debate about public assistance reform may be best understood in terms of decentralization, because the influence of the central government has decreased and that of local governments has increased. Specifically, the Democratic Party of Japan, which won control of the central government in 2009, has been burdened by low approval ratings, so local parties have become more assertive.

For example, Toru Hashimoto, who won an overwhelming victory in the Osaka City mayoral election in 2011, is the leader of a local party, Osaka Ishin no Kai, and his victory has led the party to influence central governmental affairs: The party announced officially in March 2012 that it is making a manifesto for the next national elections for the Lower House of the Diet.

In the draft of the manifesto, the party referred to the concept of basic income (Osaka Ishin no Kai 2012). Although the draft proposed a new system for minimum life security, with which replaced pension, unemployment insurance and public assistance, the explanation about basic income was ambiguous and not enough to analyze. However, in according to values which Hashimoto has, he seems to consider the concept of basic income as a tool to realize “small government” (Ozawa 2012).

Osaka City’s rate of public assistance, which indicates the number of recipients per capita, is the highest in Japan. Osaka City is also suffering from a big financial deficit. Hashimoto has stressed “the independence of the individual” and has proposed that the city’s financial problems be resolved by revitalizing industrial activity in private sector and shrinking the role of government. Basic income policy could lead to decrease in the number of government employees such as caseworkers for public assistance. If the role of government to implement in-kind assistance was also decreased

by basic income, government could also outcome in-kind service to the non-profit sector.

In contrast, Hashimoto has proposed ideas for reforming public assistance in Osaka City that are based on workfare. For example, he has proposed to make Nishinari district a special zone as an experimental project. Nishinari district in Osaka City was famous for daily workers, but it has become famous for the highest rate of public assistance in Japan. Moreover, in the new version of draft of manifesto in July 2012, the ideas for reforming public assistance included imposing on a time limit and an obligation to participate in job assistance program (*Nihonkeizai Shinbun*, July 5, 2012).

From the perspective of discourse politics through welfare experiments, we need to pay attention to ideas proposed by local governments in the context of devolution. The recent debates about public assistance reform in Japan have developed in the direction of workfare, while local parties have become more assertive. If Hashimoto implements workfare policies in the special zone, he may demonstrate an effect of the experimental programs.

Like the welfare reform in the USA, experimental workfare programs will make positive effects in a short term evaluation, because more employable recipients can get jobs and leave welfare. However, these effects will have been lost in a long term evaluation, because less employable recipients are to stay in these programs. Nevertheless, public assistance in Japan may have been replaced with a new system based on workfare, if Hashimoto uses the short term evaluation of the experimental programs to achieve a broad consensus formation for welfare reform.

The future of public assistance reform in Japan seems to continue the recent debates about public assistance reform: it will develop in the direction of workfare. So the idea of basic income proposed by Osaka Ishin no Kai is needed to be understood in this context. It is the idea of workfare that enhances “the independence of the individual” and promotes “small government.” We need pay attention to whether or not enhancing “the independence of individual” and promoting “small

government” are useful to resolve the problems of poverty and unemployment.

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