

As I have repeatedly stated, correcting inequality in the person of the individual entails taking corrective measures without being able to establish for certain how much inequality there is, nor what sort of factors have caused that inequality. However, once we get tangled up in the struggle to strictly identify every element in the web of cause and effect, we can all too easily end up chasing our tails. And while that futile debate continues, a situation that clearly *is* unequal just gets more firmly entrenched.⁴

That leaves us with no option but to press forward with corrective measures even while admitting a degree of uncertainty regarding the problem we are trying to correct. Conversely, when seeking to correct inequality, it is good to seek methods in which a degree of uncertainty does not constitute a fatal flaw. Or to put it a little more precisely, in an ideal world one would accurately recalculate each individual's level of contribution to society to take account of inequality in starting position. Boldly claiming that one has succeeded in this intrinsically impossible task runs the risk of increasing a different kind of inequality by unfairly applying 'corrective' measures that do not reflect reality. It would be far better to think of redistributive measures that would apply uniformly to everyone.

Shinya Tateiwa puts the matter well when he says that even if one starts from a position of demanding only equality of *opportunity*, measures designed to correct inequalities of *outcome* are both more effective and more just, in the sense that they are less likely to generate further injustices (Tateiwa 2004). One who advocates equality of opportunity cannot reject out of hand particular policies, such as concrete methods to redistribute resources, just because they are predicated on equality of outcome. We must *fully take into account the barriers to precise measurement of inequality* before deciding to adopt or reject any given policy.

IV. Reducing the burden on parent/child continuity

It is often pointed out that correcting equality brings a heavy burden, both economically

⁴ If we can identify differentials in a system resulting from variables that cannot be ascribed to the individual, we may legitimately describe that system as 'unequal.' See Satō 2000b.

and ethically. Indeed, any state that attempted to eradicate inequality of opportunity totally would have to gather a colossal amount of data about its citizens, about their environmental conditions and activities as well as the assets at their disposal. That would entail the creation of a gargantuan control society (Satō 2000b, 2001).

All is not lost, however, for we can choose the degree of precision with which we propose to correct inequality. Just because absolutely precise correction is impossible in reality, or is not desirable because achieving it would violate other fundamental principles such as the freedom of the individual, that does not mean we should abandon the whole project of correcting inequality. What we have to do is constantly weigh the injustices that arise from correcting inequality against the injustices that arise from leaving inequality unchecked. Since absolute equality is impossible, we cannot use arguments based on what might happen if it actually were to be achieved, either to support or oppose corrective measures. In debating inequality, it is fine to discuss the theoretical limiting cases or conduct intellectual experiments in order to clarify the logic of the debate – but in such cases we have to start by asking whether these cases really merit serious discussion in the first place.

The problem of parent-child continuity is very much a case in point. Since the family system exists, we cannot prevent parents from influencing their children. However, we can take a selective approach, asking ourselves which forms of influence are acceptable and which are not. For instance, it would be difficult to forbid parents from becoming actively involved in their children's education, but it would be perfectly possible to establish a system of subsidies to enable children of low-income parents to attend schools with high fees. It is also possible to put limits on the ability of parents to carry on financially supporting their children after they have died – by levying high rates of inheritance tax on wealthy estates, for instance, thereby at least obliging wealthy individuals to give money to their children while they themselves are still alive. These and other measures can be taken to alleviate inequality.

We cannot denounce all the various ways in which parents influence their children and thereby create inequality of opportunity – but that does not mean we have to approve of all of them.

V. Clear demarcation between what is subject to individual choice and what is not

One basic issue involved in all four of the previous items is the distinction between areas of life that can be left to individual choice and those that cannot.

When one is arguing about principles, this distinction is an axiomatic premise, but when it comes to measuring what goes on in real life, it is far from easy even to define an accurate distinction. For example, it is possible to measure the average degree of influence that parents' educational level or occupation has on their children, but it not possible, or at least not a realistic proposition, to figure out exactly which factors have had what degree of influence on the life of each individual person. There are always people who attain high levels of achievement despite being born and brought up in a poor environment, but that is not evidence that environment has no influence. Beyond a certain point, the degree of influence is always indeterminable. As I said in point III above, we also have to assume indeterminacy when seeking to correct inequality; and as I said in point IV, any attempt to argue from extreme limiting cases must start by establishing that using such cases is really appropriate.

That being so, drawing a line to distinguish that which is subject to individual choice from that which is not will inevitably be a 'social' project to some degree, rather than something that can be derived from first principles. In sociology jargon, that dividing line is 'socially constructed,' but at a more fundamental level it has to be treated as a *contract* between individuals.

The most important thing about a contract is that once it has been agreed to it should be honored. Put simply, if we are to permit the inheritance of wealth from one generation to the next, we cannot hold individuals wholly responsible for their wealth or poverty. If we accept that education can take place in the household, we cannot ascribe educational achievement entirely to the efforts of the individual. Naturally these are issues of degree, not yes/no issues, and we need to include an awareness of that fact in striving to take a consistent stance on the limits of individual choice.

Inconsistency on this point can cause an explosion of inequality that goes

beyond the size of real-life differentials. Even if we cannot provide objective grounds to justify the place where we draw the line, and even if we are unable in real life to correct all the inequalities of opportunity that we identify, it is at least possible, and necessary, to show consistency in our application of the standards we use to draw the line.

14. Goals for Equalization Strategies

The five strategies I have just outlined are *not* designed to reduce inequality to zero.

Attempts to improve society by reducing inequality will always run up against the two imponderables that I mentioned above – the impossibility of accurately determining levels of inequality, and the more fundamental systemic problem of the family. We can no longer hope for some mechanism like the postwar family system to play these two problems off against each other and cancel them out.⁵ Barring some drastic change in modern society as presently constituted, these barriers to equality cannot be totally eradicated. We cannot totally eradicate them, but neither can we leave them untouched. Inequality of opportunity will always be that kind of problem.

What is called for, then, is not a policy aiming at a ‘final solution.’ Even though total eradication of inequality is neither possible nor desirable, we still need a realistic approach that moves the game of resource acquisition and distribution in as fair a direction as possible, without wreaking irreparable damage on the lives of each individual member of society. That is the sort of solution that is called for.

This may sound self-contradictory, but the reason why the required solution is so pragmatic is precisely because equality of opportunity is a magnificent *principle*. The principles of resource distribution, and indeed social principles in general, are not just ideals that go beyond reality, but the very foundations of the trust that people invest in their society. Preserving trust does not require 100% success. It is not necessary to make it possible for everyone to do well, but if certain people are abandoned or ignored right from the start, *that* is a fatal flaw in society.

⁵ Needless to say, this is not to say that the postwar family system was a just institution – I merely observe that it had this effect in connection with the specific issue of opportunity inequality.

Social principles are not destroyed by failure to achieve them – they are destroyed by people losing faith in them. That is a far greater loss to society. It follows that the really important thing for policies that touch upon social principles is not to totally eliminate problems and overcome challenges, but to show the highest possible degree of sensitivity to those problems and challenges. It is important to avoid policies that lead to problems and challenges being overlooked – including those that have not yet become apparent. The German sociologist Niklas Luhmann called this approach ‘system rationality’ (Luhmann 1973). Borrowing Luhmann’s style of expressions, we may say that the five strategies I have just outlined are solutions ‘functionally equivalent’ to maintaining the principle of equality of opportunity.

‘Equality of opportunity’ remains a very distant objective. When something is so far away, it is easier to grieve over it than to strive for it; easier to pretend we cannot see it than to learn the pain of striving for something we cannot reach. I rather fancy that this is the psychology underlying the debate on inequality of opportunity – a debate that always tends to become overly theoretical, and to become the plaything of those who enjoy theoretical argument about abstract principles.

Inequality is the kind of topic where one naturally wants to argue in terms of extremes, and where it is indeed easier to argue in terms of extremes. But I happen to believe that it is terribly boring to only walk the easy road.

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FIGURE TITLES

Figure 1: Total number of children born to married women, 1890-1952

Source: Kōsei Tōkei Kyōkai, *Jinkō no Dōkō: Nihon to Sekai. Jinkō Tōkei Shiryō 2000*, table 4-27.

Figure 2: Future/present focus of life objectives, 1973-2003

Source: Compiled from data in *Gendai Nihonjin no Ishiki Kōzō* (The Structure of Consciousness of Contemporary Japanese), 2nd edition to 6th edition. NHK Hōsō Bunka Kenkyūjo (NHK Broadcasting Culture Research Institute), 1973-2004.

Chapter 2

Unequal Japan: Implications for households and gender

Sawako Shirahase

1. Trends in Inequality

Japan used to be celebrated as a mass middle-class society, in which the great majority of the population had a middle-class consciousness and there was no rigid class system (Murakami 1977, 1984). In every house there was a television, a washing machine and a vacuum cleaner. Wherever you went in Japan, people would be humming the same pop songs and wearing the same clothes that they had seen in the same fashion magazines. Popular writings on Japanese society emphasized the remarkable degree of homogeneity: whoever you looked at, and wherever they lived, they would be sharing the same lifestyle. Such writings, known as *Nihonjinron*, powerfully reinforced that image. This cultural uniformity, among a people who placed great emphasis on harmony, was widely identified as a key factor in the super-high economic growth of the 1960s – the so-called ‘Japanese Miracle.’

The high-growth 60s hit a wall in 1973, when the first oil shock plunged Japan into a period of low growth. That year became known as *fukushi gannen*, literally the first year of the welfare era, but it only lasted for one year, and the government had to restructure the social insurance system while keeping a close eye on the severely stretched resources available to finance it. A new challenge emerged in 1990, with the revelation that the national birth rate had plunged to just 1.57 in 1989 – the so-called ‘1.57 shock.’ Why weren’t women having more babies? An alarmed government started casting around for policies to support childbirth and child-rearing.

From the mid-1980s, Japan developed a supercharged economy, defying a global economic turndown that brought widening trade deficits and rising unemployment to Europe and North America. Ultimately the bubble economy brought pathologies of its own: economic logic started to warp, so that higher prices would sometimes bring better sales. The feeling spread through society that anyone could enjoy a luxurious lifestyle. But a close look at what was really going on reveals that while the rich were undoubtedly getting richer, the poor were getting poorer.

The 1990s brought the bursting of the bubble economy: the dream of limitless wealth was over. This time low economic growth was here to stay: unemployment climbed, and even middle-aged and elderly people who had long thought themselves

immune from unemployment suddenly found themselves facing dismissal. It started to occur to a lot of people that Japan was a much less equal society than they had imagined. Their nascent suspicions were fuelled by books like Tachibanaki Toshiaki's *Nihon no Keizai Kakusa* (Economic Differentials in Japan; Tachibanaki 1998) and Sato Toshiki's *Fubyōdō Shakai Nippon* (The Unequal Society, Japan; Satō 2000), both of which became bestsellers.

Were income differentials really widening during this period? Using data from the Basic Survey of the People's Living Conditions (*Kokumin Seikatsu Kiso Chōsa*), we can calculate the following Gini coefficients¹ for Japan: .293 in the mid-1980s, .317 in the mid-1990s, and .335 at the start of the 2000s. Clearly, then, inequality was indeed on the rise in this period.² However, the people's *consciousness* of inequality outstripped the differentials shown in these Gini figures (Ōtake 2005).

The terms 'differentials' and 'inequality' tend to be used interchangeably, but they are not quite the same thing. Perhaps a word would be in order about the relationship between the two. Satō (2005) draws a distinction between economic differentials and social differentials, arguing that the former relate to actual living standards and the latter to relative standards. What Satō calls the 'relative differential' is 'the differential between desired standards and actual standards' (Satō 2005: 29). Such differentials include concepts of Unfairness and inequality that go beyond quantitative gaps or differences. In that sense, differentials are relative rather than absolute. On top of that, the significance of economic differentials goes beyond differences in income, albeit they are the most common representative measure: these differentials generate more all-inclusive economic advantage and disadvantage to individuals and households.

¹ The Gini coefficient is the most widely recognized indicator of income differential in use today. Graphing cumulative population against cumulative income, with the total of each defined as 1, produces the Lorenz curve. In a hypothetical society with absolute income equality, the Lorenz curve would be a straight diagonal line at 45% to both axes. The area of the space between the actual Lorenz curve and that diagonal, divided by the total area under the line, generates the Gini coefficient. The nearer the coefficient is to zero, the more equal is the distribution of income in the economy being studied; conversely, the nearer the figure is to one, the more unequal is the distribution of income. In the formula, W_k is the equivalent per-capita disposable income of household k , and we can show that $W_k = D_k/S_k^e$, where D_k indicates the disposable income of household k and S_k is the number of members of household k . e is called the equivalent elasticity value, and here is set at 0.5. n is the total number of households, and u denotes mean disposable income.

² The Gini values used in this chapter are calculated on the basis of household disposable income – the income remaining after compulsory social contributions such as taxation and social insurance have been subtracted from total household income. In order to factor in household size, I have divided equivalent disposable income by the square root of the number of household members. In this chapter I use this formulation of equivalent disposable income to measure economic inequalities unless otherwise stated.

When I say ‘all-inclusive’ I mean not just the degree to which one possesses various kinds of financial capability at any given moment, but also the degree to which one possesses the latent ability to respond to the various social risks that may befall one in future. The difference between high income and low income includes concealed differences going well beyond any gap in annual income expressed in simple cash terms – and those differences are relative, not absolute. To elucidate those relative differences is the objective of inequality research.

In this chapter we will use the Gini coefficient as our index of inequality. This coefficient indicates the degree to which a given population deviates from absolute equality. However, there is room for debate as to what is the ideal level for the Gini coefficient: few would favor an ultimate policy goal of reducing it to zero. Konishi (2002) is surely right to point out the problems of description and norm that arise in using inequality indices. Any attempt to argue about inequality or unfairness must start by clarifying social norms regarding what constitutes inequality and what degree of equality should be the ultimate goal of society. The Gini coefficients used in this chapter are no more than a tool for describing degrees of inequality, and one could not hope to argue convincingly about social norms regarding inequality just using these coefficients.

The concept of inequality (*fubyōdō*) always interferes in debate on ‘differentials’ (*kakusa*), including the notion of gaps (*sa*) that cannot be accepted as just. Ignoring such morally indefensible gaps may be viewed as ‘relative deprivation’ (Sato 2005). Differentials include certain given conditions that cannot easily be changed by individual effort: they are formidable obstacles standing in the way of progress. For example, one’s ancestry, age and gender are given conditions that cannot be wiped away at one’s own discretion. Destroying these barriers to equality in the name of social justice – that, surely, is the challenge for policy-makers.

2 Two Perspectives on Economic Differentials: Households and gender

It is far from easy to specify the causes of economic inequality. The aging population is certainly one major factor. One of the first scholars to apply empirical data to demonstrating the connection between the aging population and widening inequality was Ōtake (1994). The older age groups in any society tend to exhibit greater economic differentials than younger age groups (Genda 1994; Ōtake and Saitō 1999; Shirahase 2002; Seike and Yamada 2004; Ōtake 2005); and differentials within that generation are bigger than those between different generations. As older age groups have grown in relation to other age groups, so economic differentials have widened in the total population.

However, the aging population is not a sole sufficient explanation for the widening economic differentials seen in recent years. The fact is that much attention has recently been paid to widening differentials among younger age groups, and Genda (2002) has observed that the income of younger generation(s) has fallen relative to that of the retired generation. The phenomenon of widening differentials among younger age groups is of course closely related to the spread of irregular labor and unemployment (Higuchi 2004, Ōta 2005). The popularity of foreign-sounding words like *freeter* ('free arbeiter') and NEET (Not in Employment, Education or Training) to describe younger generation lifestyles gives us a sense of the spirit of the times. Young people today, we are told, have no interest in slaving away like worker bees for the sake of the company, wearing a white shirt and tight necktie in the heat of summer. One popular image is of young people unencumbered by the dead weight of outmoded values, gliding elegantly through the era, happy to be part-time workers if they can defend their personal freedom. In sharp contrast to that image, the number of dispirited unemployed youths who cannot get regular employment even if they do want it, has continued to rise. There are young people in Japan today struggling in desperation because they cannot get a steady job. Genda (2001; English version 2005) has aptly described their 'vague feeling of anxiety' about their working careers.

Arguments over the greater differentials in older age groups, or the expansion of differentials among the young, have a common stance that seeks to identify in as much detail as possible where the big differentials are and where differentials have been widening. In this chapter the attempt to get a clear picture of what differentials really mean will focus on households and on gender. The formation of inequality in the real world does not happen at the level of neutral individual people. Regional and national societies are formed out of households and families – the basic units of consumption. This chapter will focus on the interplay between individuals, households/family, regions and society as the multi-dimensional site where the structures of inequality are formed.

There has been some lively discussion about the household from the standpoint of social security problems and social status theory (Acker 1973, 1980; Goldthorpe 1983, 1984; Hara and Moriyama 1999; Osawa Mari 2002; Social Insurance Research Institute 2002; Shirahase 2004). In particular, studies on the changing lifestyles of women have called into question the appropriateness of defining the household as a community centered on its head (the householder; usually a man) and treating it as the fundamental unit of socio-economic systems and status groups. In cases where the household relies on the single income of the householder, or runs its own family business, there has not been too much difficulty in defining the household's

socioeconomic standing in terms of that of its head. More importantly, there has been an unstated assumption that the other members of the household share the socioeconomic standing of the householder. However, where the wife is also working outside the home, cases can arise where wife and husband have different employment conditions. In such cases one naturally has to ask whether it is still appropriate to assume that the household is a homogeneous community. At the same time we must also remember that not all households have multiple members; that there are many households composed of a single person living alone. Indeed, a rise in the number of single-member households has been one of the striking changes in household composition in recent years.

When I speak of household composition, I have in mind a typology of households based on the relationships between family members, such as households composed of a childless couple,³ or of a nuclear family, etc. The household is the site where an individual's real life takes shape. Taking the household in this way, as the infrastructure of real people's lifeways, how can we relate it to changes in population, and to the theme of economic differentials? That is the central theme of this chapter.

Of course, household composition is not a static thing – it changes with time. The same individual may graduate from college and live alone while going to work, then get married and live for a few years in a two-person household with his/her spouse, and then live in a nuclear family household if and when children are born. The household changes form as people go through different life stages and family stages. Cross-sectional studies that look at circumstances at a single point in time cannot hope to investigate these changes related to life stage. That said, if we pay due attention to the householder's age and household composition at the point in time surveyed, we can make a pretty good guess at the life stage of each household member. In this chapter the household will be treated as the basic unit for investigating economic differentials, and I will use the age of the householder as a proxy variable for looking at life stage issues.

My second perspective will look at the household in terms of gender. A lot of work has already been done on economic differentials and gender, mainly by labor economists (Shinozuka 1982; Yashiro 1983; Higuchi 1991; Ōsawa Machiko 1993; Nagase 1997). However, these works have tended to focus on the position of individual women vis-à-vis men, and there has not been much work done that incorporates a gender perspective into studies specifically of the household in debating economic differentials. Broadly speaking there are two ways of looking at the household from a

³ In this chapter the term 'childless couple' refers to households with a married couple but no children – including cases where children have grown up and started their own households, as well as cases where no children have been born.

gender perspective: one that focuses on gender in the context of intra-household dynamism, or differences between household members; and another that looks at the householder, as representative of the household, from the viewpoint of gender. Thus a study of the contribution to family earnings from the wife's employment would be an example of the former approach. Here, however, I want to take the latter approach and look at how household structure varies according to whether the householder is female or male.

Specifically I propose to look at two kinds of household: single-person households and single-parent households. The economic status of a person living alone varies considerably according to gender. I myself have produced empirical data on the unfavorable economic circumstances of elderly women living alone (Shirahase 2002, 2005b). As for single-parent families, they are still a relatively small part of the population, accounting for less than 10% of Japan's households, but that percentage is steadily on the increase. Research on single-mother households in Japan remains far from sufficient, but the issue has been discussed to some extent, mainly in the context of poverty studies. Iwata (2004) uses a panel survey to detail the 'experience of poverty'⁴ of single-mother households, identifying divorce, widowhood and separation as factors increasing the risk of falling into poverty, along with large numbers of children, low educational attainment and continued non-marriage.

The high level of employment among single mothers in Japan has already been established by a large volume of research (Shinozuka 1992; ShimoXXX 1993; Fujiwara 2003; Nagase 2003; Shirahase 2005a). Nitta (2003) sees one factor in that high level of single-parent employment to be the system of child support allowances, which includes strong employment incentives. Many single mother families are in the low-income stratum, and that of course is closely connected to the low wages that single mothers tend to earn. Abe and Ōishi (2005) observe that nearly all Japanese single mothers are in employment, and argue that cash payments to these women from public welfare authorities should be read as a policy functioning to supplement their low incomes, thereby lessening the risk of falling into the low-income bracket.

The data used in this chapter comes from the income section of the Basic Survey of the People's Living Conditions, editions of 1986, 1995, and 2001.⁵ This is a

⁴ Iwata (2004) uses public assistance criteria as her standard for measuring poverty.

⁵ This survey was conducted by the Ministry of Welfare (MOW) until 2001, when the ministry was merged with the Ministry of Labor (MOL) to form the Ministry of Health, Labor and Welfare (MHLW). The analysis presented here was carried out as part of a two-year MHLW research project (2004-5) entitled 'International Comparative Research on Socioeconomic Differentials in Aging/Low Birth Rate Societies.'

very valuable resource, containing as it does some of the most precise data available on incomes across Japan, derived moreover from fairly large samples. My analysis will focus on incomes, a particular strength of the Basic Survey, to cast fresh light upon changes in economic differentials and the present situation. I will be looking at data for the mid-1980s, mid-1990s and the start of the 21st century, and naturally some interpretative caution is called for since the three surveys are at uniform chronological intervals. Since the household is the unit used by the Basic Survey, I will focus my analysis mainly on householders (i.e. heads of households). The kinds of household composition to be covered here are (1) single-person household, (2) childless couple, (3) nuclear family (married couples with one or more unmarried children), (4) single-parent families (one parent with one or more unmarried children), (5) three-generation households, and (6) others not covered by the first five categories. In some cases I merge single-parent families with nuclear families or three-generation families to produce five categories of household composition.

3. Changes in Household Composition

<Figure 1 about here>

Figure 1 charts data on the proportion of Japan's population over the age of 65 and the total special birth rate since 1960 as indices to illustrate trends in the distribution of household composition along with the aging population and declining birthrate. The aging of the population and decline of the birthrate both sharply accelerated from the second half of the 1980s. In particular the proportion of the population over the age of 65 greatly increased from the start of the 1990s. These twin trends were accompanied by changes in household composition. From the 1980s onwards, single-person households and childless couples increased, while nuclear families and three-generation families (included here in the 'other' category) clearly decreased. However, the economic circumstances and social significance of single-person households will naturally vary with age: life will likely be very different for a single person in his twenties to that of one in his seventies. So in chart 1 I have divided data on household composition from the three editions of the Basic Survey into age groups.

<Table 1 about here>

Let us look first at households headed by people in their twenties. Changes in

household composition for this age group saw different patterns for the two periods 1986-1995 and 1995-2001. In the first period single-person households rose very substantially – from 47% to 61.5% of the total – while nuclear families fell from 29% to 20.4%. By 2001, however, single-person households had fallen back to 54.5%, while nuclear families had rebounded to 25.9% – an increase due to the relative decline in single-person households. Nuclear families where the householder is in his/her twenties are mostly young families with small children. The recent trend towards postponing marriage is bringing a decline in the absolute numbers of people married with children in their twenties, but here we are concerned with the distribution of household composition types *within* that group. Looking at the age distribution of the total population of householders we find that the percentage of people in their twenties declined from 6.1% in 1986 to 5.2 % in 2001 – a low figure, getting lower still. The reader should bear in mind that these changes I am describing are proportional changes within a population (householders in their twenties) which is itself a small and declining minority. In the late 1980s to early 1990s, concern over the declining birthrate cast the spotlight on the growing numbers of unmarried adults who did not become new householders but continued to live with their parents and rely upon parental economic support – the so-called ‘parasite singles.’ But among those people in their twenties who did become householders, there was an increase in those who lived alone. Background factors here included the rise in youth unemployment from the mid-1990s⁶ and the growing proportion of young people staying on to higher levels of education.

No consideration of this age group can afford to overlook the special situation of students. In 1986 and in 1995, some 35% of solitary householders in their twenties were students. By 2001, however, that proportion had declined to 26%. Put those figures alongside the *increasing* proportion of high school graduates going on to university, from 32.1% in 1995 to 39.9% in 2001 (Monbukagakushō Shōgai Gakushū Seisaku-kyoku 2004), and it is evident that there has been a sharp decline in the proportion of students living on their own. These figures tell us that more and more university students are commuting to campus from the parental home.

For the older generations of householders, from those in their thirties upward, we can see a fairly consistent pattern in household compositional change over this period. First of all, all generations show an increase in the number of single-person households. Elderly people living alone are generally forced into an unfavorable economic position, so differences in household composition are especially significant

⁶ The absolute unemployment rate for those aged 15 to 24 (men and women combined) stood at 9.6% in 2001, 3.5 points up from the 6.1% registered in 1995 (Sōmushō Tōkeikyoku, 2005).

for the older age groups (Shirahase 2002). However, single-person households are also increasing for those in their thirties, forties and fifties. The trend is especially noticeable for the thirties age-group, where the proportion of single-person households precisely doubled during this period, from 7.2% in 1986 to 14.4% in 2001. At the same time the proportion of childless couples in this age group rose from 7.9% to 13.2% in the same period, while the proportion of nuclear families fell from 69.1% to 59.7%. Single-parent families also nearly doubled their proportion of the total, from 2.6% to 5.1%. While they are still a fairly small proportion of the total, the steady increase in single-parent families should not be overlooked. Overall, the changes in this age group speak to a nascent diversification in lifestyles which has seen the emergence of population groups choosing to marry later in life or to refrain from having children.

Increasing single-person households may also be observed in the forties and fifties age groups, and there too the proportion of nuclear families has been steadily falling. Even householders in their fifties, who will have to bear the brunt of the 2007 Problem,⁷ have shown a decline in the proportion living in nuclear families, from 47.7% to 43.3%. Thus from the thirties right through the fifties, we see a striking decline in the number of households with children (nuclear families three-generation households), with the exception of single-parent families, which are increasing though from a low base.

The story for householders in their sixties and seventies is that most forms of household composition have been rising, at the expense of three-generation households, which have shown a sharp decline. Hitherto elderly people have often been able to live with the younger generations and thereby rely on the family for basic livelihood security; now, however, the elderly are increasingly having to find new places to live. The human resources within the household have declined, to the point where it is difficult for old people to receive the same level of livelihood security as in previous generations – that is the tale told by these figures on household composition. In the past, living with the younger generations provided old people in Japan not only with the kind of care and attention they need in everyday life, but also with a degree of economic protection (Shirahase 2002). However, as the graying of society has proceeded, the number of old people living alone or with just their spouse for company has been increasing and it has become difficult for them to obtain the livelihood security they require purely within the household. Changes like this in the living places of old people

⁷ The '2007 problem' refers to the fact that the post-war baby-boom generation will start reaching retirement age that year. It also used to be estimated that Japan's population would make the shift from expansion to decline in 2007, although as it happened the moment came earlier, in 2005.

have had quite a considerable influence on economic differentials.

4. Levels of Inequality Seen from the Life Stage Perspective

In this analysis I use the age of the householder to represent life stage. Ōtake and Saitō (1999) ascribed the widening of economic differentials in the 1980s and '90s mainly to the increase in the proportion of old people in the general population, noting that this segment of the population has particularly wide economic differentials. Iwamoto (2000) also pointed to the aging population in accounting for the further increase in inequality observed from 1989 to 1995, and the Basic Surveys have confirmed that effects seen within age groups have been a major factor. I therefore propose now to look at economic differentials within age groups, and look at diachronic changes for each householder age group. Figure 2 shows the distribution of householder ages and Gini coefficients within each age group. The first thing that becomes apparent is that differentials have been widening among younger groups, notably householders in their 20s and 30s, while they have actually been narrowing among those aged 65 and over.

<Figure 2 about here>

A look at figure 2 gives us a rough idea of the connection between the changing sizes of age groups and the degree of inequality within each group. The first thing we notice is that economic differentials have been widening especially sharply in the younger householder age-groups, which have been declining in size during the same period. Since the declining birthrate has decreased the size of the younger age groups, the widening differentials in these groups do not affect the overall picture as much as the aging population factor does. Hence from the perspective of the younger generation it is not surprising if the widening differentials in Japanese society appear to be understated. On the other hand, the degree of inequality has actually been declining among the expanding older age groups. Thus the relationship between size of age group and size of economic differentials varies according to which stage in the lifecycle one looks at, and this naturally confuses people's consciousness of inequality. It has been observed that the younger age groups feel inequality especially acutely, and also tend to expect society to become more unequal in future (Ōtake 2005; Shirahase 2005b). Figure 2 shows us that such perceptions accurately reflect what is actually going on for this generation: a particularly large increase in economic differentials. Nevertheless, even in 2001 it remains the case that Gini coefficients gradually increase with householder age,

at least until the 60-64 age group.

<Figure 3 about here>

How should we read the narrowing of differentials for the elderly age groups? It does not necessarily mean that older people in general have raised their economic status. Wider economic differentials cannot simply be equated with high levels of economic risk. In this chapter I define households with less than 50% of the median figure for equivalent household disposable income as being in the low-income bracket, and suffering high levels of economic risk. Figure 3 graphs the percentage of low-income households according to the age group of the householder. The overall population appears as a U-curve, with low-income households very clearly concentrated in the younger and older age-groups. However, figure 3 also shows that these two generations had very different fortunes in the period from 1986 to 2001: there was a big increase in low-income households headed by householders in their twenties, and a big *decrease* in those headed by householders aged 65 and above. By the start of the 2000s, the U-shape curve shows a definite tilt towards the young end of the scale, with the percentage of low-income households among those headed by householders aged under 24 doubling over this 15-year period, from 21% to 42%. Meanwhile the low-income percentage for householders aged 75 and above (the group with the highest low-income percentage in 1986) came down from 44% to 29% in the same period. It seems reasonable to ascribe this favorable trend to improvements in public pensions and other welfare systems. As for the dramatic rise in low-income households for the young generation, factors such as mounting unemployment and the spread of irregular working conditions for those who do manage to get jobs have already been widely observed (Genda 2002; Kobayashi 2003 [Kobayashi 2003 is missing from references]; Higuchi 2004).

Finally, one more word about the position of students among householders in their twenties. The data displayed in figure 3 includes students, but if we look at the income profile for students we find that many of them are financially dependent on their parents, so that their economic circumstances, at least in terms of self-generated income, are worse than those of self-supporting householders. If we recalculate the data for the twenties age group excluding students, then the pattern of change over the 15-year period becomes less uniform, with a particularly sharp increase in inequality in the period from 1995 to 2001. Removing the student householders, many of whom fall into the low-income category while depending on parental support, the bottom end of the

income hierarchy rises a little higher and the picture of economic differentials for householders in their twenties looks somewhat better. However, focusing more tightly on the 1995-2001 period, we find a major increase in inequality among young householders, especially those in their *early* twenties. This reflects the growing proportion of young people who are neither students nor in regular employment. The economic facts of life are very different between students, whose lives are focused on education, and people who have already completed their education. Accordingly, I will exclude students from the analysis that follows.

5. Degree of Inequality Seen in Terms of Household Composition

In an earlier work (Shirahase 2005c), I attempted to analyze changes in the degree of inequality among those aged 65 and over by separating factors *within* common household-composition groups from those *between* different household-composition groups. I found that in the period from 1986 to 1989, the weight of inter-group factors rose from 20.5% to 23.3%, but then settled down at around 20% going into the 1990s, showing that differentials *within* household composition groups were of considerably greater significance. I have also found (Shirahase 2002) that in households with old people, the degree of inequality decreased from the mid-1980s to the late 1990s, and that differentials between different household composition groups declined as a proportion of the whole, showing a converging trend. Clearly, then, it is very important to include household composition in any study of economic inequalities. [Please check whole paragraph carefully]

<Table 2 about here>

Table 2 shows changes in the level of inequality classified by household composition, for younger and middle-aged generations as well as the elderly, paying due attention to differences in life-stage. For householders in their 20s, differentials widened for every type of household except three-generation households. The wide economic differentials opening up among single-person households are particularly striking.⁸ The common pattern for middle-aged groups, with householders in their 30s to 50s, is of widening differentials within the nuclear family category, indicating growing inequality

⁸ 'Other households' show a high level of inequality for all age ranges. This residual category by its very nature covers a wide variety of households, so it is in a sense only natural that it shows wide economic differentials. I will not attempt detailed analysis of this category here.