

1. Introduction

It is widely believed that Japan is an egalitarian society. The notion that Japan had achieved economic growth without worsening of income inequality has sunk deeply into the Japanese public consciousness that it has become a national pride and identity. The term “All middle-class nation” was coined to describe Japan and it was widely believed by the public, bureaucrats, politicians and even some researchers, as well as those from abroad. The government stopped collecting and publishing statistics on poverty in the 1960s. Existence of poverty in Japan was unimaginable by most citizens. Low awareness of poverty as a social issue also means that there has been virtually no people’s movement against poverty and economic inequality.

Thus, it came as a big surprise that just before the New Year’s celebration in 2009 that a stream of homeless people started to gather together in the Hibiya Park located at the dead center of Tokyo in front of the Ministry of Health, Labour and Welfare and the Imperial Palace. The homeless people were mainly short-term contract workers whose jobs were terminated just before the New Year’s long holiday. They were provided dormitories together with their employment, and were forced out of their accommodation at the same time of their lay-off. Their employment was low-wage with no room for skill development, and once out of a job, they had no savings and social networks to live on. They were the labourers at the bottom of the employment hierarchy in which full-time permanent employees are at the top. They were gathered at the Hibiya Park because a non-profit organization had put up a make-shift tent village to accommodate those who do not have any place to stay during the long holidays during which all government offices are closed. The site of hundreds of labourers placed out of their accommodation and are forced to live in a park was repeatedly broadcast on TV and newspapers and was an awakening call to the Japanese public that there are those living in poverty in modern Japan.

However, the statistics show that Japan’s poverty rate is quite high among the OECD countries. The latest OECD figure in *Growing Unequal* (OECD 2008), states that Japan’s poverty rate at 15.3%, the 4th highest after the US, Turkey and Mexico. In fact, the high incidence of poverty is not a new phenomenon in Japan. Since the 1970s, Japan’s inequality and poverty rate has been rising steadily. Even back in the 1980s, the poverty rate is estimated to be 10.1% (Abe 2006): in the past 3 decades, Japan has never experienced incidence of poverty as low as some OECD countries enjoy today. It is not that Japan has not had poverty, it is just that the public perception has not caught up with the idea of poverty.

The misperception that Japan is an egalitarian society also means that there has not

been much interest in discussions of social exclusion in Japan. A handful of researchers have introduced the concepts of social exclusion and inclusion from Europe (e.g. Fukuhara, ed. 2008), but it did not make it to the political debate because it was not clear how to interpret it in a Japanese setting. Some have tried to apply the concept of social exclusion in understanding issues of specific groups of people, such as the homeless (rough sleepers) who are clearly impoverished as well as excluded (Higuchi 2004, Iwata 2007, etc.). However, these studies of specific groups reinforced the idea that poverty and social exclusion is a problem faced by very specific small groups of people, and that the general public is not affected by such phenomenon. There has been no attempt to measure the extent of social exclusion in the general population.

The purpose of this paper is to define and measure the extent of poverty and social exclusion in contemporary Japan, to identify at-risk groups within the population, and to capture the effects of earlier disadvantages in life on social exclusion later on. For poverty, the paper uses a nationally sampled *National Living Conditions Survey* (Kokumin Seikatsu Kiso Chosa) collected by the Ministry of Health, Labour and Welfare. For social exclusion, the paper draws data from *2008 Social Living Survey* (SLS) by a team of researchers with the author as its head. The SLS is the first nationally collected survey which is designed exclusively to collect data on social exclusion. The findings show that Japan is indeed not an egalitarian society and the incidences of poverty and social exclusion spread narrow and deep within its population, instead of wide and shallow. It also shows that in Japan, earlier life disadvantages such as child poverty, lay-off, divorce and long unemployment leaves long-lasting adverse effects on poverty and social exclusion.

2. Income Poverty in Japan

1) Data

The data used for capturing incidence of poverty is *2007 National Living Conditions Survey (NLCS)* (Kokumin Seikatsu Kiso Chosa). Its sample size is about 23,000 households. The NLCS knows to cover population at the bottom end of the economic strata more precisely compared to other national large scale household surveys such as the *Family Income and Expenditure Survey* (Zenkoku Shohi Jittai Chosa) by the Statistics Bureau. The NLCS is not a panel survey and it cannot be used to analyze dynamics of poverty.

The definition of poverty is 50% of median disposable household income. The unit of the analysis is individual, but the definition of income is household income, rather than individual income. The household income is defined as combined income of all

household members. It should be noted that cohabitation of extended family is still very much in practice and 36.1% of elderly above 65 years old live with their children (and/or childrens' spouses and grandchildren) (MHLW 2009). In such case, income of all household members including pension income of elderly and part-time earning of teenagers are included in the household income. The household income is adjusted for household size by using equivalent scale equal to the square root of the household size.

2) Those At-risk of Income Poverty

Table 1 and Graph 1 show poverty rates by key characteristics. Examining Graph 1 shows that the incidence of poverty is very much dependent on the age and sex of individual. The poverty rate is somewhat high before the age 20, lowers between ages 35 to 54, and then soars after age 65. Even after nearly a half century since Japan put in place a universal public pension scheme, poverty is still very much an elderly problem. One of the main reasons that the elderly in Japan face high risk of poverty is the failure of the public pension to provide minimum living standard. The basic pension which is a social insurance program covers nearly all elderly, but the pension amount is dependent on the premiums paid into the system and does not guarantee the minimum standard of living. Thus, a large portion of pensioners, notably those whose lifetime earning has been low and especially women, receive public pension which is lower in amount compared to the poverty threshold. Traditionally, the risk of poverty in old age was mitigated by co-habitation with younger family members, mostly children and their spouses. It is those who do not have this familial safety-net that the poverty risk is the highest. The poverty rate for elderly living alone is 38.3% for men and 52.3% for women in 2007 (Table 1) even though both figures have declined somewhat since 1995.

The gender differential is also prominent. Women face higher risk of poverty than men throughout the life span, and the difference becomes larger as the age increases. The difference occurs essentially because of women's low position in the labour market, and in the last age bracket, the longer life expectancy. One notable deviation from this norm is the age bracket between 20 and 24. In this age bracket, men's poverty rate peaks and is higher than the women's. This peak is a fairly new phenomenon. In 1995, the rate was 13.9% and it did not peak, but in 2001, it increased to 17.9% and then in 2007 to 20.5% (not shown, Cabinet Office 2009). Deterioration of young men's position in the labour market is probably the cause. As the economy slowed down after the 1990s, the share of non-permanent, contract workers increased rapidly

and it spread to young men, who have traditionally become permanent employees right after schooling and stayed within a single company throughout the career.

Another notable characteristic of poverty in Japan is that the poverty risk for those who “deviate from standard life course¹” (Iwata and Nishizawa 2005) is quite high. Those who do not marry, those who have lost their spouse, those who divorce show very high poverty rates, especially for women but also for men. Even though such individuals are still a small portion of the population, their poverty rates are strikingly high. The elderly who have not married show the poverty rate of 40.0% for men and 47.4% for women. This is partly due to the fact that never married elderly have no children to support them, and also that their economic status during the life course may have been low (which could be the cause of their not marrying). Divorced women are likely to be poor in old age, as well as during the working age (38.9% during working age and 44.0% during old age). Widows and widowers, despite the existence of survivors’ pension in the public pension scheme, are at high risk of poverty. The high risk of poverty for women who do not have a male partner can be explained by the gender differentials in the labour market, but this explanation does not hold for divorced, widowed and never-married men who face high risk of poverty. In fact, such connection between income poverty and the “deviation from the norm” poses a question that there might exist a more fundamental process of social exclusion at work.

In fact, this is one of the hypotheses that this paper attempt to address in the following chapters.

<Table 1, Graph 1 >

3. Constructing Social Exclusion Indexes

1) Data

From this section, the paper will analyze the extent of social exclusion and characteristics of those who face high risk of social exclusion. The data used in this section is *the 2008 Social Living Survey* (FY2008 Shakai Seikatsu Chosa : SLS)². The SLS was conducted by distributing questionnaires to a randomly selected sample of

¹ From analysis of women’s panel data and homeless people, Iwata and Nishizawa (2005) argues that those who deviate from the standard life course of graduating from school at 18 (or 22), getting a permanent job right after graduation, marrying by the early 30s and staying in the same job until retirement, or stay married to such men, face high risk of poverty and even homelessness.

² The survey was conducted as a part of the *Effect of Social Security System on the Low-Income Population* (Principal Researcher: Abe Aya), funded by a Ministry of Health, Labor and Welfare Grant for Health and Labor Science.

1,320 persons above 20 years old (chosen from the residential registry [jūminhyō])³ all over Japan in February 2009. Out of 1,320 questionnaires distributed, 1,021 were collected (effective response rate = 77.3%).

The Social Living Survey (SLS) follows the format and methodology of *the 2006 Living Conditions Survey (LCS)* which was a pilot survey to measure extent of social exclusion in Japan. The LCS was conducted in fairly small area of the southern section in the city of Kawasaki, a municipality neighboring Tokyo. The location was chosen as the pilot survey site because by doing so, the survey was expected to capture more people belonging to low-income, low social class. Because of this reason, it was deemed impossible to generalize the findings from the LCS to the general public all over Japan. Thus, the main purpose of the SLS was to refine and generalize the findings from the LCS. The questionnaire contains almost the same set of questions to capture the incidents of social exclusion as the 2006 LCS. Both SLS and LCS follow the methodology developed by the Poverty and Social Exclusion Survey in the U.K., modified to fit the specific Japanese setting. The items chosen are those commonly owned or done by the general public in Japan. However, the length of the questionnaire and the sample size had to be reduced considerably due to budget limitations.

The survey was designed with the following rationale. First, it should capture not only economic impoverishment, but also social impoverishment (such as lack of social relations and networks, and inactivity). Second, it should capture how an individual is excluded (forced out) from various public constructs within a society, e.g. public schemes such as public pensions and public health insurance,⁴ public services such as transportation and utilities, and public spaces such as libraries and sports facilities. Third, it should also capture exclusion from private spheres, e.g. a lack of social relations (communication with others, meeting family obligations, having friends) and social networks (support in need). Fourth, it should measure the degree of an individual's activities within the society, e.g. activities such as being active in local communities (neighborhood organizations, women's clubs, PTA, etc.), civic activities (political involvement, etc.), and personal communities (alumni clubs, sports and hobby circles, etc.). Fifth, any exclusion or lack of these items must be *involuntary*, rather than

³ The residential registry is a list of all residents residing within a municipality. All residents of Japan are mandated to register at the office of their residing municipality, and the registry serves as the official base for local taxes, voting, public schools, and other public services.

⁴ Japanese public pension and public health care systems are social insurances, and individuals have to pay premiums in order to subscribe to pension insurance and health insurance. Failure to pay premiums means not being able to receive pension payments and medical payments (i.e. individuals must pay 100% of the medical costs out of pocket). The premium default is becoming an increasingly big problem (see Abe 2003 for details).

voluntary. Thus, the lack of the item is indeed an enforced deprivation, not a preference of the individual. To do so, the survey specifically distinguishes between the lack of a certain item due to deprivation and lack of an item due, merely, to a preference; the confusion of the two was a criticism made by Piachaud (1981) against Townsend's (1979) pioneering work on measuring relative deprivation. This criticism was overcome in the 1983 and 1990 *Breadline Britain* surveys by distinguishing those who 'don't have but don't want' from those who 'don't have and can't afford' (Mack and Lansley 1985, Gordon 2000). In this survey, we used a similar approach. Except for those items which are widely considered basic needs (such as adequate food, clothing and medical care), we asked whether items 'are wanted but cannot be obtained (or achieved)', 'not wanted (or not interested)' or 'are obtained (or achieved)'.

Sixth, it should not only capture involuntary exclusion due to economic constraints, but also due to other constraints. Here, the survey expands the idea of deprivation from 'cannot afford' in the U.K. surveys to 'not being able to have for any reason'. This is because our survey team recognized that there are non-economically driven deprivations. For example, there might be an elderly person who cannot vote because she is not physically well, or a man who cannot enjoy social activities because he has to work until late at night, or a housewife who cannot enjoy social life because she has to take care of children, or frail elderly, at home. All of these cases are a form of social exclusion, but they are not economically driven (i.e. they may be able to 'afford' to do these items, but cannot for some other constraints). They cannot be mitigated simply by having more 'resources' (i.e. money). Non-economically driven social exclusion is particularly thought to be extensive in Japan since public perception and social norms often restrict individual behavior.⁵ For this reason, it was especially important in Japan to capture the reason(s) a person is deprived of an item. Thus, for most items, the survey also asks why that item cannot be obtained (or achieved) in a multiple choice question.⁶ The respondents are given four options: economic; work and family related (or access and facility related); health-related; and other. No matter what the reason for the deprivation, if involuntary it is considered to be a form of exclusion.

⁵ For example, a man without a job (even if he does not need a job economically) may be reluctant to be seen outside his house during daytime because not working is considered 'inappropriate' for men. A woman who has enough money to hire a nurse to take care of an elderly mother at home may be compelled to stay at home to take care of her because 'it is the duty of a daughter' to take care of an elderly mother. These are but a few examples of how individuals may be excluded from society for non-economic reasons.

⁶ For items in basic human needs, material deprivation, housing, and income poverty, it was assumed that economic constraints are the main reason for deprivation, and they can be 'solved by money'. Thus, the reason was only asked for items in systems exclusion, lack of activities and social relations.

To clarify, the survey classified items used as social exclusion indicators into seven dimensions: (lack of) basic human needs, material deprivation, exclusion from systems, lack of social relations, inadequate housing, lack of activities, economic and financial stress, and income poverty (Table 2). The number of items used for the construction of these indicators amounts to 59. The list of items is shown in Table 3.

Income data used for the analysis is household income. The survey asked the respondents to fill in the sum of the after tax (and social security premiums and benefits, including pensions and other social security benefits) incomes of the head of household (respondent) and his/her spouse (if any).⁷ The 'equivalent household income', e.g. the value of household income adjusted for household size, was obtained using the equivalent scale of the square root of the household size.

Table 2. Eight Dimensions of Social Exclusion

Dimension	Description
Basic Human Needs	Lack of materials required for human survival
Material Deprivation	Lack of material possessions owned by most of the general population
Exclusion from Systems	Exclusion from various public constructs (social security schemes, public services and public spaces)
Lack of Social Relations	Lack of person-to-person connection with others, lack of human networks which one can draw upon when in need
Lack of Adequate Housing	Inadequate standard of housing
Lack of Activities	Lack of activities and participation in various activities which construct personal spheres (including activities done alone)
Economic and Financial Stress	Economic and financial hardship such as not being able to make payments and make ends meet
Income Poverty	Inadequate income (defined as below 50% of the median income)

⁷ Ideally, in a country like Japan where cohabitation and sharing of resources among extended family members is still common, it would be necessary to ask the incomes of all members of a household in order to accurately determine the household income. However, considering the limitations of an interview survey and the lack of information on the part of the respondents themselves, we believed that the most reliable values would be obtained by limiting data to the income of respondents and their spouses.

< Table 3 >

3) Social Exclusion Indexes

Social exclusion indexes for the seven dimensions are constructed as follows. For each of the 59 items in the seven dimensions of social exclusion, a value of 1 was assigned if the item is deprived, and a value of 0 if the item was not deprived. Then, for each dimension, the values were weighted, summed and then standardized, so that no matter how many items in each dimension, the aggregated index assumed a value from 0 (all items in the dimension are satisfied) to 1 (all items in the dimension are deprived). The weights are propagation rate which is defined as the percentage of respondents who possess the item divided by one minus percentage of respondents who do not want that item.

$$S_i^x = \frac{\sum_{j=1}^{J^d} d_{ij} w_j}{\sum_{j=1}^{J^d} w_j}$$

$S^{(1,2,3,\dots,7)}_i$ = Social Exclusion Index of Dimension (1,2,3,...7) for individual i

J^d = Number of items in Dimension d

x = Dimension 1,2,3,...,7

d_{ij} = 1 if individual i is deprived of item j, otherwise 0

w_j = weight (propagation rate) for item j

Table 4 shows the basic statistics of the social exclusion indexes for the seven dimensions and income poverty. Comparing absolute values of the indexes between the eight fields, or assessing whether each of these values is 'too high' or 'too low' is not meaningful, since these values depend on the set of items that are used for the construction of the indexes. For example, if one item in the category is replaced with another item whose deprivation rate is much lower, then the average index for the category will decrease. What is important is the distribution of indexes. If there is a large fraction of the population whose index is much lower than the median, it means that these people may be excluded from normal activities that are commonly enjoyed by

the majority of the population. In this respect, social exclusion is a relative concept. Also, these indexes are helpful in comparing sub-groups of the population and identifying who are most likely to be excluded and in what dimension.

Table 4 Basic statistics: Social Exclusion Indexes

Dimensions	# items	Social Exclusion Indexes (standarized)		Percentage of Respondents who are Excluded (Deprived)	
		Average	Std. Dev.	Threshold (# items)	%
Lack of Basic Needs	6	0.051	0.139	1	16.6%
Material Deprivation	9	0.010	0.043	1	6.3%
Exclusion from Systems	14	0.072	0.108	3	14.5%
Lack of Social Relations	9	0.099	0.187	3	12.0%
Inadequate housing	8	0.028	0.081	1	14.9%
Lack of Activities	5	0.346	0.278	4	12.5%
Economic and Financial stress	8	0.109	0.160	2	20.0%
Income poverty	1	296.8	487.487	114.6	10.9%

(*)The threshold for determining who is 'excluded' was determined by the author, to ensure that the exclusion rates will be 10% to 20% of the respondents, except for the material deprivation.

The right side of the table shows the social exclusion rate (or in the case of income poverty, poverty rate). As with income poverty or the relative deprivation rate, the social exclusion rate is defined as those who are excluded in more items than the cut-off line. The problem is how to set this cut-off line. In most cases, the determination of the cut off line seems rather arbitrary. Apospori and Millar (2003) define the cut-off line as 60% (or 80%) of the median (of the social exclusion index). Tsakloglou and Papadopoulos (2002) call the bottom 20% of the population in the index 'the risk group'.⁸

There is no 'correct' way to define the cut-off line, and as long as a consistent approach is taken, it should suffice. For the purpose of this paper, which is to identify risk groups and to analyze the effects of earlier disadvantages on current social exclusion, we decided it was best to have about the same size of the fraction of the

⁸ Tsakloglou and Papadopoulos (2002) also identify those 'at high risk of social exclusion' as those 'at high risk of chronic, cumulative disadvantages' (p.146). Using the ECHP, they constructed four deprivation indicators: income (poverty), living conditions, necessities of life and social relations. Then they constructed an indicator for 'cumulative disadvantage' as those suffering from two or more deprivations. Adding a dynamic dimension for this indicator, they defined those at high risk of social exclusion as those at high risk of cumulative disadvantage at least twice during a period of three years, or three waves of the ECHP.

population which are excluded in each of the eight dimensions, and thus, the cut-off line was chosen so that the exclusion rate lies somewhere between 10% and 20%.

4. Those at-risk of Social Exclusion

Table shows the exclusion rate for sub-groups of the sample by key characteristics. Interestingly, comparison of sub-groups shows patterns quite different from that of income poverty. First of all, gender differential is not apparent, except for income poverty. For 'lack of activities', women show exclusion rate of 0.142 and men, 0.102, but this difference may be due to the difference in the age composition. By age group, men and women in their 20s show high risk of lack of basic needs, material deprivation, inadequate housing, and economic stress. As we have seen in Section 2, the young people are not necessarily the most at risk of income poverty, except for men aged between 20 and 24, yet it seems they are at risk of many dimensions of social exclusion. The young men in their 20s also show high rate of exclusion for "lack of social relations", even though this is not the case for young women in their 20s.

The more clear differences are seen between working status. The largest group, those with permanent jobs, has the lowest risk of 'lack of basic needs', 'exclusion from systems' and 'lack of activities', and the second lowest risk of 'economic stress'. It is clear that that being a permanent worker is an important part of acquiring the "in" status in Japanese society. Retirees also show low risk of exclusion in many dimensions, such as housing and economic stress. Non-permanent workers show significantly high risk of 'economic stress', reflecting the unstable nature of their employment, and also 'lack of basic needs'. The wage differential between permanent and non-permanent workers is very wide in Japan, and the non-permanent workers are also at high risk of low standard of living. Being a non-permanent worker also seems to increase risk of being excluded from systems, low activity and low social relations, even though these figures are not statistically significant. Lastly, those out of the labour force (unemployed and 'other non work excluding housewife and students and retirees') are at high risk of social exclusion in all 7 dimensions (statistically significant in 4).

Another consistent pattern is seen between education attainment levels. Those with only junior high school level of education show the highest rate of exclusion in all of the 7 dimensions, while those with college degree or above show the lowest in all but one. The dividing line is between the junior college degree and college degree or above.

Lastly, let's look at the social exclusion rate by marital status. For men, those who are married show low rate of exclusion compared to other groups in most dimensions. On the contrary, never married men show high rate of exclusion than married men in all

but one (exclusion from systems) dimension. For men, the number of cases for divorced and widower is rather small, thus we can not draw definitive conclusions. For women, divorced women are clearly at higher risk of exclusion in all 7 dimensions. However, unlike income poverty, widows are not at higher risk of social exclusion than other women.

<Table 5>

5. Social Exclusion and “Deviation from Normal Life Course”

The analysis of income poverty and social exclusion in previous sections seem to support the hypothesis that Iwata and Nishizawa (2004) posed that the “deviation from the normal life course” is a major risk factor for poverty. In this section, the paper will address the question of whether and how “deviation” in life affects social exclusion today. Is the “deviation” risk factor only because it increases the odds of being income poor? Or is there another mechanism in work which forces one to be excluded from the society once one deviates from the normal life course?

Ideally, such questions should be answered with a multivariate analysis using panel datasets which can cancel out individual effects. However, the accumulation of panel data sets has just begun a few years ago in Japan, and there has not been a dataset which has accumulated enough data to answer such questions. In the absence of panel data sets, some researchers have attempted to measure the impact of earlier life events on current outcomes using retrospective questions. Two studies, Abe (2007) and Oishi (2007), used the aforementioned *2006 Living Conditions Survey* in Kawasaki. Oishi (2007) uses a retrospective answer of standard of living at age 15 and shows that it has significant effect on adult income. Abe (2007) shows that the living standard at age 15 as an indicator of child poverty, and also other earlier disadvantages such as divorce and layoff have significant effect on adult social exclusion indexes (Abe 2007). Another study by Oshio et al. (2009) uses another large-scale nationwide survey to show empirically that childhood poverty at age 15 affects educational attainment and odds of being poor during adulthood. Of them, Abe (2007) is the only one showing that there exists a link between child poverty and other events in life (such as divorce, lay-off and sickness) on social exclusion in adulthood, even after controlling for current income and household type. However, as mentioned, the finding use the survey data collected from a fairly small locale in atypical neighborhood of blue-collar workers and cannot be generalized to the entire population of Japan. Thus, this study is the first study in Japan to link childhood and earlier life disadvantage on social exclusion using the

nationwide survey.

Outside Japan, one can find a myriad of studies linking childhood poverty to adult outcomes (such as income, labor force participation, educational attainment and crime and/or welfare dependency) in other developed countries (e.g. Duncan and Brooks-Gunn 1997). There are also some studies linking earlier disadvantages and current social exclusion. Hobcraft (2002) directly addresses the influence of childhood circumstances on social exclusion during adulthood. Using the National Child Development Study [NCDS], Hobcraft shows that childhood disadvantages such as family structure, occupational class and employment status of father, and some indicators of poverty ('financial hardship' and free school meals) are correlated with negative adult outcomes. However, the outcome indicators that the study employs are somewhat disappointing and are missing some aspects of social exclusion. The study does include many indicators which *could* indicate social exclusion (such as low income, homelessness, unemployment), but does not include social aspects of social exclusion, such as social participation and exclusion from services.

2) Results

As the "deviations from the normal life course", the study uses : experience of being on public assistance before age 15, childhood poverty (living standard at age 15⁹), low attainment of education, divorce, prolonged illness or injury¹⁰, involuntary lay-off, unemployment more than one year. The public assistance in Japan is a fairly small program and in the past 40 years, the recipient rate (among population) has been around 1%. Many scholars have pointed out that being on the public assistance is considered to be a "shame" and it is associated with acute stigma. Thus, it is expected that being on the public assistance during childhood might permanently place him/her outside the "normal life course" even if he/she might catch up with income later on in life. Similarly, being poor during childhood might place him outside the normal "track" even before his/her adult life begins. Closely related to child poverty is the low attainment of education. Japan boasts one of the highest rate of college entrance rate at around 50% among the OECD countries, and high school entrance rate is 98% for some time (even though Japan's mandatory education only covers up junior high school).

⁹ For 'living standard', the question was 'Compared to other families in Japan, how do you characterize the living standard of your family when you were 15 years old?' The answer was multiple-choice, with 'very low', 'low', 'average', 'high', and 'very high' as possible answers. The distribution of answers was: 11.1%, 18.0%, 51.4%, 15.0%, and 2.7%, respectively.

¹⁰ 'Major illnesses and injuries' was defined as those illnesses and injuries which caused the respondents to be out of work or school for more than one month.

However, a small minority do not manage to go to high school or drop out of high school due to economic or other reasons. Entrance to high school or college later on in life is almost impossible, since adult education system has not developed much in Japan. Thus, once one loses an opportunity to finish high school, he/she might be permanently placed out of “normal life course”. Divorce, prolonged illness, layoff and long unemployment are all risk factors as well. All of these factors (except maybe the illness) occur much rarely compared to other industrialized countries. But precisely because these factors used to occur fairly rarely, the society may not be equipped to put those who “deviate from the normal life course” back to the “track”.

The logistic regression was performed on whether an individual is socially excluded for each of the 7 dimensions of social exclusion. The independent variables in question are: experienced sickness and/or injury (=1 if yes, =0 if no), experienced divorce, experienced lay-off, experienced unemployment longer than 1 year (=1 if yes, =0 if no), education attainment, low living Standard at Age 15 (=1 if answered ‘Low’ or ‘Very Low’, =0 otherwise), has been on public assistance before Age 15 (=1 if yes, =0 if no). The current status of social exclusion is, of course, very likely to be influenced by current economic status, work status and household type, as inferred from the analysis in the previous section. For this reason, the following variables are added as control variables: equivalent household income, sex, age, single-person household, has child(ren),¹¹ and working status (permanent-job, non-permanent job, self-employed, no work, unemployed). By doing so, the estimation should indicate whether there is any remaining effect of “deviations” which are not captured by the respondents’ current economic and work status and household type.

<Table 6>

Table 6 shows the results of the estimates. Even after controlling for current income, sex, age, work status and household types, the coefficient estimates of the earlier “deviations” from normal life course are positive and significant in many of the dimensions. For the ‘lack of basic needs’, having an experience of sickness and/or injury, divorce, long-term unemployment, and poor at age 15 increases the odds of being excluded. For housing, experience of divorce, long-term unemployment and poor at 15 increases the odds. Even for dimensions which are not normally associated

¹¹ This variable refers to whether or not there is a child less than 17 years old living in the household, and not to whether the respondent ever had a child.

with economic reasons, such as 'lack of activities' and 'lack of social relations', the long-term unemployment seems to increase the odds of exclusion. For the 'exclusion of systems', the experience of lay-off and being on public assistance before age 15 show positive and significant effect, indicating that residual and small social protection programs such as public assistance and unemployment benefits, ironically, may be the cause of excluding the recipients from other social systems.

Of course, the logistic analysis does not indicate causality, but merely a relationship, and thus, for example, it might be that those lacking activities and social relationships are more prone to being unemployed for a long time, instead of the experience of being laid off causing individuals to lose social relationships and become more inactive. However, it is certain that these earlier disadvantages and one's current state of deprivation and social exclusion are related somehow.

One variable which strongly suggests causality is the living standard at age 15 and experience of public assistance before age 15. It is hard to imagine how current status of social exclusion somehow affect past living conditions, and thus, the result suggests that there is a lingering effect of growing up poor or being on the public assistance on one's current outcome, even after controlling for its effect through current income, household type (e.g. more prone to being single), working status (e.g. more prone to having no work), and other disadvantageous events (such as divorce, lay-off, illnesses and injuries).

Let me add a few remarks on control variables. The coefficient for equivalent household income is negative and significant for four of the 7 dimensions, but was not significant for 'exclusion from systems, 'lack of activities', and 'lack of social relations'. The age effect, after controlling for other variables, is not as strong as it seemed in Table 4. The dimension that is strongly associated with age is the economic and financial stress.

7. Conclusion

This paper is one of the first attempts to capture the extent of social exclusion in the general population of Japan. It has drawn data from a survey which is carefully designed to measure social exclusion after examining similar surveys abroad.

The findings of this paper can be summarized as follows. First, sections of the population which are most vulnerable to social exclusion are not necessarily vulnerable in terms of income poverty. In particular, the age group of those most vulnerable shows an interesting discrepancy between income poverty and social exclusion. Young people face a higher risk of material and housing deprivation compared to other age groups.

The elderly, who are by far the poorest in terms of income poverty in Japan, face less risk of material and other types of deprivation. People with only junior high school level of education, people who are not working (excluding retirees, students and housewives) show high risk of being social excluded in many dimensions.

The second finding of the paper is that ‘deviation from normal life course’ in earlier stages of life seem to exert influences in some aspects of current social exclusion, even after controlling for current income, work status and household type. Multiple regression analysis shows that having experiences of sickness and/or injury, divorce, lay-off, long-term unemployment, being poor at age 15, been on the public assistance before age 15 have positive and significant effect on current status of social exclusion. The catch-phrase of former Prime Minister Abe was ‘a society in which one can start over’, but it seems that Japan is *not* a society in which one can start over after a set-back.

Formerly, it was thought that the dis-adventurous events in life, such as sickness, lay-off and childhood poverty, have influence on current impoverishment through loss of income, by weakening of one’s position in the labour market, either by loss of educational opportunity or by loss of one’s market value. However, these findings indicate that there might be another bigger process of social exclusion at work.

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Graph 1 Relative Poverty Rates, by sex and age

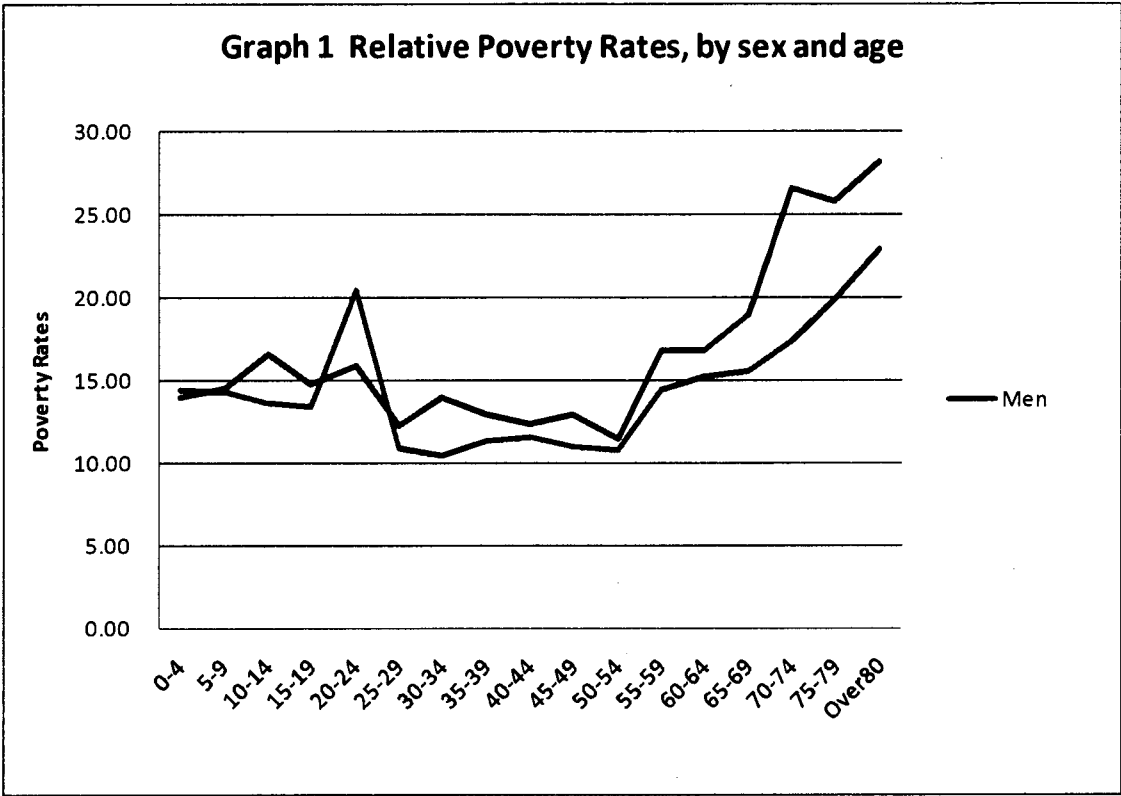


Table 1 Relative Poverty Rates, by category

	1995	2001	2007
<u>Sex</u>			
Men	12.6	14.4	14.4
Women	14.9	16.8	17.4
<u>Age category</u>			
Men: Less than 20 years old	13.0	15.3	13.9
20–64 years old	10.7	12.6	12.7
Above 65 years old	19.8	18.5	18.4
Women: Less than 20 years old	12.3	15.0	15.0
20–64 years old	12.6	14.5	14.0
Above 65 years old	25.3	23.4	24.8
<u>Household type (selected)</u>			
Single men working age (20–64)	18.2	21.6	24.0
Single men elderly (65+)	39.5	35.0	38.3
Single women working age (20–64)	32.7	33.2	32.0
Single women elderly (65+)	59.9	50.8	52.3
Couple only, men	17.0	16.8	15.3
Couple only, women	17.0	16.8	15.3
Couple with children (*1)	9.2	11.3	10.6
Single mother households(*2)	57.2	64.9	58.5
Single father households	16.8	28.0	26.1
Three generation household, men	10.4	11.5	9.8
Three generation household, women	10.8	11.5	11.0
<u>Marital Status</u>			
Elderly men; married	18.8		16.6
never married	41.9		40.0
widower	24.5		24.6
divorced	33.3		39.6
Elderly women; married	20.3		17.5
never married	41.3		47.4
widow	28.3		30.3
divorced	43.4		44.0
Working age men; married	9.3		9.8
never married	14.1		18.0
widower	13.5		15.0
divorced	20.8		24.8
Working age women; married	10.0		10.6
never married	13.9		16.5
widow	29.6		28.0
divorced	40.7		38.9
<u>Region of residence (selected)</u>			
Large Metropolitan, men working age	8.7	12.7	11.3
Large Metropolitan, men elderly	18.2	15.3	11.9
Large Metropolitan, women working age	11.1	14.6	12.9
Large Metropolitan, women elderly	25.6	20.5	22.2
Rural, men working age	11.9	12.8	13.1
Rural, men elderly	23.3	21.9	24.2
Rural, women working age	13.4	13.5	14.4
Rural, women elderly	27.7	25.3	30.1

Source: Cabinet Office (2009)