

The Effects of U.S. Workfare Policies on Japanese Welfare Reform:

A Vision for Basic Income in Japan

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1. Introduction

Since the 1980s, welfare states in North America and Western Europe have introduced and implemented workfare policies that require work as a condition for social support; in this way, they have become so called “workfare states” (Peck 2001). This trend was started by U. S. workfare programs, which emphasized mandatory work requirements for public assistance recipients who can work and strictly supervised the recipients to ensure they fulfill their obligations.

U.S. workfare policies had a powerful influence on welfare reform in Japan under the Koizumi administration (April 26, 2001 - September 26, 2006). The main policy goal of the Koizumi administration’s welfare reform was to support the independence of the chronically unemployed, such as homeless people, single mothers, disabled persons and public assistance recipients, but another intention for the reform was to reduce and cut social security costs.

Since the late 2000s, however, there has been a change in the direction of social welfare in Japan from workfare policies to universal welfare policies. This is because the issues of poverty and unemployment have recently received more attention, as a

result of an increasing income divide in Japanese society, and the coming to power of a new Japanese government in 2009. In one example of the shift in policy, a universal Child Allowance was introduced by the government in April 2010. Also, some new movements for income security without the condition of work requirements, such as basic income, have appeared.

The purposes of this presentation are to 2) provide an overview of U.S. workfare policies, 3) analyze the debate in Japan on the reform of public assistance, and clarify how U.S. workfare policies influenced Japanese welfare reform, and 4) suggest a vision for basic income in Japan.

2. U.S. Workfare Policies

U.S. workfare policies sought to reform Aid to Families with Dependent Children (AFDC). AFDC was the most major welfare program in the U.S.; established by the Social Security Act of 1935 (under the name Aid to Dependent Children), it was, as the name indicates, designed to help families headed by single mothers with dependent children. However, with time, single mothers came to be seen as “employable”; from the late 1960s, a discussion of welfare reform focused on whether public assistance recipients, including single mothers, should have an obligation to work or not. In the background of this debate, there was the general consensus that welfare for people who are able to work causes “dependence,” that public assistance recipients should be expected to leave welfare and get a job to achieve “independence” and that governments should support this process.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 replaced AFDC with Temporary Assistance of Needy Families

(TANF). The objectives of TANF were to change welfare to temporary assistance, setting a five-year time limit for receiving benefits, and to provide support services for welfare recipients to get jobs. In addition, TANF allowed state governments to use federal government welfare funds more flexibly; whereas it was once mandated that federal funds should be used for cash assistance, they could now be used for employment support services (U. S. House of Representatives, Committee on Ways and Means 1998).

This dramatic federal welfare reform was based on apparent successes in some state and local governments. For example, the Great Avenues for Independence (GAIN) program, which started from the late 1980s in California, was widely known for its success, especially in Riverside County, in reducing the cost of welfare and raising the earned income level of welfare recipients. Recently, however, long term evaluations of GAIN in Riverside County have shown that its success was less than first appearances (Hotz et al. 2006); although the easily employed were quickly moved off welfare rolls, the problem of less employable welfare recipients remained intractable.

Generally, there were two main models of workfare in the 1980s and the early 1990s. The human-capital development (HCD) model, supported by liberals, focused on education, training and the matching of individual labor market entrants to specific jobs. The labor-force attachment (LFA) model, favored by conservatives, emphasized rapid and indiscriminating placement of welfare recipients in the first available jobs.

Although GAIN comprised components from the both models of workfare, Riverside County, using the flexibility allowed it by the state government, minimized components from the HCD model and maximized components from the LFA model in the GAIN program. I have argued how these local reforms led to a major change in

federal law, which, in the end, encouraged states to develop welfare programs in line with the LFA model (Kobayashi 2010).

Eventually, the LFA model became predominant profoundly in U. S. welfare reform through the PRWORA. Indeed, TANF was based on the LFA model which the Giuliani administration in New York City used to initiate welfare reforms in 1994 to cut the number of welfare recipients and reduce welfare dependency by improving recipients' self-sufficiency (Savas ed. 2005). Although Giuliani's welfare reforms did drastically reduce the number of welfare recipients, they have been criticized for not succeeding in helping recipients to become self-sufficient.

As Winston (2002) points out, welfare reform in the U.S. developed with devolution; the PRWORA gave states much of the flexibility they sought in administering programs; in turn, the states gave local governments flexibility. It is a concern, however, that state governments or local governments have implemented workfare programs based on the LFA model in order to cut welfare costs.

3. Welfare Reform in Japan

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), although the government does not announce the figure officially. 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 expenditure, the national government was responsible for 75% and local governments the rest. Therefore, welfare expenditure increases became 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 (Tokyotochijihonbu 2001).

The 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. The rate of public assistance, which indicates a number of recipients per capita, in 2003 in Japan ranged from 2.20% in Hokkaido Prefecture to 0.21 % in Toyama Prefecture, a difference of about 10.5 times.

According to the Ministry of Health, Labour and Welfare, this difference among regions depended on the administrative efforts of each local government, so it tried to set financial incentives to decrease the rate of public assistance by decreasing the burden of the national government and increasing the burden of local governments. The ministry proposed a plan in which the national government's share of public assistance expenditures decreased from 75% to 67% in October of the same year. Unsurprisingly, this plan was criticized by local governments highly.

The debate about distributing the burden of public assistance did not end; the Council about Public Assistance and the Dependent Children's Allowance met in April

2005. The ministry presented a new plan that increased the discretion and responsibility of local governments, and cut the national government's share of the financial burden for public assistance from 67% to 50%. As the result of the debate at the council, 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 in order to manage 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 (Zenkoku Shicho Kai 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 labor-force attachment (LFA) model of welfare from the U.S.

The influence of the LFA model 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 parking on the

street illegally. For any welfare recipient who refuses the city work, their benefit time will be limited to three to five years (*Asahi Shinbun*, January 26, 2010).

4. A Vision for Basic Income in Japan

As mentioned earlier, the take-up rate of public assistance is very low in Japan. Moreover, 80% of recipients, including the sick, the aged and the disabled, are not employable. The remainder of the recipients is mainly single mothers, who are regarded as employable but have work difficulties because of child care.

However, the main income security for single mothers and widows in Japan has not been provided by public assistance but by the Dependent Children's Allowance. In 2002, policy revisions introduced a five-year benefit limit and an increased emphasis on getting income from wage labor. Similar to workfare policies in the U.S., new welfare programs and services for single mothers in Japan under the Koizumi administration aimed to reinforce the mother's self-sufficiency through work (Ezawa and Fujiwara 2003). However, in Japan, many of the single mothers were already in the work force. These members of the working poor survived through receiving the Dependent Children's Allowance in addition to their low wages.

A new Dependent Child Allowance scheme has started from April 2010. Families with children 15 years old or younger receive 13,000 yen a month per child in the first year, but the allowance increases to 26,000 yen from the 2011 fiscal year. This new allowance has no income limitation, so universalistic income security is realized by the plan. This means income security in Japan has stepped towards basic income.

However, in recent days, the Minister of Internal Affairs and Communications has stated that he is examining which is better, cash assistance or in-kind services, such

as childcare centers by local governments. Moreover, some politicians claim that families with an income above a certain level should not receive cash assistance. Thus we can see there is still resistance against universalistic income security in Japan.

U.S. workfare policies aimed to shrink a welfare system that was relatively open to the poor and welfare recipients (the take-up rate of public assistance in the U.S. was about 80% from the 1980s to the early 1990s). Welfare reform in Japan sought to toughen the welfare system by importing workfare from the U.S. But the Japanese welfare system was already much more strict than that of U.S., as the low take-up rate for public assistance in Japan shows. This trend cannot be transformed easily, in spite of the recent change of government.

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