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Social Policy Responses to the 'Gap Society' – The Structural Limitations of the Japanese Welfare State and Related Official Discourses since the 1990s

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Chapter 7: Social Policy Responses to the 'Gap Society' – The Structural Limitations of the Japanese Welfare State and Related Official Discourses since the 1990s

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Introduction

As discussed in the introduction to this volume, a societal model of Japan as a middle-class society gained prominence in Japanese public discourses from the mid-1960s. The background of these discourses was a significant improvement in the economic position of the majority of the Japanese population following the 1950-1960s high economic growth eras. However, the economic recession following the burst of the bubble economy in the early 1990s, demographic changes, and deregulation of the labour market have led to an increase in income inequality and a rising number of people in relative poverty (Hommerich 2013). In line with this, the middle-class societal model became the focus of heated debates and a new model of "Japan as a divided society" (*kakusa shakai*) reached a dominant position (Chiavacci 2008).

It is against the background of these developments that this chapter aims to take account of developments in Japanese social policy since the 1990s by exploring to what extent the country's welfare arrangements have been able to cope with economic and societal changes and how official discourses in advisory councils and commissions have framed and responded to the resulting social policy challenges.

To investigate these issues, this chapter will firstly identify the structural features of the Japanese welfare state with reference to comparative social policy literature. This is followed by a discussion of the limits of these welfare arrangements in light of societal and labour market changes since the 1990s. The third section investigates how these problems have framed and influenced social policy discourses with reference to discussions in official deliberation council and commission documents. The final section draws some conclusions.

The Structural Features of the Japanese Welfare State in Comparative Perspective

Ever since Esping-Andersen suggested a typology of welfare states in his landmark 1990 study 'The Three Worlds of Welfare Capitalism', in which industrialized societies were classified according to structural features of their welfare state arrangements, has Japan's position within his typology been a

topic of academic debate. Unlike earlier attempts at classification that focused on the level of social expenditure (Esping-Andersen 1990: 18-21; Schmid 2002: 76-81), Esping-Andersen stressed the fact that different welfare states – basically unrelated to their degree of generosity – were built on different systemic principles which allow them to cluster into three distinct ideal-typical welfare "regimes": a "liberal", a "conservative-corporatist", and a "social democratic" regime. Societies of the first type (mostly countries of the Anglo-Saxon world) are characterized by highly residual welfare systems based on a dualism of means-tested public social assistance for the poor and marketized welfare services for all other citizens. The degree of "de-commodification", i.e., protection against market forces and income losses in this regime type is therefore low. The social democratic welfare states of Scandinavia represent the other extreme. Here the role of the state is emphasized as a guarantor of social rights granted to every resident regardless of his or her employment status. As a result, both welfare transfers and social services are predominantly tax-financed and generous, hence redistributive effects are pronounced and de-commodification is high. Finally, the conservative-corporatist type of Continental Europe is based on the insurance principle meaning that the "right" to receive welfare transfers is mainly dependant upon contributions paid during the employment years of insurants. The insurance system is usually further segmented along occupational and status lines, hence the depiction as being "corporatist". Those who were not in the work force or had shorter-than-average employment careers (women in particular) are in a highly disadvantaged position, relying on family resources or means-tested social assistance schemes. Another feature is the relative scarcity of child-care or elderly-care services due to the strength of familialism in these societies (Esping-Andersen 1990, 1999).

Esping-Andersen's approach of stressing structural aspects rather than mere expenditure level considerations generated generally positive responses in the social policy community, but met also with different lines of criticism, some of which are directly relevant to our discussion of the structural components of the Japanese welfare state. In fact, Esping-Andersen's empirical data did not yield consistent results as far as Japan's position was concerned. For example, while the country ranked close to conservative welfare states such as Germany and France in terms of the de-commodification score, it was closer to liberal welfare states in terms of social stratification (Esping-Andersen 1990: 52, 76; 1997).

If we consider the criticism of Esping-Andersen's typology, relating to a discussion of the characteristics of Japan's welfare state, we can roughly distinguish four lines of argument.

Firstly, some authors have focussed on the categorization system as such. Jones (1993), for example, has rejected attempts of including Japan in Western welfare state types as euro-centric. Instead, she claimed the existence of a distinct East Asian "Confucian welfare state" regime. Some Japanese commentators concurred to a certain degree with this argument by denoting the system as a "Japanese-style welfare society" with at least three distinctive features: a high reliance on family responsibility

and care, an extensive system of corporate welfare for core sector employees, and a high level of private household savings for old age and other contingencies (Uzuhashi 1994). However, Goodman and Peng (1996: 200-207), while acknowledging that Confucian concepts of filial piety or family interdependence were repeatedly and effectively used by East Asian governments when refusing or cutting welfare benefits, have argued that what East Asian welfare states had in common was rather the lack of any consistent principle and the adaptation of a "learn-as-we-go-approach" in the name of nation-building. Accordingly, the Japanese welfare state in its present shape is, in their view, to be interpreted as a patchwork of very different elements adopted and adapted as a reaction to internal political pressure or economic difficulties (Goodman and Peng 1996: 209-213).

A second line of criticism has come from feminist scholars, who have argued that Esping-Andersen, while using a gender-neutral terminology, was in fact employing a conceptual framework that presumed men as the central point of reference and neglected family responsibilities for child and long-term care of the elderly (e.g., Lewis 1992). Responding to such criticism, Esping-Andersen (1999) subsequently introduced a concept of 'de-familialization', assessing the degree in which a household's welfare and caring responsibilities are reduced due to either welfare state or market provision and the degree in which social policy and markets give autonomy to women. Nevertheless, even a welfare regime typology incorporating 'de-familiarization' indicators makes it difficult to classify the Japanese case appropriately, because a high degree of internalization of welfare functions by large corporations corresponds to the liberal model, while an emphasis on the role of the family is typical of a conservative welfare regime (Osawa 2011: 19).

A third line of criticism has been directed at the fact that Esping-Andersen's typology neglected the role of primary distribution, focussing on the redistributive role of social policy, while neglecting 'functional equivalents' such as employment protection, wage subsidies, and public works projects, which have historically provided a much greater degree of social protection than what low social spending numbers might suggest (Estévez-Abe 2008; Miyamoto 2008).

Finally, Esping-Andersen's typology has also been criticized for not taking account of the role of the 'third sector', i.e., the activities of cooperatives, mutual societies and associations (Osawa 2011; Salamon and Anheier 1998).

Given these criticisms and difficulties in categorizing Japan's welfare arrangements, how can we describe its main structural features? Rather than aiming to localize the Japanese position in Esping-Andersen's typologies, we seek here to summarize its main characteristics.

Firstly, Japan's welfare arrangements are characterized by an uneven generosity among social benefit programmes. In comparison to other OCED countries, Japan ranks relatively highly in terms of the generosity of its public pension and health care benefits, while social spending on disability,

unemployment insurance, family benefits and social services to working-age individuals and their families have historically been low. This asymmetry in benefit generosity is the key reason why observers have struggled with an overall characterisation of the country's social security arrangements.

Secondly, another important characteristic of the country's social insurance schemes is their fragmented nature along occupational lines, with different benefit designs according to occupational groups, in particular with pension and health care insurance. This occupational segmentation of social insurance schemes is a direct reflection of the segmentation of Japan's labour market, which is characterized by pronounced differences between large and small-and-medium sized firms, regular and non-regular workers, and a gender-bias in terms of career advancement and employment protection (Osawa 2011).

Thirdly, Japan's social policies have historically been oriented towards what some observers have called a 'male breadwinner model' (Osawa 2011: 23), that is a system based on the premise that social insurance system and labour market policies should focus on securing stable employment of men so that they can earn a 'family wage' sufficient to support a wife and children. The pension system, in particular, has been systematically oriented toward the male breadwinner model, offering basic pension benefits without additional contributions to non-working (female) spouses.

Forthly, subsidiarity has been another defining feature of Japan's social security arrangements, as is typical for a 'conservative' welfare state. The subsidiarity principle is particularly strong in the case of the country's public assistance system as the last resort for income support. More than in many other countries, potential benefit claimants need to satisfy a means test in which the economic situation of the extended family (relatives within three degrees of relational proximity) is assessed (Osawa 2011: 51-52; Estévez-Abe 2008: 21).

Fifthly, several observers have stressed the role of 'functional equivalents' to social security benefits (e.g., Bonoli 2003). Estévez-Abe (2008: 30) distinguishes between policies which promote private welfare provision (e.g. tax incentives), policies which protect jobs and income by limiting or regulating market competition (e.g. employment protection legislation), and policies through which the state creates jobs or training positions (e.g. active labour market policies). While Estévez-Abe (2008) stresses the importance of these 'functional equivalents' in the Japanese case, Osawa (2011: 88) points out that empirical studies of public works spending since 1995 have demonstrated fewer effects on employment and income than direct spending on medical and long-term care provision. Whatever the final judgement on the importance of these 'functional equivalents' might be, it is clear that they, just like traditional welfare policies in Japan, have put a strong emphasis on 'work' as the underlying principle to receive benefits.

Limits of Japanese Welfare State Arrangements since the 1990s

How have Japanese welfare state arrangements been able to cope with societal and labour market changes since the 1990s? Only if we have a good understanding of the limitations of these arrangements, can we later assess whether and how such problems have been addressed by official discourses.

Given the strong role of 'work' and the 'male breadwinner' in social security arrangements in Japan, structural changes in the Japanese labour market since the 1990s have arguably had the strongest impact on people's lives. The unemployment rate, which in 1992 was only 2.1% (its lowest point since 1980) increased more than twofold to 5.4% in 2002. The subsequent economic boom, lasting from February 2002 to November 2007, saw a drop to 3.9% (2007), followed by a rise to 5.1% (2010) due to the world financial crisis. Since then the unemployment rate has again dropped to 3.6% (2014), but remains almost twice as high than at the beginning of the 1990s. Another important trend has been a significant rise in non-regular employees from 20.2% in 1990 to 34.4% in mid-2014. 57.4% (2010) of female workers are non-regular workers, compared to 24% (2010) of male workers. However, even among male workers, the incidence of non-regular employment has risen considerably over the last two decades (JILPT 2012; JILPT 2015). These changes in employment have had far-reaching knock-on effects on the population's well-being.

One striking development has been an increase in the very-low income population and high level of relative poverty. The 2006 OECD Economic Survey of Japan highlighted the fact that the country had a relative poverty rate of 15.3% for the entire population (based on disposable income levels), 13.5.% for the working-age population and 21.1.% of the elderly population (OECD 2006). Subsequent examinations by Ōta (2006) showed that for the working age population, Japan ranked fifth-worst among 14 OECD countries in terms of its unequal income distribution measured by the Gini coefficient and 2nd-worst in terms of its relative poverty rate (income below one-half of the median equivalent income). Moreover, OECD data for the mid-2000s showed only small poverty reductions through net social transfers for single earner households, while households with all adults working (two-earner couples or single persons including lone parents) were made even worse off by the net effect of taxes and social security contributions (OECD 2009). The same negative effect of Japan's tax and social security system has been found in Japan's child poverty (Abe 2006; Abe 2008), which, with a relative poverty rate of 14.3%, was the seventh highest among 19 OECD countries (2000) (Whiteford and Adema 2007)(see also Shirahase's chapter in this volume).

Osawa (2011: 139) points out that, compared to other OECD countries, a higher percentage (39%) of relatively poor households in Japan has two or more actively employed workers. This indicates that even the employed face a high risk of becoming poor in Japan.

While rising unemployment and non-regular employment has contributed to an increase in the number of low-income households (Komamura 2002), functional failures of the public assistance system have also caused a rise in poverty rates. Estimates show that only 20% of eligible households (with an income lower than the minimum living standard), are actually receiving public support (Sekine 2008).

The increasing number of non-regular workers and the rise in relative poverty has led to a hollowing out of the social insurance schemes, namely public pensions, health, and unemployment insurance.

As for public pension insurance, the number of insured persons in the 20-29 years age group in the main category of the Employees' Pension Insurance (EPI) (Class 2 insured), who pay earnings-related benefits, has decreased markedly since the mid-1990s. Employees whose weekly work hours are less than three-quarters of a full-time employee are no longer insured in the Class 2 category but need to enrol in Class 1 of the National Pension Insurance (NPI) scheme which pays only basic benefits. While middle-aged or elderly self-employed were typical Class 1 insured persons in the past, today the largest group of Class 1 insurants are freelancers and underemployed people, comprising 37.2% of all insured persons in the NPI in 2005. This development has led to a number of problems. First, the compliance rate for contributions to the NPI has dropped dramatically, as freelancers and underemployed persons avoid paying contributions. Only 59% of the insured paid their contributions in 2012, while the compliance rate in the 25-29 age bracket was even lower at 46.8% (Nihon Keizai Shimbun 2013a; 2013b). These non-payments negatively affect the financial foundations of pension insurance, as they are largely organized on a pay-as-you-go basis, i.e. current contributors pay for current pensioners. Since 2002, the yearly benefit expenditure of the EPI has exceeded yearly contributions, so that the reserve fund is now slowly being depleted. Secondly, as National Pension Insurance is not a true basic pension scheme but pays benefits only in relation to former contribution periods, the prospective pension benefits of the insured persons who are now not paying their contributions are likely to be very low in the future (Conrad 2001).

As for health insurance, coverage rates are high at 99% of the population and the World Health Organization ranks Japan first in overall goal attainment and 8-11 in terms of the fairness of its financial arrangements (WHO 2000). However, while nominal coverage is very wide, problems relate to a concentration of low-income persons with local government-managed National Health Insurance (NHI) (*Kokuhō*). Mirroring the development in the NPI, the number of insurants in the Society-Managed Health Insurance (*Kenpo*), which covers employees from large companies, has been declining, while an increasing number of non-regular workers have swelled the ranks of local government-managed NHI. The ability of these non-regular workers to pay contributions is more limited and the compliance rate has thus declined, falling to 89.4% in 2011. In the years 2005 to 2012, the percentage of households in payment arrears has consistently been in the 18-20% range (Kōsei Rōdōshō 2013). When these people need to renew their health insurance certificates, they are assessed upon whether or not they are capable

of paying contributions. If they are deemed incapable, their certificates are revoked and they receive a Short-term Health Insurance Member Certificate (*Tanki Hihokenshashō*), which is only valid for a limited period (1.2 million households in 2012) instead. Those that are in arrears without any valid reason for over a year receive a Health Insurance Member Eligibility Certificate (*Hihokensha Shikaku Shōmeisho*) which allows them to access medical facilities, but they need to prepay their costs and can only later ask for reimbursement of the fees minus 30% health co-payments and deductions of contribution payments in arrears (291,291 households in 2012) (Kōsei Rōdōshō 2013).

As for unemployment, the situation has markedly worsened since the early 2000s. While the unemployment rate is, as discussed above, now almost twice as high as in the early 1990s - albeit still low when compared internationally, there has been a noteworthy increase in long-term unemployment, with the percentage of people who have been unemployed for longer than a year reaching 39.4% in early 2013 (Ministry of Internal Affairs and Communications 2013). Moreover, compared internationally, Japan has a very high number of unemployed who receive no unemployment benefits, since these are paid for a maximum period of one year and require prior enrolment. Only workers with 20 or more contracted working hours per week and expected employment of one year or more are eligible to join. This means that only 60% (2007) of non-regular workers have employment insurance. The percentage of unemployed people without benefits has hovered around the 77% to 78% mark since 2004 (Osawa 2011: 148). Unlike the situation in major European countries, where unemployment assistance and jobseeker allowances support the long-term unemployed, no such non-contributory system exists in Japan. After unemployment benefits come to an end, public assistance is the last resort in Japan, but, as was pointed out above, only 20% of eligible households are actually receiving such benefits.

In sum, developments since the 1990s have led to a hollowing out of Japan's social security arrangements which are directly linked to the structural features of its social security schemes. In terms of the nature of uneven generosity of the benefit programmes, comparatively low spending on unemployment insurance has contributed to an increase in relative poverty. While employers have had an intrinsic interest in employing more non-regular workers, the fragmented nature of the social security schemes along occupational lines has created incentives not to enrol such workers in the more generous pension and health care insurance schemes for full-time employees. In fact, an assessment of the Ministry of Internal Affairs and Communication revealed in 2006 that about 30% of all enterprises within the mandate of the EPI were suspected of dodging enrolment, with an estimated number of 2.67 million workers not being properly insured (JILPT 2006).

Furthermore, our discussion has shown that changes in employment have had considerable knock-on effects on Japan's social security schemes. The inconsistent generosity of the social benefit programmes has become particularly challenging for the unemployed. Moreover, the fragmented nature of the social

insurance schemes has protected core workers relatively well, while an increasing number of non-regular workers are members of schemes with lower benefits and overall weaker financial foundations (as also discussed in Heinrich's chapter in this volume). The 'breadwinner model' of social security persists, despite the fact that working patterns have become more flexible and long periods of non-regular work are a reality for large parts of the population.

The following section will analyse to what extent these changing realities have been reflected in official discourses on social policy since the 1990s.

Social Policy Discourses since the 1990s

Discourses are ways in which an issue or topic is spoken about and represented. The discourse is thus productive in the sense that it produces the objects of which it speaks and establishes what is considered to be 'true' at a particular time. Discourses are also understood to be constitutive as they draw on or are mediated by other dominant discourses, thus producing potentially new ways of conceptualizing a topic. Most importantly, the absence of a discourse points to the fact that a topic is not considered to be important or possibly deliberately negated (Carabine 2001).

Japan has a long tradition of consultative councils (*shingikai*) and national commissions (*kokumin kaigi*) that are attached to ministries or the prime minister's office. The role of such consultative councils remains controversial. Critics have portrayed them as mere cheerleaders or tools of their attached agencies, but Schwartz' thorough analysis (1998) has shown that they can also serve to adjust government policies in favour of societal interests, enhance the fairness of policies, or provide bureaucrats and politicians with specialist knowledge. In either case, opinions expressed in the reports of such councils reflect 'official' discourses close to the centre of policy making. This section refers thus to key policy papers and to mid-term and final reports of such advisory councils and commissions since the 1900s to trace changes in the discourses on reforms in response to social policy challenges linked to the 'gap society'.

During the 1980s, the official Japanese discourse on social policy was dominated by the concept of a "Japanese-style welfare society" (*Nihon-gata Fukushi Shakai*) (e.g. Thränhardt 1995). This concept implied that Japan should no longer follow the example of Western European welfare state expansion, but that social security expenditure should be reigned in and family and personal responsibilities needed to be strengthened. Typical of this approach were reforms in the public health insurance in 1984 such as the reintroduction of co-payments for employees, a cut in future pension benefits as part of the 1985

pension reform, and, from 1981 onwards, tougher income eligibility criteria for child allowances and public assistance benefits (Conrad 2000: 94).

In the early 1990s, self-reliance and alleged limitations to the so-called "national burden ratio" (the ratio of social security contributions and taxes compared to national income) continued to be key issues in advisory councils and official policy statements. For example, the '2010 Economic Deliberation Council' (*Keizai Shingikai 2010-nen Iinkai*) maintained in 1995 that the aging population could no longer only rely on the working-age population for support, but should be expected to share a larger burden in the future (Keizai Kikakuchō Sōgō Keikakukyoku 1995: 78). Moreover, the 'Welfare Vision for the 21st Century', issued in March 1994 by the Ministry of Health and Welfare's 'Council on the Welfare Vision for an Aged Society' (*Kōrei Shakai Fukushi Bijon Kondankai*) stated that the 'national burden ratio' should be kept below 50% in the year 2020, when a first expenditure peak was expected. In terms of the structure of future expenditures, the report argued for a shift in terms of pension, health care and other welfare services (public assistance, old-age care, child care) from the current 5:4:1 expenditure ratio to 5:3:2 ratio in the future (Kōseisho Daijin Kanbō Seisakuka 1994). Nursing care and child-rearing services were identified as needing improvement, along with proposals for a 'New Gold Plan' and 'Angle Plan'.

The original 'Gold Plan' from 1998 had transferred responsibilities for public health and welfare services to local and municipal governments. Its purpose was the improvement and restructuring of community health care and social services by an increase in the number of home helpers, short-term stay facilities and day care centres for the elderly. The numerical targets of the Gold Plan were subsequently increased by the New Gold Plan in 1994.

The 'Angle Plan' (enacted in December 1994) was conceived to support child-rearing by providing more childcare facilities and offering longer service hours so that women would find it easier to reconcile office work and childrearing (Kōseisho Daijin Kanbō Seisakuka 1994).

In sum, policy documents in the mid-1990s did not show a sense of concern about the structure of the social insurance schemes, nor did they recognize 'social exclusion' as a problem. The focus of the documents was clearly on issues of financial sustainability and intergenerational fairness in the sense of limiting the younger generation's social contribution burden. Moreover, despite the targeted expansion of nursing care and child-rearing services, family obligations and thus the role of female homemakers continued to be regarded as central to the social security system. In this sense, the "Japanese-style welfare society" concept of the 1980s continued to live on in these documents, even though there were no explicit references.

The political discourse in the early to mid-2000s was largely dominated by Koizumi Jun'ichirō, who was Japan's Prime Minister from 2001 to 2006. Koizumi regarded rising inequality not as a problem

and when asked about it during a diet session in 2006, he replied that problems were 'not as serious as they were made out to be' (Osawa 2011: 160).

Key documents reflecting official thinking about social security reform following Koizumi's reign are the interim and final reports of the "National Commission of Social Security" (*Shakai Hoshō Kokumin Kaigi*), which was established and reportedly handpicked by Prime Minister Fukuda Yasuo in January 2008 to boost the dwindling popularity of his government (Osawa 2011: 160; Shakai Hoshō Kokumin Kaigi 2008a, 2008b). Even though the reports, published in June and December 2008, recognize a weakening of the social security safety net functions, Osawa (2011: 160-164) has pointed out that the language of the reports suggests that the Commission did not really assume any direct responsibility and that the proposals for reforms to strengthen the social security functions remained ambiguous and ill-defined. Typical of the strangely detached language of the report are statements such as "*it is criticized (hihan ga ar*u) (italics added by the author) that the polarization of the labour market and the entrenchment of disparities has increased, that the number of non-regular workers who drop out of employees' social insurance has grown and that the number of people falling through the social security safety net has grown" (Shakai Hoshō Kokumin Kaigi 2008a: 5). Furthermore, it is acknowledged, albeit in the same detached language ('it is criticized that'), that the lack of social security reform (including coverage of non-regular workers) has contributed to the polarization of the labour market and the increase in the number of non-regular workers. Finally, the report acknowledged that the livelihood security and income redistribution functions of social security were not working sufficiently in the face of an increase of elderly living alone, a decline in the support capabilities of families and regions, and an increase in inequality and the working poor (Shakai Hoshō Kokumin Kaigi 2008a: 5). While the report mentions thus the problem of social exclusion, the detached language does not make it clear who was voicing this criticism. Osawa (2011: 161) reports that the president of the Japanese Trade Union Confederation, who was a member of the Committee, criticized the style of the reporting, but this issue does not appear to have been discussed by subsequent plenary meetings of the Committee.

In sum, while this policy document from the late 2000s acknowledged social security problems related to non-regular workers, poverty and income redistribution, it did not clearly outline avenues for reform.

A recent important policy document to comment on social security reform is the final report of the "National Commission on Social Security System Reform", which was published on 6 August 2013 (Shakai Hoshō Seido Kaikaku Kokumin Kaigi 2013). The Commission was instigated in 2012, following a tripartite agreement between the Democratic Party of Japan (DPJ), the Liberal Democratic Party (LDP) and New Komeitō and was supposed to come up with mutually agreeable proposals, meeting the three parties' demands. However, following the landslide win of the LDP in the December 2012 election and the resulting change in government, its role changed. Plans for a tax-financed minimum pension (*saitei hoshō nenkin*), which the Democratic Party had insisted on, were dropped.

Despite the change in the political landscape after the establishment of the Commission, its report emphasises more than any similar report before it the concerns about the weakening safety net function of the social security system for vulnerable citizens such as non-regular workers and poor households. With regard to non-regular workers, the report points to the large problem of non-payments of social security contributions, to the fact that the design of the social security schemes does not adequately reflect changes in the composition of the labour force and to the regressive effect of social security contributions. The report argues that the entire social security system should be redesigned from what is referred to as the "1970s model" (*1970-nendai moderu*), supported by high growth, low unemployment, regular and lifetime employment arrangements based on male breadwinners, to what the report terms a "21st century (2025) Japanese model" (*21-seki (2025) nihon moderu*). It is argued that while the old model focussed on pensions, health care and long-term care, the new model would also need to address work issues, child rearing support, low income and income disparity as well as housing issues.

Compared to the Commission reports from the late 2000s, the latest report is more concrete about how such new objectives can be achieved. The report argues in favour of a recalibration from a focus on "separation by age" (*nenrei betsu*) to a "separation by the ability to pay" (*futan noryōku betsu*). In line with this, the report lobbies explicitly for a strengthening of income redistribution through the social security system, not only by suggesting higher social security contributions by people on higher income, but also, in quite a revolutionary way, by taxing wealth. Furthermore, the scheduled rise of the consumption tax in April 2014 is stressed as an important measure to raise resources to finance increasing social security expenditures. In addition, the report suggests abolishing too generous tax arrangements for pensioners and raising the contribution levy limits for the National Health Insurance and Society-Managed Health Insurances in order to increase social security contribution revenues. To assist low-income groups, the report recommends the introduction of a comprehensive ceiling on out-of-pocket health, long-term care and education expenses (*sōgō gassan seido*) and increasing the income thresholds starting from which contributions to the National Health Insurance have to be paid (Shakai Hoshō Seido Kaikaku Kokumin Kaigi 2013).

In sum, the current official discourse on social security problems linked to the gap society appears to have finally caught up with societal realities and spells out some concrete reform proposals. However, one might argue that more far-reaching structural changes, such as a unification of the different social security schemes across occupational lines, are needed to overcome problems related to a concentration of poorer people in the NHI and the NPI. Moreover, it appears that the above mentioned 'functional equivalents', as a characteristic feature of Japanese welfare state arrangements, have not functioned well to mitigate problems. A more comprehensive social policy discourse ought to analyse and discuss the future role and limitations of such 'functional equivalents' in Japanese welfare state arrangements.

Conclusion

This chapter has sought to take account of developments in Japanese social policy since the 1990s by exploring to what extent the country's welfare arrangements have been able to cope with economic and societal changes related to the "gap society" and how official discourses in advisory councils have framed and responded to the resulting social policy challenges.

Historically, typical features of Japanese welfare state arrangements have included an uneven generosity of social benefit programmes, a fragmentation along occupational lines, a focus on 'male breadwinners', subsidiarity and 'functional equivalents'. One might argue that the very nature of this 'fragmentation' and 'segmentation' of Japanese welfare arrangements has made it difficult to respond effectively to social challenges that are themselves a result of fragmentation processes, such as the increasing dualization of the labour market.

Official social policy discourses since the 1980s have by and large lagged behind societal realities. Even though problems of rising income inequality, relative poverty and insufficient social security of non-regular workers were eventually recognized in the 2008 reports of the "National Commission on Social Security", these reports did not outline concrete countermeasures. It is only in the recent report from the "National Commission on Social Security System Reform" that we find not only an unveiled acknowledgement of related problems but also more concrete reform suggestions. In particular, the Commission suggests a strengthening of redistributive measures, such as increased social security contributions by people with higher incomes and wealth (particularly employees in large corporations) and limited contributions by low-income households.

The experts' discourse appears to have finally caught up with societal realities and the most recent report makes some concrete proposals on improvements. However, to what extent these proposals will be implemented by the government remains to be seen. Moreover, one might argue that more far-reaching structural changes are needed to overcome the problems that are associated with the fragmentation of Japanese welfare state arrangements. One example is the tax-financed minimum pension, which did not find its way into the latest report and is not on the political agenda of the ruling LDP. The National Pension Insurance (NPI) as it exists today is not a minimum pension, because later payouts are closely linked to contribution periods. The continuing problems with non-compliance, with more than 50% of 25-29 year old insurants not paying their contributions to the NPI, are very likely to severely affect the future pension payouts of this generation and contribute to old-age poverty problems in the future.

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