

Interview with Yuki Honda, Professor of Graduate School of Education, the University of Tokyo

Combatting Poverty Among Young People

By Japan SPOTLIGHT

Income disparity between the rich and the poor is a problem that should be addressed not only by economists but also by sociologists, since this is a socioeconomic phenomenon. While the aging of societies is today seen as a major factor in income inequality due to the increase in the number of elderly people with no stable income sources other than pensions, it is also true that among OECD nations we see increasing poverty among young people. Prof. Yuki Honda, one of the most distinguished and eloquent experts on the sociology of education in Japan, has written many books and articles on this issue in recent years. She has been saying that it would be wrong to attribute all the reasons for poverty among youth to young people themselves and that we should think about the overall responsibility of the nation or society.

Sociology of Education

JS: First of all, could you please tell us what the sociology of education is, which is your specialty? What is this science aiming at?

Honda: Yes, of course. The sociology of education is one of the sociological studies addressing the issues of education and generally speaking is a combination of the study of education and sociology. What makes the sociology of education different from other sociological studies is the historical fact that it has become a necessity to educate school teachers since the end of World War II. Thus, it has been greatly expected to be useful for education policy and the practice of education, so we specialists in this subject have a strong tendency to consider engagement in working on policy recommendations or policy-oriented research as a priority in our studies. I would also add that our progress as an academic subject has been mostly brought about by our objective evidence-based research. Of course, the issues expected to be resolved by us differ by the age. For example, in Japan, in the 1970s and 1980s, the issue attracting most attention was how much Japanese society had been influenced by individuals' academic careers and their value judgements. Since the 1990s, great attention has been paid to the study of what brought about the



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decline in academic competency among school kids and the growing disparity of the academic competency among them. I think that today, in pursuing solutions to these issues, our responsibility as experts in the sociology of education is increasing.

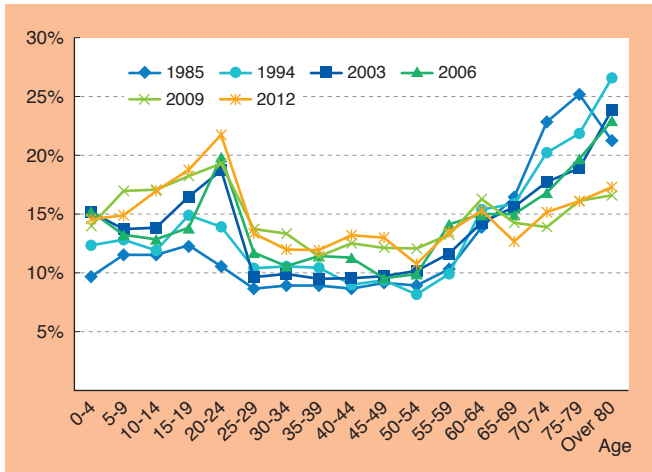
Income Disparity Between Rich & Poor

JS: I would like to ask you about growing income disparity. First, on the question of the impact of an aging society upon the income gap, what do you think about the argument of economists in Japan that the growing income gap here is mainly caused by aging?

Honda: It is true that we had an argument at the end of the last century and the beginning of this century referring to the increase of the aging population, originally with a high Gini coefficient (meaning high income inequality among the elderly due to increasing numbers of those who have retired) as a reason for the growing income gap. However, although the income gap seemed to have increased temporarily at that time, the gap among elderly people has been decreasing since then. Apparently, poverty among aged people is declining on the whole. One of the reasons for this decline must be that elderly people now in Japan are the

GRAPH 1 (a)

Change in poverty rate among men in different age groups (1985-2012)



Notes: 1. The peak of poverty in 2012 is seen clearly in the young age group of 20-24 years old.

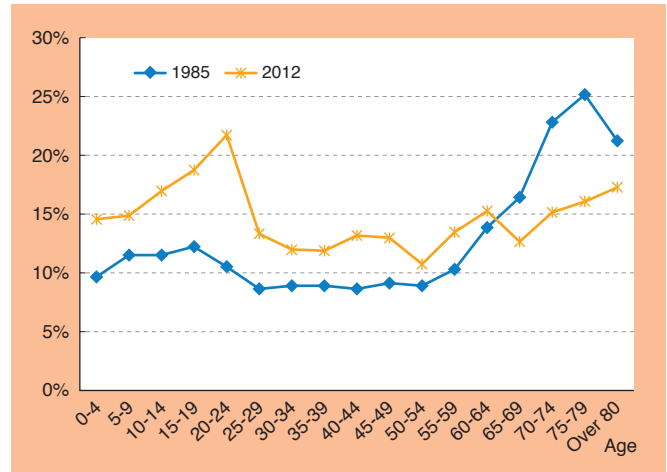
2. In the working age groups, the poverty rate has been clearly rising since 1985, though its rising trend is recently slowing down.

3. In the age groups over 60 years old, the poverty rate has been significantly decreasing in 2012 in comparison with 1985 and it is still continuing to decline even now.

Source: Poverty Statistics (2015) by Prof. Aya Abe of Tokyo Metropolitan University

GRAPH 1 (b)

Comparison between 1985 & 2012



beneficiaries of a pension system that well reflects the amounts these people have paid into it during the high economic growth era since they started working. Or they, on the whole, have been successful in maintaining their savings. There are certainly people among the elderly suffering from extreme poverty such as those who could not afford to enjoy the minimum standard of living even with public assistance. However, as the graph shows, the poverty rate among the aged population was decreasing from 2006 until 2012. By contrast, among the youth, we note a peak of poverty in the age group of 20-24 years old. This means the poverty cannot be entirely attributed to the aging society and as a matter of fact, I believe the most significant finding on the question of poverty in Japan most recently would be the increasing poverty among the middle aged or young people.

JS: What do you think is the cause of poverty among young people?

Honda: There are several factors. First, the most crucial one in the long run is the increase in non-permanent employees. In Japan today, our unemployment rate is lower than in European countries, but there is a large wage gap between permanent and non-permanent employees. In addition, there are young people who are not even qualified to receive unemployment benefits and have no other choice but to be temporary employees. There are also two other factors: regional income gaps and the issue of student loans.

JS: What do you mean by saying “not even qualified to receive unemployment benefits”?

Honda: If there is a sufficiently good system of unemployment

benefits, the unemployed could look for jobs that suit their personal competencies and needs. But in Japan, where support for the unemployed in finding new jobs is not very advanced, there will be people even in extreme poverty who have to continue to work as non-permanent employees under the worst working conditions. According to calculations by Professor Michio Goto, an excellent researcher on social policies, 39% of male non-regular workers and 32% of female non-regular workers in Japan wish to change their employment situation, and 17% and 11% respectively are actually searching for jobs. Professor Goto points out that there is a relatively large portion of non-permanent workers who cannot help but work as non-permanent employees due to their poverty, though they truly want to seek new jobs while getting unemployment benefits. Such a situation would further lower their wages and put them into extremely unstable working conditions.

Meanwhile, there are permanent employees who cannot expect any salary increases, bonus payments, or training programs after joining a company. They differ from traditional “normal” permanent employees and have been increasing since the 1990s. They are employed as permanent employees only for overtime work, without pay. Those companies which let their employees work under such conditions are exploiting them.

It is true that the ratio of jobs to applications for new high school and college graduates is increasing. This may appear to show an improved labor market for such young people, but the rise of this ratio is not leading to an improvement in working conditions. Their salaries are not rising, and though their initial salaries may be slightly up, their wage level in their twenties several years after starting work has been completely flat and seems very unlikely to rise.

In the market for goods in general, consumers can choose the

price or the goods, but in the labor market in Japan few people can choose a job, whether they are new graduates of high schools and colleges or not. It is not unusual that the contents of a job contract differ from the actual working conditions. Such “cheating” employment customs seem to be prevailing all over Japan. One of the reasons why this happens in Japan is that quite a low percentage of companies clarify job contracts in a written format and thus there are legal loopholes enabling such cheating customs. In addition, the business recovery in Japan is not reaching SMEs yet. So on the business side, there is pressure to recruit employees at the lowest cost in an environment where high profits cannot be expected, while on the labor side, workers are under pressure to find a job. This economic situation forces young people into taking jobs with the least favorable working conditions for them.

Next, there is a regional discrepancy in job opportunities. In provincial areas in Japan there are some stable jobs such as government officials, school teachers, medical doctors, etc. ensuring a certain standard of living. But jobs in small regional private businesses cannot ensure it. There are certainly jobs even in local areas that are crucial to the future of regional welfare, such as caregiving or daycare business. But the wage level in those sectors is so low that they cannot expect a stable workforce to remain in those business sectors.

Thus there are very few jobs guaranteeing young people a decent standard of living in local regions and the majority of them move to big cities, despite the high rents in big cities. Young people coming from the regions to Tokyo, especially those without excellent educational qualifications, will not find it easy to get a job in a large company headquartered in Tokyo. Most of them get a job in small companies where their monthly salary is at most 150,000 yen, while their apartment rent would be 80,000 just for one room.

After paying for the cost of a mobile phone, a minimum necessity today for a job, and a suit for work, they only have a little money left. There are many cases of such young people in extreme poverty asking for help being reported to NPOs working to relieve misery in the Tokyo Metropolitan area and its suburbs.

Another important factor of poverty among youth in Japan is the issue of student loans. The percentage of young people enrolled in a college has been raised since the 1990s. One of the factors which made this happen is student loans — students who were able to go to a college supported by loans despite their poor background pushed up this percentage. However, such loans could end up with the student being in debt after graduation. Such a debt would not only make their life difficult but also make it difficult for them to get married. Under such circumstances, they would choose any job, no matter how bad the working conditions might be, in order to pay their debts. Once they get this kind of job, they cannot quit it easily, as it would then be very difficult to get a better job.

Addressing the Income Gap

JS: Moving to the question of policies addressing this

issue, first of all, do we need economic growth to reduce such an income gap?

Honda: Yes and no. Economic growth could raise salaries and contribute to a reduction in the income gap. However, I do not think it is true that the entire income gap could definitely be modified by economic growth. Distribution of the fruits of growth should be the first issue to be resolved, and we will need to work on creating a distribution system to achieve income equality. In my opinion, although “Abenomics” may have been successful in raising some of the large firms’ business profits and increasing their savings, these fruits have not been given to the young or the low-income working class. Their real wages have even declined due to a consumption tax hike.

Thus without a distribution mechanism, economic growth will not lead to a reduction in the income gap. On the other hand, I believe even without economic growth, a reduction in the income gap is possible. After the burst of the bubble economy in Japan, economic growth has remained low and the average annual growth rate between 1999 and 2011 was only 0.9%. We should start thinking about how to achieve a sustainable society where the existing wealth could be distributed as equally as possible among the whole nation even without further growth. In Japan, I think we tend to think about only growth as a panacea to cure all economic diseases, but I believe this is the right moment to get away from this old way of thinking.

JS: Reducing poverty among young people could encourage marriage and thus lead to raising population growth and eventually economic growth. Do you think this virtuous cycle is a relevant idea?

Honda: Yes. There is increasing evidence that reducing the income gap would encourage economic growth.

JS: You said that young people would not stay in local areas in Japan. However, in local industries such as tourism or transportation with the potential to become a leading industry in the future because of the expected increase in tourists to Japan, could we create new jobs in those local areas by recruiting more competent managers from Tokyo?

Honda: Yes, that would be fine, but there is a problem of the gap between academic achievement and labor productivity in general in the case of Japanese students. According to the Programme for International Student Assessment (PISA) or the Programme for the International Assessment of Adult Competencies (PIAAC) organized by the OECD, Japanese students’ academic competency is very high, but their labor productivity after they start to work has been very low for these past 30 years. Japan will need to reduce this gap and enhance the added value created by such young employees by changing its management style or its education system to improve

labor skills. Otherwise, we cannot revitalize local economies even by transferring competent managers from Tokyo. The Japanese education system will need to be reformed to achieve a smooth connection between academic education and vocational education.

JS: How do you think this gap was brought about?

Honda: In Japanese education, the vocational relevance of what is taught in schools and colleges has not been greatly considered in the light of its practical value to new graduates after they start working. Instead, the Japanese education system has effectively been ranking young people by their academic achievements and educational background. School and college graduates are assigned by this ranking to jobs varying in wage level, scale of company and other conditions once a year at the same time.

This is a model of a simultaneous recruitment system unanimously adopted by all organizations in Japan in the postwar period. Without any substantive linkage between school education and job requirements or any extra time for adjusting themselves to job requirements after graduation, the recruitment process has continued on this basis of academic ranking. This differs enormously from the global standard, which considers this linkage between the substance of school education and job requirements and allows more time for young people to search for the jobs best suited to themselves after graduating from schools. Although the Japanese model worked well during the high and stable growth eras from the 1960s until the 1980s, it is not working well anymore.

I have strongly advocated that education should be more effective in the workplace. By this I mean that we should have a curriculum for creating not merely specialists for specific jobs but also flexibility in responding to drastic changes in the real world after people start their work. Business people must have a sense of crisis about the current situation and consider what young graduates looking for a job have learned at schools specifically, instead of searching for new recruits based upon mere academic achievements or vague concepts such as communication ability, personality, a good match with the company, and passion for work.

JS: What about “recurrent education”? I guess it would be important to go back to school for further education after working for a while.

Honda: Yes, I agree. In Japan, compared with other developed nations, there are fewer students seeking further education after some years of working experience. One of the reasons for this is their concern about their evaluation by management and whether what they learn from this further education process will be useful for their company or not. There are also very few companies in Japan that are flexible enough to understand the utility of parallel efforts in work and study. The educational institutions also would need to check whether they could provide such students with a curriculum useful for their work in this further education process.

JS: Do you think simultaneous recruiting of new graduates, an indigenous Japanese system, would have to be eliminated?

Honda: Yes. If it proves very difficult to eliminate this quickly, I suggest that recruiting new employees be started when they finish their graduation theses. I would like employers to identify exactly at the time of recruitment what the new graduates have learned at school and what they could do in their companies having completed their curriculum.

Other Factors in Reducing the Income Gap

JS: Is there any country in the world which could provide Japan with a good model for achieving income equality?

Honda: I guess Northern European countries would be a good model for Japan, since they have consolidated social welfare systems and in education they provide a curriculum useful for practical work at low costs. However, even among those countries, it is becoming politically difficult to maintain the high social welfare costs today, since the idea of market competition is increasingly influential in politics.

In the United States, which is not well equipped with a solid public social welfare system, community-based social welfare systems on a voluntary basis are supplementing the public policy for social welfare. Japan is not equipped with such voluntary-based community efforts, and it would be easier to change public policy. So I believe that Northern European models are the ones Japan can learn from.

JS: Finally, could you tell us what you think about the role of family in achieving social welfare?

Honda: I think it would be wrong to say a family is entirely responsible for helping each member of the family to survive in the severe competition of the real world. Each family has to deal with many challenges, such as raising children or caring for elderly members, while their jobs or income are facing uncertainty. The public social welfare system should support their daily life, but due to the severe budget constraints of the government the support level has been lowered. I believe the government should strengthen its support for families particularly suffering from poverty, since their burden in enabling all their members to survive in society often exceeds their capacity.

JS

Written with the cooperation of Naoko Sakai who is a freelance writer.