

Summaries

**A Study of the Policy Process for the Construction
and Revision of National Minimum Security
– Focusing on an Examination of Advisory Organization Recommendations
concerning the Daily Life Security System up until the 1990s –**

Ichiro Matsumoto

In order to consider the ideal form that national minimum security should take, this paper looks at the long-term policy process from the postwar period up until the 1990s, focusing in particular on an examination of recommendations and other statements issued by advisory organizations over the period during which construction and revision of national minimum security were strongly pushed forward.

With regard to the construction of national minimum security, the paper focuses on the process of establishing the Daily Life Security Act—the starting point for these activities—as well as the 1950 and 1962 Recommendations issued by the Advisory Council on Social Security, which were comprised of system reforms aimed at establishing security. The establishment of Article 25 of the Japanese constitution and the enactment of the New Daily Life Security Act based on the principles of Article 25 enabled the national minimum security system to become fully operational, but because a certain amount of administrative discretion was allowed regarding daily life security standards and welfare office consultations, there remained the possibility of system changes that were not in line with legal reforms. The 1950 and 1962 Recommendations were aimed at designing a structured system for social security overall and constructing a system that is aware of the risks of poverty. However, surveys of impoverished low-income population were discontinued in the mid-1960s onwards, making it impossible to see the actual poverty situation; moreover, exclusion of the working population from public assistance operations and institutional exclusion due to the social insurance doctrine occurred, and cracks in the national minimum system began to surface.

The social security revisions carried out by the Second Provisional Commission for Administrative Reform during the 1980s and the structural reforms carried out by the Hashimoto, Obuchi, and Mori governments during the 1990s were both triggered by economic crisis and were dominated by doctrines of self-help/self-responsibility and selectivity. Because these revisions reduced expenditure for public assistance, they were followed by changes to daily life security standards and a tightening of means tests started and was continued with. Thus, together with the dilution of social responsibility towards the poor and decline of the relative importance

of daily life security policies, the national minimum security system weakened over a long period of time. The Advisory Council on Social Security again issued recommendations in 1995, setting the direction for universalism and the strengthening of social security system functions; however, it is difficult to say that these recommendations raised the issue of the ideal form that minimum daily life security should take in order to address the problem of poverty arising after the bursting of Japan's economic bubble. In this way, the problem of poverty has diminished as an issue over a long period of time, and even when the focus of reforms has been to reduce healthcare/pension benefits and increase the burden of social insurance premiums, fundamental revision of the doctrines of social insurance and selectivity has ceased to be a bone of contention.

Based on this sort of policy accumulation of revisions, the administrative and fiscal reforms carried out in the 1990s politically propelled preparations for the rapid reforms to the daily life security system that have been taking place since the 2000s.

Minimum wage as a policy for guaranteeing minimum living standards in Japan

Eigo Murakami

This paper examines the appropriateness of raising the minimum wage in Japan from the perspective of guaranteeing minimum living standards. Referring to research that calculated estimates with regard to minimum cost-of-living, the paper considers the appropriateness of large increases in the minimum wage in recent years through a comparison with starting salaries, as minimum wages are now close to starting salary levels for new college graduates, as well as the appropriateness of regional disparities in minimum wages that have resulted from these large increases. The study's findings suggest that attaining a national average minimum wage of 1,000 yen can be regarded as a basically appropriate goal, but also that minimum wages should be raised in a majority of regions—not just in Tokyo and a few other regions—and the consequent regional disparity in minimum wages should be corrected.

A Keynesian Model of Wage Inequality and Employment: the Existence of the Minimum Wage and its Stabilizing Effect

Masahiro Ouchi

This paper constructs a Keynesian Model that incorporates the concept of “low-level wages” in comparison with overall average wages and considers the Wage Inequality between these. From this model can be derived a dynamic system comprising four variables: income, employment rate, labor share rate, and Wage Inequality. As a proposition focusing mainly on dynamic stability/instability, the paper shows that the faster the movement in Wage Inequality, the more unstable the economy becomes, normally making it difficult to achieve full employment; and that the slower the movement in Wage Inequality, the more stable the economy becomes, enabling the realization of full employment. The paper also indicates that cyclical fluctuations occur in the economy between these two extremes.

Furthermore, the model proposed in this paper is applied to the important changes that occurred in Japan between the economic downturn beginning in the latter half of the 1990s and the economic recovery and expansion beginning in 2002 which increased Wage Inequality. The paper considers how it is possible to maintain dynamic stability when downward restrictions such as a “minimum wage” system are introduced, even in the case of low-wage flexibility in a downward direction, which increases Wage Inequality. Furthermore, the paper argues that, in cases of dynamic instability, the existence of downward restrictions such as a “minimum wage” system is meaningful in that they have the effect of reducing the instability that further worsens the employment situation.

National Minimum for the Aged: The Function of the Public Pension

Toru Hatanaka

By comparing public pension benefit levels with public assistance and minimum wage levels, this paper examines whether or not public pension benefits function sufficiently as a national minimum, and clarifies this issue. Previous research on public pension benefit levels has limited analysis to the Basic Pension (National Pension), which is the first tier of the pension system, and been mainly comprised of comparative analyses of public pension benefits and public assistance levels. This paper analyzes public pension benefits overall, examining not only the first tier public pension but also the second tier employee pension. First of all, examining laws and regulations regarding pension system operation, I found that both the National Pension Act and Employees' Pension Insurance Act contain provisions aimed at guaranteeing benefit levels that enable life security. In reality, however, there are many benefit recipients receiving not only first tier basic pension benefits but also second tier employee pension benefits who are also receiving public assistance. Given this situation, pension reforms have been undertaken in recent years as measures for elderly low-income earners, including establishing a pensioner support benefit and expanding eligibility for the employee pension for part-time workers. With the aim of enacting these reforms, the point of contact between the public pension system and public assistance/minimum wages is being discussed within the deliberation process of the Pension Subcommittee of the Ministry of Health, Labour, and Welfare's Social Security Council. In order to evaluate the function of the national minimum for Japan's public pension benefits, it is essential that analysis focuses on the relationship between public pension benefits and the minimum wage, rather than the relationship between public pension benefits and public assistance. For this study, virtual analyses of the relationship between the minimum wage and public pension benefits and the relationship between public assistance and public pension benefits were conducted based on specific model cases. The analyses results clearly showed that, in order to construct a national minimum for the aged, it is necessary to take a multifaceted approach incorporating not only the public pension but also minimum wages, health insurance, nursing insurance, the housing warranty system, and other aspects. Lastly, the paper presents several implications for policy based on these analyses results.