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# Gender, Equity and the Japanese Welfare System□□ジェンダー、公正、日本の福祉制度

**Philip Brasor**

## Gender, Equity and the Japanese Welfare System

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Komiyama Yoko is the first woman to ever be appointed Japan's Minister of Health, Welfare and Labor. As a mother she may have more insight and empathy than many of her male colleagues into the issues her ministry addresses. What is certain is that, as soon as she took the job in August, she stirred up controversy, mainly with her comment that the cigarette tax should be raised in order to help fund reconstruction in the areas devastated by the March 11 earthquake and tsunami. But tax matters are the responsibility of the Finance Ministry.



**Komiyama Yoko**

Another controversial comment had to do with something Komiyama does oversee: social security. At her first press conference as minister she said she wanted to revise the designation in the current system that allows homemakers a pension share if their husbands are enrolled in the program through their employers. She called this designation "very strange" since it "privileges" ten million full-time housewives over 33 million other women, married or single, who work either part-time or full-time and have to pay pension premiums themselves.

This pension designation, which went into effect in 1986, is considered a pillar of the Japanese family since it rewards women who stay at home and raise children while their husbands work. The weekly magazine *Shincho* slammed Komiyama, saying that in addition to being a "pioneer in the gender-free movement," she advocates for the option of separate names for married couples (the family registry law stipulates that married couples must share the same name) and allowing foreigners to vote; and is opposed to official recognition of the Japanese flag and national anthem. *Shincho* claims that Komiyama's attack on the designation has angered housewives who believe the minister "hates them" and wants to destroy the Japanese family. It's the weeklies' self-appointed task to be provocative, and cabinet members are easy targets.

Komiyama is the child of a father who was once the president of the University of Tokyo and a mother from one of Japan's most prestigious political dynasties. After graduating from Seijo



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University in 1972 she secured a job at NHK, working as an announcer until 1990 when she joined the public broadcaster's editorial board. In 1998 she turned to politics and is now serving her fourth term in the lower house. As a hatchet job the *Shincho* article is particularly lazy. The reporter says that Komiyama's failure as a wife--she's been divorced twice--has made her resentful of the institution of marriage, and the article is filled with quotes from academics who call full-time homemakers the backbone of "Japanese efficiency." They say the current social security setup treats these women as their husbands' equals, since it values the work they do as housekeepers and mothers. Komiyama is determined to "take these women's jobs away," according to one scholar, since removing the designation may mean they will have to work outside the home.

There are three types of beneficiaries in the Japanese pension system. Type 1 includes the self-employed, part-time workers, and the unemployed, who are required to pay a set premium of ¥15,200 ($200) a month into the basic *kokumin nenkin* pension system. In principle, every person over the age of 19 pays into the basic pension system, even students and the unemployed, which is why it is often characterized as a poll tax. Type 2 includes full-time public servants and regular employees of private companies who split contributions with their employers for both the basic pension and the separate *kosei nenkin* system. The contribution for the basic pension is fixed, but the contribution to *kosei nenkin* is based on salary amount. Likewise, basic pension benefits are fixed for all pensioners and benefits from *kosei nenkin* are based on the amount that was contributed, meaning that *kosei nenkin* beneficiaries receive more upon retirement. Type 3 includes spouses of Type 2 beneficiaries. These are the designated homemakers in question. Type 3 do not have to pay any premiums at all but nevertheless receive benefits from the *kosei nenkin* program when they reach a certain age, which depends on their year of birth. (For women born in the 1930s it's around 60; for women born in the 1960s it's around 65) Spouses of Type 1 beneficiaries do not have the same advantage, since they, too, are classified as Type 1 and thus have to pay their own *kokumin nenkin* premiums whether they work outside the home (and aren't enrolled in the *kosei nenkin* program) or are full-time homemakers.

As it stands, a wife can earn up to ¥1.03 million (approx. $13,000) a year and still remain a dependent, meaning she doesn't have to pay income taxes. Ostensibly, this exclusion is meant to protect the homemaker's position as a homemaker, but as one 63-year-old woman recently explained in a letter to the *Asahi Shimbun*, the exclusion also has the effect of enforcing a wage ceiling for women, since employers can set up pay schedules in such a way that the worker never makes more than the limit. In any case, the prevailing opinion that the designation makes for "equality" ignores the matter of independence. Under this system, the homemaker doesn't exist without a husband, while the husband is a free and separate economic entity.

Komiyama's objection to the housewife designation is that it is "unfair" to people who actually pay premiums, including homemakers who work part-time and make more than ¥1.03 million a year. Theoretically, Type 3 housewives who receive pensions are paid out of a pool of *kosei nenkin* contributions, but since the entire pension system has been under-funded and over-extended for years, at least a third of these payments are now coming from tax revenues, which means everybody pays for designated homemakers.

The difference between the two ways of thinking on the Type 3 matter came to a head last winter, when the ruling Democratic Party of Japan submitted a bill to the Diet that would allow full-time homemakers who did not pay all their pension premiums in the past to receive



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benefits if they paid some of them retroactively. In January, the welfare ministry issued a directive to allow for this waiver of full payments, but the opposition Liberal Democratic Party objected, saying that the waiver is unfair to full-time homemakers who, *in theory*, had paid their full share all along, even if, *in fact*, they had paid nothing since they were designated Type 3 dependents. In any case, the LDP said, the matter should be debated by lawmakers, so the waiver was suspended and the DPJ drafted a bill.

The term "moral hazard" invariably enters the discussion whenever Japan's pension system comes up. Ever since December 2007, when it was discovered that the government had lost or incorrectly filed tens of thousands of pension payment records over a three-decade period, many in government have advocated scrapping the complicated premium systems. These people believe it is better to simply pay pensions out of tax revenues. On the other side are people who complain that this solution is morally wrong, not so much because it would penalize people who have paid into the system properly all along, but rather because it rewards those who have *not* paid into the system properly all along, a cohort that is increasing by the day. The welfare ministry reports that in 2009, 40 percent of the people who were supposed to pay *kokumin nenkin* premiums didn’t.

The welfare ministry devised the waiver after it discovered in December 2009 that approximately one million housewives over the previous decade or so had had their designation switched from Type 3 to Type 1. These women's husbands had either been laid off or their companies had switched their status to part-timer or contract worker. Consequently, the wives became Type 1, too, and had to start paying premiums on their own. However, many of these women weren't informed of this change and thus didn't know that they had to pay. Since an individual has to contribute to the pension system for at least 25 years to receive any benefits, many of these wives were at risk of losing all their benefits. But instead of requiring them to retroactively make up all the payments they had missed, the welfare ministry's original directive let them catch up by paying only two years' worth, since the law has no provision to demand more than two years' worth of retroactive pension payments. The moral hazard, according to the LDP, is that these wives can receive full benefits even if they didn't pay their full share. Before the ministry withdrew the waiver in February about 2,300 housewives had already applied for it. The Diet still hasn't made a decision on the matter.

The moral hazard argument might make sense if the housewives who were the subjects of the waiver were being compared to those who were always designated as Type 1, since the latter theoretically has always paid into the basic pension system. However, the comparison was being made to Type 3 housewives, who pay absolutely nothing. It should be pointed out that it is the LDP that is responsible for the pension mess since it was the ruling party for 50 years. The housewives who will presumably have to pay retroactively to regain their benefits may be justified in thinking the LDP betrayed them when they lost their Type 3 status because nobody told them that they had lost it. Complicating the matter even further is the fact that some 53,000 homemakers had received full benefits even though they weren't elegible. The welfare ministry initially demanded that these women reimburse the government for the over-payment, saying that they should have started paying Type 1 premiums after their husbands retired, since at that point they were no longer wives of Type 2 payers, but it's clear the reason they didn't pay is that they didn't know they were supposed to. In late October the ministry decided not to make these women pay. What all these situations have in common is the lack of proper notification. The authorities unrealistically



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expect everyone to know how the program works.

Regardless of how badly the system was managed, the entire pension structure would have had to be changed anyway. The Type 3 designation went into effect in 1986, when 33 percent of women between the ages of 25 and 29, and 48 percent of women between 30 and 34 were full-time homemakers. In 2006, the percentages were, respectively, 18 and 33. The so-called lifetime employment system that was the norm in the corporate world during Japan's "miracle postwar growth" period was gradually abandoned starting in the late 1980s. As the system fell away and with it many of the benefits that full-time salaried employees once enjoyed as a given, more married women were compelled to work. Whether they are doing so out of choice or necessity is beside the point. If the Japanese family has been "destroyed," it's been destroyed by economic realities brought about by the private sector and its obedient public servants. Japan's middle class is still relatively strong, but it isn't what it used to be, no matter what *Shincho* believes.

Nevertheless, the weekly may get the last laugh. On Sept. 29 an advisory panel on pension reform proposed a new plan that would divide *kosei nenkin* payments for couples in two: one-half for the retired salaryman husband and one-half for his full-time homemaker wife. Currently, the couple receives the payment as a couple. This change might have some bearing on widows (who receive three-fourths of their late husband's pension) or divorced women (who, in 2007, were allowed to receive pensions based on their ex-husband's contributions). It could also be seen as financially advantageous to the government, since, on average, wives tend to be younger than their spouses and thus receive pensions later than their husbands do. By that token, it could also be considered disadvantageous to the government since women tend to live longer than men. In any case, since the system is structured so that pensioners receive benefits at a later age the later they were born, and the government is expected to increase the retirement age even more in the near future, the difference between men and women is more or less academic. But in terms of the designation itself, reporters at the attendant press conference asked what had really changed, since the Type 3 designation that Komiyama resented still seemed to be in place.

Komiyama admitted, "That's a difficult question." Simply saying that half a couple's pension belongs to the wife suggests that she was responsible for half his contributions, thus bringing the designated Type 3 homemaker system, in Komiyama's words, "one step closer" to everyone else's situation, even if the designated homemaker still paid nothing at all. In other words, it's just semantics. So if *Shincho* uses lazy arguments in support of a Japanese family system that no longer applies, Komiyama is obliged to support a change in social security that, in reality, is no change at all.

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