

Japanese Model of Welfare State: How it was changed throughout “the lost decade” of the 1990’s?

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1. Introduction

While the 1980’s were a glorious period for Japan, the US flourished as if it were a sole winner in the 1990’s. Thus the 1990’s, the last decade of the 20th century, has been sometimes called “the lost decade” for Japan’s economy and society in general with some sense of self-scorn. It is not only because various macro economic performances such as GDP growth and unemployment rate were fairly bad, but also most of the policies adopted in the meantime to address the economic stagnation, including enormous financial injection to major banks and deployment of large-scale public works financed by issuing national bonds, did not bare the expected fruit. Therefore this buzzphrase, “the lost decade” also represents a loss of self-confidence among policy makers.

In this decade of the 1990’s, what occurred in the field of social security? And how features that had characterized the Japan model of welfare state (henceforth, J model) were changed?

In Japan, the comparative study of welfare states stimulated by influential analysis, for example Esping-Andersen (1990), has progressed significantly. With such vigorous researches, the main features of the J model have been clarified: First, the J model can be classified as a sub-category of the conservative welfare state leaning toward the liberal regime or hybrid type of those two regimes. Second, the J model could be regarded as a workfare regime or an employment-centered welfare state (Uzuhashi, 1997b). This paper’s main concern is to investigate theoretically how these aspects of the J model were changed or not in the shaking decade and to expose some lessons or implications for policy making in the future.

This paper consists of two parts. In the first section, the comparative analysis of the Southern European model and J model is attempted which would expectedly facilitate many Westerners access to Oriental Japan. By examining similarities and differences between them, the

following are clarified: Both models are characterized as family-centered regimes and the J model has been losing “the effect of backwardness” which it used to enjoy. In the second section, another feature of the J model, that is a kind of workfare or employment-centered regime, is analyzed and resulting from it the social security policy in “the lost decade” is critically examined.

2. What Similarities / Differences with Southern European Model Suggest

In this section, the feature of the J model is identified in terms of similarities / differences with the so-called “Southern European model” (henceforth SE model) or “Latin Rim model”, which is recently proposed by some researchers. This is the first attempt across the world to compare these two types of welfare states. Of course, the meaning of a comparative study of welfare states does not lie in showing the detailed classification or league table. The concern here is not a “grouping” or “the search for a typology”, but to get some clues to understand the dynamism of the welfare states. While introducing a time-axis into the so-called typology theory, the vector of change of “a late-coming welfare state ” which is defined to embrace both Japan and Southern European nations, will be explored.

1) Basic Features of Southern European Model

Nations referred to Southern Europe here are Italy, Greece, Spain, and Portugal. Although Esping-Andersen (1990) had included Italy in his “conservative model”, he did not mention the other three nations. A starting point of this argument is that some common characteristics, which go beyond this conservative model, can be seen among these four nations.

Now, according to Ferrera (1996), basic features of the SE model are summarized as follows:

1. Cash transfer scheme (especially pension) plays a more significant role rather than services in welfare provision, and the income maintenance system (*i.e.*, social insurance system) is organized according to occupations. Although this is common to some extent among conservative regimes, the feature that is conspicuous in the SE model is such generous protection of the core workers within the “institutionalized” labor market, with a great contrast to insufficient protection given to the contingent workers, whether it may be part timers or casual workers, in the “un-institutionalized” labor market.
2. The health care services, which used to be arranged and provided on the basis of an insurance system, were converted into the national health service system financed by general tax revenue in the past twenty years (Italy in 1978, Spain in 1986, Portugal in 1976 and Greece in 1983).
3. However, the tax-financed system does not cover all spheres: Medical treatment based on the insurance schemes remains to a large extent and even private medical treatment coexists with it, therefore the peculiar public/private mix is formed.
4. Some benefits (especially the disability pension) and services have been introduced to get voters’ support for a governing party. Although such a thing may appear in many countries as the general “political business cycle”, the unique feature in the case of SE model is that the “individual” relationship between them, which is referred to as a “patron-client market”, can be observed.

Regarding the above second and third points, it clearly differs from the J model. However, the second implies that health care schemes in South European countries were also insurance-based until twenty years ago, and it presents a different picture depending on when a comparison is made. Probably, it may be also difficult to find similarities with Japan in the fourth point. What we are reminded of with the phrase “patron-client market” is large-scale public works of infrastructure, which is another big item of fiscal expenditure along with social security. In another words, the “patron-client market” or “benefit-inducement system through local public works”, embracing a kind of income redistribution mechanism, functioning also as a gathering-of-votes machine, is well known in Japan. This difference shows that the promotion of employment is more preferred to income transfer through a benefits system. This realizes such objectives

as income redistribution and ensuring the government’s popularity, and here we can find one aspect of “the development-oriented regime”. Anyway, it can be said that only the first point of four is the feature that associates similarities between the J Model and the SE Model.

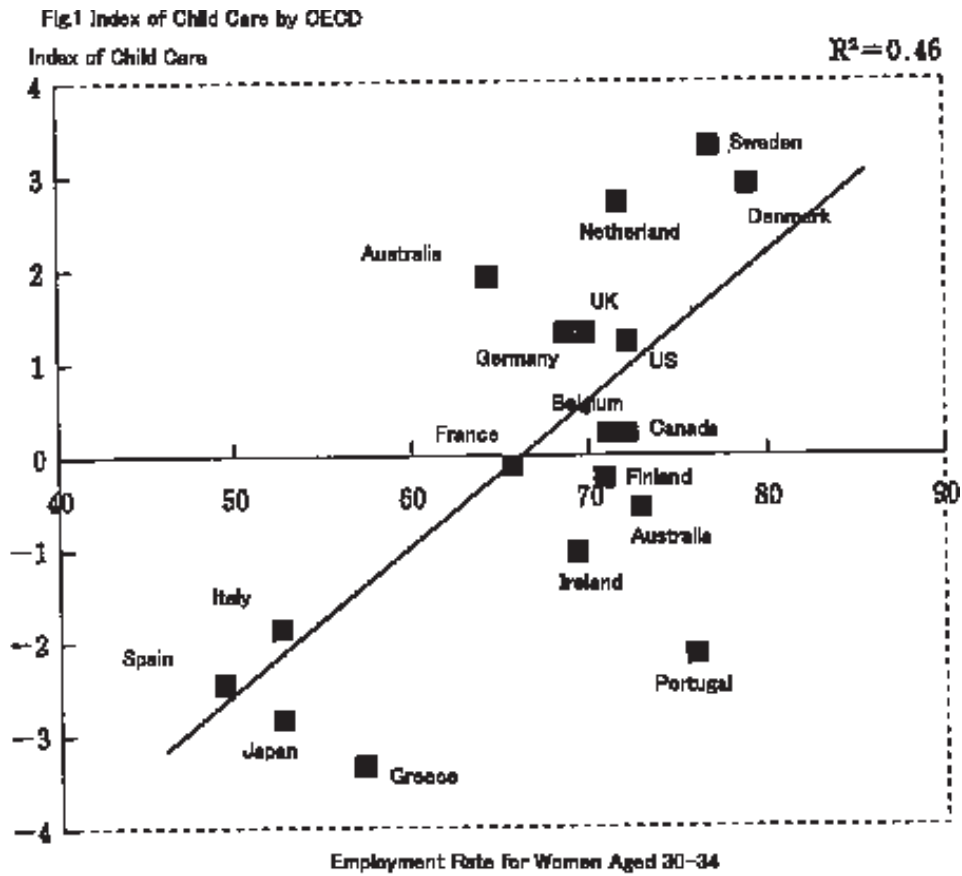
2) Similarity with J Model

In subsequent research (Katrougalos & Lazaridis, 2003), various features of the SE model, which “experienced a leap forward to post-Fordism before full deployment of Fordist production structure” through a decline of the agricultural sector and development of service industries since the middle of the 1970’s, are analyzed empirically in detail. It would be as follows, if we pick up some features which seem to be in common with the J model and give some supplementary explanations with data.

1. “The level of family allowance and child care is significantly lower than the EU average.”
Unequal distribution of social benefits between the elderly and non-elderly people, the former being given a preference to the latter, may be the common feature of corporatism or a conservative model. However, it is clear that Southern European countries and Japan have close similarities, judging from the child-care index of OECD (See **Fig.1**), and the level of Child Benefit Package (See **Table 1**).
2. “The proportion of means-tested Social Assistance in the total social expenditure is remarkably low, with resources, which are transferred through social insurance schemes, being dominant.”

This can be typically seen in Greece, where the Social Assistance scheme for people less than 65 years old does not exist in any sense. Introduction of the system to Portugal is fairly new in 1996. Moreover, in Italy the nationwide Social Assistance scheme does not exist, but it has been substituted through discretionary administration by municipal authorities. The experience of Spain is unique in nature, because the number of Social Assistance recipients increased 10 times from 1982-1990. However, it is said that the Social Assistance scheme newly introduced in the beginning of the 1980’s, in order to address growing jobless people, has similar character as an expanded version of a contribution system. The scale of Social Assistance of Japan, together with Southern European countries, is the smallest among the OECD countries, viewed from both its percentage of GDP and number of recipients (See **Table 2**).

3. “The entitlement-duration of unemployment insurance



source: Uzuhashi, R. 2002

Table 1. Level and Ranking of Child Benefit Package

Ranking		level
1	France	165
2	Luxembourg	150
3	Sweden	148
4	Norway	134
5	Belgium	118
6	Germany	43
7	Denmark	39
8	UK	-12
9	Australia	-25
10	Netherlands	-55
11	Japan	-55
12	Italy	-61
13	Ireland	-64
14	Portugal	-73
15	Spain	-117
16	Greece	-117
17	New Zealand	-126
18	US	-136

Source: Uzuhashi (1997b)

Table 2. Scale of Social Assistance Scheme

(viewed from expenditure / GDP and number of recipients / total population, %)

	expenditure / GDP	recipients / total population
Australia	6.8	17.8
Austria	0.8	4.8
Belgium	0.7	3.6
Canada	2.5	15
Denmark	1.4	8.3
Finland	0.4	9.2
France	1.2	2.3
Germany	0.8	5.2
Greece	0.1	0.7
Iceland	0.2	9.7
Ireland	5.1	12.4
Italy	2.9	4.6
Japan	0.3	0.7
Luxembourg	0.5	2.7
Netherlands	2.2	3.7
New Zealand	13	25
Norway	0.7	4
Portugal	0.4	2.1
Spain	1.1	2.7
Sweden	0.5	6.8
Switzerland	0.8	2.3
UK	2.6	15.9
US	1.3	10

Source: Uzuhashi (1999a)

is short.”

25 per cent of those who are unemployed over three months in Europe do not receive the unemployment benefits any longer, based on a insurance system in 1993, because entitlement expires. It is said that the equivalent figure in Portugal, Greece, and Italy reaches to 66 per cent (for the entitlement-duration length in Japan, see OECD, 1997). Along with the Social Assistance scheme playing only a marginal role, this characteristic observed in unemployment arrangements means lack of a “basic safety net”. The first of four points mentioned previously (“insufficient protection to the contingent workers in the un-institutionalized labor market”) should be understood within this meaning.

While Ferrera (1996) argues that the SE model is the fourth distinct type, Katrougas & Lazaridis (2003) rather regard it as a sub-category of the Conservative Model, insisting that if the fourth type exists, the criteria of grouping must methodologically rest on Esping-Andersen (1990), which first formulated the three worlds of welfare states. This argument seems to be of great interest, because we have very similar discussions in Japan (See Uzuhashi, 1997, 1999b). We take Katrougas & Lazaridis (2003) as most appropriate & adequate in regard to this topic although we cannot explore it in detail. If Katrougas & Lazaridis (2003) is correct, it is not surprising even if the similarities are observed between the SE model and the J model, the latter having been positioned within the Conservative Model.

3) Demographic Aspects Considered

It should be noted that regarding not only welfare policies, to which typology of welfare states often pay attention, but also of demography including family structure and gender, much similarity can be seen between Southern European nations and Japan. If we ignore these demographic aspects, which we examine below, our comparative description would be misleading and failing to recognize how the substitution of welfare by family defines the characteristics of the social security schemes in both cases.

Regarding demography, there exists similarity in the trend of fertility rates. : Both models of welfare states have been experiencing a rapid decline to a low level fertility rate (See **Table 3**). And in Southern European nations as in Japan, Finland and Sweden, the rapid aging has been progressing since the 1970's. Furthermore, it is argued that the proportion of extended-family households

in Southern European nations is strikingly higher than the EU average (Bradshaw, 1999), which predicts similarity to the family structure in Japan, though it is not easy to obtain the cross-nationally comparable data. In the background of these demographic trends, similarity of gender perspective, which the well-known **Figure 2** by Siaroff (1994) shows clearly, is functioning. Judged from two indices, “family welfare orientation” and “female work desirability”, Italy, Spain, Portugal, Greece and Japan are located very close and could be classified into one group. Additionally we can observe the similar pattern between two models in women's participation in the labor market (it has been low, but it is rising rapidly in recent years), divorce rate (it remains low) and a low percentage of lone parent family.

4) What The Similarities / Differences Imply

The percentage of social expenditure in GDP is in general small in Southern European nations compared to the other continental European countries, which is accounted for as deriving from “the overall delay of economic development” or “late and incomplete industrialization” with the agricultural sector remaining in a more or less dominant position, leading to “the institutional delay of welfare state formation” (Katrougas & Lazaridis (2003, pp.18-19). However this account seems to be so optimistic and monotonous that it misleads us to the wrong conclusion or prospect by saying, with economic development in these nations or further integration of the EU, features that had characterized these regimes would diminish in the future. In fact such assertions can be seen in the concluding chapter of Katrougas & Lazaridis (2003). On the other hand, Ferrera (1996) is a little bit pessimistic, projecting the coming of mid-term structural crisis deriving from external / internal challenges.

The above description could present an important clue as to which comparative analysis should be attempted. The relative importance of social security expenditure is small in Japan as well as in the Southern European nations. However, we must note that the decisive difference between them is that the speed of economic growth in Japan has superseded Southern European nations since the Second World War, and the gap of GNI (Gross National Income) per capita is apparent now (in the year 2000, Greece 11,960, Italy 20,160, Portugal 11,120, Spain 15,080, Japan 35,620, each in US dollars), From this simple fact, we can draw a significant implication.

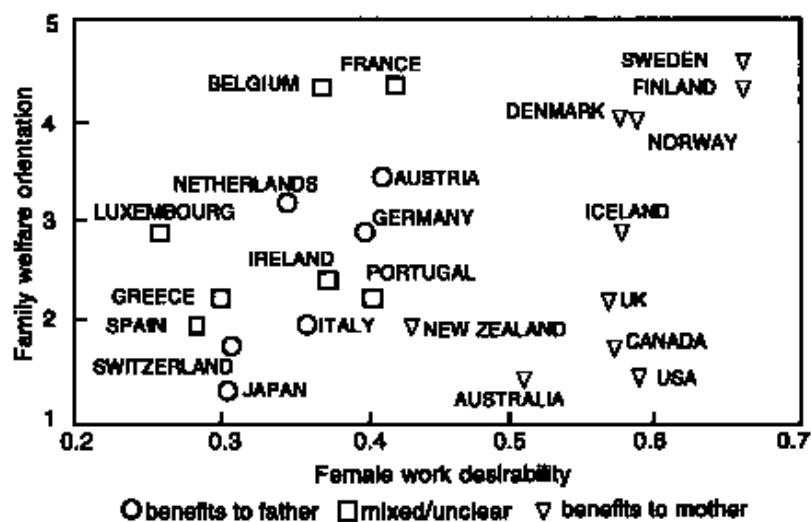
First, the low percentage of welfare expenditure

Table 3. The Total Period Fertility Rate (1970-1995)

	1970	1980	1990	1995
Belgium	2.25	1.68	1.62	1.55
Denmark	1.95	1.55	1.67	1.80
Germany	2.03	1.56	1.45	1.25
Greece	2.39	2.21	1.39	1.32
Spain	2.90	2.20	1.36	1.18
France	2.47	1.95	1.78	1.70
Ireland	3.93	3.25	2.12	1.86
Italy	2.42	1.64	1.34	1.17
Luxembourg	1.98	1.49	1.61	1.69
Netherlands	2.57	1.60	1.62	1.53
Austria	2.29	1.62	1.45	1.40
Portugal	2.83	2.18	1.57	1.40
Finland	1.83	1.63	1.78	1.81
Sweden	1.92	1.68	2.13	1.73
UK	2.43	1.90	1.83	1.70
Japan	2.13	1.75	1.54	1.42

Source; Bradshaw (1997)

Fig.2 Work and welfare incentives for women



Source; Siaroff(1994)

cannot be explained on the grounds of economic underdevelopment in Japan in any sense. Furthermore, some saw the effects of a liberal regime in this low percentage, but the alternative and more persuasive argument for it seems to be possible: In fact, the allocation of resources to welfare simply did not keep pace with the economic growth in Japan. Or to put it in another way, when rapid economic growth occurred anywhere irrespective of the previous regime type, the relative importance of welfare tends to remain insignificant, by lagging behind the economic development.

Second, and this may be more important than the first in the context of this paper's motive, although the level of the economic development measured by GDP or GNI in Japan is higher than those in Southern European nations, similarities exist between the two models in terms of social security arrangement, demography including aging, fertility rates, family-structure, etc. This suggests that "economic" development does not proceed in hand with deployment of a "social" system. In other words, the two factors; economic development and social deployment, do not necessarily change in parallel, and plural combination-types of the two are plausible. These thesis or lessons drawn by comparing the experience of two models are also of great use when considering the deployment of welfare regimes in Asian nations that have shown strikingly high economic growth in the last thirty years.

The SE model of welfare state, which has itself a characteristic as a late-coming welfare state in "three worlds" by Esping-Andersen or even in the conservative model, has much in common with the J model. This could be a starting point to argue the J model by introducing the time axis into the analytical framework. In both cases, the family alternatively substitutes the welfare state's function; therefore they could be named a family-centered welfare state. But in the case of the latter (J model), GDP, which is a denominator, is more than those of the SE model, so the proportion of social security expenditure to GDP becomes small. In the sense that the cost of social policy can be spared for that (i.e., substitution by family), this can be understood to have been enjoying the "the effect of backwardness" or "advantage of backwardness" (Uzuhashi, 1997b, Ch.9).

The concept of "the effect of backwardness" derives from Gershenkron (1966). While his concern is in economic backwardness facing the late-developed countries such as France and Germany in the 19th century, we

focus on the social backwardness, or more accurately, the gap between rapid economic growth and the persistently remaining social demography including the family structure. Our intention is not to stress the "the effect of backwardness" from which the late-coming welfare state has benefited, but quite the opposite, at least in case of Japan, because Japan has been losing this kind of advantage rapidly.

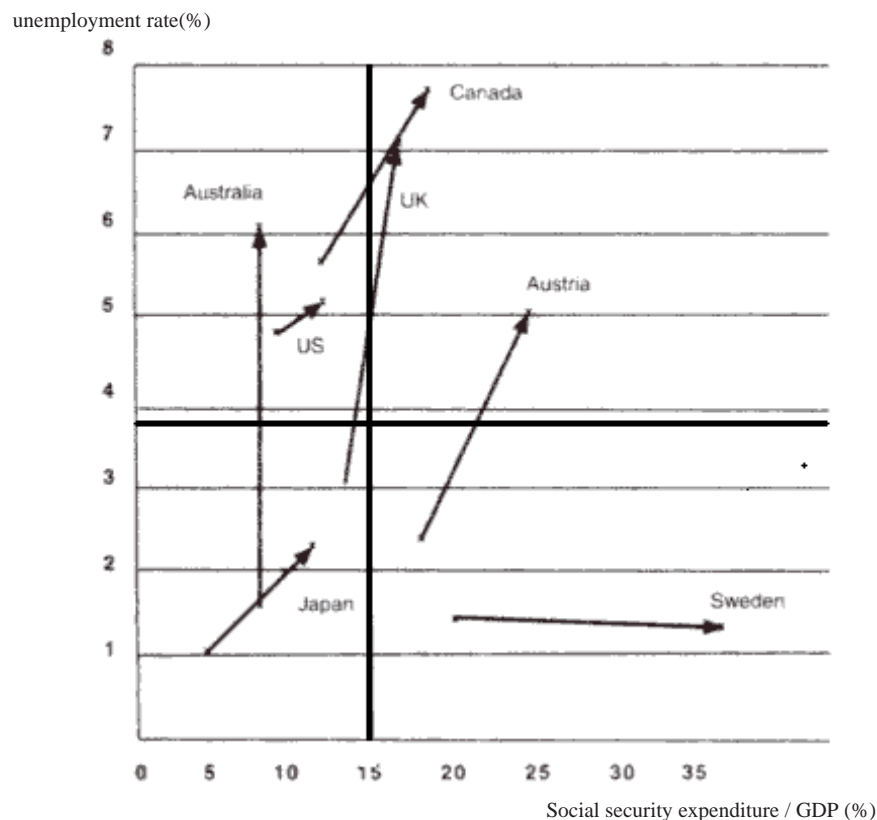
2. Does the Workfare still Work in Japan?

There exists two pillows that have supported the J model of welfare state. : The one is the family-centered characteristics of the regime that is shared by Southern European nations as well. The other is the employment-centered feature of the regime. The former, as was examined in the previous section, has been losing its ground because "the effect of backwardness" is disappearing rapidly. Then, how about the latter (employment-centered feature), which has substituted the development of welfare policy? Is it valid for the future? These topics are focused in this section.

1) The Employment-centered Feature Substituting Welfare

Figure 3 demonstrates what the employment-centered feature implies. Uzuhashi (1997c, p.22) explained it. : *"Horizontal axis in the figure is set at 14.9% (the average percentage of social security expenditure to GDP in seven countries in 1970) and vertical axis is set at 3.9% (the average of the unemployment rates in 1970). The figure shows that in the fourth quadrant, where Sweden remains located and where Austria used to be, we can observe the supplementary relationship, that is, full-employment can afford to maintain a high standard of social security expenditure. The first quadrant, where no countries were located in 1970 but Great Britain, Canada and Austria are located in 1989, might be regarded as somewhat unstable, because it lacks the precondition to compensate the high social security costs by realization of full-employment. In the third quadrant, where Great Britain and Australia used to be and Japan still remains, a low unemployment rate and low social expenditure co-exist. This suggests that full-employment is shouldering the function of social security (i.e., that there is a substitutive relationship). After experiencing a "crisis" in their welfare states many countries shifted towards the right-*

Fig.3 Relationship between Social Security and Unemployment(1970-198)



Source; Uzuhashi(1997c)

upper hand (undergoing a rise in unemployment and an increase in social expenditure). In these conditions, Japan's uniqueness is getting more and more prominent throughout this period".

It must be noted that the above description deals with the change from the year of 1970 to 1989. How was this "employment-centered feature" substituting welfare changed in "the lost decade"? Because the word "employment-centered feature" of the regime is unfamiliar, it is referred to as the "workfare" below. But this concept is equivocal, therefore we begin with identifying the varieties of workfare before examining the main topics - how it currently works in Japan. In terms of economic and political contexts throughout 1980's and 1990's, the three distinct types described below can be identified cross-nationally.

A. "Welfare to Work" type

This is the policy that is seen typically in the United States and United Kingdom. The contents are as follows: shortening of benefit entitlement of unemployment insurance or social assistance. ; strict administration of asking recipients / beneficiaries to engage in active job-seeking or

training programs. While it is also called "welfare for work", the aim is to reduce the social security expenditures either of federal or state budgets, by promoting the labor market participation of those who were "welfare dependants" especially among lone parents and young unemployed. As the author pointed out before, "Participating in the labor market and earning income by oneself promotes independence and nourishes the sense of self-respect" (Uzuhashi, 1997b, p.135). Although it depends on the labor market situation whether it is possible to absorb those additional supplies of labor, due to the improvement of the employment environment in both countries (the US and the UK) in recent years, it seems to have been successful integrating them into the labor market. Although this type of workfare is implemented to some extent in many countries, it differs in character considerably by how each of the below mentioned, is arranged in each country. To explore details is the future task which should be analyzed by comparing empirically.

- arrangements of childcare and a day nursery, and ease of financial access,
- duration and quality of vocational training,
- formation of placement networks including NGO's and

private sector,
scope and validity of minimum wage regulation in the labor market,
implementation of a tax-system that considers the work-incentive averting “poverty trap”,
extent of discretion given to participants in the program

B. “Welfare through Work” type

This is represented in Sweden, meaning the welfare system that incorporates people’s working as an integral and essential pre-condition. Esping-Andersen (1990, p.28) described the feature of this type as follows. :

“Perhaps the most salient characteristic of the social democratic regime is its fusion of welfare and work. It is at once genuinely committed to a full-employment guarantee and entirely dependent on its attainment. On the one side, the right to work has equal status to the right of income protection. On the other side, the enormous costs of maintaining a solid, universalistic, and de-comodifying welfare system means that it must minimize social problems and maximize revenue income. This is obviously best done with most people working, and the fewest possible living off social transfers”.

Although it seems paradoxical, the Swedish welfare state has implemented the welfare policy resulting in high degrees of de-comodification, by comodifying and / or re-comodifying most of the labor force including women. The strict requirements for working, “embedded into the welfare system”, is revealed in the comparative research (See Uzuhashi, 1999a).

C. “Job Opportunity First” type

This type is found in the developing process of late-coming capitalist states that have not yet developed social security schemes. Creating and offering of job opportunities having been the biggest issue to be sorted out in these states, therefore high priority has been put on to securing it. It is akin to what Lee Quan Yu, former Prime Minister of Singapore called “Eastern Wisdom” *i.e.*, “teaching how to catch fish is cleverer than giving fish”.

Recent formal acknowledgement of the existence of unemployment in China led to the implementation of unemployment insurance act in the year of 1999 (Until then a word meaning “waiting-for-the-job people” was used instead of “the unemployed”). Currently a lot of employment-training-centers are newly installed, and quite hard re-training / conversion training is performed with the laid-off person (Wan, 2001, Ch. 3). This experiment

in China, with its aim being to facilitate the laid-off person to re-participation in the labor market with temporary benefits, would be described as a fusion of “employment-centered” type and “welfare to work” type

The above classification depicts that though the contents of workfare vary to a great extent cross-nationally, workfare itself can be seen universally in various countries. It also turns out that reorganization of the relation between social security (welfare) and work is in progress, irrespective of the type of the welfare state or irrespective of the economic developmental stage. It also corresponds with the flow of the market-oriented economic / social policy seen worldwide, of which workfare is the indispensable component.

2) The Shaking of the J Model

When our attention is turned to Japan, what kind of features could be drawn in connection with the trend of the workfare described above?

Japan is considered to have had the mixture of the characteristics of **B** “Welfare through Work” type and **C** “Employment-centered” type till the 1980’s. Then, “such relations as the good performance of employment and labor market has been substituted for the function of social security or state welfare” were found (Uzuhashi, 1997b, p. 190). Furthermore, “Such substitutive relationship is not the outcome of the intentional or discretionary policy. Rather, the rapid economic growth, which Japan has enjoyed after the Second World War, and the resultant high demand for labor contributed to form the relationship which featured the J model” (*ibid.*,p.197).

However, the workfare by which the J model of a welfare state has been characterized primarily till then (“Japan model as a workfare regime” *ibid.* pp.190-192) has ceased to function because of the rise of unemployment rate to 5-6% and retreat of company welfare throughout the 1990’s. Even if policy makers want to make it function, it is impossible to do so. Ironically, although various policies, which rest on the idea of workfare, have been implemented across countries, in Japan the workfare has been “retrogressed” in these ten years, contrary to the international trend. The Japanese case shows a good contrast with Swedish case where not less than 10% unemployment rate was recorded in the beginning of the 1990’s, but improved since 1997 falling to a level of 5% in 1999. In Japan, job creation by large-scale public works is also difficult partly due to budgetary restraint. Although the education-and-training benefit system was established

recently (enforced in December, 1998) and expanded (enforced in January, 2001), by revision of the Unemployment Insurance Act, much cannot be expected from the effect

In “the lost decade”, serious aggravation of the employment situation was in progress inducing decomposition or polarization of the middle class, and consequently income inequality was growing in the 1980’s-90’s (Tachibanaki, 1998). The conventional Japanese model that rests on the full-employment, or to put it in another way, rests on workfare as a substituting mechanism for welfare, is under great pressure as a result of such change. The problem is whether correspondence of the social security system aspect was enough to complement an open seam of such a workfare regime or not.

3) Expansion of “universalism” and Reduction of “selectivism”

Techniques of the social security reforms since the 1980’s in Japan are summarized as follows (Hori, 1997, pp.28-36). :

1. reduction of state (central government) liability / subsidy,
2. reduction of benefit-level,
3. expansion of the user’s charge system (where clients pay fees / premiums to compensate a part of total costs),
4. fiscal adjustment between schemes (especially subsidy from Employees’ Pension Insurance to National Pension Insurance, or from Employees’ Health Insurance to National Health Insurance),
5. utilization of private welfare,
6. re-examination of the relationship between central and local government,

Compared with the reforms in other Western welfare states, one feature of Japan is shown in that any attempt to strengthen selectivism, such as a new introduction of means testing, is not revealed. In Western countries, new implementation of means testing for various benefits has been attempted to raise the target efficiency to those who are in need, even if it is in order to spare the budget.

The elderly welfare policy in Japan has been relatively developed even in the welfare retrenchment since the 1980’s, which culminated in Long-Term Care Services Insurance Act implemented in the year of 2000. It proceeds towards “universalism” by adopting the insurance method as a financial way (universalism which includes only people who pay premiums). This insurance method means that only those who contributed premiums can

obtain care services. Before the implementation of the Long-Term Care Services Insurance Act, free services used to be provided to those of low incomes. In the childcare services, although it is not administered on the insurance basis, a fee / charge system are been converted to a new system with no regard to people of low income. Consequently, on the one hand, such measures are planned to be re-distributive in advance, even though they are selective, have been retreating along with an introduction of universal services which are provided in exchange of paying contributions/ fees.

On the other hand, there exists the sphere, in which the principle of selectivism has been strengthened. It is none other than a social assistance scheme, in particular the “make-it-proper policy (Tekiseika-seisaku)” led by Ministry of Health and Welfare since 1981, which led to restrict the number of recipients or even applicants. The expression of “strengthened” may lead to misunderstanding. Probably, it should be correctly called “make-it-strict policy” or “strict administration policy”. Because, the strengthening of the selectivity in the social assistance scheme, which is based on the principle of selectivity in nature, narrows the scope of beneficiaries by applying strict rules to applicants / recipients. This applies to the child rearing allowance for single mothers in whom income limitation was strengthened (*i.e.*, lowered) in the year of 1985 and 1998. These new measures in the social assistance scheme and child rearing allowance coincided with expansion of a universal system in the sphere of long term care services schemes or child care services above mentioned. To sum up, in Japan, “expansion of universalism” was promoted in parallel with narrowing or restricting the scope of selectivism.

4) What is the Alternative Policy-Orientation to be adopted?

In Japan, “expansion of universalism” was promoted since 1980’s in parallel with narrowing or restricting the scope of selectivism. Was it a proper policy in the period of the crisis of welfare state? Contrary to the policy keynote since the 1980’s, “expansion of selectivism” should be considered as one of alternative policies.

It (expansion of selectivism) becomes possible by the following two methods. The first is introducing a kind of income test to universal-schemes such as pension insurance, which means reduced benefits to the high-income class. And the second is increasing the number of applicants / beneficiaries by easing the access to the social as-

sistance scheme and child rearing allowance. The first is beyond the scope of this paper. Therefore focusing the second, the fact, that the take-up rate in Japan's social assistance scheme is remarkably low compared to other advanced nations, should be remembered. While workfare did function very well in Japan, until the beginning of the 1970's, the social assistance scheme could be expected to play only a marginal roll as in the current SE model. However, when the precondition to rest on workfare is on the verge of collapsing and when "the advantage of backwardness" is disappearing rapidly, new attempts to enlarge beneficiaries should be tried.

Although a social assistance scheme is considered "the last resort" in the various social security schemes, numbers of beneficiaries remain remarkably low, 1.57% of all households and 0.79% of total population in the year of 1999. The application of the Social Assistance Law to the homeless people is important, but the role for reducing homelessness is originally expected of Social Assistance Law.

Many critics already have argued the problem of the social assistance scheme. : The relaxation of "the principle of subsidiary" is regarded essential to enlarge the safety-net. In terms of workfare, Social Assistance Law, which does not distinguish between "the poor who work" and "the poor who cannot work" (called "indiscriminate equal treatment principle"), makes the work test strict and attaches stigma to the beneficiaries, and consequently restricted remarkably the number of applicants and beneficiaries (Hoshino, 2001, pp.195-196). The framework of the social assistance scheme has not been changed for fifty years, but the "make-it-strict policy" or "strict administration policy" has been ongoing for the last twenty years. The limit of "the system and policy" depending on workfare being revealed, the radical revision covering both principle and administration-process of the social assistance scheme is indispensable and urgent.

Conclusion

In this paper two things, which are related to each other, were clarified.

First, the J Model could no more rely on the substitution of welfare by family as it used to. Policy-makers in Japan realized it adequately since the end of the 1980's and it led to the implementation of the Long-Term Care services Insurance Act in the year of 2000. It should be noted that these trends leaving from the family-centered

policy keynote have formed a progress or deployment of social policy for the elderly. Viewed from the historical prospects, this move is not surprising, because it was an indispensable step forward as a late-coming welfare state. Second, the J Model faced a collapse of employment-centered regime because of the rise of unemployment rates in "the last decade of the 1990's". Two alternative options were open to policy-makers. The one was the way to expand the basic safety net (*i.e.*, the unemployment and social assistance schemes). It means the departure from the trajectory, which J Model shared with the SE Model. The other was to continue clinging to the so-called "universal" social security schemes. However, the assumption of the legitimacy of this option has been fading away in these days. That is why the reassessment of the first option is essential for the future policy orientation.

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