The Myth of the Middle-Mass Society: Inequality and Emerging Divisions in Japanese Society*

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In a widely read article of 1981, political scientist Yasusuke Murakami (1981) described Japan has having a "new middle mass" politics. By this he meant that most Japanese saw themselves as being middle class, having similar political interests in such things as the welfare state or pollution control, and similar lifestyles and values. In particular, he directed our attention to an annual survey of the Prime Minister's Office where respondents are asked to position themselves as "lower, lower-middle, middle-middle, upper middle, or upper". Over the post-war period the responses had shown a gravitation to the middle, so that by the end of the 1970s, 90% considered themselves to be middle, and 60% as middle-middle. Murakami then goes on to report other survey evidence that shows that correlations between values, occupations, education, income and wealth also tend to be fairly low. This suggests that social stratification is weak in Japan.

I do not dispute Murakami's argument that a large proportion of Japanese regard themselves as middle class. Furthermore, if one is considering values or support for political parties, it may be the case that there is some basis in reality for this point of view. Nevertheless, I think that this view cannot be adopted without some serious reservations that I will outline in this paper.

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Reasons for Japanese to Believe that Society is Classless

First, however, I would like to give some reasons why Japanese might be inclined to view themselves as living in a classless society. The first point, and one that is also common to Taiwan and South Korea is that the Pacific War, and the American occupation that followed, acted to equalise and redistribute wealth. Most important was land reform in the countryside, but there was also the dissolution of the *zaibatsu* industrial conglomerates with some redistribution of wealth. The devastation of the war also obliterated at least one-third of private wealth.

Second, the end of the war saw the development of a system of enterprise-based industrial relations concentrated in the largest firms. All members of these large firms other than high-level managers, no matter whether they are white-collar or blue-collar, belong to the same union. This has acted to reduce wage dispersion within firms and has also acted prevent a working-class consciousness from developing amongst blue-collar workers. In addition, a sharp economic recession in the early 1950s allowed firms to purge their most Marxist-oriented workers and this also acted to dull class consciousness within the firm.

Third, the American authorities introduced a progressive tax system with very high rates of tax at the upper end of the income distribution.

Fourth, there was a rapid increase in the level of educational attainment as measured by years of schooling. Higher education which had previously been the preserve of an elite now became more widespread. By the middle of the 1970s, over 90% of young Japanese men and women were attending at least some high school, and roughly a third were entering tertiary education. The education system provided a meritocratic underpinning for social advancement. Examinations were used to select the best students for entrance into the most prestigious high schools or universities. The better-paying jobs tended to go to graduates of the better schools. This is also a common feature of many other countries in East Asia today.

Indeed it did seem that meritocracy was leading to higher social mobility. For cohorts born in the late 19th and early 20th century, the chances that one could attain a white-collar managerial or professional position were very slim unless one's father came from the same background. On the other hand, for cohorts born after 1925, the relative chance that someone from a poorer background could rise into this social strata was much higher.

The state also provided universal health care, and a state pension system developed that provided generous benefits to employees. Minimum wage laws in Japan were introduced in 1959 and the minimum wage was being fixed at about 40% of the average wage in the early 1980s, 70% of the average part-time wage for women workers (ILO).

The forty years from 1953 to 1992 were also characterised by high rates of economic growth with low rates of unemployment (between 1 and 2 percent). Furthermore, wage differentials tend to be compressed during economic booms and this also reduced inequality.

A study by the OECD (Organisation for Economic Co-operation and Development) in the mid-1970s suggested that Japan had one of the most egalitarian income distributions in the world. For example this table shows the Gini coefficient for several countries as reported in the OECD survey. (A lower value of the Gini coefficient indicates greater equality.)

Table 1: Gini Coefficients for Selected OECD Countries as Reported in OECD Study of 1976

Country	Before Taxes	After Taxes
Japan	0.335	0.316
Sweden	0.346	0.302
West Germany	0.396	0.383
United States	0.404	0.381
OECD Average	0.366	0.350

Source: Bronfenbrenner and Yasuba (1987: 111).

According to this study, Japan had a more egalitarian income distribution than Sweden, before taxes and benefits were taken into account! These figures and others like them were widely circulated amongst economists and other social scientists. Incidentally, estimates of the prewar value of the Gini coefficient are generally in the range of 0.5 or higher, so not only did Japan compare favourably with other OECD countries, but the postwar period had seen a dramatic decline in inequality for the reasons that I have already stated.

Finally, as Murakami points out, there was widespread ownership of basic consumer durables. By 1980, for example, 99% of households had electric washers and electric refrigerators, 98% had colour television and almost 60% had a car.

So, to bring this part of the paper to a conclusion, there were many reasons why Japanese should have seen themselves as living in a classless and egalitarian society.

Reasons for Doubting the Veracity of the Myth

However, as the title of this paper suggests, there are reasons to believe that things were not quite so rosy as the picture that I have drawn so far. In the past few years, a number of Japanese economists have been able to analyse the raw data from government surveys and their conclusions contradict the view of the early 1980s.

This table shows some figures derived in the 1990s. The results are strikingly different from those shown earlier.

First, Japan no longer appears as a country with exceptional levels of equality. Rather it seems to fall somewhere in the middle for OECD countries. Second, inequality generally rose across the OECD during the 1980s and Japan does not appear to be an exception to the rule. The causes of the increase in Japan's Gini coefficient are, however, different from those in the US or UK. In the US or UK, the increase in inequality is attributed in large part to widening earnings differentials based on schooling, especially

between those with university education and those without. In Japan, however, most of the increase in the Gini coefficient may be attributed to two factors: First there is an increase in the number of single women, both young and old living alone. Women tend to have lower earnings and lower pension benefits, so if they live alone, they are more likely to have low incomes. Second, ageing of the population is having an impact: there is greater variance in the earnings of older employees, so with a greater proportion of the workforce consisting of older employees the overall degree of inequality will increase. This, however, does not mean that there is much change in the overall level of inequality earnings at any given age.

Table 2: Gini Coefficients for Selected Countries and Their Movement over the 1980s

		Before Taxes and Transfers	After Taxes and Transfers
Japan	1982	0.32	0.30
	1992	0.36	0.34
US	1979	0.37	
	1989	0.40	
UK	1981		0.28
	1988		0.35
France	1979		0.36
	1984		0.37
Sweden	1989		0.22

Source: Countries other than Japan from Atkinson (1995) as reported in Tachibanaki (1998:5). For Japan from Ohtake (2000).

However one wishes to interpret the evidence, it should be clear that Japan has never had the kinds of levels of income equality found in some of the North European countries.

A second strand of criticism of the idea of the "middle mass" society is concerned with the view that there was a high level of intergenerational class mobility. As I stated earlier it was true that large numbers of Japanese born after 1925 from relatively poor and low status backgrounds were able to move up to higher status positions such as white-collar managers after the war. This needs, however, to be seen against the background of rapid urbanisation and change in the occupational structure of the labour force. If the number of low status jobs in say, agriculture is shrinking and the number of high-status jobs in manufacturing or services is growing, then that structural change on its own will generate social mobility, even if there is no change in the social institutions that aid class mobility. Rising standards of education also imply an apparent increase in social mobility that is really just a structural change – if we go from a situation where only an elite attend university to a situation where some 40% do, it must be the case that during this transition many children who attend university will have parents who did not. Sociologist Hiroshi Ishida (1993) took account of these kinds of structural change that followed the Pacific War and discovered that without the driving force of structural change, the degree of social mobility in Japan was no better than that found in the UK or the US. Other sociologists (Marshall, Swift and Roberts, 1997) assert that it is actually worse. In fact, sociologists seem to agree that the degree of social mobility is remarkably similar in most developed countries. If we accept this view then we would predict that the gross level of social mobility would eventually fall as the occupational structure and educational attainment reached a new equilibrium.

These predictions have started to be borne out in the 1995 version of the Social Stratification and Mobility Survey. Research by Toshiki Sato (2000) shows that for the cohort born between 1896 and 1915, one was roughly 10 times as likely to become a manager/professional if one's father was in that class than if one's father was not. However, for cohorts born between 1926 and 1945 this odds ratio had fallen to 4. In other words, opportunities for

the generation that was entering the labour market in the postwar years were not nearly as skewed towards those from a higher class background. Sato's most dramatic finding, however, is that the cohort born between 1936 and 1955, shows an increase in this odds ratio back to 8, nearly the same level as in the cohort born at the beginning of the 20th century. This is much as Ishida and others would have predicted. It would not be surprising if the extent of this reversal is even more pronounced in the next wave of the survey, due to be carried out next year. What I would like to emphasise here is that the perception that Japan had a high level of class mobility, and that opportunities were open to all would have been backed up by everyday experience in the 1970s, but would be much less evident today.

So far, I have addressed the issue of intergenerational mobility. A closely related issue is the decline in the potential for upward mobility within one's lifetime. For example, one of the main avenues for upward mobility was for blue-collar men to move into self-employment. Skilled blue-collar workers could often take early retirement from their companies and open their own business, often as a subsidiary and supplier for the company that had formerly been their employer. By the 1990s, however, the avenues for such movement were being closed off. Japan had exceptionally high levels of self-employment into the 1980s, but there has been a sharp decline in self-employment, both because deregulation has removed protection for the small entrepreneur, and because manufacturing outsourcing has moved to other countries in Asia in search of cheaper labour. As a result, today's blue-collar workers do not have the same opportunities for starting their own business as in the past.

In the white-collar sector, the story has been somewhat different. Prior to the 1980s male white-collar employees could expect to reach a managerial position at the section-head level or higher, even if they did not hold a university degree. The Japanese employment system used to provide advancement to higher positions on the basis of seniority. With a relative young and growing labour force, companies had a relatively high

number of management posts available for those employees who were old enough to be promoted. Now, however, the population has aged, and with the new demographic profile there simply are not enough posts available for everyone to become a manager. Consequently, many men are finding that they cannot reach the status of manager as easily as they did in the past. In particular, it will now be unlikely that an employee without a university education will be able to reach the managerial class. This decline in the probability of promotion can also be seen as a consequence of the change in educational attainment mentioned earlier -- there are now enough university graduates to fill managerial posts and so less educated men are no longer groomed to be managers.

So, to conclude this section, new analysis in the 1990s has called into question the validity of the "middle mass" concept and in particular the notion that Japan has a fairer income distribution and less social stratification than other developed countries. Furthermore, the perception that Japan was a country with high social mobility will have changed dramatically over the last 20 years.

More Recent Trends in Social Inequality

I now turn to the question of how the decade of slow growth that began in the 1990s has affected inequality in Japan.

Most evident to the casual observer is the increase in homelessness in Japan with many more people sleeping rough on the streets or in crudely made shelters. There has always been an underclass in Japan, but it has mainly been invisible to the majority of society. For example, there is a large underclass of *burakumin*, descendants of social outcasts. The resident Korean population of Japan has also suffered discrimination. Generally, however, the problems of these minority groups are not given the same amount of attention in the mainstream media that such minorities receive in Europe, let alone North America.

The rise in homelessness in the 1990s, however, was much more

evident to the average citizen. At the same time, a new class of wealthy Japanese has emerged who are not afraid to display their wealth with expensive cars and clothes. So the perceptions that Japan is becoming a more unequal society would not be surprising. The aforementioned Stratification and Mobility Survey also supports this, as in 1995 those whose fathers were not in the managerial or professional class were more likely than in the past to say that they thought that society is not very fair (Sato 2000).

The 1990s have also seen a major change in the labour market. Unemployment has risen, and as in other countries, it is mainly concentrated among the more poorly educated. For example, the unemployment rate for teenagers who have not completed high school education is over 30%. For high school graduates it is around 15%. While these figures are not unusual by the standards of other OECD countries, they nevertheless indicate that in Japan, one can no longer be certain of a job upon leaving school. Furthermore, the unemployment statistics only represent the tip of the iceberg. Many of those who have graduated form school in the past decade have been unable to find full-time, long-term employment. Instead, they work part-time, possibly at several different low-paying, dead-end jobs. This employment does not offer the intensive on-the-job training for which Japan is famous, and earnings are unlikely to rise with age.

During most of the postwar period Japanese society has relied on a basic assumption: men would be able to secure a full-time job that could support a family at a standard of living that would be close to the natural average. The 1990s, however, have seen a move away from these conditions as the share of young men (15-24) who are working in non-regular jobs has increased from 20 to 40% over the decade. Again, much of this is concentrated among the more poorly educated. This might not be a matter for much concern if a return to higher levels of economic growth would lead to an improvement in the labour market for new graduates. There are reasons, however, to suggest that this may not

happen. The economic environment has become increasingly competitive in Japan and surveys of company managers reveal that most companies are concerned about keeping labour costs down. The main way in which they can do this is by reorganising their work so that all of the routine work can be carried out by part-time workers. Part-time workers earn much less per hour than comparable full-time workers and do not have the same levels of fringe benefits. So it is entirely possible that the poor conditions in the labour market for young Japanese men will persist into the future.

It is still a bit early to make definite forecasts, but it is possible that this bifurcation of the labour market for recent male graduates will lead to higher levels of inequality in the future. It is also possible that it will act to demoralise the more poorly educated members of society. Whether Japanese will continue to believe that with hard work anyone can be "middle class" remains to be seen.

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