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'Lehman Shock' Fuels New Wave of Homeless in Osaka

Stuart Biggs and Masatsugu HORIE

Introduction

Biggs and Horie have written a thoughtful report on the recent rise in numbers of the homeless in Japan. Its value lies in the links it draws to a serious crisis in the Japanese system of social insurance and welfare support.

It is clear from this report—as also described in Toru Shinoda's [recent essay](#) on the New Years Dispatch Workers Village—that the plight of those recently labeled as the “working poor” in Japan is worsening rapidly. Where much other reporting on this problem has tended to focus on the younger homeless who spend their nights in internet cafes or rental video rooms, this report goes beyond that to look at older as well as younger workers, including those in the Airin district of Osaka.

The history of the Osaka slums, including Airin, is long. It reaches back at least to the early 20th century, when Osaka was Japan's industrial heartland, and the Airin, or Kamagasaki, district was home to a large pool of unemployed or semi-employed day laborers. One can liken Kamagasaki or Airin to the south side of Chicago in its place in the social history of modern Japan, with commonalities as well in the emergence of a radical labor movement and new initiatives in social welfare work.

Recently, it seems, Airin has become more visible and similar districts are to be found in other cities throughout Japan. In that context, the following comment from this story, made by the man in charge of welfare assistance for the Osaka municipal government, is of particular significance:

“The labor laws switched the burden for supporting Japan's workforce from the companies to the government...The issue is whether the government can provide support or the entire system will collapse.”

This report offers an excellent snap shot of the current crisis in unemployment and social welfare in Japan. Toru SHINODA and Andrew Gordon

Within two months of losing his job packing shelves at a cold-storage company in Osaka, Toshiyuki Miki says, he was homeless. “Lehman Shock” turned his life upside down, he says.

Lacking the 60,000 yen (\$600) a month he needs to pay rent, Miki, 40, sleeps in cardboard boxes under the elevated Hanshin expressway in Umeda, Osaka's central business district. It's his home as the global recession triggered by the implosion of Wall Street banks batters Japan. About 460,000 people have lost their jobs since the Sept. 15 collapse of Lehman Brothers Holdings Inc., according to government data.

“I never realized it would affect me in this way,” said Miki, who picked up the Japanese phrase “Lehman Shokku” from the pages of discarded newspapers. “Before, I could always find some kind of job, but now there's nothing.”

Miki's loss of housing shows how Japan's 2.95 million unemployed people threaten to fuel a rise in homelessness. Prime Minister Taro Aso may unveil a 15.4 trillion yen stimulus package tomorrow, according to a document obtained by Bloomberg News. Finance Minister Kaoru Yosano said April 6 the package will include a new social safety net for non-regular workers.



Osaka homeless

Yosano didn't specify what help would be given to the lower-paid temporary or part-time workers. They accounted for 34.5 percent of Japan's 55.3 million employed in September 2008 compared with 24 percent in 1999, official data show.

'Crisis Situation'

Japan's jobless rate will soar to a record of 5.7 percent by the end of March 2010 after reaching a three-year high of 4.4 percent in February, according to a

Bloomberg survey of 11 economists. That's the highest since 1953 when records began. Companies from Toyota Motor Corp. to Sony Corp. are firing thousands of workers and reducing output as Japan's exports plunged a record 49.4 percent in February.

"We're seeing a crisis situation here," said Martin Schulz, a senior economist at Fujitsu Research Institute in Tokyo. "The spike in unemployment is much faster, and younger people have much less of a buffer."

Many are temporary workers like Miki who find themselves in a downward spiral with little savings and an inadequate welfare system to fall back on, said Michihiko Okino, secretary-general of a nonprofit group that manages a homeless shelter in Osaka.

Across Japan, 77 percent of unemployed people don't receive benefits, according to an International Labor Organization report released March 24. That compares with 57 percent in the U.S. and 13 percent in Germany.

'Serious Problem'

"You're going to have a serious problem," Okino said. "People will use their savings first, then stay with friends if they can. It's what happens after that we are bracing for."

Japan's average unemployment rate since 1953 is 2.5 percent, less than half the 5.7 percent in the U.S., according to Bloomberg data. Unemployment is above 8 percent in the U.S. and the euro region.

The rate in Japan is historically lower because there are fewer women in the workforce and men have tended to have long-term contracts they hold onto, according to Julian Jessop, chief international economist at Capital Economics Ltd. in London. He forecasts a rate of about 5.5 percent for the end of March 2010.

A rush of newly homeless is expected starting in May as workers exhaust their savings after being released from six-month or annual contracts that expired at the end of the fiscal year on March 31, Okino said.

Welfare Applications

Applications for state welfare assistance in Osaka surged 30 percent in December and 54 percent in January. City officials say they fear a rebound in homeless numbers that they have brought down to 4,024 from 7,757 in 2003, according to an official count, as the economy expanded for 5 1/2 years to October 2007.

"The numbers will definitely increase," said Kazuo Furuya, head of homeless affairs in the city government, which is already 5 trillion yen in debt. "It's not just Osaka, it's a national problem."

Osaka, with its blue-collar working base centered on traditional steel, manufacturing and shipping industries, is an indicator of the nation's economic health, Schulz said.

Miki is two decades younger than most men sleeping in the streets of Osaka, a city of 2.64 million people that is 400 kilometers (250 miles) southwest of Tokyo. It has the largest number of homeless of any Japanese city.

Miki said he came to Osaka a decade ago, having previously worked on building sites in Yokohama, 30 kilometers south of Tokyo, after graduating from high school in Hiroshima when he was 18. Until his cold-storage job ended, he secured enough short-term contracts and part-time jobs in construction to feed and house himself, he said.

Soup Kitchens

Homeless since October, he keeps his hair neatly groomed and his red jacket, blue jeans and sneakers clean. The only hint of his circumstances is the black nylon suitcase he carries everywhere, containing his belongings.

A 15-minute drive south of where Miki spends his nights is Airin, a district where shelters and soup kitchens have sprung up to serve hundreds of older day laborers who are veterans of the streets.

Workers came to Airin, known locally as Kamagasaki, in the 1960s to work on construction sites for the 1970 Osaka Expo, which is regarded as marking Japan's recovery from World War II. During the building boom of the 1980s and early 1990s, Airin's population swelled to as many as 120,000 in an area the size of 116 football fields. There were more jobs than workers, and accommodations were cheap.

200 per Job

Now there are 200 applicants for every job, up from 30 to 40 a year ago, said Eriko Otani, a career counselor at Hello Work, a placement agency that fills lower-paid or temporary jobs. The number of factories in Osaka declined to 16,913 in 2005 from 28,392 in 1995 as manufacturers shifted jobs overseas, government data show.

On a cold March afternoon, more than 300 men stood in line at the labor office that assigns the next day's shifts. Most left dejected. In the evening in Airin's dirt-covered park, dozens of men with graying hair and thick coats warmed themselves around a fire as others rummaged through trash piles.

A stream of homeless men arrived at the entrance of the area's largest shelter, whose 20-foot pale green metal walls dominate the park. Each got a pack of plain biscuits and could take a shower before claiming one of the 1,040 iron-framed beds with a thin mattress and a blanket. The only rule is no alcohol.

Beds Filling Up

"The situation has never been as bad as this for the residents of Airin," said Yoshiko Mochihara, manager of the shelter. Its beds, which usually fill up in May and June, are already approaching full capacity, and the nonprofit group is considering building another shelter in the north of the city, she said.

"Most newly homeless will choose net cafes and other parts of the city before they come here," she said.

Noboru Moto, 60, said he is too old to be hired for one of the few construction jobs available, so he collects aluminum cans around Airin's park to sell to scrap metal merchants.

Until last year, he could earn 160 yen a kilogram, or 2,300 yen a day, enough for three square meals, he said. A drop in aluminum prices means he now gets 50 yen a kilogram, reducing him to a solitary lunch box of rice, vegetables and a little meat sold at convenience stores, he said.

"I'll keep collecting; what else can I do?" Moto said, pausing by his cart with his prized possession, a pocket radio in a plastic bag tied to the handle.

'Dirty and Smelly'

Miki tried sleeping in Airin but was put off by the conditions.

"It's just not a good place, dirty and smelly," he said. "There are better places to go that aren't so desperate."

No one knows how many like him are moving on to Osaka's streets, charity officials say.

In 2004, then-Prime Minister Junichiro Koizumi extended labor laws, allowing carmakers and other manufacturers to use more lower-paid temporary workers and for longer periods. That helped employers cut production costs because they could hire and fire to meet demand.

"The labor laws switched the burden for supporting Japan's workforce from the companies to the government," said Wataru Kishi, in charge of welfare assistance at Osaka's city government. "The issue is whether the government can provide the support or the entire system will collapse."

Japan's national government, which pays 75 percent of welfare costs, according to Kishi, has already pledged 1.1 trillion yen in economic stimulus to subsidize temporary workers' jobs and house those out of work.

'Felt Ashamed'

In December, the government announced it secured 13,000 housing units nationwide to give to the newly unemployed. It also said it would pay companies 60,000 yen a month to keep temporary workers they planned to eliminate on the payroll. The subsidy lasts for 6 months.

Miki said he didn't know he might be entitled to assistance and hasn't applied for any.

Instead, he makes around 3,600 yen a day from selling the Big Issue, a magazine for the benefit of homeless people, outside the Hankyu railway station in northern Osaka from 8 a.m. to 7 p.m., he said. That's far less than the 260,000 yen a month he reports making in a 60-hour week at his packing job.

"The first time I sold Big Issue, I felt so ashamed," he said. "But I'm not doing it out of choice. This could happen to anyone."

Miki said he reads newspapers he finds looking for signs of an economic rebound. For now, he said, he worries that a prolonged recession may reduce the number of shoppers who buy the Big Issue.

"If that happens," he said. "I'm really going to be in a tough spot."

This [Bloomberg report](#) was published on April 9, 2009.

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