Causes of Youth Poverty in Korea and Japan: An Exploratory Study

KIM Sujeong and KIM Young*

Abstract | This study aims at investigating the factors that contribute to economic insecurity and poverty of the youth in South Korea and Japan. This study uses ordered logit analysis on the data acquired from the Japanese General Social Survey (2006) and Korean Labor and Income Panel Study (2007). Research findings are as follows. First, labor market performance factors such as age, gender, educational background, and employment status influence the degree of youth poverty. Educational background, in particular, has relatively strong influence in Korea. As for employment status, in both countries, the difference between regular and non-regular jobs is a bigger factor in determining poverty risk than unemployment itself. Second, in terms of family status, married households and households with fewer children carry less poverty risk. This is attributable to the fact that in both countries, marriage itself is a 'luxury good' of the rich, and having fewer children is a rational choice to reduce financial risk. Lastly, in both countries, the availability of parental resources, which allow the youth to cohabitate with their parents and to depend on parents' income, influences the level of poverty among the youth. We discuss policy implications of these findings in the conclusion.

Keywords | youth poverty, youth unemployment, economic insecurity, causal factors of poverty, transition to adulthood, dwelling independence from parents, performance-relationship, parasite single, parental resource

Introduction

Recently there have been growing social concerns with the hardships that the youth experience during their transition to adulthood. Korean society underwent extensive popularization of higher education during its so-called compressed modernization. As a result, the popular perception was that a ‘youth
problem’ did not exist. Widening opportunities for higher education was considered a panacea for their transition to adulthood: If young people were properly educated, they would be able to get decent jobs, which would ensure their well-being for the rest of their lives. Recently, however, there have been signs that signal the collapse of such a virtuous cycle.

The younger generation who received higher education than their parents is unable to find jobs, while facing unemployment, job insecurity, or despair over job prospects. Such a reality not only brings about a decrease in income, but also hinders future careers and life plans, highlighting grave social problems.

The crisis and insecurity that the youth experience in Korean society are first and foremost related to the deterioration of the youth labor market. The promotion of labor market flexibility since the mid-1990s made the youth labor market synonymous with irregularity, low-pay, and insecurity (U Sŏk-hun and Pak Kwŏn-il 2007; Nam Chae-ryang 2006a). Moreover, as the employment prospects of new graduates grew increasingly opaque and the quality of available jobs decreased, the labor markets for not only high school graduates, but also college graduates, have reached their lowest levels (Yi Pyŏng-hŭi 2003; Chŏng In-su et al. 2006; Kim Yu-sŏn et al. 2009). However, the difficulties the young generation must undergo extend beyond the problems of their entrance to the labor market. Because of the deterioration of the condition of the labor market, the age at which the youth achieve independent lifestyles in housing, marriage, and family-planning has been delayed, which has caused a reproduction crisis within Korean society (Shirahase 2009; Sakai and Higuchi 2005).

This study focuses on the youth’s economic insecurity, which is one of many hardships the younger generation undertakes during the transition to adulthood. Until recently, the youth was not considered as part of the ‘lower-class,’ and the policies to address poverty were focused on guaranteeing income levels to ‘vulnerable social groups,’ including senior citizens and single-parent families. Furthermore, ‘youth’ had traditionally been regarded as a short transition period to ‘adulthood,’ rarely separated as a different category from ‘adolescence’ in analytical studies. However, the ‘false start’ at the youth stage could not only be the cause of financial insecurity, postponing of independence, and mental distress, but it could also leave the long-term ‘scar effect’ on one’s life. In addition, there is a significant gap between those who have access to abundant parental resources and those who do not, which causes a division within the generation during the transition period. From a long-term perspective, such a gap could bring about the emergence of a ‘closed society’ in which wealth and poverty are handed down throughout generations. It is an
urgent task, therefore, to shed light on the empirical analyses of the attributes of deprived youths as well as the causes of poverty.

In Korea, the economic insecurity of the young generation has been addressed since the late-1990s, especially after the financial crisis, which caused a rapid increase in the number of youths who failed to enter the labor market. Though a decade has passed, Korean society has yet to see significant improvement. There is a sharp increase in the number of ‘debt-ridden youth’ who fail to repay their student loans and living expense loans (“Ch’amŭł su omnŭn tŭngrokkŭm ŭi mugŏum” 2011). In Japan, the long-term economic recession has created social problems of unemployment and non-regular employment since the late 1990s as well. After the 2000s, the employment instability and social exclusion of the youth have erupted into ‘random murders.’

Under such social conditions, this study sheds light on the cases of the youths in Korea and Japan and analyzes the causes of the differences between those who experience financial vulnerability and those who do not. While the financial hardships of the youth have been raised as a social concern, academic works that explain the causes and attributes of poverty are insufficient. Moreover, there are even fewer studies that target the cases within East Asian states. This study discusses the causes of youth poverty in Korean and Japanese society, which bears significance in comparison with the European cases which have been dominant to this day. Meanwhile, a comparative study has the advantage of giving insight regarding the distinctiveness of individual cases. Korea and Japan, in particular, have similar structural issues such as a low birthrate, an aging society, and an ossified youth labor market, while the two countries have significantly distinct social cultures. Thus, the comparative studies of Korea and Japan will provide the opportunity to deepen the understanding of the features of Korea’s youth poverty. Furthermore, findings in this study can be used to design proper and effective countermeasures against youth poverty in Korea which extend beyond mere temporary provisions.

Theoretical Background

1. Youth Poverty in Europe

Empirical studies on the causes of youth poverty are underdeveloped (Iacovou

1. Starting from the Akihabara incidents where seven deaths and 10 injuries occurred, ‘do-not-ask’ murder cases by isolated youths have been followed by the Tsujiwura Incident (March 23, 2008), Toride Incident (December 10, 2010) and Yamaguchi Incident (February 24, 2011).
2009). Recently, however, there has been an increased interest in this field of study. In Europe, the transition from childhood to adulthood tends to be prolonged, delayed, and complex. Because of the deterioration of the youth labor market, college/high school graduates remain unemployed for a significant period of time. Moreover, as the highly-educated population grows, there is a tendency for them to rely on their family resources or state benefits to postpone the attaining of financial independence (Hammer 2003). Especially when housing costs are high, the problems related to the transition toward adulthood—or financial and residential independence—become aggravated. Therefore, the issues of social exclusion that result from high housing costs have been the subject of criticism (Fahmy 2002, 2007).

According to the research based on European Community Household Panel (ECHP), differences in welfare regimes bring about differences in the degree of youth poverty. According to Aassve et al. (2006), among the EU countries, familistic South European countries and liberal countries such as the UK and Ireland show high youth poverty rates. On the other hand, there remains a significant difference in the conditions of youth poverty, especially by age. In the case of the UK, the poverty rate was high in underage youth (16-19 years). In other words, it was similar to the cases of child poverty, which indicates that the parents’ financial resources influence the degree and conditions of the youth’s poverty (Cantillon and van den Bosch 2003). On the other hand, the youth poverty rates of the Scandinavian countries show a dramatic increase in their early 20s. This poverty is closely related to residential independence from their parents’ homes; they experience short-term, temporal poverty, whose cause differs greatly from the cases of the UK and Ireland.2

Kangas and Palme (2000) analyzed the poverty cycle of eight countries in the OECD. Following Rowntree’s classification system, which divides the life cycle into five phases—the childhood phase, the youth phase, the family phase, the empty-nest phase, and the old-age phase—the study showed that the development of pension policy successfully eliminated poverty in the old-age phase. However, the youth phase recently showed a sharp increase in poverty risk.3 They attributed the cause to the increase of the highly-educated population and youth unemployment.

---

2. Taking a look at data from Sweden, youth poverty is very high because of household classification. Adults over 18 are considered an independent householder even if they live together with their parents.

3. In the UK and the US, where the family policy is comparatively underdeveloped, the poverty rate in the family stage is higher than in the adolescent stage. In Scandinavian countries, where the poverty rate is low in most stages of the life cycle, the youth poverty rate was comparatively high.
Smeeding and Phillips (2002) analyzed the youth poverty of seven countries from the LIS (Luxembourg Income Study) data (France, Germany, Italy, Netherlands, Sweden, England, and the US). According to them, economic independence of the youth is affected by three factors: the labor market, governmental support, and parental resources. Among them, the labor market functioned as the most determinant factor, and it was the age/gender factor, not the type of welfare regime, that produced the differences in labor markets. In other words, the statistics showed that the higher the age, the lower the poverty risk, and while males consistently aspired for economic independence in their youth, females showed a tendency to delay or even suspend their activities halfway.

Other researchers focused on residential independence and youth poverty (Iacovou and Berthoud 2001; Aassve et al. 2002). While residential independence is considered a critical indication of ‘entering’ adulthood, it is also inclined to increase the poverty risk of the youth in most countries. Specifically, Iacovou (2009) asserted that, since the hardships that arise from residential separation mainly occur in the first two years, one must address the financial need for those who recently acquired residential independence.

Such European studies verified the relevance between youth poverty and structural variables, such as welfare regime, through inter-country and inter-regime comparisons. As the academic research on youth poverty has largely addressed the cases of Europe and the US, the cases of East Asian countries have long been overlooked. Such dearth of research efforts is rooted not only in the difficulty in constructing analytical data, but also in the fact that the issue of youth poverty is relatively new in the East Asian region. Therefore, the analyses of Korean and Japanese cases can enhance the spatial prospect of the studies of youth poverty; not only that, it can contribute to further understanding of the generational characteristics of poverty.

2. The Size of Youth Poverty in Korea and Japan

The studies on youth poverty in Korea and Japan are limited to the quantification of the lower class, and have yet reached the level of causal analyses. First, the relative poverty rates (based on the OECD standard) indicate that the two countries have comparatively similar poverty levels of 15 to 16 percent. In 2006, the poverty rate of Korea was 16.4 percent, whereas it was 15.7 percent for the case of Japan. In 2009, the percentage increased slightly in both countries, with Korea’s poverty rate at 16.8 percent and 16 percent for Japan.4

4. The poverty rate of Japan is based on the data by Ministry of Health, Labor, and, Welfare and
The total poverty rate is slightly higher in Korea, but the youth poverty ratio is higher in Japan. As figure 1 shows, in both countries, the poverty ratio reaches its peak in the range of 18-24 years, the transition period from childhood to youth. In the case of Japan, the poverty rate of the 20-24 age group is 18.1 percent, which is higher than that of the retirement period (late 50s). In Korea, the poverty rate of the 18-24 age group is 14.3 percent, a little lower than that of Japan, yet the number comes close to the poverty rate of the late middle age group (early 50s).

The ‘peak’ or ‘jump’ of youth poverty rates has been aggravated in recent years. According to Abe (2010), in Japan, this phenomenon has become more common among males. In the case of Korea, the poverty rate of those who are in their early 20s began increasing since the late 1990s, and has worsened after the mid-2000s. The promotion of labor market flexibility, along with the increasing degree of job insecurity after the financial crisis has created a hostile environment for the young generation. The poverty rates decrease from the late
20s to early 30s in both countries, yet it is not difficult to see that the financial conditions during the transition period into ‘independent adulthood’ are unstable.

3. Causes of Youth Poverty in Korea and Japan

In order to explain the youth poverty, it is essential to differentiate the causes of general poverty and those of the youth. Generally, prominent factors that explicate poverty are gender, academic achievement, age, and status in the labor market. Females, those with lower educational backgrounds, the elderly, and those with lower status in the labor market have higher poverty risks. Aside from these socio-demographic variables, those households with more children and fewer family members have higher poverty risks. As earlier studies have shown, within young populations, the youngest have higher poverty risks. This is a phenomenon that goes against the general age-effect. However, the socio-demographic variables that explain general poverty can also be applied to the analyses of youth poverty.

Considering the recent changes in the youth labor market, it is necessary to focus on educational background as the most significant factor among the other socio-demographic variables. A low level of education is a major factor that accounts for poverty, but there is a unique characteristic to the changes that the Korean and Japanese youth experience in relation to education. Both countries have undergone a rapid increase in the number of people with high levels of education, and they tend to have greater academic achievement compared to European and American country cases. Consequently, mass higher education devalued the high school diploma in terms of educational attainment. In Korea, where most young people attain college degrees, high school graduates who have achieved a comparatively low level of education are either forced to stay in a continual condition of unemployment (Nam Chae-ryang 2006b; Chŏng In-su et al. 2006) or they are stuck with jobs that offer low paid positions (Kim Yu-sŏn et al. 2009; Yi Pyŏung-hŭi et al. 2010). In Japan, the labor market conditions for high school graduates are also deficient. Since the 1990s, the labor market for high school graduates has been most affected by the collapse of the school-to-work transition system. In Japan, the unique school-to-work system, or often referred to as a ‘performance relationship’ between schools and firms, has provided a stable job market for high school graduates. However, the long-term recession has led to the collapse of this system (Honda 2005). Such ‘immiseration of high school graduates’ was an unprecedented phenomenon in both countries, and it is also unique comparing to the cases of other countries.
Secondly, in regards to the financial conditions of the youth, it is necessary to pay attention to parents' financial influence. A stable labor market status for older youths can lead to independent life styles; the rest of the youths are affected both directly and indirectly by their parents' financial status. Regarding parental influence, both Korea and Japan show strong mutual dependence between generations, compared to the cases of European and American countries, in terms of child/elderly care and mutual exchange of economic resources (Kim Su-yŏng 2000). Despite such similarities, however, one can also find a significant difference between the two countries. In Japan, throughout the high-growth and low-growth periods since the 1950s, a social norm has encouraged the youth to become independent of their parents' resources, even before they get married. By contrast, in Korea, the residential independence of the children is expected only when they get married. In the 1990s, the ‘parasite singles,’ who remained dependent on the parents’ resources became the target of severe social criticism in Japan (Yamada 1999). Such criticism shows that the residential independence is more strongly rooted in Japan than in Korea, and it is possible to argue that individualistic sentiment runs deeper in Japan than it does in Korea.

On the other hand, as the number of unstable jobs increases in Japan, there has been a reemergence of strong correlations between employment status and cohabitations with parents. Put simply, the non-regular workers tend to live with their parents (Naikakufu 2003; Sakai and Higuchi 2005; Kosugi 2010). The same phenomenon can also be found in Korea. From 1995 to 2005, the cohabitation ratio for ages 15 to 34 increased, and the rate of increase was highest for those in their early 30s. Some pointed to the rise in the age of first marriages, rather than the employment instability, as the reason for such change (Yi Pyŏng-hŭi et al. 2010, 156-64), while others argued that it was caused by growing employment insecurity, such as the increase in non-regular workers (U Sŏk-hun and Pak Kwŏn-il 2007).

Even though parental influence is a significant factor in regards to youth poverty, it is not easy to incorporate this factor into an analytical framework. Since there is no data that shows independent youths' family background or the financial resources of their parents, European scholars who utilize ECHP or LIS data also face this difficulty (Iacovou 2009). This study included cohabitation and financial dependency on parents as substitute variables. In European cases, ‘leaving home’ elevates poverty risk, and, since residential independence without sufficient income deteriorates the economies of scale, it can only increase financial burdens that derive from housing costs. On the other hand, residential dependence on parents can lower the poverty risk. Financial dependence on one's parents can be defined when the primary source of income comes from
the parents, but both of the following cases are included as subjects of analysis in this study: those who reside with their parents with little or no income, and those whose primary source of income originates from parents even after gaining residential independence. In both cases, the primary breadwinners are the parents whose income functions as the family’s safety net, which can lower the poverty risks for the youth.

Finally, this study includes age, gender, educational background, and employment status as variables to explain youth poverty, and also gives consideration to household factors including marital status, number of children, cohabitation, and parents’ financial support (parents as the primary source of income). The last two factors are included in order to show the financial influence of the parents.

Data and Method

1. Data

In the analysis of youth poverty, it is necessary to construct income data which target the entire household, as well as the information on the youth who belong to each household. The lack of data on youth household members in common data sets used in previous poverty studies resulted in practical difficulties.

The official survey data that the governments refer to for poverty measurement is the Household Income and Expenditure Survey (HIES) for Korea and the Comprehensive Survey of Living Conditions (Kokumin Seikatsu Kiso Chōsa) for Japan. In the beginning, HIES collected data from urban worker households with two or more family members. Starting in 2003, the government initiated a nationwide survey, and single-member households have also been included since 2006 (excluding agriculture and fishery workers’ households). However, the HIES data provide limited information on dependent youths; even though it contains information regarding gender, age, and employment status, it lacks data on educational background or income of the dependent youth. On the other hand, Japan’s Comprehensive Survey is not disclosed to the public, and it does not provide data on educational background or employment status of the members of the household.5

Because of these limitations, it is necessary to obtain alternative data sources

5. Refer to http://www.mhlw.go.jp/toukei/list/20-21.html for the National Living Survey of Japan. However, JGSS data has all the relevant factors and it is a nationwide survey that is suitable for this study.
in order to address the characteristics of youth poverty in Korea and Japan. In this study, we use the data from the Korean Labor and Income Panel Study (KLIPS 2007) and Japanese General Social Surveys (JGSS 2006) which is considered one of the most authentic national survey data. As JGSS uses the EASS module, it includes detailed information about household structure, and it is also advantageous in that it includes all relative variables such as gender, age, and educational background of the household members. Nevertheless, because its data do not target income figuration, there is a limitation when it comes to obtaining an accurate grasp on income-related information. In JGSS, household's income variables are measured in comparatively segmented ranges (nineteen ranges), but because the data is sectionalized, it is challenging to find out the exact numerical value. Furthermore, although the value is weighted, as the total number of cases is only 4,200, the number of youth cases is significantly less. Still, JGSS data seem to be the best option at this moment, considering the related variables and accessibility. The data from the Korean Labor Panel are also limited as it only shows after-tax income. However, it includes all the variables that are used in JGSS, which allows for a comparative case study of Korea and Japan.

2. Measurement and Methodology

(1) Measurement
The subject of analysis is youths between the age of 20 and 34. The youth group is usually defined by age (16-25 years or 15-24 years), but there is no clear consensus regarding the ‘age span’ of youth in social science. Recent social changes concerning industrialization, modernization, and deindustrialization have created varying definitions of youth ages, expected social roles and duties during the transition to adulthood. In the mid-20th century, this transition period was rather short, and it was expected to end in one's late teens or early 20s. However, recently, this transition period has been prolonged and traditional attributes of adulthood emerge in one's early 30s or even later.

In this study, we consider age as one of the criteria to be examined. But in order to reflect the postponed independence of the youth in both Korea and Japan, we expanded the youth age range to the early 30s. In both Korea and Japan, there is an increasing trend in the number of youth in their early 30s who are unable to find employment or fail to get married (or choose to be single). There is no agreement on the ‘starting age’ of the youth, either. But in most cases, the point of high school graduation is considered the beginning of the youth period. Thus it is reasonable to set eighteen as the starting age. Yet since the
JGSS data breaks down age range by five years, our analysis adopts age twenty as the starting point. In the 20 to 34 age group, some are still pursuing an education, due to popularization of higher education. Educational inflation and postponement of graduation themselves can be interpreted as concealed poverty and disguised dependency, reflecting economic insecurity of the youth. Moreover, among the age group of 25 to 34 and older, there are those who are delaying employment or family formation. Considering this complex ‘long-term transition process’ into independence, this study sets the 20 to 34 age group as the target of analysis, categorizing each subgroup by five years.

The dependent variable in the analysis of the cause of youth poverty is the economic status of the household to which the youth belong. This study categorized household income into three levels, high, medium and low, rather than applying a strict poverty line. It is because JGSS data only provides income information in ranges. In addition, the official poverty line for public assistance is set at an extremely low standard, thus hindering an accurate understanding of the economic hardship that young people go through. Thus, the economic status in this study is divided into three categories, high, middle, and low, rather than poor/non-poor.

The income data used in JGSS are divided into sections according to before-tax annual income, while that of the Korean Labor Panel adds individuals’ after-tax earnings to calculate annual household income. In both countries, the efficacies of income redistribution policies, such as welfare policy, which are reflected in the difference in before- and after-tax incomes, are less than significant. Moreover, the difference between before- and after-tax incomes is primarily high among the elderly. Thus, it is possible to assume that before-tax income of JGSS data and after-tax income of Korean Labor Panel data are the best comparative criteria. We categorized Japan’s income range into three levels, in reference to the three ranges provided in the 2005 National Household Expenditure Survey; among the 19 income ranges, households with annual incomes of less than 3.5 million yen were categorized as ‘low’ group, 3.5 to 7.5 million yen as ‘middle,’ and those with annual household incomes of more than 7.5 million yen are categorized as ‘high.’ As the relative poverty line (60 percent of median income) of Japan’s four-person household in 2006 was 3.04 million yen, it seems quite reasonable to regard the households with an annual income of 2.5 to 3.5 million yen as the poverty group. Similarly, Korean data was categorized into high, middle, and low with the standard of 24.4 million won and 42.5 million won.6

6. The income gap caused by the size of the family was controlled by using the number of family
In this study, we pay particular attention to the following variables when discussing youth poverty. First, for the individuals’ analysis, we included gender, age, education, and employment status as variables. For the household analysis, marriage status, number of children, and number of family members were considered as variables. In order to shed light on the parents’ financial influence, cohabitation with and financial dependence on the parents were used as proxy variables. Finally, region was included as a control variable.

In terms of educational background, the study breaks it down into two categories, namely ‘high school graduates or less’ and ‘college graduates.’ Because of the popularization of higher education, on average, the current youth cohort possesses the highest educational achievement among all age groups. Needless to say, middle school graduates and high school dropouts do exist, but only in small numbers. Thus the two-level categorization seems appropriate in showing income inequality caused by the education gap. Junior college graduates in Korea and Japan did not have enough samples to form a separate category; therefore, they were included in the college graduate group. In terms of employment status, we categorized it into regular, non-regular (dispatch, part-time, contract workers, etc.), and unemployed. Since there are only a few samples of those who are in the positions of management, employer, or individual proprietors, they were included as regular workers.7

In this study, we also explore the possibility that the youth poverty may be affected by the parents’ financial ability. In order to shed light on this idea, we gave considerations to variables such as living arrangement (cohabitation) with parents and financial dependency on them. Cohabitation variables were extracted from the data that show family relationships within households and variables for financial dependence on parents were based on a questionnaire asking who the primary breadwinner is.

Residential area as control variable can hardly be defined by a shared standard in two countries. While Japanese data provide several classifications on the scale of regions, Korean data divide regions only by residential areas. Korean data categorize regions into seven metropolitan cities and other provinces, which were divided into ‘local cities’ and ‘other regions.’ The JGSS data designate members. Further study needs to be conducted with the households equivalence income scale.

7. The income variation of the self-employed is larger than that of other working groups. On the premise that, in the youth period, the economic situation of the self-employed is better than that of the unemployed or temporary workers, they are categorized as regular workers. According to Nihon Rōdo Kenkyū Kenshū Kikō (The Japan Institute for Labor Policy and Training) (2006), the income of self-employed youth is similar to that of regular workers rather than that of irregular ones.
fifteen metropolitan cities, namely Sapporo, Sendai, Chiba, Tokyo, Yokohama, Kawasaki, Nagoya, Kyoto, Osaka, Kobe, Hiroshima, Kitakyushu, Fukuoka, Saitama, and Sakai (JGSS Data Codebook 2006). Other regions are classified in accordance with population into middle/small cities with a population of more than 200,000, and towns and prefectures with a population of less than 200,000. However, in order to enhance compatibility of regional data, Japanese regions are also categorized into ‘metropolitan cities’ and ‘other regions’ as well.

(2) Method for Analysis
Given that the dependent variables are hierarchically categorized, we analyze the data using the method of ‘ordered logit.’ Because the income group is composed of high, medium, and low groups, the dependent variable is an ordered category. Ordered logit analysis estimates potential variables using a ‘cut point,’ and analyzes the likelihood of belonging to a certain category rather than another. Just as in the logit analysis, ordered logit also calculates estimates through maximum-likelihood. Although ordered logit can be applied when there are more than three ordered categories within a dependent variable, the interpretation method resembles that of logit analysis.8

Conventional poverty analysis utilizes a dichotomous variable of poverty (poor/not-poor) using the relative poverty line (50 percent or 60 percent of median income) to measure economic status. But such categorization could conceal the reality of youth poverty, making it difficult to obtain enough samples. In this study, we loosely defined the poor as the ‘low’ income group in income distribution. Our categorization used deciles, with 1-3 as low, 4-7 as middle and 8-10 as high. We also premised proportional odds in the hierarchical difference within each class. In this case, the ordered logit method serves well for the study, which aims to shed light on the factors that influence the stratified economic (in) security.

Results

1. Socio-Demographic Characteristics of the Respondents

The socio-demographic characteristics of the respondents are shown in table 1. In both countries, the average age of the youth was 28, the median value in the age range. In terms of education, Korea contained 27.8 percent of high school

graduates or less, while about half of the youth in Japan belonged to the same category. Today’s youth in Korea are the most educated generation in the country, and the average education level is higher than that of Japan. In terms of marital status, the number of Korean youth who are unmarried is slightly higher than that of Japan, but the difference is small. The ratio of married youth and unmarried youth in both countries is about six to four. In regards to residential area, the ratio of those who reside in one of the seven metropolitan cities in Korea is high, whereas in Japan, the youth living in large cities are relatively small in number. In the case of Korea, residential classification is mainly based on geographical location, while that of Japan is based on population. Thus, it is not appropriate to compare the scales of large cities in the two countries in absolute terms. Here, we categorized the sizes of the cities into large, middle/small, and other, and Korean youths were extremely concentrated in big cities. This may be due to the limitations of the classification criteria, but it can also be interpreted as the result of recent phenomena in Korea, namely the massive inflows of young populations into large cities.

When we take a look at employment status, Japan displays a higher youth employment rate. In Korea, the percentage of unemployed youth (including those in education, preparing for employment, and unemployed) amounts to 45 percent, while it is only 26 percent in Japan. This gap is not only a reflection of Korea’s higher college entrance rate or extended education period, but it also implies the data’s concealment of ‘disguised unemployment,’ such as postponing graduation in order to enhance the possibility of employment, a phenomenon that has emerged under the deteriorated labor market conditions. On the other hand, in Japan, the ratio of non-regular workers, such as temporary and day-to-day workers, is high. This seems to reflect the recent development of the Japanese labor market, where the promotion of labor market flexibility had been launched earlier than it was in Korea. This has led to an increasing number of young people who are unable to find permanent positions and are employed as non-regular workers (Kim Young 2011).

Second, if we look into household-level variables, such as marital status and number of children, both countries have a higher unmarried population than married. The percentage of unmarried people among youth is 59.2 percent in Korea and 56.1 percent in Japan. The ratio of households without children is also high in both countries—67.7 percent in Korea and 65.0 percent in Japan.

In addition, the percentage of those who live with their parents is also high in both countries; in Korea, 52.0 percent of the youth live with their parents, while the number decreases to 41.4 percent in Japan.

In terms of the primary earner factor, in Korea, the ratio of the households
in which parents are the primary breadwinner is 21.9 percent, while it is 11.1 percent in Japan. It indicates that Korean youth tend to be more dependent on their parents. Unlike other types of households, in those with youth members, parents’ financial resources, as well as the degree of dependence on the parents, have critical effects on the economic security of the youth. Finally, in regards to the size of the households, the average number of family members is slightly

Table 1. Socio-demographic Status of the Respondents
(Unit: %, Years, Numbers)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Youth (Age 20-34)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Korea (N=3128)</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>48.0</td>
</tr>
<tr>
<td>Female</td>
<td>52.0</td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td></td>
<td>28.0</td>
</tr>
<tr>
<td>Education Level</td>
<td></td>
</tr>
<tr>
<td>High School Graduates or Below</td>
<td>27.8</td>
</tr>
<tr>
<td>College Graduates</td>
<td>72.2</td>
</tr>
<tr>
<td>Marriage</td>
<td></td>
</tr>
<tr>
<td>Unmarried</td>
<td>59.2</td>
</tr>
<tr>
<td>Married</td>
<td>40.0</td>
</tr>
<tr>
<td>Divorced, Widowed, Separated*</td>
<td>0.8</td>
</tr>
<tr>
<td>Residential Area</td>
<td></td>
</tr>
<tr>
<td>Large Cities</td>
<td>52.8</td>
</tr>
<tr>
<td>Middle, Small Cities</td>
<td>47.2</td>
</tr>
<tr>
<td>Employed Status</td>
<td></td>
</tr>
<tr>
<td>Regular</td>
<td>48.9</td>
</tr>
<tr>
<td>Temporary, Part-Time</td>
<td>6.6</td>
</tr>
<tr>
<td>Unemployed</td>
<td>44.5</td>
</tr>
<tr>
<td>Number of Children</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>67.7</td>
</tr>
<tr>
<td>One</td>
<td>16.7</td>
</tr>
<tr>
<td>Two or More</td>
<td>15.6</td>
</tr>
<tr>
<td>Cohabitation with Parents</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>52.0</td>
</tr>
<tr>
<td>No</td>
<td>48.0</td>
</tr>
<tr>
<td>Main Source of Income</td>
<td></td>
</tr>
<tr>
<td>Parents</td>
<td>21.9</td>
</tr>
<tr>
<td>Not Parents</td>
<td>78.1</td>
</tr>
<tr>
<td>Number of Family Members</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.5</td>
</tr>
</tbody>
</table>

* Excluded ‘divorced, widowed, separated’ part when analyzing.
higher in Japan, yet both countries showed similar values.

2. Factors Affecting the Poverty of Youth in Korea and Japan

Table 2 shows the ordered logit analysis results of the influence of each independent variable on the economic conditions of the youth. First, the higher the age, the lower the likelihood of belonging to the low income group. However, in Korea, the difference between the early 20s (reference category) and late 20s was not statistically significant, and only for the early 30s was the poverty risk significantly lower than that of the early 20s. In Japan, poverty risk showed a meaningful reduction as the age group rose from the early 20s to late 20s, and into the early 30s.

In terms of gender, females had a lower poverty risk than males in Korea. The ‘comparative advantage’ of female youths in Korea may seem erratic when we consider the economic disadvantage of females in their 20s and 30s who are in the labor market. For the effects of gender, we controlled the influences of other variables, which would require a narrower interpretation of the statistical data. In other words, the unmarried females in their 20s and 30s in Korea are likely to live with their parents, and the number of females who live independently is small. In cases where the females live independently from the parents, it is likely that they are relatively in better economic conditions than their male counterparts in the same category (Kim Sujeong 2010). On the other hand, Korean males in their 20s enter the labor market later than females do due to their compulsory two-year service in the military. In addition, females tend to have lower expectations on the types of jobs compared to males, which allows females in their 20s to be more active in the job market. Given that females show a higher economic activity rate than males only in their 20s, it is possible to argue that this gender difference contributes to lower poverty risk in female youth.

In regards to education, high school graduates were more prone to belong to the low income group. Considering the extensive popularization of higher education in both countries, high school graduates who have no college degree are naturally regarded as ‘less educated.’ Korea, more so than Japan, shows a relatively high likelihood for college graduates (rather than high school graduates) to belong to an economically stable group.

In terms of employment status, when we set regular workers as a reference category, poverty risk is higher for temporary workers and unemployed youth. This is not surprising, given that the wage difference between regular and non-regular workers (or the unemployed) is significant in both countries. The
difference between temporary workers and the unemployed is not significant. It indicates that a regular position, rather than employment itself, is crucial for the economic stability of the youth.

When we look at marital status, in both countries, the unmarried youth were more likely to belong to the low income group than the married youth. This phenomenon is related to the fact that, for young people, marriage is an ‘option’ only for those who have achieved a certain level of economic security, and it is usually postponed until one secures economic stability. It is an exhaustive task for young people who are unable to gain economic independence and face a harsh reality in the labor market to get married and build a family. While marriage could induce economic advantages and stability, marriage is a ‘luxury good’ that reflects financial power. The statistical results of both countries can also be understood in this context.

In regards to the number of children within a household, it was common in both countries that more children can bring a higher poverty risk. The reason is that, when the children are young, female spouses tend to stay home in order to take care of the children, thus restricting their working capabilities. Especially in Japan, the levels of poverty risk significantly differ in accordance with the number of children within a household. The statistics show that the likelihood of belonging to the low income group becomes noticeably higher as the number of children increases.

On the other hand, cohabitation with parents appeared to reduce poverty risk. Under such a living arrangement, the youth do not have to bear housing costs, and can benefit from the situation. Therefore, cohabitation with parents acts as a shield against poverty for the youth who have no or little income. In countries where social norms discourage cohabitation with parents, poverty begins when the youth leave home in their early youth period (Iacovou and Berthoud 2001). In Korea, those who live independently from their parents are 1.5 times more likely to belong to the low income group compared to those who live with their parents, and in Japan, the number rises to three times more likely.

In terms of income, the parental influence also appears critical. When the primary income of a household comes from the parent(s), the poverty risk decreased. As we have examined through the descriptive statistics, the ratio of dependency on parents (both in housing and in income) was high in Korea and relatively low in Japan. It is possible to assume that the Japanese youth who moved away from their parents (both physically and financially) pay the costs of

9. Putting a factor of ‘householder who has/does not have living responsibility’ into the analysis, both countries resulted in higher poverty rates when a youth is responsible for the family.
Table 2. Analysis of the Relevant Factors of the Youth Income Strata: Comparison of Korea and Japan\textsuperscript{10}

<table>
<thead>
<tr>
<th>Variables (Baseline-Category)</th>
<th>Youth</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Korea</td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td>Coef.</td>
<td>P &gt;</td>
</tr>
<tr>
<td>Age (Early 20s) Late 20s</td>
<td>0.152</td>
<td>0.130</td>
</tr>
<tr>
<td>Early 30s</td>
<td>0.415</td>
<td>0.001</td>
</tr>
<tr>
<td>Gender (Male) Female</td>
<td>0.254</td>
<td>0.001</td>
</tr>
<tr>
<td>Education Level (High School Graduates) College Graduates</td>
<td>0.894</td>
<td>0.000</td>
</tr>
<tr>
<td>Employed Status (Regular) Non-regular</td>
<td>-0.701</td>
<td>0.000</td>
</tr>
<tr>
<td>Non-employed</td>
<td>-0.869</td>
<td>0.000</td>
</tr>
<tr>
<td>Marriage (Unmarried) Married</td>
<td>0.780</td>
<td>0.000</td>
</tr>
<tr>
<td>Number of Children (None) One</td>
<td>-0.329</td>
<td>0.027</td>
</tr>
<tr>
<td>Two or More</td>
<td>-0.946</td>
<td>0.000</td>
</tr>
<tr>
<td>Cohabitation with Parents (No) Yes</td>
<td>0.419</td>
<td>0.011</td>
</tr>
<tr>
<td>Dependent on Parents’ Income (No) Yes</td>
<td>0.259</td>
<td>0.027</td>
</tr>
<tr>
<td>Residential Area (Big Cities) Middle/ Small Cities</td>
<td>-0.217</td>
<td>0.002</td>
</tr>
<tr>
<td>Number of Family Members</td>
<td>0.675</td>
<td>0.000</td>
</tr>
<tr>
<td>Cut Point_1</td>
<td>2.117</td>
<td></td>
</tr>
<tr>
<td>Cut Point_2</td>
<td>3.877</td>
<td></td>
</tr>
<tr>
<td>LR Chi2 (11)</td>
<td>703.2</td>
<td></td>
</tr>
<tr>
<td>Pseudo R2</td>
<td>0.103</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>3124</td>
<td></td>
</tr>
</tbody>
</table>

being independent in the form of relatively high poverty risk. It seems that the difference in socio-cultural norms between Korea and Japan is also a relevant factor; in Korea, the youth become completely independent of their parents when ‘everything is ready,’ while in Japan the youth are expected to be on their own when they become a certain age.

\textsuperscript{10} Examining through the Brant Test, neither country violated parallel regression diagnostics. Refer to Long (1997) for the Brant Test.
Drawing from the two results on parental influence, parental resources (housing as well as financial support) play a critical role, not only during childhood but also later in their youth by determining the degrees of poverty risk. The coming of the ‘ice age’ in the labor market only enhanced the youth’s dependency on parents’ financial resources, and a concern has been raised regarding the extension of ‘childhood-like’ dependence on parents into early adulthood and even later periods of life.

Finally, regarding the regional variable, which is included here as a control variable, it appears to reflect Korea’s demographic reality today in which population, capital, and labor activity are heavily concentrated in the capital and other metropolitan cities. Korean youth move away from middle/small cities where they tend to be more vulnerable to poverty risk. Therefore, the regional inequality in terms of economic opportunity and industrial structure is influencing economic insecurity of the Korean youth.

**Discussions and Conclusions**

From the statistical findings above, it is possible to find similarities in the causes of youth poverty in Korea and Japan.

First, in both Korea and Japan, those with advanced human capital resources (level of education, regular employment, etc.) are more likely to be economically secure. Second, in terms of family membership, households with few or no children showed a lower risk for poverty. The lowering fertility rates in both countries can be interpreted as the collective consequences of individuals’ economically-rational decisions. Third, availability of parental resources reduces poverty risk. As the youth rely on parental resources in order to mitigate economic insecurity, we can recognize a type of familistic strategy that is being used as a shield against youth poverty in both countries. A similar phenomenon can be found in the cases of Southern European countries, where the youth prolong their dependence on parents by living with them. Such cases demonstrate the increasing need for analytical studies on the role of familialism in relation to youth poverty.

Despite the similarities discussed above, there are significant differences between Korea and Japan. First, contrary to Japan, Korea showed statistically-meaningful differences in certain variables, including age, gender, and residential area. In the case of Korea, the poverty risks of the early 20s and late 20s showed little difference, and females possessed more advantages than males in countering poverty risks. These characteristics require further investigation through
comparative studies with other countries, including Japan. Moreover, in regards to the regional variable, an extreme regional gap must be alleviated in Korea in order to address the poverty risks of the youth.

From the perspective of social policies, it is significant that the disadvantage of high school graduates in Korea is relatively high compared to the case of Japan. All things being equal, college graduates are 2.5 times more likely to attain financial security than high school graduates. The fact that high school graduates were deprived of educational investment results in a higher poverty risk, falling short in human capital and income-generating resources. Furthermore, from a wider perspective, it is also a reflection of the parents’ poor financial resources. In other words, those with little access to parents’ financial resources are deprived of the family support that allows them to postpone economic activities and receive a higher education (Yi Sŏng-gyun 2009; Miyamoto 2012), and they are more likely to be lacking a reliable safety net when they are unable to support themselves. This alludes to the need for social policy that connects high school graduates with the appropriate labor market after graduation.

In order to alleviate the disadvantages of those with a low level of education, it is crucial to enhance job connectivity, as many previous studies have pointed out. Scholars have suggested a variety of measures, such as reinforcement of job experience and job training while in education, a connection with an employment center, enhancement of job counseling, and a connection between social welfare and employment policies (Kim Yu-sŏn et al. 2009; Chŏng In-su 2005; Chŏn Pyŏng-yu and Yi Sang-il 2003). However, European country cases show that, without substantive demand from the labor market, there are limits to combining the youth with a sustainable labor track. Furthermore, short-term and performance-oriented policy regarding youth employment could worsen their economic situation in the long run (Walther and McNeish 2003).

On a related matter, the cases of Germany and Austria, where youth poverty is exceptionally low among European countries, provide significant insights (Iacovou 2009). Germany and Austria enforce the school-workplace transition system, such as exclusive job education and an apprentice system that guarantees income and a favorable transition process. In other words, these countries are providing an alleviating structure to counter youth poverty by integrating work into the lifecycle, instead of a school-job transition program which tends to have a short-term perspective at the entry level. However, as the school-workplace transition system is an integral part of the coordinated market capitalism in these countries, it would be difficult to implement these programs in other countries with distinct educational and labor market institutions.
On the other hand, it is quite clear that parental support is a vital safety net for youth who experience high economic instability. However, social policies that encourage young people to depend on parental resources for longer periods of time may become a temporal solution, but they could bring about destructive results in the long run. It would result in the reproduction of differences in parents’ economic power and that of children. ‘Independence,’ a landmark of success in transitions to adulthood, should not be measured in short-sighted differences between poverty and affluence, and the social policies to alleviate youth poverty should be addressed from a holistic viewpoint.

In order to mitigate the youth poverty risk, it seems necessary to actively extend cash benefits to young households. Particularly, as younger youths suffer more from financial difficulties, restriction of the target group by age can work as a viable option. Also, provisions on restrictive basic incomes for those in job training and job-seeking activities can also be introduced. Such plans can save the youth from falling into an exhaustive vicious cycle: walking into poor working conditions because of economic pressures, and moving around workplaces that offer equally poor working environments. Also, those policies would allow them to seek job positions and design their future careers with less financial and psychological pressures.

The young generation in both Korea and Japan is undergoing a difficult transition to adulthood. Until now, the social problems of the youth were discussed mainly in the context of their difficult experiences in the labor market. But there has been an increasing need for exclusive studies that address a variety of social hardships the young generation undergoes in their attempt to attain independence. This study stands at the starting point of such an effort. It raised the issue of youth poverty and tried to elucidate its causal factors by analyzing differences within the youth group. This study is a meaningful attempt to compare the causal factors of Korean and Japanese youths’ poverty, whereas most research on the subject is limited to the estimation of the level of poverty. Yet this study is not without its limitations; because of the lack of available data, we were unable to give consideration to extensive familial factors that affect the degree of youth poverty. Furthermore, this study is limited in that it relies solely on the income variable, due to the restricted access to the Japanese data. It is our hope that this study will be followed by further research with more appropriate variables and detailed information. Analysis and elucidation on the youth poverty issue from a comparative perspective is at its nascent stage. It is crucial to continue with the investigation on the causes of poverty as well as on the specificity of youth poverty in each country.
Acknowledgments | This article is the translated version of the authors' Korean article, “Han'guk kwa Ilbon ch'ŏngnyŏnch'ŭng ŭi pingon yoin e taehan 'amsaekchŏk yŏng’u,” published in Han'guk sahoe ch'ŏngch'aeak [Korea Social Policy Review] 20 (1) (2013), with the permission of Han’guk Sahoe Chŏngch'aeakhakhoe [Korean Association of Social Policy]. The translation of this article was supported by the National Research Foundation of Korea-Grant funded by the Korean Government (NRF-2008-362-B00006).

List of References


Fahmy, Eldin. 2007. “Poverty and Youth Transitions in Europe: An Analysis of the European
Communities Household Panel.” In Social Inclusion and Young People: Breaking Down the Barriers, edited by Helen Colley, Philipp Boetzelen, Bryony Hoskins, and Teodora Parveva, 43-56. Strasbourg: Council of Europe Publishing.


“Hinkonritsu 19-nen wa 15.7 päsento, seikai wäsuto 4-i [Poverty Rate in 2007 is 15.7 Percent, Ranked Fourth Worst in the World].” 2009. Sankei shinbun [Sankei Newspaper], October 21.


Bristol: Policy Press.
Nam Chae-ryang. 2006a. *Chōngnyŏn NEET ŭi silt’ae wa kyŏlchŏng yoin mit t’alch’ul yoin yŏngu* [The Reality of Young NEET, Decision Factors and Escape Factors]. In *Che 7-hoe Han’guk nodong p’aenŏl charyŏjip* [The 7th Korean Labor Panel Symposium Sourcebook], 140-57. Seoul: Han’guk Nodong Yŏnguwŏn.
Nihon Rōdō Kenkyū Kikō [The Japan Institute for Labor Policy and Training]. 2006. *Daitoshi no wakamono no shūgyō kōdō to ikō katei* [Job Hunting Behavior and Transition of Young People in Big Cities].
Yi Pyŏng-hŭi, Chang Chi-yŏn, Yun Cha-yŏn, Sŏng Chae-min, and An Sŏn-yŏng. 2010. *Uri nara ŭi chŏngnyŏngi esŏ sŏngingi ro ŭi ihaeng silt’ae* [The Transition from Adolescence to Adulthood of South Korea]. Seoul: Han’guk Nodong
Yŏnguwŏn.