



# Crime in Japan Series

## A tsunami of stats pointing to seismic shifts in society

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Mike Newman

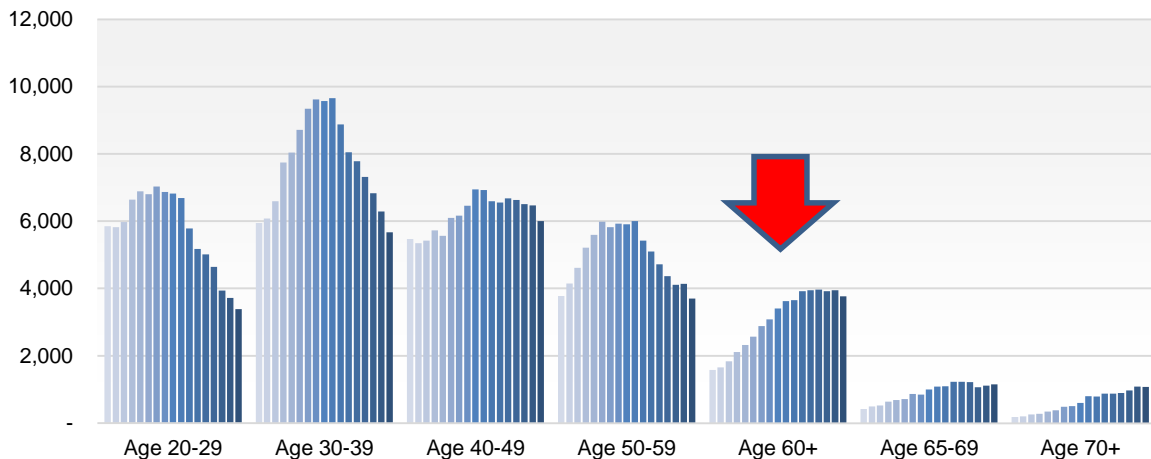


### The state of crime in Japan – a summary

*A miniseries on crime*

When I first stumbled over the crime data by chance I never envisaged I would have over 120 charts and 100 pages to write about. There is so much for one to take in that I've decided to break it up into a series looking at the saddening trends the country now faces. It is a wild ride and will undo a lot of perceptions. This piece is the executive summary and in coming days we'll investigate elderly crime and the breakdown in the traditional nuclear family and touch on the yakuza, police budgets, Olympic security, financial fraud and murder. Brace yourselves.

Fig. 1 : Japan's Prison Population by age group (1997-2013)



*Crime is soaring in Japan*

*Especially among the elderly*

The Japan National Police Agency (JNPA) and Ministry of Justice (MoJ) databanks are a treasure trove. While the overall number of crimes reported has dropped from the peak of 2003 the types of crime has changed. It is no longer a case of mere theft (e.g. bicycles account for 40% of reported crime) but rates of assault, child abuse, domestic violence and financial crimes are soaring. More alarming is the trend in the activities of those above 60 years old. Over one-third of all arrests for shop-lifting involve this retiree demographic, up from 20% (2001). Since 2001, their representative percentage of the prison population has doubled and given the lenient sentences generally given in Japan (even drug offences mostly carry jail terms inside 2 years) 40% of repeat offenders among the elderly have committed crimes six times or more in order to return as a guest of His Excellency.



*Prison  
Capacity  
+50%*

Such has been the overpopulation in prisons, the government has had to increase capacity by 50% since in the last decade and boost the incidence of early release and parole to create space which one wonders is a way of making state sponsored retirement villages. Female prisons are already full but the MoJ wants to increase the number of female prison guards to prepare for the anticipated increase in elderly crime.

*Suicide rates*

Suicides among pensioners is now 40% of the total up from 27% in 1983. One gets the feeling that all of the things that retirees had come to expect from a society is against their long-entrenched cultural thinking. Wives of retirees now make up 6% of all reported suicides obviously not adjusting to having the bread winner at home every day. We break down suicides by prefecture and show the clear link to elderly populations, low population growth and relatively smaller GDP to national averages. The economic malaise in the regions contradicts a vibrant Tokyo and much of what is going on does not get reported. Domestic violence committed by the elderly has surged 2.4x in the last 5 years. Murder at even higher rates.

*Not just the  
elderly*

However, it isn't just the elderly. The growth in crime since 2010 is alarming. Of course there is the bias of low numbers but the growth in arrests and criminal investigations between 2010 and 2014 is staggering. A lot of the type of crimes being committed has changed from petty theft.

Intimidation : +339%

Extortion : +343%

Blackmail : 106%

*Police  
budgets  
under  
pressure*

Such has been the strain on police resources (6% budget cut and a tiny 1% increase in officers on the beat between 2010 & 2015) over that same period that the arrests of gangsters (yakuza) has fallen by 30% despite a 45% jump in lodged complaints over their nefarious activity. If police cannot procure the latest surveillance equipment, then their efficacy will undeniably suffer.

*Drugs*

Jail sentences for breaches of the Stimulant Control Act have soared from 0.2% of convictions in 2003 to 26.3% in 2013, although has also been because of a change in definition of the Narcotics and Psychotropic Control Act.

*Low by  
global  
standards*

In isolation these figures look bad. Compared to other countries, as a percentage of the population Japanese crime is still very low. Take assaults. According to the United Nations Office of Drugs and Crime (UNODC) Scotland tops the list at 1,188 assaults per 100,000 head of population. Japan stands at 46.7. The USA has 226.3. For rape, Sweden has 58.9 rapes per 100,000 population. Japan has 1.1. For murder per 100,000 citizens in 2013, the US was 4.7, Japan at 0.7. Honduras was the highest at 91.0.

*Furyo gaijin?*

Foreigners (gaijin) are committing fewer crimes and represent 40% fewer inmates than a decade ago. Chinese prisoners make up 1/3<sup>rd</sup> of the total with Brazil and Iran making up for a combined 20%. Much of foreign crime has been petty theft or visa related.

*The change  
in crime*

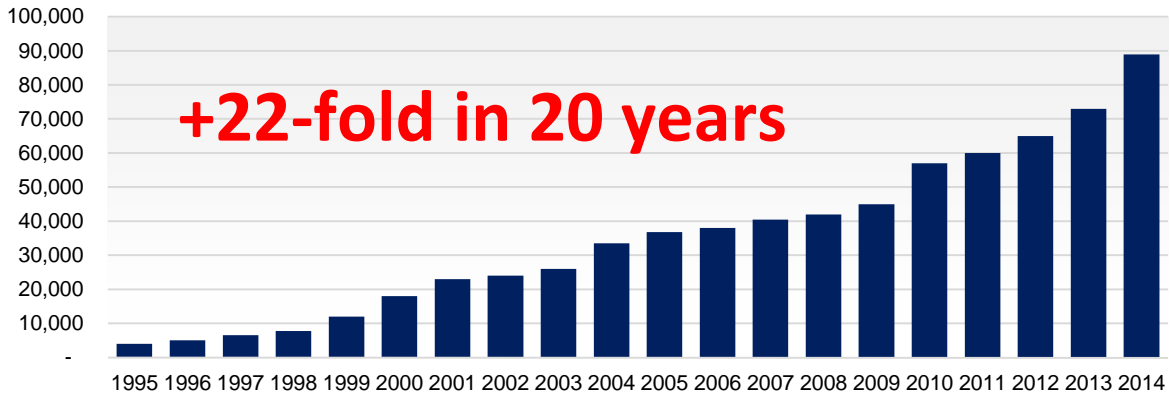
While the gross numbers of reported crimes have indeed fallen since 2003, we believe that the statistics hide the transitional shift to bigger problems down the line. The law of low numbers does indeed make for larger percentage increases but the rising trends have been consistent. Stealing a pushbike is hardly as serious a crime as domestic violence or drug abuse. Financial related fraud does not necessarily require breaking and entering. However, if 'headline' crime was indeed falling why would the government feel compelled to grow prison capacity by so much? Statistics are also pointing to longer sentences (i.e. dealing with the severity of crimes) being handed out by the courts.



Child abuse

Child abuse cases are up 22x over the last 20 years to 90,000. There are now 3.9mn single mother and 664,000 single father households in Japan which combined now contribute almost a quarter of all households with children up from 15% in 1990. 25% of couples now marry because of unplanned pregnancy. The traditional 'nuclear' family is no more.

Fig. 2 : Child Abuse Cases handled

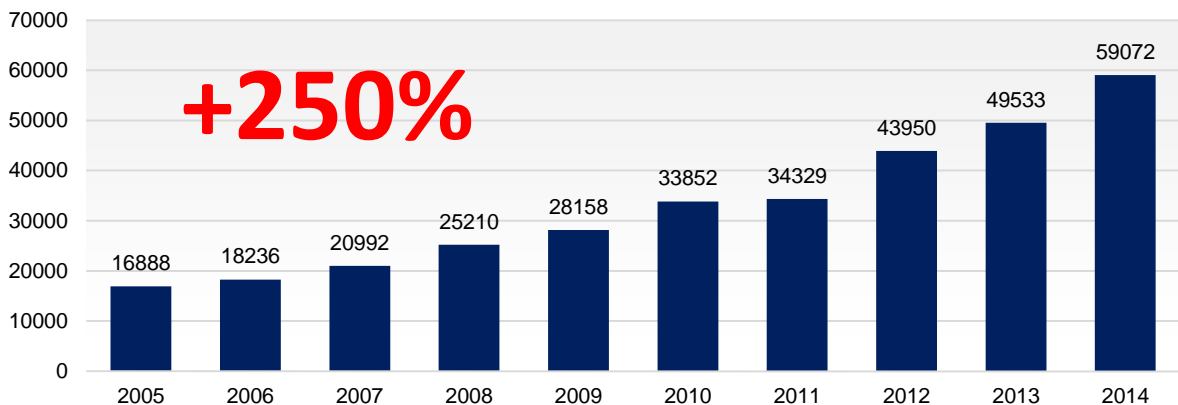


Source: Japanese National Police Agency (JNPA)

Domestic Violence (DV)

Domestic violence (DV) is seeing a very sharp upturn in Japan. Between 2010 and 2014, victims of DV have soared 60.6% against women and 650.1% against men. Most cases (over 60%) of DV were marital related. Recognizing the growing problem, The police have even developed a new category of DV which defines a divorced couple who are living under the same roof. Economic conditions for some families has become so tight that the stress of living with someone they do not want to be with now gets its own category, scoring over 6,000 cases alone in 2014.

Fig.3 : Spousal related Domestic Violence Reports to Police



Source: Japanese National Police Agency (JNPA)

Olympics

As the Olympics and Rugby World Cup approach is Japan able to handle the upcoming events given the growing strain on resources? The jury is out on whether the country could conceivably defend against terrorist threats and we have strong evidence to prove it. Should we be celebrating the wins by the listed security companies (Secom & Sohgo Security) which face virtually no upside from a safe Olympics to potentially huge downside if any form of terrorist event occurs? Somehow terrorists won't be worried by an 80 strong female riot squad if they have AK-47s and hand grenades. Omotenashi security may seem appealing to project Japan's peaceful society but advertising a 'soft approach' to security draws many question marks.



Correlations?

The interesting things about crime is its lack of correlation to pure economic trends. Traditional economists would point to weak economic growth, surging unemployment rates or a jump in housing foreclosures as the reason for crime. One could be forgiven to think Japan's 1997-2003 crime wave was due to rising unemployment as the stats would prove.

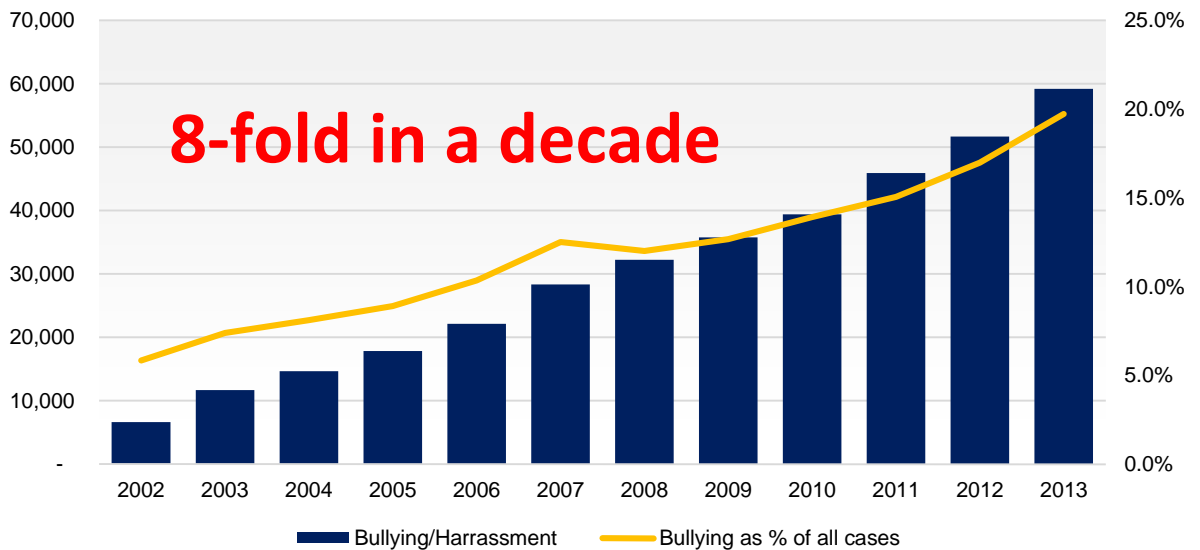
Cultural time bomb

Since 2008, Japan's crime seems to be biting economic conditions questioning welded-on cultural norms. What Japan is sitting on is a cultural time bomb. Decades if not centuries of order, rank and tradition are giving way to self-interest because of the harsh realities of the underlying economy at the coal face. The adjustment phase is painful. The heart says to obey these social institutions but the head knows there are bills to pay and a family to feed. Headline unemployment rates may have declined over the last 10 years but the 'quality' of employment is falling with the surge in part-time workers.

Strategies to keep one's job

Pressure to prevent losing one's job seems to be a factor in the steady increase in labour disputes. In the period 2002 to 2013, labour disputes almost trebled. Bullying/harassment (which are obviously less palatable for companies to have in the public domain) as a percent of total disputes has ballooned from 5.8% to almost 20%. There is a lot of stress for employers which try to manage out unproductive high-salaried employees who see their divine right to stay in their company till retirement. The company may be well justified to want to remove these corporate couch potatoes but the labour laws are overwhelmingly in favour of the employee tying management up in inefficiency.

Fig. 45 : Bullying & Harrassment Claims as % of all Labour Disputes



Source: Japan Institute for Labour Policy & Training

Abe's Counter strategy

Although the Abe Cabinet is attempting to adjust pay rates for contract workers to that of full-time in May 2016, the ultimate neck will be corporates accepting their fate to maximise shareholder returns via the corporate governance code clashing with the government cajoling them into protecting the tethering fabric of society. Corporates have latched onto part-time hiring to allow flexibility and reduce cost. If Abe wants to achieve 'economic revival' the labour force will indeed need to become more flexible.



*Cinderella's  
Castle or  
Haunted  
Mansion*

Japanese listed employment agencies have performed very strongly over the last decade but the question remains how sustainable is their growth with a declining workforce especially based on the latest findings of the Japan Institute of Labor Policy & Training (JLIPT) which is banking on incredible feats of labour productivity in the face of declining work hours. It is painting a picture of the magic of Cinderella's Castle when the reality is more reminiscent of the Haunted Mansion.

*Crime won't  
peak anytime  
soon*

What is inescapable is that Japan's crime is unlikely to peak anytime soon. The trends show that Japan is no different to Greece. When economic conditions reach certain limits, people do what they must do to survive. That the elderly are considering ways to break into prison to seek a better life tells us all we need to know. How bad does a society have to get in order for this to be a viable choice? Mr & Mrs Watanabe are sending a very important warning. Government and investors should take heed.

*What should  
government  
do?*

We run the mathematics on what drives a pensioner to want to be a jail bird and show the government is literally burning up ¥30bn per annum on unnecessary costs which could be solved by sensible public-private initiatives (PPI) that are already used in day-care centres. The formation of state run dormitories would save ¥17bn in prison guard costs alone and reduce costs to the state of the 5.9mn citizens that fall under income support. We will delve into the details in **Crime in Japan – Part 1** on Monday Feb 22<sup>nd</sup>. Stay tuned.



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## Contacts

### Hong Kong

Simon Rigney

☎ +852-3958-2394 (HK)

☎ +81-3-5786-3712 (Tokyo)

✉ simon.rigney@custprd.com

### Salt Lake City

Patrick Hansen

☎ +852-8191-6925 (HK)

☎ +1-801-230-4796 (SLC)

✉ patrick.hansen@custprd.com

### Tokyo

Robert Rowland

☎ +81-3-5786-3711

✉ robert.rowland@custprd.com

Michael Newman

☎ +81-3-5786-3713

✉ michael.newman@custprd.com

## Office Locations

### Hong Kong

15/F Langham Place  
8 Argyle Street  
Mong Kok, Kowloon  
Hong Kong S.A.R.

### Tokyo

17/F Roppongi Hills North Tower  
6-2-31 Roppongi,  
Minato-ku, Tokyo  
Japan 106-0032

### Salt Lake City

299 South Main Street  
Suite 1300  
Salt Lake City, UT  
United States, 84111