

# Child poverty in Japan: comparing the accuracy of alternative measures

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## Abstract

In this paper I compare alternative indexes of child poverty in Japan, which are based on either household income or consumption. Using micro data from the National Survey of Family Income and Expenditures, I found that consumption-based measures showed less child poverty compared with income-based measures. The paper considered three explanations for the difference: under-reporting of incomes (which would inflate the number of income-poor), over-reporting of consumption (which would reduce the number of consumption poor), and consumption smoothing in response to negative income shocks. I present evidence that the lower rates of consumption-based poverty are primarily due to the income under-reporting, with less evidence for consumption over-reporting and for consumption smoothing. Finally, the paper compared income- and consumption-based poverty measures in their ability to identify households with lower material well-being (measured by the inability to own a house or the lack of major household appliances). Out of 27 indicators of material well-being, consumption was always superior to income in identifying disadvantaged households with children, with nearly all cases statistically significant.

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