

# Dispatched and Displaced: Rethinking Employment and Welfare

## Protection in Japan □ □ 派遣・追放—日本の雇用と生活保護を再考する

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#### Abstract

*The Hibiya Tent Village set up during New Year 2008/09 where 500 temporary workers gathered to seek food and shelter after their sudden job losses*

*revealed the gradual process of deregulation of Japan's labor market that has taken place since the Koizumi administration and culminated in the revision of the Labor Dispatch Law in 2004. The work of the political scientist Margarita Estévez-Abe which describes the evolution of an employment-based welfare arrangement favoring particular corporate interest groups of the former ruling party LDP while excluding growing numbers of temporary workers from efficient welfare protection serves as an initial theoretical framework of our analysis. We augment our analysis with recent data on the re-regulation of*

*the Japanese labor market such as the introduction of emergency employment measures after the outbreak of the economic crisis in 2008, a re-regulation of the Labor Dispatch Law, an improved integration of particular employment groups and reforms of the employment insurance and the part-time law in order to show that Japan under the DPJ is gradually moving towards implementing a more balanced welfare system which seeks to stabilize employment conditions and enable greater numbers of temporary workers to access welfare protection.*

### The Hibiya Tent Village and the Unfolding of Japan's Employment Crisis

When Hatoyama Yukio was inaugurated as Japan's Prime Minister in September 2009, his success was fueled by a growing public concern regarding the Liberal Democratic Party's (LDP) failure to grasp the implications of the global economic crisis of September 2008 and to reform Japan's socio-economic institutions. Lost pension records, growing involuntary unemployment, a perceived increase in poverty and social disparity, political scandals and an ailing economy gave rise to public uncertainty about the ability of Japan's institutions to provide social

protection to those at the margins of Japan's labor force. A survey conducted in June 2009 by the Cabinet Office prior to the elections revealed that more than 78 percent of respondents wished that the government should implement structural reforms of the medical and pension systems while 51.1 percent of respondents expressed a hope that the government would address employment-related problems, which is an increase of approximately 6 percent compared with the results of the same survey conducted in June 2008.<sup>1</sup>

With a highly deregulated labor market unfolding since the 1990s and further acceleration of the process of deregulation under the Koizumi administration's (2001-2006) structural reform agenda, the scope of non-regular employment has increased dramatically in Japan. There were 3.2 million dispatch workers in 2006<sup>2</sup> and this increased to a total of 3.99 million dispatch workers according to data compiled by the Ministry of Health, Labor and Welfare (henceforth: MHLW) in December 2009.<sup>3</sup> Approximately one third of all employees find themselves in non-regular employment settings whereas the number of regular employees has decreased from 84.7 percent in 1984 to 66.6 percent as of 2008/09.<sup>4</sup> Dependent on low incomes,<sup>5</sup> many temporary workers proved unable to afford employment insurance while the global economic meltdown of 2008 triggered a massive cut of non-regular employees in Japan's

manufacturing and service industries due to a downsizing or collapse of companies. With non-regular employment affecting even the traditional male breadwinners of Japan's economy as well as an increased number of female workers, the current job crisis has revealed the malfunctions of the country's livelihood security system which has been unable to prevent the erosion of minimum living standards based on stable employment and social security. The erosion of legal and social standards in Japan as a consequence of falling incomes and unstable employment became yet more evident in December 2008, when a wave of lay-offs of dispatched workers (*haken-giri*) brought this increasingly marginalized yet growing group of working people unable to make ends meet to the center of public attention. Thus, when a network of civil society actors consisting of NPO and trade union activists set up consultation hotlines for temp workers they received more than twenty thousand phone calls from across Japan on a single day in December 2008; however, they were only able to deal with 1700 cases individually. Worse was expected for the weeks ahead. Indeed, the scale of Japan's job malaise became visible when more than five hundred laid-off workers and homeless people gathered at the New Years Break 2008/2009 in the "year crossing temp worker village" (*toshikoshi hakenmura*) in Hibiya Park in central Tokyo (Yuasa 2009).



### Homeless workers in Hibiya Park line up for a meal

It is against this background of increasing poverty and insecure employment conditions that Hatoyama urged in his election campaign in 2009 to “put people’s lives first” – a promise which has only recently started to materialize with new legislation passed in March 2010 attempting to re-regulate Japan’s labor market through abolishing non-regular employment and improving labor protection across the manufacturing industry. The following example underscores the necessity of reconsidering the deregulation of the labor market and the strengthening of public welfare mechanisms in support of the growing number of jobless through providing social security and new employment opportunities.

One year ago a report in the Asahi Shimbun (Asahi Shimbun, 13 February 2009: 27), one of Japan’s most widely read newspapers, featured three jobless men who had formed an alliance for

sharing meals and supporting each other in their search for a new job in an apartment complex in Tokyo. Dai, the youngest of the three men at 32 years of age, had been employed at a frozen foods processing company until he was discharged in December 2008. After three years of living in Internet cafes, Dai had been working in temporary and unstable work situations and was notified by his employer on a daily basis as to whether work was going to be available the following day. His income before his most recent job loss in December 2008 had amounted to 10,000 Yen (120 Dollars) per day, provided work was available for the following day. Hiro (35), the second member of the group, had been employed as a painter and received a monthly salary of 200,000 Yen before being laid off in September 2008. The oldest member of the group, Nishimura (41), had worked at a car factory based in Shizuoka Prefecture for a salary of 150,000 Yen per month before he lost his job in December 2008. Nishimura had been employed as a construction worker for ten years before he started working at the car factory. Frequently assured that he would “eventually be hired as a regular employee”, this never happened. After three years of temporary work at the car factory, Nishimura was notified on 15 December 2008 that that day would be his last work day. All three men are currently living on public assistance (*seikatsu hogo*) and receive a monthly supplementary benefit of 130,000 yen, which is sufficient to pay rent for a one-room apartment

and daily expenses, but leaves little financial flexibility to pay for transport to attend job interviews. The three men met at the “*toshikoshi hakenmurū*” (henceforth *hakenmurū*) in Hibiya Park. The current economic crisis turned Hibiya Park into a hot spot for activism, after approximately 500 displaced workers had gathered in the ‘workers’ village’ (*hakenmurū*). Tents and free meals were provided by volunteer organizations. Finally, the MHLW agreed to open its auditorium in the vicinity to job seekers in need of food and accommodation. Many of the 500 people, who received shelter, food, and consultation on finding new employment provided by volunteer organizations, were dispatch workers whose contracts had been terminated prior to the expiry dates of their work contracts (*chūto kaikō*). After the Ministry of Labor offered to relocate the 500 job seekers to four alternative sites in Tokyo, the tent village was finally closed down on 5 January 2009.<sup>6</sup>

These events at the *hakenmurū* acutely point to the division of employees into two strata, namely ‘regular employees’ (*seishain*) who are employed on a full-time and long-term basis and ‘non-regular employees’ (*hi-seishain*) who find themselves in unstable and fluctuating work situations and receive little or no welfare protection. This distinction between ‘regular’ and ‘non-regular’ workers in Japan is well known. However, the importance of events such as the *hakenmurū* lies in the fact that neoliberal policies

that were implemented in the 1990s and further advocated under the Koizumi administration, such as the deregulation of the Labor Dispatch Law, have significantly contributed to the diversification and fragmentation of ‘non-regular’ employment patterns in Japan. Part-time employment is one of these patterns as opposed to temporary employment that can either take the form of “contract employment”, seasonal labor, or “dispatch employment”. The major difference between contract workers (*keiyaku shain*) and dispatch workers (*haken shain* or *haken rōdōsha*) is that contract workers are hired directly by a company in order to work on certain projects and/or for a limited amount of time. Dispatch workers, however, are hired by an agency before being dispatched to companies on fixed contracts.

The ‘workers’ village’ was a watershed event with respect to public interest in the issue of ‘*haken-giri*’ (dispatch cuts) and the associated issue of poverty (*hinkon*) which currently receives growing attention from scholars, volunteers and journalists and is also being debated by people who are actively involved in supporting low income groups and displaced workers. The sociologist Shinoda Toru has argued in his recent article on ‘Hakenmura and the Working Poor as a Tipping Point in Japanese Labor Politics’ that public discourse in Japan is currently shifting from a debate on social disparities in form of a “gap society” or “divided society” (*kakusa*

*shaka*)<sup>7</sup> to a discourse about the working poor (*wākingu pua*) which is a term imported from the United States that describes a category of people who often come from “immigrant, single-parent and minority families” (Shinoda 2009) and remain poor despite holding one or often several jobs at the same time. We believe that while it may be difficult to speak of a shift in discourse from the phenomenon of *kakusa shaka* toward the increase of the working poor, we view the debate over the emergence of the working poor as a phenomenon that concretely focuses on one particular group within the *kakusa shaka*. Other examples taken from recent journalistic publications point to a growing use of the term “working poor” and a debate about the emergence and increasing visibility of poverty (*hinko*). One example is the weekly magazine *Diamondo*, which published a special feature entitled ‘Unknown Poverty’ (*Anata no shiranai hinko*) (Shūkan *Diamondo*, 31 March 2009: 30-69). Furthermore, the incremental process of creating this particular group of workers through the reduction of personnel costs and its social implications has been discussed by the *Asahi Shimbun* economy and labor journalist Takenobu Mieko in her recent book “Report: Employment Deterioration Crisis” (*Repo: Koyō rekka fuk*)<sup>8</sup>. Moreover, the organizer of the Hibiya tent village, Yuasa Makoto, has published a book entitled ‘Against Poverty—The Escape from the ‘Sliding Society’ (*Han-hinkon. ‘Suberidai shakai’ kara no dasshutsu*) in 2008.

Neoliberal reforms<sup>8</sup> of the employment system and the subsequent increase in job loss and insecure employment have clearly revealed the weaknesses of Japan’s livelihood security system. These alarming developments on the labor market that have generated a growing number of individuals who are unable to access welfare networks due to low income, point to the need to reform the public welfare system enabling more workers who are not integrated in corporate welfare policies to receive welfare benefits. We follow the work of the political economist Margarita Estévez-Abe who has shown in her recent book “Welfare and Capitalism in Postwar Japan” (2008) that Japan’s welfare policy has gradually shifted from a system of universal social welfare policies introduced by the Allied Forces towards a work-based social protection system and occupationally based social insurance schemes that heavily concentrate on old-age pension and health care payments. Thus, in reviewing government responses to the employment crisis such as emergency re-employment measures under the former LDP government, we argue that Japan is currently in the process of moving from a ‘dual structure’ of corporate-based welfare policies for a privileged core group of ‘regular’ employees (including social benefits such as seniority-based wages, health-care payments and pension schemes) on the one hand and government social welfare schemes for ‘non-regular’ workers in unstable work situations with insufficient welfare



protection on the other to re-instate a more balanced social welfare policy provided by the government that benefits ‘non-regular’ workers more strongly. Based on analysis of political developments between the occurrence of the *hakenmura* and the first half year of the Hatoyama administration, we conclude that the employment crisis not only highlighted the malfunctions of Japan’s livelihood security system but also provided an opportunity to establish a more balanced social security system in response to the polarized labor market.

### **Securing the Corporate Sector at the Expense of a Deregulated Labor Market**

Social security in Japan essentially consisted of benefits delivered through the corporate sector and thus depends on employment status. This particular welfare arrangement is the result of an evolutionary process that was determined by the dominance of particular interest groups with respect to their electoral significance to the ruling post-war government. This constellation led to the connection between employment and welfare benefits and resulted in “[t]argeted protection for the few at the expense of the many” (Estévez-Abe 2008: 272).

In order to make sense of the structural factors that underpin the current job crisis, we consider it indispensable to provide an overview of the development of the welfare system with regard to employment security in Japan, which has

evolved into an exclusive arrangement alienating an increasingly large part of the labor force. Here, we draw on the work of Estévez-Abe, who argues that the development of the welfare policy system in Japan after World War II can be described in several stages. The initial phase was the enactment of universalistic social welfare policies during the Occupation Period (1945-1952). The occupation introduced two universalistic welfare provisions: the Public Assistance Law (*seikatsu hō*), which was enacted in 1946 and replaced the pre-war Poor Relief Law, and Unemployment Insurance which was introduced in 1947 as a contributory program with a short benefit period of six months. To this day, Employment Insurance<sup>9</sup> (*koyō hōkei*) and Public Assistance (*seikatsu hō*) provide the two most comprehensive welfare programs as a safety net for unexpected job loss (Estévez-Abe 2008: 104). Unemployment Insurance was reformed in 1955 and augmented by a merit-based component that benefited male core workers who held one job over a long period of time with better unemployment benefits (Estévez-Abe 2008: 127). The reform of Unemployment Insurance signified a shift from an initially universalistic and untargeted social welfare scheme to a merit-based social welfare scheme tied to service to a company.

Company-based welfare schemes constituted one crucial aspect of Japan’s corporate-labor

relationship, after the country entered a period of high economic growth in the mid-1950s and proved stable even after two major economic crises in the 1970s. As a result Japan has been able to hold its safety-net spending fairly low (even today social spending occupies only 17.7 percent of Japan's GDP) with a bureaucracy keen to guarantee the special interests of industry which in turn provided safe employment for the nation's male breadwinners supporting their families. Consequently, unemployment in Japan remained steadily low at around 2 percent throughout the 1980s, which is considerably lower than unemployment rates in other industrialized countries. Even after the collapse of the bubble economy in 1990, the unemployment rate was 3.4 percent in 1995 and climbed over 4 percent only in 1997.<sup>10</sup> Given this stability of the corporate-labor relationship until the collapse of the economy in 1991 and the early years of economic stagnation, the institutional arrangement of welfare provision is only now witnessing some fundamental changes along the deeper shifts in Japan's political economy (Pempel 1998). Accompanied by the first collapse of the LDP government in 1993, this economic crisis together with an accelerated globalization undermined the bureaucracy's ability to maintain this corporate-orientated welfare arrangement (Miyamoto, 2010: 35) while at the same time the reform of Japan's election system in the 1990s has reduced the meaning of organized interest group votes with regard to the allocation of welfare

benefits in the light of an increased competition over a growing unorganized urban electorate (Estévez-Abe, 2008, here esp. Chp.9).

With an ailing economy in the 1990s, the need to raise the competitiveness of Japan's industry and to attract new investments has resulted in mounting pressures to promote deregulation leading to polarization of the labor market and subsequently a fragmentation of employment structures accompanied by an unequal distribution of social welfare. Such deregulation policies have enabled companies to freely hire workers as part-time employees, temporary workers and contract workers in order to create a more flexible work market that responds promptly to employers' temporary demands.

As an example of a neoliberal reform, we will discuss the Labor Dispatch Law (*rōdōsha haken-hō*), which was enacted in 1986 and went through a gradual 'deregulation of temporary labor' (*haken no jiyūku*).<sup>11</sup> In response to corporate demands, the Labor Dispatch Law has undergone a number of reforms with regard to the expansion of applicable occupations and the duration of temporary employment (Yuasa 2008: 108). At the time of enactment, the law was limited to thirteen professions and expanded to 26 applicable professions in 1996. In 1999, the law applied to all occupations except the manufacturing industry (*seizōgyō*), the construction industry (*kensetsugyō*), lawyers and doctors.<sup>12</sup> In 2004, the Koizumi government

moved one step further in lifting the last remaining ban on temporary work in manufacturing.<sup>13</sup> The incremental deregulation of the Labor Dispatch Law that removed most of the former restraints for dispatching workers has - as Steven Vogel pointed out with reference to an OECD survey - reduced Japan's employment protection for temporary workers to a substantial extent while employment protection for regular workers remained intact. As a result, Japan has become one of the most "dualistic labor systems" among the OECD countries, which has in turn created "an unusually large gap in protection between regular and temporary workers" (Vogel 2006: 81; *The Economist*, 14 March 2009: 11).

As a consequence of the deregulation of the labor market, the number of non-regular employed workers has increased since the first deregulation in 1999. Between 1990 and 1999 the percentage of male non-regular employed workers increased from 8.7 percent to 11 percent. A more dramatic increase was observed in the aftermath of the first deregulation wave in 1999, reaching its peak in 2008 with 18.6 percent of male workers in non-regular employment patterns. In 2009, the numbers decreased to 17.7 percent due to the impact of lay-offs of non-regular workers after the onset of the economic crisis. A closer look at the statistics of female non-regular workers reveals substantial gender discrepancies as well as sharp increases in the number of female non-regular workers. Numbers of female non-regular

workers rose from 37.9 percent in 1999 to 51 percent in 2003 and currently remains at 53.6 percent as of 2009.<sup>14</sup> These numbers demonstrate that half of all female workers find themselves in non-regular employment conditions, which is due to the fact that a large number of women re-enter the labor market mostly as part-time workers in their late 30s and early 40s after a period of focusing on family responsibilities. However, a look at statistics also reveals that non-regular employment patterns have become a problem for younger workers of both genders between the ages of 15 and 24 years of age.<sup>15</sup> An examination of the numbers of non-regular workers according to industry between 2002 and 2007 shows that the number of dispatched workers has increased to 40 percent in manufacturing industry, which is likely to be related to the deregulation of the Labor Dispatch Law in 2004. In addition, the medical and welfare sector shows an increase of dispatched workers in the same time period of approximately 40 percent.<sup>16</sup>

As a result of such deregulation policies and through the promotion of non-regular employment, the number of times Japanese companies have had to downsize by laying off excess personnel over the last three decades from 3.3 years during 1974-84, to 2.9 years during 1980-87, and further to 2.2 years since 1998 (Higuchi 2009, 40-41). Moreover, while at first temporary work as a flexible employment



scheme was considered not only positive by companies as a means to reduce costs but also by some employees as a way to increase diversity and choice (Satō 2001), it was only with the incremental change of labor contents and a polarization of the labor market with an increasing number of regular workers performing longer working hours against a rising number of non-regular employees performing the same work while being paid less has raised public concerns. With non-regular work having dropped significantly below previous levels at the end of 2008 while at the same time having incorporated a growing number of young workers and male breadwinners, the deregulation of the labor market has evolved into a considerable social crisis accentuated by the ‘post-Lehman shock’ global economic malaise. Weak legal constraints not only enabled employers to lay off temp workers but also to terminate large numbers of ‘non-regular’ contract workers in the aftermath of the economic crisis of September 2008. While corporate-based welfare schemes as an essential element of the overall livelihood security arrangement remain in place in Japan, the rise of non-regular employment illustrates that more and more Japanese are excluded from welfare schemes highlighting the need to establish sufficient public social security mechanisms to support those without employment insurance and who have low incomes and to create new jobs. The following section illustrates several implications of the

deregulation of the labor market promoted since the 1990s with regard to unemployment and unstable employment, incomes and the rise of poverty.

### **Unemployment, Low Incomes and the Rise of Poverty**

As recent data shows, numbers of part-time employees, contract workers, temporary workers, day laborers, and NEETs<sup>17</sup> are rising significantly. One of the crucial factors behind the shift in employment patterns can be sought in a fundamental change in corporate governance in the mid-1990s. As the economist Higuchi Yoshio has pointed out, before 1997-8 Japanese companies considered employees as their main stakeholders, granting them generous welfare benefits as part of their employment package. However, with an increased focus on the interests of shareholders based on the enhanced significance of the global market as a main source for financial resources for Japanese companies, restructuring was rewarded to a previously unseen extent with growing share prices (Higuchi 2009: 39). The arrival of stock-market capitalism with its undermining effects on Japan’s corporate-labor relationship has found expression in the rise in ‘non-regular employees’ described above.

Moreover, according to statistics on the distribution of income according to class (*shotoku kingaku kaikyū-betsu setai-sū no sōtai-dosū bunpu*)

released by the Ministry of Labor for the year 2007, 12.2 percent of all households in Japan earned between 3 and 4 million yen per year in 2007, 12.1 percent of all households earned between 1 and 2 million yen per year in 2007, while 6.6 percent of all households in Japan earned an income of less than 1 million yen (roughly 10,000 US Dollars) per year in 2007. 60.5 percent earned less than 5.80 million yen, which has been defined as the average income (*heikin-gaku*) by the Ministry of Labor (MHLW 2007).<sup>18</sup> According to data compiled in the Annual Economic and Financial Report released by the Cabinet Office, wages of non-regular employees are in many cases below three million yen per year while the number of hours worked is as high as 40 to 48 hours per week. Wages for part-time workers and casual laborers are even lower between 500,000 yen and one million yen per year whereas wages of dispatched workers reach a maximum of 2 million yen per year. Between 2002 and 2008 the percentage of dispatch workers and contract workers whose wages were between 2 million yen and below three million yen rose to approximately 90 percent.<sup>19</sup>

The examples of three displaced workers featured in the introduction of this essay illustrate the fact that occupational groups have emerged in Japan that find themselves in fluctuating and unstable work situations with little or no welfare protection. Consequently,

rising unemployment has become a matter of grave concern in Japan. While low by comparison to the unemployment figures of Western industrial nations, unemployment in Japan stood at 5 percent as of April 2009, an increase from the 4.2 percent of January 2009. As of February 2010, unemployment was 4.9 percent.<sup>20</sup> According to the Ministry of Labor, 65 percent of all discharged workers are temporary workers while seasonal workers account for approximately 20 percent of all laid-off workers. A smaller share of roughly eight percent consists of contract workers and part-time employees amount to only one percent (Fukue 2009). According to information provided by the Ministry of Labor, 77,861 workers were discharged before their contracts expired (*chūto kaikō*) while the contracts of 102,365 workers were not extended (Fukue 2009). In Aichi prefecture, the base of Japanese car manufacturers such as Toyota, the number of discharged workers who had been employed in the car manufacturing industry amounts to 32,014 workers (Fukue 2009), which shows a connection between the economic slow-down of export-oriented car manufacturers and the discharge of greater numbers of workers employed in that industry.

Accompanied by the spread of non-regular employment and deteriorating income levels, many non-regular employees found themselves unable to access Japan's social security network, consisting of social security schemes such as

employment insurance (*koyō hoken*), health insurance (*kenkō hoken*) and national and employed pension schemes (*kokumin nenkin* and *kōsei nenkin*) as well as public assistance (*seikatsu hogo*). More precisely, with short term employment expiring within less than six months, non-regular employees were unable to access employment insurance while low incomes made the purchase of additional insurance coverage increasingly difficult. Thus, while approximately 70 percent of workers are covered by employment insurance, 30 percent are not covered, which is likely to correlate with the fact that one third of all workers are employed in non-regular employment settings. However, a recent reform of the Employment Insurance by the Cabinet Office in 2009 lowers the period of time over which it is necessary to have paid premiums to employment insurance from twelve months to six months.<sup>21</sup> Low incomes, unstable social security conditions and insufficient coverage by social security schemes, a condition termed by NPO activist Yuasa Makoto as the “sliding society” (*suberidai shakaj*) have contributed to the rise of poverty. Poverty statistics published by the MHLW in October 2009 for the first time document a poverty rate of 15.7 percent in Japan.<sup>22</sup>

Therefore, scholars and activists call for policy measures that acknowledge the causal relationships between Japan’s employment crisis and the nation’s dwindling social stability.

“Employment”, argues Miyamoto, “is where individual economic security intersects with the nation’s economic vitality” (Miyamoto 2010: 36). Yet, recent gender shifts with regard to non-regular employment patterns and the spread of poverty has shown that Japan’s old male breadwinner-centered employment security appears outdated, thus according to Miyamoto “[e]mployment has become an unstable, piecemeal affair” providing ground for the claim that “[n]ow more than ever, employment and social welfare should be of a single piece” (Miyamoto 2010: 36). The following sections illustrate that indeed attempts were made to design a social security system that seeks to establish a balance between an employment-based welfare system with reliable unemployment security schemes.

### **Bringing the State Back In: Towards Balanced Welfare Protection Measures**

The events in Hibiya Park over the New Year 2008/2009 show that lay-offs of temporary workers are especially problematic since employment is often tied to company housing which means that a sudden termination of a contract not only leads to job loss but also to the loss of housing access. The Japanese government has recognized the need to provide a more effective safety net to workers in need of re-employment and housing and has announced a package of emergency employment measures (*kinkyū koyō taisaku*) that took effect in December

2008. “Hello Work”, the employment agency of the Ministry of Labor, is represented in 190 locations throughout the country and aims to provide consultation to temporary workers who have suffered from sudden termination of their work contracts. The Ministry of Labor has further announced a “job cancellation measures” (*naitei torikeshi taisak*) in order to motivate companies not to terminate existing contracts of temporary workers and hire workers whose contracts have been terminated. Another way to reinforce job cancellation measures is the decision of the Ministry of Labor to publicize the names of companies (*kigyōmei kōhyō*) that have terminated contracts. Moreover, the Ministry of Labor plans to hand out incentive payments (*shōreikin*) (500,000 yen per person for small and medium sized enterprises and one million yen per person for big corporations) to companies that employ workers whose contracts have been terminated and hire these workers on a full-time basis as “regular” employees (*seishain*). Similarly, the Ministry of Labor has announced incentive payments to companies that agree to hire older freeters who are between the ages of 25 and 39 years old (one million yen to small and medium sized enterprises per hired person and 500,000 yen to big corporations per hired person). These emergency measures demonstrate high government awareness of recent developments.

The Japanese government is addressing these needs and—in addition to the emergency

measures discussed above—is working together with the opposition parties towards a reform of unemployment insurance in order to provide a more effective safety net for workers. Prior to the change of government, the opposition parties, i.e. Democratic Party, the Socialist Party, and The People’s New Party (Kokumin Shintō), presented a reform bill on Employment Insurance to the ruling party on 6 March 2009. One of the objectives was to change the duration of membership prior to being able to receive employment benefits in the employment insurance from one year to six months. The bill passed in January 2009.

Continuing the efforts of the LDP government, in December 2009 the Hatoyama administration released in accordance with its election pledges concrete measures to stabilize employment, environment, economic climate, supporting measures for rural areas (*chihō shien*), and measures to improve pensions and the medical system.<sup>23</sup> In the section on measures concerning employment, supporting measures against poverty and toward the poor are specifically mentioned (*hinkon, konkyūsha shien no kyōka*) which relates to the fact that the Japanese government released official poverty statistics for the first time in October 2009 which indicates that poverty has been recognized as a serious problem in accordance with the inclusion of the working poor in the debate on *kakusa shakai* mentioned earlier in this essay. One of the main

objectives stated in the report is the establishment of a “second safety net” (*dai 2 no seefuti netto*) in support of the poor and for the prevention of poverty which includes the set-up of a “one stop service day” and “one stop counseling” through “Hello Work”, the work agency of the Japanese government. Further measures include support in finding temporary accommodation and additional qualification training (*shokugyō kunren*). Supportive measures also target young job seekers such as school leavers and university graduates by promoting the appointment of supporters to school and university graduates. Further target groups include older *freeters* between the ages of 25 and 39. Further goals are the improved integration of women into the workforce, especially women between the ages of 25 and 44, older workers, in particular the members of the baby-boom generation born between 1947 and 1949 who are approaching retirement as well as workers with disabilities. In addition, the Japanese government set up a support program for regional development and employment in rural areas through a “Hometown Employment Revitalization Special Grant” which promotes the job search for workers in regional areas or the return of workers to their hometown to seek employment.<sup>24</sup> For example in the Tōhoku region of Northern Japan, the Prefectures of Miyagi and Yamagata have introduced measures to attract qualified workers who have left the area for employment in industrial and economic centers,

especially Kantō, to return to their home region using the slogan “*Umi ga aru, yama ga aru, yutori ga aru Miyagi-ken de hatarakimasen ka* (Ocean, mountains, leisure – why not work in Miyagi Prefecture?) to revitalize the local labor market and industry in sectors such as tourism or agriculture. However, considering that regions such as Miyagi, an economic and industrial hub in Northern Japan, possess only a weak regional economy mainly constituted by parts-makers for the automobile industry, the regional labor market’s capacity to integrate new workers remains limited. For example, 66.4 percent of all employees in Miyagi work in permanent employment situations, whereas 33.6 percent of all employees work part-time.<sup>25</sup> Moreover, data for April to June 2007 document that the number of unemployed persons in the region amounted to 4.7 million people and rose by 120,000 people from January to March 2007.<sup>26</sup> In the second quarter of 2009 unemployment has reached 6.4 per cent, the third highest in Japan after Okinawa (7.9 per cent) and Aomori (6.8 per cent).<sup>27</sup> Therefore, while initiatives to attract qualified workers to return to their home regions can be considered as a crisis-born opportunity for Japan’s regions and as a chance to decentralize talent, another main consideration behind such moves should also be seen in the attempt to reduce the pressure from central urban labor markets.<sup>28</sup>

### The Part-Time Law



In addition to emergency measures to counter the immediate effects of the job crisis spurred by the economic crisis and reform initiatives started under the former LDP government to reform employment insurance, there are other signs of a move toward the reform of laws that strengthen the interests of various employment status groups. Recent worker-friendly reforms of laws include the reform of the part-time law (*pāto taimu rōdō-hō*), which was enacted in 1993 and reformed in June 2006. There are different definitions of part-time. The Japan specialist Kaye Broadbent refers to a definition of part-time work that according to the part-time law defines part-time work as 35 working hours per week (Broadbent 2005: 6). However, according to the report about the reformed part-time law released by the Ministry of Labor in 2008, the definition of part-time workers remains less precise. Part-time workers are defined as “workers whose set working hours per week are short compared to the set working hours per week of regular workers (*tsūjō no rōdōsha*) in the same company (Ministry of Labor 2008).

The reforms of part-time law can be divided into four areas. First, the reform specifies that the employer has the duty (*gimu-zukerarete iru*) to explain speedily and in written form the working conditions to part-timers with regard to the possibility of advancement, the payment of bonuses, and the conditions of leaving employment (*bunsho no kōfu nado*) upon the

beginning of employment. Violation of this law is subject to a fine of up to 100,000 yen for the employer. The same applies to the time after the part-time worker has actually taken up employment. The employment terms (*taigū*) with regard to position and salary, have to be laid out clearly. Second, the employer is required to provide training (*kyōiku kunren*) to part-time employees if the work content is identical with that of full-time employees who receive training. Third, the reformed part-time law prohibits discriminatory treatment of part-time employees (*sabetsuteki taigū no kinshi*) Differences with regard to work content, salaries, and benefits between full-time and part-time employees must be adequate and balanced. The terms of part-time employment with regard to work content, use of human resources, and duration of contracts with special consideration of the differences between ‘regular workers’ and part-time workers have to be stated clearly. The reformed part-time law further stipulates that wage differences of full-time employees and part-time workers, who do the same work as full-time employees, must be within acceptable limits. The reformed law also anticipates the promotion of temporary employees to regular employees (*seishain-ka no sokushi*) by stipulating that it is an obligation (*gimu*) of an employer to take steps to enable part-time employees to advance to the status of a ‘regular worker’ (*tsūjō no rōdōsha*).

**Employment Insurance in Japan: A System**

## Calls for Reform

However, whatever initiative is considered, a crucial step toward addressing the current social malaise emphasized by the rise of unemployment among the ranks of non-regular employees must be to assure access to state support for those affected by sudden job loss. This necessity is especially clear if we consider, as Higuchi reports, that 77 percent of those unemployed were not receiving any unemployment benefits as of December 2008 (Higuchi 2009: p.42). Therefore it becomes obvious, as we have tried to show throughout this paper, that the fragmentation of employment structures highlights crucial structural deficiencies in Japan's social welfare system. Employment Insurance in contemporary Japan is a work-based scheme contingent on the number of years of service (*hi-hokensha de atta kikan*) and the age of the beneficiary (*nenrei*). Unlike the duration of benefits as stipulated in the terms of postwar Unemployment Insurance which amounted to six months of benefits, the duration of unemployment benefits (*koyō hoken no kihon teitei no shotei kyūfu nishiki*) differs according to the age of the beneficiary and years of contribution, and it ranges from 90 days to a maximum of 330 days for beneficiaries between the ages of 45 and 60 who have been members of the Employment Insurance system for more than 20 years.<sup>29</sup> Likewise, daily rates of unemployment benefit correspond with the age of the

beneficiary. Currently, beneficiaries under the age of 30 receive the lowest daily rate of 6,330 yen whereas the age group between 45 and 60 years of age receive the highest rates of 7,730 yen.<sup>30</sup> Workers between 45 and 60 years of age receive the highest unemployment benefits, which might be interpreted as a sign that this age group is seen as the core group of employees in contemporary Japan.

The reform of Employment Insurance and of the part-time law point to a process of establishing more worker-friendly laws and making social welfare programs more accessible to occupational groups in fluctuating work situations. We distinguish between social welfare measures such as unemployment insurance and laws that provide comprehensive guidelines that are not social welfare policies as such but provide a framework that aims to integrate occupational groups such as temporary workers, part-time workers and women more effectively into the labor market. We argue that Japan is currently in the process of moving from the third phase of a 'dual structure' of social welfare policies – corporate-based welfare policies for a core group of 'regular' employees that receive social benefits such as seniority-based wages, health-care payments and pension schemes and government social welfare schemes for an increasing group of 'non-regular' workers in unstable and fluctuation work situations with insufficient welfare protection – to a fourth phase of (re)establishing

more balanced welfare policies provided by the government that provide better government-provided benefits for 'non-regular' workers.

A closer look at the nature of the unemployment insurance and the changes related to the current economic crisis suggests that the Japanese government is working towards a reform of employment insurance in order to provide a more effective safety net for workers. In direct reaction to the economic crisis since 2008, a package of emergency employment measures under the name of "Comprehensive Immediate Policy Package – Easing Public Anxiety"<sup>31</sup> which stipulated emergency measures (*kinkyū koyō taisaku*) was discussed by the former LDP government and ruling coalition and took effect in December 2008.<sup>32</sup> These measures resulted in a swift establishment of a broad network of bureaus that dealt with these emergency measures at the prefectural level. Moreover, the Ministry of Labor in cooperation with "Hello Work", the ministry's job agency, initiated a number of measures termed "job cancellation measures" (*naitai torikeshi taisaku*) to motivate companies not to terminate existing contracts of temporary workers and hire workers whose contracts have been terminated. Moreover, the Ministry of Labor plans to hand out incentive payments (*shōreikin*) (500,000 Yen per person for small and medium sized enterprises and one million yen per person for big corporations) to companies that agree to employ workers whose

contracts have been terminated and hire these workers on a full-time basis as "regular" employees (*sei-shain*). Similarly, there are incentive payments to companies that agree to hire older freeters between the ages of 25 and 40. Besides these measures, MHLW has introduced a program to provide low-interest loans to workers affected by unemployment and homelessness and set up a scheme to provide those unemployed workers who are not covered by unemployment security with financial support during a period of additional job training.

### **One Year after *Hakenmura*: Japan's Social Security System *Quo vadis?***

The events of *hakenmura* have pointed forcefully to the shortcomings of Japan's current livelihood security system. Increased non-regular employment has resulted in declining income levels and contributed to the rise of insecure employment situations and poverty in contemporary Japan. In this paper we have attempted to illuminate the structural factors by which this employment crisis has gradually evolved into a severe social concern through connecting the developments behind the transformation of Japan's welfare regime with the process of deregulating the labor market in the 1990s and early 2000s. Motivated by the question of how non-regular employment has evolved into a social crisis as illustrated by the events of the Hibiya tent village, we have sought to illuminate the structural factors behind this

phenomenon. Employing the argument of Margarita Estévez-Abe who has stated that the development of welfare protection in post-war Japan until today occurred in several phases from universalistic untargeted welfare protection to an employment-based fragmented welfare system tied to the former governing party LDP while protecting politically relevant corporate interest groups we have shown the extent to which this process has resulted in a dual structure of welfare protection characterized by a growing group of marginalized temporary workers excluded from stable employment and welfare protection.

Indeed, we argue that recent reforms of the employment insurance and the part-time law point to increased efforts of re-regulating the labor market, protecting workers' interests and stabilizing employment conditions. Recent political decisions support this trend through continued protection of worker interests. On 19 March 2010, the Hatoyama administration passed a revision of the Labor Dispatch Law providing for the banning by 2013 of short-term dispatches of less than two months, the dispatch of day laborers and the dispatch of workers in manufacturing industry which has been the industry most affected by deregulation reforms. In manufacturing, the dispatch of workers is only permitted after workers have signed a contract with dispatch labor agencies (*tōroku-gata hake*) (Nihon Keizai Shimbun, 18 March 2010: 5).

Reactions from employers followed instantly, arguing that a shift from temporary employment to long-term employment would involve time and money. In particular car makers claim that the hiring of permanent employees by small and medium-sized enterprises involved in spare parts production would lead to increasing inflexibility of production systems and personnel demands (Nihon Keizai Shimbun, 20 March 2010: 3). This reaction to the decision of the Hatoyama administration to revise the labor market indicates that a gradual re-regulation of the labor market, albeit necessary, will not take place without resistance from corporate sector interest groups. Yet, it remains to be seen whether these moves mark the beginning of the establishment of a balanced social security system with Japan's state seeking a larger role in the delivery of welfare services. Recent steps such as the introduction of child allowances or the re-regulation of the labor market provide hope for a more sustainable welfare arrangement responding to the challenges of globalization and a declining and ageing population.

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<sup>1</sup> Cabinet Office, Government of Japan (ed.), Public Life Survey (*Kokumin seikatsu ni taisuru yoron chōsa*), available here (<http://www8.cao.go.jp/survey/h21/h21-life/images/z49.gif>), accessed on 2 April 2010.

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<sup>2</sup> MHLW (ed.), "Dispatch workers rise by 26 percent compared to previous year to 3.21 million workers. Accumulated Results of the 2006 Report on the Matter of Dispatching Workers" [*Haken rōdōsha ga tai zennen 26 % no zōka. 321 man nin ni. Rōdōsha haken jigyō no heisei 18 nendo jigyō hōkoku no shūkei kekka ni tsuite*], Available here (<http://www.mhlw.go.jp/houdou/2007/12/h1228-2.html>), accessed on 4 April 2010.

See also on related themes:

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<sup>3</sup> MHLW (ed.), "Dispatch workers rise to 3.99 million – Accumulated Results of the 2008 Report on the Matter of Dispatching Workers" [*Haken rōdōsha ga 399 man nin ni zōka – rōdōsha haken jigyō no heisei 20 nendo jigyō hōkoku no shūkei kekka ni tsuite*], available here (<http://www.mhlw.go.jp/stf/houdou/2r9852000032dh.html>), accessed on 2 April 2010.

Neal S. Parikh

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Migrant Health in Japan: Safety-Net Policies and Advocates' Policy Solutions.

Yong Soo Park (

[http://japanfocus.org/-Yong\\_Soo-Park/2752](http://japanfocus.org/-Yong_Soo-Park/2752)),

Comparative Perspectives on the South Korean Welfare System.

<sup>4</sup> Most recent Annual Economic and Fiscal Report



issued by the Cabinet Office, Government of Japan, [link \(http://www5.cao.go.jp/j-j/wp/wp-je06/06-00503-01.html\)](http://www5.cao.go.jp/j-j/wp/wp-je06/06-00503-01.html). Accessed on 4 April 2010.

<sup>5</sup> According to data compiled by the MHLW, the average income of temporary workers (*haken rōdōsha no chingī*) calculated on a base of an 8 hour work day amounted to 11,254 Yen per work day. MHLW (ed.), “Dispatch workers rise to 3.99 million – Accumulated Results of the 2008 Report on the Matter of Dispatching Workers” [*Haken rōdōsha ga 399 man nin ni zōka – rōdōsha haken jigyō no heisei 20 nendo jigyō hōkoku no shūkei kekka tsuite*], available here (<http://www.mhlw.go.jp/stf/houdou/2r98520000032dh.html>), accessed on 2 April 2010.

<sup>6</sup> See Japan Times Online, “Park Homeless Promised Shelter”, 5 January 2009, available here (<http://search.japantimes.co.jp/cgi-bin/nn20090105a3.html>), accessed on 5 April 2010. A similar accommodation for temporary workers who either have already lost their jobs or are close to losing their jobs was set up in Osaka termed “Counseling Village Kansai” (*sōdan mura kansai*) This event was organized by five labor unions in the Kansai area in order to provide free meals and advice to temporary workers seeking new employment. See “Volunteers Set up Job Center for Temps in Osaka,” Japan Times Online, 1 March 2009, available here (<http://search.japantimes.co.jp/cgi-bin/nn20090301a2.html>), accessed on 5 April 2010.

<sup>7</sup> Since the end of the 1990s, sociological discourse has focused on the so-called “gap society” or “divided society” (*kakusa shakai*) In particular, two Japanese sociologists have discussed status discrepancies from the perspectives of income and intergenerational mobility. In his book *Nihon no keizai kakusa – Shotoku to shisan kara kangaeru* (1998) [Economic Discrepancies in Japan from the Perspective of Income and Property] the sociologist Tachibanaki Toshiaki has argued that based on analysis of the Gini-coefficient, which measures the degree of income inequality, income discrepancies are increasing in Japan. The sociologist Satō Toshiaki has described the “pedigree society” (*gakureki shakai*) in his book *Fubyōdō shakai Nihon: Sayōnara sō-chūryū* (2000) [Unequal Society Japan: Good-bye Middle Class] and discovered a strong correlation between the professional occupation of the father and the professional occupation of the son suggesting that social intergenerational mobility is less pronounced in Japan than had been assumed. Both works analyze the decay of the Japanese ‘middle class’ and argue that social inequality is increasing.

<sup>8</sup> Boas and Gans-Morse argue in their article “Neoliberalism: From New Liberal Philosophy to Anti-Liberal Slogan” that the term neoliberalism has become an academic catchphrase, noting that 76 percent of all scholars who use the term in their writings do not define neoliberalism (Boas and Gans-Morse 2009). While a thorough

discussion of the term neoliberalism is beyond the scope of this paper, we define neoliberalism as a set of deregulatory labor market policies that were enacted in Japan in the 1980s and 1990s in order to add flexibility to temporary demands of the labor market.

<sup>9</sup> In 1974, a further reform of the Unemployment Insurance followed. The Unemployment Insurance was renamed into Employment Insurance and significantly expanded through the integration of active policy measures such as wage subsidies during economic downturn periods (Estévez-Abe 2008: 213).

<sup>10</sup> Honkawa Data Tribune (<http://www2.ttcn.ne.jp/honkawa/3080.html>), accessed on 4 April 2010.

<sup>11</sup> See Asahi Shimbun, 14 February 2009: 3.

<sup>12</sup> As Steven Vogel explains, in further revising the law, the government shifted from a “positive list” of restricting dispatch of workers to a “negative list” system in which dispatched workers were allowed to work in all occupations except for manufacturing, construction, and harbor services (Vogel 2006: 81).

<sup>13</sup> A further reform of the Labor Dispatch Law with regard to the duration of temporary employment stipulated that the period of dispatch labor could be extended up to three years instead of only one year as had been stipulated in the original law. Manufacturing

industry was at first exempted from this extension, but in 2007 the one-year ban was also lifted in manufacturing, which meant that the maximum duration of temporary employment was extended to three years in manufacturing as well.

<sup>14</sup> Cabinet Office, Government of Japan (ed.), Annual Economic and Financial Report 2009 (<http://www5.cao.go.jp/j-j/wp/wp-je09/pdf/09p03011.pdf>), especially chapter 3, accessed on 4 April 2010.

<sup>15</sup> Honkawa Data Tribune (<http://www2.ttcn.ne.jp/honkawa/3250.html>), Process of the share of non-regular workers (according to gender and age groups), accessed on 4 April 2010.

<sup>16</sup> Cabinet Office (<http://www5.cao.go.jp/j-j/wp/wp-je09/pdf/09p03011.pdf>), Government of Japan (ed.), Annual Economic and Financial Report 2009, especially chapter 3, accessed on 4 April 2010.

<sup>17</sup> A recent term that is being used to refer to members of the younger generation in Japan is the label NEET (Not in Education, Employment, or Training). This term was first used in Great Britain in the year 2000 to identify people between 16 and 18 years of age who are neither enrolled in regular employment nor in further education. In Japan, the term NEET applies to a much broader age group of people between 15 and 34 years who are neither working nor

enrolled in education nor occupied with household work. Apart from the term NEET the expression freeter, which is a combination of the English word “free” and the German word “arbeiter” (worker), was coined in the late 1980s. This acronym refers to people who frequently change temporary jobs without a long-term perspective of finding regular employment.

<sup>18</sup> For an overview of the changes in yearly incomes per household, link (<http://www.mhlw.go.jp/toukei/saikin/hw/k-t-yosa/k-tyosa05/2-1.html>). Accessed on 11 April 2009.

<sup>19</sup> Most recent Annual Economic and Fiscal Report (<http://www5.cao.go.jp/j-j/wp/wp-je06/06-005-03-01.html>) issued by the Cabinet Office, Government of Japan, especially chapter 3, accessed on 4 April 2010.

<sup>20</sup> MHLW (ed.), Basic Survey on the Labor Force February 2010 [*Rōdōryoku chōsa (Kihon shūkei) Heisei 22 nen*], available here (<http://www.stat.go.jp/data/roudou/sokuhou/tsuki/index.htm>), accessed on 4 April 2010.

<sup>21</sup> The most recent Annual Economic and Fiscal Report (<http://www5.cao.go.jp/j-j/wp/wp-je06/06-005-03-01.html>) issued by the Cabinet Office, Government of Japan, especially chapter 3, accessed on 4 April 2010. See also: Japan Times Online

(<http://search.japantimes.co.jp/cgi-bin/nn20090121a2.html>), “60-day extension for unemployment insurance benefits OK'd,” 21 January 2009, accessed on 4 April 2010.

<sup>22</sup> According to data from the OECD, poverty rates for Japan lay at 14.6 percent for the year 1998, 15.3 percent in 2001 and at 14.9 percent in 2004. These data indicate that Japan had the fourth highest rates among 30 countries investigated by the OECD with Mexico leading in poverty rates followed by Turkey and the United States. However, 2009 was the first time that the Japanese government published statistics on poverty that include single-parent households with children under the age of 18. These data were taken from the Asahi Shimbun Online, “Employment Insurance – Towards Easing the Eligibility of Non-Regular Employees – Insurance Premiums Rise” [*Koyō hoken, hikisei no tekiyō jōken o kanwa he e – Hokenryō wa hikiage*], 20 October 2009, available here (<http://www.asahi.com/national/update/1020/TKY200910200185.html>), accessed on 4 April 2010.

<sup>23</sup> The data in this section were taken from a report entitled “Emergency economic measures for future relief and growth” (*Ashita no anshin to seichō no tame no kinkyū keizai taisaku*)

<sup>24</sup> These data are taken from a report released by the MHLW in July 2009 entitled “Employment measures in Post-Financial Crisis Japan”

(<http://www.mhlw.go.jp/english/policy/affairs/dl/04.pdf>), accessed on 4 April 2010

<sup>25</sup> These data are provided by the statistics section of Miyagi Prefecture available here ([http://www.pref.miyagi.jp/koyou/rousei/toukei/1\\_tyosa/h21/outline1.pdf](http://www.pref.miyagi.jp/koyou/rousei/toukei/1_tyosa/h21/outline1.pdf)), accessed on 4 April 2010.

<sup>26</sup> In the second fiscal quarter in 2007, the number of employees in the Tōhoku region was 4.7 million, representing an increase of 1.2 million from the first fiscal quarter of 2007. A gender comparison reveals 2.69 million male workers for the second fiscal quarter of 2007 (plus 50,000 from the previous quarter) and 2.01 million female workers (plus 70,000). Link (<http://www.pref.miyagi.jp/toukei/toukeidata/roudou/roudouryoku/roudousiryoku.htm>).

<sup>27</sup> See Honkawa Data Tribune (<http://www2.ttcn.ne.jp/honkawa/7360.html>), accessed 15 October 2009.

<sup>28</sup> For further information on hometown employment programs see the following websites of Yamagata Prefecture (<http://www.yamagata21hrb.jp/>), and Miyagi Prefecture (<http://www.ui-miyagi.jp/>), both websites accessed on 4 April 2010.

<sup>29</sup> Hello Work ([http://www.hellowork.go.jp/html/info\\_1\\_h3a1.html](http://www.hellowork.go.jp/html/info_1_h3a1.html)), accessed on 19 March 2009.

<sup>30</sup> Hello Work ([http://www.hellowork.go.jp/html/info\\_1\\_h3a.html](http://www.hellowork.go.jp/html/info_1_h3a.html)), accessed on 19 March 2009.

<sup>31</sup> Available here (<http://www5.cao.go.jp/keizai1/2008/0918summary-english.pdf>), accessed 21 October 2009.

<sup>32</sup> A detailed listing of the measures included can be obtained from the MHLW here (<http://www.mhlw.go.jp/bunya/koyou/other34/index.html>), accessed on 28 October 2009.

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