
Introduction

Changes in Industrial Structure and Reallocation of Human Resources

It goes without saying that labor is the single greatest resource for the creation and cultivation of industry. Industry as a whole cannot grow unless the required human resources are available for the industries that are in demand, and if we look back at history, the inter-sectoral flow of labor in a variety of forms has played a fundamental role in the Japan's industrial development. Today, the nation is faced with the challenge of pulling out of a prolonged economic slump and fostering industry that can compete and succeed in the global arena. Another urgent task is the cultivation of industries that meet the needs of a progressively aging society. Doing so will require the redeployment and inter-sectoral allocation of human resources, and the central government is strongly emphasizing the need for "reallocation of labor to grow industries without causing unemployment."

Reallocation of labor accompanying industrial restructuring entails a range of issues related to the new fields workers are entering, including changes in work conditions, acquisition of skills and techniques required for jobs in new fields, and training to develop new competencies. Changing jobs can also mean moving to a new location, and for the workers in question often involves family matters such as finding a new home, transferring children to a new school, or dealing with the care of elderly parents. This means that pursuing industrial development and achieving effective allocation of labor requires efforts on a wide variety of fronts, and may call for measures specifically tailored to the country and historical period.

In Japan, modern history has seen the weight of industry shift dramatically from primary, to secondary, to tertiary—for example, energy sources have evolved from coal, to oil, to nuclear and other sources, and the focus of manufacturing from light to heavy industry, and then to precision engineering. This process has been guided not only by national economic and industrial policy, but also by employment policies. Meanwhile, companies, labor unions and so forth have formed cooperative frameworks and taken active steps to further this evolution. Propelled by forces from various directions, Japan has thus far gone through any number of industrial paradigm shifts, which have always been accompanied by the requisite inter-sectoral reallocation of labor. In Japan, in addition to the allocation of human resources through the external labor market, there has been a strong tendency for companies to transfer the necessary personnel within their organizations, in line with business expansion in general and diversification strategies in particular, with loaning and transferring of human resources within corporate groups contributing to the cultivation of new industries. Over the years, the relation between new industries and allocation of labor has taken on a variety of forms.

With this in mind, this feature examines the allocation of labor accompanying changes in industrial structure in Japan, through articles by experts in a variety of fields that ex-

amine the issues from diverse angles. In addition to reviewing the history of industrial evolution and human resource reallocation in Japan and clarifying their traits, the articles herein analyze and comment on the path it ought to take in the future.

Naoko Shimazaki's "Support for Workers Displaced in the Decline of the Japanese Coal Industry: Formal and Informal Support" discusses the allocation of labor in the coal industry, which is a quintessential example of Japan's industrial restructuring. While coal mining played a central role in Japan's postwar recovery, it fell into demise thereafter due to changes in the structure of the energy industry, resulting in massive reallocation of labor. More than 200,000 workers were displaced from the mid-1950s onward, in connection with the 1955 Act on Temporary Measures concerning Rationalization of Coal Mining and closures of coal mines due to rationalization starting in 1957. Changing the structure of the energy industry was made a pillar of national policy, and the task of providing measures for displaced workers was recognized as an issue with considerable significance for the interests of society as a whole, to be addressed not only by the firms involved and the individual coalfield regions, but also at the national level. Thus, in addition to companies' reemployment measures and placement services, and employment placement committees established by labor and management, there was cooperation with local government entities such as Public Employment Security Offices and branches of the Employment Promotion Corporation, which provided reemployment support. In addition to financial support, displaced workers received wide-ranging support with finding reemployment and relocation, including information sessions on employment, on-site visits, and individual counseling sessions. There was also informal support based on the unique culture of coal mining and solidarity among mine workers. In periods of transition of industrial structures, workers forced to change industry require not mere temporary, stopgap unemployment measures but "comprehensive measures" over a reasonable period of time, and support based on the circumstances of each individual. Measures that were effective in the transition away from coal mining constitute an important legacy that needs to be carried on today and in the future.

The next article, "The Development of New Businesses and Quasi-Internal Labor Markets in Japanese Firms" by Yasuo Dan, examines not the inter-sectoral reallocation of human resources through the external labor market, which Shimazaki's article showed to be a key focus of national policy, but on internal personnel transfers within corporate groups, i.e. quasi-internal labor markets, and their relation to the development of new businesses. In the majority of cases, Japanese firms choose to utilize existing internal resources when pursuing new businesses, procuring and retraining personnel from within the firm or corporate group. This state of affairs is strongly related to the practice of lifetime employment. When entering into new businesses, Japanese firms have sought to protect the jobs of existing employees by relocating them internally through temporary transfers (*shukko*) and permanent transfers (*tenseki*), meaning that personnel relocation has been a key factor in generation of new businesses. Matching the right employees to the right jobs is essential to this process, and this has generally been achieved smoothly because the human resources departments of

Japanese firms have gathered and analyzed the necessary information about their personnel, and reassigned, retrained, and provided ongoing support for employees based on this information. These practices have produced significant positive results in that they enable labor reallocation without a phase of unemployment. Dan's article highlights the unique relationship between new business development and personnel relocation through quasi-internal labor markets, and asserts that the time is ripe for examination of how Japanese firms should build on this legacy in the future.

The two articles discussed thus far have been primarily focused on analysis of the historical record, but the remaining two focus on analysis of current employment policies and labor markets. Yoichi Shimada's "Labor Mobility and Employment Policy" discusses issues of employment policy, based on the viewpoint of achieving total employment (i.e. a labor market that can respond with smooth labor mobility without causing unemployment). This has been highlighted as a policy task within the growth strategy of the Abe administration, and it is evident that to achieve such smooth mobility, the labor market should be made more flexible. The article notes that in Japanese postwar employment measures the external labor market was insufficiently developed, and while the importance of labor market functions has been recognized and reflected in legal principles, the problem has lain in putting them into full effect. To improve the current situation, with a labor market polarized between regular and non-regular employees, Shimada's article proposes supporting the creation of regular employment systems in which the scope of work, working hours, place of employment and other aspects are restricted, although the term of the contract is not stipulated ("restricted regular employee" systems), and reforming regulations on human resource business. Restricted regular employment systems should be created as separate personnel systems alongside conventional regular employment systems, i.e. systems for unrestricted regular employees, and the requisite regulatory framework needs to be put in place. Meanwhile, with regard to worker dispatch systems, the article advocates a shift of focus from preventing substitution of full-time workers, i.e. functioning to protect unrestricted regular employees, to prohibiting abuse of agency labor.

Etsuro Shioji's "Productivity, Demand and Inter-Sectoral Labor Allocation in Japan" also contains a wealth of policy implications. It begins by analyzing recent trends in inter-sectoral labor allocation in Japan, finding that three service sectors (medical and health services, corporate services, and information services) have been expanding at the expense of manufacturing and drawing labor away from it. Next, the paper examines the two driving forces behind inter-sectoral labor allocation, namely relative productivity across sectors (the supply side factor) and the relative demand for goods and services produced by different sectors (the demand side factor). In terms of productivity, growth has been strong in manufacturing and particularly in the electronics sector. However, this does not mean that labor allocation to this sector has been optimal. When increases in productivity cause major price drops, it should result in a withdrawal of labor from the sector in question, but although there have been significant price declines in electronics, Shioji's article notes that realloca-

tion of labor away from this sector has been sluggish. Meanwhile, it is growing demand that has primarily driven increased allocation of labor to the three growth sectors. In the medical and health service sector, in particular, despite large labor inflows, there is a chronic and massive labor shortage connected with population aging. The fact that prices of those services are fixed, and do not react to market conditions, is given as one possible factor. It means that in spite of the high demand, wages remain low, and the sector fails to attract labor fast enough.

This feature aims to shed light on some aspects of Japan's industrial restructuring and human resource reallocation. Japan's population is expected to shrink in the future, meaning that industrial growth will depend even more on the optimal allocation of limited and precious human resources. However, all of the articles herein make it clear that the reallocation of human resources in line with changes in the industrial structure is not going to be a smooth or easy process. It will require measures tailored to Japan's specific situation, and there is a greater need than ever for comprehensive, multifaceted analysis and discussion of the issues.

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