The Labor Situation in Japan 2001/2002

THE JAPAN INSTITUTE OF LABOUR

The Japan Institute of Labour

The Japan Institute of Labour (JIL) is engaged in the comprehensive research and study of labor problems, collecting and classifying information and data both domestically and internationally, and publicizing them. Another important role of JIL is to inform labor, management and the general public in order to deepen understanding and knowledge of labor problems (Article 1, the Japan Institute of Labour Law).

1. Comprehensive Research and Study on Labor Issues

Amid rapid changes in industry and the employment structure in recent years and drastic development of the international community, such as the end of the Cold War, labor issues are becoming increasingly complicated and diversified. In order to cope with such changes, the JIL carries out comprehensive research and study from mid- and long-term perspectives.

(1) Research and study for the purpose of providing foundations for assessing, analyzing, and planning of labor policies.
(2) Research and study for supporting workers' efforts to find an appropriate job.
(3) Research and study for providing foundations for forming mutual understanding between labor and management.

2. Collection and Provision of Information on Labor Issues

The Institute provides you with various types of labor-related information, systematically collected in Japan and overseas, through the Internet, newspapers, books, videos and other media.

(1) Provision of information via the Internet
(2) Operation of an open center of specialized books and materials
(3) Issuance of various publications

3. International Exchanges that Promote Understanding of Labor Issues

With progress in international cooperation and the rapid globalization of economies, it is increasingly vital that international mutual understanding be further enhanced. To this end, the JIL conducts surveys on labor issues in respective countries, sponsors seminars and lectures, invites those engaged in labor affairs from abroad. The JIL also introduces the Japanese situation to foreign audiences concerned with labor issues.

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In compiling this reference section, the names of surveys, organizations and other material quoted are those as of December 2000.

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Introduction

The Japan Institute of Labour (JIL) has been implementing a project to introduce the situation of labor in Japan, including Japanese labor customs, the legal system of labor in Japan, and recent trends in the labor market, to persons overseas concerned with labor, and management and labor at foreign-affiliated firms in Japan, among others. In recent times, JIL has not been limited to the publication and distribution of printed materials, holding seminars in Japan and abroad designed to promote a deeper understanding of Japan's labor situation. Moreover, JIL has begun to provide on-line up-to-date information that can be accessed easily and regularly, and is constantly carrying out improvements toward the provision of more user-friendly and useful information.

This text was compiled primarily for those readers with no prior exposure to Japan's labor situation or those with a limited amount. It aims to provide all who read it with a fundamental and comprehensive understanding of Japan's overall labor situation. The inaugural edition of this text was published in 1998, since which three revised versions have been published.

Given there will be a future increase in the globalization of economic and social activities, an accurate understanding of the labor situation in Japan is becoming progressively more important. Toward this end, the text was written by researchers at JIL and officials actively involved with this issue in related divisions of the Ministry of Labour. Means were employed in the editing process to ensure the provision of accurate and just information as far as possible. We hope that this text will be of some use to its readers.

Nowadays, when information is able to make headlines around the world in a fraction of an instant, it goes without saying that we at JIL are fully aware that there remains scope for improvement in numerous aspects, such as the selection of information, and the methods and speed of its provision. We will continue to devise ways to improve this booklet, but would be delighted to receive opinions and comments from readers as to how we may achieve this.

March 2001
The Japan Institute of Labour

Chapter I The Economy, Industries, and Corporations

1 The Japanese Economy: Current Situation and Outlook for the Future

Japan's Phenomenal Postwar Economic Recovery

Though the Japanese economy had been virtually destroyed by the end of World War II, the government made institutional forms and implemented far-sighted policies, achieving a recovery that is remarkable by any standard. During the period of high economic growth (1955 to the early 1970s), the economy expanded at an average rate of 10% per year.

Since the 1970s, the world economy has been shaken by profound changes in the international monetary system and by two oil crises. However, the Japanese government has managed to maintain Japan's relatively strong performance by adopting effective macroeconomic policies. Labor and management have made contributions also, by agreeing to set wages voluntarily. The industrial structure has been transformed through technological innovation, and Japan has succeeded in staving off inflation and keeping the unemployment rate under 2%.

Astoundingly Low Growth Rate

In the early 1980s, economic theories stressing the importance of the market mechanism gained support in Japan, as in other industrialized nations. Informed by these theories, the Japanese government implemented administrative and fiscal reforms, and privatized some state-run corporations. During this period, trade imbalances among the advanced nations worsened, leading to the Plaza Accord of 1985, which was signed amid growing demands for Japan to open its markets. With the substantial currency adjustments that ensued, the yen rose sharply against the U.S. dollar, resulting in a recession. Japanese companies, manufacturers in particular, sought to remedy this by moving their operations offshore.

The Japanese government attempted to promote domestic economic growth by lowering interest rates to stimulate demand. Its macroeconomic policies were influenced by negotiations with the United States, at which the removal of structural barriers to imports and the reduction of Japan's huge trade surplus were discussed. Unfortunately, this resulted in excess liquidity, which induced speculation in land and securities. The prices of land, securities, and other assets soared to abnormal levels, thereby creating the "bubble economy" of the early 1990s. When the bubble burst, the economy entered into crisis and was saddled with an enormous volume of bad debts. Japan has since struggled to dispose of these bad debts and to counter what the OECD (Organisation for Economic Cooperation and Development) has described as "astonishingly and exceptionally low economic growth."

I-4 describe Japan's real GDP (gross domestic product), labor force, and real wage levels, compared with those of other advanced nations. Japan's real GDP grew at a robust and consistent rate for many years until 1992, when growth began to decline, while the labor force expanded at a relatively stable rate of 1% per year. Japan has succeeded in distributing the fruits of its high economic growth period equally, increasing both wages and the size of the workforce.

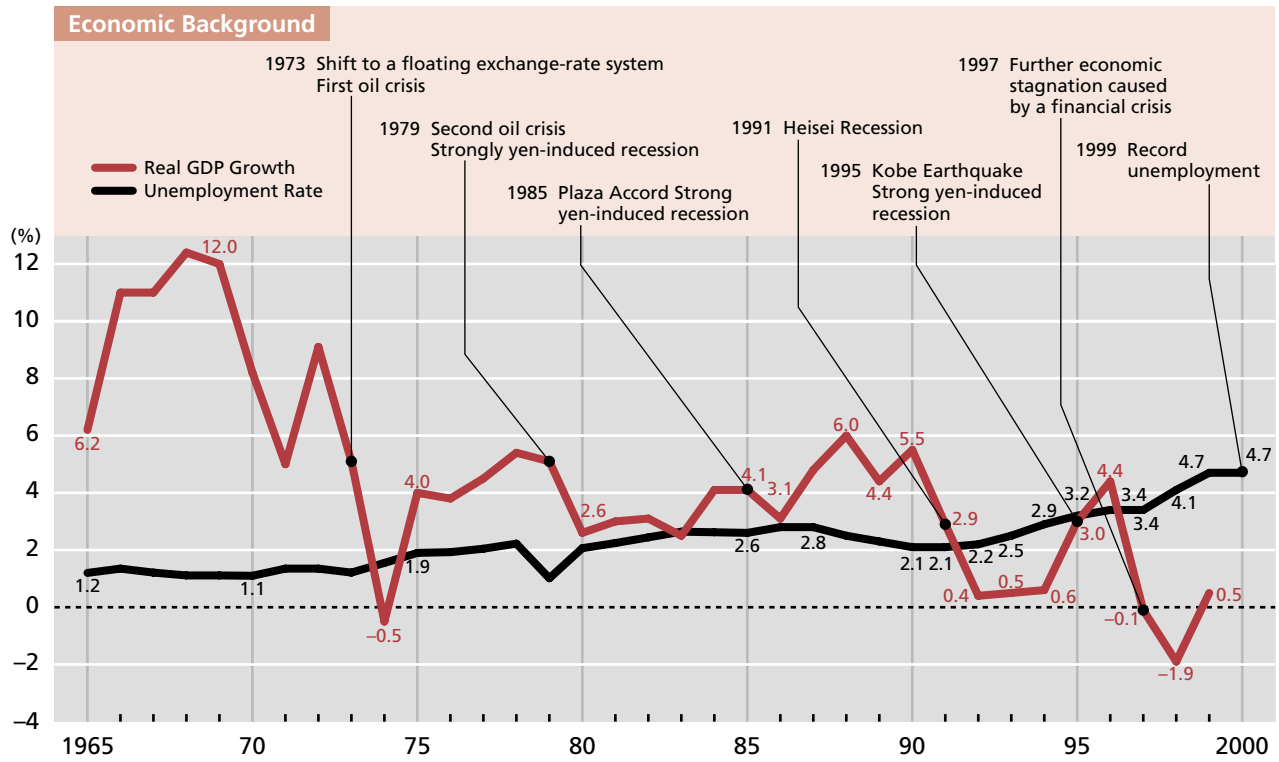
Movements Toward Self-sustained Economic Recovery

Since 1997, the Japanese economy has experienced, among other things, a rise in the rate of consumption tax aimed at fiscal reconstruction, reduced public demand, an Asian currency crisis, and the insolvency of

major financial institutions, which contributed to an acute downward economic spiral from the end of 1997. In response, the Japanese Government has attempted to shift from "administrative policies aimed at financial protection" to one of introducing market principles into financial administration. It has also supplemented public works projects by emergency economic measures and taken measures to expand demand through steps toward permanent tax reductions. The effect of such policies brought a halt to the bottoming out of the Japanese economy in spring 1999, and since the later half of 1999 the recovery of the Asian economy has also been partly responsible for the subsequent succession of moderate improvements.

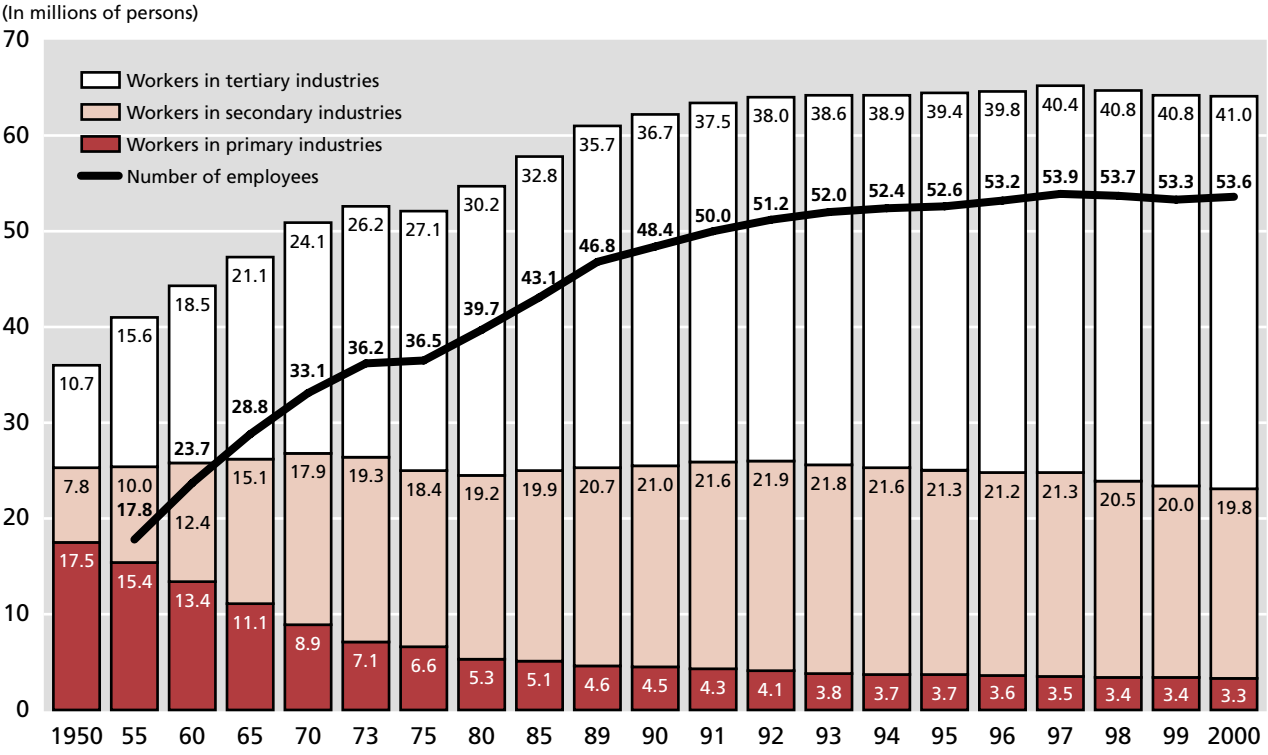
However, despite evidence of movements from inventory adjustments to increased production to increased corporate profit in the process of economic recovery, subsequent movements toward "increased consumption from increased income" are unclear. Although the fall in income is leveling out, there is no apparent trend toward an increase in consumption, and as such, Japan is still not on a full-fledged path to recovery despite the presence of "movements aimed at a self-sustained recovery."

I-1 Real GDP Growth and the Unemployment Rate



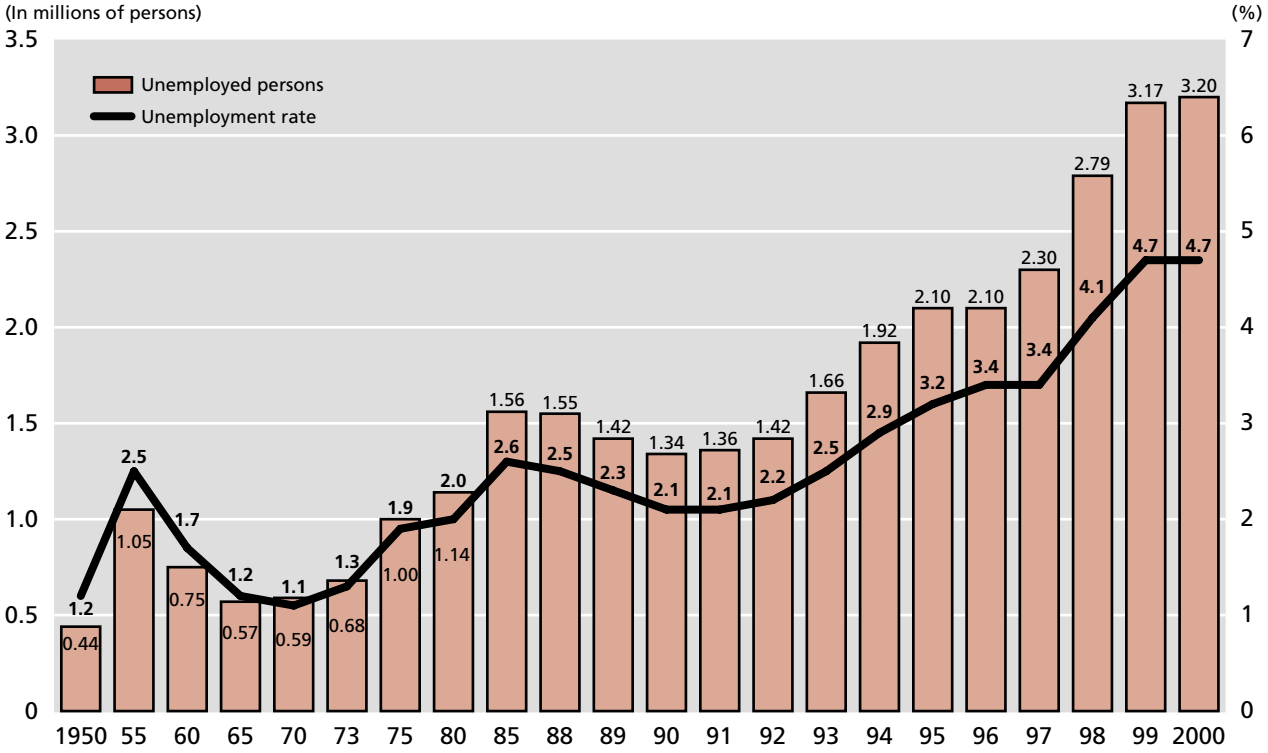
Sources: *National Accounts*, Economic Planning Agency; *Labor Force Survey*, Statistics Bureau, Management Coordination Agency, 1999

I-2 Labor Force Statistics



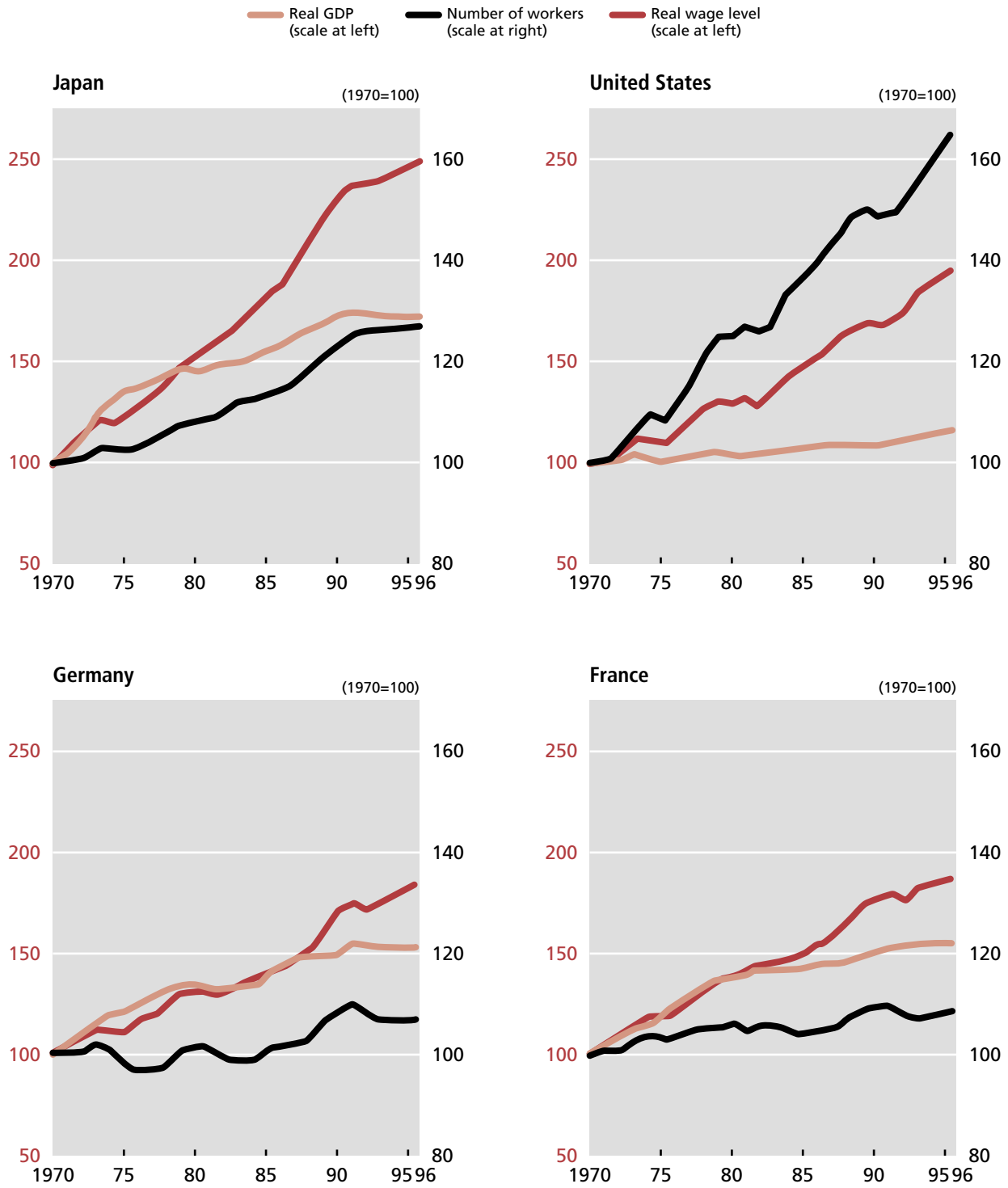
Source: *Labor Force Survey*, Statistics Bureau, Management Coordination Agency

I-3 The Unemployed and the Unemployment Rate



Source: *Labor Force Survey*, Statistics Bureau, Management and Coordination Agency

I-4 Changes in Real GDP, Number of Workers, and Real Wage Rates in the Advanced Nations



Sources: *Labor Force Statistics*,1998; *National Accounts,* OECD, 1998
Note: In the graphs above, real wage level was calculated by subtracting a private consumption expenditure deflator from income per employee.

2 Japanese Management Systems

Japanese Management Systems

Japanese corporate management systems differ from those used in the United States. American systems are characterized by the acquisition of and/or merger with other companies, followed by radical labor adjustments. Management systems in Japan, however, are influenced by the ways in which Japanese companies operate. Japanese companies pay relatively small dividends to their shareholders, due mainly to the reciprocal stock ownership system, the result of which is that a considerable portion of the shares issued by Japanese companies does not circulate, but is held by other companies belonging to the same corporate group. Besides preventing takeovers, this practice has stabilized management and contributed to corporate growth through capital gains produced by continuous stock-price appreciation.

Development of Business Groups

High stock prices have in turn enabled Japanese companies to raise funds needed to expand existing businesses and launch new ones, from capital markets, banks, and internal reserves. When Japanese companies branch out into new types of business or industry they tend to do so by establishing affiliates or subsidiaries, and entrusting the new business to them once they are viable. Diversification of this sort can ultimately result in the formation of a corporate group.

Keiretsu

Corporate groups most typically arise in industries that compete in the international arena, e.g., manufacturers of automobiles and electric machinery. They enable manufacturers of finished products, auxiliary equipment, and parts to establish an efficient division of labor. They also facilitate technological innovation and new-product development, since group members share management and technological information. The term used to describe these groups is *keiretsu*.

In-house Development of Human Resources

For human resource development, Japanese companies have traditionally focused on in-house training and education, partly because of the importance placed on expanding existing businesses and establishing new ones within the company or the corporate group. Companies are now upgrading their training and education programs, and familiarizing their employees with new technologies at in-house training centers and in on-the-job training.

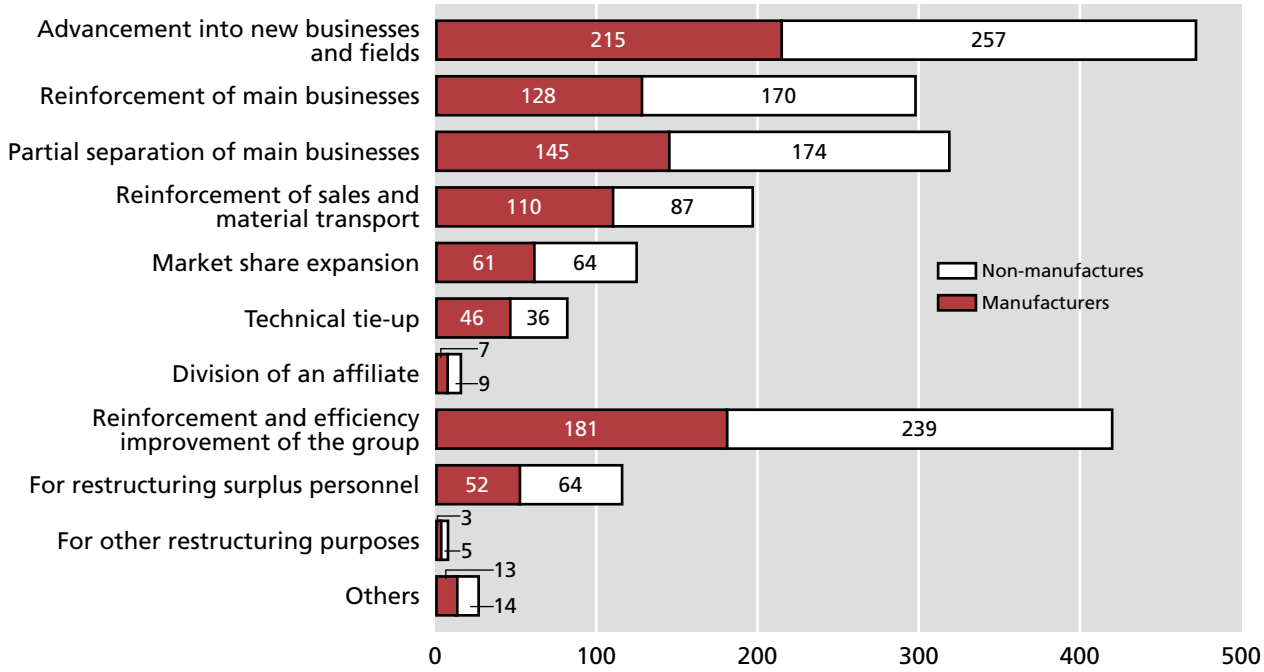
The "Lifetime Employment" Practice

The stability of Japan's long-term employment system (often called "lifetime employment") is owed largely to this emphasis on in-house human-resource development. Companies are extremely reluctant to discharge or lay oft their personnel. They make every effort to retain their employees by transferring them from slow departments to busier ones, or to affiliates, thus keeping cumulative expertise and technologies within the company. The long-term employment system has both contributed to the development of Japanese companies and prevented a rise in unemployment.

Imminent Management System Revisions

As the recession of the 1990s persists and the gap between successful and foundering firms widens, Japanese companies have been forced to address flaws in traditional management practices. They are now beginning to sell off stock shares that are unlikely to pay dividends or rise in price, and to cancel cross-holding agreements. There is growing emphasis on mid-career recruitment, particularly of specialized positions, in areas where technological innovation typified by IT is proceeding at a rapid pace, because companies cannot rely on their labor resources for this type of employee. Labor movements are showing signs of increased activity. Faced with criticism from the international community, i.e., that the keiretsu system prevents foreign companies from doing business in Japan, and desirous of lowering costs, Japanese companies have, though slowly, begun to engage in more transactions outside their corporate groups.

I-5 Objectives and Reasons for Establishing an Affiliate within Japan



Source: *Japanese Corporate Groups,* Toyo Keizai Shimposha, 1998
Note: The research was done on the assumption that an affiliate would be established, not depending on, whether total numbers of enterprises in a group would increase or decrease. Valid answers were received from 1,004 enterprises (including 473 manufacturers and 531 non-manufacturers). (multiple responses possible)

I-6 Personnel Adjustment Status by Industry

(July–September 2000; %)

By industry		Total	Construction	Manufacturing	Transportation, telecom-munication	Wholesale, retail	Finance, insurance	Real estate	Services
Total		100	100	100	100	100	100	100	100
Companies implementing personnel adjustments		20	21	25	14	21	13	11	14
Personnel adjustment methods used (multiple responses permitted)	Restrict overcome work	11	9	13	6	11	2	5	8
	Increase number of paid holidays and vacation days	3	3	4	2	3	2	1	3
	Dismiss or refrain from renewing contracts of temporary, seasonal, or part-time workers	1	2	2	0	1	1	1	1
	Suspend of curtail mid-career employment	4	4	6	2	5	2	2	2
	Transfer personnel	7	5	10	4	6	4	2	4
	Transfer personnel temporarily	6	6	10	4	3	7	1	1
	Lay off personnel	1	1	1	1	0	—	—	—
	Recruit volunteers for early-retirement	2	4	2	3	1	2	1	1
None of the above		80	79	75	86	79	87	89	86

Source: *Survey of Labor Economy Trends*, Ministry of Labour
Note: These figures indicate the ratio of companies planning personnel adjustment to all respondents

Chapter II The Labor Markets

1 Population

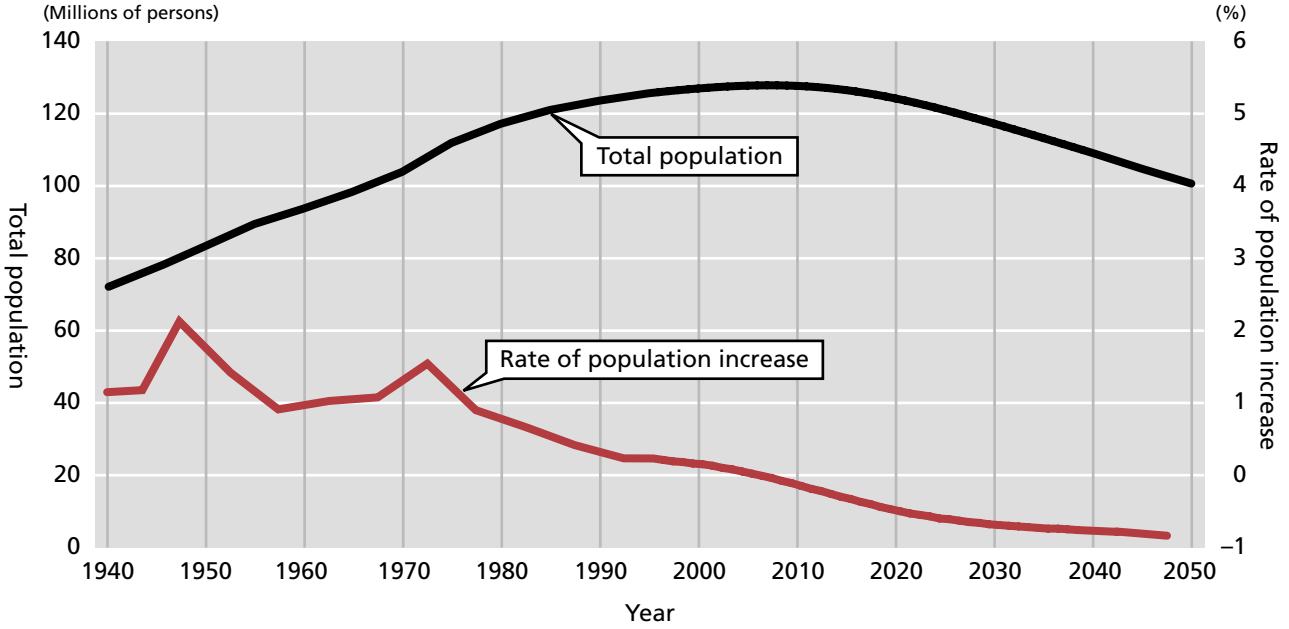
Decline in the Population Growth Rate from the Late 1970s

Between November 1945 (immediately after the end of World War II) and January 2001, Japan's population increased by a factor of 1.74, from 72.15 million to 127.01 million. Higher postwar birth rates and lower death rates stimulated this exceptional increase, taking place in only a half-century. During the first baby boom (1947–49), the population grew at an annual rate of 5%, but growth leveled off to 1% per year in the subsequent 10 years. The second baby boom occurred in the early 1970s, stimulating another rise in the rate of population growth until it once again reverted to 1% growth per year, and then began a steady decline.

Nuclear Families the Main Source in the Decline in the Population Growth Rate

Abandonment of farming villages for urban life was one of the reasons for the changes in population growth. In the cities, nuclear families headed by company employees (who produced fewer offspring) became the norm supplanting extended families. This transition was also marked by the tendency to postpone marriage and child-bearing until a higher average age. The wider availability of postgraduate education, more opportunities for women in the job market, and higher employment rates were also contributing factors.

II-1 Current Situation of the Total Population and Population Increase Ratio and Future Population Projections: 1940–2050

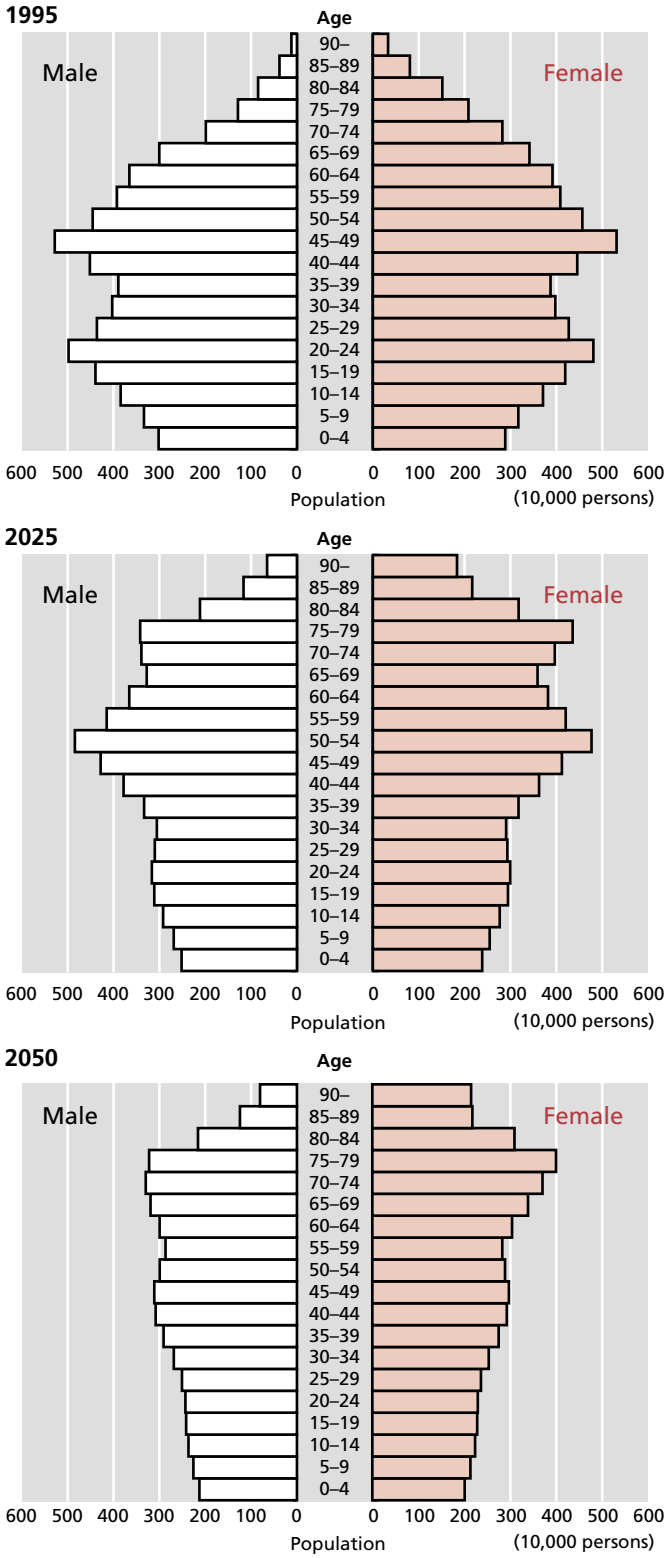


Sources: *Population Census*, Statistics Bureau, Management and Coordination Agency; *Population Projections for Japan*, National Institute of Population and Social Security Research, January 1997

Population to Peak in 2007 and thereafter Decline

The latest forecasts predict that Japan's population will peak in 2007 at 127.78 million, and then begin to decline for the first time in history (II-1). Demographic changes will also become more pronounced as birth rates fall and

II-2 Changes in Population Pyramids: Medium Population Growth



Source: *Population Projections for Japan: 1996–2100*, National Institute of Population and Social Security Research

the elderly population increases. The working population is already diminishing in both real and proportional terms. As a result, economic growth is slowing, and the burden of supporting the younger and older segments of society is becoming a serious problem. As the labor force ages, a decrease in the number of young workers and overall manpower is observable.

Post-war Period Characterized by Job-related Regional Migrations

Looking at the population shifts between three major urban areas and other areas of Japan over the years shows one striking pattern in the shift from rural areas to major cities during the period of high economic growth in the 1950s and 1960s. With the exception of the eldest sons of families engaged in agriculture, people moved from farming areas (where employment opportunities were limited) to cities, where they could easily find work in the rapidly developing secondary and tertiary industrial sectors. The results of this shift were a depletion of the population in the countryside and overcrowding in urban centers. A subsequent shift saw a migration from congested cities to the suburbs. Geographic shifts in population finally began to subside with the 1973 oil crisis and the subsequent tapering off of economic growth.

Concentration of Population in the Greater Tokyo Area

The heavy concentration of population in the Greater Tokyo area, as opposed to other urban centers, poses many difficulties. Also noteworthy (though not so much in terms of absolute population) is the tendency for people to move from their birthplaces in the countryside to an urban center, and later back to their hometowns or a city near their hometowns.

Globalization Brings Increase in the Foreign Population

With the globalization of the economy, the foreign population in Japan is also increasing. In the past, North and South Koreans accounted for the majority of Japan's resident aliens. Today, they represent only a little more than 40% of that population (II-3). On the other hand, there has been an influx of Chinese and other Asians, and of Central and South Americans of Japanese descent who have come to Japan seeking employment, and who hold permanent-resident visas. This trend has been increasing since the days of the bubble economy in the 1980s. The influx from Brazil began to subside in 1998, but that from Peru continues to grow. The number of registered aliens has increased steadily as well, reaching 155.6 million in 1999. Nevertheless, foreign residents account for only 1.2% of the total population.

II-3 Changes in Registered Alien Population by Nationality

(Year end figures)

	1990	1995	1999
Total	1,075,317	1,362,371	1,556,113
North/South Korea	687,940	666,376	636,548
Distribution (%)	64.0	48.9	40.9
China	150,339	222,991	294,201
Distribution (%)	14.0	16.4	18.9
Brazil	56,429	176,440	224,299
Distribution (%)	5.2	13.0	14.4
Philippines	49,092	74,297	115,685
Distribution (%)	4.6	5.5	7.4
U.S.	38,364	43,198	42,802
Distribution (%)	3.6	3.2	2.8
Peru	10,279	36,269	42,773
Distribution (%)	0.9	2.7	2.7
Others	82,874	142,800	199,805
Distribution (%)	7.7	10.5	12.8

Source: *Statistics on Aliens in Japan*, Immigration Association, 2000

2 Labor Force

Labor Force Declines, Labor Force Ratio Remains Stable

In 1955, the number of Japanese people capable of working (which includes the population over 15 years old) was 59.25 million. In 2000, this number had jumped to 108.54 million (estimated in November 2000). Labor force includes those people over 15 years old who hold jobs and qualify as "employed persons," as well as "completely unemployed persons" who want and seek jobs, but cannot find employment. The labor force was 41.94 million in 1955. Although this figure was 67.66 million in 2000 (male: 40.14 million, female: 27.53 million), that year was the first in 25 years (since the first oil crisis) that the size of the labor force declined from that of the previous year. The ratio of the labor force to the general population over 15 years old is called the "labor force ratio" (or the "labor force population ratio"). In 1955, Japan's labor force ratio was 71.0%, but it declined to 62.9% after the first oil crisis, and has remained quite stable at this level even today. In 2000, Japan's labor force ratio was 62.4% (male: 76.4%, female: 49.3%).

Features of Labor Force Ratio in Japan

Figure II-7 shows the labor force ratio classified by sex and age in 1960 and 2000 and characterizes the following long-term trend of Japan's labor force ratio.

(1) The ratio of younger people (male, 24 years old or under) tends to decline, but the ratio of the elderly (55 years old or older) tends to increase. The other age groups demonstrate no significant change.

(2) The female labor force ratio develops in the shape of the letter M: the labor force ratio of female workers declines in the female workers' late 20s through their 30s, and increases again after that. For the last 20 years, the valley section of this letter M has shifted rightward and upward simultaneously. In addition, both peaks of this letter M have become higher. This graph reveals an increase in the labor force ratio. Above all, the increases of female workers in the 25–34 and 55–64 age groups are prominent. The figures show that the number of female workers was 5.31 million in 1955, but that by 2000, the number of female workers had dramatically jumped fourfold to 21.40 million.

Factors Behind the Change in Labor Force Ratio

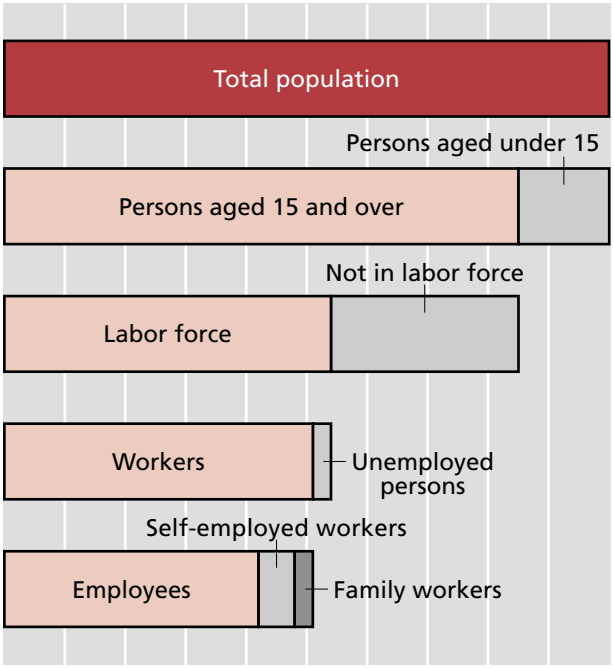
The following factors are thought to have caused these changes in the labor force ratios.

(1) Both men and women have become better educated. In 1960, the ratio of those who attend high school was 57.7% of junior high school graduates (male and female combined, excluding those who were educated via correspondence courses). This figure jumped to 95.9% in 2000. In addition, the ratio of those who attended universities (undergraduate courses) and community colleges (liberal arts) was 10.3% in 1960 (male and female combined, including those who already graduated from high school but failed the entrance examination in the previous year). This figure increased to 45.1% in 2000. As a result of these developments, the labor force ratio of teenagers has declined.

(2) Since women often quit their jobs during the period of marriage, childbirth, and child rearing, the labor force ratio of those women in their late 20s declined. Recently, however, many wives and mothers have continued to hold jobs through these personal changes. Moreover, women have begun to delay marriage and childbirth, and the ratio of single women to women in general has increased. Above all, women with higher educations have a stronger tendency to continue their jobs during marriage, childbirth, and child rearing than women with less education.

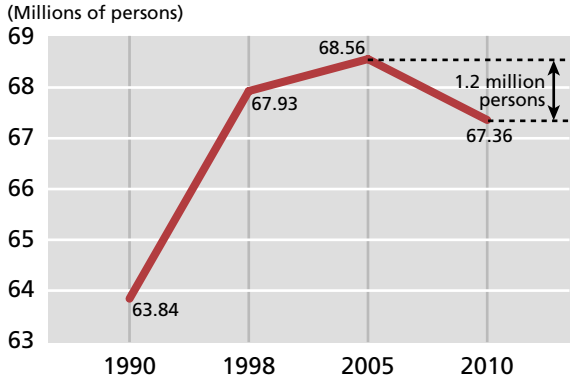
(3) In addition, women who have devoted themselves to childbirth and child rearing, primarily women in their 40s, are increasingly returning to the full-time and part-time job markets.

II-4 Labor Force Population



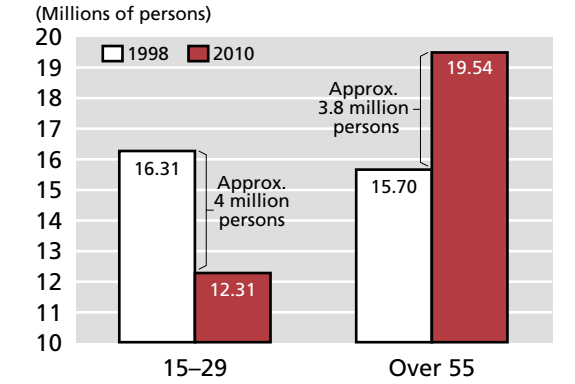
Data: Refer to Appendix 3

II-5 Changes in the Labor Force



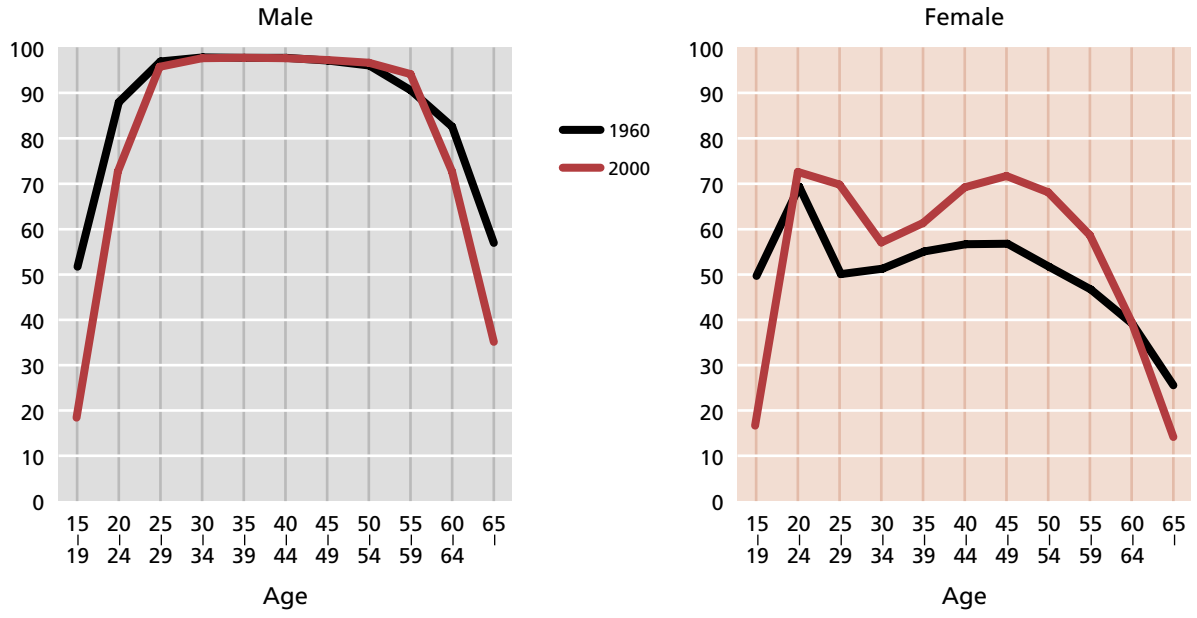
Source: 9th *Basic Employment Measures Plan*, Ministry of Labour

II-6 Changes in the Labor Force by Age Group



Source: 9th *Basic Employment Measures Plan*, Ministry of Labour
Note: There is no significant change in the 30–54 years age group from 35.93 million persons (1998) to 35.5 million persons (2010).

II-7 Changes in the Labor Force Participation Ratio by Sex and Age: 1960–2000



Data: Refer to Appendix 2
Source: *Latest Demographic Statistics 2000*, National Institute of Population and Social Security Research

3 Changes in Employment Structures

Decreasing Numbers Employed in the Agricultural Industry

When looking at the recent fluctuations in the employment structure by main industries (See I-2, II-8), the number of those employed in the agricultural industry continues to decline consistently, with a total of 2.97 million persons employed in 2000, representing a 4.6% share of the employment market. The number of persons employed in the construction industry showed a sharp increase due to the building rush in the wake of the bubble economy years from 1990 to 1995, but this sector too is recently in a downward spiral, having decreased for three consecutive years to employ 6.53 million persons in 2000 (representing a total of 10.1% of the workforce).

Deindustrialization and the Manufacturing Industry

The manufacturing industry has been greatly affected by the globalization of manufacturing activities in particular. In 1995, with the dollar-yen exchange rate of US$1=¥80, not only large corporations but also small and medium enterprises began to move their manufacturing operations overseas, leading to a "deindustrialization" phenomenon. Looking at the numbers of those employed in the manufacturing industry, in 1993, with the yen continuing to appreciate rapidly, the numbers of those employed in the manufacturing industry began a downward trend. From 1993, the numbers of those employed in the manufacturing industry have fallen for eight consecutive years, to a level of 13.21 million in 2000. Japan's overseas manufacturing production rate began to increase after the conclusion of the G5 Plaza Accord in 1985, and by FY1998 (estimate) had reached a level of 13.8% (*Basic Survey on Overseas Business Activities*, MITI, 2000). Within this figure, the share of overseas production for transport machinery manufacturers stands at 28.2% and for electric machinery manufacturers at 21.6% (both figures for FY1997), reaching levels greatly above the average and causing anxieties about the falling levels of employees in the technology divisions of these two industries. In a situation in which these types of manufacturing are increasingly showing an international division of labor in their activities, a market shift is being contemplated in which domestic focus would be placed on strengthening research and development and high value-added divisions.

Increasing Numbers Employed in Service Industries

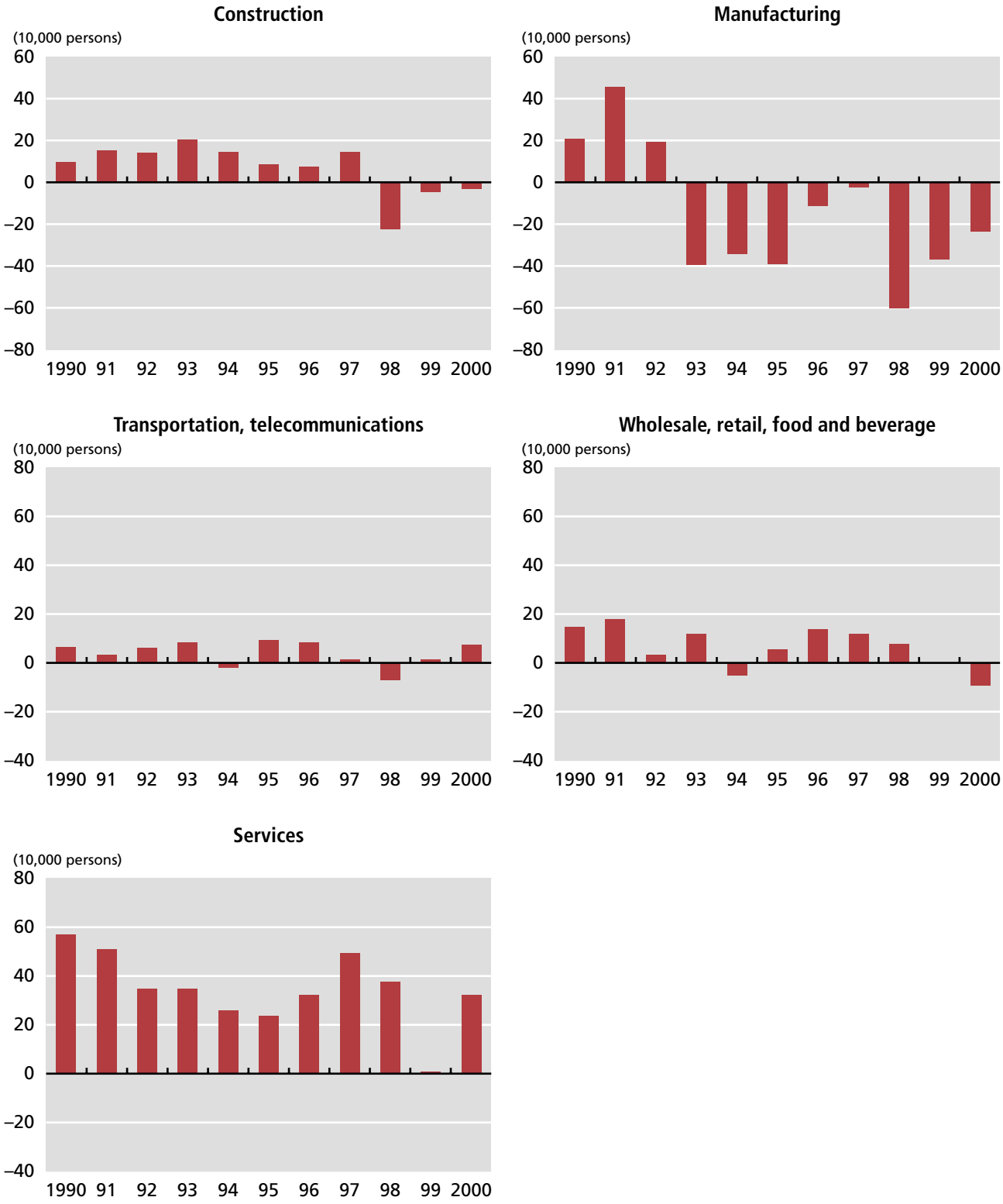
On the other hand, in tertiary industries, employee numbers are increasing in the service industries. These figures have consistently increased over a ten-year period, reaching a figure of 17.18 million in 2000, accounting for a 26.7% share of the workforce. However, a downward trend is being witnessed in employee numbers in the wholesale, retail, and food and beverage industries. After rising steadily until 1998, employee numbers peaked in 1999, to drop off slightly for the first time in five years in 2000, with total employee numbers totaling 14.74 million, or a 22.9% share of the workforce.

Responding to IT and Maintaining and Training Human Resources

Concerning employment structure by type of work, reflecting the changes in the industrial structure, the number of workers employed in the agricultural, forestry and fisheries industries has fallen by half from 10% in 1980, to 4.9% in 2000. Moreover, due to the globalization of the manufacturing industry and the construction recession, the numbers of those people engaged in skilled factory work, manufacturing and construction have also fallen, accounting for a figure of 24.5% of the total workforce in 2000. On the other hand, the number of those workers engaged in specialized or technical work has risen consistently over the last ten years, to reach 13.2% of the total workforce (11% in 1990). In the future, with international competition becoming all the more severe, the necessity is increasing to cultivate and maintain human resources capable of responding to the IT and technology revolutions. Another important

issue will be to improve treatment of workers by basing evaluations on merit, and by offering a wider variety of career opportunities and providing better training at all levels.

II-8 Yearly Increases and Decreases in Employment Structure by Industry



Source: *Report on the Labor Force Survey*, Management and Coordination Agency, 2000

4 Diversification of the Employment Structure

Non-regular Workers Comprise 27.5% of the Workforce

Japan's economic structure has been undergoing a fundamental shift in orientation, moving away from secondary industries (e.g., manufacturing) and toward tertiary industries (e.g., services). Behind this shift to a service economy lies a broader diversification of the employment structure, as demonstrated by the increase of part-time workers and dispatched workers (workers supplied by temporary employment agencies). According to the "Survey of the Diversification of Employment Status" issued by the Ministry of Labour in 1999, non-regular workers, mainly women and employees of small and medium-sized companies, comprise 27.5% of the labor force. The majority of these non-regular workers were part-time workers (20.3%), followed by temporary and casual workers (1.8%), and dispatched workers (1.1%) (Appendix 4).

11.38 Million Part-time Workers

The survey uses two definitions for part-time workers: "official" part-time workers and "other" part-time workers. Part-time workers, as defined by the Management and Coordination Agency's Labor Force Survey, numbered 4.71 million in 1985, and 11.38 million in 1999 (II-9).

Characteristics of Part-time Workers in Japan

Most part-time workers are housewives, but they are not evenly distributed among all occupations. Part-time workers are used in three main industries: wholesale and retail, food and beverage, and services, and are most likely to be found working in manufacturing industries. Furthermore, in terms of the different types of workplace, shops are the most prevalent followed by factories (Appendix 4).

Employers benefit from the use of part-time workers in two ways: (1) lower personnel costs and (2) the ability to meet changing business demands on a daily or weekly basis (II-10). Part-time workers report that they prefer work schedules that suit their convenience, and that they wish to earn money to help meet household or educational expenses (II-11).

II-9 Changes in the Number of Part-time Workers and Workers Supplied by Temporary Employment Agencies

(10,000 persons)

Fiscal Year	Part-time workers	Dispatched Workers
1985	471 (11.1)	–
1986	503 (11.7)	14.4
1987	506 (11.6)	26.8
1988	533 (12.0)	31.2
1989	602 (13.1)	42.7
1990	722 (15.2)	51.0
1991	802 (16.3)	63.1
1992	868 (17.3)	65.4
1993	929 (18.2)	57.5
1994	967 (18.8)	57.6
1995	896 (17.4)	61.2
1996	1,015 (19.4)	72.0
1997	1,114 (21.1)	85.5
1998	1,113 (21.2)	89.5
1999	1,138 (21.8)	106.7

Data: Refer to Appendix 4

Sources: The definition of part-time workers derives from the Management and Coordination Agency's annual *Labor Force Survey*. Part-time workers are defined as persons working an average of 1–34 hours per week. The figures in the table represent combined totals for male and female workers.
"Workers supplied by temporary employment agencies" are as defined in the Ministry of Labour's *Report on Employment Agencies* (1999). The figures in the table include ordinary and specialized temporary workers registered with temporary employment agencies.

Note: The figures in parenthesis indicate the percentage of short-time workers among employees. Unit: %

FYI

Law Concerning the Improvement of Employment Management for Short-time workers

"Official" part-time workers: According to the Labor Code official part-time workers work regular hours at one place of employment, but a shorter workweek than full-time employees.

"Other" part-time workers: ("Other" part-time workers is a term used by employers)

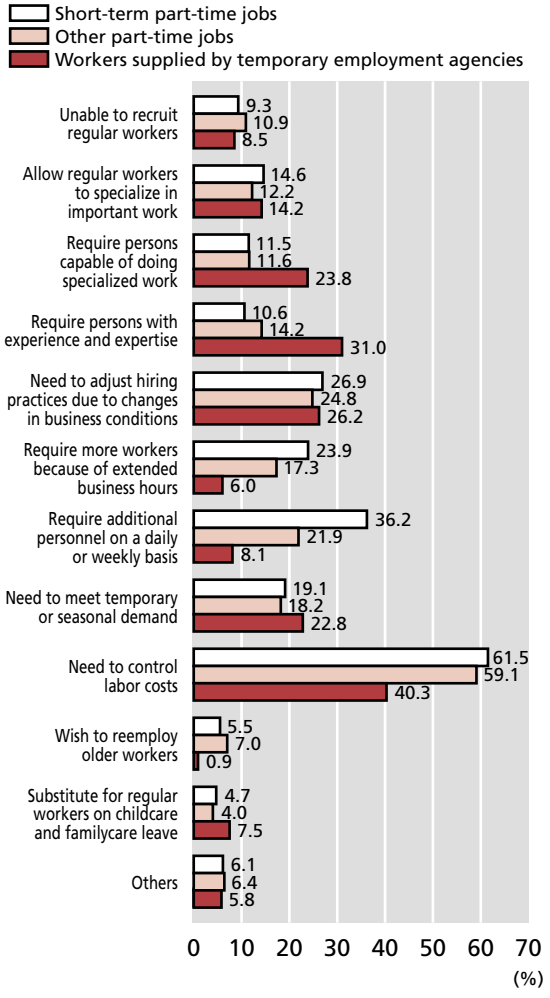
1.06 Million Dispatched Workers

Dispatched workers are defined by the Manpower Dispatching Business Law, enacted in 1986, as "workers under contract to a dispatching agency, who are entrusted with specific duties by the companies to which they are assigned." At first, dispatched workers could only be used to perform duties that required a high degree of specialization. However, a revision made to the law in 1999 allows dispatched workers to perform any type of work, except: (1) longshoring, (2) construction work, (3) security, and (4) work determined by orders based on opinions submitted by the Central Employment Security Council. According to the "Report on Employment Agencies" issued by the Ministry of Labour, there were 144,000 dispatched workers in 1986, and 1,067,000 in 1999 (II-9). Companies report that their main reason for using dispatched workers is to economize on personnel expenses (II-10).

Future Challenges for Non-regular Workers

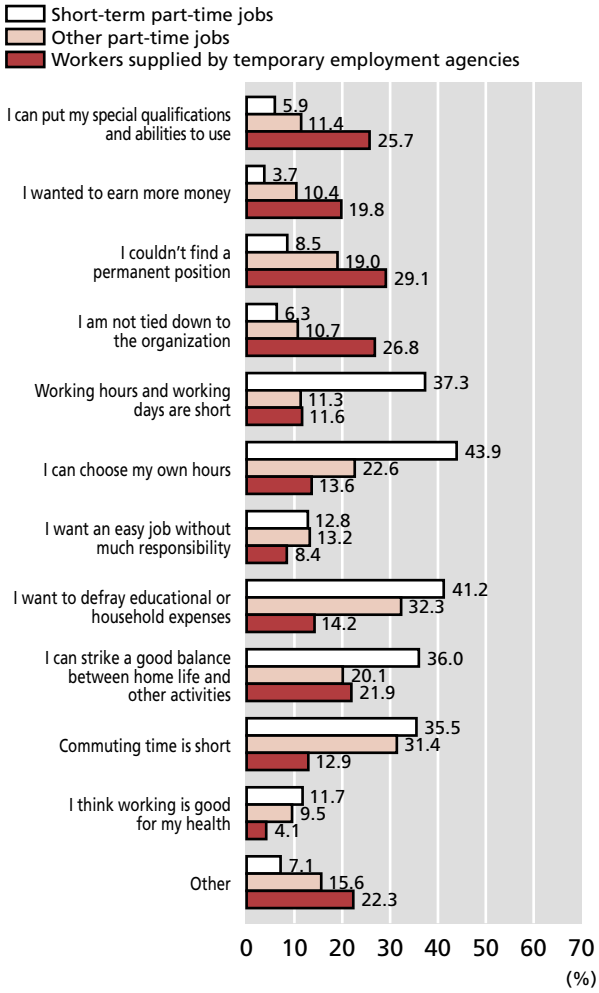
It is clear that the number of both part-time and dispatched workers increased. Due to the growing tendency of companies to combine the use of regular and non-regular workers to lower personnel costs and handle specialized tasks more efficiently, future company policies are very likely to specify the more widespread use of non-regular workers. As this trend becomes the norm, the need will arise for employers to offer more social security benefits and training opportunities to these workers. Regulations specifying their job descriptions will also be necessary.

II-10 Reasons for Hiring Non-regular Workers



Source: *Survey of the Diversification of Employment Status*, Ministry of Labour, 1999
Note: Totals do not add up to 100 because multiple responses were permitted

II-11 Reasons for Choosing the Employment Form of "Non-regular Worker"



Source: *Survey of the Diversification of Employment Status*, Ministry of Labour, 1999
Note: Totals do not add up to 100 because multiple responses were permitted

5 Employment Trends and Changes in the Employment Structure

Change in Employment Structure

In 1950, there were 36 million workers in Japan. By 2000, there were 64 million, an increase of 28 million over approximately half a century. The large numbers of new workers who entered the labor force during the decades following World War II altered Japan's industrial and occupational structures. The major long-term changes in the composition of the labor force, by industry, are as follows.

1. In 1950, workers in the primary industries, which support many of the self-employed (who are likely to join the ranks of the hidden unemployed), accounted for about half of the labor force. By 1995, this figure had decreased to 6%.
2. Employment in the secondary industries (manufacturing sector) grew rapidly during the long period of high economic growth. By 1970, 34% of the labor force was working in these industries. Since this expansion of the labor force enabled the economy to absorb much of the surplus labor from the primary sector, Japan's overall unemployment never exceeded 2%.
3. Later, as employment in the manufacturing sector began to level off, employment in the tertiary industries rose significantly, especially in the service sector. More than 50% of all workers were employed in the tertiary industries by 1975, 60% by 1995.

The occupational structure has changed as well, with a long-term increase in the number of clerical, specialized, and technical workers. Of the 64 million persons currently working in Japan, 54 million are employees, 7.31 million are self-employed, and 3.4 million are working in family-owned businesses. Over the past 50 years, the number of employees has increased, while the ranks of the self-employed and persons working in family-owned businesses have dwindled. The ratio of employees to the total labor force climbed from 39% in 1950 to 81% in 1975, and continues to increase. Unemployment has therefore become more visible, rising to 2% (one million persons) during the oil crises of the 1970s.

Changes in Unemployment Rates and the Unemployment Structure

During the years of high economic growth, the unemployment rate fell to a low 1%, but rose to 2% when economic conditions worsened due to the first oil crisis. It remained at 2% until the collapse of the bubble economy in the early 1990s, when a long-term recession caused it to leap to 3%, and then 4% in early 1998.

There are at least two major causes of the long-term rise in unemployment. The first is the imbalance between supply and demand, which has worsened over the years. Subsequent to the period of high economic growth, demand was influenced by the increasing prominence of the service sector and information technologies, and globalization. These significant changes have created a demand for workers with diverse, specialized skills. Supply has changed as well, with women and senior citizens entering the job market, while young jobseekers adhere to value system different from that of prior generations. Thus, demand and supply are moving in opposite directions and widening the gap in the market. Another reason for the increase in the unemployment rate is the changing response of businesses to personnel needs. Long-term employment has traditionally characterized Japanese companies. Even in economically difficult conditions, companies struggled to preserve the status quo by refraining from laying off or discharging employees. However, with market competition intensifying and changes in the business climate caused by several recessions following the first oil crisis (including recent global economic slumps), there are only limited employment opportunities within corporate groups. More companies have been forced to reduce their long-term regular employees and to rely on part-time and dispatched workers to keep labor costs down.

High Unemployment Rate among the Young and Elderly

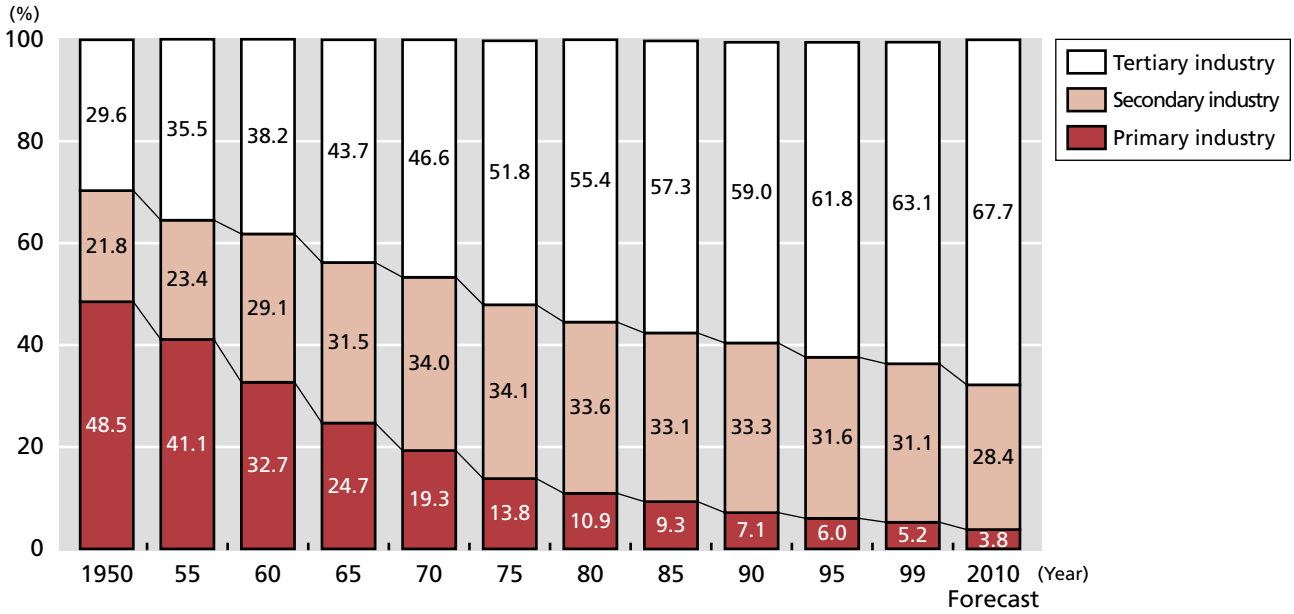
Unemployment is particularly high among males aged 15–24 and 60–64, and females aged 15–24 and 25–34. For younger people, unemployment stems from the imbalance between supply and demand and from a greater tendency for men to resign from or change jobs.

Now that the mandatory retirement age has been raised from 55 to 60, there is less unemployment among men aged 55–59. However, there are now more unemployed men aged over 60 who have difficulty in finding new positions.

International Comparison of Unemployment

II-13 shows an international comparison of unemployment rates based on statistics published by the OECD. The OECD uses rates that have been standardized—adjusted to conform to ILO (International Labor Organization) standards—and designed to minimize the differences in the way Japan, the U.S., and the nations of the EU compute unemployment rates. Since these differences are not great, the OECD figures are very close to official statistics published by the nations surveyed.

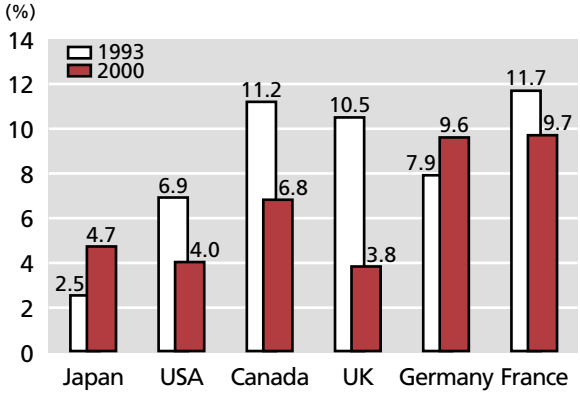
II-12 Shifts in the Employment Structure by Industrial Sector



Sources: *Report on National Census; Annual Report on the Labor Force Survey*, Statistics Bureau, Management and Coordination Agency, 1999; *Outlook for and Issues Facing Labor Force Supply and Demand (Projections for 2010),* Employment Policy Research Group

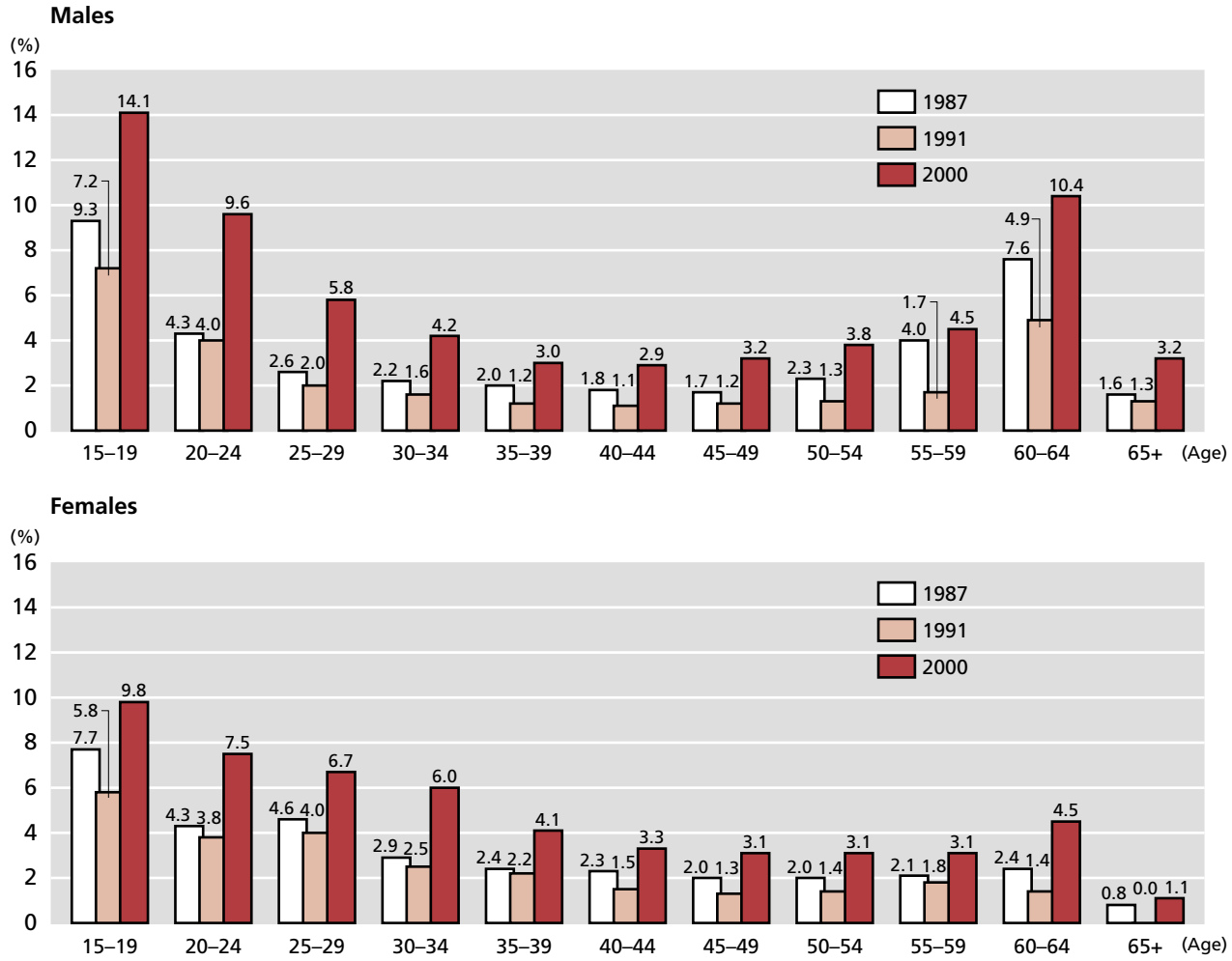
Note: Please refer to page 4, I-2 for the shift in the number of workers.
Please refer to page 4, I-3 for the shift in the number of unemployed and rate of unemployment.

II-13 International Comparison of Standardized Unemployment Rates



Source: *Quarterly Labor Force Statistics*, OECD

II-14 Changes in the Unemployment Rate by Sex and Age Group



Source: *Report on the Labor Force Survey*, Statistics Bureau, Management and Coordination Agency (issued annually)

Chapter III Human Resource Management

1 The Long-term Employment System

The "Lifetime Employment" System

The Japanese employment system reflects the tendency of management to favor the in-house training of personnel over a long period of time. This practice serves to strengthen companies and corporate groups, and to allow them to branch out into new business. This is one of the main aspects of what is often called the "lifetime employment" system.

Long-term Employment System: Background Definition

The long-term employment system became the norm at most companies during the rapid economic growth of the 1960s. Companies found that to adapt more quickly to the shifting economic base and a technological revolution they needed to arm their employees with new skills and a broad range of knowledge through in-house training. To accomplish these goals, employers required workers who were willing to spend their entire careers at one company. Employees, in turn, welcomed a system that provided long-term job security, as well as opportunities for advancement and salary increases. Additional factors contributing to the establishment of the long-term employment system include labor unions' emphasis on job security and precedents restricting employment.

One key merit of this type of employment system is flexibility. Though the framework is somewhat rigid, it allows for internal maneuverability. American companies do not hesitate to lay off large numbers of employees when business is slow; Japanese companies, on the other, effectuate personnel adjustments over a considerably longer period of time by limiting overtime hours, reassigning employees, and hiring fewer new employees. Corporate groups can also transfer employees, temporarily or permanently, to another company within the group. Only when all else fails does a Japanese company ask its employees to retire early or voluntarily.

Labor Migration without Unemployment

Intra-group transfers help corporate groups avoid laying off their employees and are responsible for much of the inherent flexibility in the long-term employment system. When employees are transferred they often remain on the payroll of the company that first employed them while working at another company within the group. More of these transfers have been seen recently due to management diversification, an unfavorable economic climate, and the aging of Japanese society. Young or middle-management transferees generally return to their original place of employment at some point. For older workers, however, transfers are usually permanent.

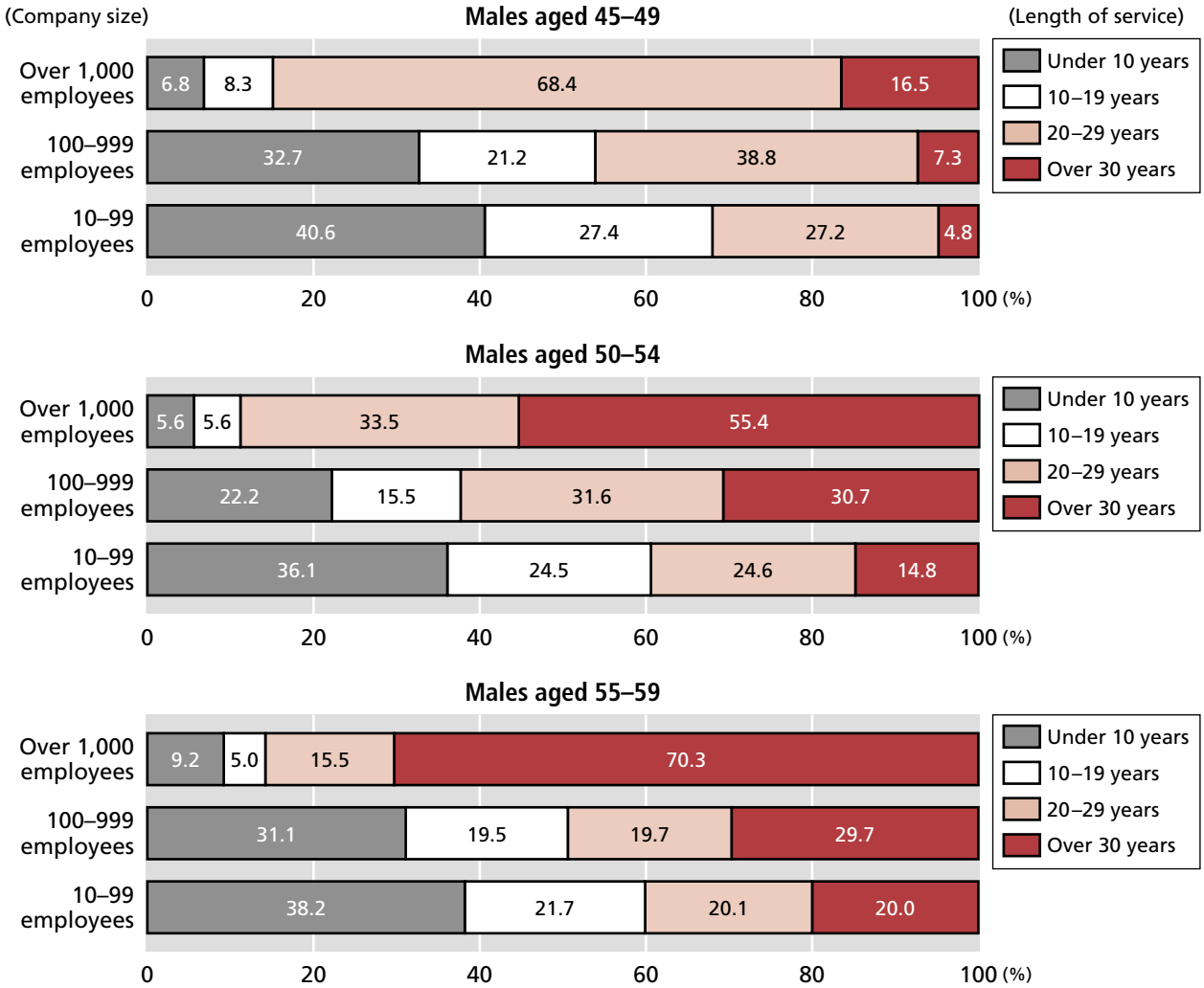
Despite the flexibility in human resource management and strenuous efforts by companies that have adopted the long-term employment system to avoid discharging employees, only about 20% of corporate group employees work continuously at the same company until age 60. In small and medium-sized companies, employees in their 20s and 30s are more likely either to resign from their jobs to work for another company or lose their jobs because their employer has declared bankruptcy than their counterparts at large corporations. Moreover, since large corporations tend to transfer middle-aged and older employees to another company within their group, there are now few employees aged 45 and over who have spent their entire careers at one company.

Long-term Employment System Reform Theories

In recent years, debates over reforming the long-term employment system have focused on the need to adjust to the changing business climate (including poor prospects for sustained corporate growth and Japan's aging society). Only a minority favor the complete dismantling of the system, however, most proponents of reform simply wish to revise the system in its current incarnation. According to a survey of corporate practices conducted by the Economic Planning Agency in 1997, traditional hiring guidelines, e.g., the long-term employment system, are still the norm at the majority of Japanese companies. Furthermore, most respondents reported that at their companies, hiring practices geared toward long-term employment would become more prominent between 1998 and 2003 (III-5).

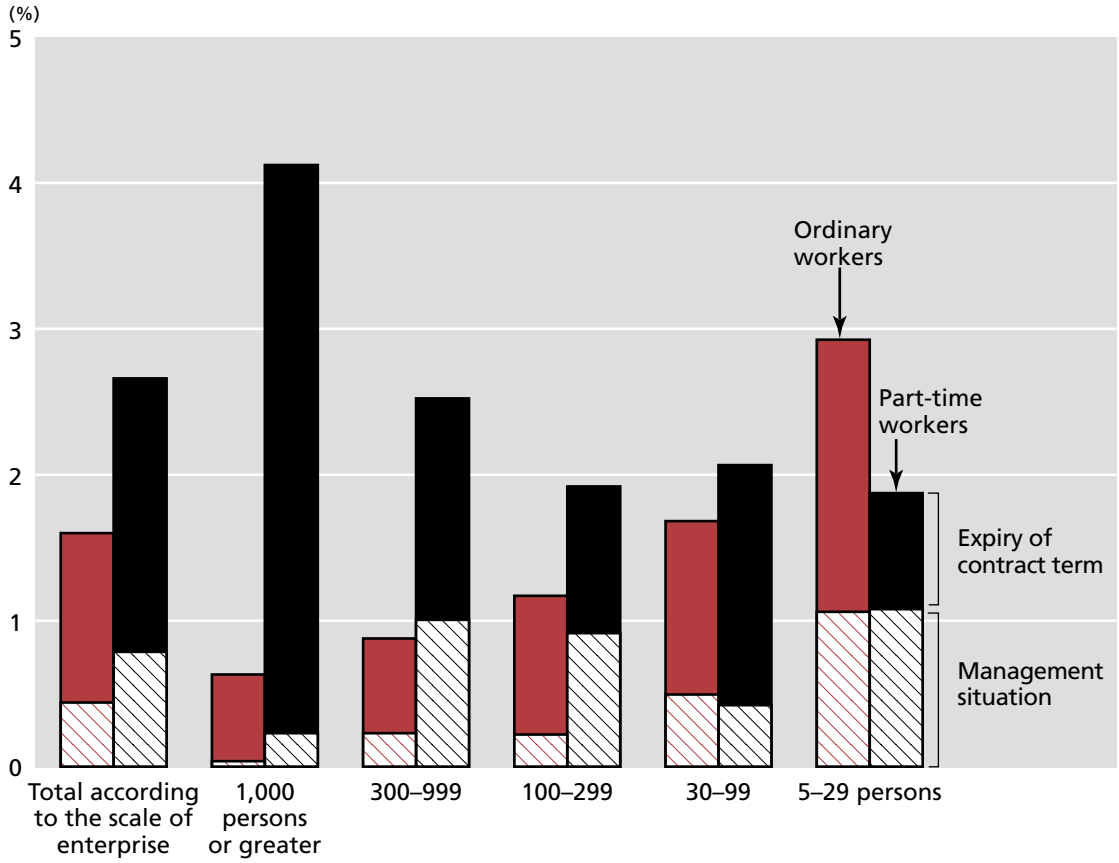
Another report entitled "Japanese Management for a New Era" (Japan Federation of Employers' Associations, 1995) identifies three main types of human resource management: (1) long-term development of skills, (2) cultivation of highly specialized skills, and (3) flexibility in human resource management. The report recommends that the first type be applied only to those employees whose work requires skills accumulated over a long period of time. While some changes or restrictions may be inevitable, the long-term employment system will, most likely, persist.

III-1 Percentage of Males Working for a Single Company by Length of Service



Source: *Statistical Survey Report on the Wage Structure*, Ministry of Labour, 1999

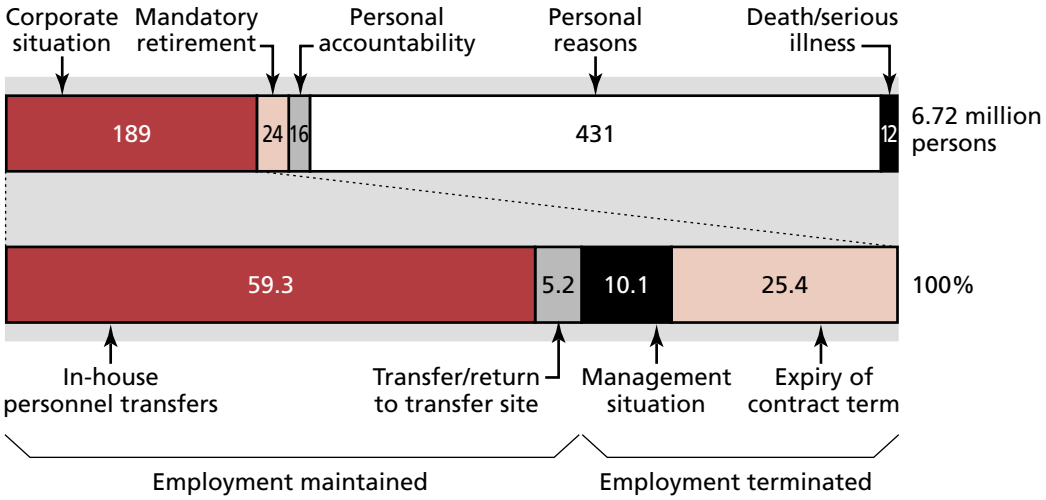
III-2 Rate of Separation at Employers' Request (1992)



Source: *Report on Hiring Trends*, Ministry of Labour

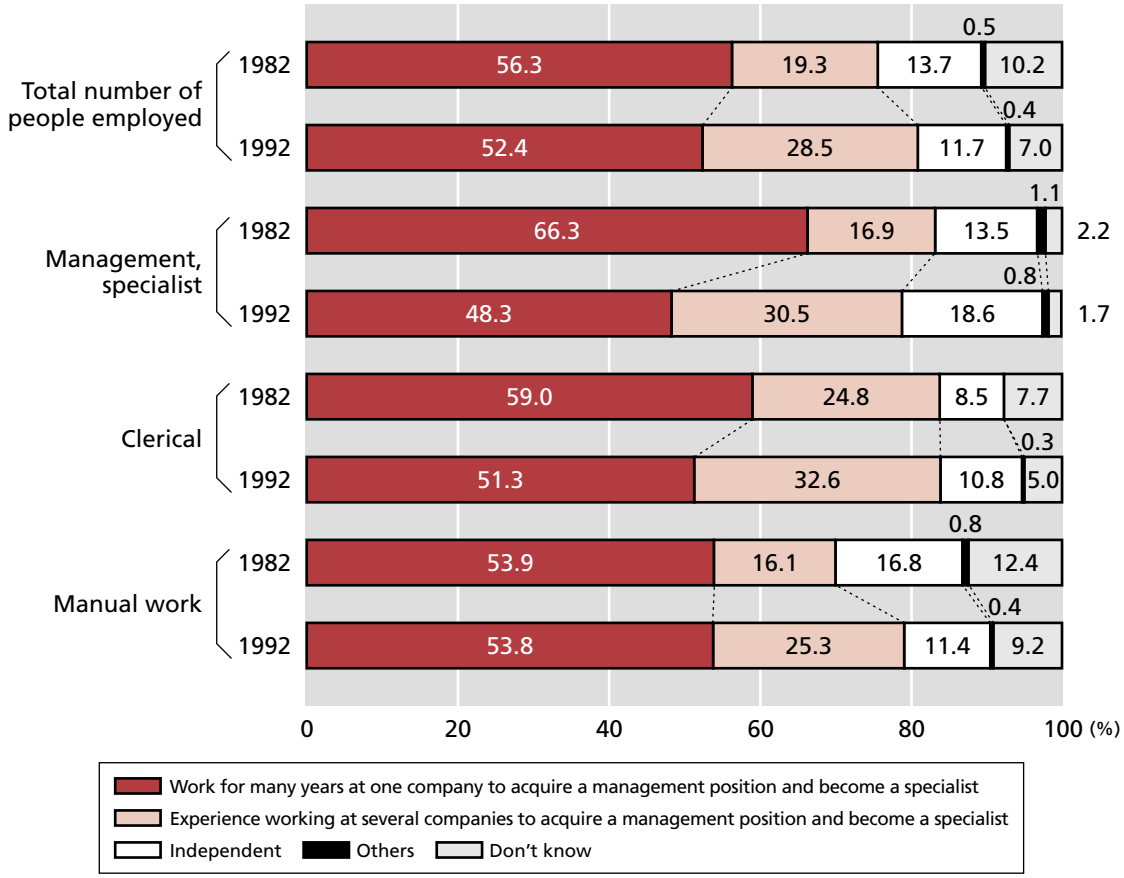
Note: Rate of separation at employers' request = displaced workers at the employers' request divided by the number of workers at the beginning of the year.
Displaced workers at the employers' request refers to those workers who leave their job during the course of a year either due to the management situation (excluding transfers or return from transfer) or on account of expiry of their term of contract, and excludes those workers leaving on account of mandatory retirement.

III-3 Breakdown of the Outflow of Labor from the Workplace (1992)



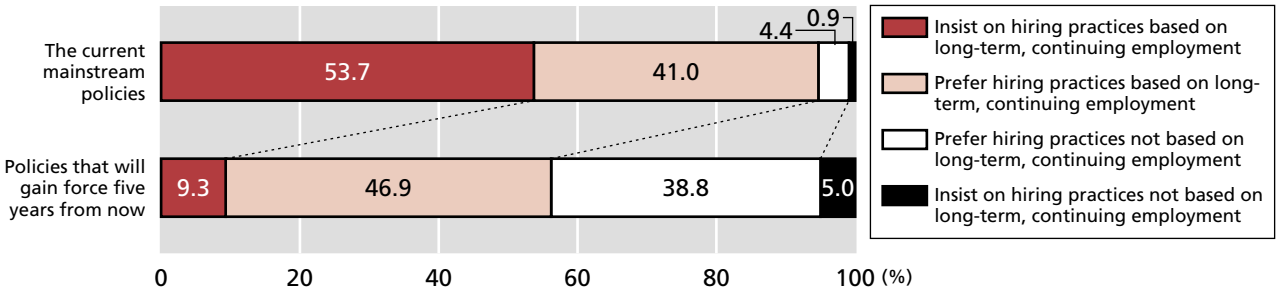
Source: *Report on Hiring Trends*, Ministry of Labour

III-4 Conscious Change toward the Course Taken by Men at Work



Source: *Opinion Poll on Labor Awareness*, Prime Minister's Office
Note: These are answers to the question, "Generally speaking, what do you consider to be the most desired 'course for men to take'?," and represent the complete results regarding only those persons employed.

III-5 Current Hiring Policies and Directions for the Future



Source: *Survey of Corporate Activity,* Economic Planning Agency, 1997

2 Recruitment

Japan's labor market is divided into two markets: one for new graduates and one for mid-career workers. The division in the labor market can also be viewed from the perspective of the corporations—between large corporations and small and medium-sized enterprises. Corresponding to these divisions, corporations differ in their recruitment methods.

Recruitment of New Graduates En Masse

In the market for new graduates, it is quite common to recruit those who just graduated from high school or university all at once. This is one of the major characteristics in the Japanese recruitment system. The most important factor that makes this recruitment system successful and effective is the placement system in schools, which is a system unique to Japan. In this placement system, teachers receive job information from public employment security offices, and recommend their students to specific corporations. It is a common practice that these corporations honor the schools' recommendations as much as possible. Through this system, growing industries recruited a substantial number of new graduates who contributed to high economic growth in the postwar period.

The recruitment of university graduates begins with students' requests for application materials from companies. University students start requesting application materials as early as the end of their junior year. These companies hold information sessions for those students who requested application materials, then administer written examinations, and lastly conduct interviews. Normally, the companies hold interviews two or three times before they make the final decision. Companies usually make their final decision between May and July, soon after these students become seniors, but this decision-making time varies greatly ("Recruitment of New University Graduates and Human Resources in the Period of Radical Change," Report No. 128, Japan Institute of Labour, 2000).

Since the Internet is becoming a popular way to gather information about prospective employers, more and more students are registering for company information sessions via E-mail. In addition, many students provide some information regarding the type of work they hope to find on registration sites for job seekers. By looking at this information, companies may make direct contact with each individual student rather than only go through the school recruiting system. Consequently, we can see substantial changes in the job-hunting activities among university students.

Companies might offer employment for a specific job, and take the applicant's ability to perform that job as their primary hiring criteria. Contrary to this method, Japanese companies usually adopt a system of recruitment of new graduates all at once under the assumption that these newcomers will get in-house training after they are employed. This system puts emphasis on students' potential ability and positive response to in-house training. This system was established based on long-term employment practices and a tradition of extensive personnel training.

However, it is usually large corporations that adopt the system of recruitment of new graduates all at once; while smaller companies adopt this system less often. In particular, only between 4.4% and 5.0% of companies with fewer than 100 employees utilize this system.

Gradual Shift toward the Recruitment of Mid-career Workers

Various methods are used to secure appropriate personnel in the labor market for mid-career workers, including introduction by friends, intermediation by headhunting firms, classified advertisement in newspapers and magazines, and utilization of public employment security offices ("Hello Work" offices).

Some survey results indicate that companies intend to reduce their recruitment of new graduates and shift toward greater recruitment of mid-career workers. According to the "Survey on Employment Trend" conducted by the Ministry of Labour for the last 25 years, the recruitment of mid-career people has tended to increase slightly while the recruitment of new graduates

has declined slightly. Since the rate of change for the last 25 years is only 10%, it is an extremely minor trend in hiring practices.

Figure III-7 demonstrates reasons for the recruitment of mid-career people. In the areas of management, technical, and clerical recruiting, "securing human resources possessing specialized expertise" is the major reason given by survey respondents, while "compensating for lack of new graduates hired" is not a common rationale for hiring more mid-career workers. Figure III-8 shows the important factors in the recruitment of mid-career workers. The most important factors for making decisions are "job experience" for management positions, "professional expertise and skills" in technical areas, and "common sense and education" in clerical areas.

III-6 Hiring Trends (Recent graduates and experienced workers)

(%)

	Percentage of companies hiring new graduates				Percentage of companies planning to employ mid-career workers		
	High-school graduates (clerical work)	High-school graduates (factory work)	College graduates (clerical work)	College graduates (technical work)	Management	Clerical	Technical
Total	7.7	17.5	11.8	10.9	12.7	31.8	18.2
Over 5,000 employees	42.6	56.0	84.7	57.9	30.3	59.2	47.5
1,000–4,999 employees	29.2	52.2	74.6	51.9	25.4	59.5	36.8
300–999employees	21.9	42.3	48.3	37.3	21.9	52.7	28.1
100–299 employees	11.0	28.8	18.4	18.3	17.7	41.5	21.1
30–99 employees	4.7	10.7	4.4	5.0	10.0	26.2	15.7

Data: Refer to Appendix 5
Source: *Survey of Employment Management*, Ministry of Labour, 1998

III-7 Reasons for Implementing Intermediate Recruitment

(Figures reflect percentages of enterprises implementing intermediate recruitment that gave each reason)

(%)

	Compensate loss of workers due to retirements and job switching	Compensate for lack of new graduates hired	Secure human resources possessing specialized expertise	Vitalize the organization by obtaining diverse human resources	Expand business
Management	26.3	0.4	47.0	26.7	20.6
Clerical	71.3	3.8	13.5	9.1	13.3
Technical	41.8	8.0	54.0	14.3	23.9

Source: *Survey of Employment Management*, Ministry of Labour, 1998

III-8 Points Considered Important when Hiring Employees through Intermediate Recruitment

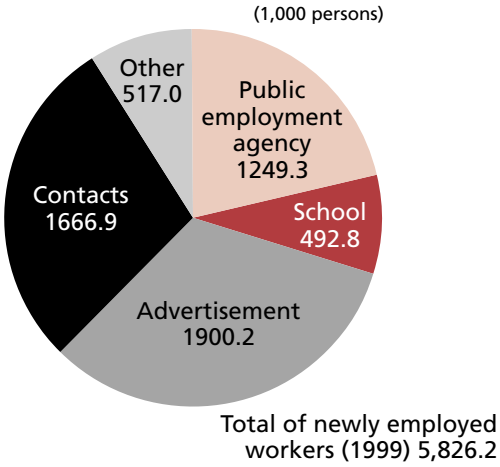
(Figures reflect percentages of enterprises implementing intermediate recruitment that gave each reason)

(%)

	No. 1		No. 2		No. 3	
Management	Job experience	65.9	Professional expertise and skill	58.8	Energy and ability to get things done	31.8
Clerical	Common sense and education	44.5	Job experience	43.9	Enthusiasm and drive	42.5
Technical	Professional expertise and skill	73.4	Job experience	48.0	Enthusiasm and drive	41.8

Source: *Survey of Employment Management*, Ministry of Labour, 1998

III-9 Number of Newly Employed Workers by Hiring Route



Source: *Survey on Employment Trends*, Policy Planning and Research Department Secretariat, Ministry of Labour, 1999

3 Assignments and Transfers

New Graduate-oriented Employment System

Traditionally, Japanese companies have looked to the current year's new crop of graduates when hiring new employees. In embracing the long-term employment system, companies need to nurture their personnel and equip them with new skills in order to support corporate growth. Managers also believe that new graduates who are trained in-house are more likely to fit into the corporate culture.

Only large and mid-tier corporations seem attractive to new graduates, who seek the favorable working conditions and wages, stable management, and financial stability such entities are able to offer. One unfortunate consequence of this is that small and medium-sized companies have difficulty recruiting new graduates and so are increasingly looking to workers in mid-career.

Human Resource Development through Broad Rotation

New college graduates are typically trained by doing different types of work in several departments within a company or corporate group. Most high-school graduates are posted to factories or similar workplaces where they gain experience in a variety of jobs and acquire several skills. University graduates may be transferred within a corporate group. By moving them from position to position, companies can evaluate employees' performance, determine the type of work for which they are best suited, and make decisions about promotions.

New graduates are categorized by their academic backgrounds and the year in which they were hired. In terms of promotions, no significant difference among employees who have worked for a company for five years exists. It is only after 10 years that differences among employees with the same career length begin to emerge, but employees are rarely promoted ahead of colleagues who have greater seniority. Management-level positions, e.g., section chief, generally are given to university-educated employees between the ages of 35 and 45. Recently, however, more managers are basing promotions on merit, rather than years of service.

Seniority-based Promotion System

The traditional promotion system is known as the seniority-based promotion system. It is not as mechanical as it seems since it allows for careful evaluation over time of an employee's abilities and performance and encourages competition among employees. However, the recent trend toward earlier promotions is prompting an increasing number of companies to adopt a more rapid advancement system.

More companies are now giving serious consideration to employees' wishes when assigning them to new positions. For instance, an additional track for specialists is being added to the traditional management track to encourage employees to acquire specialized skills. This system offers employees promotion opportunities once they have completed in-house, specialized training, and thus enables companies to develop the personnel they need for business expansion and new ventures.

Assignment, Transfer, and Employee Motivation

This new method of assigning employees differs from the existing system in its consideration of employees' ambitions, rather than solely on company needs. It has both made it easier for companies to recruit new employees and to motivate current employees.

An increasing number of companies using the Internet and information technology to implement in-house recruitment systems emphasizing employee initiative is bringing about a concomitant increase in the number of recruitment opportunities and transfers. The number of companies introducing in-house venture capital systems that provide opportunities for establishing new businesses based on plans proposed by their employees is also rising. In addition to traditional company-initiated career development, independent career development attentive to employees' wishes is also becoming firmly established.

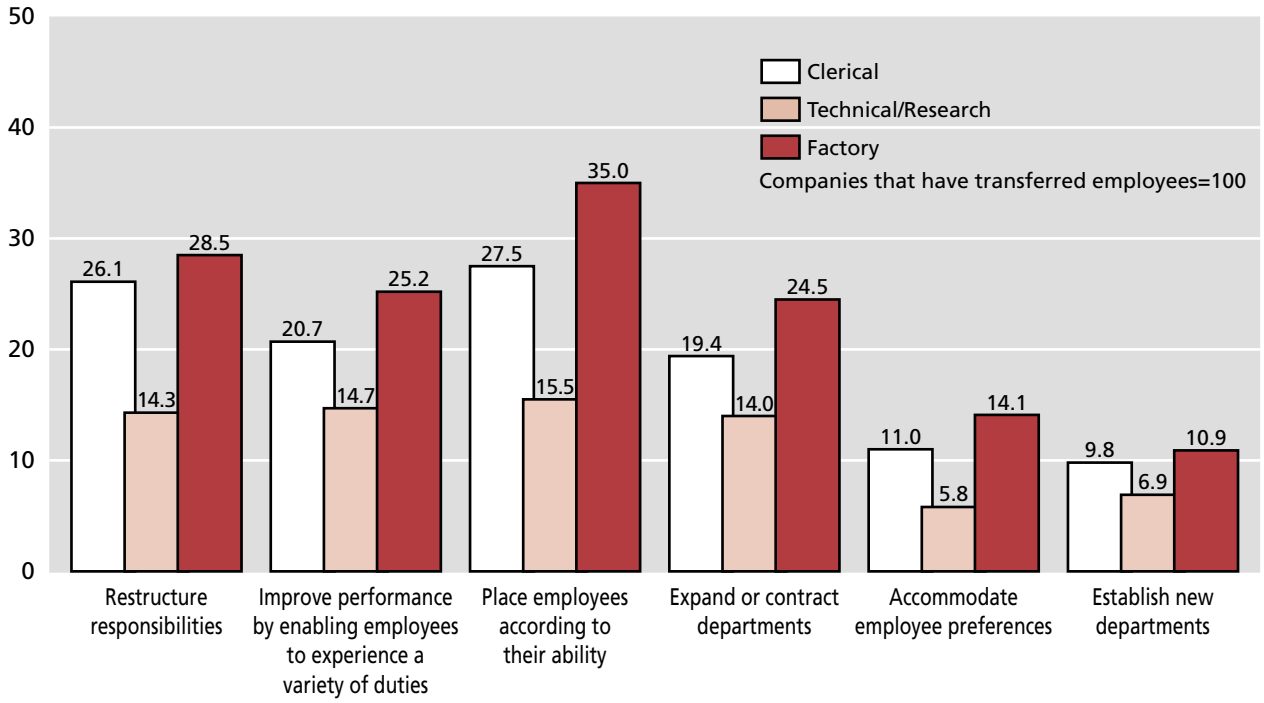
III-10 Hiring Trends (Recent graduates and experienced workers)

(%)

	Percentage of companies hiring new graduates				Percentage of companies planning to employ mid-career workers		
	High-school graduates (clerical work)	High-school graduates (factory work)	College graduates (clerical work)	College graduates (technical work)	Management	Clerical	Technical
Total	7.7	17.5	11.8	10.9	12.7	31.8	18.2
Over 5,000 employees	42.6	56.0	84.7	26.5	30.3	59.2	47.5
1,000–4,999 employees	29.2	52.2	74.6	28.0	25.4	59.5	36.8
300–999 employees	21.9	42.3	48.3	23.8	21.9	52.7	28.1
100–299 employees	11.0	28.8	18.4	11.9	17.7	41.5	21.1
30–99 employees	4.7	10.7	4.4	2.9	10.0	26.2	15.7

Source: *Survey of Employment Management*, Ministry of Labour, 1998

III-11 Reasons for Transferring Employees



Source: *Survey of Employment Management*, Ministry of Labour, 1996
Note: Respondents were permitted to provide up to three answers

4 Wage System

Seniority-based Wage System

Wage systems that base remuneration on age or years of service are not unique to Japan. The Japanese wage system is indeed based on seniority, but even within that system, salary increases are not awarded with total disregard of performance or ability. A merit rating is used to evaluate employees resulting in wage levels that does reflect differences in performance, even among employees with the same seniority.

The seniority-based wage system first appeared in Japan in the 1920s. Although considerable debate abounds for the reasons for its establishment, it was obviously a strategic move. At that time, company owners wanted to attract and retain employees. By staying at one firm for a long period of time, workers became experts in their employers' proprietary technology. Employers, in turn, used promotions to reward such workers for their expertise. Additionally, the tendency of the cost of living to increase as employees aged further justified linking wages to seniority. Both promotions and wage increases came to hinge on years of service, resulting in a seniority-based wage system.

Increasing Wage Equality between Blue- and White-Collar Workers

One means of charting the status of seniority-based wages is through plotting wage curves for different age groups (years of service) (III-12). One characteristic of the Japanese wage profile is that the wage levels of male blue-collar workers are approaching those of male white-collar workers. In Japan, the age curve for white-collar workers' wages rises as seniority accrues, just as in other countries. However, the case of blue-collar workers is completely different. In other nations, the wages of blue-collar workers rise as seniority accrues but not as sharply as white-collar workers' salaries, and the increases taper off after age 30. In Japan, the wage curve for blue-collar workers does not rise as sharply as that of white-collar workers, but the two curves are similarly shaped, indicating that wages increase as workers age.

Bonus System

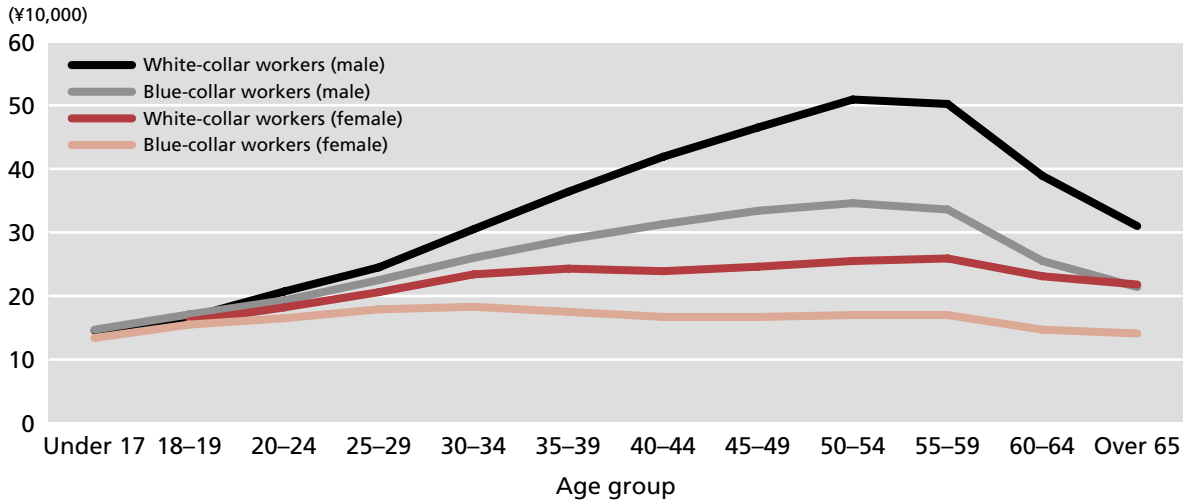
Another distinctive aspect of the Japanese wage system is the bonus system. Japan is certainly not the only nation in which bonuses are common, but their size is unique. Companies pay biannual bonuses equivalent to several months' salary in summer and winter. They are not legally required to do so, but the practice took root after World War II at most companies.

Some companies have introduced a wage system that links bonuses to overall corporate performance, in the hope of reducing wage costs. Among them are Fujitsu, Toshiba, NEC, and Fujitsu General, and we anticipate that they will soon be joined by others. Fujitsu pays fixed bonuses amounting to four months' salary. The company also pays additional bonuses (up to two months' salary), which are contingent on a specific amount of operating profit, which in turn is based on business performance in the previous fiscal year.

Introduction of Performance-related Salaries

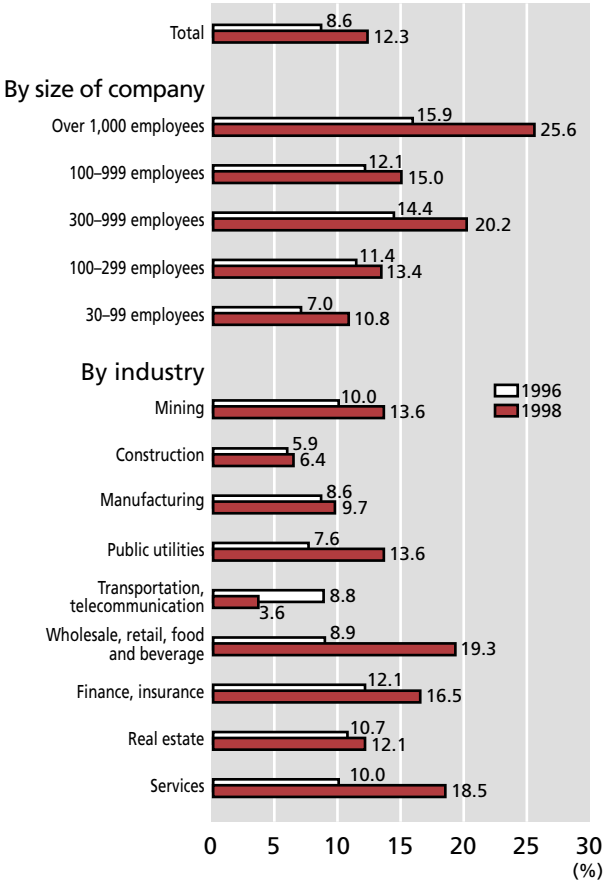
Another aspect of the wage system that has come to the fore recently is the introduction of a salary scale linked to performance. With the heightening of competition due to globalization and the aging of Japanese society, companies have become concerned about the burden imposed by the high salaries paid to the growing ranks of middle-aged and older employees. To create a better balance between those employees' salaries and their productivity, and to further motivate workers, an increasing number of companies, mainly large corporations, are adopting a wage system based on annual performance for managers (III-13, III-14). Unfortunately, it is not easy to evaluate performance, and it is not clear whether this system will gain momentum. Companies will need to set fair evaluation standards before performance-based wage systems can successfully improve efficiency.

III-12 Wage Profile by Age and Sex (Manufacturing)



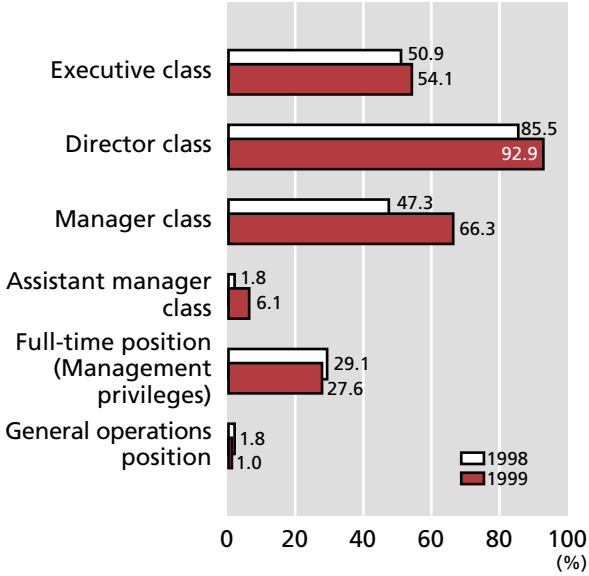
Source: *Statistical Survey Report on the Wage Structure*, Ministry of Labour, 1999
Note: Figures are based on fixed monthly wage payments.

III-13 Companies Using an Annual Wage System



Source: *Survey of Wages and Working Hours*, Ministry of Labour, 1996

III-14 Class-Specific Adapted Annual Salary System (Multiple answers)



Source: *White Paper on Labour*, Ministry of Labour, 2000

5 Payment System

Factors Comprising a Worker's Salary

The payment system is a unique element in Japan's wage plan. The payment system refers to a series of wage factors that adds to the total amount of salary. Normally, the payment system consists of a basic wage (basic compensation for labor) plus various additional allowances, including family allowance, commuting allowance, and housing allowance. The term "payment system" became popular after its coining under the Wage Control Ordinance during World War II. The Japan Electrical Industrial Labor Association opposed the wage pattern based on the prewar in-house class-based wage system and acquired an "electrical industrial type of payment system" in 1946. The Association forced management to adopt a unified pay scale for factory laborers and craftsmen. The type of payment system used in the electric industry is a well-known payment system based on workers' living conditions, such as age, years of continuous employment, family structure and commuting distance. This original payment system became the prototype for the future payment system.

Allowance Types and Amounts

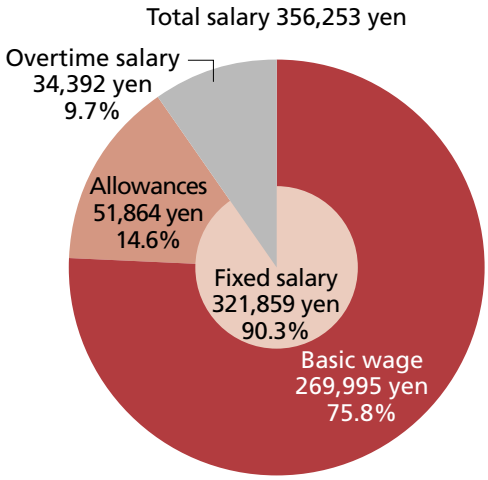
According to the "General Survey on Wage and Working Hours System 1999," the total amount of wage consisted of: basic wage (75.8%), various allowances (14.6%), and overtime salary (9.7%) (III-15). There are wide differences among companies regarding their allowances for employees. Examples of allowances include the following, arranged according to the percentage of firms that offer the allowances: commuting allowance (86.6%), executive allowance (85.2%) and family support allowance (77.3%). The commuting allowance refers to fees for all or part of employees' necessary expenses for commuting, such as providing commuter tickets or coupon tickets. The executive allowance refers to payment for those who are in responsible positions such as managers or superintendents. The family support allowance refers to payment provided to employees according to the number of dependent family members (III-16).

Retirement Benefit System

The retirement benefit system provides a payment of a lump sum or pension at the time of an employee's retirement. This benefit system is a main pillar of the welfare plan of each company. The amount of retirement benefit differs in proportion to the length of continuous employment in a specific company, but reasons for retirement also make a difference in the total amount of retirement benefit. A company pays less benefit to those employees retiring for personal reason while it pays more benefit to those who have reached a company-imposed mandatory retirement age after long-term continuous employment and to those who are forced to retire because of downsizing. Consequently, the retirement benefit has encouraged Japanese employees to work for the same company for a long time (III-17).

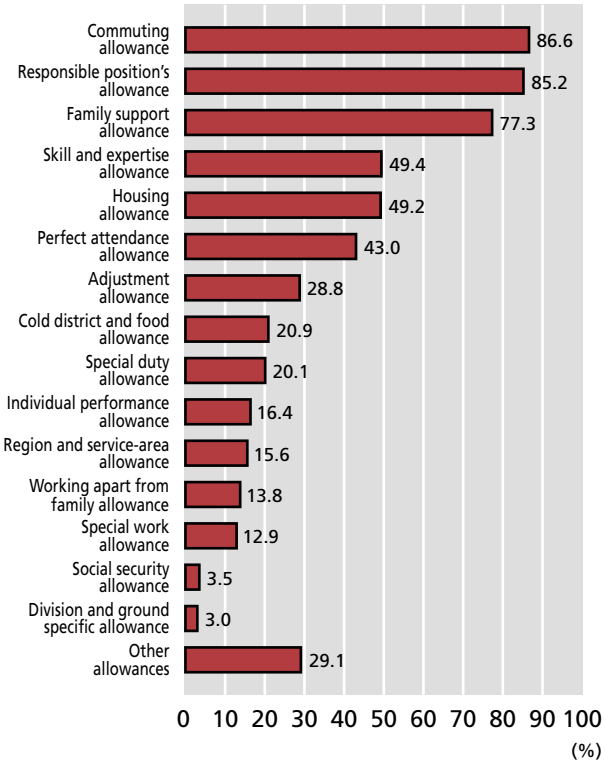
The lump sum retirement benefit was more widely utilized by companies than the annual pension. Those who reached a company-imposed mandatory retirement age received a large sum of money at the time of retirement. Recently, however, an increasing number of companies have utilized annual retirement pensions. Many factors contribute to this change. Because of the aging of employees, retirement allowance expenditures have increased, which greatly increases the company's burden. Furthermore, companies may get tax breaks by paying retirement pensions rather than lump sums (III-18). Because of the increasing size of retirement benefits and the flexibility of the labor market, some companies have begun to reform their retirement benefit system. In Matsushita Electric Industrial Co., Ltd., newly recruited employees have a choice between a traditional retirement benefit collected upon retirement or an immediate collection method that is calculated by estimating their expected retirement benefit and adding the appropriate portion to their monthly salary.

III-15 Breakdown of Total Salary



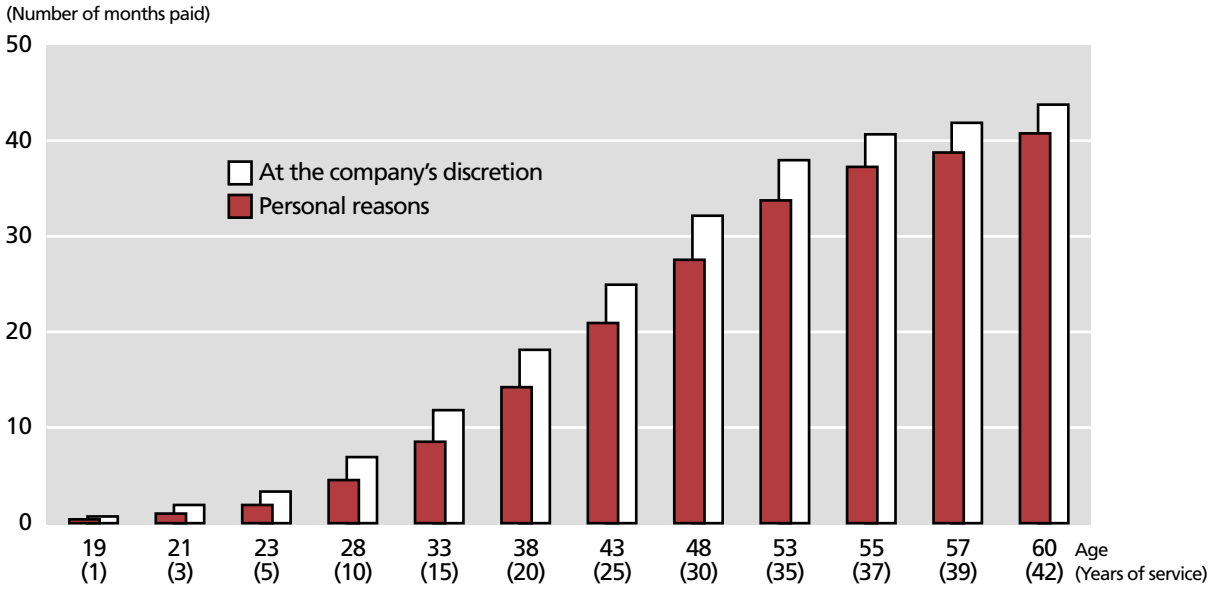
Source: *General Survey on Wage and Working Hours System*, Policy Planning and Research Department Secretariat, Ministry of Labour, 1999

III-16 Percentage of Companies that Make Payments Observed by Respective Allowance



Source: *General Survey on Wage and Working Hours System*, Policy Planning and Research Department Secretariat, Ministry of Labour, 1999

III-17 Number of Months in Retirement Allowance Payments (High school graduate, male)



Source: *Survey Results on Retirement Allowance and Pensions, as of September 1998*, Secretariat of the Tokyo Employers' Association, Japan Federation of Employers' Association

III-18 Percentage of Retirement Pension Entitlement Method (More than 20 years service or over 45 years of age)

(%)

Size of corporation	Percentage of companies that have retirement pension systems compared with those that have retirement allowance systems	Number of qualified recipients of retirement pensions			
		Total	Receive everything as pension	Receive everything as lump sum payment	Receive one part as pension and one part as lump sum payment
Total size of the corporation	52.5	100.0	31.2	58.6	10.2
Over 1,000 employees	90.4	100.0	42.3	43.0	14.7
100–999 employees	69.0	100.0	18.9	76.4	4.8
300–999 employees	82.4	100.0	19.9	74.8	5.3
100–299 employees	64.8	100.0	17.3	78.6	4.1
30–99 employees	43.9	100.0	10.4	87.2	2.4

Source: *Survey on Retirement Allowance Systems and Payment,* Ministry of Labour, 1997

6 Company Benefits

Wages Account for 81.6% of Total Labor Cost

A look at the composition of Japanese labor costs in III-19 reveals that wages account for 81.6% of total labor cost whereas "other labor costs" represent 18.4%, thus demonstrating that in Japan the ratio of wages to total labor cost is high. Furthermore, according to III-20, compulsory benefits account for approximately half of "other labor costs" in Japan, the highest after France and Germany. This demonstrates that management discretion regarding fringe benefits is relatively low.

Compulsory Benefits Represent Half of Other Labor Costs

A look at "other labor costs" in III-20 shows that compulsory benefits account for 50% of the figure and retirement allowance benefits for approximately 30%.

Welfare Insurance Premiums and National Health Insurance Premiums Constitute 85% of Compulsory Benefits

III-20 shows the average monthly cost of compulsory benefits per full-time employee. National health insurance premiums account for 32.1% of these benefits, and national pension-plan premiums for another 52.7%, for a total of 85%. The remaining 14.2% is used to pay for labor insurance (7.0% for employment insurance and 7.2% for workers' compensation).

Housing Expenses Account for Half of Non-compulsory Benefit Costs

Furthermore, it was discovered that housing costs run to nearly half the expenses for compulsory benefits and that housing measures play an extremely significant part in fringe benefits in Japan.

Shift to Defined Contribution Pensions

The shift to so-called defined contribution pensions known as the Japanese version of 401k is proceeding, albeit gradually. This can be traced to the fact that conventional company pensions (employee pension funds and qualified retirement annuity) constituted defined benefit-type pensions that determined future

III-19 Comparison of Labor Cost Structures in the Main Countries (Manufacturing)

(%)

Division	Japan (1998)	U.S. (1998)	U.K. (1992)	Former West Germany (1992)	France (1992)
Total labor costs	100.0	100.0	100.0	100.0	100.0
Total wages	81.6	75.8	80.7	76.0	66.8
Wages and salary therein		(68.3)	(72.5)	(64.8)	(58.2)
Unemployment benefits		(7.5)	(8.2)	(11.1)	(8.6)
Other total labor costs	18.4	24.2	19.3	24.0	33.2
Compulsory benefit costs therein	(9.3)	(7.6)	(7.5)	(13.9)	(21.8)
Non-compulsory benefit costs	(2.7)	(16.6)	(4.7)	(7.0)	(7.0)
Retirement allowances, etc.	(5.4)		(2.4)	(1.2)	(1.1)
Cash earnings	(0.3)		(2.0)	(0.1)	(0.1)
Job training expenses	(0.3)		(1.4)	(1.3)	(1.6)
Others	(0.4)		(1.4)	(0.6)	(1.5)

Sources: *General Survey of Wages and Working Hours System*, Ministry of Labour
Employer Costs for Employee Compensation, Bureau of Labour Statistics
Labour Costs 1992, Eurostat
Labour Statistics International Labour Comparisons, Japan Institute of Labour

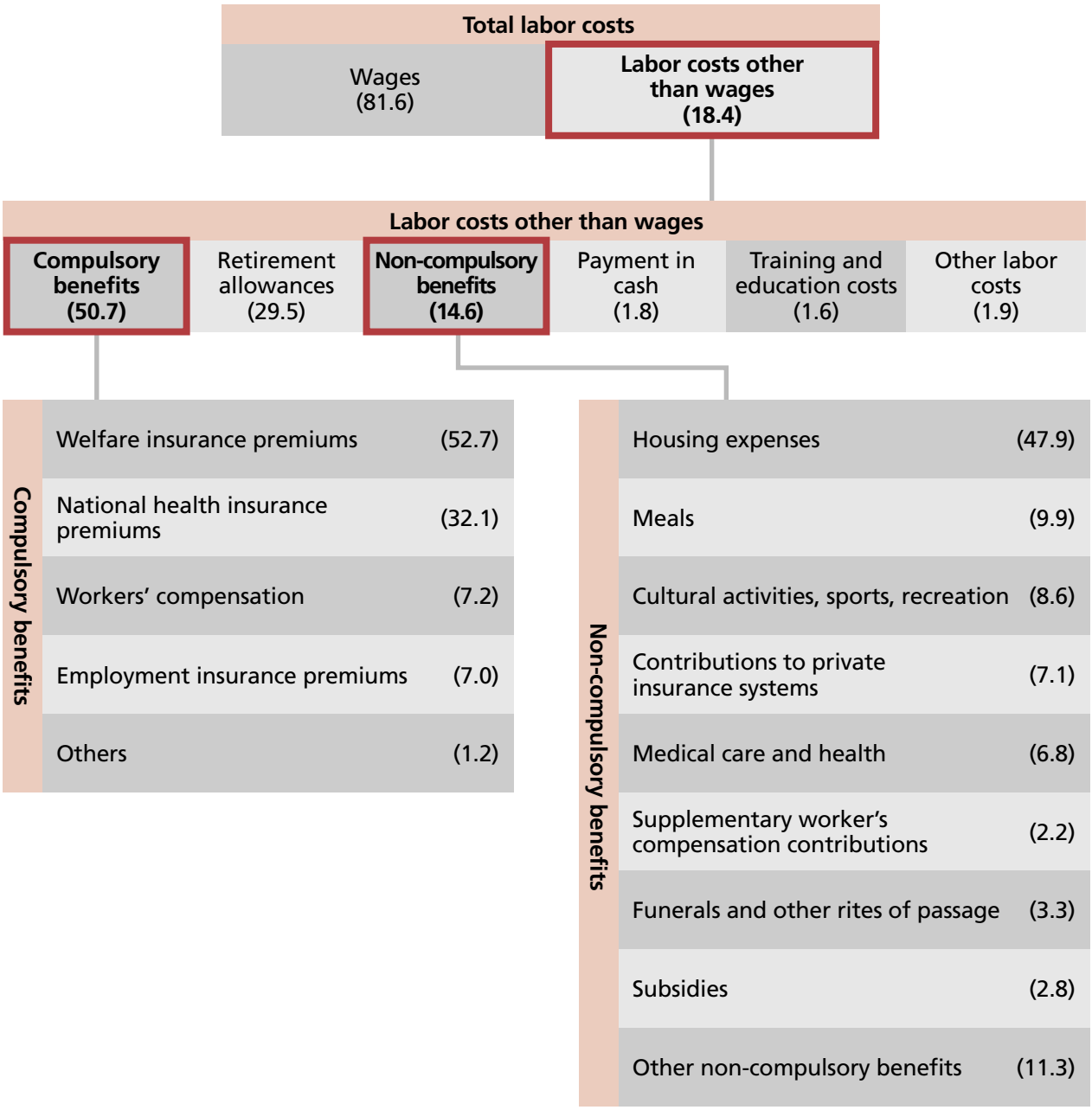
Notes: 1) Total workers at companies employing more than 30 people in Japan, more than 1 person in the U.S. and more than 10 people in the EC.
2) Brackets contain breakdown of figures.

pension payment amounts, but owing to long-term low interest rates and other influences, they have engendered lower than expected yields of investment and a lack of reserve funds. By way of contrast, subscribers to defined contribution pensions are personally accountable for adjusting monetary contributions as a result of which their benefit amounts in later life fluctuate. Companies do not suffer a lack of reserve funds or additional burdens since they do not make prior commitments on future benefit amounts.

Modalities of Changing Company Benefits

Increases in welfare costs borne by companies, diversification of employees' needs, development of social insurance systems, and other factors have effected a gradual change to company benefits over recent years. Besides adding labor costs, which until now have been designated as welfare costs, to wages paid to individual employees and introducing a retirement allowance advance payment system, in conjunction with the introduction of performance-based wage systems, companies

III-20 Labor Costs and Their Proportional Composition (Based on employees' average monthly wages in 1998)



Source: *General Survey of Wages and Working Hours System*, Ministry of Labour, 1998

are also introducing retirement allowance point systems and popularizing a system allowing optional purchase of company equity at a predetermined price (stock option system). According to the Survey of Wages and Working Hours, Ministry of Labour, 1999, 4% of companies with 1,000 or more employees have introduced the stock option system, and introduction of these systems is forecast to advance in the future mainly in large companies. Moreover, in order to reduce the burden of welfare costs and cater to the diversification of employees' needs, various choices of welfare plans are being provided and "cafeteria-style" benefit plans that are used according to the needs of those employees who require them are being introduced, among others. Moreover, those "companies that are nice to families" and embrace personnel management systems showing consideration toward their workers' family circumstances, including having leave and vacation systems for child-rearing and care as well as establishing day-care centers, have come to be called "family-friendly companies." The Ministry of Labour started to officially recognize this from 1999.

FYI

The "shareholding assistance system" refers to a system where a company allows an employee to acquire shares in the company based on some economic assistance in order to encourage possession of its shares.

The "stock option system" refers to a system giving employees the right to purchase shares in the company at a predetermined price (rights exercise price). (If share prices rise above the rights exercise price, employees will be compensated for the difference. Furthermore, employees are not obligated to exercise their rights if the price falls below this level.)

III-21 Percentage of Companies Using Shareholding Assistance Systems and Stock Option Systems by Type

(%)

Year, size of company, and industry	Joint-stock companies	Has a shareholding assistance system	Has a stock option system
1996	100.0	12.2	—
1999	100.0	13.1	0.6
Company size in 1999 by type			
Over 1,000 employees	100.0	68.2	4.0
100–999 employees	100.0	21.8	1.5
300–999 employees	100.0	43.8	3.9
100–299 employees	100.0	14.9	0.7
30–99 employees	100.0	7.4	0.1
1999 industry specific			
Mining	100.0	9.2	—
Construction	100.0	12.2	0.1
Manufacturing	100.0	12.8	0.6
Electricity, gas, heating, and waterworks	100.0	23.6	0.6
Transportation, telecommunication	100.0	7.2	0.1
Wholesale, retail, food and beverage	100.0	17.7	0.9
Finance, insurance	100.0	43.3	3.6
Real estate	100.0	21.5	0.9
Services	100.0	10.5	1.0

Source: *General Survey of Wage and Working Hours System*, Ministry of Labour, 1998

7 Career Development through In-house Training and Education

OJT: Practical Training Predicated on Long-term Employment

Predicated on the assumption that employees will stay at one company throughout their careers, in-house development of human resources at Japanese companies takes place over many years. Specifically, in-house training consists primarily of OJT (on-the-job training) which gives employees the opportunity to develop their skills through actual business experience. OJT fulfills an important role in educating both blue- and white-collar workers. In factories, for instance, OJT is used to teach personnel about the production process and solve such problems as repairing malfunctioning machinery. Clerical workers in accounting departments learn how to combat unreliability by performing analyses that separate business results from budgets.

Two Types of OJT

Since OJT usually places considerable emphasis on the accomplishment of everyday tasks, the concept may seem a bit abstruse. However, there are two types of OJT—formal and informal. Formal OJT involves assigning instructors to train employees and setting evaluation standards.

Long-term Informal OJT Builds High-level Expertise

The primary distinguishing features of human resource development in Japan are as follows.

(1) Informal OJT is considerably more important than formal OJT, which is merely basic training given to newly hired workers to improve their skills.

(2) Japanese companies provide an extensive range of informal training. Long-term OJT is required, however, for employees to acquire high-level skills. Informal OJT usually involves a gradual progression from simple to more difficult tasks, and a rotation system that enables employees to serve in a variety of positions. OJT gives workers the opportunity to gain a wide range of experience, thus improving their business acumen.

(3) Informal OJT is used widely at large corporations, but less so at small and medium-sized businesses.

(4) OJT is interspersed with Off-JT (off-the-job training), e.g., seminars at educational institutions. Off-JT gives added perspective to the experience employees gain through OJT and helps them gain additional knowledge and theoretical skills that they can use to solve the problems that arise in everyday business situations.

OJT is Founded on Seniority-based Promotion and Promotional Management

OJT generally proceeds smoothly in Japan. Older workers are not reluctant to train their subordinates since they are confident that the latter will not be promoted or given raises ahead of them. OJT actually reinforces company solidarity. This approach to human resource development has proven to be a positive way for employees to refine their skills, and is also an aspect of Japanese corporate culture that makes Japanese companies so competitive.

Approximately 70% of Companies Implement OFF-JT and Planned OJT

According to the most comprehensive reference on Japanese corporate training, "Survey of Training and Education in the Private Sector" (Ministry of Labour), 69.0% of Japanese companies had training programs in place in 1998. The two types of programs are off-site training and planned OJT.

III-22 Breakdown of In-house Training and Education

Informal OJT

Assume a pivotal role in educational training.
This training is conducted in normal business operations

This method is indispensable to forming high-level expertise and plays an extremely significant role in corporate in-house training. This method is widely used in large corporations.

Formal OJT

Also, termed as planned OJT. This training is conducted in normal business operations

Determine a capacity development plan and implement it in stages and constantly (including education supervisor, educational trainers, period and content)

Post training performance check items are decided

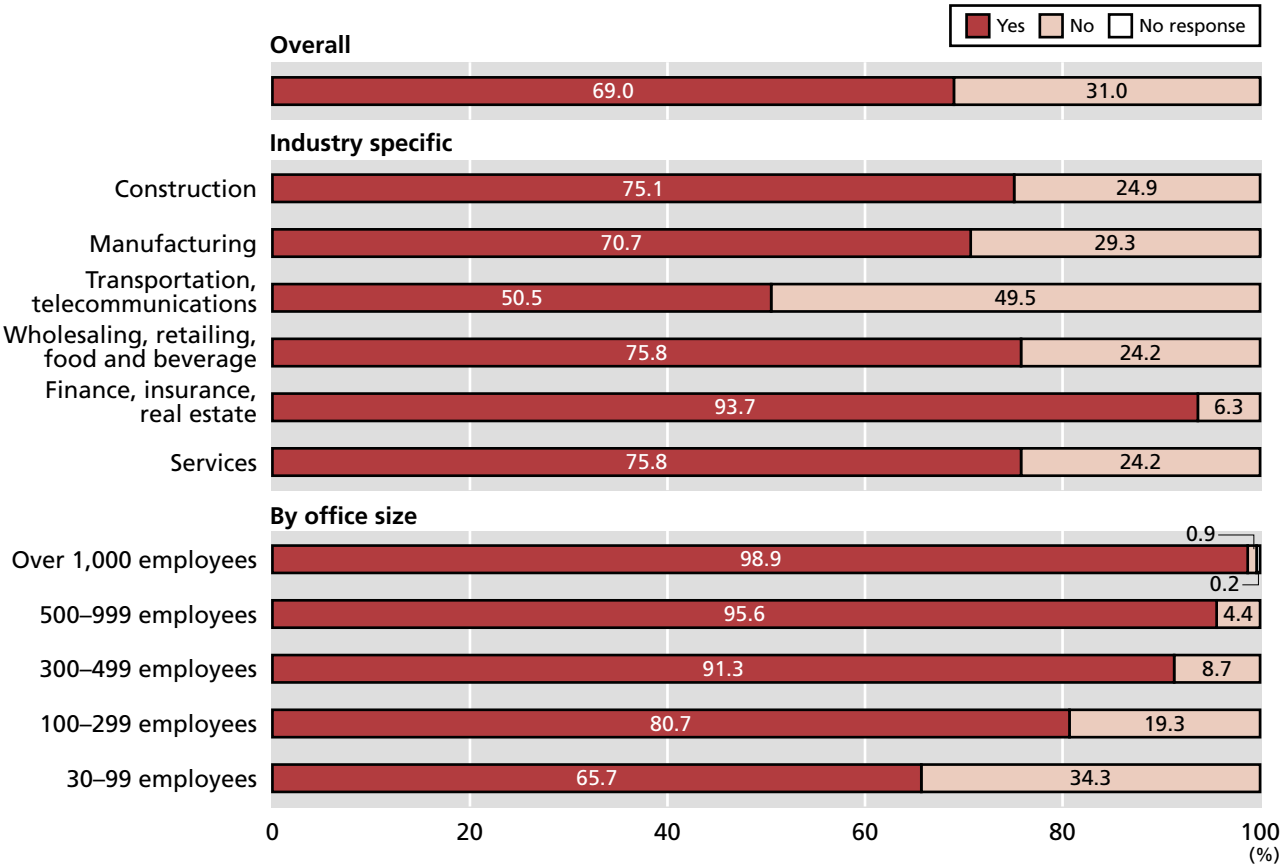
OFF-JT

Training conducted at another location, during a temporary absence from work

To be implemented so it is worked into the extensive OJT (under titles such as training course).

OFF-JT enables workers to work toward organizing and systemizing OJT

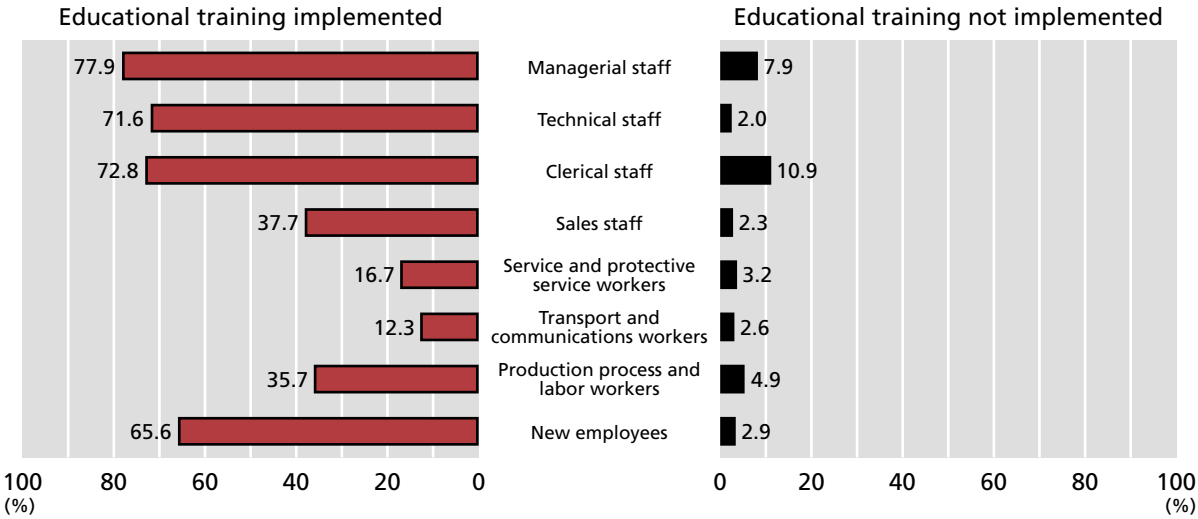
III-23 Implementation Conditions of "OFF-JT" and "Planned OJT" Observed by Industry and by Office Size (1998)



Source: *Survey of Training and Education at Private Enterprises*, Policy Planning and Research Department, Ministry of Labour, 1999

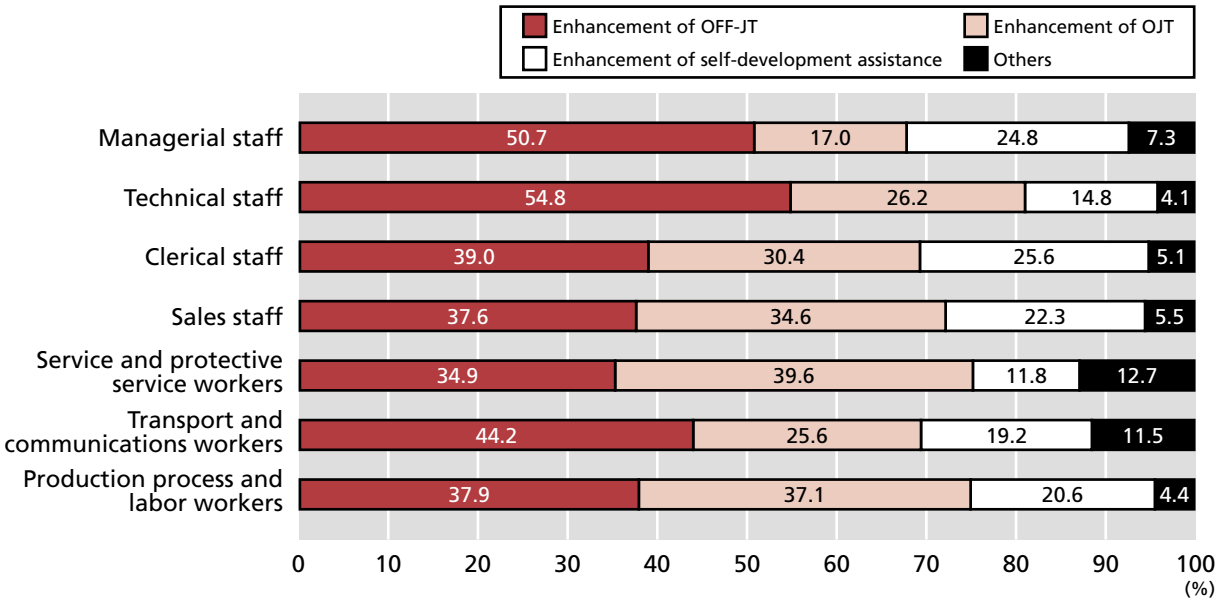
Note: Here "training and education" includes both off-site training and planned OJT. Off-site training is conducted away from the workplace. "Planned OJT" refers to the development of occupational skills during the course of daily business activities, which takes place on an ongoing basis, according to a written plan that designates trainees and instructors, as well as the duration and content of the training.

III-24 Implementation Conditions of "OFF-JT" and "Planned OJT" Observed by Category



Source: *Survey on Vocational Training in Private Enterprises* (May 1999 survey), Human Resources Development Bureau, Ministry of Labour
Note: The total does not equal 100 because "no response" and other such answers were left out in creating the graph.

III-25 Education and Training Methods that Should be Emphasized in the Future



Source: *Survey on Vocational Training in Private Enterprises* (May 1999 survey), Human Resources Development Bureau, Ministry of Labour
Note: Figures for the number of offices in which there are workers in the appropriate occupation have been recalculated to 100.

III-26 Important Points of Education and Training that Should be Emphasized in the Future

(%)

Important points of educational training \ Target occupation	Managerial staff	Technical staff	Clerical staff	Sales staff	Service and protective service workers	Transport and communication workers	Production process and labor workers
Total number of offices for the appropriate workers	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Important points of educational training: Allocation of basic knowledge and skill	4.0	9.7	42.8	28.5	29.1	36.2	42.0
Deepening specific disciplines	12.6	60.1	31.6	26.5	30.0	22.2	26.5
Improvement of interpersonal skills, management capabilities, overall judgment and creativity, etc.	70.6	5.9	14.9	30.6	21.1	13.0	5.1
Response to aging	3.8	0.9	1.3	3.8	7.7	8.2	9.3
Response to technological innovation	4.5	19.0	2.5	0.9	1.6	6.8	10.4
Response to internationalization	0.4	1.5	0.3	5.4	0.8	1.0	0.0
On account of changes in occupation	1.8	0.4	2.7	0.2	0.4	4.3	2.9
Others	2.3	26.4	9.3	14.2	30.6	24.0	8.4

Source: *Survey of Training and Education at Private Enterprises*, Human Resources Development Bureau, Ministry of Labour, May 1999
Note: Figures for the number of offices in which there are workers in the appropriate occupation have been recalculated to 100.

8 Mandatory Retirement System

Purposes and Functions of the Mandatory Retirement System

The mandatory retirement system first appeared in Japan in the 1900s. At the beginning, the mandatory retirement system was introduced for white-collar public servants and skilled workers in munitions factories. The purpose was to secure a stable labor force using long-term contracts valid until retirement age. In the 1930s and the 1940s, private corporations, especially large corporations adopted the mandatory retirement system. Their purpose was to eliminate elderly workers who had worked for a long time from their companies in order to deal with the economic depression at that time. Thus, the age limit system has the following purposes: (1) By setting the mandatory retirement age, a company guarantees long-term employment and secures their necessary labor force. (2) In order to deal with business slowdowns, the mandatory retirement system may be used to have older workers retire, to reduce employment costs, and to employ younger workers.

Many companies extended the mandatory retirement age during the 1980s. During the post-World War II era until the 1970s, the retirement age was generally set at 55 years of age. As the average life expectancy increased greatly in the postwar era, people began to live much longer after retirement. Since an increasing number of workers intended to continue working after 55 years of age, the movement to extend the retirement age became popular.

The current goal of the government is to establish a system within the next decade in which those who wish to work and have the ability of working may continue doing so until 65 years of age. They do not necessarily need to be employed by their original employer, but may find a second career in a different firm or industry.

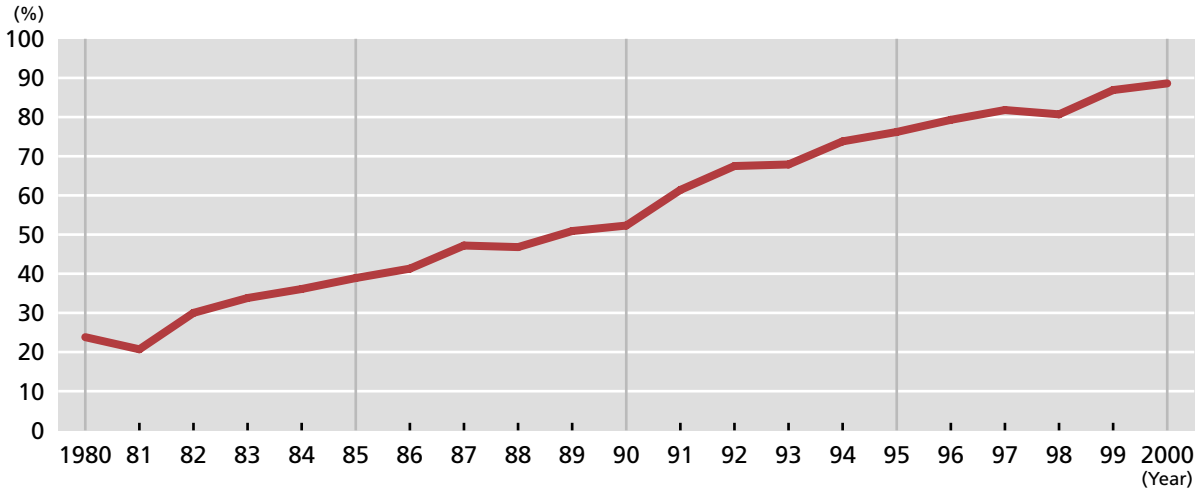
Popularization of Retirement at Age 60

Due to active efforts by the government, labor and management, the retirement age was extended from 55 to 60 after the 1970s. Consequently, the percentage of companies with a 60-year retirement age steadily increased across industries during the 1980s and the 1990s. Figure III-27 shows that while large corporations took the initiative in extending the retirement age, now even medium-sized companies with from 30 to 99 employees often adopt this system. We may safely say that the retirement age of 60 has been almost universally established in Japan.

Continuous Employment until 65 Years of Age

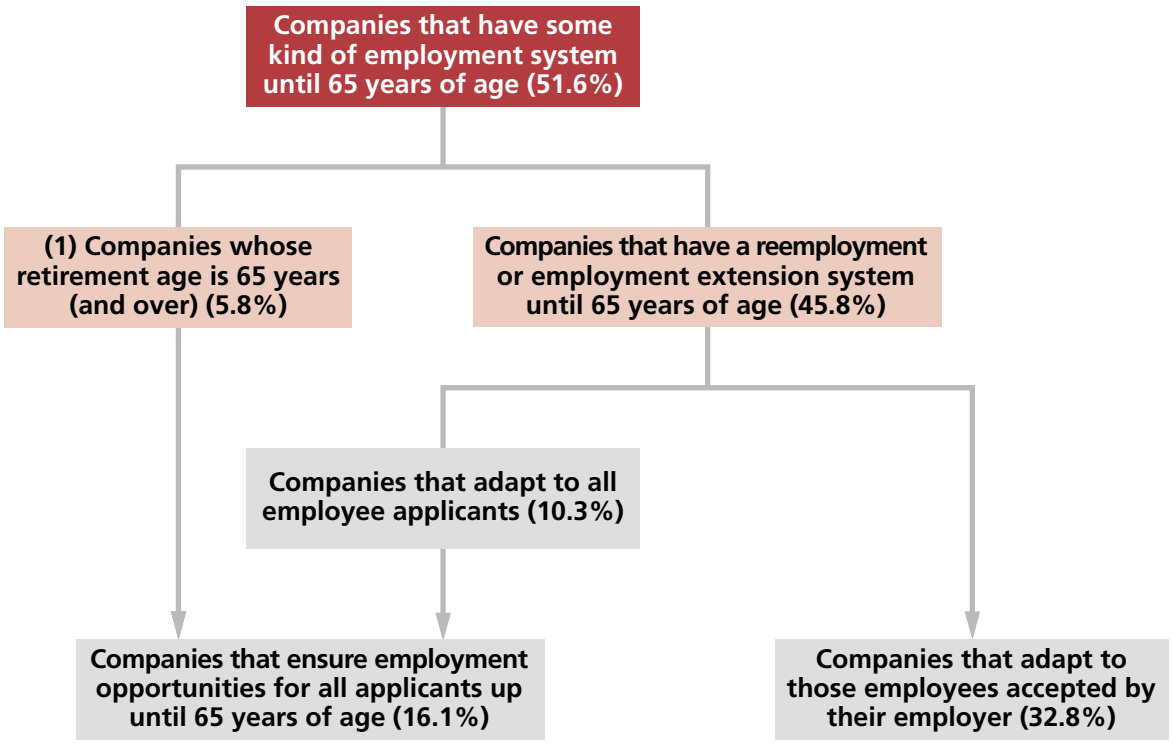
As seen in the labor-management negotiations in spring 2000, the focal point in labor-management negotiations now is the issue of continuous employment until 65 years of age. Extension of employment until 65 years of age is a major theme for government, labor and management. The current system of continued employment until 65 years of age in private corporations can be divided into three types (Figure III-28). (1) The retirement age is set at 65 (or older). (2) The retirement age is set at 60; then, there is a system of retirement or the extension of employment until 65 years of age. All of those who wish to take this option may do so. (3) The retirement age is set at 60; then, there is a system of retirement and the extension of employment until 65 years of age. Those who wish to take this option may do so if the company approves them. When types (1) and (2) are combined, the ratio of companies that ensure employment opportunities for all applicants until 65 years of age is only 16.1%. The achievement of continued employment until 65 years of age is an important goal for the future.

III-27 Percentage of Companies Stipulating Retirement Age to be Over 60 Years of Age



Data: Refer to Appendix 6
Source: *White Paper on Labour*, Ministry of Labour, 2000
Note: Percentage of companies, out of the total number of companies, whose retirement age is uniformly above 60 years of age.

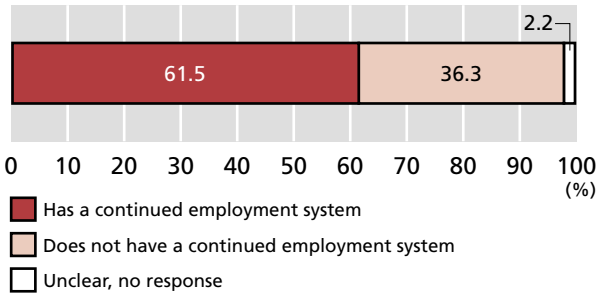
III-28 Diagram of System of Continued Employment Until 65 Years of Age



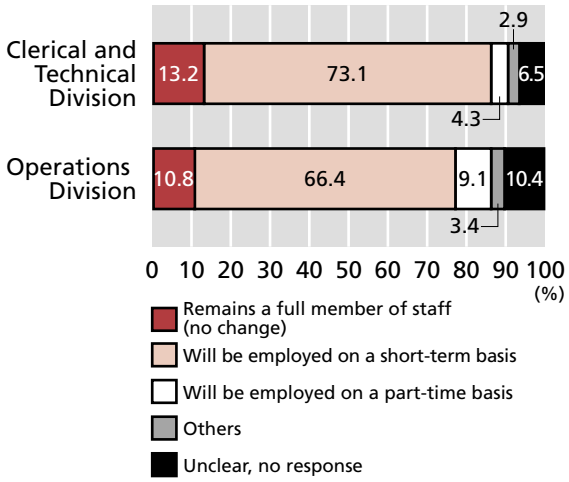
Source: *White Paper on Labour*, Ministry of Labour, 2000
Notes: 1) There are four categories for those eligible at companies that have a reemployment or employment extension system until 65 years: "in principle, all applicants," "to all employees who conform with the standards set by the company," "limited to those employees the company deems as particularly necessary," and "others (including no response)."
2) Companies that adapt to those employees accepted by their employer represent the total value of "all employees who conform with the standards set by the company" and "those limited to employees the company deems particularly necessary."

III-29 Changes in Benefits Before and After Retirement Age (Enterprises with retirement age system)

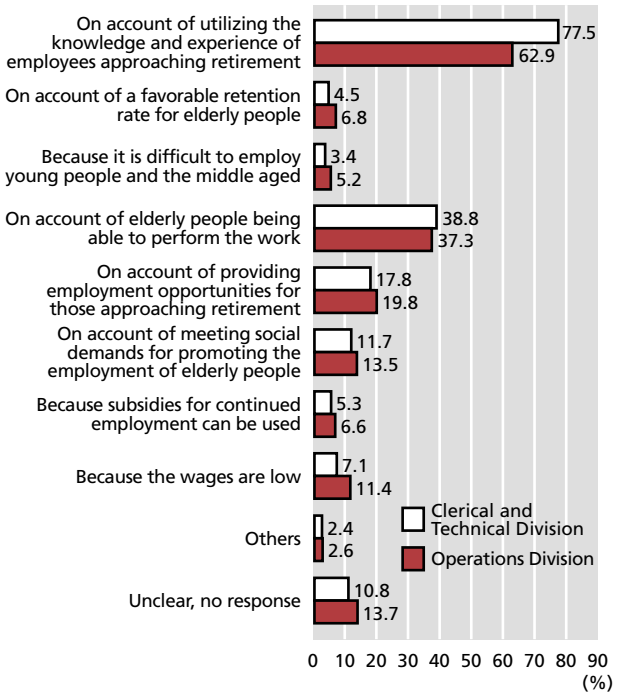
Availability of continued employment systems following retirement age



Changes in the form of employment of those that continue to work (compared to pre-retirement age)



Reason for the continued employment of workers after retirement age (up to two answers)



Source: *Survey on the Use of Elderly People in the Workplace*, Japan Institute of Labour, 2000

Chapter IV Labor Relations

1 Labor Unions

Japanese Labor Unions have a Three-tiered Structure

Japanese labor unions are organized into a three tier structure, comprising unit unions (of which around 90% are enterprise unions), industrial federations, and national centers. Out of this three-tiered structure, the enterprise unions, with their membership based on directly joining individuals, wield the greatest power, receiving just under 90% of union dues and employing full-time staff (Refer to "Characteristics of Enterprise Unions").

The industrial federations, unlike their American and European counterparts show a strong tendency to have cooperative structures with enterprise unions. Even under the Rengo (Japanese Trade Union Confederation) umbrella there are approximately 70 industrial federations, and there are four which have a membership in excess of 500,000. There are also many industrial federations however that are lacking in full-time staff and financial power. In organizational aspects and the creation and execution of industrial policy, an issue at hand is the strengthening of the industrial federations. Rengo, which has been the largest national center in Japan since its formation, has been instigating action plans towards the formation of integrated industrial federations. During the course of the 1990s, there has been a steady tendency towards increased integration among industrial federations.

The Three-tiered Structure and Labor-management Negotiations

It is normal for labor conditions to be decided through collective bargaining between labor and management by company. One of the main functions of labor unions is to standardize salary levels and labor conditions and prevent excessive competition using low salaries and long working hours as their weapons. However, it is difficult to utilize this function in negotiations on a company basis.

In order to compensate for these shortcomings, Japan's labor movements employs two methods. One of these is the Shunto or spring wage offensive, in which industrial federations organize a cross-lateral unified drive throughout companies, and the national centers coordinate strategies among industrial federations and creates press and media campaigns (Refer to Shunto). Even in such cases, the industrial federations only cover the setting of demands, stipulating a date for a unified response and guiding resolution standards, with the actual negotiations being undertaken by the labor and management of each company. There are very few instances whereby through negotiations by industrial federations and industry management groups, labor conditions have been decided (there are some exceptions, including seamen). It is usual for the theme of labor-management discussions by industry to be executed through exchange of information concerning various issues in the industry concerned and on exchange of opinions on industry policies.

One more method established in Japan is legislation such as the Labor Standards Law and the Minimum Wages Law, designed to enhance competition and achieve improvements in labor conditions. National centers are the main instigators when using the legislation that is available. In this case, strong calls are made upon the political parties with which the national centers are affiliated. In addition, members are sent to sit in on the panels of government committees and councils involved in the formulation of policy, which enables Rengo's opinions to

be reflected in the policy-making process.

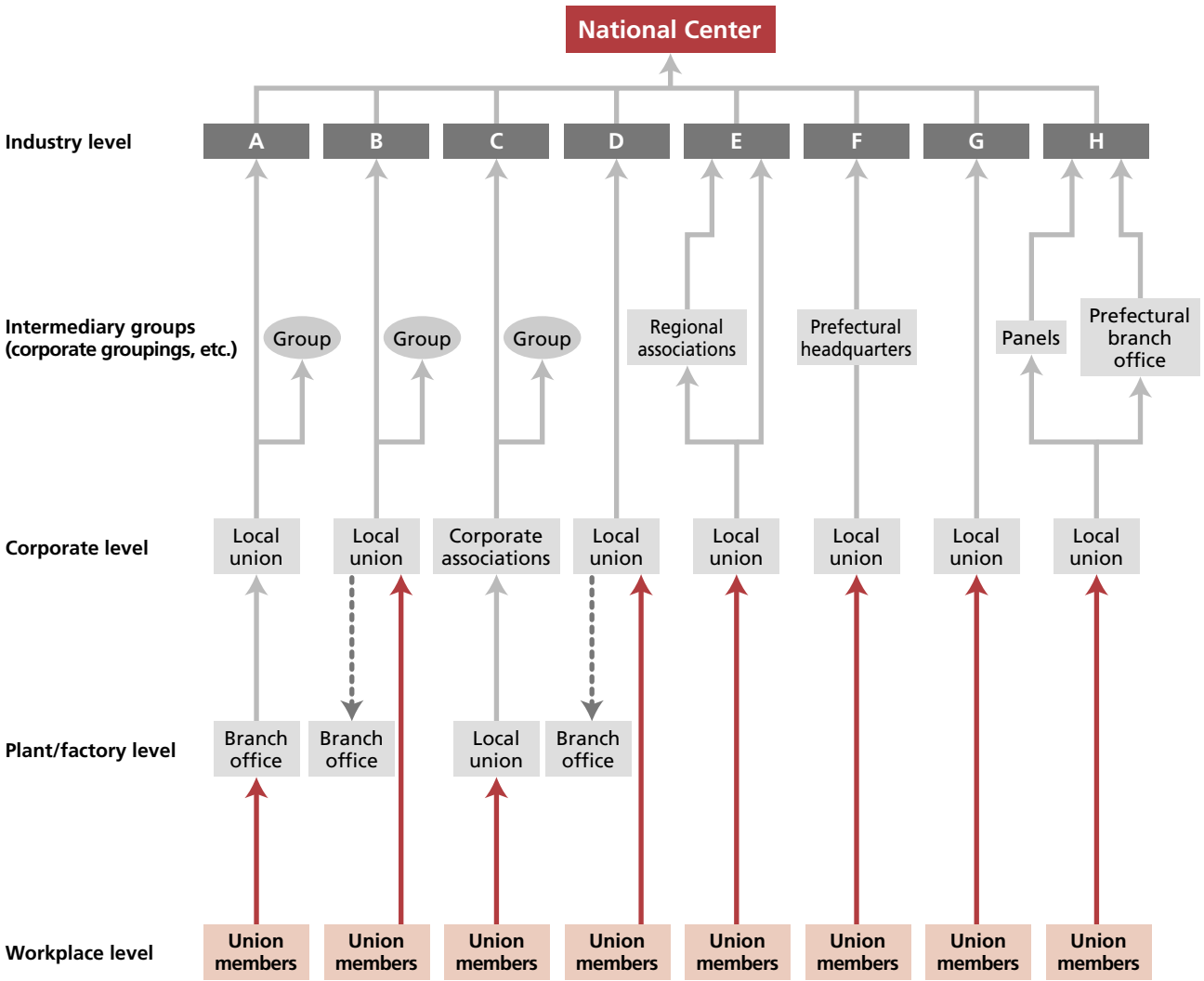
Rengo has also established a forum for regular discussions with the Nikkeiren (Japan Federation of Employers' Associations), and there are instances in which the two organizations jointly make policy proposals on issues that they are in agreement over (this does not include decisions over labor conditions).

History of the Break-up and Reorganization of the Post-war Labor Movement

Until the end of the Second World War in 1945, there was no Trade Union Law in Japan. It was in 1946 that the Trade Union Law was established and in a short space of time a great number of labor unions were vigorously created.

However, ideological conflict pervaded the ranks of the labor movement and immediately after the war the communist-affiliated Sanbetsu-kaigi (Congress of Industrial Unions of Japan) opposed the Sodomei (Japanese Federation of Trade Unions), which was a merger of like-minded social democratic elements. Subsequently, the anti-communist elements within the Sanbetsu-kaigi joined with the Sodomei to form the Sohyo (General Council of Trade Unions of Japan), but

IV-1 Collection of Union Dues



Source: *Finances of Labour Unions—Current Financial Situation of Unions and Their Structural Composition,* Japan Institute of Labour, March 1995
Note: Individual payment of dues → Payment to higher organizational levels → Grants ⇢

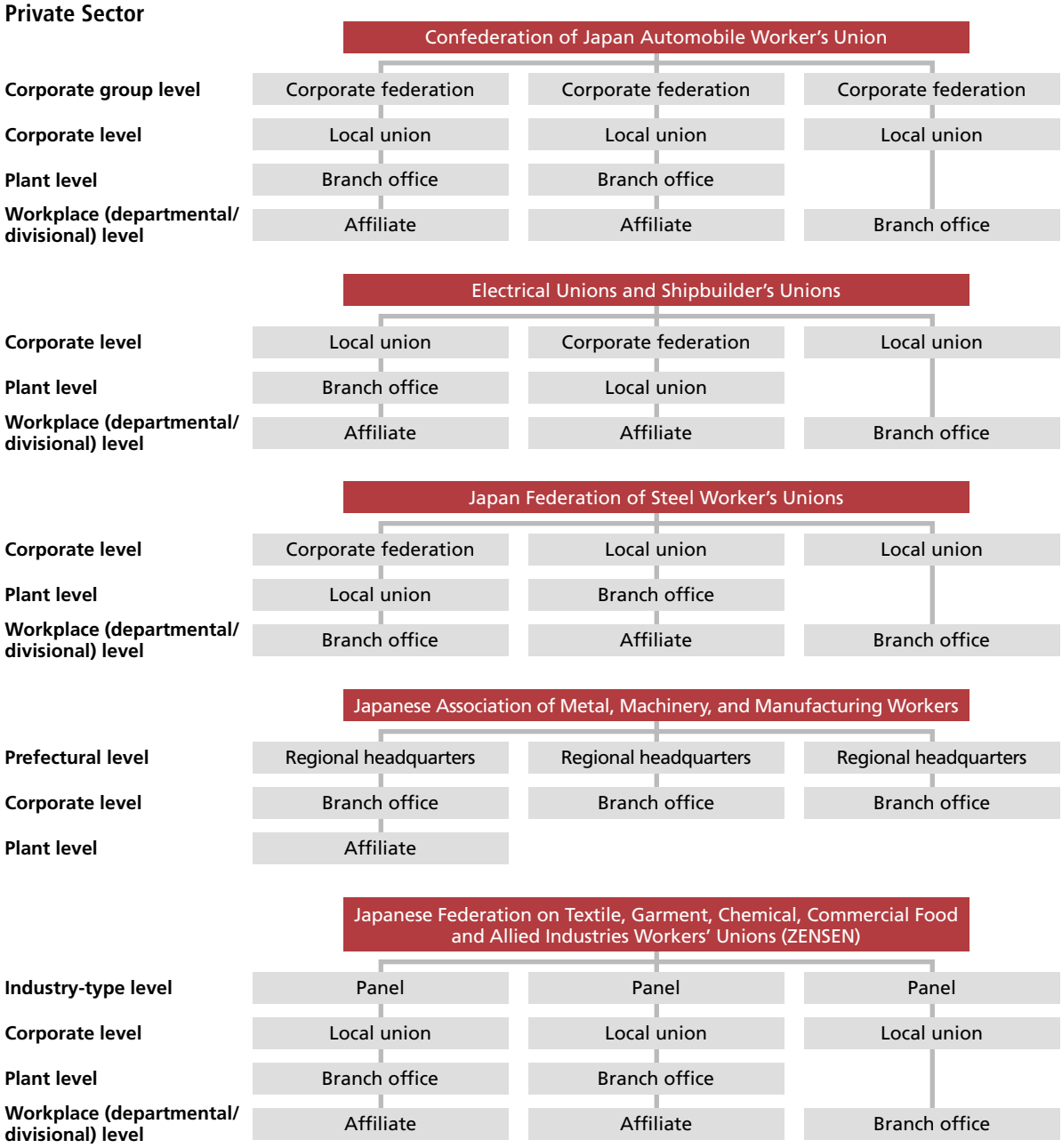
this structure soon crumbled as the Cold War intensified.

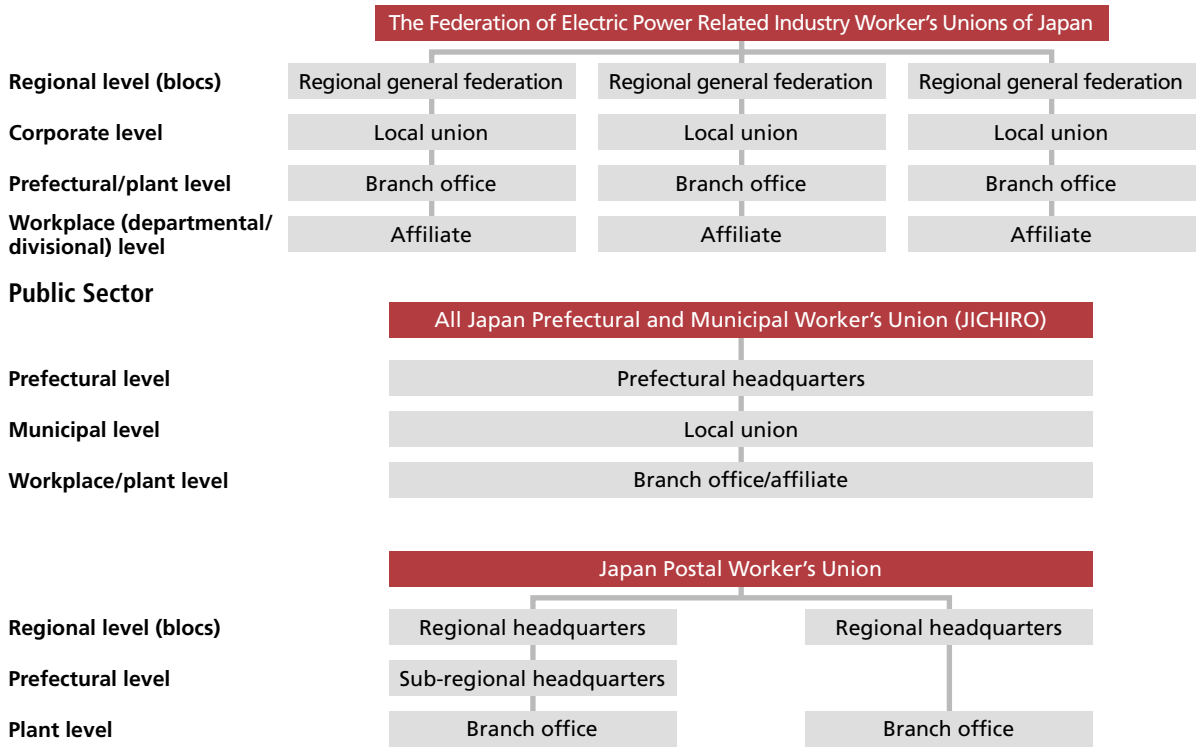
From 1964 a situation prevailed where there were four national centers, but in 1989 these four national centers merged and Rengo was formed. A reform-minded path was opened up that was accepting of the market economy, which was instrumental in the formation of the new organization. In the same year, two other groups were formed that were critical of Rengo—Zenroren (National Confederation of Trade Unions) and Zenrokyo (National Trade Union Council)—a situation which prevails until today.

Currently in the national centers, Rengo has a membership of 7.31 million, while Zenroren retains 1.04 million members and Zenrokyo has 260,000 members.

IV-2 Structure of the Main Industry Organizations

Private Sector





Source: *Empirical Research on the Organization of Japan's Private and Public Sector Labour Unions and Their Functions,* Japan Institute of Labour, March 1997

IV-3 Overview of Labor Union Dues

		Average amount per union member	Percentage of salary
A	**Labor union dues**		
	Monthly salary as an accumulated standard	288,990 yen	
	Labor union dues accumulated by local unions	4,959 yen	1.72%
B	**Monies paid by local unions to larger organizations**		
	Monies to corporate federations	404 yen	0.14%
	Monies to local industrial federations	205 yen	0.07%
	Monies to industrial federations	585 yen	0.20%
	Monies to local federations	107 yen	0.04%
	Monies to the National Center	78 yen	0.03%
C	**Labor union dues collection standards**		
	Combined fixed sum and fixed-rate (54.9%)		
	Fixed-rate (40.6%)		
D	**Number of times of collection of labor union dues**		
	12 times a year (51.3%)		
	14 times a year (44.4%)		
E	**Strike funds**		
	89.8% of local unions have a system that sets aside monies from member contributions		
	Average amount collected from each member by local unions	819 yen	0.28%

Source: *12th Report on Labor Union Dues* Asia Social Research Institute, September 1999
(Reference: Number of unions responding: 534)

2 Union Organization

Organizing Rate of 21.5%

According to the "Survey of Labor Unions" issued by the Ministry of Labour, as of June 30, 2000, there were 67,737 labor unions in Japan. The organizing rate is 21.5%, with 11.426 million out of a total of 53.79 million workers belonging to unions.

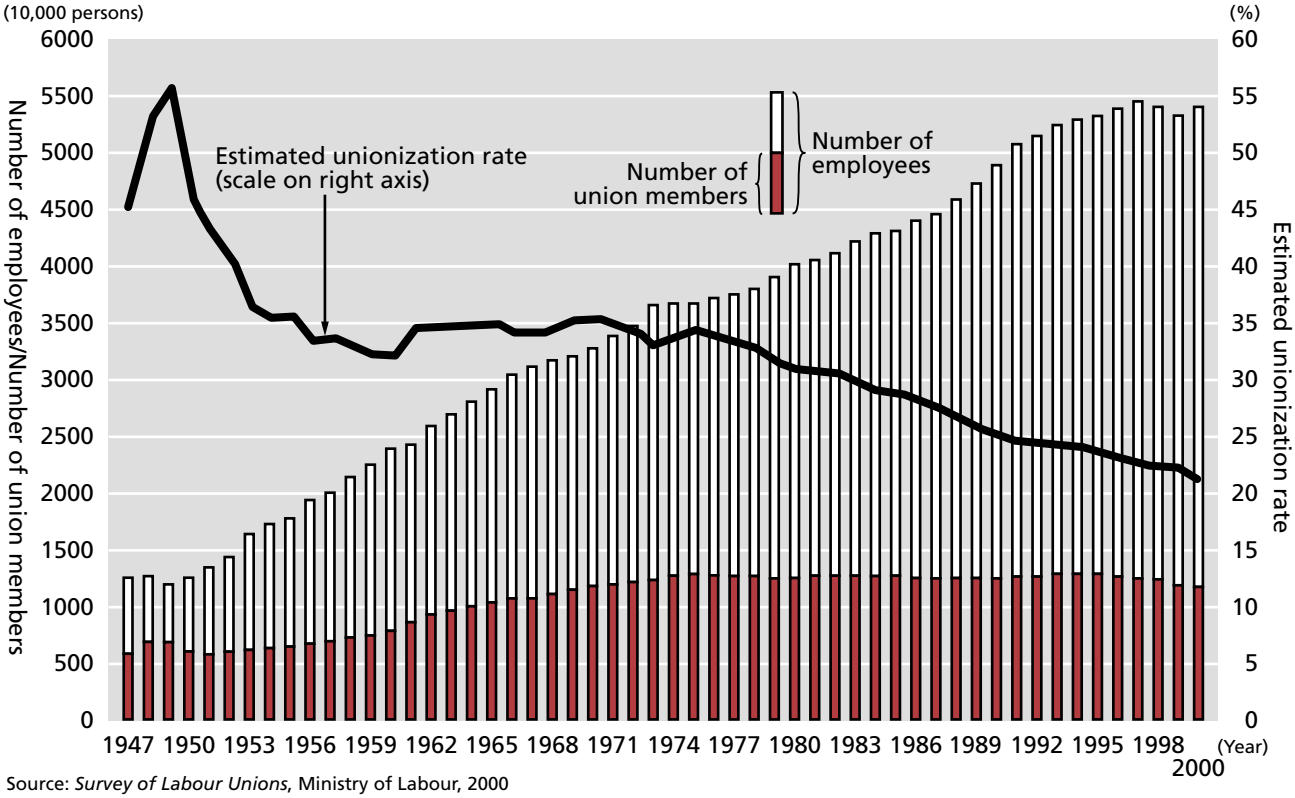
Because of the prevalence of long-term employment in Japan, enterprise-based unions predominate. Over 90% of Japan's labor unions are enterprise-based-unions or craft unions.

Organizing Rate has Shown a Steady Decline Since its Peak in 1949

Since its peak in 1949, the unionization rate has continuously declined owing to a fall in the growth of the number of union members relative to the increase in numbers of employees. The organization rate in 2000 under performed its 1999 figure by 0.7% (IV-4).

Industry-specific organization rates are high in government at 61.7%; electricity, gas, heating, and waterworks at 56.1%; and finance, insurance, and real estate at 41.1%. In contrast, organization rates are low in

IV-4 Changes in the Number of Employees and Union Members, and the Estimated Unionization Rate



Source: *Survey of Labour Unions*, Ministry of Labour, 2000

agriculture, forestry, and fisheries at 5.1%; wholesale, retail, food, and beverage at 9.1%; services at 12.6% and other sectors. Comparing the organization rates of the above industries with the 1999 figures reveals a wholesale decline, except in government and electricity, gas, heating, and waterworks.

Primary Reasons for the Low Unionization Rate are the Growth of the Service Sector and Increases in Part-time Workers

There are two factors behind the current low unionization rate: (1) the burgeoning of employment in the service sector, where the unionization rate is traditionally lower than in other industries; and (2) increasing numbers of part-time and temporary workers, resulting from the diversification of employment, who are difficult to organize.

IV-5 Unionization Rate by Company Size

(%)

Company size	Percentage of the number of union numbers	Percentage of the number of employees	Estimated unionization rate (2000)
Total	100.0	100.0	18.7
More than 1,000 workers	58.8	20.3	54.2
300–999 workers	15.6	25.0	18.8
100–299 workers	9.4		
30–99 workers	3.5	54.1	1.4
Fewer than 29 workers	0.5		
Others	12.2	—	—

Source: *Survey of Labour Unions*, Ministry of Labour, 2000
Notes: 1) The total number of unit labor unions
2) "Others" includes members of unions that embrace more than one industry and unions whose size is not known.
3) "Number of employees" represents workers employed by private enterprises, excluding agriculture and forestry.

IV-6 Unionization by Industry

Industry	Number of union members (1,000 persons)		Percentage (%)	Number of employees (10,000 persons)	Estimated unionization rate (%)
All industries	11,426	[3,209]	100.0	—	—
Agriculture, forestry, and fisheries	23	[3]	0.2	45	5.1
Mining	11	[1]	0.1	4	26.8
Construction	1,050	[76]	9.2	531	19.8
Manufacturing	3,403	[615]	29.8	1,217	28.0
Electricity, gas, heating, and waterworks	224	[30]	2.0	40	56.1
Transportation, telecommunication	1,475	[153]	12.9	395	37.3
Wholesale, retail, food and beverage	1,093	[427]	9.6	1,207	9.1
Finance, insurance, and real estate	934	[510]	8.2	227	41.1
Services	1,878	[874]	16.4	1,487	12.6
Government	1,284	[507]	11.2	208	61.7
Other industries	51	[15]	0.4	—	—

Source: *Survey of Labour Unions*, Ministry of Labour, 2000
Notes: 1) The total number of unit labor unions
2) The "other industries" category covers members of unions that embrace more than one industry or whose industrial classification is unclear.
3) Figures in brackets represent female union members.

3 Characteristics of Enterprise Unions

From an international perspective, what distinguishes labor relations in Japan from those in other nations are (1) enterprise unions, (2) Shunto (the "spring wage offensive"), and (3) stability.

Labor Unions in Japan are Formed within, Not across Companies

Since Japan's labor unions are formed from within, not across companies, negotiations relating to working conditions are usually conducted between enterprise unions and company management. A labor market thus forms at individual companies on the basis of negotiated working conditions, e.g., long-term employment practice and the seniority-based wage system. In this type of labor market, labor and management share the same interests. These factors account for the predominance of enterprise unions in Japan.

Full-time Employees are Eligible for Enterprise Union Membership

Usually, membership in an enterprise union is open only to full-time employees. Both full-time blue- and white-collar workers join to form a single union, and the organization rate among white-collar workers is comparatively high.

Trends of Highly Influential Major Corporate Labor Unions

Although enterprise unions often join industry-specific federations, they maintain a high level of control over personnel and financial matters without interference from the federations. Conversely, industrial federations are often affected by the activities of enterprise unions within large corporations. Enterprise unions are affiliated to national centers through the industrial federations they join, and they also participate in the policy decision-making process by submitting demands relating to policies and systems and sending representatives to governmental committee meetings.

Both Collective Bargaining and Labor-management Consultations Take Place Internally in Companies

Because labor unions are organized at companies, normally there is no clear distinction between matters to be negotiated and collective-bargaining matters within the labor-management consultation system. Instead, both types of discussions usually take place at the same time. The labor-management consultation system allows both sides, labor and management, to resolve any differences of opinion before collective bargaining takes place. It also provides the opportunity to discuss various subjects that cannot be addressed during collective bargaining, smoothing the way for labor and management to reach an agreement during the collective-bargaining process.

Spring Wage Offensive Began in 1955 (refer to Chapter 4, section 6)

Shunto (the spring wage offensive) is an annual event in which many enterprise unions enter into simultaneous negotiations relating to wage increases and other working conditions with management. Industrial federations direct and coordinate negotiations for enterprise unions. The first Shunto took place in 1955, and since then it has become an annual event. There have been deviations recently, however, with unions in some industries launching the spring offensive only every other year.

Japanese Labor Relations are Relatively Stable

Japan enjoys relatively stable labor relations. The strikes and lockouts that occurred frequently in the 1950s, resulting in the loss of many working days, are fewer today. Three factors account for the current level of stability.

1. When labor productivity soared due to higher corporate performance between the mid-1960s and 1973 (the period of high economic growth), better corporate performance meant a favorable

employment environment and with it steadily improved working conditions.

2. Labor unions took national economic priorities into consideration and gradually adopted a more flexible stance during Shunto.
3. The labor-management consultation system facilitated collective bargaining by motivating both sides to share information and work toward mutual understanding.

IV-7 Changes in the Number of Labor Unions, Number of Union Members and Estimated Unionization Rate (Unit labor unions)

Year	Number of labor unions		Number of union members (1,000 persons)		Number of employees (10,000 persons)	Estimated unionization rate (%)
		Year-on-year change (%)		Year-on-year change (%)		
1995	70,839	–1.2	12,495	–1.0	5,309	23.8
1996	70,699	–0.2	12,331	–1.3	5,367	23.2
1997	70,821	0.2	12,168	–1.3	5,435	22.6
1998	70,084	–1.0	11,987	–1.5	5,391	22.4
1999	69,387	–1.0	11,706	–2.3	5,321	22.2
2000	68,737	–0.9	11,426	–2.4	5,379	21.5

Notes: 1) Figures have been rounded up for unions with less than 1,000 members. Year-on-year comparative figures have been calculated using personnel numbers (This method applies to all other charts and tables).
2) Employee numbers are based on the *Labor Force Survey* of the Statistics Bureau of the Management and Coordination Agency, released in June each year (This method applies to all other charts and tables).

IV-8 Changes in the Estimated Unionization Rate of Part-time Workers

Year	Number of labor union-affiliated part-time workers (1,000 persons)		Percentage of total of labor union-affiliated workers (%)	Number of short-time employees (10,000 persons)	Estimated unionization rate (%)
		Year-on-year change (%)			
1995	184	9.6	1.5	864	2.1
1996	196	6.4	1.6	889	2.2
1997	218	11.2	1.8	923	2.4
1998	240	9.9	2.0	957	2.5
1999	244	1.7	2.1	993	2.5
2000	260	6.6	2.3	1,017	2.6

Source: *Report of the Results of the Basic Survey of Labour Unions 2000*, Ministry of Labour, December 2000
Notes: 1) These figures represent the total number of unit labor unions.
2) Part-time workers are those who work fewer hours at their place of employment during a working day than their full-time counterparts, or if working hours are the same on a given day, then those who work fewer hours during the course of a week, or those who are referred to as part-timers in their place of work.
3) Short-time employees are those who among those surveyed in the Survey of Labour Unions who work less than 35 hours per week.
4) The estimated unionization rate among part-time employees is calculated by subtracting the number of short-time employees from the number of members of labor unions among part-time employees.

FYI: "Unit Organization Unions" are those which are organized around a system where membership is on an individual basis, and do not have branches or sub-divisions. For example, these are unions where one office of one particular company have formed a labor union.
"Unitary Organization Unions" are those which are organized around a system where membership is on an individual basis and do have branches or sub-divisions. In addition, unitary organization union operate on a hierarchical system, with a headquarters, under which are a number of independently operating branches, operating as unit labor unions.

IV-9 Platforms for Negotiations over the Past Three Years (Collective bargaining and labor-management consultation organizations)

Source: *Japanese Labour Unions Today II—Survey Results into Collective Bargaining and Labour Disputes*, Ministry of Labour, 1998, a survey carried out once every five years.

4 Structure and Function of Enterprise Unions

Enterprise Unions: Asserting Labor's Basic Legal Rights

Enterprise unions are Japan's dominant form of labor organization because each enterprise union exercises labor's three primary rights: the rights to organize, bargain collectively, and strike. Each enterprise union has most of the functions and funding necessary to exercise labor's three primary rights.

Labor unions play the role of maintaining and improving workers' quality of life and working conditions. In order to do so, they engage in three primary activities: consultation and negotiation with management, mutual aid efforts within the unions, and making requests concerning labor policies and systems. Enterprise unions maintain and improve working conditions and participate in management through collective bargaining and consultation with the management. As for activities within the unions, enterprise unions not only deal with organizational operations but also provide their members with services through various kinds of mutual aid activities. When it comes to making requests concerning labor policies and system, enterprise unions seek to provide benefits to their members by using their influence for various policies on the regional, industrial, and national levels concerning employment and working conditions as well as quality of life of their members. In addition, recently, more and more labor unions are getting involved with community and volunteer activities in order to improve their public relations.

Industrial Trade Unions: The Mechanism and Roles

Enterprise unions have only their own limited resources to engage in the above-mentioned activities. In order to expand their effectiveness, they have established industrial trade unions. Industrial trade unions support the activities of their members by consolidating their requests concerning working conditions such as wages and working hours on the industrial level, collecting and providing information and basic data to the local unions, and coordinating negotiation tactics. In terms of activities within the organization, industrial trade unions provide their members with a variety of services through mutual aid activities, including life insurance, pension, medical insurance and fire insurance. In addition, industrial trade unions participate in the decision-making processes of national industrial policies, consult with economic organizations and develop international cooperation among labor unions.

National Centers: The Mechanism and Roles

A nation-wide federation of national centers provides members with support by standardizing the requests for working condition issues such as wages and working hours. However, the most important role of the national centers is their participation in national politics. Rengo, the Japanese Trade Union Confederation, the largest of the national centers, maintains and improves labor's quality of life by sending its members to various advisory bodies in the government, participating in the decision-making processes of government policy making, and concluding and maintaining cooperative relations with political parties.

A look at the structure and role of Japan's labor unions reveals that enterprise unions are most familiar to their members and play the most immediate role in maintaining and improving their quality of life. Enterprise unions formulate the basic unit within industrial trade unions and national centers. Human and financial resources flow from enterprise unions to industrial trade unions, and further, from industrial trade unions to national centers. Consequently, most board members of industrial trade unions and national centers are representatives sent by the enterprise unions who are employees of specific companies. Union dues of major enterprise unions often exceed those of their affiliated industrial trade unions. The circle is then completed when information and basic policies flow from national centers back through the industrial trade unions to return to the local unions.

Labor Disputes Take Place at the Company Level

Japan's industrial relations are basically cooperative, but labor disputes do occur occasionally. In Figure IV-12, 12.8% of enterprise unions "have had labor disputes" and 8.0% "have had labor dispute actions" in the last three years. Both figures represent declines from the those of the previous survey. There have been no labor dispute actions in large enterprise unions with 1,000 members or more, but more labor dispute actions have taken place in smaller enterprise unions with 30–99 members. In industrial trade unions, more labor disputes have occurred in the service industry than in other industries. Most of the labor disputes and labor dispute actions take place in enterprise unions rather than at the industrial or national level.

IV-10 Membership of Main Labor Unions (As of 30 June 2000)

Rengo: Japanese Trade Union Confederation	Number of members: 7.314 million people Change from 1999 in membership numbers: –2.2 (Thousands of People) Percentage of total union membership: 63.4

Type	Number of Labor Union Members 2000 (Thousands of people)	Change from 1999 (Thousands of people)
Confederation of Japan Automobile Workers' Unions	744	–17
Japanese Electrical Electronic& Information Unions	727	–11
Japanese Federation on Textile, Garment, Chemical, Commercial Food and Allied Industries Workers' Unions (ZENSEN)	584	9
Japanese Association of Metal, Machinery, and Manufacturing Workers	469	*
National Federations of Life Insurance Workers Unions	342	–9
Japan Federation of Telecommunications, Electronic Information and Allied Workers	268	2
The Federation of Electric Power Related Industry Worker's Unions of Japan	251	–3
Japanese Federation of Chemical, Service and General Trade Unions	196	–9
General Federation of Private Railway & Bus Worker's Union of Japan	153	–8
Japan Federation of Steel Workers' Unions	148	–10
All Japan Federation of Transport Workers' Unions	133	–8
Japan Federation of commercial Workers' Unions	119	–1
Japan Confederation of Shipbuilding & Engineering Workers' Unions	117	–4
Japan Federation of Foods and Tobacco Workers' Unions	105	–3
Japanese Federation of Chemistry Workers Unions	95	–8
Japanese Federation of Transport Workers' Unions	85	–4
Japan Railway Trade Unions Confederation	75	–2
Japan Confederation of Railway Workers' Unions	74	–1
Japanese Federation of Chemical Workers' Unions	63	–3
Japanese Rubber Workers' Unions Confederation	50	–2
National Union of General Workers	46	–2
Japanese Federation of Pulp and Paper Workers' Union (JPW)	46	–5
Chain Store Labor Unions Council	45	2
National Federation of Automobile Transport Workers' Unions	44	–3
Federation of Non-Life Insurance Workers' Unions of Japan	44	–2
Japan Federation of Leisure, Service, Industries Workers' Unions	41	+0
All Japan Seamen's Union	40	0
Japan Federation of Electric Wire Workers' Unions	39	–1
Labor Federation of Government Related Organizations	33	–0
The Federation of Gas Workers' Union of Japan	30	–0

Type	Number of Labor Union Members 2000 (Thousands of people)	Change from 1999 (Thousands of people)
All Japan Federative Council of Mutual Bank Laborers' Unions	25	–1
All Japan Federation of Ceramics Industry Workers	24	–3
Federation of Printing information Media Workers' Unions	23	+0
National Federation of Agricultural, Forestry and Fishery Cooperatives' Workers' Unions	22	–1
Japanese Federations of Industrial Materials and Energy Workers' Unions	21	–1
Japan Confederation of Petroleum Industry Workers' Unions	21	–3
Japan Federation of Aviation Industry Workers	24	*
Japan Food Industry Workers' Union Council	18	–1
All Japan Garrison Forces Labor Union	16	+0
The Federation of All-NHK Labour Unions	12	+0
Japan Construction Trade Union Confederation	11	–1
Japan Postal Workers' Union	153	–3
All Japan Postal Labor Union	86	1
Japanese Federation of Forest and Wood Workers Union (FWU)	12	–1
All Japan Prefectural and Municipal Workers' Union	1,007	–9
Japan Teachers' Union	350	–8
All Japan Municipal Transport Workers' Union	40	–1
All Japan Water Supply Workers' Union	32	–1
All Japan Racing Place Workers' Unions	23	–2
Japan General Federation of National Public Service Employees' Unions	40	–1
Japan Confederation of National Tax Unions	40	–0

Zenroren: National Confederation of Trade Unions	Number of members: 1.036 million people Change from 1999 in membership numbers: –2.4 Percentage of total union membership: 9.0

Type	Number of Labor Union Members 2000 (Thousands of people)	Change from 1999 (Thousands of people)
Japan Federation of Medical Workers' Unions	155	+0
Japanese of Federation of Co-op Labor Unions	75	–1
All Japan Construction, Transport and General Workers Union	58	*
National Confederation of Trade Unions	30	–2
All Japan Automobile Transport Workers' Unions (ATU)	29	–1
National Union of Welfare and Childcare Workers	11	+0
All Japan Mental and Information Machinery Workers' Union	10	–0
Japan Federation of Prefectural and Municipal Workers' Unions	241	–5
All Japan Teachers' and Staffs' Union	138	–3
Japan Federation of Public Service Employees Unions	118	–5

Zenrokyo: National Trade Union Council	Number of members: 0.261 million people Change from 1999 in membership numbers: –2.9* Percentage of total union membership: 2.3	
Type	Number of Labor Union Members 2000 (Thousands of people)	Change from 1999 (Thousands of people)
National Railway Workers' Union	24	–1
Federation of Tokyo Metropolitan Government Workers' Unions	165	–3

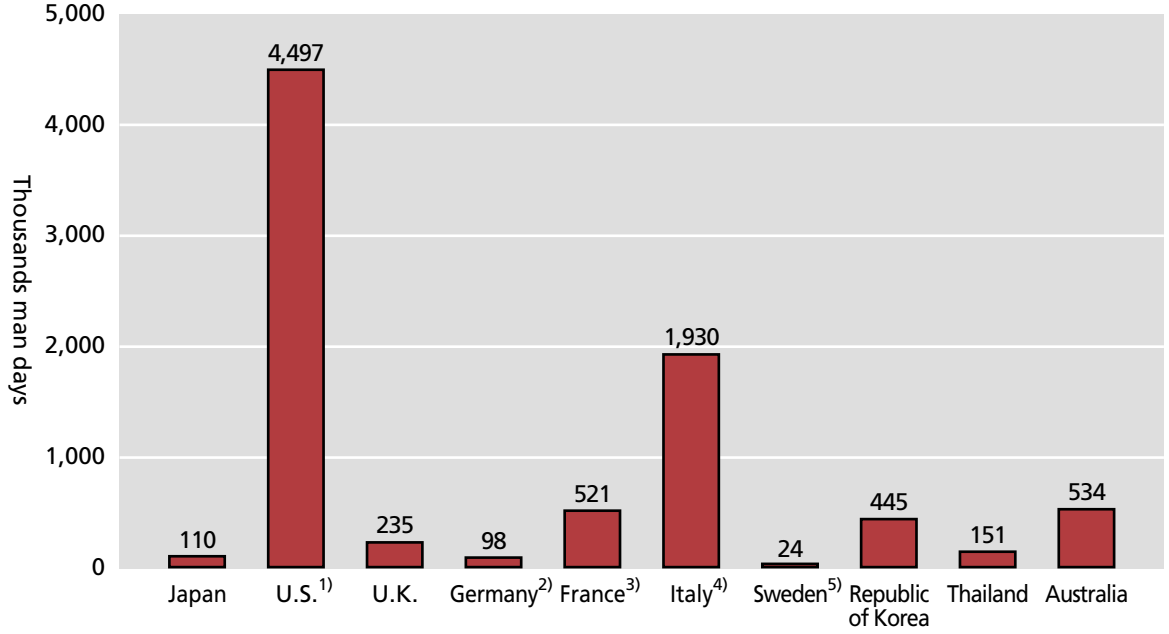
Others	Number of members: 1.298 million people Change from 1999 in membership numbers: — Percentage of total union membership: —	
Type	Number of Labor Union Members 2000 (Thousands of people)	Change from 1999 (Thousands of people)
National Federation of Construction Workers' Unions	697	–8
Federation of City Bank Employees' Unions	116	–3
Nikkenkyo	56	–4
National Federation of Agricultural Mutual Aid Societies Employees' Union	49	–2
Council of Chemical Workers' Unions	42	–2
All Japan Council of Optical Industry Workers' Union	40	–5
All Aluminium Industrial Workers Union	38	–2
All Japan Non-life Insurance Labor Union	36	–4
Japan Federation of Newspaper Workers' Unions	35	–1
Japan Federation of Aviation Workers' Unions	25	–3
National Federation of Trust Bank Employees' Unions	21	–1
Hokkaido Kisetsu Rodokumiai	20	+0
Council of Light Metal Rolling Workers' Unions	18	–1
Japan Federation of Aviation Worker's Unions	16	–1
All Japan Dockworkers' Union	14	–0
National Brewery Worker's Union	12	–1
National Printworkers' Union	12	–0
Japan Federation of Commercial Broadcast Workers' Unions	10	–0
The National Teachers Federation of Japan (NTFJ)	25	–0
Japan Senior High School Teachers' and Staff Union, Kojimachi	16	–0

Definitions of industry-specific union membership

1) In principal, unions with more than 10,000 members are displayed. The numbers are for either unitary or consolidated membership, whichever is the greater.
2) The figures for status of membership for the major groupings are from 30 June 2000.
3) Others refers to major industry groupings not affiliated to Rengo, Zenroren and Zenrokyo.
4) Membership figures for unions with less than 1,000 persons are rounded up, but annual change figures are calculated exactly.
5) All Japan Construction, Transport and General Workers' Union and the Japanese Association of Metal, Machinery and Manufacturing Workers were established in September 1999, and the Japan Federation of Aviation Industry Workers was established in October 1999, hence * represents a comparison with the previous year's figures.

Source: *Report of the Result of the Basic Survey of Labour Unions 2000,* Ministry of Labour

IV-11 Number of Working Days Lost (1997)

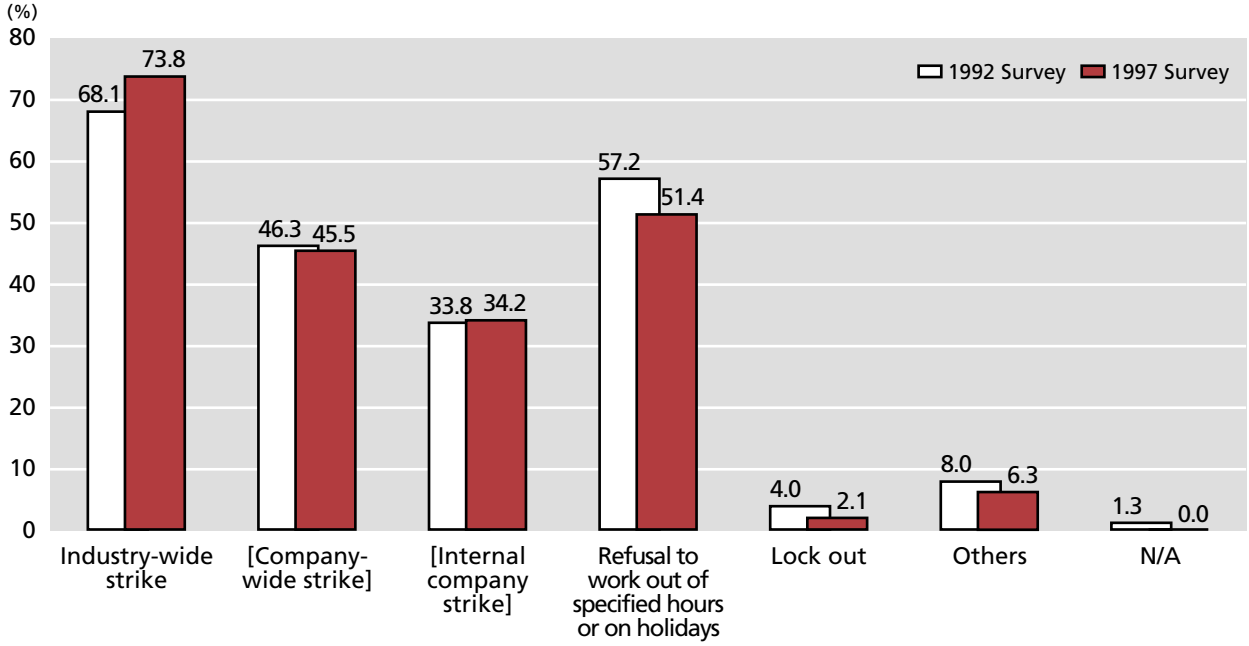


Source: *International Labour Comparisons 2000,* Japan Institute of Labour
Notes: 1) Excluding disputes involving less than 1,000 persons resulting in less than one lost day of labor
2) Figures for 1996, excluding the public sector
3) Figures for 1994, excluding localized disputes (within a single company) and disputes within the agricultural and public service sectors
4) Figures for 1996, calculated on seven hours constituting one lost day of labor
5) Excluding disputes that lasted for less than eight hours

IV-12 Causes of Dispute in Labor Disputes over the Past Three Years (Where number of unions in dispute = 100)

Source: *Japanese Labour Unions Today II—Survey Results into Collective Bargaining and Labour Disputes*, Ministry of Labour, 1998
A survey carried out once every five years.

IV-13 Form of Action Taken in Disputes over the Past Three Years (Where number of unions that took action = 100)



Source: *Japanese Labour Unions Today II—Survey Results into Collective Bargaining and Labour Disputes,* Ministry of Labour, 1998
A survey carried out once every five years.

5 Collective Bargaining and Labor-Management Consultation System

Collective Bargaining and the Labor-Management Consultation System

Collective bargaining and labor-management consultation cover different issues. According to Figure IV-14, 85.6% of labor unions with labor-management consultation organizations differentiate between the topics that are dealt with in collective bargaining from those in consultation between labor and management. When deciding which forum to direct the issue, 70.8% of these labor unions use "direct classification," 9.0% utilize "classification by probabilities of changing labor dispute into labor dispute action," while 41.4% choose to "deal with the disputes in labor-management organizations first, and if necessary, shift the issues into collective bargaining." Consultation between labor and management can be divided into two categories: (1) separation from, unification with, or blending with collective bargaining; and (2) consultation between labor and management prior to the initiation of formal collective bargaining or as a substitution for collective bargaining. According to the 1999 "Labour Management Communication Survey" by the Ministry of Labour, 65% of employee representatives in labor-management consultation organizations are also representatives of labor unions.

Figure IV-15 indicates ratios of consultation cases on different topics involving labor unions with and without labor-management consultation organizations. Even for the same topics, labor unions with labor-management consultation organizations more often use consultation between labor and management than collective bargaining.

According to the same 1999 survey, 63.0% of establishments with labor-management consultation organizations replied that the establishment of the organization "has made substantial achievement" in improving communication between labor and management. Among these establishments that had labor-management organizations, 63.9% indicated that they had "better communication with labor unions." A relatively high number of establishments also replied that "the management of company activities has become more smooth."

There is No Legal Basis for the Labor-Management Consultation System

Japan's labor-management consultation system originated in joint management councils that were established after the war for the purpose of inviting labor participation in management. Later, in order to deal with innovations and to improve international competitiveness under high-speed economic growth, the Japan Productivity Center encouraged the establishment of the labor-management consultation system. Moreover, because of the challenges facing corporations during the oil crisis, the labor-management consultation system became popular throughout industry. In spite of its widespread use, there is no legal basis for the labor-management consultation system; it is supported entirely by the self-governance of labor and management.

Many Corporations with Labor Unions have Established Labor-Management Consultation Organizations

According to a survey of establishments and workers in 1999, 41.8% of establishments with 30 or more employees had labor-management consultation organizations. 84.8% of these establishments had labor unions. The more employees the establishment has, the higher the ratio of labor-management consultation organizations (60% or more of medium-sized corporations have labor-management consultation organizations). The fewer employees the establishment has, the smaller the ratio of labor-management consultation organizations (20 to 30% of small-sized corporations have labor-management consultation organizations). However, according to "Japanese Labor Unions Today II," published in 1998 by the Ministry of Labour, between 60 and 70% of small-sized corporations with labor unions also have labor-management consultation organizations. Consequently, a high ratio of corporations with labor unions also has labor-management consultation organizations, regardless of the size of the corporation.

Figure IV-16 indicates the range of topics discussed in labor-management consultation organizations. While the level of consultation differs greatly from a simple explanatory report to consent, labor-management consultation organizations deal with a wide variety of topics such as concrete labor conditions, personnel systems, and participation in management.

Discussions Concerning the Employee Representation System

There are currently heated discussions about whether an employee representation system should be introduced into law. Employee representatives function to coordinate working conditions on behalf of all the employees in a corporation without a labor union. Labor-related laws already allow the introduction of legal working conditions when agreements between management and representatives of the majority of employees are concluded. Labor-related laws also stipulate measures to reflect employee's opinions for working conditions through the negotiation with representatives of the majority of employees. However, since no Japanese law provides a legal basis to organizations that represent employees, as is the case in Germany and France, discussions on the development of a law are quite heated.

The Japan Institute of Labour disclosed in 1996 a survey about the format of employee organizations and their activities. The survey was targeted at 17,980 corporations that did not have any organized labor unions. According to this survey, 63.6% of these corporations had some kind of employee organization. See Appendices 8 through 11 for their characteristics.

Source: *Report on Results of Labour-Management Communication Survey 1999* (Ministry of Labour)

FYI

"Labor-Management Consultation Organization" refers to a permanent organization in which labor and management consult various issues that are related to management, production, working conditions, and welfare programs. It is usually called a labor-management consultation council or a management consultation council.

"Employee Organization (Employee Meeting)" refers to a permanent organization for employees that holds social gatherings and employee meetings. It normally has a set of rules or similar ordinance.

IV-14 Method of Classification of Matters Relating to Labor-management Consultation Organizations, and Collective Bargaining (Labor unions with labor-management consultation organizations = 100)

(%)

Type		Total
Labor unions with a labor-management consultation organization		100.0
Collective bargaining and labor-management consultation organizations are classified and dealt with separately		(100.0) 85.6
(Method of classification M.A.)	Direct classification	(70.8)
	Classification by deducing whether a labor dispute is likely to erupt or not	(9.0)
	First dealing with labor-management consultation organizations, after which moving to collective bargaining, if necessary	(41.4)
	Other methods of classification	(4.3)
Collective bargaining and labor-management consultation organization matters are not distinguished.		14.4

Source: *Japanese Labour Unions Today II—Survey Results on Collective Bargaining and Labour Disputes*, Ministry of Labour, 1998, a survey carried out once every five years.

IV-15 Percentage Share of the Platforms for Negotiations over the Past Three Years (Collective bargaining and labor-management consultation organizations) and Whether These Took Place Inside or Outside Labor-management Consultation Organizations

(%)

Type	Negotiations through labor-management consultation organizations	Negotiations through collective bargaining (labor-management consultation organization exists)	Negotiations through collective bargaining (no labor-management consultation organization exists)
Matters relating to salary	52.0	58.9	63.1
Matters relating to working hours	61.5	45.6	57.1
Matter relating to employment and personnel	63.8	32.1	43.4
System of leave for child-care and family-care	31.9	23.3	25.7
Job training	32.7	9.0	12.5
Work environment	57.2	17.0	31.3
Health management	41.8	8.6	19.3
Welfare issues	53.0	18.4	30.7
Equal treatment between men and women	24.6	9.7	14.0
Matters relating to management policies	49.7	15.5	20.6
Matter relating to the conclusion of new collective agreement, or its renewal or revision	31.6	19.6	18.0
Requests for explanations or doubts over labor agreements	25.3	11.7	14.4

Source: *Japanese Labor Unions Today II—Survey Results on Collective Bargaining and Labour Disputes*, Policy Planning and Research Department, Ministry of Labour, 1998

IV-16 Matters for Discussion and the Percentage of How Each Matter was Handled

(%)

Matters	Labor-management consultation organization exists	Matter brought up in this organization					Matter not brought up for discussion	N/A
			Written explanation	Exchange of opinions	Labor-management discussion	Agreement		
Working hours/days off/leave	100.0	87.3	12.7	3.9	55.4	28.0	9.9	2.8
Change in working conditions	100.0	84.9	14.1	6.0	57.8	22.1	12.2	2.9
Health and safety in the workplace	100.0	83.1	14.3	16.4	57.9	11.4	14.1	2.8
Welfare issues	100.0	81.9	20.0	15.6	51.4	12.9	15.3	2.8
Wages and lump sum benefits	100.0	80.4	14.3	3.7	55.3	26.7	16.9	2.8
Child-care and family-care leave plan	100.0	78.6	21.6	6.4	48.3	23.7	18.4	3.0
Basic management policies	100.0	76.0	79.3	9.0	7.6	4.1	21.2	2.8
Overtime increment for after-hours work	100.0	75.6	16.0	2.6	54.6	26.8	21.6	2.8
Retirement plan	100.0	75.0	21.1	3.5	47.1	28.3	22.2	2.8
Temporary lay-off/ collective redundancy and dismissal	100.0	73.3	16.4	11.4	49.2	23.0	23.7	3.0
Retirement benefits and pension standards	100.0	73.3	16.5	3.3	54.5	25.6	23.9	2.9
Restructuring or abolition of corporate organizational structure	100.0	70.3	61.8	11.7	19.2	7.3	26.8	2.9
Basic plans for production and sales, etc.	100.0	68.8	72.5	12.1	11.7	3.6	28.3	2.9
Cultural and physical activities	100.0	65.3	15.0	26.5	47.0	11.5	31.8	2.9
Change of assignment and temporary transfer	100.0	64.0	37.7	14.5	30.6	17.1	33.1	2.8
Promotion and its criteria	100.0	60.6	54.6	13.8	20.3	11.2	36.6	2.8
Job training plans	100.0	58.2	48.8	22.7	22.5	6.0	38.9	2.8
Recruitment and assignment criteria	100.0	57.0	64.8	12.6	15.8	6.9	40.1	2.9
Introduction of new technology and peripheral equipment, etc. Rationalization of production	100.0	54.1	49.6	17.9	27.3	5.2	42.9	3.1

Source: *Report on Results of Labour-Management Communication Survey 1999*, Ministry of Labour

6 Shunto: Spring Wage Offensive

The Spring Wage Offensive Began in 1955

Shunto, the spring wage offensive, is a united campaign, mainly for higher wages, launched each spring by labor unions representing a variety of industries. In 1955, unions in the private sector established the Eight Federated Unions' Joint Struggle Council, whose membership consisted of the Japanese Federation of Synthetic Chemical Industry Workers' Unions, Japan Coal Miners' Union, General Federation of Private Railway Workers' Unions of Japan, Electric Power Workers' Union, National Federation of Paper and Pulp Industry Workers' Unions, National Trade Union of Metal and Engineering Workers, Japanese Federation of Chemical Industry Workers' Unions, and the All Japan Federation of Electric Machine Workers' Unions. The National Council of Government and Public Workers' Unions joined the organization in 1956. Thereafter, spring negotiations for wage increases took place annually throughout Japan. The procedure during Shunto remains largely unchanged: leading labor unions hold negotiations with corporations over wage increases for workers until a compromise is reached.

The Objective of Shunto Is Standardization of Wage Levels Across Japan

The main objectives of Shunto are to compensate for enterprise unions' lack of bargaining power as individual entities and to distribute wage increases proportionately across companies and industries through simultaneous negotiations. During Shunto, the leading firm in a major industry, or pattern-setter, offers an initial proposal for a wage increase. This increase affects the wage increases granted by other leading firms in the same industry, their counterparts in other industries, government agencies, smaller businesses, and workers who are not union members. Wage increases are thereby standardized nationwide.

The Pattern Setter Constitutes the Shunto Market

Initially, the pattern-setter role rotated among private railways, public corporations, and firms in the coal and steel industries. After 1964, when the IMF-JC (Japan Council of Metal Workers' Unions) was formed, its four member industries (steel, shipbuilding, electric machinery, and automobiles) became the new pattern-setters. Electrical equipment and automobile manufacturers are still key participants in Shunto, but the influence of steel and shipbuilding companies has faded somewhat due to low economic growth in those industries. However, the four IMF-JC industries that manufacture goods for export still wield an important influence in Shunto negotiations.

Surge of Debate on Shunto Reforms

During the era of rapid economic growth, labor unions won substantial wage increases, setting new industry and company standards. Shunto was instrumental in raising wages in industries and sectors that paid poorly. Annual negotiations between labor and management helped determine an appropriate wage level in the context of changing economic conditions. Consequently, management was able to adjust to those changes rather painlessly, and Japan's economy flourished.

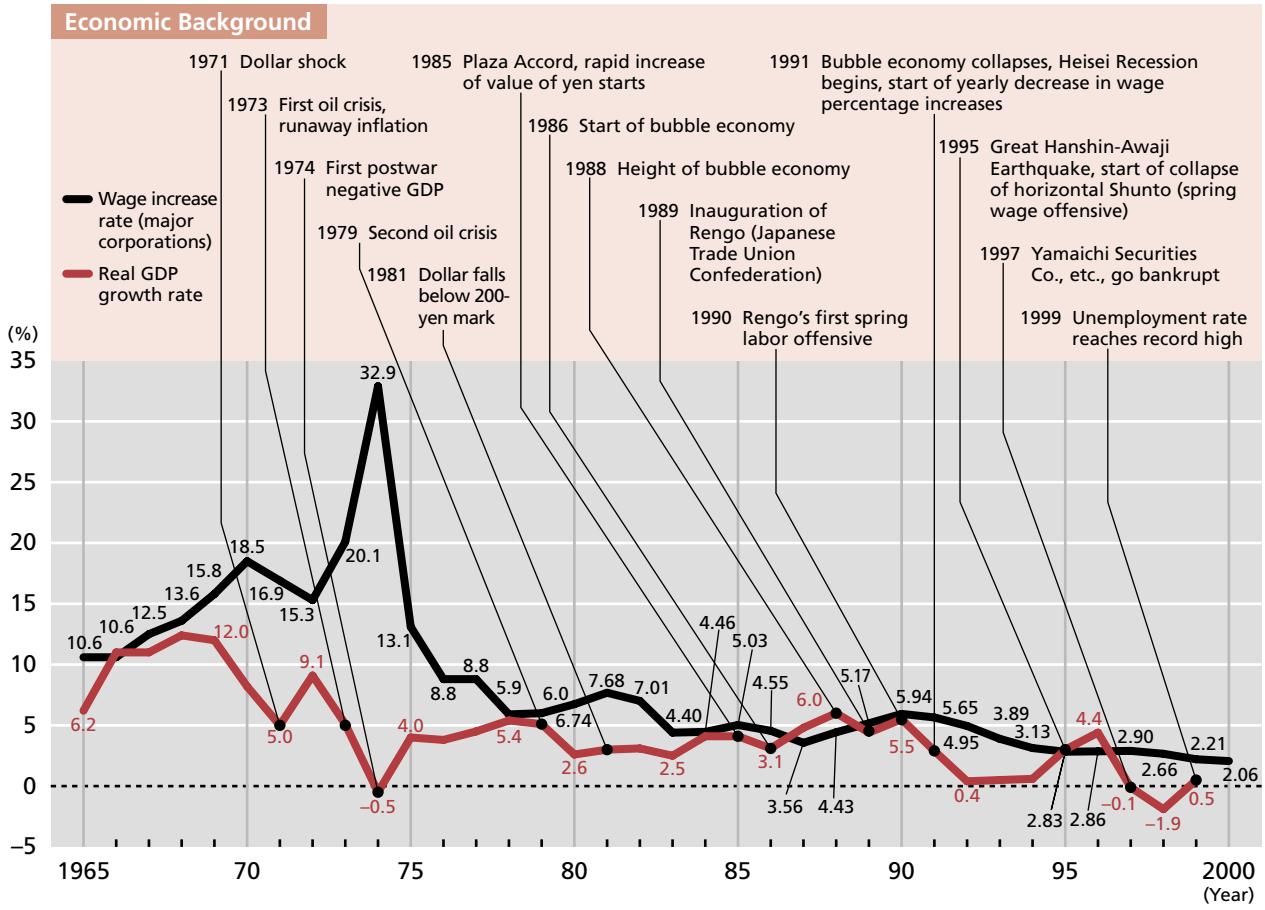
Today nominal wages in Japan are among the highest in the world because of slow economic growth and the strong yen. Workers can no longer count on Shunto for sizable wage increases. Moreover, discrepancies in the state of health of Japanese companies, even companies in the same industry, is a phenomenon that hinders the industry wide wage increases that could be expected in the past, rendering Shunto a controversial issue.

Since the huge amount of time and money devoted to Shunto yield only minor wage increases, some unions, e.g., Tekko Roren (Japanese Federation of lron and Steel Workers' Unions), have agreed to negotiate for wage increases every other year, rather than annually.

From Demands for Wage Increases to Job Security

Given today's austere economic climate, companies are finding it difficult to agree to demands for wage increases. The focus of Shunto is shifting from wage increases to job security. The introduction of job-sharing as part of job security is a matter of concern and interest to management and labor, and Rengo (Japanese Trade Union Confederation) and Nikkeiren (Japan Federation of Employers' Associations) have agreed to carry out joint research on the modalities of job-sharing appropriate to the current situation in Japan.

IV-17 Economic Growth and Wage Increases (Major private corporations)



Sources: Labour Relations Bureau, Ministry of Labour; Economic Planning Agency
Notes: 1) GDP (in 1990 prices)
2) Corporations considered "major corporations" are those listed on the first section of the Tokyo Stock Exchange or Osaka Securities Exchange that have a labor union and 1,000 or more employees with more than two billion yen capitalization.

IV-18 Elements Considered Most Important in Determining Wage Increase

(%)

Year, size of corporation	Total	Corporate performance	Socially acceptable wage rates	Securing and maintaining labor	Rising prices	Stable labor relations	Other
1999							
Total	100.0	81.5	10.6	1.4	0.1	1.7	4.7
Over 5,000 employees	100.0	69.9	22.8	0.5	1.0	3.6	2.1
1,000–4,999 employees	100.0	80.5	14.0	0.3	0.2	2.3	2.7
300–999 employees	100.0	86.6	9.5	1.1	0.4	1.0	1.4
100–299 employees	100.0	80.1	10.5	1.6	0.0	1.9	6.0
(Reference) Ranking total	100.0	92.5	52.4	20.9	5.4	27.8	10.1
1998							
Total	100.0	76.5	14.0	2.9	1.2	3.2	2.2
Over 5,000 employees	100.0	68.4	24.7	—	0.6	5.7	0.6
1,000–4,999 employees	100.0	72.5	19.2	1.0	—	3.8	3.6
300–999 employees	100.0	74.8	17.7	3.2	0.5	1.9	1.9
100–299 employees	100.0	77.5	12.3	3.1	1.6	3.5	2.1
(Reference) Ranking total	100.0	89.8	58.4	25.3	11.2	30.8	7.2

Sources: *Survey on Wage Increase*, Planning and Research Department, Minister's Secretariat, Ministry of Labour, 1999

Notes: 1) Figures represent corporations that have carried out wage increase, etc., as well as corporations that plan to carry out wage increase, etc., and are determining amounts.

2) Ranking total represents the number of all corporations that considered the element important (Up to three responses were accepted from each corporation: one for the most important, and an additional one or two for other important element(s).) divided by the total number of corporations surveyed.

IV-19 Types of Corporations Most Often Looked At in Determining Wage Increase (Corporations that consider socially acceptable wage rates important)

(%)

Year, size of corporation	Total	Top corporations in same industry	Corporations of same status in same industry	Other industries	Corporations in same region	Affiliated corporations	Other
1999							
Total	(52.4)100.0	11.3	44.9	3.8	12.1	20.6	7.3
Over 5,000 employees	(80.3)100.0	33.5	47.1	9.7	1.3	5.2	3.2
1,000–4,999 employees	(63.6)100.0	20.6	54.7	7.6	3.1	12.0	1.9
300–999 employees	(58.6)100.0	15.5	50.5	3.8	6.1	21.0	3.2
100–299 employees	(49.1)100.0	8.2	41.7	3.2	15.6	21.9	9.4
(Reference) Ranking total	(52.4)100.0	36.6	62.7	17.4	31.4	34.0	12.6
1998							
Total	(58.4)100.0	9.4	45.1	6.0	14.7	19.8	5.0
Over 5,000 employees	(84.5)100.0	28.6	51.7	10.9	1.4	4.8	2.7
1,000–4,999 employees	(76.9)100.0	30.3	46.7	5.4	1.9	11.8	3.9
300–999 employees	(66.9)100.0	12.1	52.3	4.8	5.5	20.3	5.1
100–299 employees	(54.0)100.0	5.6	42.1	6.4	19.9	20.9	5.2
(Reference) Ranking total	(58.4)100.0	33.6	63.4	18.3	38.4	32.5	15.3

Sources: *Survey on Wage Increase*, Planning and Research Department, Minister's Secretariat, Ministry of Labour, 1999

Notes: 1) Figures represent corporations that consider socially acceptable wage rates important in determining wage increase, etc. Up to three responses were accepted from each corporation: one for the most important choice, and an additional one or two for other important choice(s).

2) Figures in parentheses represent the percentage among all corporations that consider socially acceptable wage rates important.

3) Ranking total represents the number of all corporations that considered the element important (Up to three responses were accepted from each corporation: one for the most important, and an additional one or two for other important element(s).) divided by the total number of corporations surveyed.

Chapter V Labor Laws and Labor Administrations

1 Employment Measures

The Japanese government implements employment policies to respond to changes in economic and social conditions. High priority is assigned to measures designed to provide employment opportunities, prevent unemployment, and facilitate re-employment so that all workers can make effective use of their abilities.

In August 1999, the Cabinet approved the Ninth Project for the Stabilization of Employment and Creation of New Employment Opportunities, which will remain in effect until 2009. As a response to structural changes in the labor market, the goals of the project are to stabilize employment and create new employment opportunities while motivating workers and enabling them to make effective use of their skills. To achieve those goals, a concerted effort will be made to promote the following comprehensive measures:

(1) Stabilization of employment and the creation of new jobs in response to changes in economic and industrial structures,
(2) Upgrading of workers' skills and enabling them to better contribute to economic and social development,
(3) Motivating workers and supporting their efforts to develop their human resource abilities, and
(4) Developing employment policies from a global perspective.

The Labor Situation 2001

The current employment situation is more serious than ever, with unemployment reaching high levels while demand for labor has fallen. However, as a result of comprehensive employment measures which have been implemented four times since April 1998, the number of new jobs has increased substantially recently in major industries such as services and manufacturing, and more particularly in the information and communications technology and nursing care-related industries.

To ensure that these trends lead to full employment, begin early cultivation of the human resources needed for the new industries which are expected to grow, and promote steady expansion of employment opportunities, "Emergency Employment Measures focusing on the Elimination of Disparities between Labor Demand and Supply" were compiled on 16 May 2000, focusing on a safety net in the case the unemployment rate should rise above 5%.

Specifically, future measures include:

(1) Enhancement of job training in IT and nursing care-related fields by strengthening partnerships with vocational schools and other schools;
(2) Granting eligibility to vocational trainees and college graduates who have not yet found jobs under "Special Incentives for the Creation of Jobs in New or Growing Fields";
(3) Additionally, if unemployment rises above 5%, creating a safety net by granting eligibility to vocational trainees for a "Special subsidy system for the emergency creation of employment" and relaxing eligibility requirements nationwide; and
(4) Establishing a unified network to furnish public- and private-sector employment information.

In addition, the Policy Package for New Economic Development Towards the Rebirth of Japan formulated on 19 October 2000 contains such employment measures as:

(1) Fostering measures for the development of IT-related job skills in both employed and unemployed workers;
(2) Assisting business owners who are increasing probationary employment opportunities or who are

promoting a barrier-free work environment to enable the elderly to participate in regular employment; and

(3) Re-employment assistance through the installation of IT equipment at "Hello Work" centers to enable job seekers to search for and quickly access a large volume of job-related information.

Japan's employment insurance system is instrumental to the stabilization of employment, and measures are designed to facilitate job-seeking activities. The system provides the following remedies:

(1) Workers receive unemployment benefits from insurance premiums paid by employers and employees when they lose their jobs, and thus, their source of income, or when employers are forced to let workers go due to unavoidable circumstances, or when workers undergo vocational training at their own expense. These benefits, which help workers maintain a decent lifestyle while they find new employment, amount to between 60 and 80% of their previous salaries, and are paid for a period ranging from 90 to 300 days.

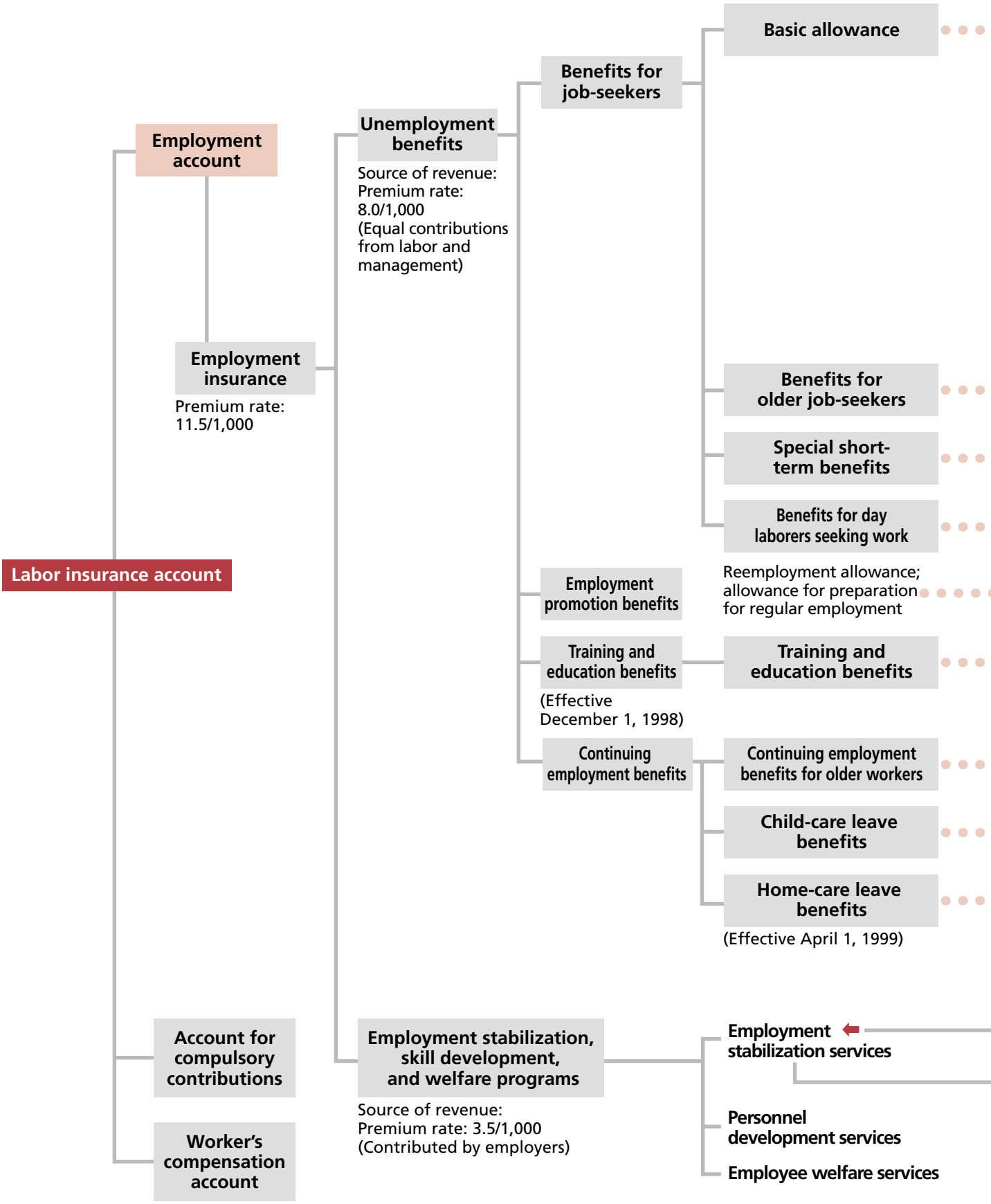
(2) Three programs are in place to prevent unemployment, improve the labor market, expand employment opportunities, and promote employee welfare: employment stabilization programs, skills development programs, and welfare programs. While the main function of the employment insurance system is to administer unemployment benefits, these three programs (funded by insurance premiums paid by employers) play a key role in furnishing subsidies for employment adjustment (Note 1), subsidies for creating employment opportunities for specific types of workers (Note 2), and in implementing other measures designed to reduce unemployment.

Due to the serious financial situation, the government is implementing several measures, including raising the premium for employment insurance as of 1 April 2001.

Notes: 1) Employment-adjustment subsidies
The government pays employers employment-adjustment subsidies for maintaining employment and preventing unemployment when employers retain their staff in the face of economic fluctuations or industrial restructuring that calls for downsizing. These subsidies cover part of employers' expenses incurred when they avoid lay-offs or dismissals by giving workers temporary leave, training, or transfer them to other businesses.

2) Grants for employment development for specified job applicants
These subsidies were established to increase job opportunities for certain workers. These workers who have difficulty finding employment due to age or physical disabilities are referred by Public Employment Security Offices. The subsidies cover part of the salaries paid to them.

V-1 Employment Insurance Program (Fiscal year 2000)



Benefits for qualified [standard] workers

Age/Insured period		1–4 years	5–9 years	10–19 years	20 years+
Under 30		90 days	90 days	180 days	
30–44		90 days	180 days	210 days	210 days
45–59		180 days	210 days	240 days	300 days
60–64		240 days	300 days	300 days	300 days
Unsuccessful job-seekers	Under 45	240 days			
	45–64	300 days			

Note: Duration of benefits is 90 days for those who have been insured for less than one year.

Duration of benefits for qualified short-term workers

Age/insured period		1–4 years	5–9 years	10–19 years	20 years+
Under 30		90 days	90 days	180 days	
30–59		90 days	180 days	180 days	210 days
60–64		210 days	210 days	210 days	210 days
Unsuccessful job-seekers	Under 30	180 days			
	30–64	210 days			

Note: Duration of benefits is 90 days for those who have been insured for less than one year, except when previous qualification as standard beneficiaries added to their most recent period of employment entitles them to the same benefits as [standard] workers.

(1/4 from government funds)
(1/3 of broad, extended benefits)

60%–80% of previous daily wage
- Under 30 ¥3,460– 8,920
- 30–44 ¥3,460– 9,910
- 45–59 ¥3,460–10,900
- 50%–80% for workers aged 60–64 ¥3,460– 9,910

60%–80% of previous daily wage
- Under 30 ¥2,610– 8,920
- 30–44 ¥2,610– 9,910
- 45–59 ¥2,610–10,900
- 50–80% for workers aged 60–64 ¥2,610– 9,910

30–75 days, depending on length of time covered
(30–50 days for older workers engaged in short-term employment)
(Effective April 1, 1999)
— (Not funded by the Treasury) — Same as above

Lump sum for seasonal workers amounting to 50 days' pay
— (1/4 from treasury funds) — The same benefit as for general wage-earners under the General Job-Hunting Benefit

One day's pay for each incidence of unemployment
— (1/3 from treasury funds) — Three-stage benefit: ¥7,500, ¥4,100, ¥6,200

(Not funded by the Treasury)

80% of tuition [Max-limit ¥200,000 (changed to ¥300,000 starting 1 January 2001), Minimum-limit ¥8,000]
(Not funded by the Treasury)

For retaining workers aged over 60, 25% of their salary
(1/8 from government funds)

25% of salary, paid prior to leave (changed to 40% starting 1 January 2001)
(1/8 from government funds)

25% of salary, paid prior to leave (changed to 40% starting 1 January 2001)
(1/8 from government funds)

Note: As of the end of March 2001, the above-mentioned government bonds occupied at total portion of 56/100 of the provisional measures. However, with the revision of the Employment Insurance Law, the provisional measures were abolished on 1 April 2001, to return to the above-mentioned burden ratio.

Apportioned from budget; distribution is flexible

Employment stabilization fund

Budget funding

Surplus funding

(Employment adjustment subsidies, subsidies for designated job-seekers)

(Operation of institutions offering skill training)

(Operation of social welfare facilities)

Supplementary funding to cover insufficiencies in an accounting term

2 Policies Designated to Secure Employment for Older and Disabled Workers

Helping Older Workers Find Employment

The rapid aging of Japan's population is a phenomenon as yet only observable in Japan. With the dawning of the twenty-first century, the baby boom generation will be entering its sixth decade. Approximately one-third of the total population will be over 60 years of age, while in the labor force that ratio will be approximately one person in five. An attitude of "active aging" must be adopted to maintain socio-economic vitality under these circumstances, and steps taken to ensure that older workers are able to play, to the extent possible, an active socioeconomic role. To accomplish that goal motivated and able workers should be permitted to continue working, regardless of age. Accordingly, over the next ten years, we will endeavor to raise the standard retirement age to 65. At a minimum, we will encourage employers to hire or rehire older people who are willing and able to work, and retain them until age 65. We are, therefore, placing priority on long-term, comprehensive policies designed to secure employment for older workers, as described below, which we will promote aggressively in FY2000.

Securing Employment for Persons up to Age 65 to Benefit from Their Knowledge and Experience

(1) Guidance and assistance is being provided at Public Employment Security Offices and the Association of Employment Development for Senior Citizens to raise the standard employment age and promote measures related to the introduction/improvement of the continuous employment system at companies.

(2) Since the beginning of FY1999, we have been promoting a program designed to match older workers with appropriate employers. The program aims to eliminate the gap in the priorities between older workers and business owners by providing more employment opportunities for these workers, encouraging Public Employment Security Offices and local economic organizations to work together, and changing the attitudes of both older workers and business owners. However, with a declining in birth rate simultaneous to the aging population, disparities may instead widen between older workers and employers' requirements. Therefore, in an effort to stabilize employment through support for the rehiring of older workers, we will expand the number of locations in which this program is implemented from 25 to 31.

Assisting and Encouraging the Re-employment of Older Workers

To assist in the re-employment of older workers as well as provide incentives for employers to rehire retired persons and older workers who were forced to retire, we are endeavoring to promote the dissemination and use of re-employment assistance planning systems and are also offering guidance and assistance to business owners who provide re-employment assistance for older workers.

Securing Suitable Employment Opportunities for Older Workers

(1) Since it is extremely difficult to secure employment opportunities for older workers, we will encourage older workers to put their abundant work experience to use by opening their own businesses and engaging in entrepreneurial activities. For instance, we will provide financial support to groups of persons aged 60 and over who cooperate in creating self-employment opportunities, to help defray expenses incurred in acquiring skills necessary to find or create jobs.

(2) We will broaden the scope of current programs at Silver Human Resource Centers by, for example, enhancing the portfolio of those Centers to provide employment opportunities. We will also expand the Senior Work Program, which sponsors skills training and group interviews at the Federation of Silver Human Resource Centers, with the cooperation of business owners' associations.

Note: Silver Human Resource Centers were established to help revitalize community life by providing temporary or short-term jobs or other light jobs to retired workers who wish to remain involved in community activities, and by creating more employment opportunities for these workers. Any worker aged 60 and over who is in good health and who desires employment may become a member of a Silver Human Resource Center. Members accept temporary or short-term work and other light jobs that are closely connected with community life, offered by private citizens, businesses, and government agencies, and for which they are paid a set wage. As of September 2000, approximately 630,000 persons were members of Silver Human Resource Centers.

Helping Persons with Disabilities Find Employment

Several programs aim to help persons with disabilities lead normal lives, such as the New Long-Term Project for Support of the Disabled (formulated in March 1993), and the Seven-Year Normalization Plan for the Disabled (formulated in December 1995). These programs are designed to help persons with disabilities achieve "equality and full participation in society," which was the motto of the International Year of the Handicapped, by enabling them to participate in the same activities as other members of society. Those objectives are best attained by finding employment for the disabled. It is important for persons with disabilities to hold the same jobs as workers without disabilities, as far as possible. Our policies are based on this principle, as well as on the provisions of the Law for the Promotion of Employment for Persons with Disabilities, and the Guidelines for Securing Employment for the Disabled.

Quotas for Employment of Persons with Disabilities and the Fund for the Hiring of Persons with Disabilities

The Law for the Promotion of Employment for Persons with Disabilities stipulates that quotas be established for the hiring of the physically and mentally disabled, specifying the percentage of a company's workforce to be occupied by persons with disabilities. Business owners are required to hire persons with disabilities in numbers equivalent to or greater than the legally mandated quota.

The current legal quotas are:

- Private corporations: 1.8%
- Designated special-status corporations: 2.1%
- National and local public corporations: 2.1%
- Designated school boards 2.0%

Public Employment Security Offices promote the hiring of persons with disabilities by directing the following to submit a hiring plan: (1) business owners whose hiring practices fall significantly below the quota, (2) business owners who need to meet the quota by hiring a large number of persons with disabilities, and (3) business owners in the private sector who plan to hire a large number of workers in the future. A warning is issued to any business owner who does not implement a submitted plan.

The Fund for the Hiring of Persons with Disabilities was established to ease the economic burden on business owners who hire persons with disabilities, and to increase job opportunities for the disabled. Contributions are collected from companies that fail to fulfill the hiring quota and distributed as bonuses to companies that meet the quota. A number of subsidies are also awarded to encourage the hiring of the disabled. By informing business owners of these requirements and dispensing subsidies, we seek to stabilize employment of persons with disabilities and maximize their employment opportunities.

Future Plans

Amid current severe employment conditions, the number of applicants with disabilities is expected to increase. This requires urgent attention to provide support for the disabled who are unemployed by enabling them to find new jobs as soon as possible.

We have made every effort to create employment opportunities for persons with disabilities by implementing the Measure to Create Employment Opportunities, which involves assigning people to locate job opportunities for the disabled, sponsoring group interviews, and starting probationary employment in FY2001 (for three months).

Looking further ahead, we realize that we must gradually and systematically advance comprehensive and thorough policies that meet the needs of persons with all types of disabilities. We therefore plan to make additional efforts to promote the hiring of the physically and mentally disabled by strictly enforcing the above quotas, in accordance with the Guidelines for Securing

Employment for Persons with Disabilities. We will also encourage the hiring and continuing employment of persons with mental illnesses as well, by establishing environments in which they can be productive.

V-2 The Basic Policy on Employment Security Measures for Older Persons in the Fiscal Year of 2001

1. Employment Security until Sixty-Five by Making the Best Use of the Knowledge and Experience

- ❍ **Raising the mandatory retirement age or introducing a continued employment system**
  - Providing instructions, refined counseling, and assistance to employers
  - A project of promoting a comprehensive employment environment (Jump 65 Promotion Project): Consultation and assistance by advisors on elderly employment (implemented by the Older Persons' Employment Security Center)
  - Measures to assist employers who raise the mandatory retirement age or introduce a continued employment system (Promotion Grant to Secure Continued Employment)
- ❍ **Secure employment opportunities for the elderly through cooperation with local economic organizations**
  - Projects to support coordination between the elderly and employers
  - Finding local employment opportunities for the elderly with particular attention paid to local-specific industrial characteristics
- ❍ **Other subsidy measures**
  - Assistance to improve workplaces for the elderly (Incentive Grant for Improving Employment Environment for the Elderly)

2. Assistance to and Promotion of Reemployment of the Elderly

- ❍ **Instructions and assistance to employers who help re-employ retired persons and elderly persons who are forced to leave their jobs**
  - Promotion of diffusion and utilization of the re-employment assistance planning system
  - Support of employment-seeking activities through assistance to employers who help re-employ the elderly (Grants Provided to Employers Concerning Skill Development for Labor Mobility of Middle-Aged or Older Workers)
  - A project of promoting a comprehensive employment environment (Jump 65 Promotion Project): Implementation of counseling and assistance by re-employment assistance counseling (implemented by the Older Persons' Employment Security Center)
- ❍ **A project of assisting the self-employed through the Industry Employment Security Center**
- ❍ **Instructions and enlightenment about easing age limitations for job recruitment**
- ❍ **Job consultation and placement at Public Employment Security Offices**
- ❍ **Promoting employment of the elderly through Public Employment Security Offices (Utilization of Grants for Employment Development for Specified Job Applicants)**
- ❍ **Promotion of Reemployment (Benefits package for continued employment of the elderly)**
- ❍ **Management of the Vocational Counseling Room for Older Persons**

3. Promotion of Social Participation of the Elderly

- ❍ **Expansion of Silver Human Resources Center Project**
- ❍ **Projects for Senior Work Program (implementation of technical workshop, joint job interviews, and others through the cooperation with employers' associations)**
- ❍ **Supporting projects that create opportunities for joint employment of the elderly**
- ❍ **Supporting projects for elderly employment Instructions and Assistance by the Elderly Employment Support Centers/Corners**
- ❍ **Projects for providing opportunities of the elderly employment**
- ❍ **Projects for promoting a variety of social participation by the elderly in the local areas**
- ❍ **Projects for promoting voluntary work among retired people**

4. Promoting a Future Society Where the Elderly Can Continue Working Regardless of Age

- ❍ **Establishment of an advisory panel of well-informed independent personalities with respect to building a future society where the elderly can continue working regardless of age**
- ❍ **Research project with respect to creating workplaces where the elderly can continue working regardless of age (the Millennium Project)**

5. Promotion of Developing Human Resources of the Elderly and Others

V-3 Systems Designated to Secure Employment for the Handicapped

New Long-Term Employment-Oriented Project for the Handicapped Plan for the Handicapped

Guidelines for the hiring of the handicapped

Universal promotion of jobs for the handicapped

① Guidance for and support of business owners who hire the handicapped

❍ **Institute systems to promote the hiring of the physically and mentally handicapped**
- Statutory employment rate (effective 1 July 1998; applies to the physically and mentally handicapped)
  Private sector: private enterprises (1.8%); special-status corporation (2.1%)
  National and local government (2.1%); selected school boards (2.0%)
- Guidance to employers for the achievement of the statutory employment rate

❍ **Support employers who hire the handicapped through financial contributions and other types of assistance**
- Defrayment of costs to employers who hire the handicapped through contributions, adjustment benefits, and grants
- Granting of subsidies

Provide expertise regarding employment for the handicapped
- Provide positive examples and employment administration expertise regarding employment for the handicapped

② Offer occupational rehabilitation for the handicapped

❍ **Offer advice, referrals, and on-the-job orientation to handicapped job-seekers at public employment agencies**

❍ **Provide specialized occupational rehabilitation services to the handicapped, e.g., performance evaluations, at employment centers for the handicapped operated by the Japan Association for the Hiring of the Handicapped**

❍ **Promote vocational training to enable the handicapped to acquire skills and techniques**

❍ **Implement vocational rehabilitation utilizing private sector enterprises**

③ Provide handicapped-accessible workplaces

❍ **Cultivate workplaces capable of hiring multiple numbers of handicapped with a high degree of disability**

④ Disseminate information relating to employment for the handicapped

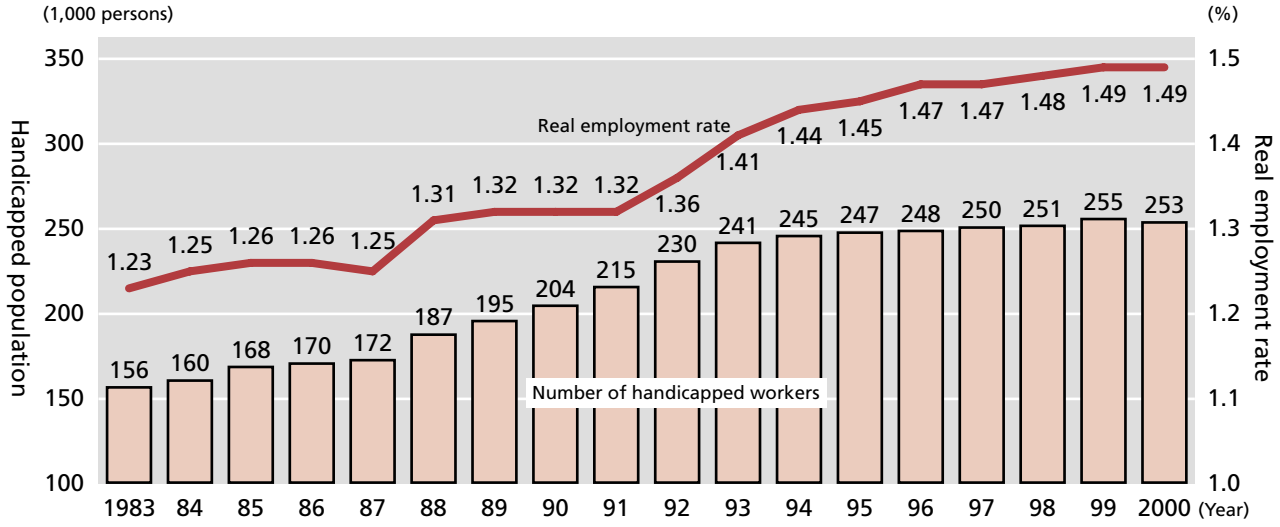
❍ **Implement publicity and education activities aimed at employers, related organizations, the handicapped and their families, and the rest of the general public**

⑤ Establish liaisons with related organizations

❍ **Strengthen cooperation among organizations that assist the handicapped**

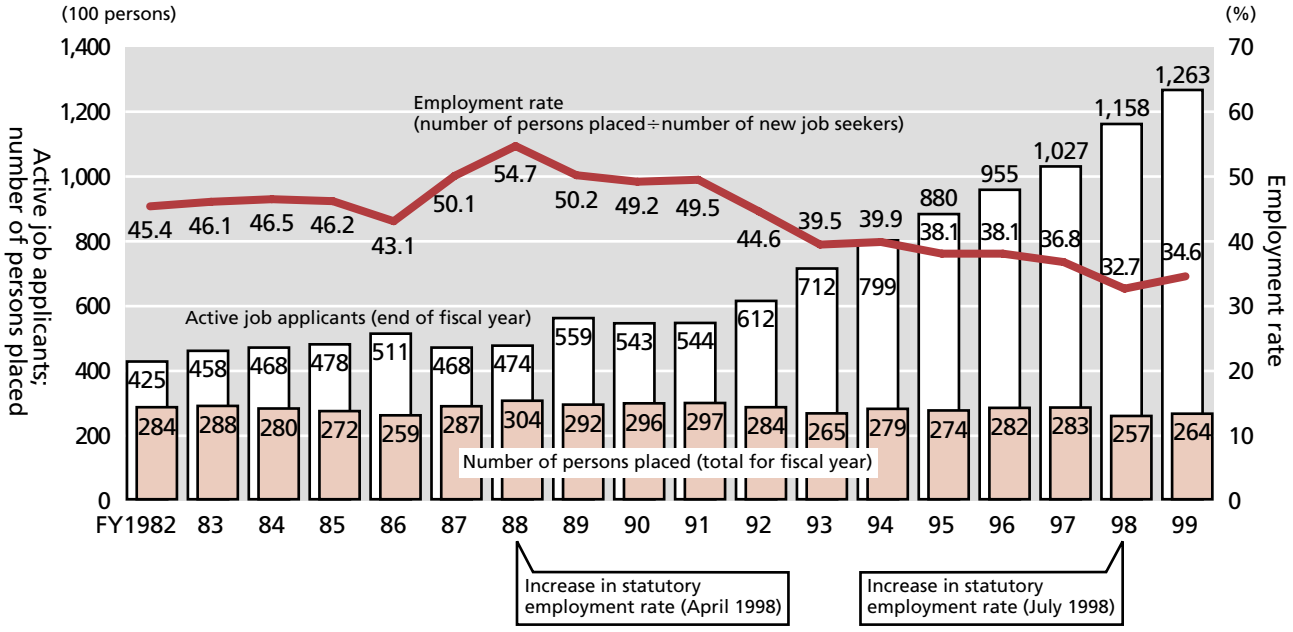
❍ **Comprehensively develop a social environment involved in the working lives of the handicapped**

V-4 Employment of the Handicapped
(Report on employment conditions, 1 June each year)



Source: *Employment Security Bureau Statistics*, Ministry of Labour

V-5 Current State of Employment for the Handicapped
(Transactions handled by Public Employment Security Offices)



Source: *Employment Security Bureau Statistics*, Ministry of Labour

3 Public Job Introduction System

The basic purposes of Public Employment Security Offices, which are located in approximately 600 locations all over Japan (including branch offices), are to provide job seekers with the most suitable job opportunities according to their wishes and abilities and to introduce the most appropriate personnel to employers who are looking for employees.

The Public Employment Security Offices are connected online throughout Japan, and offer service using the Comprehensive Employment Information System to provide information about job vacancies and job searches immediately through computers.

In addition, in order to make appropriate responses to various needs in recent years, we have strengthened our agencies by introducing services such as the following:

(1) Bank of Human Resources

The Public Employment Security Offices established 26 Banks of Human Resources in major cities to introduce able personnel to medium- and small-sized companies and to promote the employment of the elderly. The Bank of Human Resources deals primarily with administrative, professional, and technical positions.

(2) Part-time Job Bank and Part-time Job Satellite

The Public Employment Security Offices established 85 Part-time Job Banks and 105 Part-time Job Satellites in convenient areas, such as station terminals in major cities, in order to offer comprehensive job introduction services for part-time employment.

(3) Hello Work to Support Combining Work and Family

The Public Employment Security Offices changed "Ladies' Hello Work," established in 1999, into Hello Work to Support Combining Work and Family. The Public Employment Security Offices established 12 Hello Work to Support Combining Work and Family institutions to advise users about appropriate ways to combine childcare, nursing care, domestic duties, and work. This service is geared toward those who have the willingness and ability to work but cannot do so because of responsibilities related to child care, nursing care, and domestic duties.

(4) Hello Work Information Plaza

The Public Employment Security Offices began establishing Hello Work Information Plazas in each prefecture in 1999 to help job seekers find employment. Job seekers may easily and effectively find job information by using searchable devices for themselves at the Hello Work Information Plazas.

(5) Comprehensive Employment Support Center for Students, Employment Center for Students, and Counseling Room for Students

The Public Employment Security Offices established these institutions for the specific purpose of providing employment support to graduating students as well as unemployed graduates. These institutions offer employment counseling to provide not only a variety of employment information but also to offer supplemental assistance to job introduction services offered by universities and other institutions.

V-6 The Organization and Functions of the Public Employment Service Institutions (As of April 1, 2000)

The Public Employment Security Offices

Main offices (478 offices)
Branch offices (109 offices)
Supplementary offices (30 offices)

A. Employment counseling and assistance, job introduction (for the general public, the elderly, graduates, the disabled, day workers, etc.)
B. Job instruction (providing employment information, implementing vocational aptitude tests, etc.), instruction about vocational training
C. Instruction to improve employment management (providing and managing employment information, continued employment system for the elderly, employment of the disabled, securing personnel for small and medium-sized businesses, etc.)
D. Providing information on employment, job seeking, and the labor market
E. Business transactions concerning employment insurance (applicability and payment)
F. Business transactions concerning subsidies
G. Business transactions concerning demand-supply coordination among the private labor force (acceptance of application of job introduction project for fees, etc.), and others

Institutions to provide specific services

Bank of Human Resources (26 Banks)
The Bank of Human Resources introduces able personnel to small and medium-sized companies and promotes the employment of the elderly. The Bank of Human Resources focuses primarily on administrative, professional, and technical positions, offers job consultation, provides information, etc.

Part-time Job Bank (95 Banks) and Part-time Job Satellit (105 Satellites)
The Part-time Job Bank and Part-time Job Satellite implement job introduction, job consultation, information sharing, and vocational training for the benefit of part-time workers.

Hello Work to Support Combining Work and Family (12 institutions)
The Hello Work to Support Combining Work and Family implements job introduction, job consultation, information sharing, and other services to those who have the willingness and the ability to work, but cannot do so immediately because of responsibilities for child care, nursing care, and other duties.

Hello Work Information Plaza (47 institutions)
Job seekers can find a wide range of job information by using searchable devices at the Hello Work Information Plaza.

The Comprehensive Employment Support Center for Students (1 center), Employment Centers for Students (6 centers), and Counseling Rooms for Students (40 centers)
These institutions implement job introduction, job counseling, information sharing, vocational aptitude tests, etc. for the benefit of newly graduating students as well as unemployed graduates.

Note: In addition to the institutions listed above, there are Local Region Employment Support Centers and Employment Service Centers for Foreigners.

4 Measures to Shorten Working Hours

Working Hours

During the era of rapid economic growth, annual working hours steadily declined due to a tight labor market and higher productivity. In the mid-1970s, this trend leveled off. Since the revised Labor Standards Law, which established a 40-hour workweek as the norm, became effective (1988), working hours have continued to decrease.

In FY1999, fixed working hours dropped to 1,714 (from 1,734 hours in FY1998), overtime hours remained unchanged at 134, and total working hours fell to 1,848 (from 1,868 in FY1998).

The five-day workweek is gradually taking root in Japan, with 95.8% of all workers on that schedule in 1999. However, only 58.7% of all employers have adopted it on a regular basis; small and medium-sized businesses have made little progress in this direction.

Most workers use only 50–60% of the paid holidays and vacations days to which they are entitled each year. In 1999, the average worker were entitled to 17.8 paid holidays and vacation days, but generally used only 9.0 (50.5%) days.

Efforts by Public Administration to Shorten Working Hours

The entire nation must address the issue of reduction of working hours since leisure time is crucial to a comfortable lifestyle. The government has set a firm goal of a 1,800-working-hour year (in economic plans, for example). Its efforts are three-pronged: persuade all Japanese businesses to strictly observe a 40-hour workweek, encourage workers to use their vacation days, and reduce the number of overtime hours.

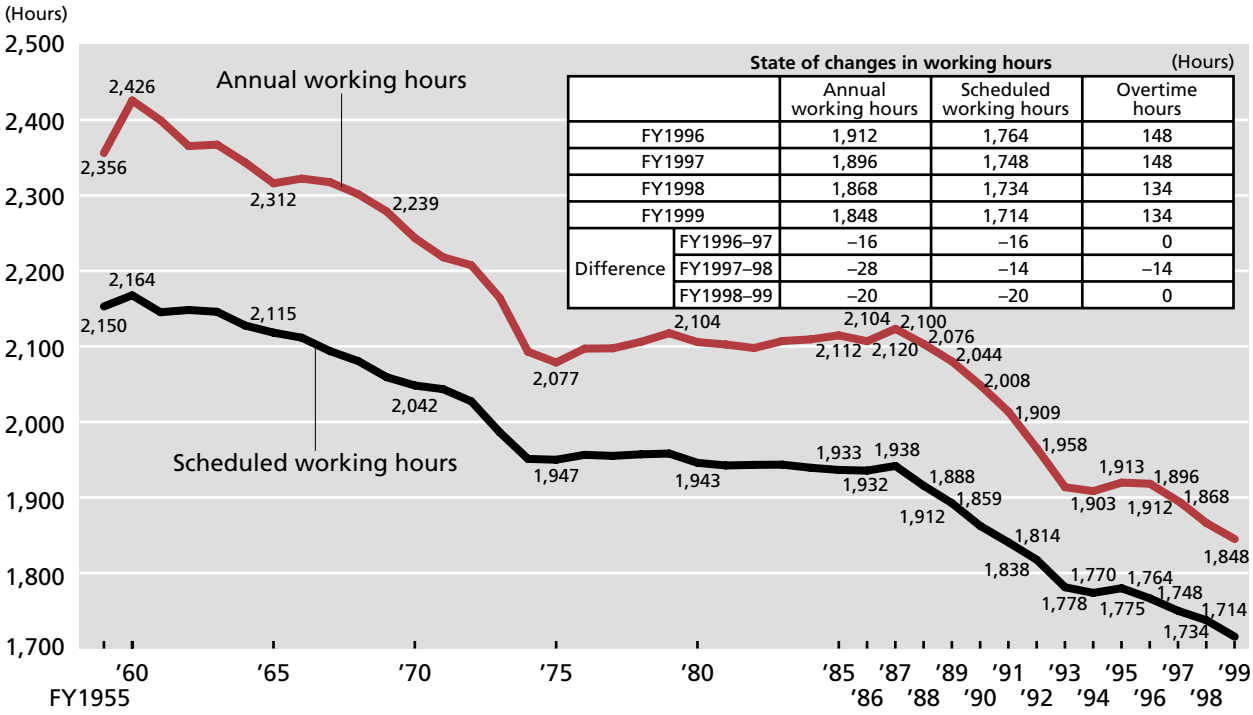
The Cabinet issued a resolution in July 1999 entitled "Policies for the Ideal Economy and Society and an Economic Rebirth." The resolution recommends shortening the number of working hours to 1,800 per annum over the next 10 years by curtailing overtime work.

The revised Labor Standards Law prescribes that legal working hours be gradually shortened. Accordingly, all but exempt businesses would shift to a 40-hour work week beginning in April 1997. The government has encouraged the adoption of the Variable Scheduling System (Note 1) and the Discretionary Scheduling System (Note 2) in some sectors, to limit working hours to 40 per week.

In addition, we asked representatives from a wide variety of groups in Japan to reach a consensus on the need for popularization of extended vacation time. We therefore held the "National Convention on Extended Holidays and its Effect on Home Life" five times since January 2000, and issued a report on the topic in July of the same year. Based on the report's proposal to popularize extended holidays, or "long-term holiday (L-holiday)", we will strive to promote the L-holiday idea with the understanding and cooperation of interested parties, including labor and management.

Notes: 1) Variable scheduling system
This system involves distributing working hours over a fixed time period, thus accommodating business priorities and ensuring that the total number of hours worked per week does not exceed 40.
2) Discretionary scheduling system
Working hours are determined in this system based on a collective agreement rather than setting a fixed schedule, when the duties in question require significant worker discretion. It can apply to both specialized work and creative work (effective April 2000).

V-7 Shifts in Average Total Annual Working Hours per Worker (FY)

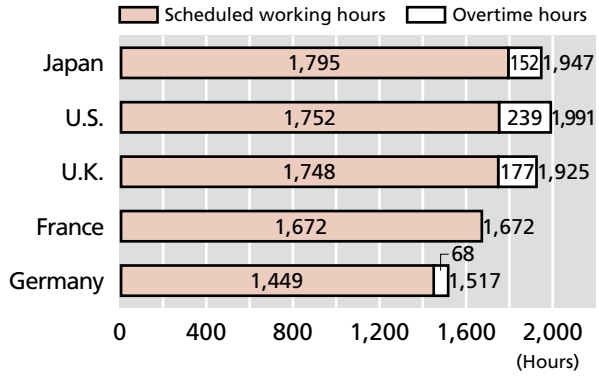


State of changes in working hours (Hours)

		Annual working hours	Scheduled working hours	Overtime hours
FY1996		1,912	1,764	148
FY1997		1,896	1,748	148
FY1998		1,868	1,734	134
FY1999		1,848	1,714	134
Difference	FY1996–97	–16	–16	0
	FY1997–98	–28	–14	–14
	FY1998–99	–20	–20	0

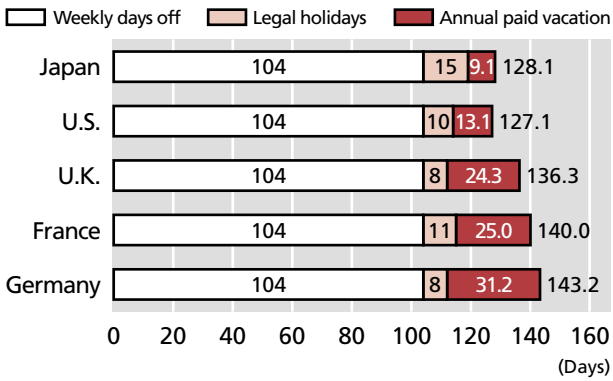
Source: *Monthly Survey of Labour Statistics*, Ministry of Labour
Notes: 1) This study was limited to businesses that employ more than 30 workers.
2) Figures were obtained by multiplying monthly averages by 12.
3) Overtime hours were obtained by subtracting prescribed working hours from annual working hours.

V-8 International Comparison of Annual Working Hours (Workers in the manufacturing industry: 1998)



Source: Estimates were made by the Working Hours Division, Working Hours Department, Labour Standards Bureau, Ministry of Labour, based on reports issued by the EU and the other nations listed above.
Notes: Figures for Germany are from 1997. Overtime hours for France were not available.

V-9 International Comparison of Annual Holidays



Sources: Survey of Paid Working Hours. Estimates based on statistics from the EU and reports from other nations, compiled by the Working Hours Division, Working Hours Department, Labour Standards Bureau, Ministry of Labour.
Notes: 1) "Weekly days off" refers to company-prescribed weekly days off, e.g., Saturday and Sunday, under the assumption that employees are allowed two days off per week.
2) "Annual paid vacation" refers to the number of vacation days granted to employees. Figures for some countries were estimated by the Working Hours Division. Figures for Japan represent the number of vacation days granted.
3) Survey dates for annual paid vacation are as follows.

Japan	1998
U.S.	1997
U.K.	1996
France	1992
Germany	1996

5 The Minimum Wage System

The Minimum Wage Law

With the enactment of the Minimum Wage Law, drafted to improve working conditions and guarantee a minimum wage to low-paid workers, Japan's minimum wage system came into being in 1959. The law also sought to promote the sound development of the national economy by raising the quality of the labor force and fostering fair competition among companies.

Setting Minimum Wages

Minimum wages are determined in Japan through (1) Minimum Wages Council, composed of members representing labor, management, and the public interest, set minimum wages subsequent to research and deliberation; and (2) local minimum wages set by collective agreements.

In its deliberations, a Minimum Wages Council will examine statistical data to ascertain the current wages earned by workers under consideration for a particular minimum wage. Its members also visit and inspect workplaces to investigate prevailing working conditions and wages. They ask workers and their employers for their opinions. The Council makes a decision after considering the local cost of living, starting salaries paid to new graduates, any collective agreement on minimum wage, the distribution of workers along the wage scale, and the effects of setting a minimum wage.

Since FY1978, the Central Minimum Wages Council has been providing guidelines to prefectural Minimum Wages Councils for minimum wage increases to ensure national uniformity. The local councils, in turn, use the guidelines to revise minimum wages to accord with the local situation. The majority of minimum wages are set as described in (1) above (298 cases). Only two cases have been set in accordance with (2) .

Types of Minimum Wage

Minimum Wages Councils rule on two types of minimum wage—local and industry-specific minimum wages.

Local minimum wages are determined for each prefecture, regardless of the type of industry or occupation. Usually, the minimum wage in a given prefecture applies to all workers in all workplaces in that prefecture, and to all employers who have one or more workers.

There are two types of industry-specific minimum wages: prefectural and national. The prefectural industry-specific wage is determined by prefectural labor authorities for certain industries, while the national industry-specific minimum wage applies nationwide. Both are limited to particular industries, as the terms imply.

Minimum Wages vs. Actual Wages

Minimum wages are set both by day and hour. Minimum daily wages follow guidelines issued by the Central Minimum Wages Council, which bases its decisions on workers' cost of living, wages earned by other workers engaged in similar employment, and employers' ability to pay. Minimum hourly wages are set in the same way. Minimum hourly wages apply mainly to workers who are paid by the hour, and minimum daily wages to workers who are paid according to other methods, e.g., by day or month.

V-10 Methods Used To Set Minimum Wages (Minimum wages set through minimum wage council investigation and deliberation)

V-11 Minimum Wages (Weighted national average)

(As of January 1, 2000; yen)

	Daily rate	Hourly rate
Minimum wage by prefecture	5,213	654
Minimum wage by industry	5,944	

6 Industrial Safety and Health

Occupational Accidents and Diseases

Although the number of Japan's occupational accidents and diseases has been declining in recent years, there are still approximately 570,000 cases annually.

The total number of accident cases increased in 1999 with the loss of approximately 2,000 lives, up from the record low of 1998.

Regular physical examination results demonstrate that more than 40% of all workers have medical problems requiring either treatment or observation. As Japan's industrial structure changes, more workers are suffering from work-related stress.

Measures to Prevent Occupational Accidents and Diseases

Since 1958, the Ministry of Labour has implemented eight five-year plans to prevent industrial accidents. In accordance with the Ninth Industrial Accident Prevention Program (1998–2003), we are striving toward the following goals.

(1) Eliminate fatal accidents and diseases at the workplace.
(2) Ensure safety and health at small and medium-sized companies.
(3) Ensure safety and health at the workplace in Japan's aging society.
(4) Introduce new methods for occupational safety and health management.

Workers' Accident Compensation Insurance System

This government insurance system pays benefits to workers to give them prompt and equitable protection against injury, illness, disability, or death resulting from employment or commutation. The system also provides welfare services to injured workers to promote their smooth return to society (V-13).

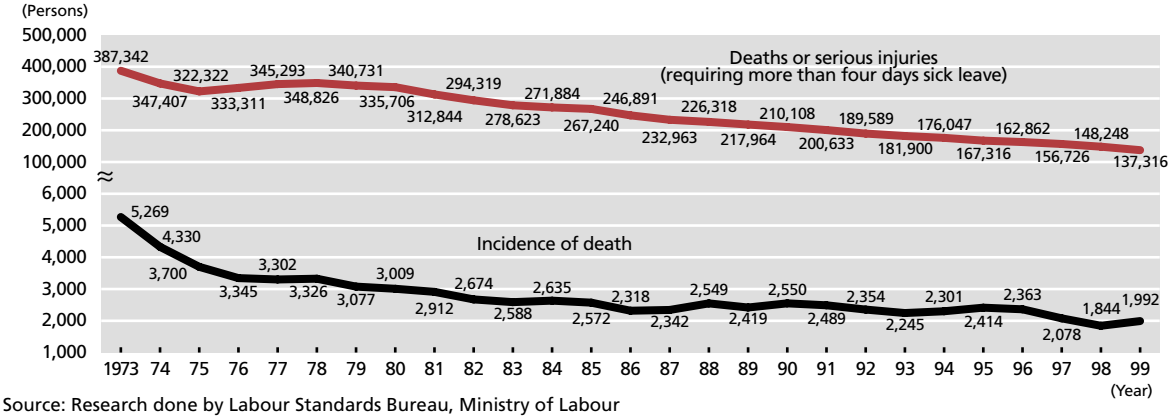
(1) Eligibility

Any business that employs workers may participate in the Workers' Compensation Insurance System, excluding government employees (except local government part-time employees engaged in blue-collar labor) or seamen, who are protected by the Seamen's Law. Certain businesses engaged in agriculture, forestry, or fishery, and employing five or fewer workers may be covered on a temporary basis. Additionally, special exceptions may be granted to smaller business owners, sole proprietorships and family members who work in them, and workers on overseas assignments. In those cases, they are entitled to receive benefits for injuries sustained at the workplace and, in some circumstances, for injuries sustained while commuting to or from the workplace.

(2) Insurance premiums

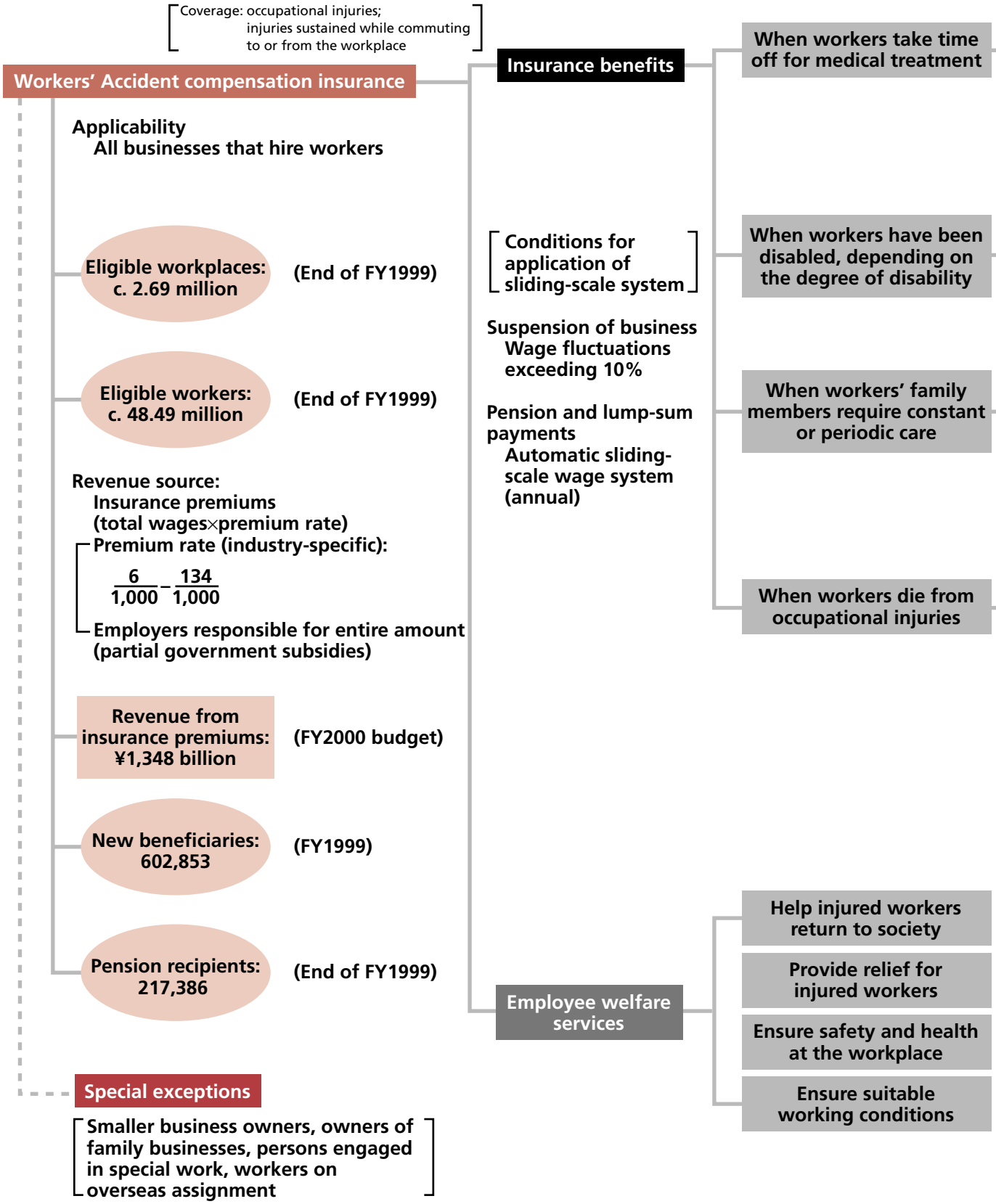
Employers are required to pay insurance premiums, which are calculated by multiplying total payable wages by the accident rate determined for each business category (6/1,000–134/1,000). Larger companies may participate in a merit system, whereby premium rates or insured amounts (which cover only accidents or injuries occurring at the workplace) are based on relevant accident rates.

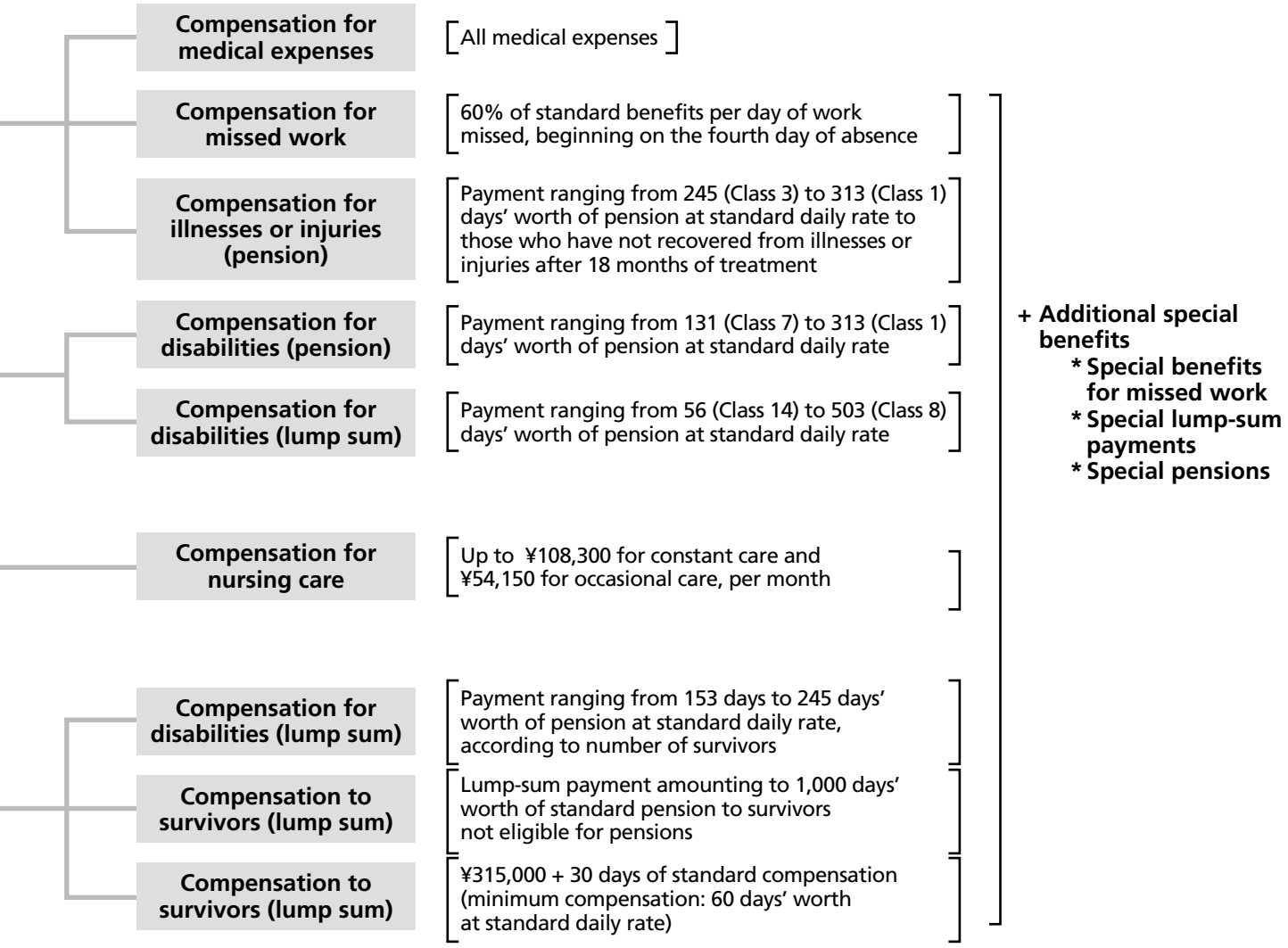
V-12 Changes in Reported Cases of Occupational Accidents and Diseases



Source: Research done by Labour Standards Bureau, Ministry of Labour

V-13 The Workers' Accident Compensation Insurance Program





Notes: 1) Benefits listed above are also payable for injuries sustained while commuting to or from the workplace.
2) Standard daily rate is calculated by dividing total wages paid to a worker during the three calendar months preceding the injury (minimum compensation: ¥4,230).
3) Minimum and maximum standard daily rates for pensions and long-term (18 months) medical treatment are determined according to age group.

(Establishment of 39 hospitals to treat injured workers)

(Special benefits for injured workers; benefits to defray the cost of educating injured workers' children)

(Implementation of measures for preventing accidents at the workplace and promoting occupational medicine)

(Remuneration of unpaid wages on employers' behalf)

7 Gender Equal Employment Policies

The role of women in society has become more prominent as in increasing numbers they enter the labor force and participate in community activities. Changes in the social environment are therefore necessary to facilitate women's participation in the labor force while providing working conditions that enable them to achieve a reasonable balance between their careers and family lives.

The Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment, passed in 1986, states that male and female workers shall be afforded equal treatment at the workplace, from recruitment and hiring (the entry points of employment) to retirement, resignation and dismissal (the exit ways of employment). The law was intended to prevent sex discrimination in employment, and to provide working environments in which women can make effective use of their abilities.

Over ten years have elapsed since the law was enacted. Now that more women are in the workforce and increasing the length of their careers, the public attitude toward working women has altered dramatically, along with employers' efforts to undertake their full participation. However, women are not afforded the same opportunities as their male counterparts in some instances.

The revised Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment (enacted in June 1997, brought into force in April 1999) strengthened the original version. It prohibits discrimination against female workers in recruitment, hiring, assignment, and promotion (the original version simply instructed employers to make efforts in this direction). It also encourages proactive efforts toward overcoming discrimination, and includes regulations intended to prevent sexual harassment at the workplace. The names of companies that fail to obey the law will be made public. The law also outlines improvements to be made to the present mediation process, nullifies regulations preventing female employees from working overtime, on holidays and late at night, and respects the necessity of maternity leave.

In order to ensure the execution of the revised the Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment, the Equal Employment Opportunity Department of the Prefectural Labor Bureau, a branch office of the Ministry of Health, Labor and Welfare established in each prefecture, has implemented the following measures:

(1) The Department disseminates the revised Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment to the best of its ability, and also provides counseling about sexual discrimination in recruitment, hiring, assignment, promotion, and dismissal, as well as sexual harassment in the workplace.

(2) The Director of the Prefectural Labor Bureau provides advice and guidance in order to promptly resolve individual disputes between female workers and employers concerning the handling of the Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment. The Equal Opportunity Mediation Commission, which consists of people with learning and experience, will also arbitrate these disputes.

(3) The Bureau actively provides administrative guidance based on the Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment to grasp the real state of a company's employment management and to help private companies treat men and women as equally as possible.

In addition, the Ministry and the Bureau encourage understanding among the top echelon of management and consensus in a company to promote the company's positive action for the dissolution of the existing gap between male and female workers caused by employment management based on customary practices and static sense of sex roles.

Additionally, the Ministry has implemented measures to enable workers to achieve the proper balance between their working and family lives. They include encouraging employers to allow workers to take time off for child care and home care for family members.

8 The Child Care and Family Care Leave

Background

With the birth rate declining, our society aging, and the nuclear family's supplanting the extended family, our citizens need to achieve a fulfilling working life throughout their careers. Therefore, facilitating a balance between careers and parenting or home care for elderly family members is essential.

The Child Care Leave Law enacted on May 8, 1991, obligates businesses employing more than 30 permanent workers to provide child care leave from April 1, 1992. The law was applied to all businesses on April 1, 1995. The Child Care Leave Law was partially revised and renamed Law Concerning the Payment of Benefits to Workers Who Take Time Off To Care for Children or Elderly Family Members (hereafter referred to as the Law Concerning Child Care and Family Care Leave) on June 5, 1995.

Under the revised law, as of October 1, 1995, businesses were instructed to make efforts to implement a shorter working day as soon as possible to allow workers to provide home care to family members. After April 1, 1999, the establishment of such a program became compulsory. According to another revision to the Law Concerning Child Care and Family Care Leave (June 11, 1997), employers are required to limit scheduling workers who must care for children or the elderly for late-night shifts, effective April 1, 1999.

Child Care Leave

Workers may take child care leave upon application to their employer. Child care leave entitles workers to be absent from work until the child in question attains the age of one year.

Family Care Leave

Workers may take family care leave upon application to their employer. They are entitled to be absent from work for a maximum of three months to care for family members spouse, parents, children; also grandparents, siblings, and grandchildren, if they reside in the same domicile as the worker requesting leave) who need constant care. Workers may not take more than one family care leave.

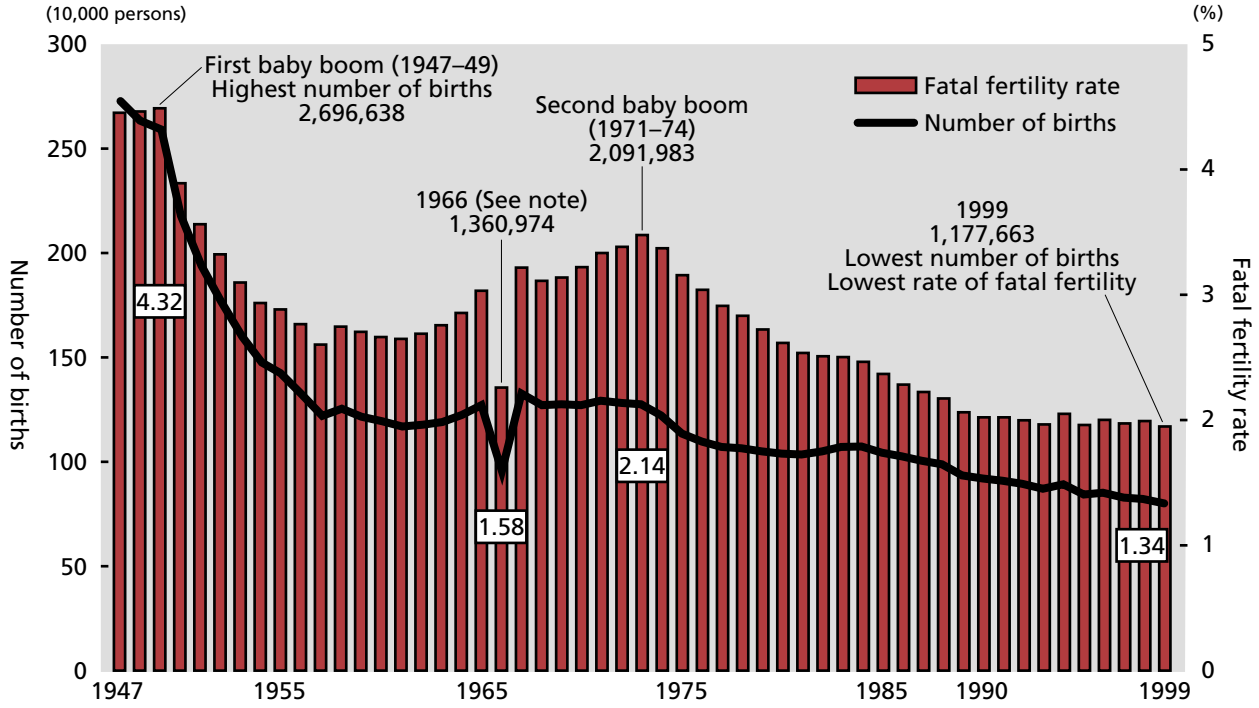
Efforts to Further Child Care and Family Care Leave

According to a survey conducted in 1999, 56.4% of working women took child care leave after giving birth. Only 0.42% of male workers took advantage of child care leave. The same survey reveals that 0.15% of female workers and 0.01% of male workers took family care leave.

We have consistently endeavored to foster these systems by providing guidance and support to business owners who have not yet implemented them. We are considering several types of benefits as an incentive to encourage use of these leaves, as well as return to the workplace.

From January 2001, we plan to increase benefits for workers who take child care or family care leave from 25% to 40% of their current pre-leave salaries. We hope these measures enable workers to achieve a sound balance between their careers and family life.

V-14 Continuing Decline in the Birth Rate
(Annual changes in number of births and the fatal fertility rate)



Source: *1999 Annual Total of Monthly Reports on Vital Statistics,* Statistics and Information Department, Minister's Secretariat, Ministry of Health and Welfare

Note: There were many fewer births in 1941, an unlucky year in the Chinese astral calendar, which Japan adopted centuries ago.

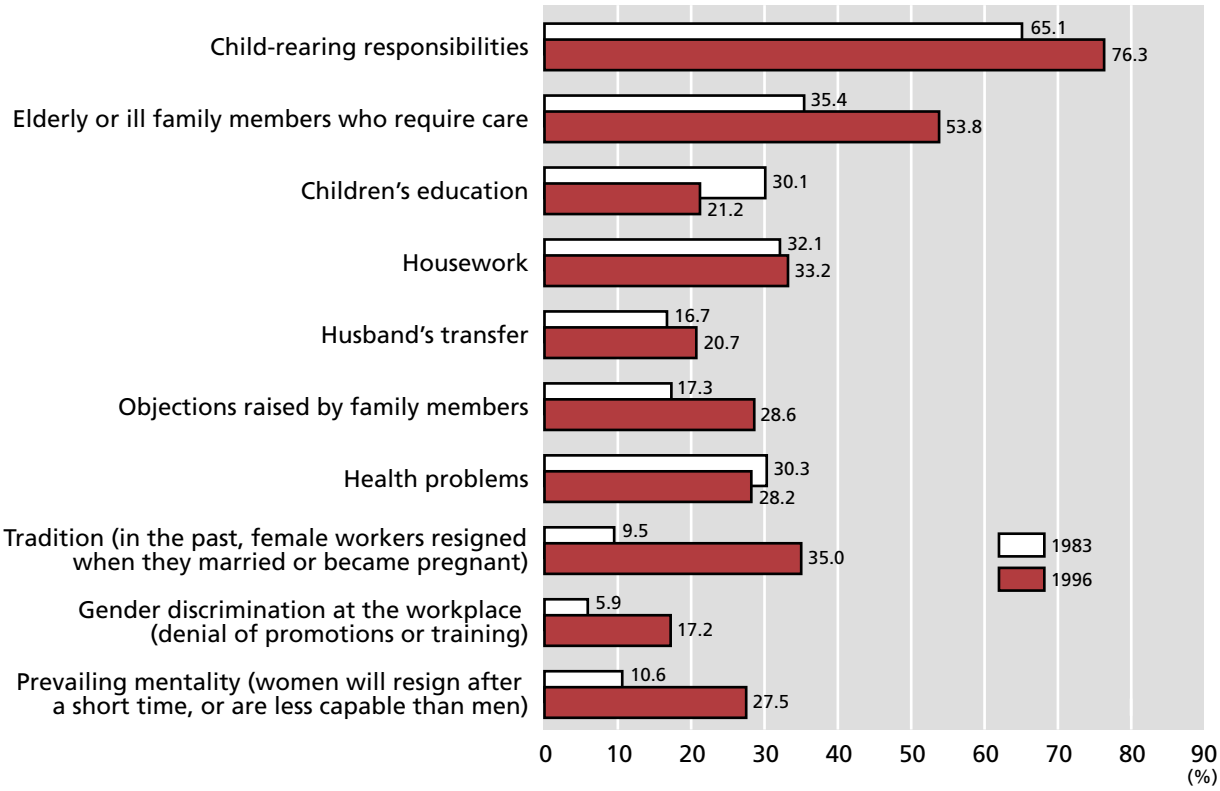
V-15 The Aging of Japanese Society

(%)

Age group	1975	1996	1998	2025	2050
Senior citizens (65+)	7.9	15.1	16.2	27.4	32.3
Potential workers (15–64)	67.8	69.3	68.7	59.5	54.6
Juveniles (Under 15)	24.3	15.6	51.1	13.1	13.1

Sources: *National Census,* Management and Coordination Agency; *Population Projections for Japan: January 1997*, National Social Security and Population Problem Research Institute

V-16 Factors that Discourage or Prevent Women from Working on a Continuous Basis



Sources: *Public Opinion Survey on the Employment of Women*, Prime Minister's Office, 1983
Survey of Japanese Lifestyle Preferences, Economic Planning Agency, 1996
Notes: 1) There were 2,418 respondents to this survey (women aged 20–59).
2) The *Survey on Japanese Lifestyle Preferences* targeted women aged 15–74.
To compare it with the 1983 survey, we have included responses to that survey from 1,490 women aged 20–59.

V-17 Percentage of Workers Using Child Care Leave and Home Care Leave

Percentage of Workers Using Child Care Leave by Gender

(%)

Percentage of men and women using child care leave			Percentage of female workers who took child care leave when they gave birth	Percentage of male workers taking child care leave
Total	Women	Men		
100.0	97.6	2.4	56.4	0.42

Note: At all places of business, the proportion of workers who took child care leave during the period until 1 October 1999, among workers who gave birth themselves or whose wive's gave birth during the one year from 1 April 1998 to 31 March 1999.

Percentage of Workers Using Home Care Leave by Sex

(%)

Percentage of men and women using home care leave			The proportion of workers taking home care leave among regular employees
Total	Women	Men	
100.0	90.7	9.3	0.06

Source: *Basic Survey of Employment for Women*, Ministry of Labour, FY1999
Note: The proportion of workers who took home-care leave between 1 April 1999 and 30 September 1999 among regular employees.

9 Public Vocational Training Policies

The term "public vocational training" refers to vocational training conducted at public human resource development facilities. However, in Japan, public vocational training is a broader concept that includes the disbursement of subsidies to defray educational expenses, and is based on the following three policies.

(1) Providing vocational training at public human resource development facilities,
(2) Encouraging employers and employers' associations in the private sector to offer vocational training by awarding grants, disseminating information, and providing consulting services, and
(3) Motivating workers to acquire skills voluntarily by granting subsidies, and providing information and consulting services.

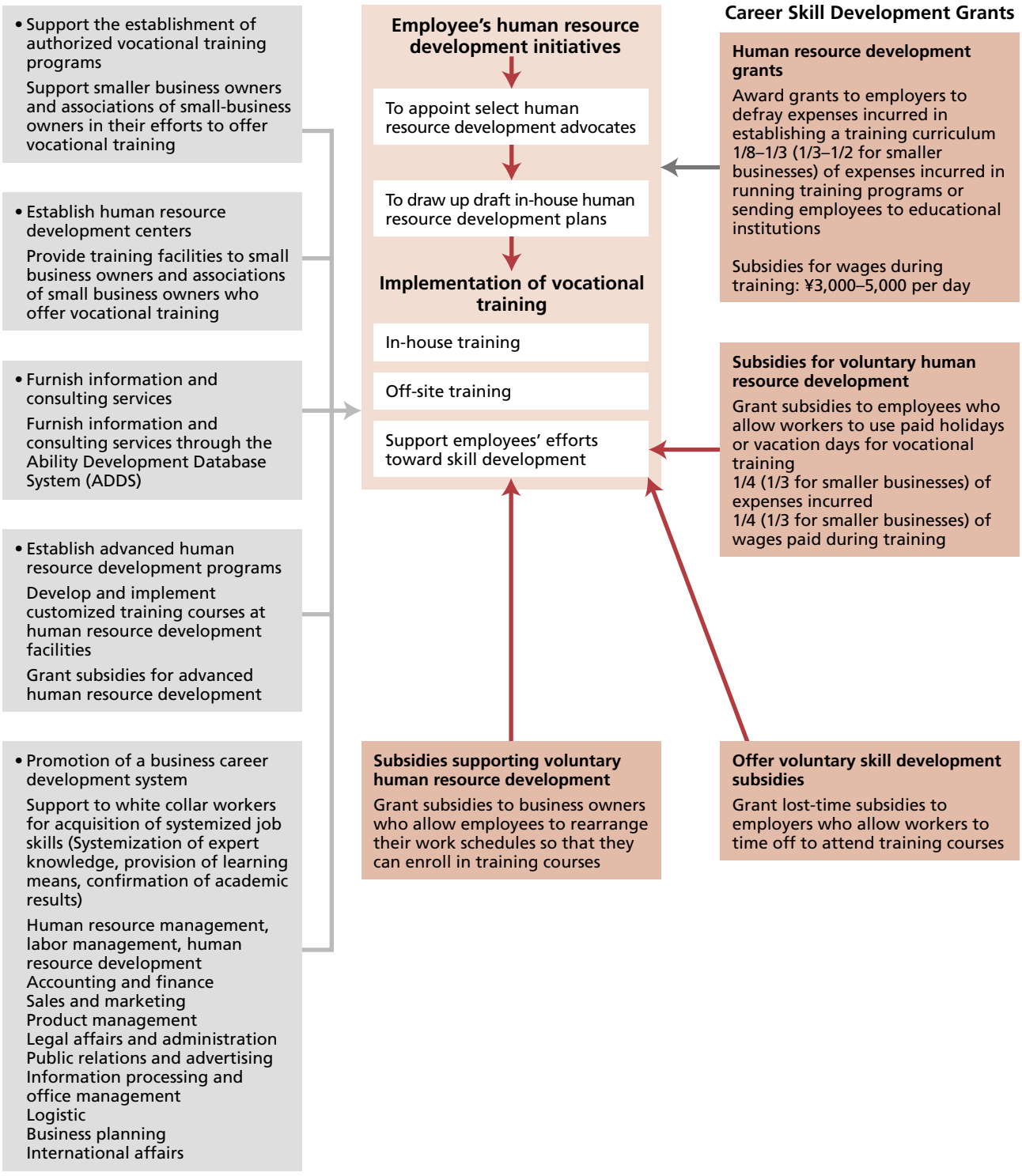
V-19 shows the ways in which public vocational training has been implemented in Japan. Young people can receive long-term training (lasting one to two years). There are also two types of short-term training programs: one targets the unemployed and lasts up to six months; the other targets persons who are currently employed and lasts only a few days. By law, vocational training must be offered to young people, the unemployed, and the physically disabled free of charge, but the cost of tools and other materials is borne by trainees. Some training courses for the unemployed are offered at private vocational schools. The main focus of vocational training has, traditionally, been courses that have some connection with the manufacturing and construction industries, but computer and social welfare-related courses have also been offered. Today, short-term vocational training for the employed is more likely to be tailored to the needs of employers or employers' associations. There are also universities that specialize in skill development, educating the vocational training instructors of the future and preparing textbooks for that purpose. Furthermore, among the facilities illustrated in V-19 is the Lifelong Human Resources Development Promotion Center, which acts as a central base facility for the human resource development of white-collar workers.

Steps taken to promote vocational training in the private sector are outlined in V-18. Human resource development grants defray expenses for both in-house group training and training conducted at outside institutions, and are widely used to train middle-aged and older workers. These grants are financed from a stabilization fund associated with the three employment insurance programs (but separate from unemployment benefit funds), to which employers are obliged to contribute.

Noteworthy among benefits for workers who voluntarily acquire new skills are training and education subsidies, first made available in December 1998. When workers who have paid employment insurance premiums for five years complete courses designated by the head of the Ministry of Labour, they receive financial support amounting to 80% of tuition (not to exceed 200,000 yen). As of October 2000, workers could use these subsidies to pay for 14,848 courses offered at 1,606 institutions, such as computer technology, shorthand, business English, and other courses that will help them satisfy the qualifications for certification in a variety of fields. Between March and September 1999, 47,901 workers received these subsidies.

Furthermore, in October 2000, the Ministry of Labour announced the "New Development Measures for the Rebirth of Japan." To prevent unstable employment stemming from lack of worker skills in the face of rapid computerization, the Ministry of Labour aims to expand IT-related learning opportunities are aligned with the competence levels and needs of workers, including displaced and active workers. It is therefore committed to developing overarching measures aimed at "promoting computerization to all workers," including developing a collaborative structure among the organizations concerned.

V-18 Voluntary Vocational Training in the Private Sector (Objectives and content)



V-19 Public Vocational Training Programs

Facility	Human resource development centers
Established by	Prefectural government
Number of facilities	214

Category	Courses offered	Objectives	Training period	Total hours	Number of trainees (total available slots per year)
General	General courses	Provide middle- and high-school graduates with long-term training enabling them to acquire the basic skills and knowledge needed to secure employment	One year (high-school graduates); two years (middle-school graduates)	At least 1,400 hours, At least 2,800 hours	19,820
	Short courses	Provide the employed and unemployed with short-term training enabling them to acquire the basic skills and knowledge needed to retain or find the jobs	Six months or less	At least 12 hours (at least 10 hours for management courses)	132,440
	Technical courses	Provide new graduates with short-term training enabling them to acquire the basic skills needed for technical work	Six months (high-school graduates); one year (middle-school graduates)	800 hours At least 1,600 hours	6,260
Advanced	Special courses	Provide high-school graduates with long-term training enabling them to acquire basic skills and knowledge necessary for their future careers	Two years (high-school graduates)	At least 2,800hours	—
	Applied courses	Provide persons who have completed special technical courses with the technical and applied skills necessary for future careers as high-level technical workers	Two years (persons who have completed technical courses)	At least 2,800 hours	—
	Short special courses	Provide workers with short-term training enabling them to acquire advanced skills or knowledge	Six months or less	At least 12 hours	—
	Short applied courses	Provide workers with the advanced technical and applied skills necessary for the jobs	One year or less	At least 60 hours	—
Total					158,520

Junior colleges		Junior colleges	Job skill development promotion centers	Human resource development centers for the handicapped		Total
Employment and Human Resources Development Organization of Japan	Prefectural government	Employment and Human Resources Development Organization of Japan	Employment and Human Resources Development Organization of Japan	National government	Prefectural governments	
10	7	7	60	13	6	317
—	—	—	100	2,370	380	22,670
—	—	—	221,015	1,030	—	354,485
—	—	—	—	—	—	6,260
2,200	1,400	3,160	—	—	—	6,760
—	—	640	—	—	—	640
7,200	—	7,560	50,330	—	—	65,090
—	—	1,840	—	—	—	1,840
9,400	1,400	13,200	271,445	3,400	380	457,745

10 The System of Labor Relations Commissions

Forms, Structure, and Management of Labor Relations Commissions

The Labor Relations Commissions include the Central Labor Relations Commission, the Local Labor Relations Commissions, the Shipmen's Central Labor Relations Commission, and the Shipmen's Local Labor Relations Commissions. The Central Labor Relations Commission and the Shipmen's Central Labor Relations Commission are established in Tokyo by the national government. The Local Labor Relations Commission is established by each prefectural government. The Shipmen's Local Labor Relations Commission is established in each administrative area of the local Transportation Bureau by the national government.

The Labor Relations Commissions make up the so-called triad institutions comprising representatives of labor, management, and public interest groups. The number of representatives from each category is equal. Each committee has a chairperson elected from the committee members.

Sessions of the Labor Relations Commissions are in principle not open to the public. Only when it is admitted to be necessary in terms of public interest are sessions opened to the public. The Chairperson convenes the Commission meeting. Unless at least one member from each category participates in the meeting, the Chairperson cannot convene the meeting nor can he/she make any decisions. The majority vote of the participating members may determine the decision, and when the vote is tied, the Chairperson decides the vote by making the decision.

The Labor Relations Commissions have their own secretariat to organize their business transactions. The secretariat includes a Director of Secretariat and other necessary staff members.

Power of the Labor Relations Commissions

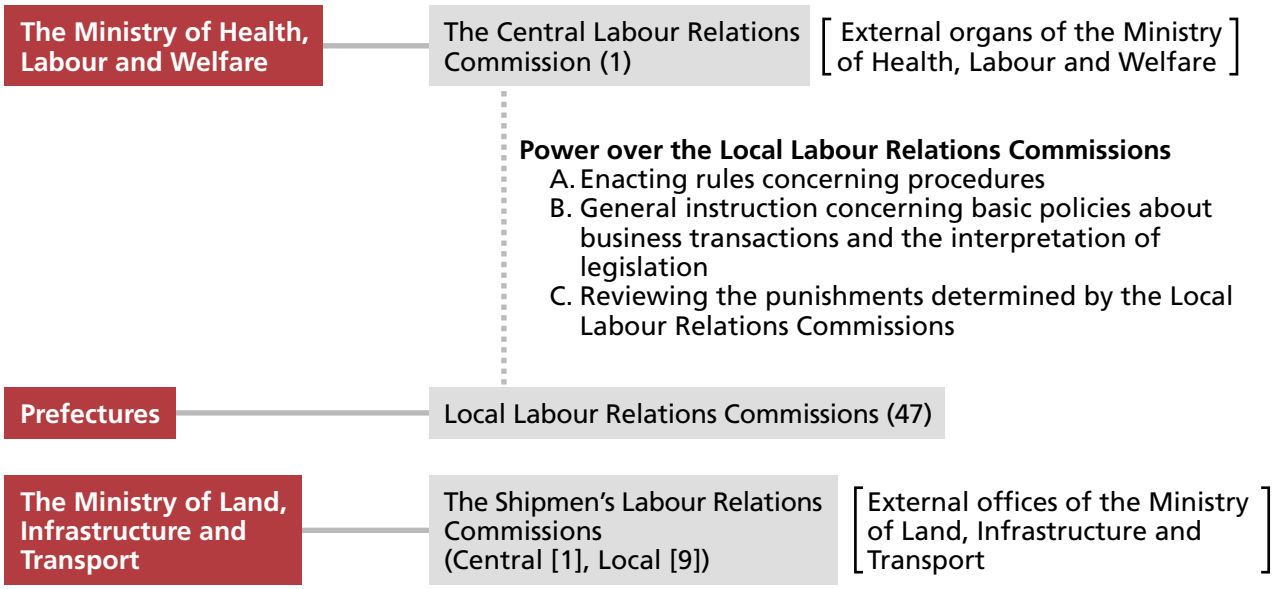
The Labor Relations Commissions have two major powers: quasi-judicial power and coordinating power. The quasi-judicial power includes the authority to (1) execute qualification examination of labor unions, (2) find resolution of labor agreements through their local and general binding authority, (3) determine when labor disputes are illegal, and (4) request punishment for the violation of prohibiting labor strikes in the national enterprises. As for items (1), (3), and (4), because of their nature, the Public Interest Members Meeting made up of members of the public interest only makes the decision. However, commission members from the management and the labor groups may participate in the commission hearing preceding the decision. The coordinating power includes providing labor disputes with good office, arbitration, and intervention. As supplementary power to these powers, the Labor Relations Commissions also have enforcement power, such as asking concerned persons to make reports at the commissions, requesting people to submit items such as accounting records, and making official inspections at related workplaces.

The Central Labor Relations Commission has the following special authority to (1) enact and proclaim rules concerning procedures of the Labor Relations Commissions; (2) give necessary and general instruction to Local Labor Relations Commissions concerning basic policies of business transactions and the interpretation of legislation; (3) review the Local Labor Relations Commissions' actions of implementing qualification examinations of labor unions, determining when labor disputes are illegal, and punishing against the illegal activities; and (4) provide by priority conciliation, mediation and arbitration, and punishment of important disputes that involve more than two prefectures or the whole nation.

The relationship between the Shipmen's Central Labor Relations Commission and the Shipmen's Local Labor Relations Commissions are the same as the relationship between the Central Labor Relations Commission and the Local Labor Relations Commissions. In addition, the Shipmen's Labor Relations Commissions deal only with shipmen who are subject to the Seamans' Law.

Only the Central Labor Relations Commission has the power to provide conciliation, mediation and arbitration to labor-related affairs involving officers of national enterprises (such as the postal service, the national forest, printing banknotes, and minting) and special independent administrative entities. The Central Labor Relations Commission also has the power to execute qualification examinations of labor unions and to determine when labor disputes are illegal and to punish illegal acts of labor disputes by officers of national enterprises and special independent administrative entities.

V-20 The Structure of the Labor Relations Commissions



Chapter VI Social Security Systems

1 Medical System

Japan's Social Security System

Japan's social security system resembles those in force in Europe and the United States in that it embraces medical insurance, pensions, employment insurance, social welfare and public health services. Medical insurance, pensions and employment insurance are administered as part of the social insurance system, whereas social welfare programs are disbursed from the government's budget.

Preparing for a Society Characterized by Dwindling Birthrates and an Aging Population

Since 1970, birth rates have continuously fallen and the elderly population (65 years of age or over) as a percentage of total population continues to climb. Consequently, there have been notable increases in medical expenses and pension benefits (VI-1), and both the percentage of social security benefits in national income and the rate at which the social security burden is carried in order to provide these social security benefits are increasing.

The advance of aging society is predicted to continue and the percentage of elderly population in the total population is forecast to appreciate further from 16.2% in 1998, climbing to 27.4% in 2025 and 32.3% in 2050 ("Future Population Projections," National Institute of Population and Social Security Research, January 1997). To further enhance social security in such an aging society, the Long-term Care Insurance Law (1997) and the Pension Reform Law (1999) were enacted.

Features of the Medical System

The medical system is characterized by the fact that it is administered according to the principle of universal medical insurance, under which all citizens are insured and all citizens can receive medical services should they become ill or injured.

The Government-managed Health Insurance Law has been in place since before World War II, having been enacted in 1922 and taking effect in 1927. On the other hand, the National Health Insurance Law was enacted in 1963 and came into force in 1966 in all of Japan's municipalities, realizing universal health care (See VI-4).

Types of medical insurance include comprehensive health insurance, government-managed health insurance, national health insurance, and medical insurance managed by the Mutual Aid Association for National Government Employees and the Mutual Aid Association for local Government Employees.

Private sector business owners that employ five or more workers regularly are required by law to insure their workers and their families with government-managed health insurance. The insurance premium is 8.5% of the worker's monthly salary (4.25% each for workers and employers). However, depending on the scale of the personnel of the office or enterprise it is possible to select either comprehensive health insurance or government-managed health insurance.

National health insurance is for the self-employed, farmers, employees of small office home offices, the unemployed and others who do not qualify for government-managed health insurance or mutual aid association insurance. In such cases, the municipality is the insurer in principle. For those aged 65 and above, there is also a health-insurance plan for senior citizens, wherein the percentage of medical expenses paid by the insured is lessened.

Long-term Care Insurance

Long-term care insurance was established in 1997 and came into effect from April 2000. It was created with the aim of lightening the care burden for families of the bedridden elderly and other aged people. Citizens aged 40 and older pay long-term care insurance premiums, and if needed, from age 65 are eligible to receive benefits for various care services.

VI-1 Percentage of the Population Over 65 in the Major Countries

(%)

Year	Japan	U.S.	U.K.	Germany	France	Sweden
1950	4.9	8.3	10.7	9.7	11.4	10.3
1960	5.7	9.2	11.7	11.5	11.6	12.0
1970	7.1	9.8	12.9	13.7	12.9	13.7
1980	9.1	11.2	15.1	15.6	14.0	16.3
1990	12.0	12.4	15.7	15.0	14.0	17.8
1995	14.5	12.5	15.9	15.5	15.0	17.6
2000	17.2	12.5	16.0	16.4	15.9	17.4
2010	22.0	13.2	17.1	19.8	16.6	19.5
2020	26.9	16.6	19.8	21.6	20.1	23.1
2025	27.4	18.8	21.2	23.4	21.7	24.3
2030	28.0	20.6	23.1	26.1	23.2	25.5
2040	31.0	21.5	25.0	28.8	25.3	27.2
2050	32.3	21.7	24.9	28.4	25.5	26.7

Source: *Annual Report on Health and Welfare*, Ministry of Health and Welfare, 2000

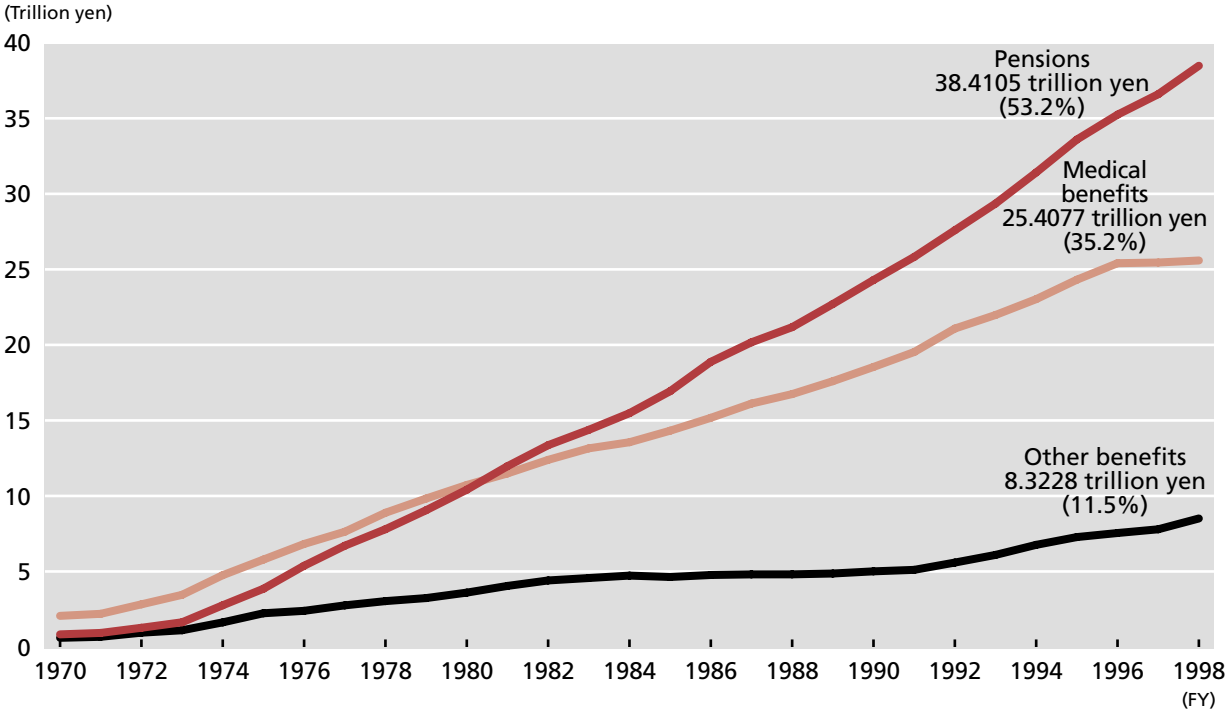
VI-2 International Comparison of Tax Burdens and Social Security Costs

(%)

Country	1996		
	Comparison of National Income		
	Tax burden	Social Insurance burden	Total
Japan	23.1	13.3	36.4
U.S.	26.4	10.1	36.5
U.K.	39.0	10.2	49.2
Germany	30.0	26.4	56.4
France	35.1	29.0	64.1
Sweden	51.0	22.2	73.2

Source: *Annual Report on Health and Welfare*, Ministry of Health and Welfare, 2000

VI-3 Changes in Social Security Benefits by Category



Data: Refer to Appendix 13
Source: *Annual Report on Health and Welfare*, Ministry of Health and Welfare, 2000

VI-4 The Medical Insurance System

Plan			Insurer (As of 31 March 1999)	Subscribers (As of 31 March 1999) and subscriber's dependents (Unit: 1,000 persons)	Financial resources		Percentage of elderly population insured for health and medial care (As of 31 March 1999)
					Insurance premiums (As of 31 March 1999)	Government subsidies (2000 budget)	
Health insurance	Ordinary employees	Government-managed	National government	37,575 [19,685 17,890]	8.5% Special insurance premiums 1%	13.0% of benefits (16.4% of benefits for the elderly)	5.6
		Association-managed	Health insurance associations 1,794	32,578 [15,650 16,928]	Approx. 8.5 % (Association-wide) average	Subsidies (Budgetary Aid)	2.9
	Insured parties, as stipulated in Article 69, Par. 7, Health Insurance Law		National government	59 [38 20]	Daily rate (Class 1) ¥140 Daily rate (Class 13) ¥2,750	13.0% of benefits (16.4% of benefits for the elderly)	6.5
Seamen's insurance			National government	259 [94 165]	8.8%	Subsidies: ¥30 billion	7.5
Mutual aid insurance	National government employees		Mutual aid associations (24)	10,139 [4,538 5,601]	Approx. 7.8%	None	4.2
	Local government employees		Mutual aid associations (54)		Approx. 8.6%		
	Private school instructors		Mutual aid associations (1)		Approx. 8.5%		
National health insurance	Farmers; the self-employed		Municipalities 3,249	45,454 Municipalities 41,021 Health insurance associations 4,433	Each household is assessed a fixed amount based on ability to pay Calculations vary somewhat according to insurer	50% of benefits	22.9
			Health insurance associations 166			32–52% of benefits (see note 2)	
	Retired workers eligible for employees' insurance benefits		Municipalities 3,249			None	
Mutual aid associations for the elderly			[Administrator] Head of relevant municipality	13,929 Employees' insurance 3,514 National Health insurance 10,416	[Bearer of expenses] • National government 12/60 • Prefectures 3/60 • Municipalities 3/60 • Insurers 42/60		Average 11.0 [Insurance Department Survey]

Source: *Annual Report on Health and Welfare*, Ministry of Health and Welfare, 2000

Notes: 1) Anyone aged 70 or older who subscribes to a medical insurance plan (excluding members of a household receiving welfare, to whom the National Health Insurance Law does not apply), as well as those aged 65–69 who have been bedridden for an extended period of time, is eligible for health and medical-care services for the elderly. Figures in the "subscribers" and "percentage of elderly population insured for health and medical care" categories are current.

2) Fixed-rate government subsidies granted to persons who subscribed after September 1, 1997 after having been deemed ineligible for medical insurance, and their dependents, are equivalent to [government employee benefits].

3) Low Income Earners: Beneficiaries of old-age welfare pensions who belong to households exempt from municipal taxes.

2 The Pension System

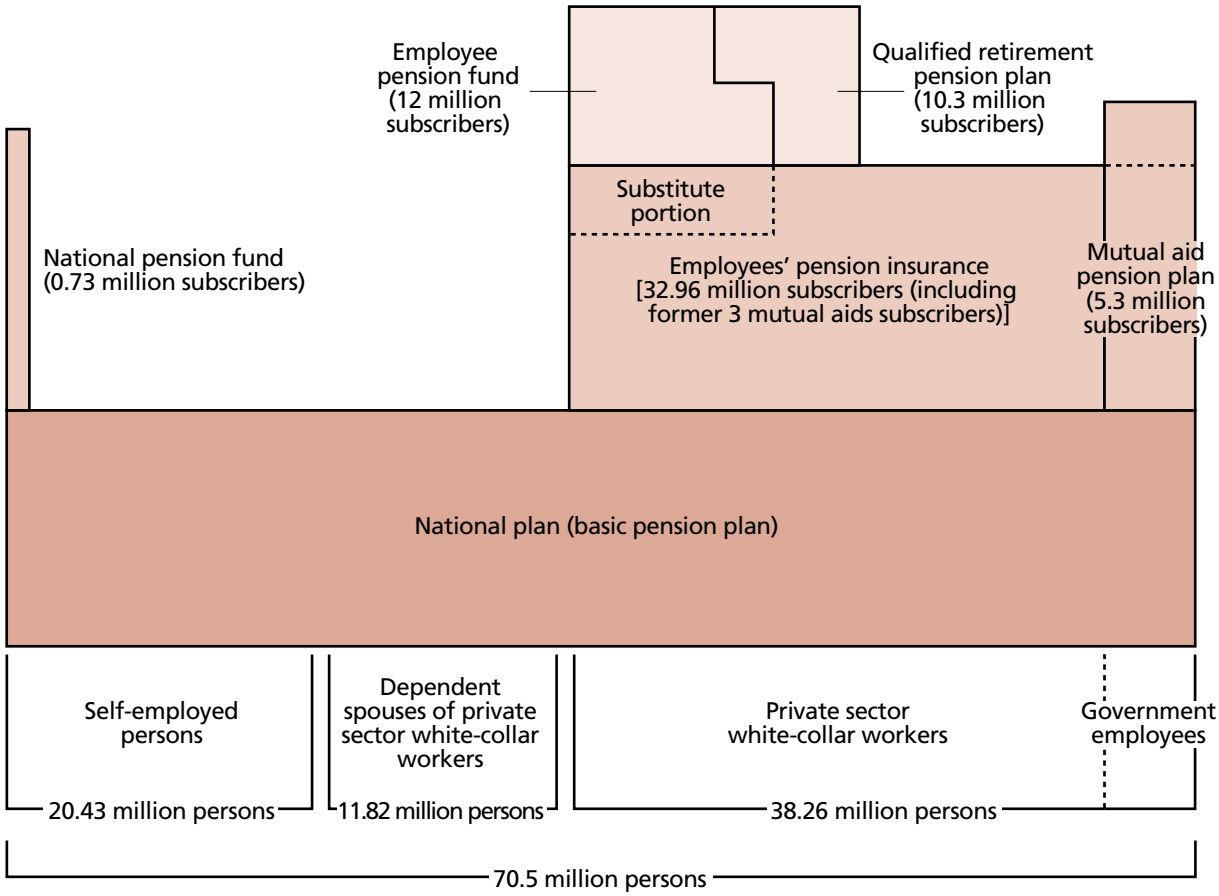
Japan's Social Security System

Japan's social security system resembles those in force in Europe and the United States in that it embraces medical insurance, pensions, employment insurance, social welfare and public health services. Medical insurance, pensions and employment insurance are administered as part of the social insurance system, whereas social welfare programs are disbursed from the government's budget.

Public Pension Plan

The public pension plan is comprised of national pensions, employee pensions and mutual aid pensions. In principle, all citizens aged 20 and older are enrolled in the plan, which begins to pay out from age 60. National pensions are for the self-employed, who receive basic pensions, while in the case of employee pensions and mutual benefit pensions for private sector employees and government employees, an amount combining basic pensions and proportional benefits is supplied.

VI-5 The Pension System (As of 31 March 1999)



[Public pension plan]
All Japanese citizens aged 20–59 subscribe to Japan's pubic pension plan. The public pension plan consists of national pensions, which pay basic benefits, and employee pension insurance and mutual aid pensions, which pays proportional benefits in addition to national pension benefits. Private sector employees subscribe to employee pension insurance, while government employees subscribe to mutual aid associations. For the self-employed, there is a national pension fund, which pays benefits to supplement basics pensions. To supplement employees' pension insurance, there is a employees' pension fund. As of March 31, 1999, there were 70.5 million subscribers to the national pension plan, 38.26 million subscribers to the employee pension plan; 19.09 million persons were eligible for national pension benefits, and 10.35 million for employee pension benefits.

Source: *Annual Report on Health and Welfare*, Ministry of Health and Welfare, 2000

Insurance Premiums and Benefits

National pension premiums are fixed amounts, while employee pension and mutual aid association pension premiums are set at 17.5% of a person's monthly salary (8.75% each for workers and employers).

National pension benefits include the old-age basic pension, which is supplied from age 60; the bereaved family pension, which is paid to the family of the deceased beneficiary; and the disability basic pension, which is supplied provided that the disability claimed is recognized as such. One-third of national pension benefits is paid from the national treasury, with the remaining two thirds supplied from insurance premiums.

Employee pension benefits also include the old-age pension, the bereaved family pension, and the disability basic pension. There is also an additional employee pension benefit for those who continue to work past age 60, called the old-age pension for active employees. This benefit is paid to these workers while they are still working. In this case, the pension benefit amount is decreased in accordance with the worker's income.

Dealing with the Aged Society

The birth rate has continued to decrease from the 1970s, and the proportion of the elderly (aged 65 and older) as a percentage of the entire population has continued to increase. This aging of the population is expected to continue, with the percentage of the elderly among the population at large expected to reach 27.4% in 2025, and 32.3% in 2050, according to January 1997's "Future Population Projections", by the National Institute of Population and Social Security Research.

As the aging of the population develops, increases in the number of pension beneficiaries and the overall amount of benefits are unavoidable. In order to deal with this impending situation, insurance premiums will be raised to 27.6% by 2025, and the age for commencement of payments of benefits will be raised gradually from 60 to 65 for men (by 2025) and women (by 2030).

Company Pensions

Company pensions function as supplements to public pensions. These include employee pension funds, which are common at large companies, and tax-qualified pensions and retirement allowances paid by the Workers' Retirement Mutual-Aid Organization, which are spread among large corporations. Both of these pension systems are set up and introduced by enterprises as part of benefit packages for employees and support the guaranteed income of the elderly.

VI-6 Changes in the Number of Public Pension Plan Beneficiaries and Benefits

Year	Annual changes in pension beneficiaries (1,000 persons)			Annual changes in benefits (billion yen)	
	National pensions (old law)	Basic pensions	Employees' pensions	National pensions	Employees' pensions
1975	3,119	—	2,449	566	1,149
1985	8,837	—	7,384	2,748	6,858
1986	9,064	891	8,003	3,487	7,906
1987	9,148	1,210	8,642	3,653	8,583
1988	9,196	1,497	8,279	3,783	9,205
1989	9,236	1,805	9,919	4,097	10,225
1990	9,278	2,084	10,519	4,337	11,083
1991	9,100	2,928	11,092	4,874	12,066
1992	8,842	3,917	11,803	5,513	13,023
1993	8,578	4,982	12,535	6,147	13,828
1994	8,294	6,018	13,273	7,060	15,174
1995	8,002	7,151	14,448	7,746	16,396
1996	7,682	8,328	15,239	8,403	16,973

Source: *Annual Report on Health and Welfare*, Ministry of Health and Welfare, 2000

Appendix

Appendix 1 Total Population and Future Population Projections: 1995–2050

Year	Population (1,000 persons)	Population increase	
	Total	Actual number (1,000 persons)	Average rate of population increase per year (%)
1995	125,570		
1996	125,869	299	0.24
1997	126,156	286	0.23
1998	126,420	264	0.21
1999	126,665	245	0.19
2000	126,892	227	0.18
2001	127,100	207	0.16
2002	127,286	186	0.15
2003	127,447	162	0.13
2004	127,581	134	0.10
2005	127,684	103	0.08
2006	127,752	68	0.05
2007	127,782	30	0.02
2008	127,772	–10	–0.01
2009	127,719	–52	–0.04
2010	127,623	–96	–0.08
2011	127,481	–142	–0.11
2012	127,292	–189	–0.15
2013	127,056	–236	–0.19
2014	126,773	–283	–0.22
2015	126,444	–330	–0.26
2016	126,068	–376	–0.30
2017	125,648	–420	–0.33
2018	125,184	–464	–0.37
2019	124,679	–505	–0.40
2020	124,133	–546	–0.44
2021	123,551	–582	–0.47
2022	122,934	–616	–0.50
2023	122,287	–647	–0.53
2024	121,612	–675	–0.55
2025	120,913	–699	–0.57
2026	120,193	–720	–0.60
2027	119,454	–739	–0.61
2028	118,699	–755	–0.63
2029	117,930	–769	–0.65
2030	117,149	–781	–0.66
2031	116,357	–792	–0.68
2032	115,557	–801	–0.69
2033	114,748	–808	–0.70
2034	113,934	–814	–0.71
2035	113,114	–820	–0.72
2036	112,290	–824	–0.73
2037	111,462	–828	–0.74
2038	110,632	–830	–0.74
2039	109,800	–832	–0.75
2040	108,964	–835	–0.76
2045	104,758	–4,206	–0.78
2050	100,496	–4,262	–0.83

Source: *Latest Demographic Statistics 2000*, National Institute of Population and Social Security Research

Appendix 2 Changes in the Labor Force Participation Ratio by Sex and Age (5-year age groups)

(%)

Age	Male						Female					
	1960	1970	1980	1990	1995	2000	1960	1970	1980	1990	1995	2000
Total	85.0	84.4	82.1	78.7	78.8	74.9	50.9	50.9	46.9	48.4	49.1	48.1
15–19	51.6	36.6	20.3	19.9	18.8	17.4	49.7	35.9	18.8	17.4	15.6	15.4
20–24	87.9	83.6	74.7	75.4	75.8	71.1	69.4	70.8	71.1	75.5	74.2	71.1
25–29	96.9	98.2	97.6	96.7	95.9	92.7	50.1	44.9	49.4	61.2	66.3	69.7
30–34	97.8	98.6	98.6	98.1	97.5	94.9	51.3	47.1	46.5	50.7	53.3	56.8
35–39	97.7	98.5	98.7	98.1	97.9	95.8	55.1	56.3	55.5	59.4	59.3	60.1
40–44	97.7	98.3	98.4	98.1	97.8	96.1	56.7	63.6	61.8	66.7	67.4	68.6
45–49	97.1	98.1	98.0	97.9	97.5	95.8	56.8	64.7	62.3	68.3	69.2	70.5
50–54	96.0	97.4	97.3	97.1	97.0	95.2	51.7	60.8	58.7	63.0	65.1	66.2
55–59	90.5	94.2	94.0	94.0	94.8	92.9	46.7	53.8	50.7	51.5	55.8	57.4
60–64	82.5	85.8	81.5	76.1	78.9	71.6	39.1	43.2	38.8	37.4	38.8	38.6
65–69	70.2	72.0	65.2	57.9	58.8	35.1	25.6	31.0	26.7	25.9	27.1	14.2
70–74	52.3	52.5	45.0	40.3	42.5	—	21.1	18.9	15.5	15.7	17.4	—
75–79	35.2	34.1	29.3	27.0	28.6	—	13.0	9.9	8.4	8.7	9.8	—
80–84	24.2	20.2	17.9	16.1	18.2	—	7.8	4.9	4.3	4.3	5.0	—
Over 85	10.8	12.7	10.1	8.8	9.5	—	4.2	2.5	2.0	1.9	2.0	—

Source: *Latest Demographic Statistics 2000,* National Institute of Population and Social Security Research
Note: In the figures for 2000, age groups over 65 have been incorporated to form one age group.

Appendix 3 Population 15 Years Old and Over by Labor Force Status

Year	Actual number												
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2005	2010
Total													
Persons aged 15 and over (Million persons)	100.89	101.99	102.83	103.70	104.44	105.10	105.71	106.61	107.28	107.83	108.36	109.45	109.31
Labor force (Million persons)													
Total	63.84	65.05	65.78	66.15	66.45	66.66	67.11	67.87	67.93	67.79	67.66	68.56	67.36
Workers	62.49	63.69	64.36	64.50	64.53	64.57	64.86	65.57	65.14	64.62	64.46	—	—
Employees	48.35	50.02	51.19	52.02	52.36	52.63	53.22	53.91	53.68	53.31	53.56	—	—
Unemployment persons	1.34	1.36	1.42	1.66	1.92	2.10	2.25	2.30	2.79	3.17	3.20	—	—
Non-working population (Million persons)	36.57	36.49	36.79	37.40	37.91	38.36	38.52	38.63	39.24	39.89	40.57	—	—
Ratio of labor force (%)	63.3	63.8	64.0	63.8	63.6	63.4	63.5	63.7	63.3	62.9	62.4	62.6	61.6
Ratio of totally unemployed persons (%)	2.1	2.1	2.2	2.5	2.9	3.2	3.4	3.4	4.1	4.7	4.7	—	—
Male													
Persons aged 15 and over (Million persons)	49.11	49.65	50.02	50.44	50.78	51.08	51.36	51.80	52.09	52.32	52.53	—	—
Labor force (Million persons)													
Total	37.91	38.54	38.99	39.35	39.51	39.66	39.92	40.27	40.26	40.24	40.14	40.81	39.92
Workers	37.13	37.76	38.17	38.40	38.39	38.43	38.58	38.92	38.58	38.31	38.17	—	—
Unemployment persons	0.77	0.78	0.82	0.95	1.12	1.23	1.34	1.35	1.68	1.94	1.96	—	—
Non-working population (Million persons)	10.95	10.88	10.90	11.01	11.22	11.39	11.40	11.47	11.77	11.99	12.33	—	—
Ratio of labor force (%)	77.2	77.6	77.9	78.0	77.8	77.6	77.7	77.7	77.3	76.9	76.4	76.9	75.5
Ratio of totally unemployed persons (%)	2.0	2.0	2.1	2.4	2.8	3.1	3.4	3.4	4.2	4.8	4.9	—	—
Female													
Persons aged 15 and over (Million persons)	51.78	52.33	52.81	53.26	53.66	54.02	54.35	54.81	55.19	55.52	55.83	—	—
Labor force (Million persons)													
Total	25.93	26.51	26.79	26.81	26.94	27.01	27.19	27.60	27.67	27.55	27.53	27.75	27.44
Workers	25.36	25.92	26.19	26.10	26.14	26.14	26.27	26.65	26.56	26.32	26.29	—	—
Unemployment persons	0.57	0.59	0.60	0.71	0.80	0.87	0.91	0.95	1.11	1.23	1.23	—	—
Non-working population (Million persons)	25.62	25.61	25.90	26.39	26.69	26.98	27.12	27.16	27.47	27.90	28.24	—	—
Ratio of labor force (%)	50.1	50.7	50.7	50.3	50.2	50.0	50.0	50.4	50.1	49.6	49.3	49.2	48.6
Ratio of totally unemployed persons (%)	2.2	2.2	2.2	2.6	3.0	3.2	3.3	3.4	4.0	4.5	4.5	—	—

Source: *Labor Force Survey*, Management and Coordination Agency

Appendix 4 Proportion of Workers by Form of Employment

(%)

	Total		Regular workers	Non-regular workers				
					Temporary and casual workers	Part-time workers	Dispatch workers (workers supplied by temporary agencies)	Others
Industry total	(100.0)	100.0	72.5	27.5 [100.0]	1.8 [6.7]	20.3 [73.9]	1.1 [3.9]	0.7 [2.5]
Mining	(0.1)	100.0	90.6	9.4	0.3	5.5	0.1	1.3
Construction	(10.0)	100.0	84.1	15.9	4.9	4.6	0.7	2.1
Manufacturing	(24.8)	100.0	81.3	18.7	0.4	14.4	1.0	0.4
Public utilities	(0.5)	100.0	90.8	9.2	0.1	2.5	1.0	0.7
Transportation, telecommunications	(7.6)	100.0	82.0	18.0	0.9	9.7	1.9	0.3
Wholesale, retail, food and beverage	(28.1)	100.0	57.0	43.0	3.3	36.1	0.6	0.6
Finance, insurance	(4.3)	100.0	83.3	16.7	0.3	7.8	4.3	0.2
Real estate	(0.9)	100.0	74.8	25.2	1.4	12.0	1.1	1.2
Services	(23.8)	100.0	71.4	28.6	1.0	20.7	1.0	0.7
Type of establishment								
Office	(31.6)	100.0	82.2	17.8	1.6	9.3	1.5	0.6
Factory	(26.6)	100.0	78.0	22.0	0.9	17.2	0.9	0.6
Research center	(0.8)	100.0	89.1	10.9	0.0	5.3	3.1	0.2
Sales office	(13.0)	100.0	78.2	21.8	4.4	11.1	1.0	0.5
Store	(15.7)	100.0	38.9	61.1	2.6	55.5	0.6	0.9
Other	(12.3)	100.0	71.7	28.3	0.8	21.2	0.7	1.0
Company size								
Over 1,000 employees	(27.2)	100.0	74.9	25.1	0.4	18.5	2.0	0.5
500–999	(7.8)	100.0	75.7	24.3	0.9	18.2	1.1	0.4
300–499	(8.4)	100.0	69.1	30.9	6.7	16.7	1.1	0.6
100–299	(15.3)	100.0	73.4	26.6	0.7	19.8	0.9	0.5
50–99	(11.3)	100.0	69.8	30.2	2.2	22.8	0.7	1.4
30–49	(6.7)	100.0	74.6	25.4	1.8	19.7	0.5	0.6
5–29	(23.4)	100.0	70.2	29.8	2.6	23.6	0.4	0.9
Gender								
Male	(60.8)	100.0	85.1	14.9	1.8	7.8	0.6	0.8
Female	(39.2)	100.0	53.0	47.0	2.0	39.6	1.8	0.6

Source: *Survey of the Diversification of Employment Status*, Ministry of Labour, 1999

Notes 1) "Regular workers" refers to those who work on a permanent basis. This term excludes part-timer workers and employees transferred on a temporary basis.

2) "Non-regular workers" refers to employees transferred on a temporary basis, dispatched, part-time, temporary, casual, contract and registered workers, and all other non-regular workers.

3) "Workers supplied by temporary agencies" refers to workers who are recruited and placed by temporary employment agencies as prescribed in the Manpower Dispatching Business Law, enacted to ensure that these agencies conduct their business ethically and to improve the working conditions of the workers they use.

4) "Part-time workers" refers to "short-term part-time workers" and "other part-time workers."

- Short-term part-time workers: Workers whose normal working hours per day are shorter than or whose working days per week are fewer than those of so-called "regular workers." Their term of employment is longer than one month or undetermined.
- Other part-time workers: Workers whose normal working hours per day or whose working days per week are roughly equivalent to those of so-called "regular workers." Their whose term of employment is longer than one month or undetermined, and they fall outside the other categories of part-time workers.

5) "Temporary and casual workers" refer to workers who are hired on an extraordinary basis or daily basis, and whose term of employment is under one month.

6) "Others" includes temporarily transferred, and contract and registered workers.

Appendix 5 Comparison of Makeup of New Employees by Gender and School Year of New Graduates

(%)

Type	1991	1992	1993	1994	1995	1996	1997	1998	1999
Male and female totals	(1,132.6)	(1,220.3)	(1,093.4)	(1,003.9)	(1,043.9)	(1,070.4)	(1,087.1)	(952.5)	(1,036.0)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lower secondary school graduates	4.1	4.1	2.2	3.2	2.6	2.3	3.7	3.0	4.7
Upper secondary school graduates	51.7	49.6	47.1	47.1	39.1	37.9	35.1	37.3	34.7
Special training school graduates	—	—	—	—	—	15.9	14.8	15.1	12.8
Technical college graduates and junior college graduates	19.7	23.8	22.8	23.4	27.2	14.7	14.8	12.4	12.9
University graduates	24.5	22.6	27.9	26.3	31.1	29.2	31.6	32.3	34.9
Male	(560.5)	(582.7)	(503.1)	(513.7)	(544.0)	(563.4)	(531.9)	(480.0)	(556.5)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lower secondary school graduates	5.7	6.2	2.8	4.0	3.2	2.5	2.3	2.9	4.1
Upper secondary school graduates	51.0	46.6	43.4	46.8	36.1	38.0	35.1	36.7	33.9
Special training school graduates	—	—	—	—	—	15.5	14.5	16.1	13.2
Technical college graduates and junior college graduates	6.8	12.3	9.5	11.2	16.2	3.2	5.9	3.8	2.8
University graduates	36.5	34.9	44.3	38.1	44.5	40.8	42.2	40.5	46.1
Female	(572.0)	(637.6)	(590.2)	(490.2)	(499.9)	(507.0)	(555.2)	(472.5)	(479.5)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lower secondary school graduates	2.4	2.1	1.7	2.4	1.9	2.1	5.1	3.0	5.5
Upper secondary school graduates	52.3	52.2	50.3	47.4	42.3	37.8	35.0	37.9	35.7
Special training school graduates	—	—	—	—	—	16.3	15.1	14.1	12.3
Technical college graduates and junior college graduates	32.3	34.3	34.1	36.1	39.2	27.6	23.3	21.1	24.6
University graduates	12.8	11.4	14.0	14.0	16.5	16.3	21.5	23.9	21.8

Source: *Survey on Employment Trends*, Policy Planning and Research Department Secretariat, Ministry of Labour, 1999
Note: Figures in parentheses denote actual figures (unit: 1,000 persons).

Appendix 6 Percentage of Companies that Define Retirement Age as 60 Years and Above

(%)

Years	Total scale	More than 5,000	Between 1,000–4,999	Between 300–999	Between 100–299	Between 30–99
1980	23.8	21.8	17.3	18.1	21.9	25.1
1981	20.7	29.8	22.3	20.0	21.4	20.2
1982	30.0	39.9	27.7	22.6	25.6	32.0
1983	33.8	46.3	31.4	25.7	28.6	36.2
1984	36.1	49.7	36.6	30.8	31.2	38.0
1985	38.9	64.1	43.0	33.5	34.9	40.5
1986	41.3	76.2	53.9	39.5	38.0	41.6
1987	47.2	78.3	67.2	49.1	47.9	45.9
1988	46.8	74.4	68.0	56.2	48.6	44.7
1989	50.9	80.7	71.9	60.8	54.5	48.3
1990	52.3	85.7	80.7	64.7	64.1	46.7
1991	61.4	90.0	83.4	73.9	73.5	56.1
1992	67.5	90.7	88.0	79.8	79.6	62.0
1993	67.9	92.8	90.9	89.0	79.0	61.6
1994	73.8	95.3	92.5	89.7	84.1	68.3
1995	76.2	92.0	95.2	92.9	88.3	70.2
1996	79.3	94.6	94.6	92.4	88.7	74.6
1997	81.8	93.5	95.7	93.5	89.8	77.7
1998	80.7	94.6	96.3	94.6	90.2	76.0
1999	86.9	95.1	97.7	96.9	95.2	83.1
2000	88.6	97.8	97.7	96.8	96.7	85.2

Source: *White Paper on Labour*, Ministry of Labour, 2000
Note: Percentage of companies, out of the total number of companies, whose retirement age is uniformly above 60 years.

Appendix 7 Incidences of Labor Disputes, Number of People Participating in Labor Disputes, and Number of Working Days Lost in Major Countries

(Number of incidents, Thousands of people, Thousands of days)

Country	1985	1990	1993	1994	1995	1996	1997
Japan[1)]							
Number of Labor Disputes	627	284	252	230	209	193	178
Number of People Participating in Labor Disputes	123.4	84.3	64.0	49.0	37.5	23.2	47.2
Number of Working Days Lost	264.1	144.5	116.0	85.4	77.0	42.8	110.2
U.S.[2)]							
Number of Labor Disputes	54	44	35	45	31	37	29
Number of People Participating in Labor Disputes	323.9	184.9	181.9	322.0	191.5	272.7	338.6
Number of Working Days Lost	7,079.1	5,925.5	3,981.2	5,021.5	5,771.2	4,888.6	4,497.1
U.K.							
Number of Labor Disputes	903	630	211	205	235	244	216
Number of People Participating in Labor Disputes	791.3	298.2	385.0	107.0	174.0	364.3	130.0
Number of Working Days Lost	6,402.0	1,903.0	649.0	278.0	415.0	1,303.0	234.7
Germany							
Number of Labor Disputes	—	777	413	868	361	200	144
Number of People Participating in Labor Disputes	78.2	257.2	132.6	400.7	183.3	165.7	13.5
Number of Working Days Lost	34.5	363.5	593.0	229.4	247.5	98.1	52.9
France							
Number of Labor Disputes	1,901	1,529	1,351	1,671	—	—	—
Number of People Participating in Labor Disputes	22.8	18.5	19.9	—	—	—	—
Number of Working Days Lost	726.7	528.0	510.9	521.0	—	—	—
Italy							
Number of Labor Disputes	1,341	1,094	1,054	861	545	791	
Number of People Participating in Labor Disputes	4,842.8	1,634.0	4,384.0	2,164.0	445.0	1,689.0	
Number of Working Days Lost	3,830.8	5,181.3	3,411.0	3,374.0	909.3	1,930.0	
Sweden							
Number of Labor Disputes	160	126	33	13	36	9	14
Number of People Participating in Labor Disputes	124.5	73.2	29.3	22.0	125.5	9.1	11.9
Number of Working Days Lost	504.2	770.4	189.8	52.4	627.3	61.3	23.6
Republic of Korea							
Number of Labor Disputes	265	322	144	121	88	85	78
Number of People Participating in Labor Disputes	28.7	133.9	108.6	104.3	49.7	79.0	43.9
Number of Working Days Lost	64.3	4,487.2	1,308.3	1,484.4	392.6	893.0	444.7

(Number of incidents, Thousands of people, Thousands of days)

Country	1985	1990	1993	1994	1995	1996	1997
Thailand							
Number of Labor Disputes	4	9	23	15	39	18	23
Number of People Participating in Labor Disputes	0.6	4.3	6.2	8.1	16.8	8.7	11.9
Number of Working Days Lost	13.1	71.6	242.8	81.2	219.9	92.1	150.6
Australia							
Number of Labor Disputes	1,895	1,193	610	560	643	543	447
Number of People Participating in Labor Disputes	570.5	729.9	489.6	265.1	344.3	577.7	315.4
Number of Working Days Lost	1,256.2	1,376.5	635.8	501.6	547.6	928.5	534.2

Sources: Japan: *Report on Survey into Labor Dispute Statistics*, Ministry of Labour; Germany: *Statistisches Jahrbuch 1997*, Federal German Statistics Bureau; Others: *Yearbook of Labour Statistics*, ILO

Notes: 1) Figures for number of labor disputes exclude those which lasted less than half a day. Figures for people participating in the disputes represent the actual figures.

2) Excluding those disputes which involved less than 1,000 persons or lasted less than one day, figures for the number of disputes and number of people participating are for disputes that began in the given year.

Appendix 8 Percentage Breakdown of Activities by Employee Organizations

(%)

Type	Grand Total	Type of Employee Organization Informal/Formal
Recreational and other activities	88.3	Informal type
Benefit activities such as the provision money for congratulations or condolences, or provision of loans, etc.	81.1	82.0
Discussions with management over working conditions	17.8	Formal type
Discussions with management over production plans and management policies	8.4	18.0
Others	0.8	
No answer	0.0	

Source: *Labour-Management Relations at Companies Without Unionization*, Research Report No. 88, Japan Institute of Labour, 1996

Characteristics of Activities by Employee Organizations

(i) Activities revolve mainly around informal activities and mutual or benefit activities

(ii) There are few employee organizations in existence which conduct discussions with management over working conditions and accounting plans

(iii) Employee organizations can be broadly classified into the "informal" and "formal" type.

Appendix 9 Matters Taken up by "Formal" Employee Organizations for Discussion with Management

(%)

Type	Percentage of Total Matters Taken up
Salary review	46.3
Lump sum payments	33.4
Retirement payments	19.0
Working hours/days off/leave	66.3
Welfare issues	73.0
Personnel changes	11.6
Employment adjustment	11.9
Job training	18.3
Health and safety	20.2

Type	Percentage of Total Matters Taken up
Personnel system	16.3
Improvement of productivity	28.5
Annual management and production plans	21.9
Long-term management and production plans	11.9
Basic management policies	31.6
Others	1.0
No answer	0.0

Source: *Labour-Management Relations at Companies Without Unionization*, Research Report No. 88, Japan Institute of Labour,1996
Characteristics of matters taken up by "formal" employee organizations for discussion with management:
(i) Welfare issues, Working hours/days off/leave, Salary review, and Lump sum payments are the four top items brought up for discussion.
(ii) According to a survey conducted in 1991 (*Communication between Labor-Management within Small-Mid Sized Enterprise*, Center for Research of Labor Problems, 1991), the frequency of discussions was as follows: 30% of "formal" labor organizations held discussions with management 2–3 times a year, while 25% held discussions 10–14 times a year.

Appendix 10 Scope of Membership of Employee Organizations

(%)

Type	Percentage of Different Positions in Employee Organizations
Company Presidents	50.5
Directors	61.1
Senior-Managers	83.7
Deputy Senior Managers	77.5
Managers	90.8

Type	Percentage of Different Positions in Employee Organizations
Deputy-Managers	88.1
Regular full-time employees	100.0
Other employees (not full-time)	19.1
Others	2.3
No answer	0.0

Source: *Labour-Management Relations at Companies Without Unionization*, Research Report No. 88, Japan Institute of Labour, 1996
Characteristics of scope of membership of employee organizations
(i) Organizations that include senior management exceed 80%
(ii) Organizations that include directors total 61.1% and those that include the company president total 50.5%
(iii) The larger the company, the smaller the membership of personnel of director-level and above

Appendix 11 Method of Selection of Directors and Leaders of Employee Organizations

(%)

Type	Grand Total	Company size			
		50–99 personnel	100–299 personnel	300–999 personnel	More than 1,000 personnel
Total	100.0	100.0	100.0	100.0	100.0
Election by members of the organization	35.6	34.7	37.3	31.4	46.7
Selection through discussions among members and former directors and leaders of the organization	47.8	49.0	44.6	54.9	46.7
Nomination by company directive	13.3	16.3	10.8	7.8	6.7
Others	2.4	0.0	4.8	5.9	0.0
No answer	0.9	0.0	2.4	0.0	0.0

Source: *Labour-Management Relations at Companies Without Unionization*, Research Report No. 88, Japan Institute of Labour, 1996
Characteristics of the method of selection of directors and leaders of employee organizations:
(i) Selection through discussions among members and former directors and leaders of the organization, and selection by members of the organization, account for in excess of 80% of the method of selection, whereas selection by company directive accounts for 13.3% of the total.

Appendix 12 Population Change by Age and Future Estimates

(As of 1 October each year)

Year	Total	0–14 years of age		15–64 years of age		Above 65 years of age		Above 75 years of age Already included in above 65 years of age category		Average age
	Actual numbers	Actual numbers	Percentage share	Actual numbers	Percentage share	Actual numbers	Percentage share	Actual numbers	Percentage share	
	In 1,000 persons	In 1,000 persons	%	In 1,000 persons	%	In 1,000 persons	%	In 1,000 persons	%	Age
1920	55,963	20,416	36.5	32,605	58.3	2,941	5.3	732	1.3	26.7
1925	59,737	21,924	36.7	34,792	58.2	3,021	5.1	808	1.4	26.5
1930	64,450	23,579	36.6	37,807	58.7	3,064	4.8	881	1.4	26.3
1935	69,254	25,545	36.9	40,484	58.5	3,225	4.7	924	1.3	26.3
1940	73,075	26,369	36.1	43,252	59.2	3,454	4.7	904	1.2	26.6
1950	84,115	29,786	35.4	50,168	59.6	4,155	4.9	1,069	1.3	26.6
1955	90,077	30,123	33.4	55,167	61.2	4,786	5.3	1,388	1.5	27.6
1960	94,302	28,434	30.2	60,469	64.1	5,398	5.7	1,642	1.7	29.0
1965	99,209	25,529	25.7	67,444	68.0	6,236	6.3	1,894	1.9	30.3
1970	104,665	25,153	24.0	72,119	68.9	7,393	7.1	2,237	2.1	31.5
1975	111,940	27,221	24.3	75,807	67.7	8,865	7.9	2,841	2.5	32.5
1980	117,060	27,507	23.5	78,835	67.3	10,647	9.1	3,660	3.1	33.9
1985	121,049	26,033	21.5	82,506	68.2	12,468	10.3	4,712	3.9	35.7
1990	123,611	22,486	18.2	85,904	69.5	14,895	12.0	5,973	4.8	37.6
1995	125,570	20,014	15.9	87,165	69.4	18,261	14.5	7,170	5.7	39.6
1999	126,686	18,742	14.8	86,758	68.5	21,186	16.7	8,498	6.7	—
2000	126,892	18,602	14.7	86,419	68.1	21,870	17.2	8,885	7.0	41.3
2005	127,684	18,235	14.3	84,443	66.1	25,006	19.6	11,153	8.7	42.8
2010	127,623	18,310	14.3	81,187	63.6	28,126	22.0	13,349	10.5	44.1
2015	126,444	17,939	14.2	76,622	60.6	31,883	25.2	15,020	11.9	45.3
2020	124,133	16,993	13.7	73,805	59.5	33,335	26.9	16,645	13.4	46.3
2025	120,913	15,821	13.1	71,976	59.5	33,116	27.4	18,887	15.6	47.1
2030	117,149	14,882	12.7	69,500	59.3	32,768	28.0	19,239	16.4	47.7
2035	113,114	14,347	12.7	65,981	58.3	32,787	29.0	18,400	16.3	48.1
2040	108,964	14,062	12.9	61,176	56.1	33,726	31.0	17,795	16.3	48.3
2045	104,758	13,712	13.1	57,549	54.9	33,497	32.0	17,856	17.0	48.5
2050	100,496	13,139	13.1	54,904	54.6	32,454	32.3	18,865	18.8	48.6

Source: *Annual Report on Health and Welfare*, Ministry of Health and Welfare, 2000

Appendix 13 Breakdown of Social Security Benefits

Year	Total Amount	Year-on-year Growth Rate	National Income Ratio	Medical Care	Year-on-year Growth Rate	National Income Ratio	Pension	Year-on-year Growth Rate	National Income Ratio	Welfare / Others	Year-on-year Growth Rate	National Income Ratio	National Income	Year-on-year Growth Rate
	100 million yen	(%)	(%)	100 million yen	(%)	(%)	100 million yen	(%)	(%)	100 million yen	(%)	(%)	100 million yen	(%)
1965	16,037	19.0	6.0	9,137 (57.0)	24.7	3.4	3,508 (21.9)	14.8	1.3	3,392 (21.2)	9.7	1.3	268,270	11.5
1970	35,239	22.6	5.8	20,758 (58.9)	22.3	3.4	8,548 (24.3)	23.4	1.4	5,933 (16.8)	22.4	1.0	610,297	17.1
1975	117,693	30.4	9.5	57,132 (48.5)	21.0	4.6	38,831 (33.0)	45.0	3.1	21,730 (18.5)	33.5	1.8	1,239,907	10.2
1980	247,736	12.7	12.4	107,329 (43.3)	9.8	5.4	104,525 (42.2)	16.4	5.2	35,882 (14.5)	11.2	1.8	1,995,902	9.5
1985	356,798	6.1	13.7	142,830 (40.0)	5.3	5.5	168,923 (47.3)	9.3	6.5	45,044 (12.6)	–2.5	1.7	2,602,784	6.8
1986	385,918	8.2	14.2	151,489 (39.3)	6.1	5.6	187,650 (48.6)	11.1	6.9	46,809 (12.1)	3.9	1.7	2,711,297	4.2
1987	407,337	5.6	14.3	160,000 (39.3)	5.6	5.6	199,874 (49.1)	6.5	7.0	47,462 (11.7)	1.4	1.7	2,838,955	4.7
1988	424,582	4.2	14.1	166,726 (39.3)	4.2	5.5	210,459 (49.6)	5.3	7.0	47,397 (11.2)	–0.1	1.6	3,013,800	6.2
1989	448,822	5.7	13.9	175,279 (39.1)	5.1	5.4	225,407 (50.2)	7.1	7.0	48,135 (10.7)	1.6	1.5	3,221,436	6.9
1990	472,203	5.2	13.7	183,795 (38.9)	4.9	5.3	240,420 (50.9)	6.7	7.0	47,989 (10.2)	–0.4	1.4	3,457,391	7.3
1991	501,346	6.2	13.8	195,056 (38.9)	6.1	5.4	256,145 (51.1)	6.5	7.1	50,145 (10.0)	4.5	1.4	3,630,542	5.0
1992	538,280	7.4	14.6	209,395 (38.9)	7.4	5.7	274,013 (50.9)	7.0	7.4	54,872 (10.2)	9.4	1.5	3,690,881	1.7
1993	567,975	5.5	15.2	218,059 (38.4)	4.1	5.9	290,376 (51.1)	6.0	7.8	59,539 (10.5)	8.5	1.6	3,724,645	0.9
1994	604,727	6.5	16.2	228,726 (37.8)	4.9	6.1	310,084 (51.3)	6.8	8.3	65,918 (10.9)	10.7	1.8	3,737,722	0.4
1995	647,314	7.0	17.0	240,593 (37.2)	5.2	6.3	334,986 (51.8)	8.0	8.8	71,735 (11.1)	8.8	1.9	3,807,144	1.9
1996	675,475	4.4	17.3	251,789 (37.3)	4.7	6.4	349,548 (51.7)	4.3	8.9	74,139 (11.0)	3.4	1.9	3,909,927	2.9
1997	694,187	2.8	17.8	253,095 (36.5)	0.5	6.5	363,996 (52.4)	4.1	9.3	77,097 (11.1)	4.0	2.0	3,903,766	–0.1
1998	721,411	3.9	18.9	254,077 (35.2)	0.4	6.7	384,105 (53.2)	5.5	10.1	83,228 (11.5)	8.0	2.2	3,792,389	–3.3

Source: *Annual Report on Health and Welfare*, Ministry of Health and Welfare, 2000

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