

# Chapter II The Labor Markets

## 1 Population

### Population Growth Rate and Decline from the Late 1970s

Between November 1945 (immediately after the end of World War II) and April 2002, Japan's population increased by a factor of about 1.76, from a reported 72.15 million to 127.33 million. Naturally, this continued increase has not been at a uniform pace over the entire half century. There has been a switchover in population change from the pre-war days of high birth rates and high death rates to the post-war situation of fewer births and fewer deaths. During this transition period, we experienced a condition of high birth rates and low death rates. During the first baby boom (1947–49), the population grew at an average annual rate of over 5%, but growth rapidly slowed down to about 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 as the Main Reason for Decline in the Population Growth Rate

There are a variety of factors behind the decline in population growth. One of the biggest reasons is the population shift from farming villages to urban centers. As a result, the number of nuclear families headed by company employees has increased, and the birth rates has declined. This transition was also marked by the tendency to postpone marriage and child-bearing until a higher age. Along with receiving a higher level of education, women are continuing to find an expansion of employment opportunities; the resulting rise in the female employment rate is closely related to this trend.

### Total Population will Peak in 2006, and thereafter Decline

Hereafter, it is predicted that we will enter a period of population decline (II-1). Looking at the latest estimates, Japan's population will peak in 2006 at 127.41 million, and then decline for the first time in history. Population distributions by age, too, will further increase with the tendency toward lower birth rates and a larger elderly population. The working population is already diminishing in both real and proportional terms. As a result, there is concern over problems such as a slow-down in economic growth, and an increasing burden of support for the younger and older segments of society. As the labor force ages, a decrease in the number of young workers and overall manpower is observable.

### Post-war Period Characterized by Regional Migrations in Search of Employment Opportunities

Looking at the population shifts between three major urban areas and other areas of Japan over the post-war years shows one striking pattern—the shift from non-urban areas (farming villages) 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 industries. This shift brought about the serious problems of depopulation in the countryside and overcrowding in urban centers. A subsequent shift saw a migration within urban boundaries from congested city centers 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

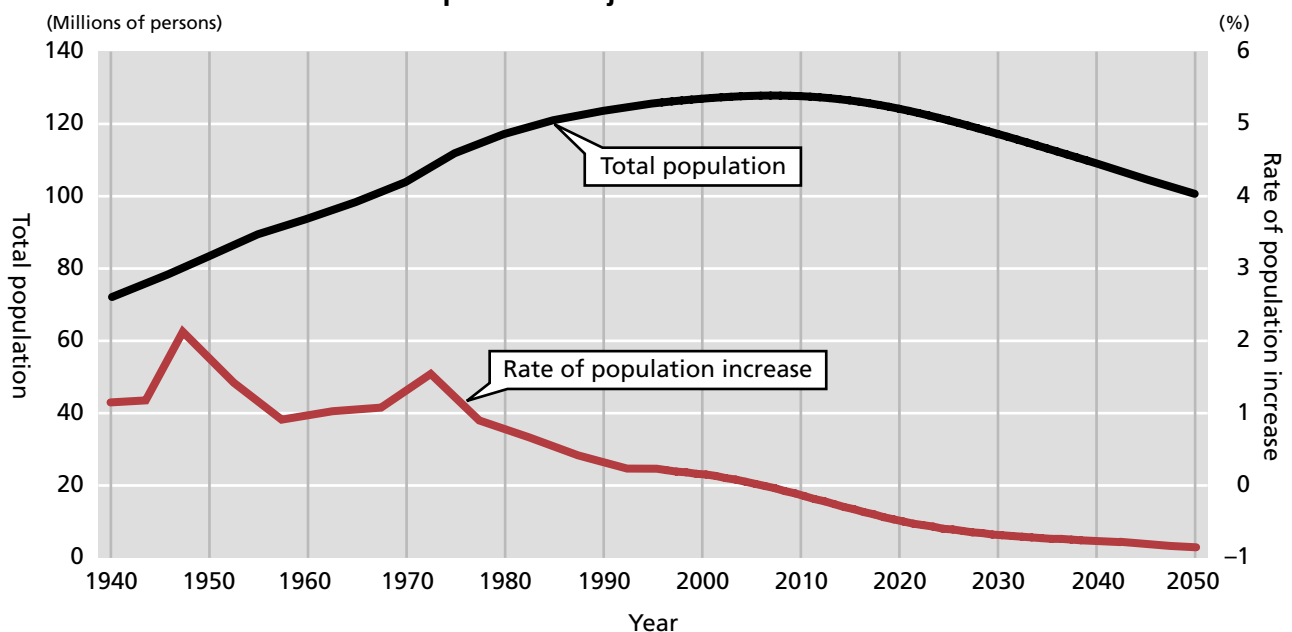
The heavy concentration of population in the Greater Tokyo area, as opposed to other urban centers, poses many difficulties. Also noteworthy (though not so much in terms of absolute population) are the so-called “U-turn” and “J-turn”—the tendency for people to move from their birthplaces in the countryside to a large urban center, and later back to their home-towns or a major regional city near their hometowns.

### Globalization Brings Increase in the Foreign Population

With the globalization of the economy, the foreign

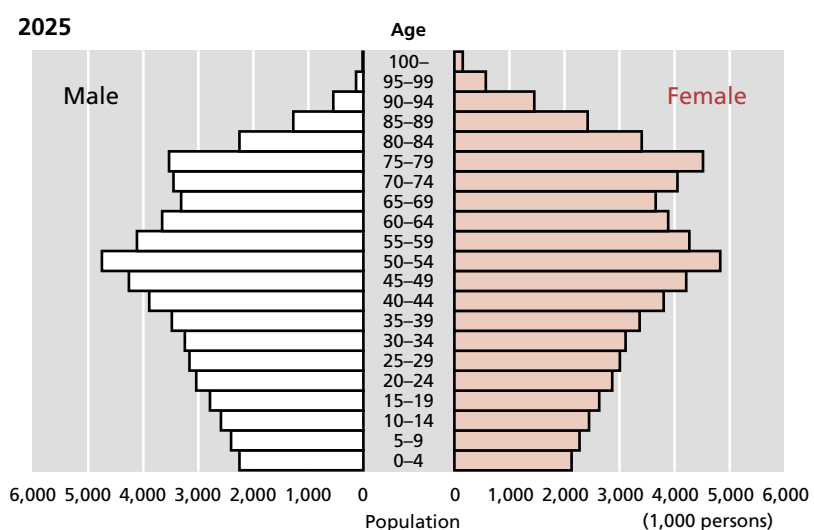
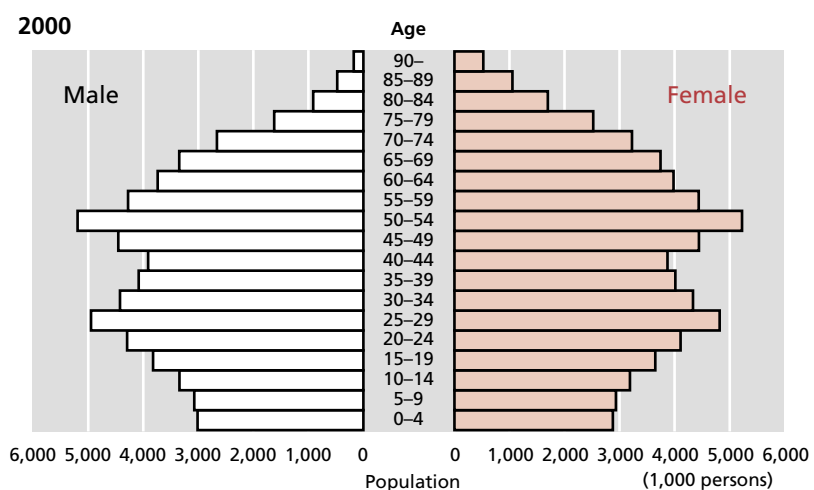
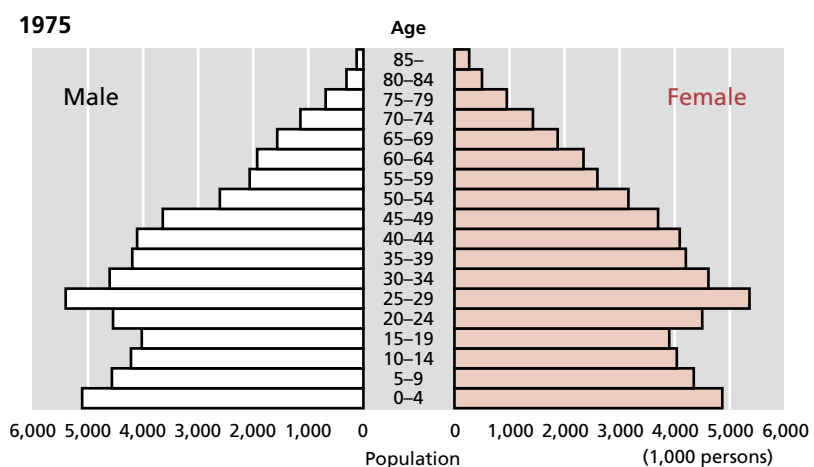
population in Japan is also increasing gradually. In the past, North and South Koreans accounted for the majority of Japan’s resident aliens. Today, they represent only a little more than 40% of that population (II-3). On the other hand, there has been an influx of people from other Asian areas, beginning with China, and an increasing number of Central and South Americans of Japanese descent who have immigrated to Japan to work away from home after approval of their 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 an all-time high of 1.69 million persons in 2000. However, the percentage of foreigners in the total population is only about 1.33 percent.

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



Sources: *Population Census*, Statistics Bureau, Ministry of Public Management, Home Affairs, Posts and Telecommunications; *Population Projections for Japan*, National Institute of Population and Social Security Research, January 2002

## II-2 Changes in Population Pyramids: Medium Population Growth



Sources: *Population Census*, Statistics Bureau, Ministry of Public Management, Home Affairs, Posts and Telecommunications; *Population Projections for Japan*, National Institute of Population and Social Security Research, January 2002

### II-3 Changes in Registered Alien Population by Nationality

(Year end figures)

	1990	1995	2000
<b>Total</b>	<b>1,075,317</b>	<b>1,362,371</b>	<b>1,686,444</b>
North/South Korea	687,940	666,376	635,269
Distribution (%)	64.0	48.9	37.7
China	150,339	222,991	335,575
Distribution (%)	14.0	16.4	19.9
Brazil	56,429	176,440	254,394
Distribution (%)	5.2	13.0	15.1
Philippines	49,092	74,297	144,871
Distribution (%)	4.6	5.5	8.6
U.S.	38,364	43,198	44,856
Distribution (%)	3.6	3.2	2.6
Peru	10,279	36,269	46,171
Distribution (%)	0.9	2.7	2.7
Others	82,874	142,800	225,308
Distribution (%)	7.7	10.5	13.4

Source: *Statistics on Aliens in Japan*, Immigration Association, 2001

### Labor Force Declines, Labor Force Ratio Remains Stable

In 1955, the number of Japanese people capable of working (which includes all persons aged 15 and older) was 59.25 million. In 2001, this number had jumped to 108.86 million. The labor force includes those people aged 15 and older who actually hold jobs and therefore qualify as “workers,” as well as “completely unemployed persons” who want and seek jobs, but are not currently engaged in any work. The labor force was 41.94 million in 1955, and 67.52 million in 2001 (male: 39.92 million, female: 27.60 million); as in 2000, this figure represents a drop from the previous year’s actual numbers. The ratio of the labor force to the general population aged 15 and older 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% in 1976 after the first oil crisis, and has remained quite stable at this level until today. In 2001, Japan’s labor force ratio was 62.0% (male: 75.7%, female: 49.2%).

### Features of Japan Visible in the Labor Force Ratio

Figure II-5 shows the labor force ratio classified by sex and age from 1970 to 2000, and points out the following characteristics as long-term trends of Japan’s labor force ratio.

- (1) The ratio of males aged 24 and under in the younger bracket tends to decline, but the ratio of the elderly (age 55 and older bracket) tends to increase. The other age groups demonstrate no large change.
- (2) The female labor force ratio develops in the shape of the letter “M”: the labor force ratio of female workers declines for workers in their late 20s through their 30s, and increases again after that. During this period, the valley section of this letter “M” has shifted rightward and upward simultaneously. In addition, both peaks of this letter “M” have become higher, revealing an increase in the

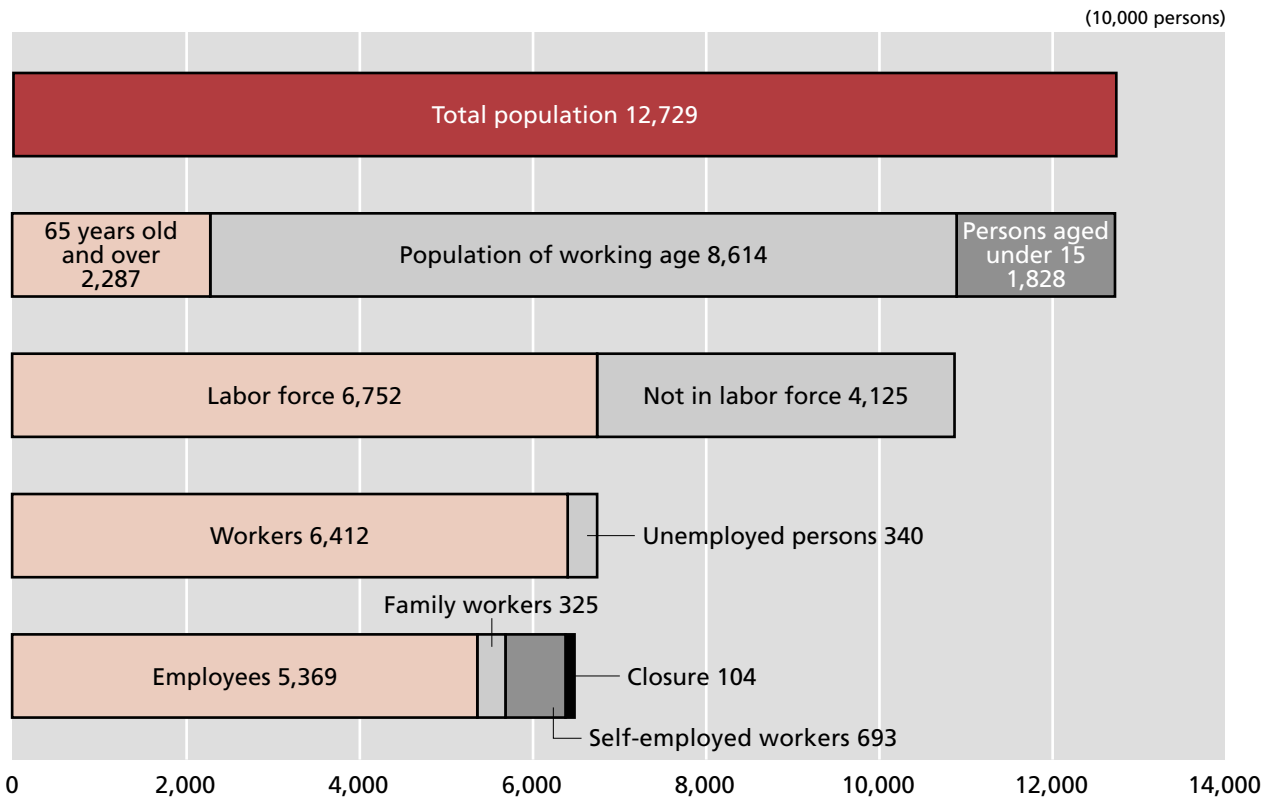
labor force ratio. Above all, the increases of female workers in the 25–34 and 55–64 age groups are prominent. The figures show that the number of female employees was 5.31 million in 1955, but that by 2000 the number of female employees had jumped fourfold to 21.64 million.

### Factors Behind the 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 advanced to high school was 57.7% of junior high school graduates (male and female combined, excluding those who proceeded via correspondence courses). This figure jumped to 95.9% in 2000. In addition, the ratio of those who moved on to universities (undergraduate), community colleges (liberal arts), and so on was 10.3% in 1960 (male and female combined, including “ronin”—those who graduated from high school, but failed to enter a college and are waiting for another chance). This figure increased to 49.1% in 2000. As a result of these developments, the labor force ratio for teenagers has declined.
- (2) Since women often quit their jobs during the periods 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. Further influencing the labor force ratio, women have begun to delay marriage and childbirth, and the ratio of unmarried women has increased. Above all, women with higher levels of education 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 matters at home such as childbirth and child rearing, primarily women in their 40s, are increasingly returning to the full-time and part-time job markets.

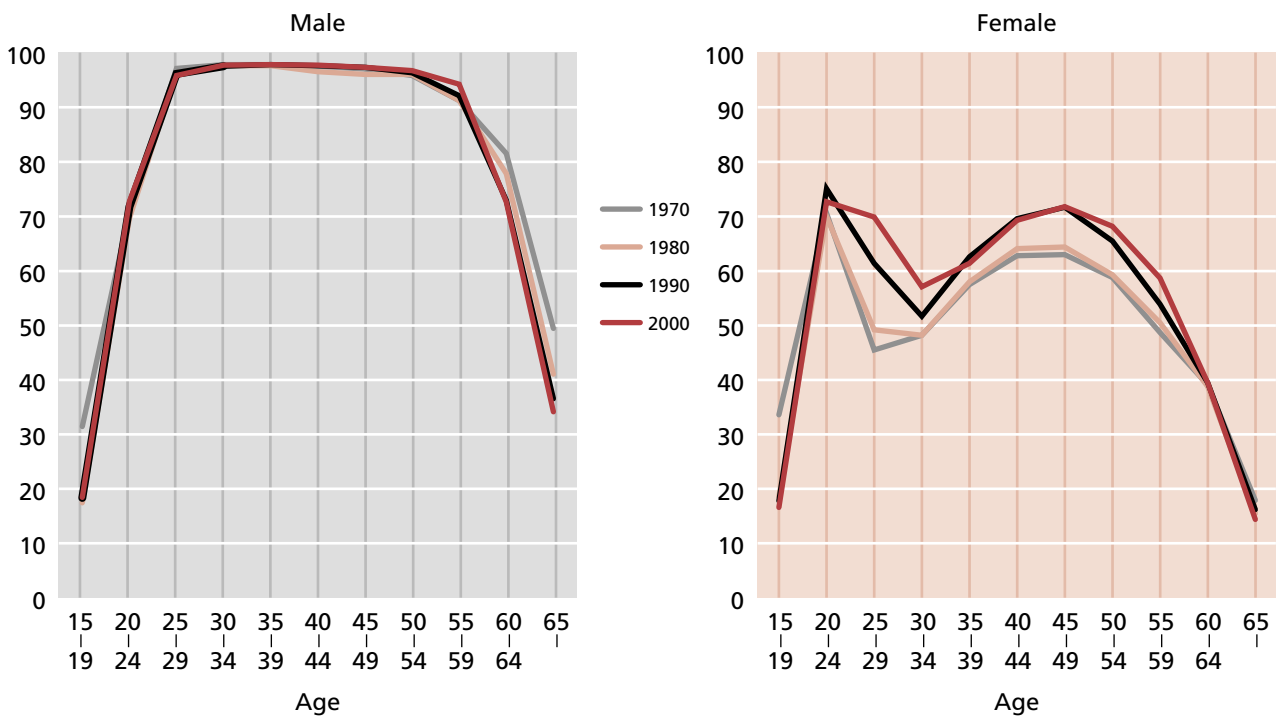
### II-4 Composition of Labor Force



Note: The figures above are average values for 2001

Source: Labor Force Survey, Population Census, Ministry of Public Management, Home Affairs, Posts and Telecommunications

### II-5 Changes in the Labor Force Participation Ratio by Sex and Age: 1970–2000



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

## 3 Changes in the Employment Structure

### Decreasing Numbers Employed in the Agricultural and Forestry Industries

When taking an overall look at the recent fluctuations in the employment structure by main industries (See I-2, II-6), the number of those employed in the agricultural and forestry industries continues to decline consistently, with a total of 2.86 million persons employed in 2001, representing a 4.6% share of all workers. The number of persons employed in the construction industry showed a tendency to increase from 1990 to 1995 due to the building rush in the wake of the bubble economy years; but this sector too is recently in a downward shift, having decreased for four consecutive years to employ 6.32 million persons in 2001 (representing a total of 9.9% of all workers).

### Manufacturing and the Hollowing Out of Industry

The manufacturing industry has been greatly affected by the globalization of production activities in particular. In 1995, with the temporary dollar-yen exchange rate of US\$1=¥80, not only large corporations but also small and medium manufacturers began to move operations overseas, leading to a sudden realization of the “hollowed-out industry problem”. In 1993, with the yen continuing to appreciate rapidly, the number of workers in the manufacturing industry began a downward trend. From 1993, the number of workers in the manufacturing industry have fallen for nine consecutive years, to a level of 12.84 million in 2001. Japan’s overseas manufacturing production rate began to increase after the conclusion of the G5 Plaza Accord in 1985, and by FY2000 this rate had reached a level of 13.4% (Basic Survey on Overseas Business Activities, METI, 2001). Within this figure, the share of overseas production for transport machinery manufacturers stands at 31.1% and for electric machinery manufacturers at 21.9% (both figures for FY2000), reaching levels greatly above the average and causing anxieties about the falling levels of workers in the skilled divisions of these two indus-

tries. As these types of industries are increasingly showing an international division of labor, 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 Working in Service Industries

On the other hand, in tertiary industries, worker numbers are increasing in the service industries. These figures have consistently increased over a ten-year period, reaching a figure of 17.68 million in 2001, accounting for a 27.6% share of all workers. However, a downward shift is being witnessed in number of workers in the wholesale, retail, and food and beverage industries. After rising steadily until 1998, worker numbers peaked in 1999, to drop off in 2000 for the first time in five years, with worker numbers totaling 14.73 million, or a 23.0% share of all workers.

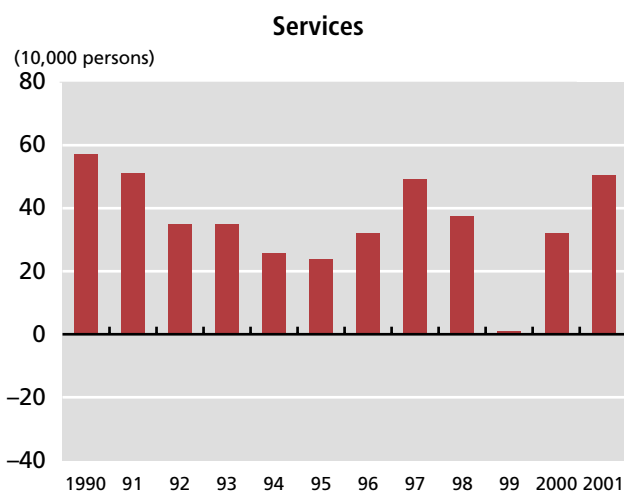
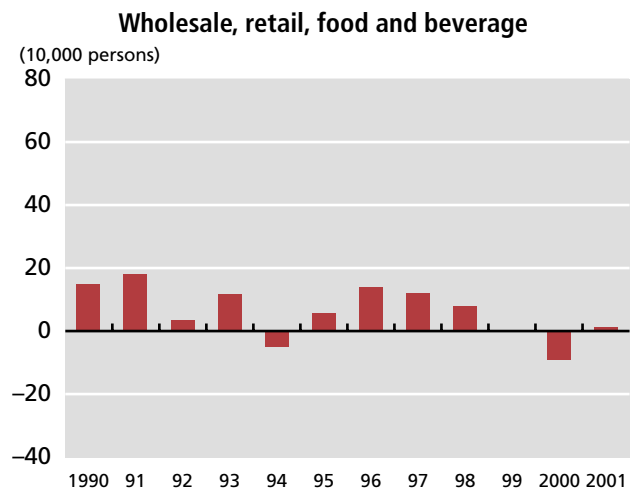
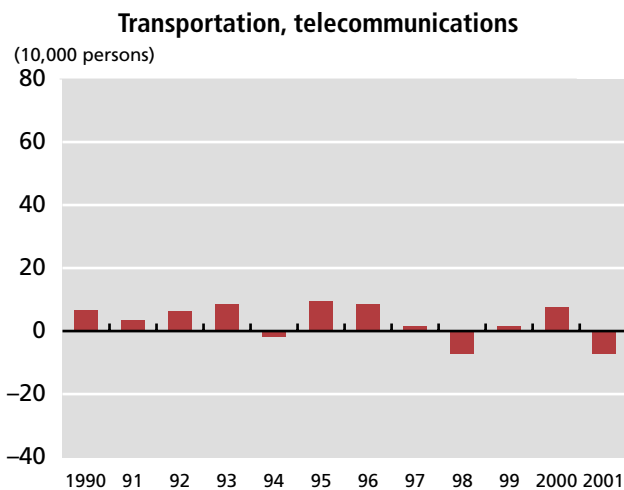
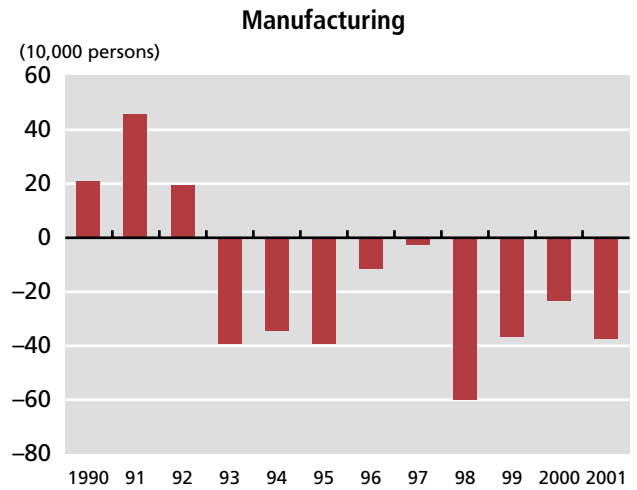
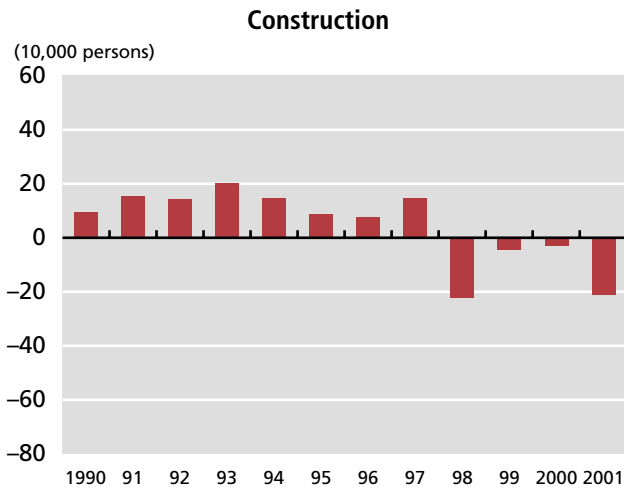
### Responding to IT and Maintaining and Training Human Resources

Concerning employment structure by type of work, reflecting the changes in the industrial structure, the number of workers in the agricultural, forestry and fishery industries has fallen by half—from 10% of all workers in 1980, to 4.9% in 2001. 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 23.5% share of all workers in 2001. 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 number of workers (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, as

well as to provide professional ability development opportunities at all levels.

### II-6 Yearly Increases and Decreases in Employment Structure by Industry



Source: Report on the Labor Force Survey, Ministry of Public Management, Home Affairs, Posts and Telecommunications, 2001



## 4 Diversification in Forms of Employment

### Non-regular Workers Comprise 27.5% of Workers

Japan's industrial structure has been undergoing a fundamental shift in orientation, moving away from secondary industries (mainly 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, dispatched workers (workers supplied by temporary employment agencies), and others working outside the category of permanent employee. 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 all workers. The largest group of these non-regular workers were part-time workers (20.3%), followed by temporary workers and casual workers (1.8%), and dispatched workers (1.1%) (II-10).

#### 11.39 Million Part-time Workers

Not all part-time workers—who comprise the vast majority of non-regular workers—are the same. 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, increasing thereafter to 11.39 million in 2000 (II-7).

#### Characteristics of Part-time Workers in Japan

Most part-time workers are housewives, but they are not evenly distributed among all occupational fields. Part-time workers are primarily used in three main industrial fields: wholesale, retail and food and beverage, services, and manufacturing. Furthermore, in terms of the different types of workplace, shops are the most prevalent followed by factories. We could therefore conjecture that most part-time workers are employed at wholesale, retail or food and beverage shops, but that is not so; part-time workers are also

heavily employed at factories in manufacturing industries. This is said to characterize part-time

### II-7 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
2000	1,139 (21.5)	138.6

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 Health, Labour and Welfare's *Report on Employment Agencies* (2001). 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 part-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)

employment in Japan.

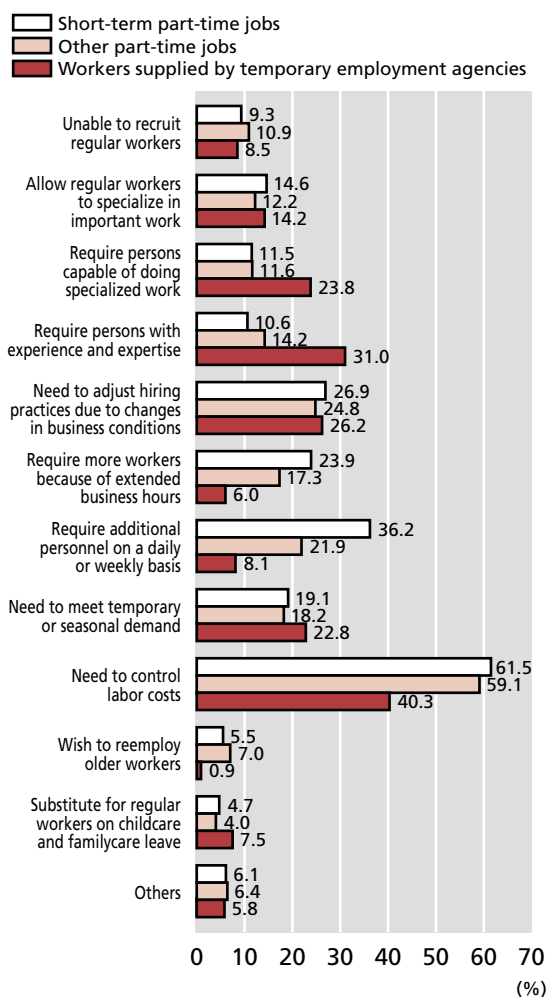
Employers make use of part-time workers for two reasons: (1) lower personnel costs and (2) the ability to meet changing business demands on a daily or weekly basis (II-8). Part-time workers largely report as reasons for choosing this form of employment that (1) they prefer work schedules that suit their convenience, and that (2) they wish to earn money to help meet house-hold or educational expenses (II-9).

### 1.38 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 service, and (4) work determined by orders based on opinions submitted by the Central Employment Security Council. According to the “Report on Temporary Employment Agencies” issued by the Ministry of Labour, there were 144,000 dispatched workers in 1986, increasing to 1,386,000 in FY2000 (II-7). Workplaces report that their main reason for using

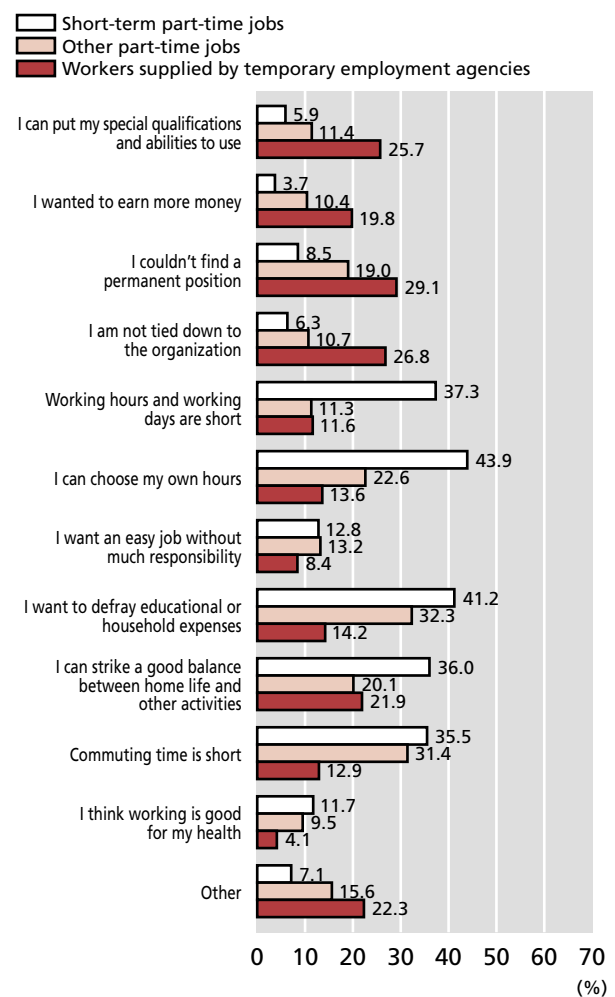
#### II-8 Reasons for Hiring “Non-regular Workers”



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-9 Reasons for Working as a “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

dispatched workers is “to economize on personnel expenses” (II-8).

### Future Challenges for Non-regular Workers

It is clear that the number of both part-time and dispatched workers is increasing. Looking at companies’ policies for the future, there is a strong movement to combine the use of permanent and

non-regular workers to lower personnel costs and handle specialized tasks more efficiently; therefore, these increases will most likely continue from now on. But, as this trend becomes the norm, the need will arise for employers to offer more social security benefits and education and training opportunities to these workers. Regulations specifying their job descriptions and clarification of working conditions will also be necessary.

## II-10 Proportion of Workers by Form of Employment

(%)

	Total		Regular workers	Non-regular workers				
				Temporary and casual workers	Part-time workers	Dispatch workers	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) Figures in [ ] are the ratio assuming “Non-regular workers” (industries covered) as 100.

2) Figures in ( ) are the ratio in each industry, type of enterprise, sex, and enterprise scale.

3) “Others” includes temporarily transferred, and contract and registered workers.

## 5 Employment and Unemployment Trends

### Changes in the Employment Structure

In 1950, just after the Second World War, there were 36 million workers in Japan. By 2001, there were 64.12 million, an increase of 28 million over approximately half a century. A large numbers of new workers entered the labor market during this period, and this has altered Japan's industrial and occupational structures. The following is a summary of the characteristics of these long-term structural changes, in terms of industrial structure.

1. In 1950, workers in the primary industries—which support many of the self-employed (who are likely to become potentially unemployed), accounted for about half of the labor force. Following the subsequent gradual decrease, by 1995 this figure had dropped to 6%.
2. Employment of manufacturing workers in the secondary industries increased during the period of high economic growth. By 1970, 34% of the labor force was working in these industries. The excess workforce of the primary industries was absorbed, and Japan's unemployment rate underwent a transition to the 1% level.
3. Later, employment in the manufacturing sector began to level off and, alternately, employment in the tertiary industries rose steadily, the increase in workers in the service industries being especially remarkable. More than 50% of all workers were employed in the tertiary industries by 1975, and more than 60% by 1995; it was here that a drastic increase in employment took place.

The occupational structure has changed as well, with a long-term firm increase showing in the number of white collar workers in clerical, specialized, and technical occupations.

Of the 64.12 million persons currently working in Japan, 53.69 million are employees, 6.93 million are self-employed, and 3.25 million are working in family-owned businesses. Over the past half century, 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 is therefore occurring more easily, rising to the 2% mark (one million persons) during the oil crises of the 1970s.

### Changes in the Unemployment Rate, and the Unemployment Structure

During the years of high economic growth, the unemployment rate shifted to the low level of just over 1%, but was pushed up to 2% when economic conditions worsened due to the first oil crisis. It remained at the 2% level until the collapse of the bubble economy in the early 1990s, when a long-term recession caused it to rise to 3%, and then to 4% in 1998. Recently, unemployment has shifted even higher, edging up between 5 and 5.5 percent.

We can mention the following two conditions as major factors in the long-term rise in unemployment. The first is the rising imbalance—that is, mismatch—between available jobs and job-seekers. Subsequent to the period of high economic growth, recruiting was influenced by structural changes such as the increasing prominence of the service economy, as well as informatization and globalization. These significant changes have raised the demand for workers with diverse and specialized skills. In contrast, mismatches have escalated due to the fact that the specialized vocational ability of a great number of job seekers is not high, as well as such factors as increases in younger workers changing jobs and middle-aged and older job seekers with high salary requirements.

Another factor is the changing response of businesses to personnel needs. In Japan companies with the custom of long-term employment have made efforts, even during periods of recession, to provide employment security without easily laying off workers. However, with market competition gradually intensifying, and changes in the business climate caused by several recessions following the first oil crisis, limitations have arisen in securing

employment opportunities within corporate groups, and companies are increasingly confronting situations requiring that they directly reduce their number of hires. At the same time, more companies have been forced to slim down their long-term permanent employee composition and to rely on part-time and dispatched workers to keep labor costs down. This, too, is becoming a factor in the rising unemployment rate.

### High Unemployment Rate among the Young and Elderly

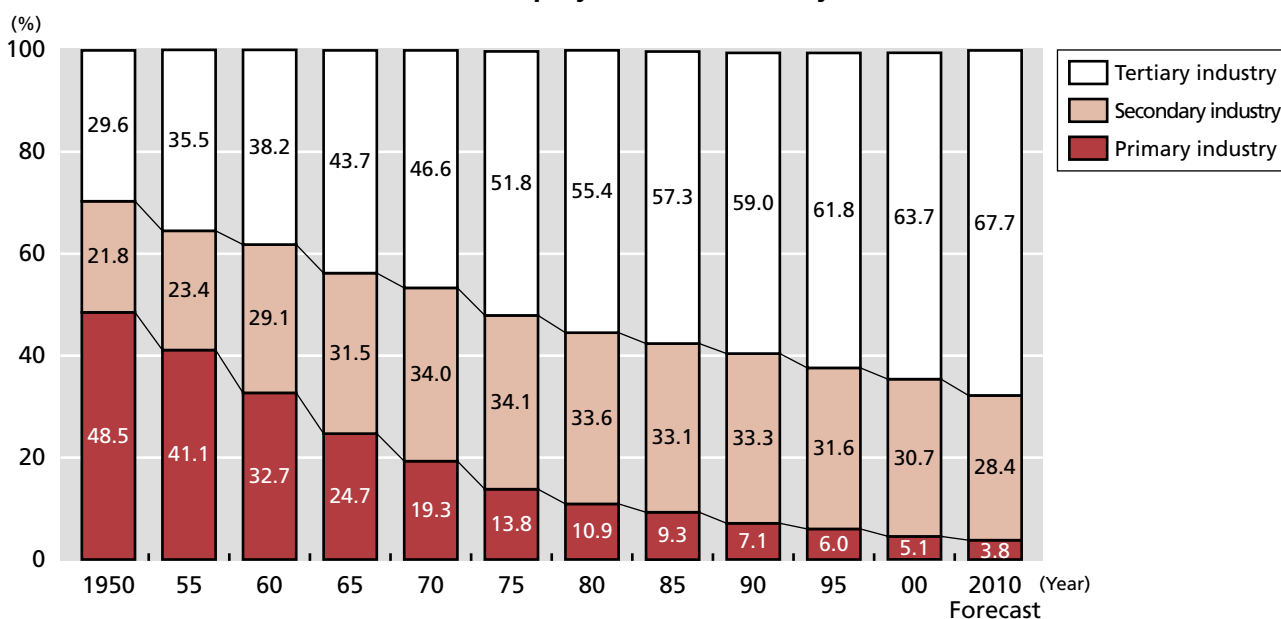
Examining the unemployment rate by age groups, unemployment is particularly high among younger males aged 15–24, and among the elderly aged 60–64; unemployment is also high for younger females aged 15–24, and for those in the 25–34 group. The fact that the unemployment rate is high for young men and women alike is largely influenced by the great many cases of young workers leaving their jobs for personal reasons, and the restrictions companies are imposing on new hires in order to try and sustain employment for current employees. Also, the remarkably high unemployment rate among men in their early 60s is affected by the extreme difficulty in re-employing retirees who left work through the mandatory retirement system.

### International Comparison of Unemployment Rates

Finally, II-12 shows an international comparison of unemployment rates. ILO (International Labor Organization) sets the definition of an unemployed person that becomes the international standard. The standardized unemployment rates released by the OECD are figures from each country adjusted to fit the ILO definition, and are therefore the most suitable data for providing an international comparison of unemployment rates. There are small differences between the definitions of the unemployment rate in America, Japan and the EU, but even if adjusted these do not appear much different from the released figures. It is therefore possible to make an international comparison of the existing data.

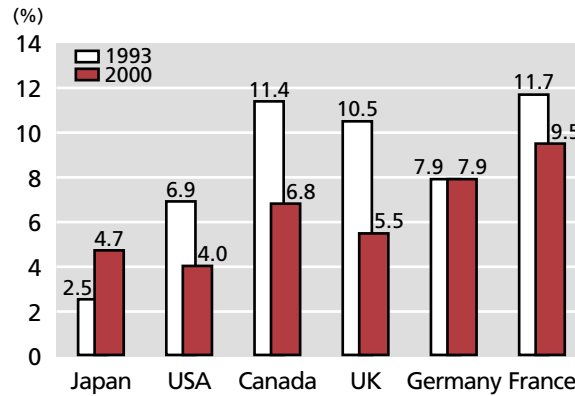
Looking at the recent changes in unemployment rates, there are broad decreases in the unemployment rates of the U.S., Canada, and the U.K., where there is flexibility in enterprise structures and the labor market. But the unemployment rate is increasing in the more rigid Japan, Germany, and France. In particular, the increase in Japan's unemployment rate is remarkable, and we are compelled to make structural reforms in the socio-economic establishment including enterprise organization and the labor market.

II-11 Shifts in the Employment Structure by Industrial Sector



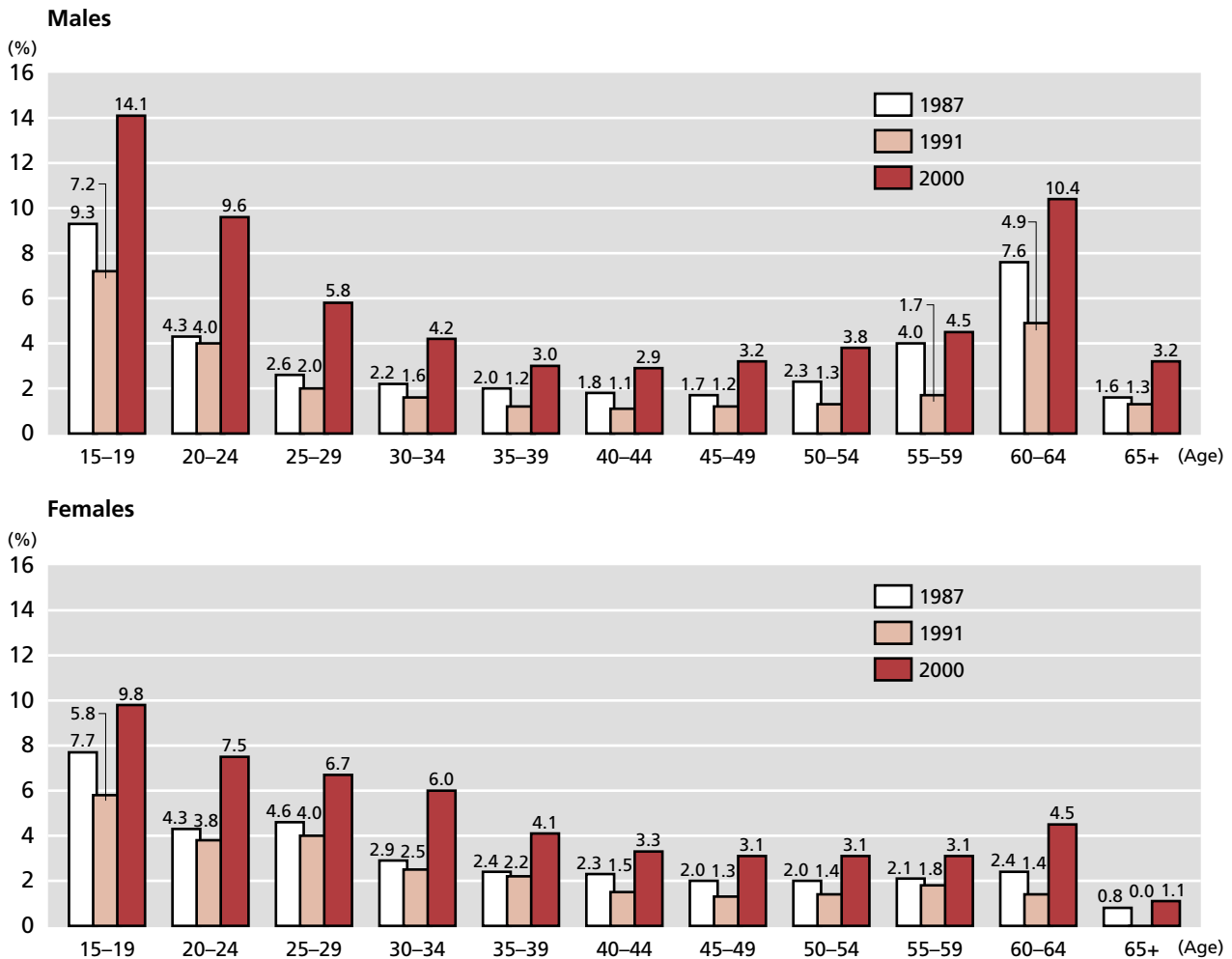
Sources: Report on National Census; Annual Report on the Labor Force Survey, Statistics Bureau, Management and Coordination Agency, 2001; Outlook for and Issues Facing Labor Force Supply and Demand (Projections for 2010), Employment Policy Research Group

### II-12 International Comparison of Standardized Unemployment Rates



Source: Economic Outlook 2001, OECD

### II-13 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)