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## Introduction

### Current Situation of Japan's Foreign Labor Policy

According to the 2005 Population Census, 1,555,505 foreigners were living in Japan, which comprises 1.2% of the total population. Within this 1.5 million, almost 0.8 million replied that they were actually working, and which also constitutes 1.3% of the entire working population. Nevertheless, the annual average number of those unemployed was just under 3 million in the same year (Labor Force Survey), almost double the number of immigrants. Over 2.5 million students were learning in undergraduate courses at universities (Basic Survey on Education). Compared with the number of the unemployed or students, foreign residence numbers in Japan were, in effect, too small.

We can also confirm the particular situation in Japan from an international comparison. The next table uses OECD Statistics for numbers on foreign residence and unemployment.

Besides Japan, countries with lower numbers for foreign residence compared to those unemployed include the Czech Republic, Finland, Hungary, Italy, Poland,

Country	Foreign Residence (ten thousand)	Average Unemployed (ten thousand)	Ratio
Australia	118.8	65.3	1.82
Austria	56.8	15.0	3.78
Belgium	73.8	36.2	2.04
Canada	135.9	119.3	1.14
Czech Republic	11.0	40.8	0.27
Denmark	20.8	14.3	1.46
Finland	7.3	25.5	0.29
France	281.5	237.7	1.18
Greece	63.5	49.8	1.27
Hungary	8.2	26.7	0.31
Ireland	19.3	8.8	2.19
Italy	108.7	246.8	0.44
Japan	114.2	323.0	0.35
Luxembourg	12.8	0.5	24.23
Netherlands	52.7	24.5	2.16
Norway	16.9	8.1	2.08
Poland	3.4	271.7	0.01
Portugal	19.9	23.5	0.85
Slovak Republic	7.7	44.3	0.17
Spain	133.7	248.9	0.54
Sweden	38.3	28.0	1.37
Switzerland	119.9	12.2	9.84
Turkey	15.5	187.3	0.08
United States	1642.4	659.2	2.49

Source: OECD Statistics. Average unemployed is the average of annual unemployed between 1998 and 2002.

Portugal, the Slovak Republic, Spain and Turkey. Most of these countries are recognized rather as sending countries not as receiving countries. The particularity of Japan in terms of immigration is, thus, in the low number of foreign residents even though Japanese economy is enough developed to receive migration. More detailed report on the situation of foreign workers in Japan will be overviewed in *The Current of Issues on Foreign Workers in Japan* by Masahiko Yamada.

This particularity is formalized in the legal regulation of immigration which is shown in the *Labor Law and Policy Issues Relating to Foreign Workers in Japan* by Chizuko Hayakawa. The Japanese policy of foreign labor is solely based on the status of residence system which originally gives a status to foreigners in Japan such as "spouse of Japanese." As the status of foreigners is not logically related with their labor market activity, the institution lacks a rational control over the labor supply of foreigners. In reality, the government interprets the status and controls the low-skilled migration through modifications of interpretation. The famous example is for Japanese-Brazilian. In 1990 the government changed the interpretation of status of "long-term resident" more broadly to include blood relatives of former emigrants from Japan. Since then foreigners who prove their Japanese blood can, to some extent, receive the status of "long-term resident." By using the changed interpretation many Japanese-Brazilians have begun to immigrate to Japan and now they constitute almost 13% of foreign residents.

The second measure of government is to create a status which closely corresponds to a specific occupation such as an actress, engineer and so on. However, because the Japanese labor markets have not prepared for the formal qualification of occupations, there is only an ambiguous evaluation as to who belongs to a certain occupation, and the government has been said to interpret the occupation very conservatively.

The remaining room for control lies only in student status. In 1993, the government created the "Technical Intern Program," adding it to the "Foreign Training Program" which is originally equivalent to the student visa. In other words, it is for private companies to receive foreign workers who are supposed to transfer technological knowledge abroad. For example, when one company opened a branch abroad in which they needed the know-how of the original company, the original Japanese company could accept the worker of overseas branch in Japan to train through the "Foreign Training Program." The amendment in 1993 extended the training process into on-the-job training for one (later, two) years, but these kinds of institutions easily turned to the supply of cheap labor. Details of the institution are shown in the article of the *Concerning Revisions in the Foreign Trainee and Technical Intern System* by Hiroaki Watanabe.

Foreign residence in Japan has gradually spread through the above exceptions of the status of residence system. Thus, foreign workers have been at most excep-

tional in both terms of legal status and quantity in the Japanese society. This is one of the reasons why Japanese research has not shed light on foreign workers for a long time. *Impacts of International Migration on the Labor Market in Japan* by Jiro Nakamura is, however, a valuable piece of economic research to evaluate the impact of foreign workers. He used many microdata from governmental statistics and showed that the increase of foreign workers did not always have a negative effect on the incumbent wage. In addition, he points out the usage of foreign workers may have caused the exodus of Japanese workers from the same area and as a result it may have been merely a temporal stimulus to maintain a low productivity sector.

Behind the economic results of foreign workers, there may be a serious informational asymmetry on foreign workers. *10% of Companies Recruited Foreign Students in the Past Three Years: JILPT Survey on Recruiting of Foreign Students* by Masato Gunji is a summary of surveys on employers and foreign employees. The most interesting results is that there is a large cognitive gap about the advantages of foreign workers between employers who actually hired foreign workers and those who did not. The nonexperienced employers tend to overestimate the disadvantage of foreign workers especially in terms of their ability, obedience and language skills. As above, the proportion of foreign residents is not so large. In addition, because foreign workers are likely to congregate in certain geographical locations, there is an even lower possibility for the average Japanese to deal with them in business situations. It may thus be quite natural that the nonexperienced employers keep their own prejudice.

*The Economic Crisis and Foreign Workers in Japan: Why Dose Japan Treat Migrant Workers as Second Class Citizens?* by Kiyoto Tanno has a different argument on the low numbers of foreign workers in Japan. His discussion starts from his own case studies to introduce the role of foreign workers in the production system. It is, according to him, a typical buffer not only from the view of quantity adjustments but also from the view of price adjustment. The more important point is, he continues, that the employers explicitly recognize that the foreign workers are useful because employers do not have the burden of providing social insurance to them.

These defects surrounding foreign residents are now explicitly recognized, especially after we experienced the job crisis of 2009. As in the articles of Yamada and Watanabe, details of institutions are now modified to stabilize the situation of foreign workers. However, as pointed out by Hayakawa's article, the status of residence system substantially lacks logic in regards to the labor market and it should be possible to introduce a kind of "Labor Certification Program" as in the U.S.A.

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