

Abstracts

Three Issues to Reconsider with Regard to Labor Flexibility

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It has been mentioned that Japan should have more labor flexibility for industry restructuring and to survive against fierce international business competition. This may be true, but we still need to reconsider the characteristics of real flexible labor markets, such as those in Europe and the United States. In this paper, I raise three points about flexible labor markets. 1) I compare macroeconomic performances between European countries with flexible labor markets and Japan and show that (long-term) unemployment rates for all workers or young ones and labor productivity in Japan are not worse than those in the European countries with flexible labor markets: Denmark, the Netherlands, and Sweden. Although some economists insist that firing costs in European countries with flexicurity, that is, a labor policy of a flexible labor market with a generous safety net, are lower than those in Japan, OECD EPL Indicators show that this is not true. 2) I introduce previous studies on earning losses of fired workers in the United States, in which the earnings of fired workers are reduced by 10 to 15% for an extended period. In addition, earnings losses caused by being fired are likely to have negative effects on fired workers' health conditions and children's education and incomes. 3) Finally, while labor flexibility is crucial for efficient labor allocation among various industries and companies, a long-term employment relationship is crucial for giving workers incentives for tasks with less visible performance measures. Because there is a tradeoff relationship, an appropriate balance between labor flexibility and job security is needed.

German Labor Market Policy after the Hartz-Reform

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About ten years have passed since Germany reformed its labor market regulations. With the Hartz-Reform the period of receiving the unemployment insurance benefit (unemployment benefit I) was reduced and the conditions of receiving this benefit were also severer. An unemployed person cannot easily refuse an unfavorable job offer and should be demanded to work. A replacement service has become the most important measure of the active labor market policy. The reform also introduced an unemployment benefit II as a welfare benefit for people with the ability to work. Employment Agency Bureaus and Municipalities are cooperating to support recipients of this benefit for work. After the reform German expenses for unemployed people have been drastically reduced and the number of employees who are covered by social insurance has increased. This result is qualified as the success of the Hartz-Reform, however, new phenomena have also emerged, such as the increase of precarious jobs, insufficiency of protection with unemployment insurance and the increase of the number of employees and self-employed who add the unemployment benefit II to their own earnings (Aufstocker). In this article, I also analyze some individual active labor market policy measures, such as the replacement service coupon, which enables the unemployed to take service from a private agency, support for setting up a business, short-time working benefits for transfer into another company and subsidized jobs for public interest. These measures are not yet common for our labor market policy and supposed to be taken into consideration from now on.

Job Security Policies from a Labor Law Perspective

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This paper is intended to validate the nature of job security policy in Japan, and is trying to find a certain direction for the way of the future. Currently, in Japan, employment policies assuming long-term employment are undergoing gradual change, but drastic alterations of policy have not been seen. Through repeated amendments on the Employment Promotion Act and related acts, support systems have been established for women, the elderly and disabled people who had hitherto not been supposed to

actively participate in the labor market, and a career support system has also been implemented. However these efforts have not resulted in activation of the labor market. This paper presents a specific course to invigorate the labor market in the light of the necessity of breaking down the conditions where there exist an advanced internal labor market and immature external labor market, which are involved in the Japanese corporate community. Solvable propositions include (1) relaxation of regulations for the workers in a company, (2) establishment of the right to develop a career, (3) reconstitution of an employment insurance system for constructing a fluid labor market, (4) changes of labor acts and regulations with an eye on the external labor market, and (5) implementation of expeditious labor market policies on the assumption of the existence of a second labor market between the first labor market, where people can enjoy stable employment, and unemployment. At the same time, this paper proposes altering the unbalanced employee-employer relationship compared to that of other countries, and the realization of the coexistence of an employee representativeness system in each company with a labor union that goes beyond the scope of a company.