

Japan Labor Issues

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Article

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● **Statistical Indicators**



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Special Feature on Research Papers (III)

Japan Labor Issues is pleased to present its annual special feature on research papers. This time, six significant papers are presented for three parts (I-III). In the following pages, two of these papers are featured as Part III.

The Editorial Office selects research papers every year from various relevant ones written in Japanese and published within a year or two, from the viewpoint of communicating the current state of labor research in Japan to the rest of the world.

We hereby sincerely thank authors for their kind effort arranging their original papers for the benefit of overseas readers.

Editorial Office, *Japan Labor Issues*

Looking Back on 30 Years of Measures to Address the Declining Birthrate

MATSUURA Tsukasa

In Japan, despite the total fertility rate consistently remaining below 2 since 1975, the declining birthrate had not been regarded as a problem until the 1.57 Shock occurred. Following the 1.57 Shock, the government implemented various measures to address the declining birthrate, but the decline has not been halted yet. Furthermore, regional disparities in the total fertility rate have widened, with notably lower rates observed in eastern Japan. It is predicted that population decline and aging will become more severe in the Tohoku region, in particular. In light of the present situation as such, this paper first discusses the characteristics of Japan's measures to address the declining birthrate since the 1.57 Shock, dividing its history into four phases: the 1990s, the 2000s (before the establishment of the Democratic Party of Japan (DPJ) administration), the DPJ administration era, and the period after the start of the second Abe Cabinet. Next, focusing on the total fertility rate and population migration, it demonstrates that since the mid-2010s, when regional revitalization was advocated as a policy goal, the total fertility rate has declined significantly and the out-migration rate among young women has increased in the Tohoku region. Finally, based on these observations, it identifies seven key points that should be considered for future measures to address the declining birthrate.

- I. Introduction
- II. History of Japan's postwar population policy: Before the 1.57 Shock
- III. History of Japan's postwar measures to address the declining birthrate: From the 1.57 Shock to the DPJ administration era
- IV. History of Japan's postwar measures to address the declining birthrate: Since the second Abe administration to present
- V. Total fertility rates and migration rates since the 2010s
- VI. Conclusion

I. Introduction

Japan faces significant challenges due to its declining birthrate and aging population. While the total fertility rate bottomed out at 1.26 in 2005 and rose very gradually until the mid-2010s, it has been declining again since 2015, and dropped to 1.15 in 2024, setting a new record low. Similarly, the number of births fell to 705,809 in 2025, marking a new record low. Successive governments have not underestimated the low birthrate problem. As discussed later, they have implemented various policies. However, they were ultimately unable to halt the

declining birthrate.

Furthermore, population decline, declining birth rates, and population aging are not only nationwide issues in Japan but also vary in their severity and nature across regions. For example, the declining birthrate is becoming more severe in central urban areas such as Tokyo. In contrast, regional areas have relatively higher birthrates, but population aging is a serious problem. One factor contributing to this is the outflow of young people to urban areas (especially Tokyo). Specifically, in regional areas, despite their total fertility rates being relatively higher compared to urban areas represented by Tokyo, the number of young women has been declining due to their migration to cities, which is accelerating the declining birthrate in Japan as a whole. Thus, the excess concentration of population in Tokyo and the issues of the declining birthrate and aging population are closely intertwined through the migration of young women. In other words, the regional distribution of the population (unipolar concentration in Tokyo), population levels (the declining birthrate), and the age distribution of the population (aging) are inextricably linked.

Accordingly, this paper aims to discuss not only Japan's overall birthrate and measures to address the declining birthrate, but also regional disparities in fertility and population. A notable discussion of population issues from a regional perspective is found in the Masuda Report, compiled by former Minister for Internal Affairs and Communications Hiroya Masuda and others. Masuda, ed. (2014) specifically identified cities at risk of extinction based on the rate of decrease in the young female population (aged 20 to 39). To curb regional decline, the government introduced regional revitalization as a centerpiece of its policy agenda in 2014. However, despite such government effort, the decline in the total fertility rate in eastern Japan and the outflow of young women from the Tohoku and Northern Kanto regions accelerated further in the late 2010s. Ten years later, in 2024, the Population Strategy Council (Chair: Akio Mimura; Vice-Chair: Hiroya Masuda) announced findings based on the *Regional Population Projections for Japan (2023 revision)* (National Institute of Population and Social Security Research (IPSS)) published in December 2023, stating that 744 municipalities—slightly fewer than projected ten years ago—were at risk of extinction.

In this paper, Section II reviews the postwar history of population and family policies leading up to the 1.57 Shock, which brought Japan's declining birthrate issue into sharp focus. Section III provides an overview of how the government implemented policies after the 1.57 Shock throughout the DPJ administration period. Section IV examines measures to address the declining birthrate implemented following the return of the Liberal Democratic Party (LDP) to power. Section V first examines trends in prefectural fertility rates and net in-migration rates during the 2010s and shows the fact that the declines in fertility and the population outflows have been particularly pronounced in eastern Japan, especially the Tohoku region. It then compares changes in fertility rates brought about by the COVID-19 pandemic with those in other advanced countries. Section VI goes on to discuss future research directions and policy challenges.¹

II. History of Japan's postwar population policy: Before the 1.57 Shock

Japan's total fertility rate fell below 2 in 1975 and continued to decline steadily thereafter. However, the declining birthrate had not been regarded as a policy issue until the late 1980s.² Japan's declining birthrate began to be recognized widely as a problem when the total fertility rate in 1989 drastically fell to 1.57, below the level temporarily reached in 1966 (1.58) due to the *Hinoeuma*, a sexagenary calendar year recurring every sixty years, in which Japanese folk belief held that women born would bring misfortune to their husbands. This event, revealed in June 1990, became known as the "1.57 Shock."

So, why was there a delay in recognizing the declining birthrate as a policy issue? The first background factor is that, in Japan, since the Meiji era, except for a period during the Second World War, the major issue recognized was not population decline but overpopulation. After the war, 6.3 million Japanese nationals, including residents

in Japan's former colonies and occupied territories and demobilized military personnel, repatriated to Japan. Moreover, immediately after the war, a baby boom resulting from the rebound from wartime birth control pushed the total fertility rate above 4 between 1947 and 1949, with the annual number of births reaching an extremely high level of 2.7 million. Facing an excess of population once again after the war, Japan tackled poverty resulting from that phenomenon as a major policy issue. The preface of the *First Annual Report on Health and Welfare* (1956)—the inaugural health and welfare white paper—addressed the population problem, stating that “the pressure of overpopulation is hindering the rapid recovery or improvement of the people’s livelihood.” However, Japan’s baby boom ended rapidly, with the total fertility rate falling below 3 in 1952. Furthermore, by 1956, the total fertility rate had fallen below the population replacement level, which means that if this fertility rate continued, the population would decline in the future. However, during this period, the total fertility rate fluctuated near the population replacement level and did not constantly fall below it. It was only after 1974 that the total fertility rate fell and remained below that level.

Second, despite the decline in the total fertility rate, the population continued to grow. After 1974, the total fertility rate consistently fell below the population replacement level, and after 1975, it remained below 2. However, the population structure at that time was characterized by a large number of women in their childbearing years, referred to as “positive population momentum.” Consequently, the population continued to increase, leading to a low level of awareness regarding issues such as population decline and declining birthrates. For example, in the *Public Opinion Survey on Population Issues in Japan* (Institute of Population Problems, the Ministry of Health and Welfare) conducted in 1990 and 1995, the percentage of Japanese people who thought the population was “too large” was 46.7% in 1990 and 45.8% in 1995, whereas the percentage of those who thought it was “appropriate” was 35.1% in 1990 and 38.3% in 1995. Even at this point, it was a common perception that the population in Japan was excessive. Regarding population decline, while those who expressed negative views that it was “undesirable” (24.5% in 1990, 23.9% in 1995) exceeded those with positive views that it was “desirable” (14.7% in 1990, 15.7% in 1995), the majority responded that they “cannot say either way,” indicating a lack of awareness of population decline as a problem.

Third, historically, Japan’s population policy was closely linked with war, with a strong memory remaining of the facts that overpopulation underpinned Japan’s foreign aggression and that its wartime “Procreate and Multiply” policy—represented by the 1941 Konoe Cabinet’s Outline of Establishing the Population Policy—violated the people’s reproductive rights. Yoshihara and Hata (2016) state that “during the Showa era, it was still taboo for the government to view the declining birthrate as a problem; this only changed with the advent of the Heisei era.” Tsurumi (1984), citing a 1979 projection by the Institute of Population Problems that Japan’s population would reach 139 million in 50 years and then plateau, states that “population explosion was repeatedly invoked during the prewar period as a theoretical justification for Japan’s military expansion,” adding that “controlling population growth represents one intellectual achievement of the Japanese people.” Thus, the close linkage between the prewar population growth and war and the wartime Procreate and Multiply policy were widely perceived with aversion.

Reflecting the low awareness of the declining birthrate issue, the Japanese government had implemented virtually no measures to address the problem until the 1990s.³ According to the results of a questionnaire survey on population policy conducted by the United Nations’ Population Division among national governments, the Japanese government had responded that its fertility rate was at a satisfactory level until 1986, but considered it too low in 1996. Regarding the policy on fertility level, Japan maintained a no-intervention stance until 2001 but shifted to a policy of raising the level in 2003 (United Nations 2002, 2004).⁴

III. History of Japan's postwar measures to address the declining birthrate: From the 1.57 Shock to the DPJ administration era

The 1.57 Shock raised the public awareness of the declining birthrate as a policy issue.⁵ The Childcare Leave Act was enacted in 1992. According to Abe et al. (2016), the 1.57 Shock likely influenced this legislation. Previously, employers had been required to endeavor to grant childcare leave only for women. The Act institutionalized childcare leave as a claimable right for both male and female workers with children under one year of age. In 1995, the Act was expanded to include caregiver leave, becoming the Childcare and Caregiver Leave Act. Subsequent amendments, including the 2009 amendment that made it obligatory for employers to introduce shortened working hours for workers raising children up to three years of age, further expanded provisions to include a reduction of prescribed working hours, exemption from unscheduled work, and a system of short-term leave for care for a sick or injured child.

In 1994, the Angel Plan was agreed upon by the Ministers of Education, Health and Welfare, Labour, and Construction. The Angel Plan advocated the enhancement of the childcare leave system and childcare services. Subsequently, in 1999, the Angel Plan was revised, leading to the formulation of the New Angel Plan. The New Angel Plan emphasized not only the enhancement of childcare services and the appropriate balance between work and childcare but also the correction of the gender-based division of labor and workplace-first corporate cultures.

In 2001, under the Koizumi administration, the government launched the “Strategy for Zero Nursery School Waiting List,” setting numerical targets to ensure that there would be no children on waiting lists for nursery schools.⁶ In 2002, as an add-on to the New Angel Plan, the Ministry of Health, Labour and Welfare (MHLW) announced the Plus One Measures to Halt the Declining Birthrate, which aimed to reform men’s styles of working by setting the goal of having 10% of male workers take childcare leave. In 2003, two laws were enacted: the Act on Advancement of Measures to Support Raising Next-Generation Children (Next Generation Act)⁷ and the Basic Act for Measures to Cope with Society with Declining Birthrate (Basic Act), the latter of which was lawmaker-initiated legislation. Next-Generation Act required that the national government, local governments, and large enterprises with 301 or more regular employees develop plans to improve childcare environments. In 2007, the Kurumin Certification system was launched. This certification is proof of being a childcare support company and is awarded by the Minister of Health, Labour and Welfare to businesses that have achieved the goals set in their general action plans for business operators. The Basic Act for Measures to Cope with Society with Declining Birthrate clearly defined the responsibilities of the national government, local governments, employers, and citizens to halt the declining birthrate. Based on this Act, the “Outline of Measures against the Declining Birthrate” was approved by the Cabinet in 2004 after deliberation by the Council for Measures for Society with Declining Birthrate.

The subsequent updates of the Outline of Measures against the Declining Birthrate were approved by the Cabinet in 2010, 2015, and 2020. Based on the Outline, the New Angel Plan was revamped into the Child and Childrearing Support Plan in FY2005. This plan advocated “shifting the focus from childcare services to independence and education of young people and review of their work styles.” Specifically, it identified four key priorities: promoting youth independence, supporting work-life balance, understanding the role of the family, and fostering new forms of mutual support and solidarity in childcare.

Following the DPJ’s landslide victory in the August 2009 general election, the DPJ took over the administration from the LDP. While previous measures to address the declining birthrate had emphasized a balance between work and childcare, the DPJ administration made cash benefits, such as the child allowance (*kodomo teate*), a central pillar of its policy for addressing the declining birthrate. The initial plan was to provide this allowance to all households with children up to junior high school age, without income limits. However, due to funding

constraints, the amount of payment was reduced from the initial plan, and in April 2012, the name reverted to the previous one (*jido teate*) and the income limits were reinstated. In January 2010, the second edition of Outline of Measures against the Declining Birthrate (Vision for Children and Childcare), based on the Basic Act for Measures to Cope with Society with Declining Birthrate, was approved by the Cabinet. It shifted the focus from the previous measures to address the declining birthrate to support for children and childcare, proposing a balanced approach combining support, such as child allowances, with services, including education and childcare, as the two wheels of a cart, moving forward in tandem. In 2010, the Childcare and Caregiver Leave Act was amended to establish the Mom & Dad Childcare Leave Plus system. Under this system, if both parents take childcare leave, each parent can take childcare leave for one year until the child reaches 14 months of age.

In 2012, as part of the legislation related to the comprehensive reform of social security and tax systems, the Child and Childcare Support Act and two other related laws⁸ were enacted (effective in 2015), and based on these three laws, the Comprehensive Support System for Children and Child-rearing was established. As a result, childcare services centered on nursery centers and early childhood education centered on kindergartens were unified into a single system. Various existing child and childcare support measures were systematized to enable integrated provision at the municipal level, with consumption tax allocated as the funding source.

As described above, Japan finally recognized the declining birthrate as a policy issue in the wake of the 1.57 Shock in the early 1990s. Measures to address the declining birthrate during the 1990s focused particularly on policies, such as expanding childcare leave for women and enhancing childcare services. Around the year 2000, the focus shifted to encouraging men's participation in childcare and reforming work styles at companies for men as well as women. The DPJ administration inaugurated in 2009 shifted the focus from measures to address the declining birthrate to support for children and childcare. It emphasized not only supporting the balance between childcare and work but also initially promoted cash benefits to all households with children up to junior high school age without income limits.

IV. History of Japan's postwar measures to address the declining birthrate: Since the second Abe administration to present

The 2012 House of Representatives election saw the LDP's return to power, ushering in the second Abe administration. The measures to address the declining birthrate launched by the second Abe administration had the following three features. First, as pointed out by Anzo and Kamata (2015), the measures to address the declining birthrate implemented before the Abe administration primarily focused on childrearing and childcare environments. However, marriage has a significant impact as a determinant of the birthrate. Iwasawa (2015) decomposed changes in the total fertility rate up to 2012 into changes related to first marriage behavior and other changes, concluding that changes in first marriage behavior were substantial.⁹ Therefore, the Abe administration focused on support measures that could actively encourage people to make efforts toward marriage. Second, the Abe administration set a numerical target of a Desired Fertility Rate of 1.8. Third, regional revitalization was advocated, with a focus on regional issues.

The argument on cities at risk of extinction indicated in the Masuda Report significantly influenced the Abe administration's measures to address the declining birthrate. The Population Decline Issue Review Subcommittee of the Japan Policy Council, established by the Japan Productivity Center and chaired by former Minister for Internal Affairs and Communications Hiroya Masuda, calculated total fertility rates based on future population projections for women aged 20 to 39, and defined municipalities where the population size would decrease by 50% or more by 2040 as "cities at risk of extinction." Based on this definition, a list of 896 cities at risk of extinction was published in May 2014 (Japan Policy Council, 2014). This report, known as the Masuda Report, caused a great sensation nationwide. In addition, the report set a numerical target for the birthrate using the

concept of a Desired Fertility Rate.

In 2013, the Task Force for Overcoming the Declining Birthrate Crisis was established under the Minister of State (for Measures for Declining Birthrate). Based on its proposals, the Council for Measures for Society with Declining Birthrate decided on Emergency Measures to Overcome the Declining Birthrate Crisis. A novel aspect of these measures was that marriage support was designated as one of the major pillars (Cabinet Office 2022). To implement these emergency measures, the Abe administration launched the Task Force for Overcoming the Declining Birthrate Crisis (Phase II) and adopted the Basic Policies¹⁰ in June 2014, incorporating the recommendations by this task force. Furthermore, the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan was established within the Prime Minister's Office. In November 2014, the Act for Overcoming Population Decline and Vitalizing Local Economy was enacted. Based on this Act, the Long-term Vision for Overcoming Population Decline and Vitalizing Local Economy and the Comprehensive Strategy for Overcoming Population Decline and Vitalizing Local Economy were formulated. In March 2015, the third edition of "Outline of Measures against the Declining Birthrate" was approved by the Cabinet. Going beyond the previous framework for measures to address the declining birthrate, it introduced support for marriage as a new element and established five key priorities: further enhancing childrearing support measures; realizing people's desire for marriage and childbirth at a younger age; considering families with multiple children; reforming working styles for both men and women; and strengthening initiatives tailored to regional circumstances. As noted earlier, this new framework incorporates not only policies for married households but also support for marriage itself and a regional perspective. In 2014, the Employment Insurance Act was amended, raising the childcare leave benefit rate from 50% to 67% for a limited period of six months.

In October 2015, the National Council for Promoting the Dynamic Engagement of All Citizens was convened, comprising relevant ministers and experts, to discuss policy directions for realizing a society in which all citizens are dynamically engaged. This led to the Cabinet approval of Japan's Plan for Dynamic Engagement of All Citizens in 2016. This plan aimed to realize the three new arrows of Abenomics¹¹ and set the goal of achieving a Desired Fertility Rate of 1.8. Additionally, regarding work style reform, which was positioned as the biggest challenge in this plan, the Act on the Arrangement of Related Acts to Promote the Work Style Reform (Work Style Reform-Related Act) was enacted in 2018, providing for measures to correct long working hours, realize diverse and flexible work styles, and ensure fair treatment regardless of employment status.

In May 2019, the amended Child and Childcare Support Act was enacted, and early childhood education and childcare services were offered for free, starting in October of the same year. As a result, fees were waived for all children aged 3 to 5 attending kindergartens, nursery centers, certified children centers, and similar facilities. For children aged 0 to 2, fees were waived for households exempt from resident tax. Furthermore, starting in April 2020, a policy of free higher education was implemented by utilizing a portion of the increased consumption tax revenue as funding to provide an exemption or reduction of tuition and admission fees and to significantly increase non-repayable scholarships. In May 2020, the Cabinet approved the fourth edition of Outline of Measures against the Declining Birthrate, which emphasized the verification and assessment of the progress in implementing the measures and the appropriate implementation of the PDCA cycle—a management concept used to improve operations and increase efficiency by repeatedly performing a series of processes: Plan, Do, Check, and Action.

Following the Planning Meeting on a Social Security System Oriented to All Generations held with Prime Minister Suga, who succeeded to the Abe administration, serving as the chair, the Policy for Social Security Reform for All Generations was approved by the Cabinet in December 2020. This outlined measures such as providing insurance coverage for infertility treatment, eliminating waiting lists for nursery schools, and increasing the number of male workers taking childcare leave. Based on this policy, MHLW announced the New Childcare with Security Plan in 2020. The Suga administration introduced the expanded insurance coverage for infertility

treatment, making it available in April 2022. In demography, the determinants of fertility are examined from two perspectives: biological and behavioral factors, such as fertility potential, termed “proximate determinants”; and social, economic and environmental variables (Bongaarts 2003). While conventional measures to address the declining birthrate primarily targeted the latter factors as policy variables, the subsidies for infertility treatment represent a new approach focusing on fertility potential from the perspective of reproductive health.¹²

In 2022, the Act Establishing the Children and Families Agency was enacted to establish the Children and Families Agency as an external bureau of the Cabinet Office. This agency is responsible for promoting the welfare of families with children, supporting childrearing, and protecting the rights and interests of children. Additionally, the Childcare and Caregiver Leave Act was amended in 2022, introducing paternity leave after childbirth (parental leave) that male workers can take separately from childcare leave that is available until the child reaches one year of age.

The Kishida Cabinet, formed in October 2021, positioned the declining birthrate issue as a central pillar of its policy agenda, proclaiming “different dimension” measures to address the declining birthrate. In December 2023, the Children and Families Agency presented a draft proposal for a support contribution system to an expert panel. This system would collect support contributions on top of public health insurance premiums paid by companies and individuals to secure funding for Prime Minister Kishida’s flagship policy, the “measures on a different dimension” to address the declining birthrate. In February 2024, the Kishida Cabinet approved a bill for the Act Partially Amending the Child and Childcare Support Act using the support contribution system as its funding source. The bill was passed in June of the same year.

To summarize the above, the second Abe administration, which was inaugurated as a result of the change in government back from the DPJ to the LDP, differed from previous administrations in several keyways: it focused not only on policies for married couples but also on marriage itself; it set a numerical target of a Desired Fertility Rate; and it emphasized regional issues under the slogan of regional revitalization. The Suga Cabinet, succeeding to the Abe administration, expanded health insurance coverage for infertility treatment. The Kishida Cabinet proposed different dimension measures to address the declining birthrate, funded by the support contribution system based on additional contributions from companies and individuals to public health insurance.

V. Total fertility rates and migration rates since the 2010s

Sections II to IV examined the developments in Japan’s postwar measures to address the declining birthrate. Following the 1.57 Shock, the government began seriously tackling the declining birthrate issue. However, regional differences are as important as the national birthrate and population structure.

Historically, the excess concentration of population in Tokyo has been considered a policy challenge. During the period of high economic growth, the migration of young people to cities significantly exacerbated overcrowding in urban areas. To address urban problems and achieve balanced development, five successive plans were formulated since the Comprehensive National Development Plan established in 1962. Nevertheless, the trend of concentration in Tokyo continued unabated, while population decline and aging accelerated in regional areas. Meanwhile, the Great East Japan Earthquake in 2011 reminded people of the danger of excessive concentration of population and economic infrastructure within a single metropolitan area.

Faced with these challenges, the Abe administration adopted “regional revitalization” as a policy target in 2014. Ironically, since 2015, the decline in the total fertility rate in eastern Japan, particularly in the Tohoku region, has become more pronounced compared to western Japan, further highlighting the pattern of total fertility rates being higher in the west and lower in the east. Furthermore, the trend of young women moving out of eastern Japan intensified during the 2010s.

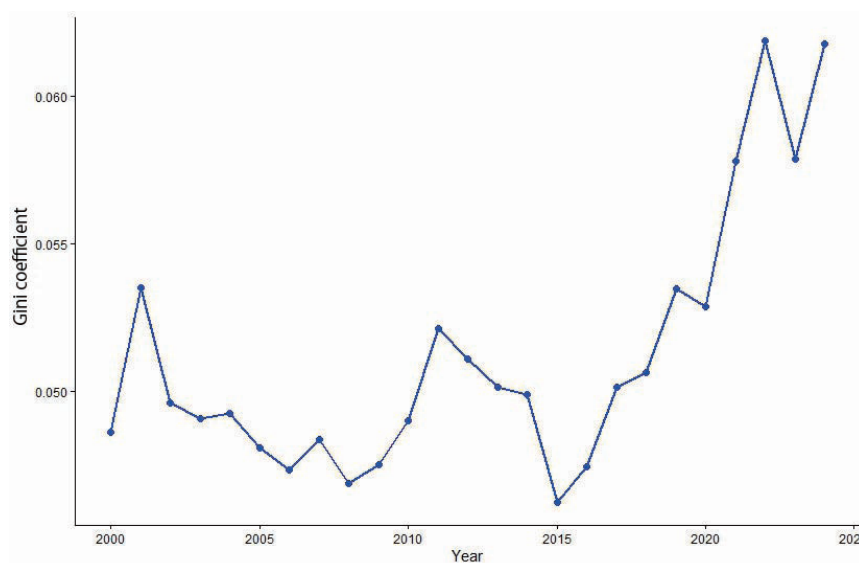
In 2020, COVID-19 spread worldwide, triggering a pandemic. The pandemic also significantly impacted

birthrates on a global scale, but the impact varied from country to country. In Japan and South Korea, the COVID-19 pandemic temporarily affected total fertility rates, but this was largely due to the influence of a structural downward trend rather than the shock of the pandemic. Furthermore, the trends in total fertility rates and migration rates in eastern Japan during the 2010s are expected to have a significant impact on the future regional population. This will be discussed using the *Regional Population Projections for Japan* published in December 2023.

1. Total fertility rate

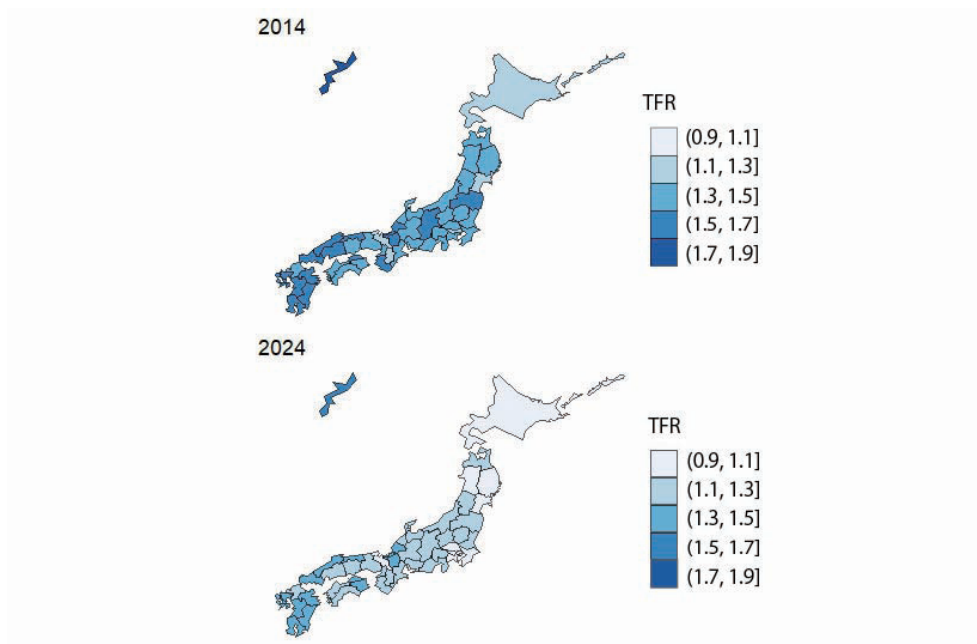
Japan’s total fertility rate bottomed out at 1.26 in 2005 and showed a slight recovery trend thereafter. However, after peaking at 1.45 in 2015, it resumed a downward trend. The COVID-19 pandemic accelerated this trend, resulting in a rate of 1.15 in 2024. Not only has the total fertility rate been declining since the mid-2010s, but regional disparities in the declining trend have also widened. Coincidentally, in the period following the regional revitalization policy launched by the Abe administration in 2014–2015, the total fertility rate has not only declined, but regional disparities within this downward trend have widened as well.

Figure 1 shows the regional disparities in the total fertility rate by prefecture, expressed as a Gini coefficient. As can be seen, the regional disparities in the total fertility rate have widened sharply since 2015. While the total fertility rate has been on a declining trend nationwide, the figure shows that in recent years, the rate has significantly declined in some regions, although the decrease has been relatively smaller in other regions. So, which regions have experienced greater declines in the total fertility rate? Figure 2 shows the total fertility rates by prefecture for 2014 and 2024. As a result, a west–high–east–low pattern is observed for the total fertility rate in every year, with higher levels in western Japan—particularly in southern Kyushu and Okinawa Prefecture.¹³ Furthermore, compared to 2014, rates declined in most regions in 2024. For example, the rates in Tokyo fell below 1.0. To identify factors behind regional disparities in the total fertility rate, changes in the rate from 2014 to 2024 are examined by prefecture, as shown in Figure 3. It reveals that many regions where the total fertility rate declined by 0.3 points or more are concentrated in eastern Japan, such as the Tohoku region (Iwate, Akita, Yamagata, Miyagi, and Fukushima Prefectures).



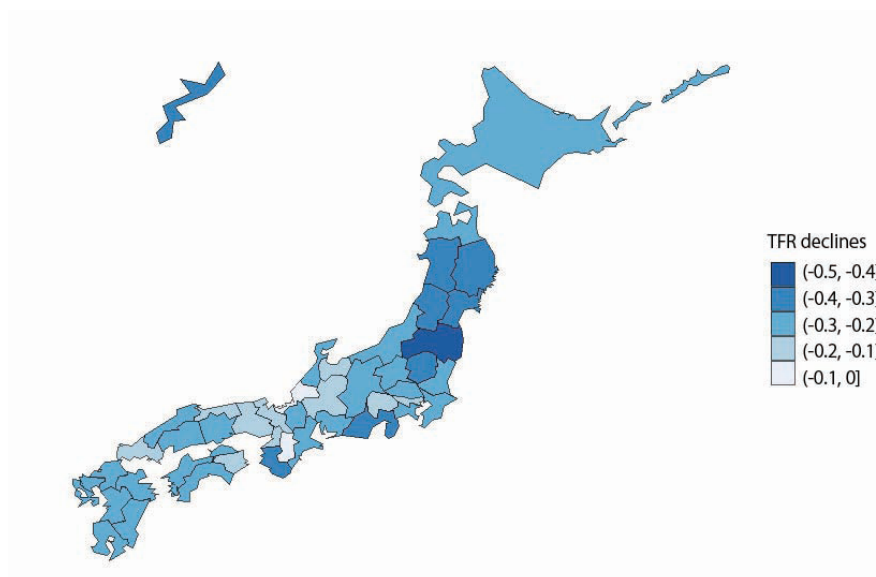
Source: Created by the author based on *Vital Statistics* (MHLW).

Figure 1. Changes in regional disparities in the total fertility rate by prefecture



Source: Created by the author based on *Vital Statistics* (MHLW).

Figure 2. Total fertility rates (TFR) in 2014 and 2024



Source: Created by the author based on *Vital Statistics* (MHLW).

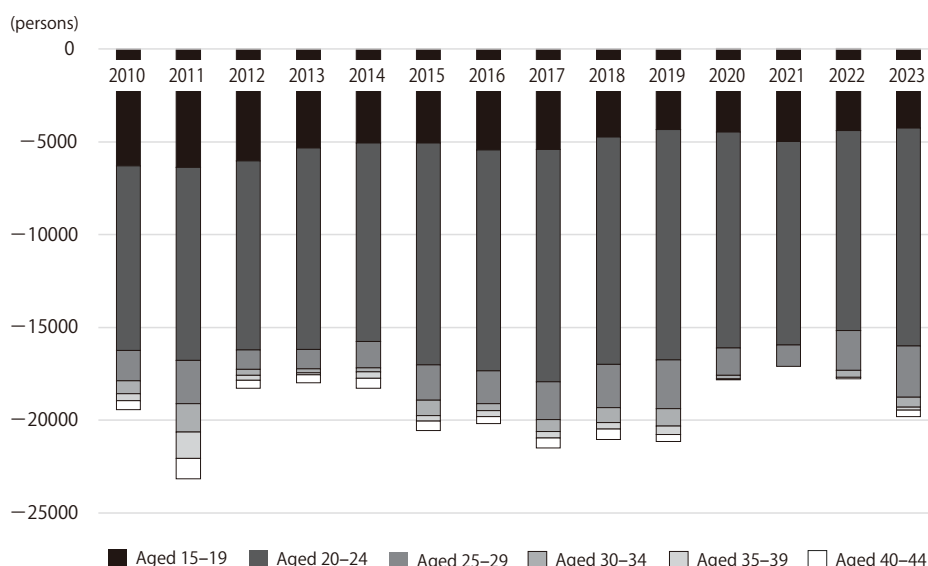
Figure 3. Changes in total fertility rates (TFR) from 2014 to 2024 by prefecture

Summarizing these results, while the total fertility rates have declined across Japan since the mid-2010s, the decline has been particularly pronounced in eastern Japan, with this trend becoming even more pronounced in recent years. Consequently, not only has the total fertility rate fallen nationwide, but regional disparities have also widened.

2. Population migration

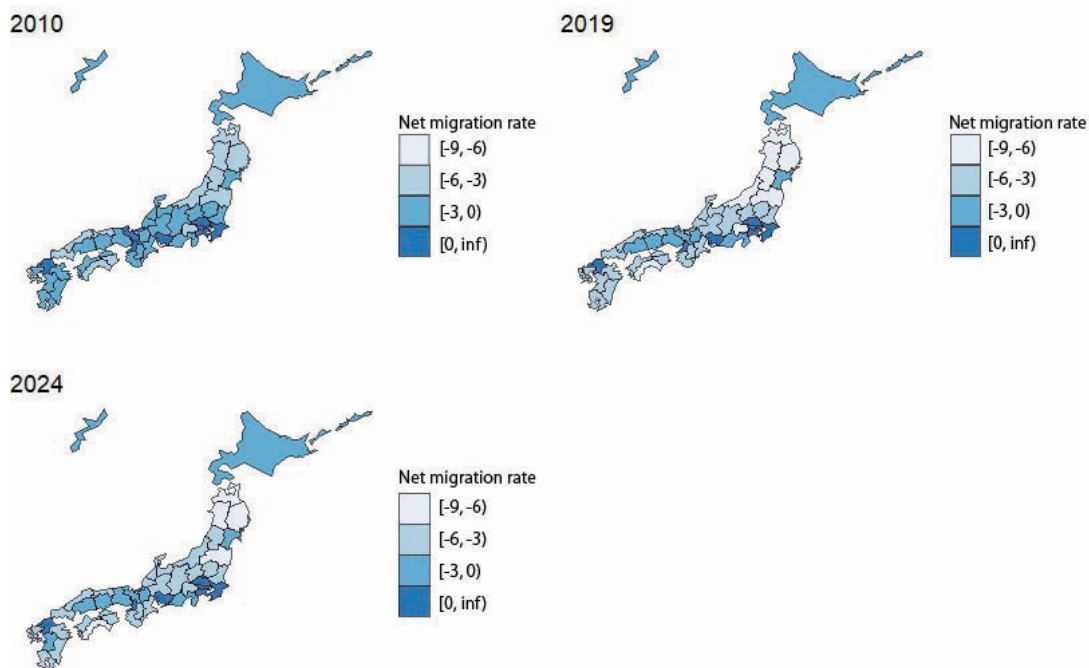
Next, let us examine the trends in migration of women aged 15 to 44 in eastern Japan. Figure 4 shows the changes in net migration by age group for women aged 15 to 44 in eastern Japan. For women, with the exception of 2011, the trend of net out-migration accelerated from 2012 to 2019. While this trend weakened in 2020 and 2021 following the COVID-19 pandemic, it has been intensifying again since 2021. The majority of net out-migrants were women aged 20 to 24. Focusing on the 20-24 age group, which accounts for the majority of in-migrants and out-migrants, women in this age group showed a growing trend of net out-migration throughout the 2010s; the number of net out-migrants stood at 10,000 in 2010 and then exceeded 12,000 between 2017 and 2019. The net out-migration trend weakened in 2020, when the COVID-19 pandemic occurred, but then it has gradually intensified again since 2021, when signs of an end of the pandemic emerged. Figure 5 shows the net migration rate of women aged 20 to 24 by prefecture for 2010, 2019, and 2024. The rate of net migration loss was high in the Tohoku region including Aomori, Akita, and Iwate Prefectures. By 2019, the rise in the out-migration rate for women aged 20 to 24 accelerated in the Tohoku region, resulting in a net migration loss of 8.1% in Aomori Prefecture, 7.9% in Akita Prefecture, and 7.2% in Iwate Prefecture. By 2024, as the COVID-19 pandemic was subsiding, the net migration loss was 7.4% in Aomori Prefecture, 6.7% in Akita Prefecture, and 7.2% in Iwate Prefecture.

The above results can be summarized as follows. Since the mid-2010s, the decline in the total fertility rate and the population outflow became noticeable in eastern Japan. Population migration is particularly pronounced among women aged 20 to 24, accounting for a large proportion of young people moving out of that region. While employment situations may be a primary factor, another possible cause is that there is a conservative climate that views marriage and childbirth as the only desirable life course for young women, and as a sort of resistance to this, some young women may be choosing not to have children or leaving the region.¹⁴



Source: Statistics Bureau, Ministry of Internal Affairs and Communications, *Report on Internal Migration in Japan*.

Figure 4. Changes in net migration by age group (Hokkaido, Tohoku region, and Niigata Prefecture) Women



Source: Statistics Bureau, Ministry of Internal Affairs and Communications, *Report on Internal Migration in Japan*.

Figure 5. Net migration rate of women aged 20 to 24 from outside the prefecture

3. Situations since 2020 and future population projections

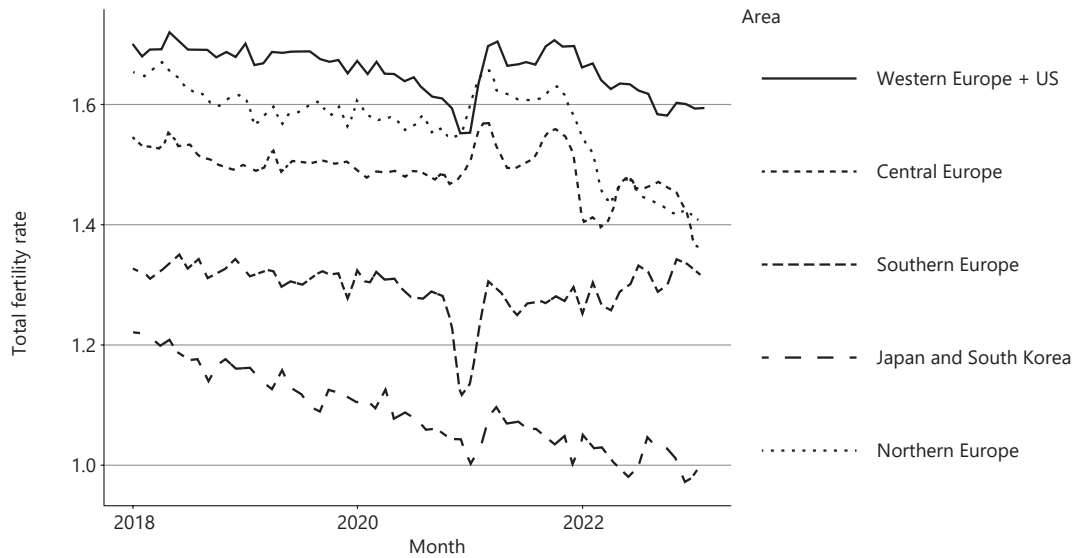
The COVID-19 pandemic, which caused a major shock worldwide in 2020, significantly altered birthrates not only in Japan but also in other developed countries. However, the shock the pandemic delivered to birthrates and the subsequent changes in birthrates varied considerably across countries.

Let us look at the trends before and after the COVID-19 pandemic by dividing high-income countries into five groups: Northern Europe; Central Europe; Southern Europe; Western Europe in the narrow sense (including the United States);¹⁵ and Japan and South Korea. Figure 6 shows that significant changes in the total fertility rate were observed in many countries between November 2020 and January 2021. Considering that pregnancy lasts approximately 10 months, these changes likely resulted from the causes that occurred between February and April 2020. This period coincides with the global spread of COVID-19, suggesting that the shock of the pandemic had a major impact on the total fertility rate worldwide.

Interestingly, among high-income countries, some saw significant increases and others experienced substantial declines in the total fertility rate during the COVID-19 pandemic. In Japan and South Korea, the total fertility rate declined during the pandemic and then slightly recovered, but it has been on a consistent downward trend both before and after the pandemic.¹⁶ Conversely, in Western European countries, such as Portugal, the total fertility rate rose sharply after the sharp drop, then remained flat for a period before showing an upward trend. In Northern Europe, the total fertility rate has been on a declining trend since before the COVID-19 pandemic. It temporarily increased during the pandemic but then decreased rapidly to a level where there is little difference compared with Central European countries, such as Germany. Even in Northern European countries, known for their advanced gender equality and excellent social security systems, the total fertility rate has been falling rapidly in recent years.¹⁷

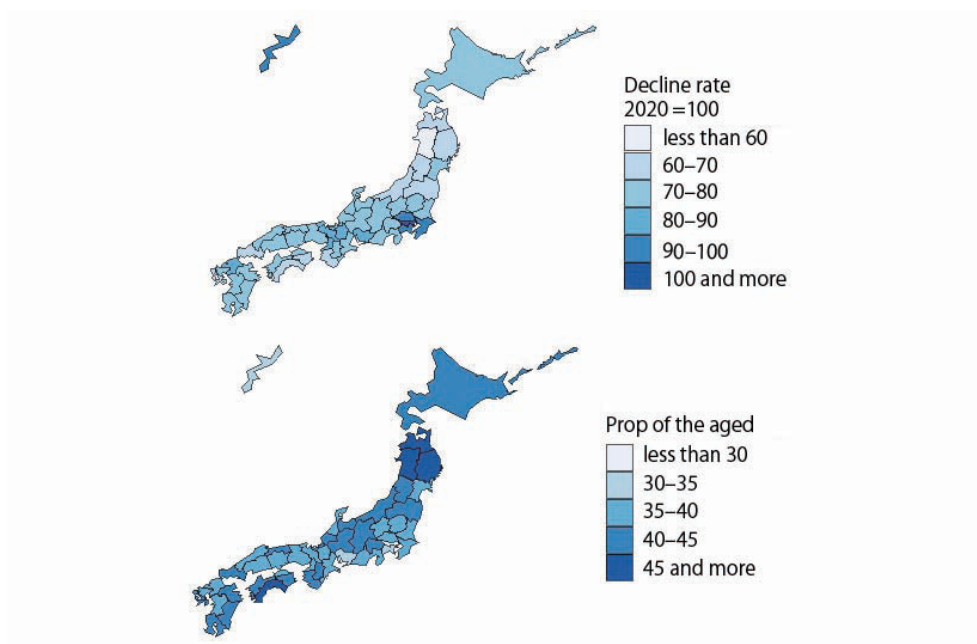
In Japan, the declining total fertility rate and the acceleration of the out-migration of young women in the

Tohoku region, which became pronounced in the mid-2010s, is expected to have a significant impact on the rates of decrease in population and rates of population aging in the future.¹⁸ Let us examine this point using the *Regional Population Projections for Japan* published by IPSS in December 2023. Figure 7 shows the projections



Source: Human Fertility Database, Max Planck Institute for Demographic Research (Germany) and Vienna Institute Demography (Austria), *Vital Statistics* (MHLW); and Masuda and Matsuura (2023).

Figure 6. Monthly changes in total fertility rates (TFR) in developed countries before and after the COVID-19 pandemic



Source: IPSS, *Regional Population Projections for Japan* (2023 revision).

Figure 7. Rate of decrease in population and rate of population aging in 2050

of the rate of decrease in population and the rate of population aging from 2020 to 2050 by prefecture. The rate of decrease in population in the Tohoku region is projected to be significantly higher than in other regions. For example, the population in Akita Prefecture in 2050 is projected to be smaller by over 40% from the 2020 level. Similarly, the rate of population aging is also expected to rise sharply in the Tohoku region, with a projection that by 2050, one in every two people in Akita Prefecture will be aged 65 or older.

Thus, due to the declining total fertility rate and the outmigration of young women in eastern Japan, which became even more pronounced from the mid-2010s, the Tohoku region is projected to face a more severe population decline and aging than other regions in 30 years. In fact, in April 2024, the Population Strategy Council, a private expert group, projected that the number of women aged 20 to 39 would decrease by half in 744 municipalities between 2020 and 2050, with many of these located in Hokkaido and the Tohoku region.

VI. Conclusion

Although Japan's total fertility rate had consistently remained below 2 since 1975, the issue of the declining birthrate was brought to widespread attention for the first time due to the 1.57 Shock—it was revealed in 1990 that the total fertility rate in 1989 fell below that of 1966, a year superstitiously considered as the bad year for the birth of girls. Subsequently, the Angel Plan was enacted in the 1990s, followed by legislation such as the Basic Act and the Next Generation Act in the 2000s. Based on the Basic Act, the Outline of Measures against the Declining Birthrate has been approved by the Cabinet approximately every five years. When the DPJ took power in 2009, it attempted to introduce the child allowance, a cash benefit without income limits, in addition to conventional childcare and childrearing support measures. After the LDP returned to power in 2012, the Abe Cabinet set a numerical target of a Desired Fertility Rate of 1.8. In addition, it focused on regional disparities in population and launched the regional revitalization initiative.

Although successive administrations implemented various policies since the 1.57 Shock, they were not successful in curbing the decline in the birthrate. Since the mid-2010s, when the regional revitalization policy was launched, the declining total fertility rate and the outflow of young women have accelerated in eastern Japan, particularly in the Tohoku region. While the declining total fertility rate is a national issue, the decline has been particularly pronounced in eastern Japan since 2015, intensifying the trend of an east-high west-low gradient. Although Japan saw a temporary drop in the total fertility rate due to the COVID-19 pandemic, the persistent downward trend remains more characteristic. Consequently, the number of births in 2023 stood at 758,631 (preliminary figure), setting a new record low.

The final section outlines key points to understand when discussing measures to address the declining birthrate. First, respecting reproductive rights—the right to self-determination regarding childbirth and marriage—is a fundamental principle. Sato (2016) argues that the government should not intervene directly in childbirth; instead, or rather it should address the following five issues: (1) reproductive health and rights, (2) work-life balance, (3) gender equality, (4) family and household support, and (5) support for children and youth. These are challenges that must be tackled independently of fertility rates. For example, policies such as enabling women to continue working, promoting gender equality, and creating environments conducive to childcare are necessary regardless of measures to address the declining birthrate. This was the rationale behind the DPJ administration's shift from conventional measures to address the declining birthrate to support for children and childcare. However, policies such as the child allowance without income limits lacked clarity in their objectives and funding sources. They were revised within a few years, and no consistent, sustained policies were implemented.

Second, in relation to the first point, since the Abe administration, the government has set a numerical target of a Desired Fertility Rate of 1.8. Numerical targets were long considered taboo in population policy after the

Second World War, partly due to the strong aversion to the wartime population policy of “Procreate and Multiply” slogan. It is important to understand that persistent criticism remains against policies setting numerical targets for the total fertility rate even today. Anzo and Kamata (2015) argue that it is inappropriate to set a total fertility rate, a figure calculated from data, as a policy target, in addition to the perspective of reproductive rights mentioned earlier. While the Desired Fertility Rate differs from the wartime Procreate and Multiply policy and primarily focuses on fulfilling people’s desire for marriage and childbirth, the concern remains that a numerical target can take on a life of its own. The crucial point is that policies should align desired outcomes with reality.

Third, as discussed in Section V, birthrates and population are not solely national issues; regional disparities also exist. These disparities notably widened during the 2010s. A major factor is the outmigration of young women and the declining total fertility rate in the Tohoku region. While issues in the employment environment for young women are considered significant, the strong persistence of a gender-based division of labor may also be a factor. For example, among high-income countries, the gender-based division of labor is one of the key factors contributing to the low fertility rates in East Asia, as it creates differences in the level of satisfaction between men and women derived from having children. The declining total fertility rate and increasing out-migration rate in the Tohoku region may be parallel to the low total fertility rates observed in East Asian high-income countries. This point calls for further empirical research. On the other hand, as many previous studies indicate, the impact of population migration to metropolitan areas on total fertility rates is small, and population migration is considered to be less effective in recovering the birthrate.

Fourth, even if the total fertility rate were to rise above the desired rate of 1.8 and reach the population replacement level of 2.07, the population decline would continue for some time. In Japan, population growth persisted for over 30 years from 1974, when the total fertility rate fell below 2.07, until the late 2000s. This was due to a positive population momentum created by a population structure with a large number of women in their childbearing years. Conversely, Japan now faces negative population momentum, characterized by a smaller cohort of women of childbearing age. Consequently, the population will decline in the medium term even if there is a recovery in the total fertility rate. That is to say, it is essential to recognize that population decline is unavoidable and to adopt policies, considering population decline as a given. Economic and social policies based on this assumption include promoting employment among women and older adults, labor-saving through productivity increase, and accepting foreign workers. However, some point out that Japanese employment practices can be an obstacle to promoting employment for women and older adults. Yamaguchi (2009) points out problems with Japanese employment practices in promoting work-life balance and supporting women’s engagement in both work and childrearing. Tsutsui (2015) also argues that Japanese employment practices hinder the overcoming of the gender-based division of labor. On the other hand, some note that stable employment is crucial for marriage and childbirth. Accordingly, it is necessary to review the merits and demerits of Japanese employment practices.

Fifth, if the birthrate rises, the total age-dependency ratio will increase in the short term due to the growth in the younger population, accelerating the demographic burden on the economy (population onus). In other words, if measures to address the declining birthrate are successful and the birthrate rises, the overall social burden will increase in the short term through higher education and childcare costs. Facing a fiscal situation where national debt exceeds 1,000 trillion yen, if the government increases the budget allocated to measures to address the declining birthrate, it will have to either reduce other expenditures or impose additional burdens on citizens in the form of taxes or social insurance premiums. Therefore, it is essential to quantitatively demonstrate the effectiveness of measures to address the declining birthrate, and simultaneously, to create a consensus in society on whether maintaining the population size holds any value other than monetary value, and if so, what degree of burden is acceptable in the consideration of such other value. When discussing non-monetary values, national traditions and cultural development would be impossible to gain a consensus, and that argument would actually

become an obstacle to addressing the declining birthrate. On the other hand, with regard to the regional distribution of population, the creation of multipolar urban areas rather than concentration in Tokyo cannot be judged solely in terms of economic value. For example, creating multipolar urban areas is also important for disaster preparedness.

Sixth, policy continuity is crucial. The total fertility rate is highly susceptible to temporary influences. Therefore, even if a policy temporarily raises the total fertility rate, it may prove meaningless as a measure to address the declining birthrate if it does not ultimately affect the number of children born to the generation. To put it another way, even if a policy leads someone who intended to have two children to have their first child at age 25 rather than 30, it would only have the effect of slightly altering the population structure by changing the timing of births and it does not necessarily follow that such changes would improve the population structure in a favorable way.

Therefore, in order to implement effective measures to address the declining birthrate, policies must be sustained, and their effects must persist over time. Furthermore, policy analysis regarding the determinants of fertility behavior must distinguish whether a policy affects the timing of births or the completed fertility rate, i.e., the final number of children born to women by the end of their reproductive life. To analyze the final number of children born, it is necessary to use long-term dynamic panel data or, in the case of aggregate data, focus on the life course of birth cohorts.

Seventh, some point out that enhancing social security and achieving gender equality are challenges for Japan and are causes of its low birthrate. Indeed, many prior research papers show that gender equality and child support policies are correlated with the birthrate. In recent years, causal relationships have also been rigorously demonstrated. Furthermore, in East Asian countries, which are known for their strong tendency towards a gender-based division of labor and eagerness in educational investment compared with other developed countries, total fertility rates are at low levels and show declining trends. However, it is important to note that even in Northern European countries, where gender equality is advanced and social security is comprehensive, the decline in the total fertility rate is prominent. While international comparisons are meaningful from a research perspective, adopting other countries' policies or systems does not necessarily guarantee a silver bullet for Japan's low birthrate.

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Notes

1. Ato (2000) comprehensively discusses topics such as causes and measures to address the declining birthrate, as well as regional disparities in population distribution.
2. This does not mean that Japan had not implemented any family policies at all before the 1.57 Shock. For example, the Child Allowance Act was enacted in 1971, and the payment of an allowance for the third and subsequent children under the age of five started in January 1972.
3. Changes in the postwar population policy have been discussed by Tama (2019) and Hiroshima (2020).
4. Hiroshima (2020) discussed the history of Japan's postwar population policy by dividing the period into four phases.
5. Moriizumi (2015) overviews the measures to address the declining birthrate implemented from the 1990s through to 2013; Abe, Kato, and Nakai (2016) cover the measures implemented from the 1.57 Shock through to 2014; and Moriizumi (2019) examines the measures implemented since before the 1.57 Shock through to 2015.
6. In 2008, the New Strategy to Achieve Zero Waiting List for Nursery Schools was launched, followed by the Acceleration Plan for Reducing Children on Waiting Lists for Nursery Schools in 2013.

7. Established as a temporary legislation effective for the 10-year period from April 2005 to March 2015, this Act was extended for another 10 years. At the time of its amendment, the scope of its application was expanded to include companies with 101 or more regular employees.
8. The three laws are: Child and Childcare Support Act, Act Partially Amending the Act on Certified Children Centers, and Act on Preparation of Related Laws Accompanying Enforcement of the Child and Childcare Support Act and the Act Partially Amending the Act on Certified Children Centers.
9. Studies decomposing the total fertility rate into factors such as the rate of married people and the total marital fertility rate include Hiroshima (2000), Iwasawa (2002), and Kaneko (2004). Many studies suggest that 70-75% of the total fertility rate can be explained by changes in marriage behavior. Sasai (2005) and Takahashi (2011) studied this using prefectural data.
10. The official name is Basic Policies for the Economic and Fiscal Management and Reform 2014.
11. The three arrows are: “a robust economy that gives rise to hope”; “dream-weaving childcare support”; and “social security that provides reassurance.”
12. Since 2004, subsidies have been available to partially cover the specific high-cost infertility treatments.
13. In the 2020 *Population Census*, the rate of unmarried people aged 25 to 39 also showed a pattern of an east-high west-low gradient.
14. Other factors may include the impact of the Great East Japan Earthquake. However, for women aged 20 to 24, while the net out-migration increased in Miyagi and Iwate Prefectures immediately after the earthquake in 2011, it decreased between 2012 and 2015 compared to 2010 levels. In Fukushima Prefecture, since 2011, the net out-migration of women aged 20 to 24 has been larger than the 2010 level.
15. Northern Europe: Finland, Sweden, Denmark; Central Europe: Germany, Austria; Southern Europe: Italy, Spain, Portugal; Western Europe in the narrow sense: France, the United States, the Netherlands, Belgium.
16. Komura and Ogawa (2022) analyzed the impact of the COVID-19 pandemic on marriage and divorce rates using monthly data by prefecture.
17. Several foreign studies have analyzed COVID-19’s impact on birthrates (Nitsche et al. 2022; Pomar et al. 2022; Lappegård et al. 2023). For Japan, see Iwasawa et al. (2021) and Masuda and Matsuura (2023).
18. The rate of population aging is determined by the current population structure, birthrate, and life expectancy, excluding population migration.

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Transformation and Persistence in Japanese Youth Labor Market

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This paper looks back on youth labor from a long-term perspective, focusing on the transformation of the youth labor market that became apparent in the 1990s, and examines the current status and challenges faced. Youth employment policies initiated around 2000 have provided support for young people in precarious employment, such as facilitating the transition of non-regular employees to regular status and implementing measures for unemployed young people at the local level.

While efforts have been made to enhance the functionality of the labor market—through measures such as strengthening cooperation between schools and *Hello Work*, expanding new graduate recruitment categories to include previous graduates, and improving information-sharing systems for job seekers and employers—the fundamental framework of the “Japanese-style” transition, characterized by simultaneous recruiting of new graduates, has not undergone significant transformation. Amid a decline in the number of high school graduates due to the low birthrate and the growing share of university and specialized training college entrants, the employment rate of new graduates, especially among female new graduates from specialized training colleges and universities, has been recovering. Although labor demand for regular employees is also recovering, there has been no significant change in the tendency of young people to leave their jobs in early stages, with 30% of new graduates quitting their jobs within the first three years of employment. Low income and poor working conditions are the main reasons for young regular employees leaving their jobs, and the percentage of these reasons has been increasing among young female workers in particular. The share of non-regular employment has been slightly increasing among young male workers and shrinking among young female workers. Among young people, there has been no increase in the share of those changing from non-regular employment to regular employment, and the rate of unemployment among young people has increased slightly. According to the classification in this paper, there was no indication that while the number of middle-aged and older workers in regular employment is increasing, the share of regular employees among young people is declining. In changing youth labor circumstances, we must reexamine the explanation of youth labor formed during the “ice-age” of youth employment and consider wage disparity depending on employment status and self-reliance support with income security.

- I. Introduction
- II. Current state of the Japanese model of school-to-work transition
- III. Early job separation among young workers
- IV. Trends in non-regular employment and unemployment of young people
- V. Continued employment of older workers and youth labor
- VI. Conclusion

I. Introduction

In Japan, many companies recruit new graduates annually based on educational attainment. Students engage in job hunting while in school and join companies simultaneously upon graduation. This system of simultaneous recruitment of new graduates, along with “school-mediated employment,” where high schools assist students in finding jobs (Honda 2005), has been regarded as a strength of Japan’s youth labor market (Müller and Shavit 1998). This recruitment system is incorporated in the Japanese employment system. Young workers are assigned to entry-level jobs generated as a result of mandatory retirement or personnel transfer of experienced workers, developing their skills through in-house training premised on long-term employment. Thelen (2014) sorted out the characteristics of skills development in advanced countries, with public involvement and involvement of firms in education and training as two axes, as shown in Table 1. In this analysis, Japan is positioned as a “segmentalist” system, defined by a high proportion of corporate training for its own employees and a low proportion of public involvement in vocational training for workers. Amid the economic downturn following the bubble burst, there was a 180-degree shift in the evaluation of the Japanese model of school-to-work transition—which is characterized by simultaneous recruitment of new graduates and company-led skills development. Research revealed that: the concentration of favorable job opportunities at the time of graduation negatively impacts generations entering the workforce during recessions; the conventional employment practices may cause a mismatch between students and companies; and non-regular workers suffer from low wages, limited training opportunities, and difficulties in transitioning to regular employment.

Youth labor has remained one of the central themes in labor research and labor policy since around 2000. During this period, various measures have been implemented for young people in non-regular employment and those unemployed, and attempts have been made to review the practices and rules governing employment of high school and university graduates. Meanwhile, amid the decline in youth population due to the low birthrate, the career paths of high school graduates have changed, and those seeking higher educational attainment have

Table 1. Types of vocational education and training systems

		Involvement of firms in initial vocational education and training	
		Low	High
Public commitment to vocational education and training	High	Collectivism, state-based Finland, Norway, Sweden, France	Collectivism, firm-sponsored Germany, Austria, Switzerland, The Netherlands, Denmark
	Low	Liberal United States, UK	Segmentalist Japan

Source: Thelen (2014: 72).

been increasing. The demographic shifts have prompted a review of Japan's traditional social structures, leading to the promotion of continued employment of older workers and women. The employment situation has also improved now, with demand for regular employees increasing. Against this backdrop of changing circumstances and environments for young people, this paper aims to provide a broad historical overview of youth labor and examine the current status and challenges. Section II outlines the institutional framework for new graduate employment and the development of youth employment policies to ascertain changes in post-graduation pathways of high school graduates and the employment situation of new graduates. Section III examines trends in labor demand and identifies changes in early job separation and reasons for leaving jobs among young people. Section IV reviews changes in the share of non-regular employment among young people and their transition to regular employment, and trends in youth unemployment. Section V considers whether the share of regular employees among young people is declining as more older workers remain in employment. Section VI, based on these analyses, explores perspectives for the future study of youth labor.

II. Current state of the Japanese model of school-to-work transition

1. Institutional framework for employment of high school and university graduates

This section explains the institutional framework of the new graduate labor market, outlines the development of youth employment policies implemented since around 2000, and provides an overview of changes in post-graduation pathways and employment situations of young people.

A key feature of the transition from high school to work is the involvement of labor administration and high schools in matching between students and jobs. This mechanism can be explained as follows, taking the March 2024 graduates as an example. Companies submit job postings to *Hello Work* (public employment security offices), and companies submit postings checked by *Hello Work* offices for students to their high schools. High schools provide employment guidance to students and recommend job seekers to the companies they have applied to. Subsequently, companies conduct employment examinations for students recommended by the schools.¹ Academic focus has been placed on the “performance-based relationship” between high schools and companies within this mechanism. According to Kariya (1991), a performance-based relationship is a “network within an ongoing transactional relationship between schools and companies, aiming to stabilize employment, recruitment, and job placement through the exchange of highly reliable information based on trust,... a relationship governed by norms where one party controls the actions of the other within the continuity of the relationship.” Performance-based relationships are associated with employment practices such as the designated school system where companies post job openings only at specific high schools, school-based selection emphasizing academic performance of students, and school recommendations under the one-company-per-student system. It was argued that the approach of “vocational selection entrusted to schools” with these elements extended educational meritocracy to non-elites, forming the high-quality workforce that underpinned Japan's industrial society.

However, “vocational selection entrusted to schools” taking place in high schools became a target of criticism in the early 2000s amid the worsening employment situation (Hori 2016). The “Final Report: A Research on Transition of High School Graduates to Working Life,” published jointly by the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Ministry of Health, Labour and Welfare (MHLW) in 2002, highlighted the awareness of the issue as follows: “The system for arranging employment for high school graduates, based on trust between high schools and companies, which had been considered highly effective in matching a large number of job seekers with job offers within a short period, may now, due to changes in the socio-economic environment, be causing mismatch between students and jobs and increases in the number of unemployed young people and those working in part-time jobs (so-called ‘freeters’ [free + Arbeiter (German for ‘worker’)]) after graduation.”² As a result, improvement measures were proposed, such as relaxing the designated

school system through the sharing of job information, allowing students to make multiple job applications, and shifting the guidance approach to emphasize self-selection by students. Furthermore, the “High School Employment Issues Review Committee” for nationwide rule-making and the “Prefectural High School Employment Issues Review Committee” for regional discussions based on local circumstances were established.

While the policy direction shifted toward “liberalization,” it became clear that traditional employment practices persisted at schools (Hori 2016). The “Report of the Working Team of the High School Employment Issues Review Committee,” published jointly by the MEXT and the MHLW in 2020, also cited survey results indicating support for traditional practices, which suggests that the direction of “liberalization” was maintained but the previous awareness of the issue that attributed the cause of job mismatch to “vocational selection entrusted to schools” receded.³ Furthermore, according to Hori (2016), employment guidance at high schools in the 2010s varied depending on the department, number of graduates entering employment, and regional labor market, and within this context, “vocational selection entrusted to schools” was noted to be a minority approach.

A key characteristic of the transition from university to work, compared to high school graduate employment, is that direct applications submitted by students using job search sites have become the primary route for finding employment. As stipulated by the Employment Security Act, universities, as with high schools, may provide free employment placement services. Until a certain period after the war, the mainstream recruitment method for new university graduates was school recommendations or the designated school system. However, against the backdrop of rising labor demand for new university graduates, recruitment and job-seeking activities without university involvement expanded (Fukui 2016). The role of mediating between students and companies in university graduate employment is primarily filled by recruitment information providers,⁴ such as job search sites. As direct applications became more popular, companies and students began contacting each other using postcards contained in job information magazines. In 1996, *Recruit Book on the Net*, the predecessor of the current *Rikunabi*, launched its service, leading the provision of job vacancy and job seeker information via the internet to go mainstream (Fukui 2016; Kagawa 2020). According to the “Survey on the Start Time and Other Matters of Students’ Job Seeking and Recruitment Activities” conducted by the Cabinet Office in 2019, the most common route for fourth-year university students to join their companies was “direct application (entry via websites, etc.).”⁵

The schedule of new university graduates’ job-seeking and recruitment activities were determined by the Recruitment Agreement from 1952 to 1996, and by the Japan Business Federation’s (Keidanren’s) Charter of Corporate Ethics and Guidelines on Recruitment Selection and the Employment Issues Discussion Group’s agreement from 1997 to 2017. Following Keidanren’s announcement in 2018 to abolish its guidelines and a statement by the chairperson of the Employment Issues Discussion Group, the “Inter-Ministerial Liaison Conference on the Schedule for Job-Seeking and Recruitment Activities” was established under the Cabinet Secretariat. The schedule is now determined through the system where the government publishes the “Approach to Determining the Schedule for Job-Seeking and Recruitment Activities” for prospective graduates in each academic year. Following the abolition of the Recruitment Agreement in 1997, a policy initiative to promote internship was launched, and the Ministry of Education, the Ministry of International Trade and Industry, and the Ministry of Labour jointly compiled the “Basic Approach to the Promotion of Internships” (hereinafter referred to as the “Tri-Ministerial Agreement”). As discussed later, in recent years, there has been demand for the active involvement of universities in internship programs, and these programs have been integrated into job-seeking and recruitment activities.

While the government does not directly intervene in labor supply and demand adjustments for new university graduates, it plays a complementary role by supporting young people who face difficulties in transition to work and facilitating job matching for new graduates. This point will be explained in the next section.

2. Development of youth employment policies

Youth employment policies started to be implemented at full scale around 2000, providing support for young people in non-regular employment, those unemployed, and those who left their regular jobs early. This section outlines the development of youth employment policies, separately for measures concerning non-regular employment and unemployment, and measures concerning the simultaneous recruitment of new graduates, to explore the current state of the institutional framework for the Japanese model of school-to-work transition.

In response to the worsening job offer situation for new high school graduates, the MHLW implemented the Emergency Support Program for Jobless Graduates in 2000. Collaborating with high schools and universities, it encouraged young people who failed to find a job after graduation to register as job seekers at *Hello Work* offices and provided individual support and assistance through the Youth Trial Employment Program.⁶ In 2003, the Young People's Independence and Challenge Strategy Council was established, under the initiative of the Minister of Education, Culture, Sports, Science and Technology, Minister of Health, Labour and Welfare, Minister of Economy, Trade and Industry, and Minister of State for Economic and Fiscal Policy. The Youth Independence and Challenge Plan formulated by this council advocated measures such as promoting career education, establishing one-stop service centers for young people (Job Cafes), and creating a human resource development system through linkage between practical training and education (the Japanese dual system model). In 2007, the Job Card System was created based on the Growth Potential Enhancement Strategy, and this system remains in effect after undergoing review following the government's project screening. In 2012, Wakamono (Youth) *Hello Work* Centers were established in Tokyo, Aichi, and Osaka to support freeters in finding regular employment. Furthermore, subsidies for employers were introduced to promote the conversion of non-regular employees to regular status and to encourage skills development, including the creation of the Career Advancement Subsidy in FY2013. Most recently, in 2019, the "Support Program for the Employment Ice-Age Generation" was approved by the Cabinet. This program, launched in FY2020, aims to increase the number of regular employees in the employment ice-age generation by 300,000 over a three-year period.

For measures targeting unemployed young people, the School of Youth Independence (Wakamono Jiritsu Juku) project began in 2005, followed by the launch of the Regional Youth Support Stations in 2006. Within the Support Station program, young people facing difficulties in regular employment were identified and provided with opportunities for welfare-based employment and intermediate employment (Miyamoto 2017). Under the Self-Reliance Support System for Needy Persons, launched in 2015, intermediate employment was institutionalized as certified employment training within a framework of various support measures tailored to the individual's circumstances. In 2010, the Act on Promotion of Development and Support for Children and Young People was enacted, requiring local governments to establish Children and Youth Support Regional Councils as a mechanism for coordinating support for people not in education, employment or training (NEETs), those in social withdrawal (so-called "hikikomori"), and others across local agencies. As time passes, the current field of measures for unemployed young people has become a *brackish zone* where labor policy and welfare policy intersect. As indicated by the fact that the upper age limit for people eligible for Support Stations was raised from 40 to 50 in 2020, public employment support now covers middle-aged and older individuals.

Initiatives have been carried out with regard to the simultaneous recruitment of new graduates. What should be mentioned first includes the review of new graduate recruitment quotas and the advancement of collaboration between *Hello Work* offices and universities. In 2006, the Advisory Council on the "Challenge Again" Initiative was established, chaired by the Chief Cabinet Secretary Shinzo Abe. The "Interim Report: Building Systems Enabling People to Take on Challenging Situations Again," published in the same year, advocated "reforming society's overall systems to provide people with multiple tracks for working, learning, and living throughout life." Within this framework, the interim report proposed "reviewing the simultaneous recruitment system for new graduates" as part of the initiatives to diversify tracks for working, and explicitly pointed out the need to

encourage companies to raise hiring age limits and introduce multi-track hiring systems in order to provide employment opportunities to more people other than new graduates. The 2007 amendment to the Employment Measures Act introduced provisions concerning measures to ensure equal opportunity in recruitment and employment regardless of age, prohibiting the imposition of age limits. Furthermore, based on this Act, the “Guidelines for Appropriate Measures by Employers for Securing Employment Opportunities for Youth” (Guidelines for Securing Employment Opportunities for Youth) were established, which obligated employers to make efforts to set recruitment conditions allowing previous graduates to apply for jobs offered for new graduates, and to introduce year-round recruitment and autumn recruitment. In 2010, the guidelines were partially revised to additionally require the employers to make efforts to allow graduates within at least three years from graduation to apply for jobs offered for new graduates.⁷ Also in 2010, *New Graduate Support Hello Work* offices were established in prefectures, creating a system where *Hello Work* offices and schools collaborate in supporting school graduates without job offers, previous graduates, and dropouts.⁸ This initiative is an extension of the 2000 Emergency Support Program for Jobless Graduates.

Second, advancement has been seen in the support for student career development through industry-academia collaboration. The 1997 Tri-Ministerial Agreement defined internship as “one form of industry-academia collaboration” and categorized internship programs into three types: those incorporated in university coursework, those treated as extracurricular activities at universities, and those implemented by companies as programs independent of universities. However, following the release of the Japan Revitalization Strategy, the Tri-Ministerial Agreement was partially revised in 2014 to explicitly state the need for the active involvement of universities in internship programs and provide guidelines for companies in handling student information obtained through these programs. The Industry-Academia Council on the Future of Recruitment and University Education, inaugurated in 2019 with participation from the employers’ association and the universities’ association, in its report published in 2022, categorized “industry-academia collaborative initiatives in supporting student career development” into (1) open company, (2) career education, (3) general/specialized skills utilization internship, and (4) advanced specialized internship, aiming to promote their dissemination.⁹ Following this report, the Tri-Ministerial Agreement was revised in 2022 to explicitly state that it is desirable to incorporate these initiatives into the curricula of universities, and that companies may use student information obtained through general/specialized skills utilization internship programs for their publicity activities and recruitment selection processes.¹⁰ In 2023, flexibility was introduced to the recruitment schedule rules to ensure that for candidates assessed through highly specialized internship programs, companies may issue informal job offers before the official start date of recruitment selection activities in June, if it is not before the official start date of publicity activities in March.¹¹

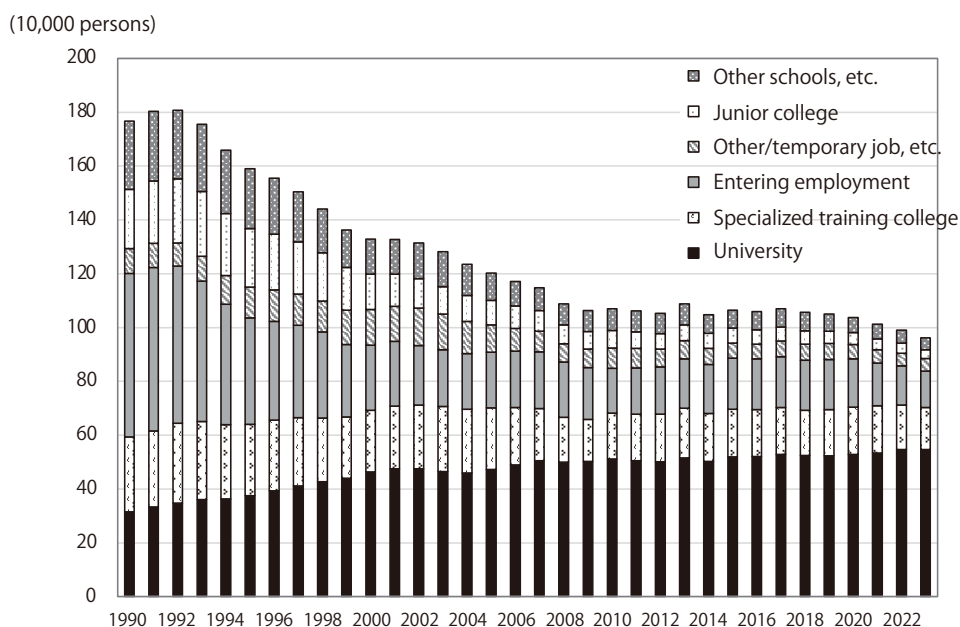
Third, regulations concerning job vacancy and job seeker information were strengthened as a measure to enhance the quality of matching. The Youth Employment Promotion Act, enacted in 2015, required employers recruiting new graduates to accurately disclose working conditions for the jobs they would offer. It also established a system for providing youth employment information, including the average length of service, availability and content of training programs, and overtime working hours. These measures can be recognized as the institutionalization of realistic job preview (RJP) (Kanai 1994), an approach to prevent mismatches by disclosing workplace information in advance. Furthermore, the 2022 amendment to the Employment Security Act reorganized employment placement services and recruitment/candidate information provision services following the emergence of new service models. It also made it obligatory for employers to represent information on job openings accurately and established rules for handling personal information (Kurashige and Shiraishi 2023).

As reviewed above, in youth employment policies since around 2000, measures have been implemented to support young people facing difficulties in school-to-work transition and to improve matching in the simultaneous

recruitment of new graduates. The basic framework of the Japanese model of school-to-work transition—where students engage in job hunting while in school and join companies simultaneously upon graduation—has basically remained unchanged over these 20 years. However, this period can be summarized as a period when the new graduate labor market was incorporated in the legal framework and the social networks of relevant entities and government ministries and agencies, with attempts made to strengthen its functionality.

3. Post-high school career paths and employment status of new graduates

Figure 1 shows the post-high school career paths from 1990 to 2023. The number of high school graduates peaked at 1.8 million in 1992 and declined to 960,000 in 2023. The number of new high school graduates entering employment, which stood at 610,000 in 1990, decreased significantly during the employment ice-age¹² and shrank to 210,000 by 2004. It continued to decline thereafter, dropping to 140,000 in 2023. Those who became unemployed or took temporary jobs after graduation are included in “other/temporary job, etc.” The number of those included in this category stood at 90,000 in 1990, increased during the employment ice-age, and peaked at 140,000 in 2002. Subsequently, the number included in “other/temporary job, etc.” has decreased, staying at around 50,000 from 2020 to 2023.



Source: Created by the author based on MEXT, *School Basic Survey*.

Note: “University” refers to new undergraduate students. “Junior college” refers to new regular course students. “Other schools, etc.” includes new students enrolled in correspondence courses of universities or junior colleges, special courses at universities or junior colleges, specialized courses at high schools, upper secondary department at special needs schools (advanced course), general courses at specialized training colleges, and public institutions for the development of vocational abilities, etc. “Entering employment” does not include those who entered employment upon entering higher education. For 2020 onwards, “Entering employment” represents the total of self-employed people, permanent employees, and fixed-term employees with a contract of one year or longer and equivalent to full-time workers. For the 2015-2019 period, “Entering employment” represents the total of regular employees and non-regular employees. “Other/temporary job, etc.” represents: the total of those unemployed and those deceased or unknown from 1990 to 2003; the total of those in temporary jobs, those not included in the above categories, and those deceased or unknown from 2004 to 2019; the total of temporary workers, those not included in the above categories, those deceased or unknown, and fixed-term employees with a contract period of less than one year or equivalent to short-time workers from 2020 onward.

Figure 1. Changes in the number of high school graduates by career path

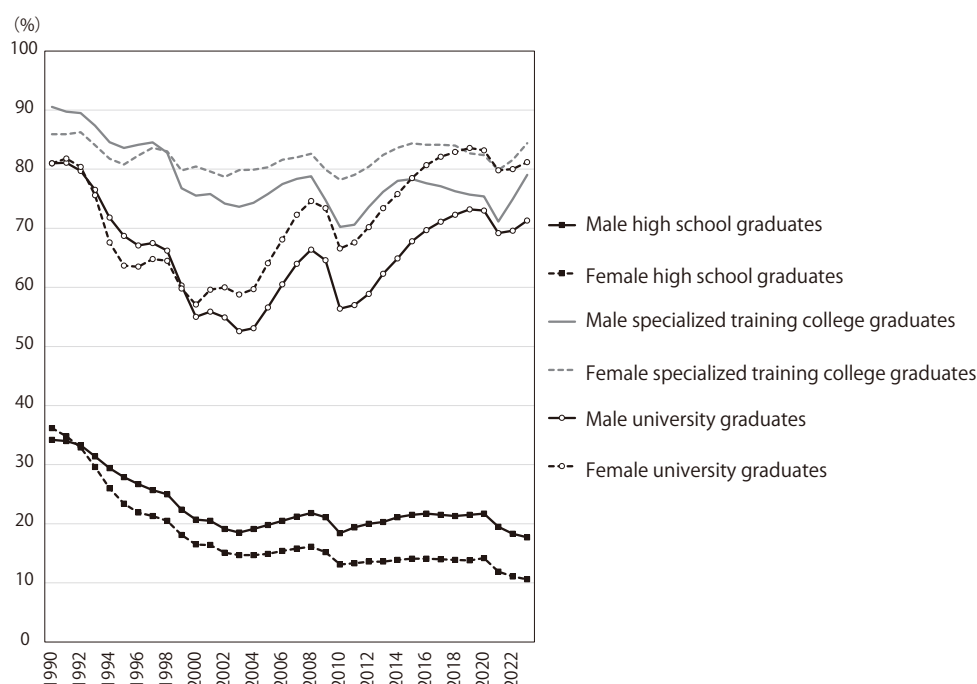
Amidst the decline in the number of new high school graduates entering employment, the number of those going to university increased by over 200,000 from 310,000 in 1990 to 550,000 in 2023. Figure 2 shows the share of each career path chosen by high school graduates, separated by gender (Panel A for men, Panel B for women). The proportion of university entrants among high school graduates was 22.2% for men and 13.5% for women in 1990. The number rose to 41.7% and 32.6% respectively by 2004, reaching 58.5% for men and 55.1% for women by 2023. The number of specialized training college entrants has decreased during this period, but amidst the decline in the number of those entering employment and those going to junior colleges, specialized training colleges have become the second most common choice of post-high school career path following universities. While the number of specialized training college entrants has been about half the number of people entering employment among male high school graduates, specialized training college entrants have consistently outnumbered people entering employment among female high school graduates since 1999. The proportion of those going to specialized training colleges among high school graduates has been around 15% for men and around 20% for women. Further research is expected with regard to entry into specialized training colleges and post-graduation career paths.

Figure 3 shows changes in the employment rate for new graduates from 1990 to 2023. The employment rate for high school graduates was 34.2% for men and 36.2% for women in 1990, but fell to 19.1% and 14.7%, respectively, by 2004. In 2023, the employment rate stood at 17.7% for men and 10.6% for women. During the employment ice-age, the employment rate decreased both among university graduates and specialized training



Source: Created by the author based on MEXT, *School Basic Survey*.

Figure 2. Percentage of each career path chosen by high school graduates

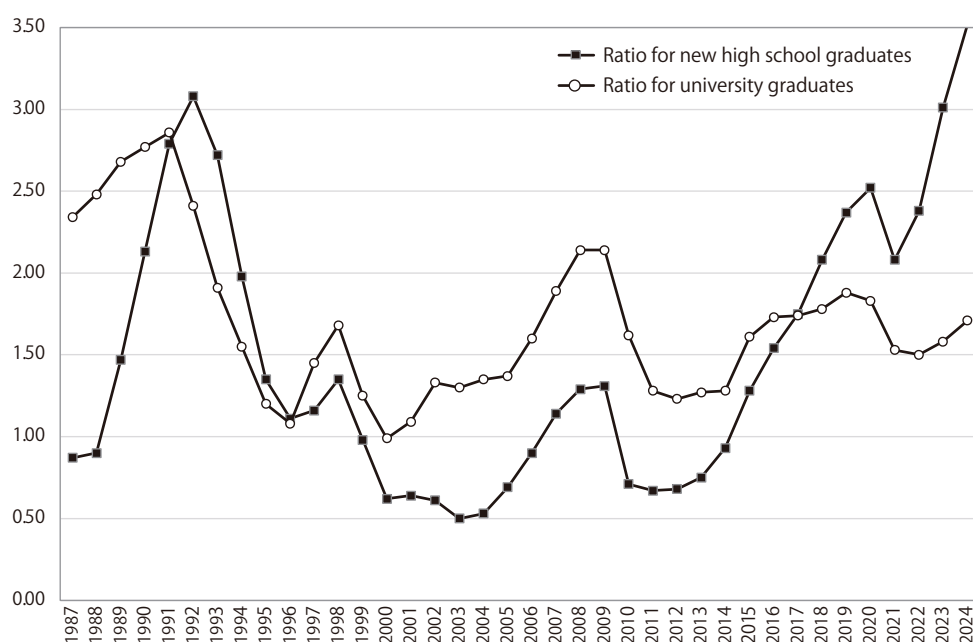


Source: Created by the author based on MEXT, *School Basic Survey*.

Note: The number of university graduates entering employment refers to: the total of those entering employment and those who entered employment upon entering higher education from 1990 to 2019; and the total of self-employed people and permanent employees (among graduates entering employment), “graduates entering higher education” who were in employment, and “fixed-term employees” with a contract of one year or longer or equivalent to full-time workers from 2020 onwards. The employment rate for high school graduates is the number of graduates entering employment as a percentage of the total number of graduates. The employment rate for specialized training college graduates is the number of graduates entering employment as a percentage of the total number of graduates in postsecondary courses, which is calculated by making reference to the “total” number of graduates “by management entity” and the “number of graduates entering employment among the total” in the table of “number of graduates from postsecondary courses by department” (Uenishi 2013).

Figure 3. Changes in the employment rate of new graduates

college graduates, with the drop among university graduates being more pronounced. After falling again following the Lehman’s collapse, employment rates recovered throughout the 2010s. Among university and specialized training college graduates, the employment rate for women has been greater than that for men since the latter half of the employment ice-age. Among university graduates, the employment rate for women has consistently surpassed that for men by about 10 percentage points. While the employment rate for female university graduates reached the pre-ice-age level in the late 2010s, the employment rate for male university graduates has not yet recovered to that level. Figure 4 shows the job openings-to-applicants ratios for new university and high school graduates. After rising during the bubble economy period, the ratios plummeted during the employment ice-age. In the course of recovery, the ratios dropped again due to the economic crisis caused by the Lehman’s collapse, and then resumed an upward trend. The recent rise in the ratio for new high school graduates has been particularly striking, with the ratio for March 2024 graduates reaching a level beyond the level in the bubble economy period. In comparison, the growth in the ratio for new university graduates has been sluggish.



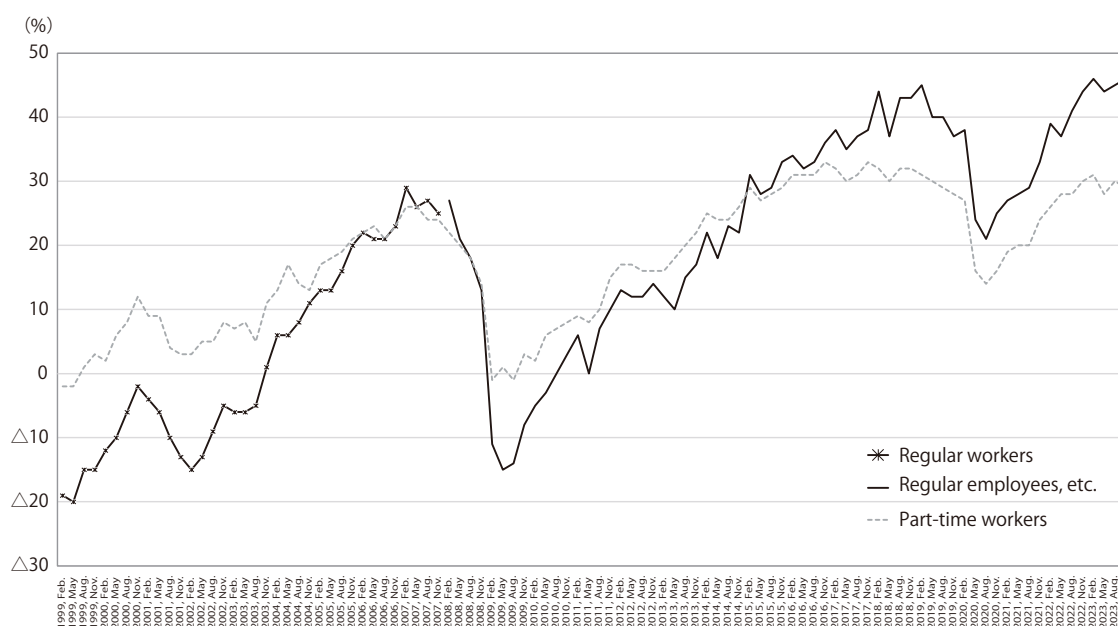
Source: Created by the author based on the MHLW, “Status of job openings, job applications, and job offers for high school and junior high school graduates,” and Recruit Works Institute, “Works job openings-to-applications ratio survey for university graduates.”

Figure 4. Changes in job openings-to-applications ratios for new graduates

III. Early job separation among young workers

Unemployment and job separation among young people are common challenges faced by advanced countries and have attracted considerable scholarly attention. In Japan, the phenomenon of new graduates leaving their jobs within the first three years of employment gained prominence in the 1990s, with the turnover rate reaching 70% for junior high school graduates, 50% for high school graduates, and 30% for university graduates. Traditionally, the view that attributed young people’s tendency to leave or change jobs early to their low career awareness or motivation to stay was prevalent. However, starting with studies by Genda (2001) and others, the approach to explaining that phenomenon with a focus on insufficient labor demand and labor market characteristics became widespread. In particular, research on the “generation effect” was carried out actively. The generation effect refers to a phenomenon where the status of people belonging to a generation who graduates during an economic downturn negatively impacts their subsequent employment status and working conditions (Ohta 2010). Research on the generation effect of job separation, by comparing the employment ice-age generation with earlier cohorts, demonstrated that insufficient labor demand at the time of graduation resulted in a higher probability of leaving jobs (Kurosawa and Genda 2001; Genda, Kondo, and Ohta 2010; Ohta, Genda, and Kondo 2007). Research on the generation effect has shed light on the dysfunctional aspects of Japan’s labor market systems, such as the system of simultaneous recruitment of new graduates where favorable employment opportunities are concentrated at the time of graduation, and the skills development system that prioritizes regular employees in allocating training opportunities.

The major difference between the employment ice-age and the present is the improvement in the employment situation and the rise in the sense of labor shortages among companies. Figure 5 shows changes in the labor surplus/shortage judgment diffusion index (D.I.) tracked by the MHLW in its “Survey on Labour Economy Trend.” During the employment ice-age, the D.I. for regular workers was significantly lower than that for part-



Source: Created by the author based on the MHLW, "Survey on Labour Economy Trend."

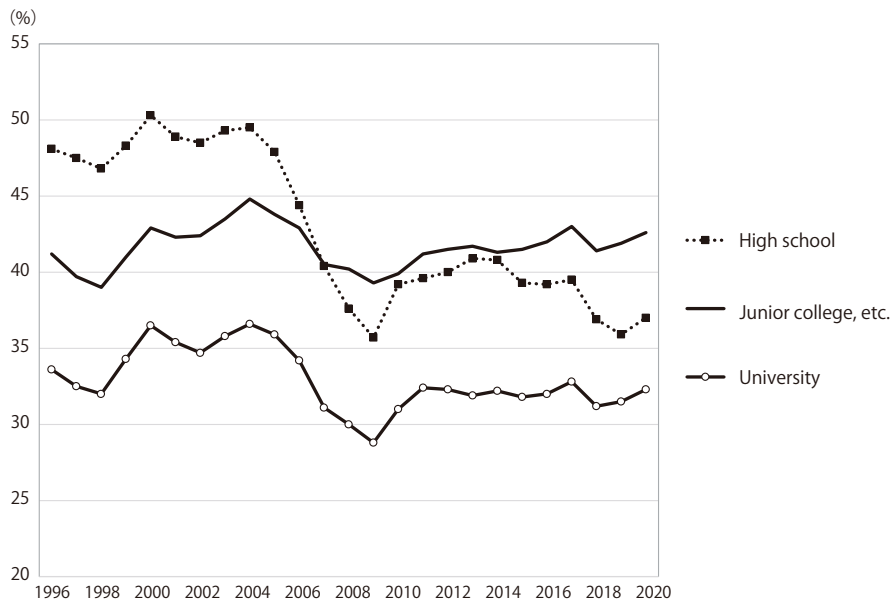
Note: The diffusion index (D.I.) is calculated by subtracting the percentage of establishments reporting a labor surplus from the percentage of those reporting a labor shortage. From the February 2008 survey, the name of the category of "regular workers" was changed to "regular employees, etc." and its definition was partially changed. The "regular employees, etc." is defined as "people employed without a fixed term of employment or people employed under an employment contract for a period of one year or longer, except for 'part-time workers' as defined below" (the underlined phrase was added in the February 2008 survey; for the definition of part-time workers, refer to the same survey).

Figure 5. Changes in labor surplus/shortage judgment D.I.

time workers, indicating a strong sense of excess supply of regular workers among companies. Subsequently, the D.I. for regular workers gradually rose, recovering to the same level as that for part-time workers by 2006. The D.I. sharply dropped for both regular and part-time workers due to the Lehman crisis in 2008 but then recovered, and a growing sense of shortage emerged around 2011. Since 2015, demand for regular employees, etc. has been greater than that for part-time workers.

While the employment situation has changed in this way, no major change has been observed in early job separation among young workers. Figure 6 shows the turnover rate for new graduates within the first three years of employment, calculated by the MHLW from employment insurance records. Among high school graduates, the rate of those leaving their jobs within the first three years of employment had been around 50% until the early 2000s. This rate declined in the late 2000s and has stayed around 40% since the 2010s. Among university and junior college graduates, with slight declines observed in the late 2000s, the rate of those leaving their jobs within the first three years of employment has been around 30% for university graduates and 40% for junior college graduates, respectively.

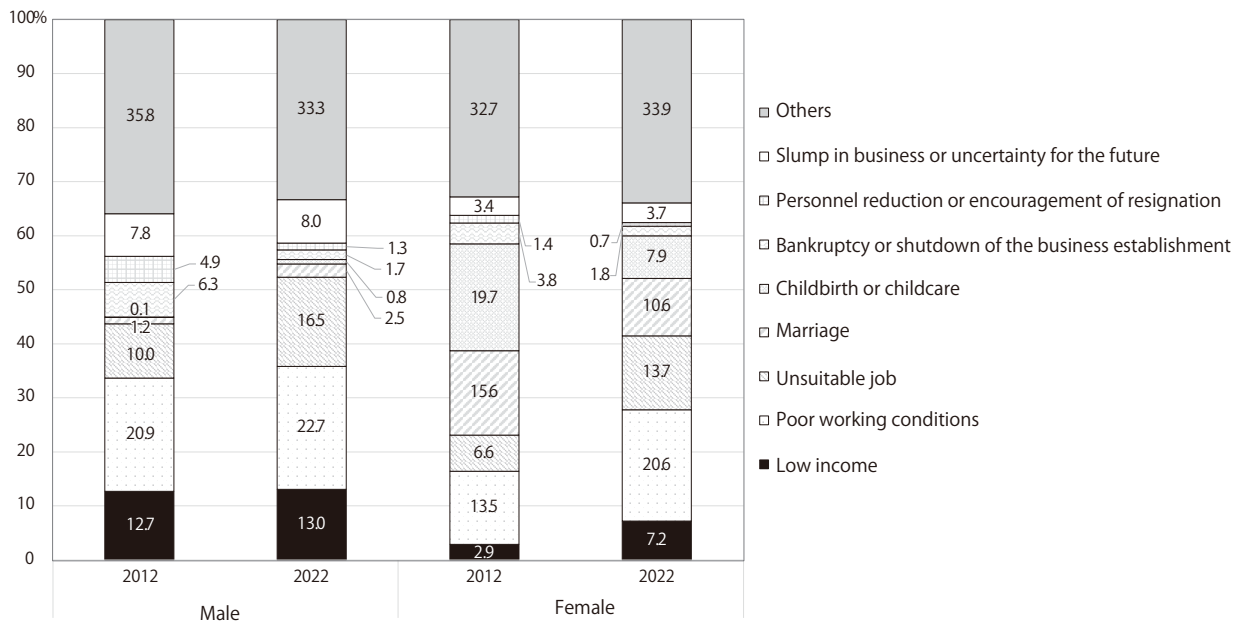
To explore the background of early job separation among new graduates, changes in the reasons for leaving jobs among young regular employees are examined. Figure 7 shows aggregated data regarding the reasons for job separation among people aged 15 to 34 who left their previous regular employment. According to this data, major reasons why young regular employees quit their jobs include low income, poor working conditions, and the job being unsuitable for them. Moreover, the combined percentage of separations for these reasons has increased from 43.6% (2012) to 52.3% (2022) for men and from 23.0% to 41.5% for women. The significant expansion among women should not be overlooked. Another major change concerning women is the decline in



Source: Created by the author based on the MHLW, "Status of job separation of new graduates by length of service."

Note: Data for graduates in March 2021 and thereafter are not indicated because three years have not yet passed since employment.

Figure 6. Changes in the turnover rate for new graduates within the first three years of employment



Source: Created by the author based on the Statistics Bureau, the Ministry of Internal Affairs and Communications (MIC), *Employment Status Survey*.

Note: The period when separation from the previous employment occurred is: from October 2020 to September 2021 for 2022 data and from October 2010 to September 2011 for 2012 data. "Others" include: "termination of the employment contract," "temporary job," "family member's job change/transfer or workplace relocation," "caregiving/nursing," "illness/old age," and "others."

Figure 7. Reasons for job separation among people who left their previous regular employment (aged 15 to 34)

the rate of job separation due to marriage, childbirth, or childcare. The combined percentage of separations “for marriage” and “for childbirth/childcare” accounted for 35.4% of the total of reasons for women’s job separation in 2012 but then it fell to 18.5% by 2022. These trends suggest that, as factors that cause job separation among young workers and prevent their retention at the workplace, young regular employees may be leaving industries and workplaces with poor working conditions and low wages amid the rising labor demand. They also indicate the need to focus on changes in the behavior of young women engaging in work.

IV. Trends in non-regular employment and unemployment of young people

As an indicator of the current state of youth labor, trends among young people entering non-regular employment and those unemployed have attracted as much as or more attention than early job separation. Research and studies on freeters progressed, starting with those by the Japan Institute of Labour (2000, 2001). Regarding youth unemployment, following the introduction of the concept of “NEET” (Not in Education, Employment or Training) from the United Kingdom (Japan Institute of Labour 2003), the concept of “Japanese-version of NEET” (“people aged 15 to 34 out of the labor force who are not primarily attending school or primarily engaged in housework”) emerged (Kosugi 2004). Research on non-regular employment revealed that the shift from non-regular to regular employment is less common in Japan compared to other countries (Shikata 2011), and that men, highly educated people, and younger people are more likely to make a transition to regular employment. Horii (2019), analyzing the current situation of the employment ice-age generation entering middle age, points out that among those whose first job was not regular employment, the proportion of those currently in non-regular employment or unemployed is high, indicating that the disadvantages experienced upon graduation persist. Factors promoting transition to regular employment include experience in non-regular employment in the same company (Genda 2008), the content of the job assigned during non-regular employment in the context of internal promotion (Genda 2009), off-the-job training (Kosugi 2011), past experience in regular employment (Kosugi 2011), and utilization of *Hello Work* offices and social networks (Fukui 2017). Factors associated with youth unemployment include being female, having lower educational attainment, and lacking employment experience in the past (Genda 2007). Pathways through which they become unemployed vary, including family, school, and workplace (Kosugi 2004; Kosugi ed. 2005). In the early 2000s, the concepts of social exclusion and social inclusion were introduced as a comprehensive perspective for understanding the complex difficulties experienced by the unemployed throughout their life courses (Higuchi 2004; Miyamoto 2004).

First, let us examine changes in the share of non-regular employees among young people. Figure 8, using data from the *Employment Status Survey*, shows changes in the composition of employed people aged 15 to 34 from 2002 to 2022. For men (Panel A), the number of regular employees decreased from 8.91 million in 2002 to 6.26 million in 2022, and their share in the employed population also declined from 77.1% to 73.2%. During the same period, the number of non-regular employees increased from 1.78 million to 1.91 million, and their share in the employed population expanded from 15.4% to 22.4%. For women (Panel B), the number of regular employees decreased from 4.79 million in 2002 to 4.00 million in 2012, then took an upward turn, reaching 4.76 million in 2022. Although this is merely the recovery to the 2002 level, the proportion of regular employees among all employed people expanded from 54.6% (2002) to 60.6% (2022) due to the overall decline in the number of employed people. The number of non-regular employees decreased from 3.53 million in 2002 to 2.87 million, and their share in the employed population also declined from 40.2% (2002) to 36.5% (2022). The data suggests that the trends among young men and women over these 20 years have been contrasting: the share of non-regular employment among young men has increased, while the share of regular employment among young women has increased.

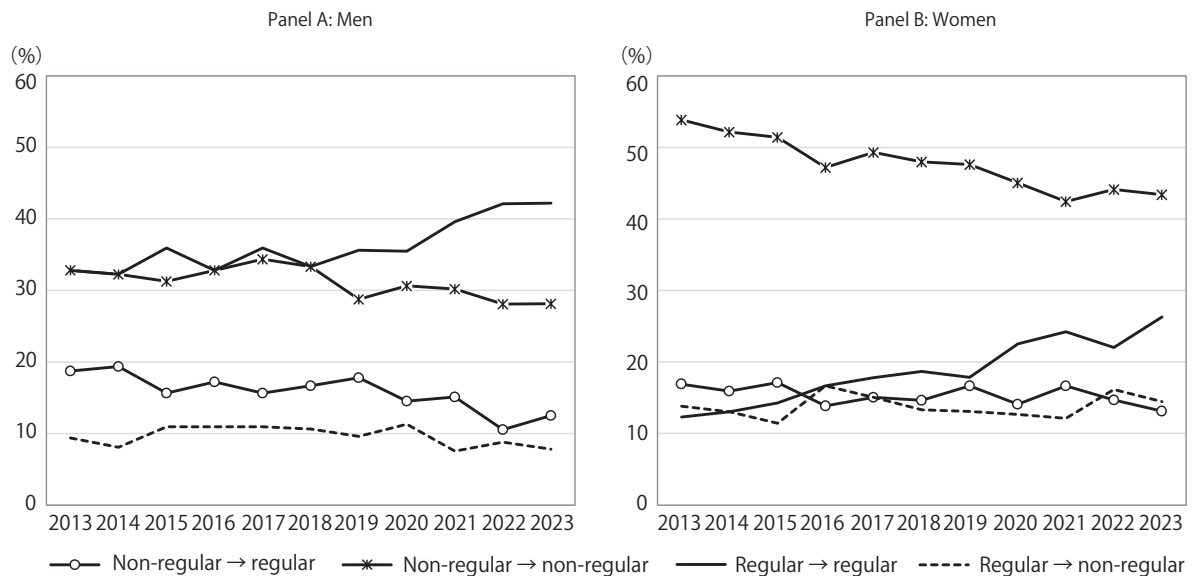
Next, let us examine the trends in the transition from non-regular to regular employment. Figure 9 shows the

proportion of people who became employed among those who left their jobs in the past one year, broken down by employment status of previous and current jobs, for people aged 15 to 34. For men (Panel A), the share of those who changed jobs from non-regular to regular employment is less than 20% and has been declining



Source: Created by the author based on the Statistics Bureau, MIC, *Employment Status Survey*.

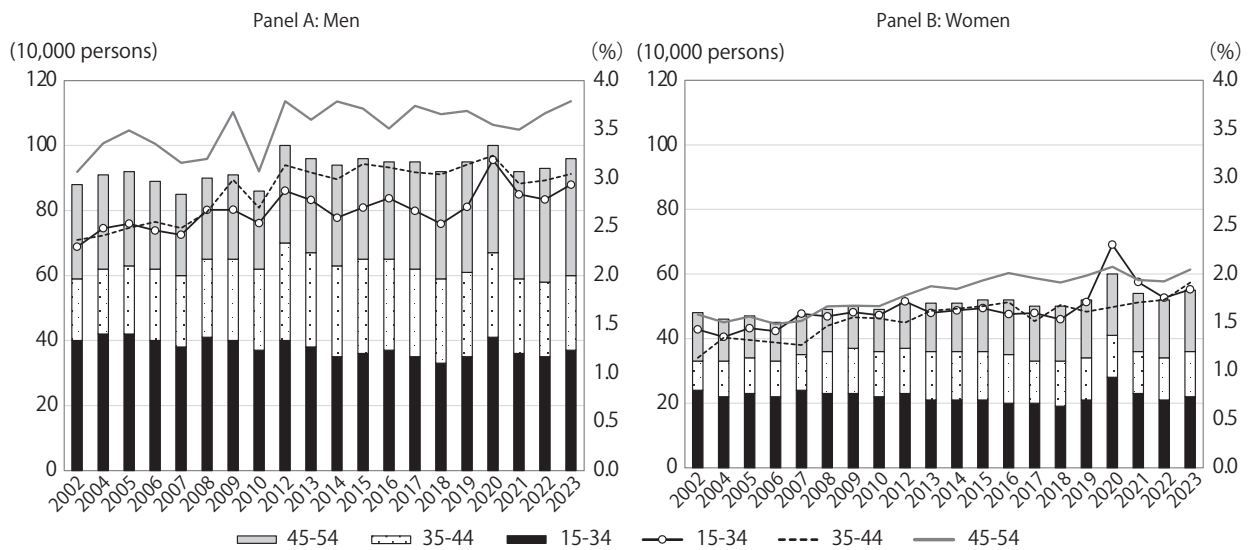
Figure 8. Changes in the number and composition of employed people (aged 15 to 34)



Source: Created by the author based on the Statistics Bureau, MIC, *Labour Force Survey* (detailed tabulation).

Note: The Labour Force Survey only captures people moving between companies and does not cover conversion from non-regular to regular employment though internal promotion in the same company.

Figure 9. Rate of people who became employed among those who left their jobs in the past one year (aged 15 to 34)



Source: Created by the author based on the Statistics Bureau, MIC, *Labour Force Survey* (detailed tabulation).

Note: People out of the labor force who are neither engaged in housework nor attending school are defined as *mugyosha* (people not in work or education; “others”).

Figure 10. Changes in the number and rate of people not in work or education

between 2013 and 2023. The largest share is observed for those who changed jobs in the same employment status. While the share of changes from non-regular to non-regular jobs has declined, the share of changes from regular to regular jobs has expanded. The trends for women (Panel B) are similar to those for men: the share of those who changed jobs from non-regular to regular employment is less than 20% and has not expanded. The share of those who changed jobs in the same employment status for women has changed more significantly than for men. Between 2013 and 2023, the share of changes from regular to regular jobs increased by 14 percentage points, while the share of changes from non-regular to non-regular jobs decreased by 10 percentage points. This means that, while the share of regular employees moving between companies has increased, the share of non-regular employees becoming regular employees through job changes has not increased.

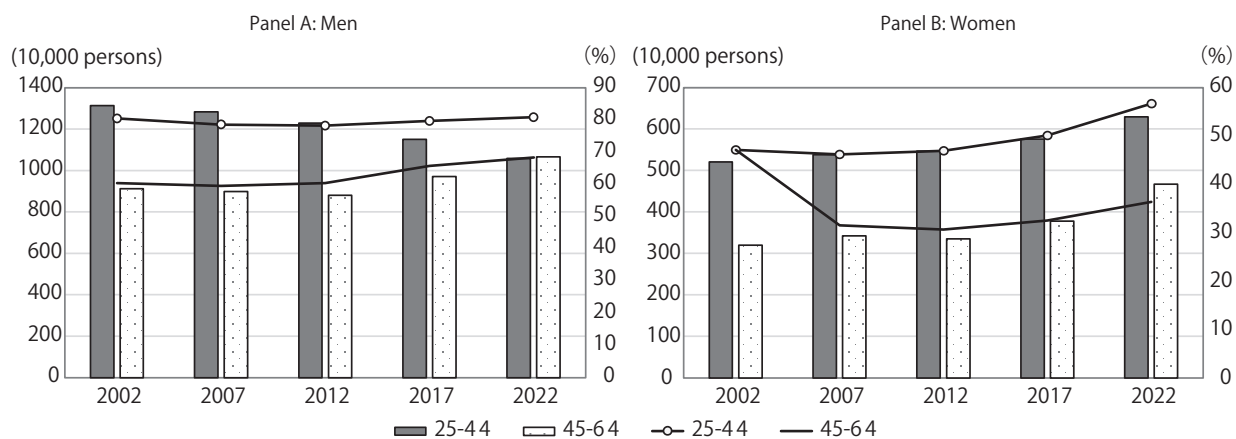
The MHLW defines people out of the labor force who are neither engaged in housework nor attending school (not in work or education) as *mugyosha*. Based on this definition, Figure 10 shows the number of those people not in work or education and their percentage of the population aged 15. The total number of people aged 15 to 54 not in work or education has remained around 900,000 for men and around 500,000 for women. The number of young people aged 15 to 34 not in work or education has remained largely flat from 2002 to 2023, standing at 370,000 for men and 220,000 for women in 2023. The rate of those young people not in work or education at that time was 2.9% and 1.8% for men and women, respectively, showing a slight but increasing trend. The rates of people not in work or education among those aged 35 to 44 and those aged 45 to 54 are comparable to or higher than that among young people, indicating that individuals not in work or education exist across a broad range of age groups from youth into middle age.

V. Continued employment of older workers and youth labor

In tandem with youth employment policies, the government has promoted measures for continued employment of older workers. To enhance the sustainability of public pensions and address the decline in the working-age

population, companies have also developed systems for maintaining employment of older workers in a phased manner. The amendment to the Act on Stabilization of Employment of Elderly Persons that came into effect in 2006 introduced the obligation of companies to take measures to secure employment for elderly persons until 65 years of age, specifically, any of the following measures: (1) raising the mandatory retirement age; (2) introducing the continued employment system; or (3) abolishing the mandatory retirement age. The 2013 amendment expanded the scope of people eligible for these measures to secure employment to cover all elderly employees who wish to continue to work in principle, followed by the 2021 amendment requiring companies to make efforts to secure employment of their employees until the age of 70. Research has shown that the 2006 and 2013 amendments increased the employment rate of older workers (Kondo 2014; Moriyama 2022). The phenomenon where continued employment for older workers deprives younger workers of their employment opportunities is studied as the “displacement effect.” As summarized by Ohta (2010) and Yasuda, Araki, and Martinez Dahbura (2019), numerous studies have confirmed that the recruitment of younger workers tends to be reduced in companies and workplaces where middle-aged and older employees account for a large share of employees.

While there may be various ways to distinguish between younger and middle-aged/older workers, studies on the displacement effect often use the proportion of workers aged 45 or over as an indicator of aging. Therefore, this paper divides employed people into two groups, i.e., those aged 25 to 44 (younger workers) and those aged 45 to 64 (middle-aged/older workers), and examines the number of regular employees and their share in the total employed population for each group. Figure 11 shows the results of this analysis. Regular employees aged 45 to 64 have increased for both men and women. Regular employees also increased among women aged 25 to 44 but decreased among men in the same age group. The proportion of regular employees among men aged 25 to 44 has remained around 80%, while among those aged 45 to 64, it rose from 60.4% (2002) to 68.4% (2022). Among women, the proportion of regular employees aged 25 to 44 expanded from 47.1% (2002) to 56.7% (2022), whereas the proportion of those aged 45 to 64 showed signs of recovery in recent years but declined from 47.1% in 2002 to 36.4% in 2022. The results suggest that, based on the classification adopted in this paper, no decline in the share of regular employees among younger workers has been observed alongside the increase in middle-aged and older regular employees. However, this should be examined in further detail because alternative ways of classification may be possible and the continued employment of older workers could affect the working styles of younger workers in forms other than regular employment.¹³



Source: Created by the author based on the Statistics Bureau, MIC, *Employment Status Survey*.

Figure 11. Number of regular employees and their share in the total employed population (aged 25 to 44 and 45 to 64)

VI. Conclusion

This paper reviewed the framework of the Japanese model of school-to-work transition and the development of youth employment policies, and examined various related phenomena from a long-term perspective, including the situation of employment and job separation of new graduates, trends in precarious employment of young people, such as non-regular employment and unemployment, and relevance between the continued employment of older workers and the working styles of younger workers. Among these, job separation and precarious employment of younger workers and the inter-generation relevance in labor have been studied to clarify their mechanisms, with the primary focus on the employment ice-age generation. Meanwhile, Japan's demographic structure as well as the academic attainment composition and employment situation of young people have undergone significant changes. While the framework for the Japanese model of school-to-work transition remains basically unchanged, policies addressing its dysfunctions have been implemented. Although this paper could not fully explore it, re-examining the explanatory framework formed during the employment ice-age within this new context represents an important research issue today.

Previous youth employment policies have centered on supporting the shift from non-regular to regular employment. While this remains crucial, given the existence of people working in non-regular employment from youth into middle age due to various circumstances, it is necessary to promote improvement in wage disparities depending on the employment status, and study into trends in this area is an important task. Furthermore, requiring people to engage in job-seeking activities and employment as a condition for receiving social welfare benefits is the concept of activation (Miyamoto 2009). However, Japan's self-reliance support policies are characterized by "employment support without a welfare perspective," and their limitations have been pointed out (Sakurai 2019). The future of self-reliance support accompanied by income security is another crucial issue in youth labor, alongside the wage disparity between regular and non-regular employment.

This paper is a translation of the author's paper "*Jakunen rodo no henyo to genzai*" [Transformation and Persistence in Japanese Youth Labor Market] submitted to and published in the *Japanese Journal of Labour Studies* (Vol. 66, No.767, June 2024) with some additions and amendments in line with the gist of *Japan Labor Issues*.

Notes

1. The MHLW, "Dai 32 kai Kotogakko shushoku mondai kento kaigi" [The 32nd meeting of the high school employment issues review committee]. https://www.mhlw.go.jp/stf/newpage_30988.html (in Japanese; last accessed on March 29, 2024).
2. The MEXT and the MHLW, "'Kosotsusha no shokugyo seikatsu no iko ni kansuru kenkyu' saishu hokoku" [Final report on research on the entry of high school graduates into vocational life]. <https://www.mhlw.go.jp/houdou/2002/03/h0305-1b.html> (in Japanese; last accessed on March 29, 2024).
3. The MHLW and the MEXT, "Kotogakko shushoku mondai kento kaigi wakingu chimu hokoku: Kotogakko sotsugyosha no shushoku kanko no arikata ni tsuite" [Report of the working team of the high school employment issues review committee: Desirable employment practices for high school graduates]. <https://www.mhlw.go.jp/content/11601000/000594160.pdf> (in Japanese; last accessed on March 29, 2024).
4. The recruitment/candidate information provision service under the Employment Security Act refers to the service of providing information on job vacancies and job seekers. Conventionally, this service referred to the service of providing information to companies seeking workers and people seeking jobs upon the request of these companies and people. Following the advent of new models of employment agency services, the 2022 amendment to the Employment Security Act has expanded the definition to include providing collected information without request and providing information to employment placement service providers and recruitment/candidate information providers.
5. Cabinet Office, "Gakusei no shushoku saiyo katsudo kaishi jiki to ni kansuru chosa" [Survey on the start time and other matters of students' job seeking and recruitment activities]. <https://www5.cao.go.jp/keizai1/gakuseichosa/index.html> (in Japanese; last accessed on March 29, 2024). The percentage of students who used "direct application (entry via websites, etc.)" was 77.1% for liberal arts students and 68.9% for science students. The next most common route for finding jobs was "information from companies where students participated in internship programs (recruiters, university alumni, referral recruitment)" (11.6% for liberal arts students, 12.8% for science students).

- Among science students, “recommendation by faculty or university/designated school system” accounted for 8.0%. This survey targeted students from approximately 60 universities selected considering factors such as region, management entity, and size. As it employs the non-probability sampling method, caution is required regarding the statistical generalization of the results.
6. The Youth Trial Employment Program supported companies accepting jobless graduates in short-term trial employment by providing them with incentives for promotion of youth stable employment and offering employment management advice, thereby facilitating young people’s transition to regular employment.
 7. Following the promulgation of the Youth Employment Promotion Act, the guidelines for securing employment opportunities for youth were abolished, and since 2015, their function has been taken over by the “Guidelines for appropriate measures by employers, job placement service providers, and other related parties for securing employment opportunities for youth and their retention” (Guidelines for employers and others).
 8. Oshima (2012) revealed that university career service offices function as a safety net for students struggling with job hunting. Furthermore, Komikawa (2020) pointed out that around 2000, university job support expanded to cover career support and career education, deepening the relationship between universities and private human resources and education businesses.
 9. Industry-Academia Council on the Future of Recruitment and University Education, “Saiyo to daigaku kyoiku no mirai ni kansuru sangaku renkei kyogikai 2021 nendo hokokusho: Sangaku kyodo ni yoru jiritsuteki na kyaria keisei no suishin” [FY2021 Report of the Industry-Academia Council on the Future of Recruitment and University Education: Autonomous career development through industry-academia collaboration]. <https://www.keidanren.or.jp/policy/2022/039.html> (in Japanese; last accessed on March 29, 2024).
 10. The MEXT, the MHLW, and Ministry of Economy, Trade and Industry (METI), “Intanshippu wo hajime to suru gakusei no kyaria keisei shien ni kakaru torikumi no suishin ni atatte no kihonteki kangaekata” [Basic approach to promote internship programs and other initiatives to support student career development]. https://www.cas.go.jp/jp/seisaku/shushoku_katsudou_yousei/2024nendosotu/yousei2.pdf (in Japanese; last accessed on March 29, 2024).
 11. Inter-Ministerial Liaison Conference on the Schedule for Job-Seeking and Recruitment Activities, “Intanshippu wo katsuyo shita shushoku saiyo katsudo nittei ruru no minaoshi ni tsuite” [Revision of rules for schedules of job seeking and recruitment activities using internship programs]. https://www.cas.go.jp/jp/seisaku/shushoku_katsudou/index.html (in Japanese; last accessed on March 29, 2024).
 12. While there is no definitive definition of the “employment ice-age” (generation), this paper defines the period from 1993 to 2004 as the employment ice-age.
 13. Ohta (2010) points out that middle-aged and older workers began to engage in jobs traditionally held by younger workers, by examining occupational segregation between middle-aged/older and younger workers using national census data. While Yasuda, Araki, and Martinez Dahbura (2019) confirm a displacement effect in large corporations, such displacement may not be observed in small and medium-sized enterprises where more older workers are being employed against a backdrop of youth labor shortages.

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Article

Law and Policy on Health Protection in the Workplace during a Pandemic

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I. Introduction:¹ Challenges in labor law and labor law policy during the COVID-19 pandemic

The global COVID-19 pandemic, which began in January 2020, raised numerous challenges in relation to Japan's labor law and labor law policy. These challenges can be broadly categorized into two main areas. The first area concerns how to maintain employment and guarantee income for employees when employers are forced to downsize or suspend their business or operations due to a pandemic (Area A). The other area relates to how to protect employees from viral infection and risks to their life or health in workplaces (including "during commuting")—spaces where people gather (Area B).

In Area A, the Japanese government actively implemented legislative policies, including amendments to the Employment Insurance Act to relax the requirements for receiving the Employment Adjustment Subsidy. Furthermore, issues concerning the interpretation of existing labor laws were also actively discussed. These included the legality of dismissals or disadvantageous changes to working conditions caused by the pandemic, and the possibility of employees' claims for wages and allowances (Article 26, Labor Standards Act) during periods of company closing. In contrast, regarding Area B, while there was some debate about legal interpretation, it centered primarily on issues regarding telework (specifically, home office). Although some policy measures were implemented in this area, there was no response from the perspective of legal policy—at least in the form of

new legislation or legal amendments—unlike in Area A.

Therefore, this paper will discuss how the interpretative approach can address issues in Area B as a whole, as well as what form new legal policies should take, in preparation for the possibility of a future new pandemic in Japan.

II. Law and policy concerning infection prevention measures and labor relations

This section examines legal issues arising in labor relations concerning infection prevention measures against emerging infectious diseases in the workplace. These legal issues can be broadly categorized as follows: (i) the implementation of infection prevention measures by employers in the workplace; (ii) the identification of infected individuals in the workplace by employers; (iii) whether employers can require employees suspected of infection to stay home (as an infection prevention measure); and (iv) whether employers can require employees to report to the workplace or undertake business travel during a pandemic.

1. Issue (i)

(1) Legal policy regarding the implementation of infection prevention measures in the workplace

Regarding Issue (i), the first question concerns how the government should design policy measures to ensure that employers implement appropriate infection prevention measures in each workplace.

In Japan, the Ministry of Health, Labour and Welfare (MHLW) implemented a certain range of

policy measures²—such as requesting labor unions and employers’ organizations to implement infection prevention measures and publishing checklists for workplace health committees to assess the implementation status of infection prevention measures—but no legislative regulation was enacted. A study analyzing the implementation status of infection prevention measures by companies during the COVID-19 pandemic revealed that approximately 30% of companies adopted no infection prevention measures whatsoever.³ Reviewing this fact, it can be said that the introduction of statutory regulations requiring employers to implement infection prevention measures deserves consideration as a labor law policy in the event of a future new pandemic.

However, given that the risk of employees becoming infected with a virus in the workplace varies widely by industry, sector, firm size, region, and other factors, it is desirable to adopt a tailor-made (risk assessment-based) type of regulation. One possible approach would be to amend the Industrial Safety and Health Act (ISHA) to impose on employers an obligation to implement infection-prevention measures, while also requiring each workplace to determine its own specific measures—based on the infection risks particular to that workplace—by consulting with employees through health committees or other representative bodies. In this regard, the government (especially MHLW) should also consider issuing guidelines under the ISHA that set out a range of available infection prevention options, so that labor and management in each workplace can refer to them as needed when determining their own such measures.

(2) Whether employers can force infection prevention measures in the workplace—validity of a mask-wearing order

Regarding Issue (i), another question arises whether employers can force (impose a mandate on) employees to comply with infection prevention measures that the employers have decided to implement. A particularly contentious point is whether employers can order mask-wearing as part

of their lawful work orders to employees. The efficacy of masks in preventing droplet and aerosol transmission is generally recognized, and court decisions tend to uphold the validity of such an order.⁴

Because a mask-wearing order is issued as a work order by the employer (i.e., as an exercise of the employer’s right to direct), the prohibition on the abuse of rights under Article 3, paragraph (5) of the Labor Contracts Act (LCA) applies. Accordingly, the validity of such an order is not unconditionally recognized; rather, it must be determined by weighing the interests between the employers’ legitimate business necessity for mask-wearing against the disadvantages imposed on employees due to wearing masks. From this perspective, during a pandemic, while the physical burden of wearing masks is relatively minor for employees who are healthy individuals, the employer faces a significant operational need to prevent workplace infections by requiring the employees to wear masks. Thus, the employer’s mask-wearing order is generally considered valid. However, if an employee has a developmental disability such that mask-wearing would substantially impair their daily functioning, and this condition is substantiated by medical documentation, the application of a blanket mask-wearing order may constitute an abuse of the employer’s right to direct, and could therefore be held invalid.

2. Issue (ii)

Issue (ii) concerns whether employers can order employees to undergo COVID-19 testing—specifically PCR tests or temperature screenings—or to use contact tracing applications such as COCOA, in order to identify infected individuals, including asymptomatic carriers, in the workplace.

First, issues involved in cases where an employer orders employees to take PCR tests and temperature screening are similar to those involved in cases where an employer orders employees to undergo (non-statutory) medical examinations. Therefore, the Supreme Court’s existing analytical framework for evaluating the validity of such orders on medical

examinations may provide relevant guidance in assessing orders for PCR tests and temperature screening.⁵ When evaluating the validity of such orders in each case, it should not be overlooked that PCR tests and temperature screenings involve the collection of employees' health data, in addition to raising concerns regarding the degree of medical invasiveness to the employee's body. Accordingly, any judicial assessment of the validity of orders to undergo PCR tests or temperature screenings must consider whether the employer properly handles the employees' health data obtained through these measures. In this regard, MHLW has published guidelines for the appropriate handling of data on physical and mental conditions of employees based on Article 104, paragraph (3) of the ISHA.⁶ The matters stipulated in these guidelines (e.g., establishing rules for the handling of data and developing necessary systems) may serve as a reference for judging that point.

Furthermore, regarding the mandatory use of contact tracing applications, because an employer's work orders are fundamentally not effective against employees' private property, it is interpreted that an employer would not be permitted to order employees to install such an application on their personal smartphones. Even if the employer's order applies to company-issued devices, the validity of such an order should be strictly judged from the perspective of the risks to privacy and personal data protection inherent in contact tracing technology.⁷

3. Issue (iii)

Issue (iii) concerns whether employers can order employees suspected of infection to stay home as an infection prevention measure.⁸ In this respect, the framework developed in established Japanese case law concerning the validity of stay-at-home orders issued by employers as work orders may provide a useful point of reference.⁹ More specifically, when assessing the validity of such a stay-at-home order, it is first necessary to determine whether a business necessity exists for employers to require the employees to stay at home, considering the employees' specific symptoms and relevant conduct

or contact history. At the same time, the extent of the disadvantages imposed on the employees by such an order should be examined, particularly from the viewpoint of whether the duration of the order is unnecessarily prolonged and whether the employer has explored alternative arrangements (such as home office) that would allow the employee to continue working.

4. Issue (iv)

Furthermore, as Issue (iv), can employers order employees to report to the workplace or undertake business travel during a pandemic? Regarding this issue, based on the Supreme Court's precedent,¹⁰ employees would be excused from the obligation to report to the workplace or undertake business travel where there is an objectively reasonable expectation that such workplace attendance or business travel would expose them to an infectious disease, thereby jeopardizing their health or safety. Factors that should be considered in determining whether such a risk exists include: a) the infection-prevention measures implemented by employers in the workplace; b) employee's individual risk of severe illness if infected; and c) the prevailing infection risk in the relevant geographic area, particularly where business travel is required. Among these factors, in assessing factor b), the employee's age and presence of underlying conditions (such as heart disease or diabetes) should also be taken into consideration. As for factor c), particularly in the case of ordering an overseas business travel, the infectious disease risk information published by the Ministry of Foreign Affairs may serve as an important indicator. Thus, an employee's subjective or vague fear of infection, without objective supporting circumstances, does not constitute grounds for exemption from workplace attendance or business travel obligations even during a pandemic.

III. Law and policy concerning telework (home office) during a pandemic

Telework, particularly home office where employees work from home using information and

communication technology (ICT), serves as an effective intervention against infectious disease transmission by eliminating interpersonal contact both at the workplaces and during commuting. It is therefore unsurprising that this mode of work gained rapid and widespread adoption in Japan in response to the COVID-19 pandemic. While home office gives rise to a number of legal issues even in ordinary times, the following issues also require consideration during a pandemic: (i) whether employers can order employees to work from home; (ii) whether employees can claim employers to allow them to work from home; and (iii) whether employers can order working-from-home employees to report to the workplace.

1. Issues (i) and (ii) in ordinary times

In ordinary times, Issues (i) and (ii) should be considered as follows:

Turning to Issue (i), the Japanese Constitution provides two foundations directly relevant to this question; the inviolability of the home (Article 35) and the right to privacy as an aspect of the right to life, liberty, and the pursuit of happiness (Article 13). These constitutional guarantees collectively establish that how employees utilize their private space, such as their home, is fundamentally left to their personal discretion. It should be interpreted that at least in ordinary times, an employer does not have the legal authority to order an employee to use their private residence for work purposes. Regarding Issue (ii), as an employee's place of work is a matter to be determined based on the employer's right to direct, in principle, an employee does not have the right to request the employer to allow them to work from home. Accordingly, in ordinary times, the implementation of home office requires an individual agreement between the parties to the employment relationship.

However, regarding Issue (ii), a question arises whether an employee can claim a right to work from home under Article 36-3 of the Act to Facilitate the Employment of Persons with Disabilities (AFEPD), which prescribes an employer's duty to provide reasonable accommodations to workers, as an

exception to the principle mentioned above when an employee has disabilities and faces difficulties performing work in the workplace. In this regard, in Japan, the duty to provide reasonable accommodations under this provision is framed as an obligation of the employer (business operator) to take necessary measures. Therefore, although an employer must respect the wishes of an employee with disabilities when providing reasonable accommodations (Article 36-4 of the AFEPD), the employer retains a certain degree of discretion in determining the specific form of accommodations to be provided. Consequently, Article 36-3 cannot readily be interpreted as providing a basis for employees to claim a right to work from home by treating it as the only acceptable form of reasonable accommodations.

2. Issues (i) and (ii) during a pandemic

How, then, should we consider Issues (i) and (ii) during a pandemic? As noted above, at least during ordinary times, neither the employer's right to order working from home nor the employee's right to work from home should be recognized. That said, during a pandemic, such as the COVID-19 pandemic, employers bear a duty of care for the safety of employees as a whole under Article 5 of the LCA. Moreover, reducing contact opportunities within workplaces, particularly those with extensive shared spaces, can contribute to lowering the overall number of infected individuals in society. Therefore, in such exceptional circumstances of a pandemic, it is not impossible, as a matter of legal interpretation, to recognize either an employer's authority to order working from home or an employee's right to work from home on the basis of the principle of good faith under the labor contract (Article 3, paragraph (4) of the LCA). The effective implementation of home office requires the establishment of workplace rules through labor-management coordination. Accordingly, there are limits to either party unilaterally compelling the introduction of such a work arrangement by asserting it as a right.

Therefore, during a pandemic, it may be preferable to encourage employers and employees to explore the possibilities of home office arrangements

and to facilitate their implementation through individual agreements. Specifically, for instance, in circumstances where a state of emergency has been declared (Article 32 of the Act on Special Measures Against Novel Influenza), a possible approach would be to oblige both employers and employees to engage in mutual consultations regarding the implementation of home office. Although such an obligation to hold a consultation could theoretically be derived from the principle of good faith under labor contracts (Article 3, paragraph (4) of the LCA), it would be more appropriate to stipulate this obligation in statutes, such as the ISHA, in order to clarify the respective responsibilities of both employers and employees.

3. Issue (iii)

Turning to Issue (iii), a question arises as to whether an employer can order employees who have previously worked from home office to report to the workplace during a pandemic.¹¹ Considering that such orders to report to the workplace are also issued based on the employer's right to direct, they are ultimately subject to the regulation against an abuse of rights (Article 3, paragraph (5) of the LCA). Accordingly, the validity of such orders should be assessed by weighing the employer's legitimate business necessity against the disadvantages the employee would face in complying with them. Furthermore, for the employer's business necessity to be recognized in this specific assessment, it is interpreted that there must be objective circumstances that would prevent the smooth implementation of home office. Such circumstances may include a decline in the quality of the employee's work or a breach of obligations while working from home, difficulties in managing confidential information, or a deterioration in the information and communication environment. In assessing the disadvantages to the employee, particularly during the COVID-19 pandemic, it is necessary to consider circumstances that pose a risk to the employee's life or physical safety due to infection or severe illness associated with commuting to work, as well as circumstances that render work outside the home impracticable.

The former may include circumstances such as where the employee or their family are elderly persons or have underlying health conditions, or the infection prevention measures implemented in the workplace are insufficient. The latter may include circumstances such as where the closure of schools or daycare centers due to the spread of an infectious disease requires the employee to stay home to care for children, or where the employee is subject to a request from the government (including local authorities) to refrain from going out due to infection or suspected infection.

As stated earlier, it should be understood that the employee's right to request to work from home cannot be derived from the provisions of Article 36-3 of the AFEPD. However, when determining whether an employer's order requiring an employee with disabilities who has previously worked from home to report to the workplace constitutes an abuse of rights, factors such as the difficulty of commuting to work due to the employee's disabilities and the obligation to provide reasonable accommodations under that Article should be given due consideration. Furthermore, in making this determination, it is also appropriate to consider whether the employer has complied with certain procedures, such as providing advance notice, so that the employer's order would not constitute an abrupt change for employees who currently work from home.

IV. Law and policy concerning vaccination and workplaces or labor relations

The last topic concerns vaccination. The first issue is how the government should utilize workplaces and what actions it should require employers to take in order to encourage vaccination among employees and increase vaccination rates across society (*promotion* of vaccination; Issue (i)). In connection with this, another question arises as to whether employers can directly order vaccination for employees, or indirectly force employees to undergo vaccination by, for example, prohibiting unvaccinated employees from entering the workplace (*forcing* vaccination; Issue (ii)).

1. Issue (i): *Promotion of vaccination*

Regarding Issue (i), as a policy response to promote vaccination in the workplace, so-called “workplace vaccination” programs were implemented in Japan beginning in June 2021 during a pandemic pursuant to Article 6, paragraph (3) of the Immunization Act. However, although the Immunization Act requires individuals concerned to endeavor to undergo vaccination (Article 9), the decision whether to be vaccinated ultimately remains a matter of individual choice and consent (including employees).¹²

In this respect, during a future new pandemic, the following measures deserve consideration as legal policy options to increase vaccination rates: encouraging employers to introduce a leave system for vaccination by, for example, providing subsidies, so as to make vaccination more accessible to employees; and requiring employers to provide information about and raise awareness of vaccination among employees within the framework of worker safety and health education (Article 59) under the ISHA.

2. Issue (ii): *Forcing vaccination*

On the other hand, regarding Issue (ii), vaccination entails a non-negligible level of medical invasiveness to the body, produces irreversible effects through immunity, and in some cases poses risks to life and health due to side effects. For these reasons, the decision whether to be vaccinated should be left to the rights of the individuals concerned as protected under Article 13 of the Japanese Constitution. Accordingly, it is construed that, at least with respect to employees in general, employers cannot oblige employees to undergo vaccination as a work order (direct *compulsion*).

Finally, in the event of a future new pandemic comparable to, or more severe than the COVID-19 pandemic, the question arises whether employers operating hospitals or nursing care facilities can order medical and nursing care employees to undergo vaccination, or implement measures prohibiting unvaccinated employees from entering the workplace.

Given that these medical and nursing care employees inevitably come into contact with vulnerable populations—older adults and patients at heightened risk of serious illness or death if infected—such orders and measures cannot immediately be regarded as unreasonable. That said, the validity of the orders and measures should be determined by assessing the following factors based on the latest scientific and medical knowledge: (a) the risks of adverse reactions and other potential risks that may occur when medical and nursing care employees are vaccinated; (b) the need to protect vulnerable individuals from infection; (c) the effectiveness of vaccination in preventing the spread of infection, especially its effectiveness in preventing infection; and (d) other alternatives to direct or indirect compelling vaccination.

Notes

1. This article draws on the author’s prior work, *Comparative Law and Policy on Emerging Infectious Diseases: Occupational Health Protection in Japan and Germany during COVID-19 Pandemic*, JILPT Research Report no.232 (Japan Institute for Labour Policy and Training, 2025), authored under the name Yota Yamamoto. It distills and reconstitutes the report’s analysis of Japanese law into article form, reorganizing its central arguments for this publication. Readers seeking a more comprehensive treatment of the issues discussed herein, including a comparative examination of German law, are directed to the full report.
2. Ministry of Health, Labour and Welfare (MHLW), “Shingata korona uirusu kansen sho no daikibona kansen kakudai boshi ni muketa shokuba ni okeru taio ni tsuite (yosei)” [Request regarding response in workplaces for prevention of large-scale spread of COVID-19 infection], March 31, 2020.
3. “Kigyo no kansen boshi taisaku” [Infection prevention measures by companies], Kota Tagami, *JILPT Research Eye*, no.68 last modified September 8, 2021, https://www.jil.go.jp/researcheye/bn/068_210908.html.
4. The *Kintetsu Housing Management Co., Ltd.* case, Osaka District Court (Dec. 5, 2022) 1283 *Rohan* 13, etc.
5. The *Nippon Telegraph and Telephone Public Corporation, Obihiro Bureau* case, Supreme Court (Mar. 13, 1986) 147 *Shumin* 237.
6. “Rodo-sha no shin-shin no jotai ni kan-suru joho no tekisei na toriatsukai no tameni jigyousha ga kozubeki sochi ni kansuru shishin” [Guidelines concerning measures to be taken by employers for proper handling of information on workers’ physical and mental health], MHLW, Last modified March 31, 2022, <https://www.mhlw.go.jp/content/000922318.pdf>
7. The Personal Information Protection Commission states that contact tracing applications are “supposed to handle information such as the result of the users’ PCR tests and records of their activities (including records of contact with

others), which could significantly infringe users' rights and interests if mishandled," and further notes that "the decision whether to use these applications should be left to the voluntary judgment (consent) of the individuals concerned, based on the provision of sufficient and concrete information" (Personal Information Protection Commission, "Personal Information Protection Commission's view on the effective use of contact tracing applications to help deal with Coronavirus disease.

Personal Information Protection Commission, "Shingata koronauirusukansensho taisaku to shite kontakuto toreshingu apuri o katsuyo suru tame no kojinhohogoinkai no kangae-kata ni tsuite" [Personal Information Protection Commission's view on effective use of contact tracing App to help deal with Coronavirus disease (COVID-19)], news release, May 1, 2020.

8. During the pandemic in Japan, COVID-19 was categorized as either a designated infectious disease or a novel and reemerging influenza or coronavirus infection under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases, and accordingly, restrictions on work participation prescribed under Article 18 of that Act were applicable to individuals infected with COVID-19 or

asymptomatic carriers. If employees fall within the scope of those subject to these regulations, the competent administrative authorities—namely, prefectural governors—would implement measures to prevent infection in the workplace. However, given that this provision cannot necessarily cover all infected or potentially infected individuals, a question arises: whether employers can, on their own initiative, restrict or prohibit employees from engaging in work and order them to remain at home as an infection prevention measure in the workplace (Issue (iii)).

9. The *All Japan Seamen's Union* case, Tokyo High Court (Jan. 25, 2012) 2135 *Rokeisoku* 3.
10. The *Nippon Telegraph and Telephone Public Corporation, Chiyoda-maru* case, Supreme Court (Dec. 24, 1968) 22-13 *Minshu* 3050.
11. This contested point was addressed in the *IDH* case, Tokyo District Court (Nov. 16, 2022) 1287 *Rohan* 52.
12. "Shingata koronauirusu ni kansuru Q&A (ippan no kata muke) 1.Toi 7" [COVID-19 Q&A (For the public), 1. Q7], MHLW, accessed Apr. 28, 2026, https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kenkou_iryuu/dengue_fever_qa_00001.html#Q1-7.

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Commentary

Gender Equality and Indirect Discrimination: The Legality of Restricting Company Housing Scheme to Comprehensive-Track Workers

The *AGC Green-Tech Co.* Case

Tokyo District Court (May 13, 2024) 1314 *Rodo Hanrei* 5

TAKIHARA Hiromitsu

I. Facts

Company Y (defendant) operates a business selling fluorine film for agricultural greenhouses, used as covering materials for structures such as vinyl greenhouses. Sales representatives at Company Y engage in sales activities by visiting agricultural cooperatives, farmers, and agricultural greenhouse installation contractors nationwide. For sales activities targeting farmers, sales representatives, together with distributors, visit farms in various regions. Given the nature of the work of sales positions (comprehensive-track workers), which covers the entire country and is very high-pressure, there were virtually no female applicants, and the workforce consisted almost entirely of men. Company Y's headquarters in Tokyo comprises Business Management Division, Administration Division, and Overseas Sales Management Department. Domestic sales are handled by the East Japan Sales Office (Kazo City, Saitama Pref.), Central Japan Sales Office (Toyokawa City, Aichi Pref.), and West Japan Sales Office (Kurume City, Fukuoka Pref.). Each sales office is staffed with managerial, sales, and general positions.

X (plaintiff) is a woman, who began working at Company Y's Administration Division (former General Affairs Department) under a temporary-to-permanent contract after graduating from junior college in April 2008. Around July of that year, she was hired as a permanent worker by Company Y and has since been working in the Administration

Division. In June 2018, she obtained a Level 3 bookkeeping certification. In Japan, there are generally two categories of permanent workers: 'sogo shoku' and 'ippan shoku.' Normally, workers in *sogo shoku* may be required to relocate for work, but this is not the case for those in *ippan shoku*. The plaintiff was hired as *ippan shoku*. According to the written specification of her working conditions dated May 19, 2008, her duties were outlined as general affairs, accounting, and human resources tasks (including payroll calculation and petty cash management), with her monthly salary set at JPY 200,750. The written notice of working conditions stated that the responsibilities of the position were head office administrative duties, and it detailed the JPY 200,750 monthly salary as follows: a base salary of JPY 197,750 and a housing allowance of JPY 3,000. This was significantly lower than the benefits derived from the company housing scheme (discussed below) for *sogo shoku*.

With regard to the classification between 'sogo shoku' (comprehensive-track workers) and 'ippan shoku' (clerical-track workers) positions at Company Y, Article 2 of the salary regulations enacted on August 1, 2000, stipulated as follows: "As defined in the present regulations, *sogo shoku* refers to a worker who can accept assignment to any location at the company's direction and is recognized as having the ability to smoothly perform duties at the assigned work location" (Paragraph 1 of the same Article). "The term *ippan shoku* in the present regulations refers to job performance capabilities other than

those specified in the preceding paragraph” (Paragraph 2 of the same Article). Similar definitions were also set forth in the wage regulations.

Following the revision of the work rules on April 1, 2015, a classification between *sogo shoku* and *ippan shoku* positions was introduced in the work rules for indefinite-term workers (Article 2, Paragraph 2 (1)). *Sogo shoku* refers to a worker who can accept assignment to any location at Company Y’s direction and make appropriate decisions based on expertise that meets the requirements of the ability-based grade system, and who is recognized as having ability to perform a wide range of non-routine tasks smoothly. *Ippan shoku* refers to positions engaged in routine, supporting tasks such as general clerical work, and workers in these positions are not subject to transfer to other workplaces. *Sogo shoku*’s workforce is predominantly sales representatives operating from various sales offices, with a limited number of managerial staff situated at headquarters. Most of *sogo shoku* were men, whilst most of *ippan shoku* were women.

In accordance with the management regulations of the company housing scheme, Company Y’s company housing scheme is a program in which Company Y acts as the tenant for rental housing for its workers, covering the full amount of rent and other expenses. A portion of the rent is subject to deduction from the workers’ wages, and the remainder is covered by Company Y. Initially, the provisions of the management regulations were eligible for *sogo shoku* who were considered to have difficulty commuting to the assigned work location and who consequently relocated. Since July 2011, the scope of application has expanded to include cases with no relation to *tenkin*, or job transfer requiring a change of residence. On March 16, 2018, the management regulations were revised to explicitly state that the company housing scheme could be applied to *sogo shoku* under 60 years of age who do not own a residence within the commuting area, if Company Y deemed it necessary. There has been no instance of Company Y rejecting an application from *sogo shoku* to grant the company housing scheme.

While a certain number of sales representatives at

Company Y have experienced a job transfer, a considerable number of workers at Company Y have never experienced a transfer (at least six *sogo shoku* have not experienced a transfer, and beyond these, a considerable number of workers who relocated upon hiring have never experienced a transfer itself). Among sales representatives who have never experienced a transfer, some are granted eligibility for the company housing scheme. None of those in *sogo shoku* in Company Y’s Management Office (i.e., the Head, and the Deputy Head of the Administration Division) have ever experienced a transfer in the past, yet they are also given eligibility for the system.

X filed a lawsuit against Company Y, alleging that restricting the use of the company housing scheme exclusively to *sogo shoku* violates Article 6, Item 2 of the Act on Equal Opportunity and Treatment between Men and Women in Employment (hereinafter, “EEOA” [Equal Employment Opportunity Act]), Article 7 of the same Act, and Article 90 of the Civil Code. Article 6 of the EEOA prohibits direct discrimination, whilst Article 7 of the EEOA prohibits indirect discrimination. Article 90 of the Civil Code provides that any act contrary to public policy and good morals shall be invalid. In Japan, even before the enactment of the EEOA, a legal doctrine had been established regarding regulations on gender discrimination in the labour sector, based on Article 90 of the Civil Code.

The point at issue in this case is whether Company Y’s refusal to grant *ippan shoku* access to its company housing scheme can be considered unlawful direct or indirect discrimination. (This article addresses only this point in dispute.)

II. Judgment

1. Direct discrimination

X argues that Company Y’s restriction on the use of the company housing scheme to *sogo shoku*, while not permitting its use for *ippan shoku*, creates a significant disparity in treatment between men and women, and that such disparity should be inferred as gender-based and constitutes a violation of Article 6,

Item 2 of the EEOA, as well as Article 1, Item 4 of the Enforcement Regulations of the EEOA. This will be examined below. From its establishment through April 2020, Company Y had a total of 34 *sogo shoku*. Of these, only one was a woman (D), while the remaining 33 were all men. There were a total of seven *ippan shoku*, of whom only one was a man (A), while the rest were all women. Limiting the eligibility of the company housing scheme to *sogo shoku* exclusively, it is recognized that a certain degree of disparity in treatment exists between *sogo shoku* who utilize this system and *ippan shoku*.

It can be recognized that the fact that all beneficiaries of the company housing scheme have been men, with the exception of D, is due to the circumstance that the majority of those eligible for the system consists of sales representatives, a job type for which there have been a low number of female applicants. Therefore, it cannot be concluded that the aforementioned disparity in treatment associated with the company housing scheme is attributable to gender.

A review of the period from the time of Company Y's establishment reveals no circumstances sufficient to infer that the purpose behind the design of the program—which permitted only *sogo shoku* to use the company housing scheme—was to create disparities in treatment based on gender. Given that D, who was formerly employed by Company Y, utilized the company housing scheme, while A was not permitted to do so, it cannot be said that the application of the system was being distorted based on gender.

Therefore, it cannot be considered that the disparity in treatment under the company housing scheme was directly attributable to gender, and given the objective fact that all beneficiaries of the system, with the exception of D, were men, it cannot be inferred that there was direct discrimination based on gender.

2. Indirect discrimination

As outlined in Article 2, Item 2 of the Enforcement Regulations of the EEOA, which is based on Article 7 of the Act, while the provision on lending of

housing is not mentioned (in Article 6, Item 2 of the Act or Article 1, Item 4 of the Enforcement Regulations), [1] it is a measure based on grounds other than gender [2] that imposes a substantial disadvantage on members of one gender compared to those of the other gender, and therefore [3] implementation of such measures without reasonable grounds (which constitutes indirect discrimination) may exist other than those stipulated in the Enforcement Regulations of the EEOA. While such indirect discrimination may not be considered a violation of Article 7 of the EEOA, it could potentially be classified as unlawful under general principles of law, such as those stipulated in the Civil Code. (See the “Supplementary resolution concerning a bill to partially amend the Act on Securing of Equal Opportunity and Treatment between Men and Women in Employment (EEOA), as well as the Labor Standards Act (LSA)” by the Committee on Health, Labour and Welfare in the House of Representatives on June 14, 2006; *Kokinhatsu*, Administrative Notification No. 0210-02, issued by the Director of the Employment Environment and Equal Employment Bureau of the Ministry of Health, Labour and Welfare (MHLW), “Concerning the Partial Amendment to the ‘Enforcement of the Revised Act on Securing Equal Opportunity and Treatment between Men and Women in Employment.’”)

In light of the EEOA's objective to ensure equal treatment between men and women in employment, following the enforcement of Article 7 of the same Act (on April 1, 2007), when it comes to lending of housing, in cases where setting a requirement that an worker must be able to respond to a job transfer requiring a change of residence could fall under an indirect discrimination, such measures may be held to violate Article 90 of the Civil Code or the existence of a tort. Therefore, the measures related to Company Y's company housing scheme should be given similar consideration.

When examining the ratio of men and women who meet the requirements for the measure, the specific content of the measure, the necessity for performing duties, the necessity for employment

management, and all other relevant circumstances, whether it imposes substantial disadvantage on female workers compared to male workers, and whether there are reasonable grounds for taking such a measure, whether the measures concerning Company Y's company housing scheme falls under indirect discrimination should be examined in light of the intention of the EEOA. If they constitute indirect discrimination, it should be considered whether the management regulations of the company housing scheme violate Article 90 of the Civil Code, and whether Company Y's measures constitute a tort (see "Guidelines on ways for employers to take appropriate measures with regard to matters provided for under the provisions concerning the prohibition, etc. of discrimination against workers on the basis of gender" (Ministerial Notification No. 614 of MHLW, 2006); last amended: Ministerial Notification No. 458 of MHLW, 2015), Section 3-1 (1), (3) (b)).

Given the comprehensive consideration of the various factors of this case in light of the points mentioned above, the following conclusions can be drawn. First, since at least July 2011, the ratio of male to female workers benefiting from the company housing scheme as part of fringe benefit measures has shown a significantly higher proportion of men compared to an extremely low proportion of women. Regarding the measure's specifics, there was a significant disparity in economic benefits received by workers eligible for the company housing scheme and those who were ineligible. Nevertheless, with respect to the practice of permitting application to the company housing scheme, it is difficult to prove the necessity or rationality of restricting its use to *sogo shoku* based on the necessity or usefulness within the in-house career system for sales representatives, or from the perspective of securing an advantage in the recruitment competition for sales positions, regardless of the existence of actual transfers or any realistic possibility thereof.

Consequently, since July 2011, Company Y, in accordance with its management regulations of the company housing scheme, has restricted eligibility for the system to workers who are capable of responding to a job transfer requiring a change of

residence—that is, *sogo shoku*—while not permitting it to *ippan shoku*. Regarding the ongoing practice of applying this system as a welfare benefit measure, which is effectively applicable only to male workers and imposes a substantial disadvantage for female workers, the Court found no reasonable justification for the disparity. Consequently, it held that the implementation of the housing scheme constituted indirect discrimination, finding it inconsistent with the EEOA's objective of ensuring equal treatment between men and women in the workplace.

III. Commentary

This judgment marks the first ruling to recognize indirect discrimination since the 2006 Amendment of the EEOA.

1. Direct discrimination

The court rejected the claim of direct discrimination. As outlined in Article 6 of the EEOA, "Employers must not discriminate against workers based on their sex regarding the following matters," and the mentioned items consist of: "assignment (including allocation of duties and granting of authority), promotion, demotion, and training of workers" (Item 1), "loans for housing and other similar fringe benefits as specified by Order of the MHLW" (Item 2), "changes in job type and employment status of workers" (Item 3), and "encouragement of retirement, mandatory retirement age, dismissal, and renewal of labor contracts" (Item 4). According to Article 1 of the Enforcement Regulations of the EEOA, the measures are mentioned as "measures of fringe benefits provided by Order of the MHLW" under Article 6, item 2 of the EEOA as follows: "the lending of funds for living expenses, funds for education expenses and other funds for the purpose of promoting workers' welfare" (Item 1), "regular payment of moneys for the purpose of promoting workers' welfare" (Item 2), "payment of moneys for the purpose of asset formation by the workers" (Item 3), and "the lending of housing" (Item 4).

The basic principles of the EEOA are set forth in

Article 2, Paragraph 1, which states, “The basic principles of this Act are to enable workers to lead fulfilling professional lives free from sexual discrimination, and in the case of female workers, with respect for motherhood.” Additionally, Article 5 stipulates that “With regard to the recruitment and employment of workers, employers must provide equal opportunities for all persons regardless of their sex.” As outlined in Article 4 of the LSA, “An employer must not use the fact that a worker is female as a basis for discriminatory treatment in comparison to men regarding wages.” All of the aforementioned provisions serve as prohibitions against direct discrimination based on gender in Japan.

The LSA was enacted in 1947, as was the EEOA in 1985. The 1985 EEOA was a law that clearly prohibited discrimination against women. Following the amendments in 1997 and 2006, it has become the current employment equality law, which prohibits discrimination against both men and women. The 2006 EEOA expanded the scope of prohibited discrimination in addition to the previous prohibitions on assignment, promotion, training, retirement, and dismissal to include the aforementioned demotion, changes in job type and employment status of workers, and encouragement of retirement or renewal of employment contracts (and, as discussed later, provisions regarding indirect discrimination were incorporated in the 2006 Amendment).

In Japan, the following are well-known cases of gender discrimination.

(1) The practice of women resigning from their jobs upon marriage became a point at issue in the *Sumitomo Cement* case (Tokyo District Court, December 20, 1966, 17 *Rominshu* 1407, Judgement: Treating marriage as grounds for dismissal solely for female workers by an employer constitutes gender discrimination, and limits an individual’s freedom to marry. Given the absence of reasonable grounds for this practice, it violates public order, and is therefore invalid.)

(2) The mandatory retirement age of 30 for women (compared to age 55 for men) became a point at issue in the *Tokyu Kikan Kogyo* case (Tokyo District Court, July 1, 1969, 20 *Rominshu* 715,

Judgement: None of the employer’s assertions regarding the mandatory retirement age of 30 for female workers are reasonably justified, and there are no other special circumstances sufficient to constitute grounds for this mandatory retirement system. Therefore, this retirement policy, which discriminates against female workers by setting their retirement age at 30 while that of male workers is at 55, thereby placing female workers at a significant disadvantage, is deemed considerably unreasonable, contrary to public policy and good morals, and therefore invalid.)

(3) The gender-based wage table became a point at issue in the *Akita Sogo Bank* case (Akita District Court, Apr. 10, 1975, 26 *Rominshu* 388, Judgement: If an employer discriminates against a female worker in terms of wages in an employment contract solely on the basis of her gender, that particular provision of the contract is invalid as it violates Article 4 of the LSA. Consequently, the female worker may claim the difference between the amount paid to her and the amount paid to male workers.)

(4) The mandatory retirement age of 55 for solely female workers (compared to age 60 for male workers) became a point at issue in the *Nissan Motor Co.* case (Supreme Court, Mar. 24, 1981, 35 *Minshu* 300, Judgement: The company’s work rules, which set a mandatory retirement age for women that is lower than that for men, amount to discrimination based exclusively on the fact that they are women. This practice constitutes unreasonable discrimination based solely on gender and is therefore invalid under Article 90 of the Civil Code.)

(5) The payment of various allowances exclusively to male workers became a point at issue in the *Iwate Bank* case (Sendai High Court, Jan. 10, 1992, 43 *Rominshu* 1, Judgement: In general, work rules that violate Article 4 of the LSA, as well as wage provisions in employment contracts based on such rules, are invalid under Article 90 of the Civil Code.) In this case, the employer (appellant) provided family allowances and other benefits to male workers, even if their wives had an income, based on certain salary regulations, while not extending these benefits to female workers in dual-income households,

regardless of whether they were the household's main income provider or if they were financially supporting their children, in instances where their husbands had an income (exceeding a certain amount). There are no exceptional circumstances that would rationalize these provisions or the gender-based discrimination in the treatment of the relevant allowances under said provisions. Therefore, these provisions, as well as the provisions regarding the payment of family allowances in the employment contract between the employer and the female worker (appellee), violate Article 4 of the LSA (mandatory provisions) and are invalid under Article 90 of the Civil Code.

(6) The discriminatory wage treatment between men and women performing the same job duties (with equivalent years of service and age) became a point at issue in the *Nisso-Tosho* case (Tokyo District Court, Aug. 27, 1992, 611 *Rohan* 10, Judgement: The employer (defendant) failed to take appropriate corrective measures to adjust the plaintiff's (a female worker) base salary to the average base salary of four male workers, even though it should have been done so by January 1972 at the latest. As a result, it is acknowledged that a disparity has emerged between the plaintiff's base salary and that of the four male workers. The wage disparity claimed by the plaintiff from fiscal year 1982 onward is based solely on the fact that the plaintiff is a woman, or on the fact that the plaintiff is a dual-income earner and not the household's main income provider. Given the amount of the monthly wage disparity is by no means insignificant, it must be concluded that this constitutes unlawful wage discrimination, in violation of Article 4 of the LSA. Furthermore, since the defendant cannot avoid liability for negligence in failing to take appropriate corrective measures, it is reasonable to interpret this as constituting a tort).

2. Legal provisions of indirect discrimination and this judgment

The legal principle that, even if an employer establishes gender-neutral criteria regarding the treatment of workers—such as recruitment, promotion, or wages—when they actually create a

disadvantage for a specific gender group, yet the employer fails to prove the rationality of those criteria, such treatment is deemed unlawful discrimination, is known as the legal theory of indirect discrimination. While there is ongoing debate regarding this issue in various countries, including those in Europe and the US, the substance of the discussions does not always align.

In Japan, provisions regarding indirect discrimination were incorporated into the EEOA through the 2006 Amendment to the Act. Article 7 of the EEOA, as amended in 2006, stipulates that “An employer must not take measures which concern the recruitment and employment of workers or any of the matters listed in the items of the preceding Article, and based on criteria other than the worker's sex, which are specified by Order of the MHLW as measures that may substantially cause discrimination on the grounds of the worker's sex in consideration of the ratio of men and women who satisfy the criteria and other circumstances, except in cases where there is a legitimate reason to take those measures, such as cases where those measures are specifically required for the purpose of performing the business in light of the nature of the business, or cases where those measures are specifically required for the purpose of employment management in light of the status of business operations.”

According to Article 2 of the Enforcement Regulations of the EEOA, “measures which concern the recruitment or employment of workers and which require criteria concerning the worker's height, weight or physical strength” (Item 1), “measures which concern the recruitment, employment, promotion or change in job type of workers and which require criteria concerning the worker's ability to receive reassignment that results in the relocation of the worker's residence” (Item 2), and “measures which concern the promotion of workers and which require criteria concerning the worker's experience of having been reassigned to a workplace other than the workplace where the worker had formerly worked” (Item 3) are stated as “measures specified by Order of the MHLW” under Article 7 of the Act.

Under the EEOA, the scope of indirect

discrimination is strictly limited to the three aforementioned categories, making its legal application extremely restrictive. Nevertheless, this judgment transcends the narrow confines of Article 7, explicitly recognizing the validity of indirect discrimination in categories not previously enumerated under the Act. The judgment specifically held that while “lending of housing (Article 6, Item 2 of the EEOA; Article 1, Item 4 of the Enforcement Regulations of the EEOA) is not mentioned in Article 2, Item 2 of the aforementioned Enforcement Regulations, [1] it is a measure based on grounds other than gender [2] that imposes a substantial disadvantage on members of one gender compared to those of the other gender, and therefore [3] implementation of such measures without reasonable grounds may exist other than those stipulated in the Enforcement Regulations of the EEOA, and even if they do not violate Article 7 of the EEOA, there are cases where they should be deemed unlawful in light of general legal principles such as those of the Civil Code.” The court rendered its decision as described above (see the “Regarding indirect discrimination” section of the judgment).

3. Significance of this judgment

This judgement breaks new ground by affirming that indirect discrimination can be established outside the specific criteria mandated by Article 7, making a pivotal shift in the interpretation of employment equality law in Japan.

It has been pointed out that, other than the three grounds limitedly mentioned in the Enforcement Regulations of the EEOA, there may be instances where it could be assessed as unlawful and invalid

under private law. As this judgment also recognizes, this is evident from the supplementary resolutions or notifications issued at the time of the 2006 Amendment. Nevertheless, there has been no specific precedent recognizing illegality until now. While the judgment’s recognition of the existence of a tort based on indirect discrimination is significant, the scope of the ruling is not necessarily clear.¹ In any case, it can be said that the judgment has expanded the potential for the de facto applicability and existence of prohibitions against indirect discrimination in the future by recognizing the application and existence of indirect discrimination in cases not covered by Article 7 of the EEOA.²

While the judgment employed a somewhat interpretative technique, this judgment would likely become one of the indispensable precedents in the ongoing discussion of indirect discrimination in Japan.

Notes

1. Kanki, Chikako, and Koichi Tominaga. 2024. “Deiarogu: Rodo hanrei kono 1-nen no soten” [DIALOGUE, Labor Law Precedents 2023–2024: The Issues Involved]. *Nihon Rodo Kenkyu Zasshi* [The Japanese Journal of Labour Studies]. Vol. 66 November 2024 No. 11: 2–63, 53. (remarks by Kanki).
2. Hasegawa, Satoshi. 2024. “Shataku seido tekiyo ni okeru tenkin kanosei no aru *sogo shoku* yoken no kansetsusei sabetsusei” [Indirect discriminatory factors in the eligibility of *sogo shoku* workers under the company housing scheme]. 1318 *Rodo Hanrei* 5, 14.

*Please note that the English translations of the provisions of Article 2, 5, 6, 7 of the EEOA, Article 1 of the Enforcement Regulations of the EEOA, and Article 4 of the LSA are quotations from the Japanese Law Translation Database System, which is operated by the Ministry of Justice (<https://www.japaneselawtranslation.go.jp/en/>).

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Minimum Wage Policy in Japan

HAMAGUCHI Keiichiro

I. The Enactment of the Minimum Wage Act

The minimum wage system is a system under which the State establishes a legally enforceable limit for minimum wages, prohibiting the payment of wages below that limit. Within the area of legislation concerning working conditions, the development of the minimum wage system lagged behind that of regulations on occupational health and safety and working hours. However, starting with the law enacted in New Zealand in 1894, this system was established in succession in Western countries. In 1928, the International Labour Organization (ILO) adopted the Minimum Wage-Fixing Machinery Convention (No. 26) at the International Labour Conference.

In Japan, the establishment of a minimum wage system was first demanded in 1919 by the Dai-Nippon Rodo Sodomei Yuaikai (Greater Japan Federation of Labor, Friendly Society) and was since then adopted as a slogan by labor unions, but was not realized before World War II.

Japan's minimum wage system was launched as part of wartime economic controls. The First Wage Control Order of 1939 set minimum and maximum starting wages. The Second Wage Control Order of 1940 established regional and age-based minimum wages for general workers.

After Japan's defeat in the war, the Wage Control Orders were repealed, and in their place, the Labor Standards Act was enacted in 1947. This Act, a comprehensive regulation on working conditions, included a provision that minimum wages may be

established for workers in specific industries or occupations. For seven years from 1948 to 1955, Hisayoshi Miyajima, Director of the Wage Division of the Labour Standards Bureau of the Ministry of Labour, worked tirelessly to implement minimum wages under the Labor Standards Act, but his attempt did not come to realization due to the opposition from management and the Ministry of International Trade and Industry.

After failing to implement the minimum wage policy, Miyajima was transferred to become the Director of the Shizuoka Labour Standards Bureau. There, he persuaded the management executives of the member companies of the Shizuoka Kanzume Kyokai (Shizuoka Canned Food Association) into concluding an agreement between companies (employers) in this industry to set starting wages for cannery workers. He presented this achievement to the Ministry of Labour, which then instructed all Labour Standards Bureau Directors nationwide to follow Shizuoka's practice and promote the establishment of minimum wages through the conclusion of such inter-company agreements.

As this measure progressed smoothly, the Ministry of Labour aimed to enact legislation on a minimum wage based on the inter-company agreement method. In 1959, the Minimum Wage Act was enacted. An inter-company agreement is essentially the formation of a cartel regarding wages, and therefore it could have naturally been criticized from an antitrust perspective. However, at that time, the power of the Japan Fair Trade Commission was extremely weak, and there was no awareness of this issue within the government. Instead, labor unions

launched fierce criticism, arguing that this method violated ILO Convention No. 26, which stipulates that both labor and management should participate in the process of setting minimum wages on an equal footing.

The 1959 Minimum Wage Act did not solely prescribe the inter-company agreement method; it also stipulated that minimum wages may be established through collective agreements. Naturally, collective agreements involve equal participation by both labor and management. However, labor unions in Japan, of which the overwhelming majority comprised company-based unions, were unable to independently conclude collective agreements for minimum wages, with only one exception (the regional minimum wages for the cotton spinning industry established by the ZENSEN DOMEI). These weak labor unions criticized the minimum wages established through agreements between companies as “fake minimum wages” and even took legal action. The Ministry of Labour eventually accepted the criticism and decided to abolish the inter-company agreement method.

Thus, the Minimum Wage Act was amended in 1968, abolishing the inter-company agreement method and replacing it with the council method, where minimum wages are determined by a tripartite council composed of government, labor, and management representatives.

II. Industrial minimum wages and regional minimum wages

After the 1968 Minimum Wage Act was enacted, the Ministry of Labour replaced the minimum wages by industry (and by region) that had been established based on inter-company agreements, with the minimum wages by industry (and by region) established through the tripartite councils.

At that time, labor unions advocated a uniform national minimum wage as part of their political campaign. Management, however, opposed even regional minimum wages covering all industries and argued that industrial minimum wages should be maintained. To navigate this divide, the Ministry of

Labour adopted a strategy of establishing regional minimum wages for each prefecture one by one. By 1976, regional minimum wages had been set for all 47 prefectures.

The method for setting these regional minimum wages was also largely established during this late 1970s period, forming the basis for the current approach. Specifically, the Central Minimum Wage Council established within the Ministry of Labour first determined a guideline for minimum wage revision. Based on this guideline, the Prefectural Minimum Wage Council established in each prefecture then decided the specific amount of wage increase. There were four ranks of guidelines from A to D, and while there were slight variations, wages were generally increased according to these guidelines.

As mentioned above, minimum wages in Japan originated from those established by agreements between companies (employers) in the same industries, reflecting their nature as industrial minimum wages (by region), and management argued that this should remain the core of minimum wages. Labor unions, on the other hand, demanded that a single, uniform national minimum wage should be established. However, when regional minimum wages came to apply to all workers nationwide across all industries, management shifted its position, arguing that it was no longer necessary to maintain industrial minimum wages at a higher level than regional minimum wages. This was an extremely ironic turn of events.

Labor unions finally began strongly insisting on maintaining the industrial minimum wages that they had previously taken for granted. Discussions were repeatedly held in the Central Minimum Wage Council starting in 1978. As a result, a new industrial minimum wage system was established in 1986, and the requirement for making a request for setting industrial minimum wages was relaxed through the operational change, without legal amendment. Specifically, since it had been rare for a collective agreement to be concluded with two-thirds or more of the covered workers, this requirement was lowered to one-third. Kaneko Yoshio, then Chairman of the

Central Minimum Wage Council, considered that, given the situation where the unionization rate was below 30%, leaving two-thirds of all workers lacking a modern wage-fixing machinery, this system would be a mechanism to foster and support industry-based labor-management relations as a complementary approach in addition to collective bargaining and collective agreements.

III. The Emergence of minimum wages as a policy issue in the 2000s

In the 2000s, the minimum wage system gained prominent attention as a national political issue, as debates intersected between the aforementioned management-led arguments for abolishing industrial minimum wages and the discussions focusing on minimum wages as a countermeasure against social disparities.

Regarding the management-led arguments for abolishing industrial minimum wages, management consistently called for the abolition of industrial minimum wages even after the introduction of the new industrial minimum wage system. Around the start of the 21st century, the Council for Regulatory Reform established within the government (Cabinet Office) proposed the abolition of industrial minimum wages based on management's arguments, which was then approved by the Cabinet in 2004. Following this, the Ministry of Health, Labour and Welfare established a study group of academics. Its 2005 report presented arguments for both abolition and maintenance after a review of industrial minimum wages.

Some explanation may be needed regarding the background for the discussions focusing on minimum wages as a countermeasure against social disparities. In Japan, following the collapse of the bubble economy in the 1990s and the subsequent recession, many young people who graduated from school, particularly during the period from the late 1990s to the early 2000s, were unable to secure regular employment. They were forced into unstable and low-wage working lives as non-regular workers, such as part-time workers or temporary workers.

They were called the “employment ice-age generation,” and safety net measures against their poverty became imperative. While the prevailing mood in Japanese society had previously leaned strongly toward neoliberalism advocating structural reforms and deregulation, calls for correcting disparities grew rapidly in the mid-2000s.

Reflecting this mood in society, the 2005 study group report mentioned above addressed regional minimum wages, a topic scarcely discussed before. A frequently noted issue at the time was that the amount of wages earned from full-time work at the regional minimum wage was significantly lower than the amount of benefits received by relying solely on public assistance without working at all. In other words, if one acts rationally, it would be more advantageous to receive public assistance benefits without working than to earn full-time minimum wages by working earnestly. Considering this moral hazard, regional minimum wages should be set at a level that does not fall below the public assistance benefits for single people.

These two trends converged in the 2007 amendment to the Minimum Wage Act. This amendment explicitly stipulated that regional minimum wages must be established by taking into account the living expenses of workers, particularly the consistency between regional minimum wages and public assistance benefits. Meanwhile, while industrial minimum wages were officially abolished, the amendment instead introduced a new system for setting “specified minimum wages” by industry or occupation (with no penalty), thus, effectively allowing industrial minimum wages to survive.

IV. Regional minimum wages continuing to rise, and industrial minimum wages becoming less represented

Although the 2007 amendment to the Minimum Wage Act came into effect in 2008, increases in regional minimum wages based on this amendment had already begun in the tripartite Council in 2007. The first Abe administration at the time promoted the “Challenge Again” Initiative as a countermeasure

against social disparities, and within the context of this initiative, it proposed raising minimum wages. Consequently, the Minister of Health, Labour and Welfare expressed a call for substantial wage increases in its consultation to the Central Minimum Wages Council. Despite resistance from management, the Council proposed significantly higher guidelines for minimum wage increases than previous years: 19

yen for Rank A, 14 yen for Rank B, 9 to 10 yen for Rank C, and 6 to 7 yen for Rank D. The subsequent trends in regional minimum wages are shown in Table 1. By prefecture, since FY2002, Tokyo has consistently achieved the highest minimum wage, while the prefecture with the lowest minimum wage had been Okinawa until FY2022, and has changed yearly since then.

Table 1. Trends in regional minimum wages

(unit: yen)			
FY	Highest	Nationwide weighted average	Lowest
2002	708	664	604
2003	708	664	605
2004	710	665	606
2005	714	668	608
2006	719	673	610
2007 (Minimum wage system recognized as a national policy issue)	739	687	618
2008 (the Lehman Shock)	766	703	627
2009	791	713	629
2010	821	730	642
2011 (Great East Japan Earthquake)	837	737	645
2012	850	749	653
2013	869	764	664
2014	888	780	677
2015	907	798	693
2016	932	823	714
2017	958	848	737
2018	985	874	762
2019	1013	901	790
2020 (COVID-19 pandemic)	1013	902	792
2021	1041	930	820
2022	1072	961	853
2023	1113	1004	893
2024	1163	1055	951
2025	1226	1121	1023

Source: Created by the author based on data from the Ministry of Health, Labour and Welfare.

During this period, despite such headwinds as the Lehman Shock in 2008 and the Great East Japan Earthquake in 2011, regional minimum wages were raised significantly each year. In 2014, the phenomenon where minimum wages were lower than public assistance benefits was resolved, but

even after that, the government continued to advocate raising regional minimum wages. While increases were minimal in 2020 due to the COVID-19 pandemic, substantial hikes followed in 2021 and 2022. In 2023, driven by Prime Minister Fumio Kishida's strong commitment, the nationwide

weighted average exceeded 1,000 yen for the first time. Furthermore, in August 2023, Prime Minister Kishida stated at the meeting of the Council of New Form of Capitalism Realization that the government would aim at achieving the nationwide weighted average of 1,500 yen by the mid-2030s.

In contrast, industrial minimum wages managed to survive the 2007 legal amendment by resisting the call for their abolition, but they have been overshadowed by regional minimum wages, which have seen substantial increases over the nearly 20 years since 2007. In Tokyo and other metropolitan areas, the specified minimum wages have been overtaken by regional minimum wages, becoming meaningless. The system that Kaneko Yoshio positioned 40 years ago as a “mechanism to foster

and support industry-based labor-management relations” is increasingly losing its presence today, when the unionization rate has fallen even further than back then, standing at only 16%. In this respect, a Diet member of an opposition party recently proposed applying the specified minimum wages to what is generally called essential workers in healthcare, nursing care, childcare, transportation, and vital infrastructure services. Prime Minister Ishiba stated that the governing parties would consider this proposal, but no subsequent action has been seen. Furthermore, the Keizai Doyukai (Japan Association of Corporate Executives), a business organization, has also proposed introducing job-specific minimum wages for essential work sectors.

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<https://www.jil.go.jp/english/profile/hamaguchi.html>



Main Labor Economic Indicators

1. Economy

The Japanese economy is recovering at a moderate pace, while attention should be given to the effects caused from the situation in the Middle East. Concerning short-term prospects, the improvement in the employment and income situation and the effects of the policies are expected to support a moderate recovery, while attention should be given to the effects caused from the situation in the Middle East. Also, attention should be given to the effects of fluctuations in the financial and capital markets and situations in U.S. trade policies. (April 2026)¹

2. Employment and unemployment

The number of employees in March increased by 80 thousand over the previous year. The unemployment rate, seasonally adjusted, was 2.7%.² Active job openings-to-applicants ratio in March, seasonally adjusted, was 1.18.³ (Figure 1)

3. Wages and working hours

In March, total cash earnings increased by 3.1% year-on-year, while real wages (total cash earnings, realized as consumer price index (total excluding owner-occupied imputed rent)) increased 1.4%. and real wages (total cash earnings, realized as consumer price index (composite)) increased 1.6%. Total hours worked increased by 0.5% year-on-year, while scheduled hours worked increased by 0.6%.⁴ (Figure 2)

4. Consumer price index (CPI)

In March, CPI for all items increased by 1.5% year-on-year, the consumer price index for all items less fresh food increased by 1.8%, and CPI for all items less fresh food and energy increased by 2.4%.⁵

5. Workers' household economy

In March, consumption expenditures by workers' households decreased by 2.1% year-on-year nominally and decreased by 3.6% in real terms.⁶

For details for the above, see JILPT, *Main Labor Economic Indicators*. <https://www.jil.go.jp/english/estatis/eshuyo/index.html>

Notes: 1. Cabinet Office, *Monthly Economic Report*, which analyzes trends in the Japanese and world economies and indicates the assessment by the government. <https://www5.cao.go.jp/keizai3/getsurei-e/index-e.html>

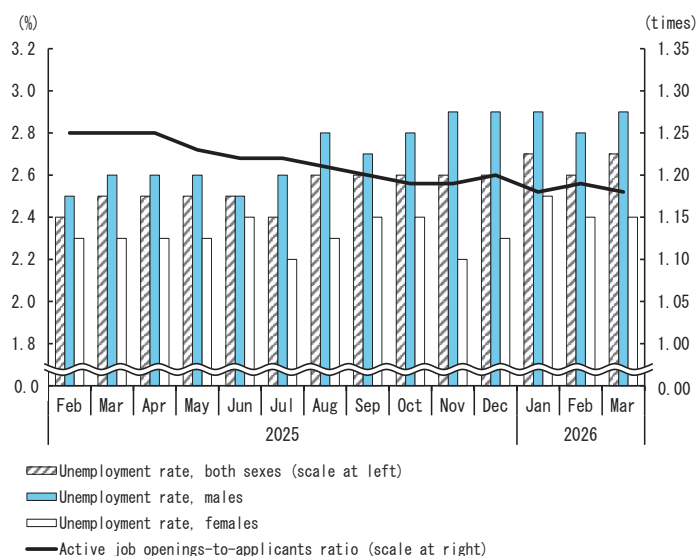
2. <https://www.stat.go.jp/english/data/roudou/results/month/index.html>

3. <https://www.mhlw.go.jp/toukei/list/114-1.html> (in Japanese)

4. For establishments with 5 or more employees. <https://www.mhlw.go.jp/toukei/list/30-1.html> (in Japanese)

5. <https://www.stat.go.jp/english/data/cpi/index.html>

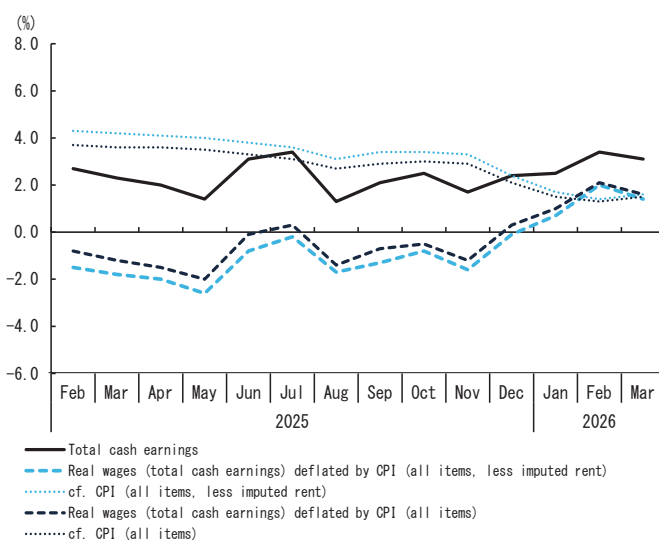
6. MIC, *Family Income and Expenditure Survey*. <https://www.stat.go.jp/english/data/kakei/index.html>



Source: Ministry of Internal Affairs and Communications (MIC), *Labour Force Survey*; Ministry of Health, Labour and Welfare (MHLW), *Employment Referrals for General Workers*.

Note: Active job openings-to-applicants ratio indicates the number of job openings per job applicant at public employment security. It shows the tightness of labor supply and demand.

Figure 1. Unemployment rate and active job openings-to-applicants ratio (seasonally adjusted)



Source: MHLW, *Monthly Labour Survey*; MIC, *Consumer Price Index*.

Figure 2. Total cash earnings / real wages annual percent change

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tentative

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