

on

Deceptive labor shortages

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Recently it has been widely reported that the rate of effective demand for manpower in Japan has improved, with 1.08 job offers for every one job-seeker in April. That means, at least nominally, there were 8 percent more job openings than job-seekers at public employment security offices, known as Hello Work.

The media have loudly hailed this as an indication of the recovery of the Japanese economy — the positive influence of “Abenomics.” Whatever the cause, we are inclined to welcome this situation with some optimism. But there needs to be a bit more scrutiny. Acute manpower shortages, for example, have been seen in the construction industry, where relatively cheap labor is required.

Such labor is also used in the information-technology industry, the food-processing industry and the service industry, including restaurants and bars, day care and nursing care, call centers and so on.

The sectors in question may look diverse, but they share the common characteristic of being covered by the revision to the Worker Dispatching Law in the latter half of 1990s, which explicitly promoted more flexible forms of labor and loosened or abolished restraints on labor dispatches. The restraints had been aimed at protecting workers from being taken advantage of.

The increased effective demand for labor includes demand for both regular and temporary workers, although the differences between them are not necessarily explicit in media reports.

A closer look shows that what is more ardently in demand is temporary workers, while the rate of effective demand for regular workers either has not in-

creased or the increase has been limited as far as longer terms are concerned.

Generally speaking, the working conditions and welfare of temporary employees are not as good as those of regular employees. After the law was revised, many employers seemed to find institutional justification for worsening workers’ conditions and welfare. Therefore, we need to understand that excessive demand for labor indicates a mismatch: Companies desperately need people who will do laborious work for low wages. The reality is that people don’t want to work that way.

There are cases in which a labor shortage leads employers to improve working conditions for both current and future employees. For example, Fast Retailing Co., famous for its Uniqlo casual wear, has announced improvements in employees’ welfare — an apparent response to accusations that it behaves like a “black company.”

There are several similar cases. But a quick adaptation also raises suspicions that adaptation might go in the opposite direction. It takes considerable time for a relationship of mutual trust to build up between employers and employees.

Media reports exaggerate claims that manpower shortages will hinder or wreck Japan’s economic growth, suggesting that deficiencies should be filled without delay.

Yet, there is somehow the smell of a hidden political agenda on the part of the administration of Prime Minister Shinzo Abe, who has a tendency to interfere with the free functioning of markets for the benefit of the “three arrows” of his economic policy.

His policy should be called “Abenomics,” as it comprises a strange mix of neoliberal market fundamentalism and the presumption of a kind of command economy. It may be that we are not facing a real economic recovery so much as a political attempt to cheer us up with

the appearance of lively labor markets.

The media also attributes labor shortages mainly to the shrinkage of the working age population — people between 15 and 64 — since its peak of 87.26 million in 1995. It shrank to less than 80 million in April and is predicted to sink below 68 million in 15 years or so if the current trend continues.

This prediction might be no surprise if one takes the general decline in Japan’s population into consideration. But we must not forget that statistics can be used to achieve political purposes.

In fact, the census since August 2013 began to include foreign laborers who have stayed in Japan more than three months. The decrease in the working population this time could signal that Japan needs to fill the deficiency in labor supply by importing more foreign manpower.

But we must keep in mind the infamous reputation of the Industrial Trainee and Technical Internship Program. The abuses of foreign trainees should not be repeated. Trainees from foreign countries should be institutionally protected and not be treated as disposable buffers against labor shortages.

Of course, this should also apply to Japanese workers. Another recent piece of news told us that fewer people committed suicide in 2013 than in the previous year and that the total fell below the 30,000 annual level that had continued from the latter half of the 1990s.

Again, a closer look reveals that the number of suicides among younger workers — 15 to 39 — did not decrease at all. Perhaps measures to help end the miserable working and living conditions for young people is the best way to secure necessary manpower for Japan.

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