

The Aging Society and Foreign Workers in Japan

: Recent Responses of the Japanese Government, Enterprises, and Citizens

Masago FUJIWARA

According to the 1997 report of National Institute of Population and Social Security Research, the population of working ages(15-64 years old) of Japan is estimated to decrease to 74 millions in 2020, and shrink by 32 millions to 55 millions in 2050. With this estimation given, the Japanese economy is supposed to suffer from significant shortage of workforce in near future, although it is facing the highest unemployment rate of about 5% on record after WW II.

We can point out the following policies to prevent the population from decreasing, or to cope with the negative effect of decreasing population.

- (1) Raising the total fertility rate
- (2) Increasing the participation rate of women in the workforce
- (3) Increasing the participation rate of senior citizens in the workforce
- (4) Increasing the labor productivity by introducing labor saving investments such as IT technological instruments into factories
- (5) Prompting direct investments to foreign countries by building or buying plants abroad
- (6) Accepting foreign workers

As for policy (1), it is thought to be effective to stop the increasing numbers of unmarried women, because the total fertility rate of a married woman has remained at 2.2 children for 30 years. Concerning policy (2), it has been pointed out that such measures as provision of day care for preschool children, betterment of working conditions for facilitating the reentry of married women into labor market, and enhancement of flexibility of working hours to ease the compatibility of their work to family life should be made. Concerning policy (3), it has been recently recommended that the rule such as Age Discrimination in Employment Act in US should be introduced also in Japan for facilitating the reemployment of senior workers without age limits. The effectiveness of policy (4) can only be applicable to manufacturing industries. The increasing demand for nursing services for aged persons can only be met by increasing the supply of workers. As for policy (5), some criticize that it may have a negative effect on enlargement of GDP of Japan. Others raise the problem of decreasing government revenue, because more overseas Japanese companies pay taxes abroad which otherwise would have been paid to Japanese government. They fear that it may cause difficulties in refunding the national debt and maintaining the social security system in future.

The last policy (6) began to be discussed after the second half of 1980s in Japan. Most discussions, to date, have been centering on what kind of occupations should be open to foreign

workers. The Japanese government has permitted only foreign workers with special skills and knowledge to work. But, unskilled workers are not permitted to work.

Recent discussions on the acceptance of foreign workers can be divided into two groups. They are more or less affirmative to foreign workers.

(a) The first maintains that Japan should expand the acceptance of foreign workers in a limited spheres of labor market where the supply of labor does not satisfy its demand. The supply of skilled engineers and professionals of IT-related technology are not enough even under present business depression. The demand for nursing services for aged persons is also expected to increase in our rapidly aging society. The second fundamental plan for immigration control by the Japanese government in 2000 makes it clear that she will make efforts to accept such foreign workers as far as possible. The case with the same with developed countries such US and Germany. They are showing active policies to accept migration of IT engineers, because IT related industries are recognized as those of strategic sectors that may influence the economic competition among advanced industrial countries.

(b) The second group is based around discussions that Japan should accept immigrant workers to compensate for future declines of the Japanese population. The private advisory committee formed by onetime Prime Minister Obuchi proposed in January 2000 that the government should form such an attractive immigration policy that could move aspiring foreigners to live in and work for Japan. This concern was aroused much more by the United Nation's report of March 2000 entitled "Replacement Migration: Is it a Solution to Declining and Ageing Population?". The report focused on eight low fertility countries-France, Germany, Italy, Japan, Republic of Korea, Russian Federation, United Kingdom and the United States. It found that in the absence of immigration, the ratio of the working-age population to the retired population (65 years and above) would change dramatically, and that ratio would be cut in half. Today, for each person of retirement age, there were four to five workers. In 50 years, there will be two workers for every retired person.

The top economic leaders such as the Nikkeiren (Japan Federation of Employer's Association) and the Keidanren (Japan Federation of Economic Organization) often express positive attitudes to accept foreign immigrants even including unskilled workers. Some opinion leaders (influential economists and sociologists) are also expressing liberal attitudes that regard the acceptance of immigrant workers as unavoidable for sustaining our aging society.

As for the attitudes of Japanese citizens in general, it is difficult to sum up their feeling and attitudes toward the acceptance of foreign nationals. But, we can make it clear to some extent depending on the opinion research conducted by the cabinet office of Government of Japan in November 2000. According to the answers of Q11, for example, 68%[(a) 26.4%+(b) 41.6%] of people foresee more or less a shortage of work force in the future (See Appendix). When we look at the answers of the SQ of Q11, we understand that 70.3%[(a) 17.1%+(b) 53.2%] of those people express positive attitudes toward the acceptance of foreign workers for overcoming future shortage of work force.

But, recently, we often see foreign workers commit various crimes through newspapers, magazines, and televisions. The crime rate of foreigners is reported to be higher than that of

Japanese through criminal researches conducted by the Ministry of Justice. This is making people cautious about the acceptance of foreign nationals these days. Comparing the above research of 2000 with that of 1990, the negative attitudes toward illegal overstays are increasing from 32.1% to 49.2%. And the respondents demanding that illegal workers should be deported are also increasing from 33.6% to 49.6%.

It seems unavoidable that the Japanese labor market must open its door to the foreign workers. But, we have many problems to be solved by means of keeping mutual help with surrounding countries.

(Masago FUJIWARA)

A p p e n d i x

Opinion Research on Foreign Workers

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Translated by Masago FUJIWARA

Q 11 It is expected that Japan will suffer a shortage of work force in future, because she is suffering both decreasing total fertility rate and aging of population. What is your opinion concerning this problem.

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|---------|-----|--|----------|
| (26.4%) | (a) | The lack of work force will appear in all fields of occupation. | → (S Q) |
| (41.6%) | (b) | The lack of work force will appear in some fields of occupation. | → (S Q) |
| (31.6%) | (c) | The lack of work force will not appear at all. | → (Q 12) |
| (0.4%) | | Don't know | → (Q 12) |

(To the respondents answering (a) or (b) in Q11.)

S Q We have an option that we will accept foreign workers into our society for overcoming future shortage of work force. How do you think about this idea ? Choose one answer that seems nearest to yours.

(N = 1407)

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|---------|-----|---|
| (17.1%) | (a) | I agree with the idea, because another measures such as utilizing domestic senior or woman work force are not enough to alleviate labor shortage. |
| (53.2%) | (b) | I would reluctantly agree with the idea, if we could not alleviate labor |

shortage by making every efforts such as betterment of working conditions facilitating the labor participation of senior persons and women, and improvement of labor productivity by introducing technological innovation and information technology.

- (23.1%) (c) I cannot agree with the idea. We should not accept foreign workers. We must keep on making every efforts such as betterment of working conditions facilitating the labor participation of senior persons and women, and improvement of labor productivity by intensifying technological innovation and information technology
- (6.6%) Don't know
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