

Labor Market Enters New Phase

By Taro Kiritani

In 1983, the Japanese economy emerged from the prolonged slump that followed the second oil crisis (1979-80) and entered an expansionary phase. Production increased not only in the electric machinery and precision instruments industries but also in basic materials, thanks to rising exports and a recovery in domestic demand.

The economic upturn is reflected in the labor market. The number of working people rose by 950,000 over the year before to 57,330,000, while that of the employed expanded by 1,100,000 to 42,080,000 (Labor Force Survey, Prime Minister's Office, 1983).

The upward trend reflected the steady growth of employment in the machinery industries and an increase in female employees (of the 1.1 million new employees, 680,000 were women). The continuing economic recovery and steady rise in female employment suggest the uptrend in the

labor market will continue for some time.

However, the number of unemployed in 1983 increased by 200,000 year-on-year to 1,560,000. This is because the labor force expanded more rapidly than the number of working people. The number of men unemployed climbed by 110,000 to 950,000 and that of women by 90,000 to 610,000. Average unemployment for the year stood at 2.6% compared with 2.4% in 1982.

While Japan's unemployment rate is still much lower than in other industrial countries, it has nonetheless increased by 0.2 points annually in each of the past three years. The seasonally adjusted jobless rate for August 1984 was 2.77%.

Two reasons can be cited for this. Business performance varied widely from industry to industry during the year. Although the economy as a whole continued to expand, the construction sector, for

example, remained in a slump. In general, unemployment is believed to have risen in depressed industries. At the same time, there is a growing number of women seeking work who otherwise would not be included in the labor force.

The unemployment rate is also expected to remain relatively high as the desire of older people to work grows.

Medium- and long-term issues

The Japanese labor market deteriorated temporarily during previous periods of stagnation. Generally speaking, however, conditions have been relatively good so far.

In the future, however, new conditions could arise as rapid technological innovations in microelectronics, biotechnology, fine ceramics and other areas alter Japan's industrial structure. The job market is expected to undergo structural change as a result of the aging of the labor force and rising female employment. The rapid introduction of microelectronic devices into factories and offices will also have a direct impact.

The Japanese labor force will age as a result of a sharp drop in the birth rate and longer life expectancy.

Persons aged 55 and over accounted for 16.6% of the labor force in 1980. In 1990, the percentage is predicted to reach 21% ("Japan in 2000," General Planning Bureau, the Economic Planning Agency).

In the past, employees of large companies retired at 55. These people were usually re-employed by smaller firms, which set the retirement age at slightly higher levels. The growing numbers of older employees should make it harder to maintain this pattern, prompting a temporary increase in unemployment among



An increase in women employees has boosted the work force in recent years.

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Major Labor Market Indicators

Total population	120,020,000 (estimate by the Management and Coordination Agency, as of July 1, 1984)
Labor force	58,890,000
Working people	57,330,000
Employed	42,080,000 (male-27,220,000; female-14,860,000)
Unemployed	1,560,000
Unemployment rate	2.6%

Note: Figures except total population are 1983 monthly averages.
Source: Labor White Paper, 1983

Fig. 1 Employment of Women Rises

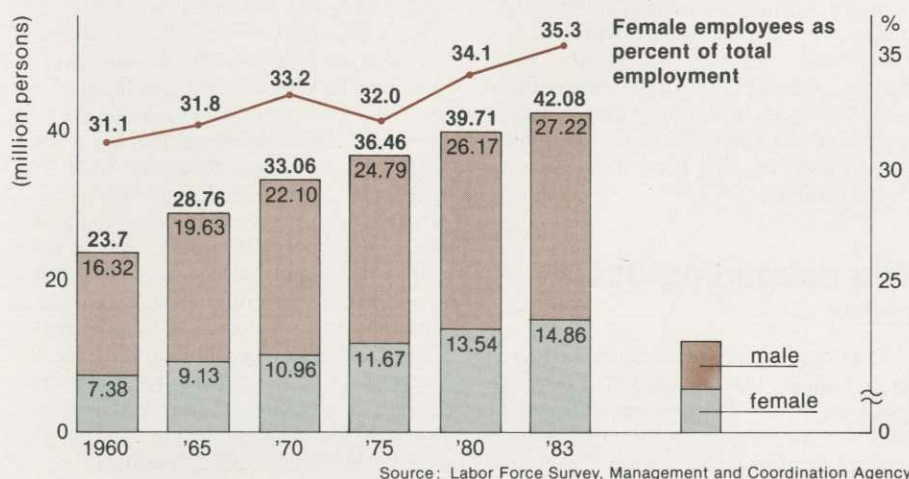
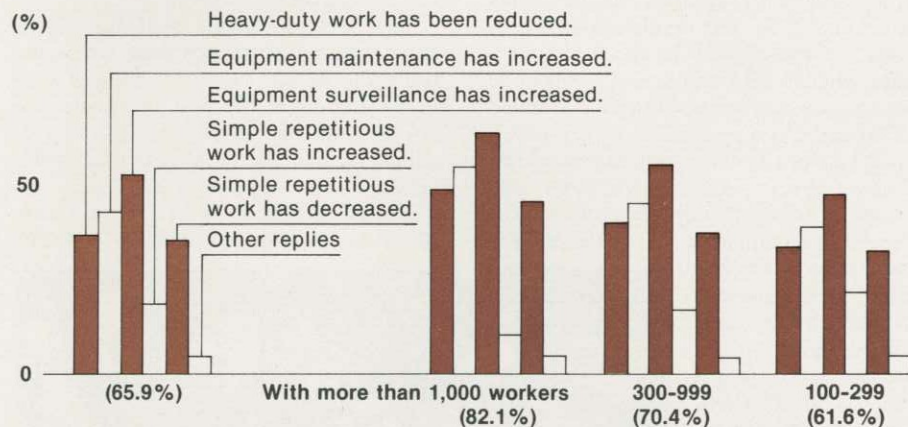


Fig. 2 Companies Using Microelectronic Devices (multiple replies)



Notes: 1. Figures in brackets indicate companies stating that work has changed through the introduction of microelectronic devices.
2. For changes in work, companies that replied work has changed are given as 100.

Fig. 3 Main Indices of Japan's Labor Force

	Labor force (thousand)	Working population (thousand)	Jobless workers (thousand)	Jobless rate (%)
1978	55,320	54,080	1,240	2.2
1979	55,960	54,790	1,170	2.1
1980	56,500	55,360	1,140	2.0
1981	57,070	55,810	1,260	2.2
1982	57,740	56,380	1,360	2.4
1983	58,890	57,330	1,560	2.6
1984 (June)	60,290	58,660	1,630	2.7

Source: Labor Statistics Survey Monthly of the Labor Administration Research Institute

the over-60's.

To anticipate this, the government is implementing a number of measures, supported by efforts on the part of private corporations, such as offering retirement at 60 and subsequent re-employment.

The prospect of higher old-age employment calls for serious consideration of effective work programs and realistic steps to offset this group's lower productivity.

Middle-aged housewives have been entering the job market in droves. The female labor force is expected to expand from 21,490,000 in 1980 to 23,950,000 in 1990 for a gain of about 2,460,000 in 10 years ("Japan in 2000").

This development has also been prompted by the increased availability of part-time work and other jobs for housewives. However, the growth of part-time employment is a potentially destabilizing factor because staff in this category are usually the first to go in times of recession.

It is necessary to ensure greater job access for women by creating employment opportunities and promoting skill development in ways that best match the various stages in a woman's life.

Impact of microelectronics

There is concern that mechanization and automation using microelectronic equipment may exacerbate unemployment. At present the enterprises that have introduced such equipment have managed to avoid work force reductions through measures such as job reassignment. Their experience shows that unemployment can not only be averted, but new jobs can be created by tackling positively automation and other technological innovations. Employment could be increased in advanced machine industries such as semiconductor manufacturing and software development for the application of microelectronics, for example.

Other questions related to the Japanese labor market include the possibility of latent unemployment arising from a mismatch between the talents sought and those offered, stemming from the increased educational level of the labor force. Moves toward shorter work weeks constitute another potential problem area.

These questions, coupled with the mentioned rapid changes in industrial structure, are expected to have a powerful impact on lifelong employment, which has been the basis of stable labor-management relations in Japan.

The sound development of the labor market demands wisdom, ingenuity and resourcefulness on the part of both labor and management. Appropriate government measures are also essential for the healthy growth of the market.