

The future of employment in Europe and Japan  
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The “Safety-net”  
in Japanese Social Law  
*Minimum wage, unemployment benefits and  
public assistance*

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## The safety net in Japanese social law - three axes

Safety net during the employment

- Minimum wage law  
- Today's main topic

Safety net for the unemployment

- Unemployment benefits

Safety net for the minimum standard of living

- Public assistance

# Minimum wages (1)

## A . “Regional minimum wages”

- determined for every region of the nation without exception
- an essential safety net guaranteeing a minimum standard wages for all employed workers
- council method by tripartite bodies: Central Minimum Wages Council and Regional Minimum Wages Council

# Minimum wages (2)

## B. “Specified minimum wages”

- set for certain industries or occupations
- through the council method, but by the initiative of employers and workers
- expected to function as a scheme for establishing desirable and decent working conditions

# Minimum wages - Traditional characteristics

- very low level compared to the average wage of workers
  - most of those who actually worked with the minimum wage had been non-regular and non-permanent employees
  - also had worked as KAKEI-HOJYO-SHA (supplementary breadwinner) who are not householders and do not live only with their salary
- the fact that the minimum wage is kept very low has hardly been perceived as a social issue

# What had been discussed before 2007

-The Role of minimum wages as Safety Net

- householders who work as non-regular employees increase rapidly
- the emergence of “**Working Poor**”

-The Relation with the Public assistance

- even if one works as a full-time worker, the minimum wage can offer an income below the public assistance level

→ a moral hazard that impedes the motivation of workers

# Revision of minimum wage act in 2007

- fixing the minimum wage has to be coherent with the minimum standard of living (art.9, paragraph 3 of the revised minimum wage act)
- enforcement notice issued just after this reform by the Ministry of Health, Labour and Welfare :  
“consideration should be made for ensuring that the minimum wage should be kept at a level that is not less than public assistance”

# The minimum wages after the reform

- aimed to fill the gap between the minimum wages and the public assistance
- the minimum wages in 2008 set somewhat higher than before



# The minimum wages after the reform (contd.)

- As a result, the hourly rate was raised between 7 yen (about 8 centime) and 30 yen (about 18 centime), by a national weighted average of 16 yen (about 12 centime)

□ the national weighted average (year: yen)

2000: 5, 2001: 4, 2002: 0. 2003: 1, 2004: 1, 2005: 3,  
2006: 5, 2007: 14

# Other two axes

## Unemployment benefits

- offered by the social insurance system, contributed by both employers and employees
- the period of benefits is limited, currently from 90 to 330 days  
→ not planned to cover the long-term unemployed person, who is unemployed longer than 1 year

## Public assistance

- totally financed by the government
- with rather restrictive conditions: one's standard of living is under the minimum standard despite all his efforts with his own capacity

## Problem discussed

no benefit, prior to highly-restrictive public assistance, which covers the people who are excluded from the unemployed benefits

# Conclusions

- In Japan, recently, the malfunction of the systems composing safety net has intensively been discussed
- The contexts
  - An increase of non-regular workers, also of the ones who work as householders
  - An increase of long-term unemployment
- The role of the minimum wages as a safety net attracted the public attention

# Conclusions (contd.)

- The relation between systems composing the safety-net becomes a major issue
  - the coherency between the 2 categories of systems can often be overlooked or badly-organised
    - the systems which are strongly related to employment market (the minimum wage, unemployment benefits)
    - the public assistance, which has been rather independent from the employment policy