

Situation of Non-Regular Workers in Japan

- Toward a Recommendation on Non-Regular Employment -

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As the global unemployment situation worsens, the problem of non-regular employment may have come to be seen as secondary, but it is not.

(1) Growing non-regular employment and the working poor

The main pillar of employment policy thus far has been reducing unemployment, based on the assumption that work supports people's lives and the reproduction of the next generation. The same can be said about the policy goal of raising the employment rate.

However, this assumption is now collapsing.

Poverty and death from overwork have become major social issues in Japan today. In other words, a situation is spreading under which labour ironically threatens life and fails to guarantee people's living. Behind this is the spread of long working hours and non-regular employment. This polarization of working forms is becoming salient among both young workers and female workers.

In particular, through the increase of non-regular employment, many workers have been deprived of the "dignity of labour" and are excluded from capacity development opportunities, social insurance, and employment insurance. Young people have shown an increasing tendency to remain single or put off marriage as they lack prospects about their future life, accelerating the fall of the birth rate. Thus, the employment problem we face has become a social issue.

This trend is not unique to Japan, but is generally observed among the advanced industrialized countries. We face the urgent task to stop the widening of disparities and the increase in poverty and restore the dignity of labour.

(2) Background for the increase of non-regular workers

The increase in non-regular workers cannot be simply explained by the business cycle. In its background are policies skewed toward neoliberalism and market-first principles and management biased toward the principle of prioritizing financing and the interests of shareholders.

In Japan, a turning point in this area came in 1997-1998, when the number of regular workers began to decline. The deregulation of employment, triggered by the 1996 OECD recommendations to Japan, proceeded (in particular with the adoption of the principle of a

“negative list” of occupations that could not be done by dispatched workers and the expansion of areas open to dispatched workers in manufacturing industries) while corporate financing has shifted toward direct finance since the 1997 financial crisis and the management method has also changed from prioritizing long-term benefits to putting emphasis on short-term benefits, and from a personnel-department-led type to a finance-department-led type of management. Thus the tendency for workers to be considered disposable commodities has intensified.

As seen above, the problem of non-regular employment is a concentrated expression of the disorders of our socioeconomic system, and we must recognize that it is not a problem that can be dealt with in isolation.

On the other hand, the transformation of production systems from Fordism to post-Fordism is thought to be a factor behind the move toward flexible employment. There is a need now for studies and analysis in line with the reality of different countries. (Incidentally, the increase of the ratio of the workers in non-manufacturing industries in Japan is clearly linked to the increase of non-regular workers.)

(3) Qualitative change of non-regular workers

When considering non-regular workers, attention should be given not only to quantitative growth but also to qualitative growth.

It is only in recent years that the working poor have become a social issue, despite the fact that there have long been non-regular workers in Japan. What has changed? Simply stated, the non-regular workers of the past were auxiliary in terms of the nature of their work, and in addition, were mostly students, housewives, and elderly people, who were also auxiliary in terms of household income and supported by regular workers (mainly men). Women make up 70% of non-regular workers.

In parallel with the continued decrease in the number of regular workers after reaching a peak in 1997, however, the number of non-regular workers has increased with the replacement of regular workers by non-regular workers. This has led to a rapid increase in non-regular workers among those who shoulder the main job in terms of the nature of work and the responsibility of earning the main income in households (for example, job-hopping workers in their 30s and 40s and single mothers or single fathers who work as non-regular workers). This can be seen as a major factor that has made the working poor a social issue.

In other words, the number of workers who are forced to work as non-regular workers and are driven into poverty while being important bearers of society is increasing.

- Economic effects of the increase of non-regular employment

The negative economic effects of the increase in non-regular employment are tremendous. A number of problems have already arisen in Japan.

The first is the decline in productivity in the overall economy, as was mentioned in the Ministry of Labour, Health and Welfare's *White Paper on Labour Economy* last year.

The second is the inadequacy of human resource training. This involves not only the training of current skilled labour, but also the loss of younger people who can support the industry and enterprises of the future.

The third is the stagnation of domestic consumption and demand. The increase in non-regular workers and decrease of the macro labour distribution rate are two sides of the same coin, and are a major factor behind the economic stagnation.

The fourth is the deepening of the fiscal crisis faced by the central and local governments. The increase in non-regular workers leads to a decrease in the number of people supporting the social security system, and the increase in people excluded from the system is manifested as rising costs for livelihood protection (welfare), and will lead to a drop in future tax revenues as a result of the decreasing number of children.

The fifth is a destabilization of society as a whole going beyond the economy, bringing about a contraction of opportunities to participate in labour-management negotiations and trade union activities.

Despite the emergence of these problems that threaten the sustainability of society, we do not see any clear change in the stance of the government and employers. The government accepted RENGO's demand for an emergency employment stimulation program, but the policy remains insufficient.

- The situation of non-regular workers since last autumn

It is non-regular workers who have borne the brunt of the global depression that began last autumn.

According to a survey conducted by the Ministry of Health, Labour and Welfare, it is estimated that 157,500 non-regular workers will lose their jobs due to the termination or non-renewal of contracts, in the period from October 2008 to March 2009. However, there are other estimates that the figure will exceed 400,000.

The current employment adjustment in Japan has two unique features. First, it has been extremely rapid. The second is that the problem has been particularly serious for laid off non-regular workers, who are excluded from safety nets. The most severe effect has been on dispatched workers in the manufacturing sector, who were hired in large numbers in recent years to meet increasing exports to the United States, whose contracts were terminated. These workers lose their lodging along with their employment, and many have no choice but to apply for livelihood protection, as they are not eligible to receive employment insurance. A camp was set up to support them in a park in front of the Ministry of Health, Labour and Welfare (RENGO staff also participated in relief activities), and this became major news last year (see attached newspaper articles).

In other words, the current employment crisis did not begin with the economic crisis in the autumn of last year, but as part of the process of economic recovery beginning in 2002. That process led to a widening of income disparities and to a decrease of consumption, while also encouraging dependence on the expansion of exports to the United States, accompanied

by an expansion of dispatched and other non-regular employment in the manufacturing sector to meet that demand.

(4) International comparison of non-regular employment

Comparative research should be carried out to elucidate the social impact of the increase of non-regular workers.

At the same time, a comparison should be made of employment system and the social security system behind it, and how regular workers and non-regular workers are distinguished. In doing so, the situation in each country should be clarified concerning the following points:

- a. Has the concept of jobs been established in labour contracts and wage setting?
- b. Have the rules of equal remuneration and equal pay for jobs of comparable worth been established? Are they applied to non-regular workers?
- c. Is there a wage-decision mechanism that transcends company frameworks?
- d. Has the minimum wage been established? Is it at the level of a living wage?
- e. Are opportunities for capacity development, along with a certain income level, guaranteed to non regular workers?
- f. Are opportunities for non-regular workers to become regular workers guaranteed?
- g. Are measures for employment stability and for guaranteeing all workers the chance to perform decent work in place?
- h. Are there rules concerning fixed-period employment contracts?
- i. Are there rules concerning dispatched work?
- j. Do safety nets such as employment insurance and social insurance apply to non-regular workers? Are they comprehensive?
- k. Are rules in place to regulate ambiguous employment contracts?

(5) Consider formulating recommendations for a guideline on non-regular employment

Considering that the problem of non-regular employment is becoming more serious in the OECD countries and that it has been brought forth by the finance-led economy and market-centered deregulation measures, we believe there is a common recognition concerning the need to reverse this trend and re-establish the dignity of labour.

We would like to make a proposal for the formulation of a recommendation focusing on the issues raised above and the development of conditions in accordance with the recommendation based on the actual situation and history of each country.