

[Material]

Japanese Workers Today

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How can the present situation of Japanese workers, both blue and white collar, be comprehensively, fairly, and succinctly described within the limited space?

A comprehensive description might follow the example of the *Annual Labour White Papers* of the national government and Tokyo Metropolitan Government that were issued until the early 1970s. This would include a review of the three processes of the labor power reproduction cycle, labor market such as employment and unemployment situation, labor conditions such as wages and work hours, and workers' living conditions such as consumer prices, and housing.

Relying primarily upon governmental statistics and surveys, the following essay was originally written in 1985 for American readers, who have only heard of lifetime employment, the seniority/age based wage and promotion system, company-wide labor unions, extensive fringe benefits, quality circles, loyalty to companies, morning meetings, uniforms, cafeterias used by both blue collar workers and managerial staffs, company-sponsored baseball teams, and sports days.

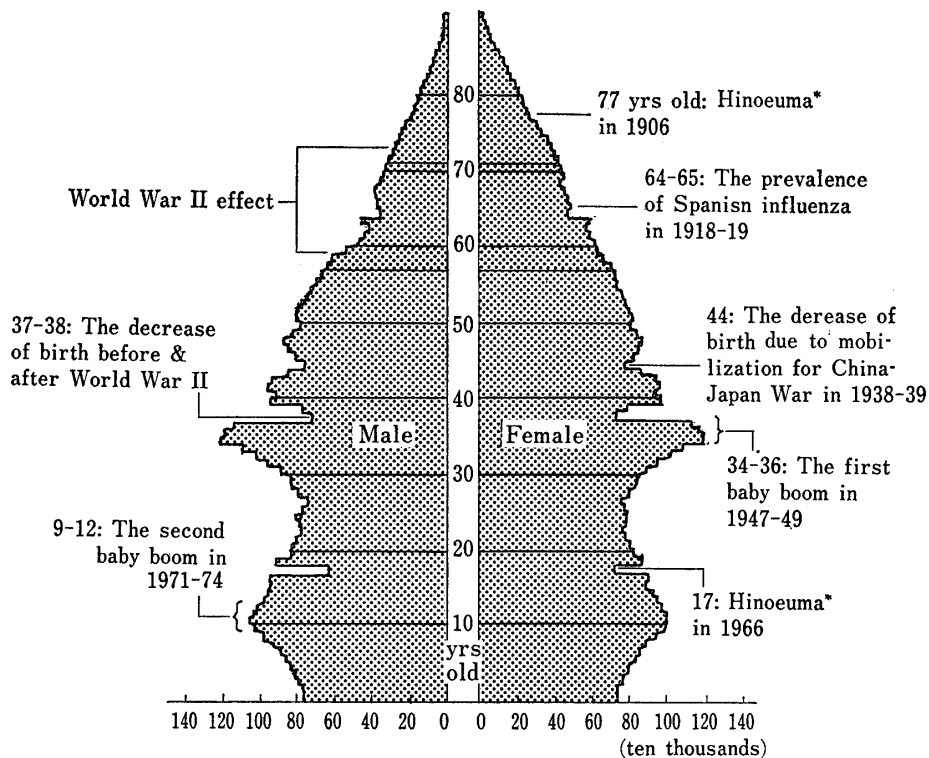
1. Who Are Japanese "Workers"?

The population of Japan in 1985¹⁾ was approximately 121 million. While this is half that of the United States, it is confined to a chain of mountainous islands whose total land area is one twenty fifth that of the United States, or a space equivalent to the State of California.

The Figure 1 shows the population distribution by age and sex. The shape is not a typical pyramid. An urgent population issue today in Japan is the aging of the population. Although the population 65 years old and above in 1985 was only 10.1 percent, its rate of growth is accelerating. In 1965 those 65 and older represented only 7.1 percent of the total population, but in 1996 it is expected to occupy 14 percent. By comparison it took 115 years for France, 85 years for Sweden and 75 years for the United States to increase their population in this age bracket from 7 percent to 14 percent.²⁾ The average birth rate in Japan has dropped to 1.8.³⁾

The repercussions of World War II can be observed in the 59 to 73 year old age brackets for men and ages 37 and 38 for both sexes. The bulge at the 34-36 years of age is that of the first baby boom population, while those from 9-12 years of age represent their children or, the second baby boom population. The shape decrease in the 17 years old bracket is due to a superstition, Hinoeuma (see the note in Figure 1). They

Figure 1: Population Pyramid (as of Oct. 1, 1983)



Source: Prime Minister's Office Statistics Bureau, *Predicted Population as of Oct. 1, 1983*.

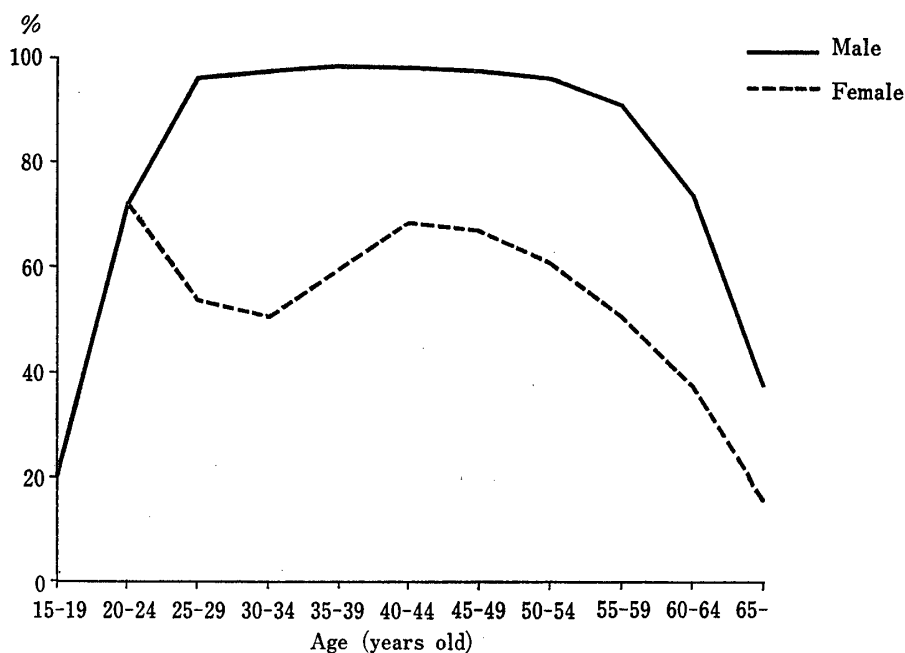
Note: Girls born in Hinoeuma years were thought to be destined to kill their husbands.

were born in 1971.

Those 15 years and older total 93 million, and of this number the labor force population in 1984 was 59 million. The labor force participation rate was 63.4 percent a little lower than the 64.4 percent of the United States in 1983.⁴⁾ Figure 2 indicates the labor force participation rates by sex and age. The majority of non-labor force population in the young generation is students. According to 1980 statistics the proportion of students who entered senior high schools was 94.3 percent, while that of students who go on to universities, junior colleges and other forms of higher education was 37.4 percent.⁵⁾ The majority of women above school age who do not participate in the work force are housewives. The M-shape of the women's labor force participation rate in the graph is due to the large number of women who leave the labor market for their marriage and child-birth. Although the rate of participation in the labor force by women was decreasing until 1975 because of changes in the industrial structure, it has been increasing recently and reached 48.9 percent in 1984.⁶⁾ Wives of farmers are counted as part of labor force in these statistics.

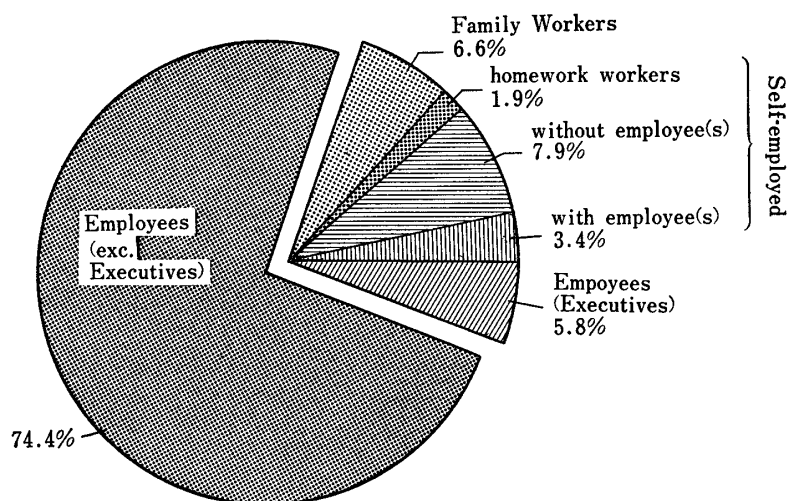
Of the labor force population the proportion of the self-employed was 16 percent, family workers 10 percent and employees 74 percent. (Figure 3)⁷⁾ The corresponding American figures are 9 percent, 1 percent, and 91 percent.⁸⁾ The high proportions of the self-employed and family workers is still a characteristic of the Japanese labor force.

Figure 2: Labor Force Participation Rate by Sex and Age (1984)



Source : Prime Minister's Office Statistics Bureau, *Labour Force Survey*.
 Note : Labor Force Participation Rate=Labor Force/Population×100

Figure 3: Working People by Employment Status (Non-agricultural Industries) (1984)



Source : Statistics Bureau, Management & Coordination Agency, *Labour Force Survey* (1984)

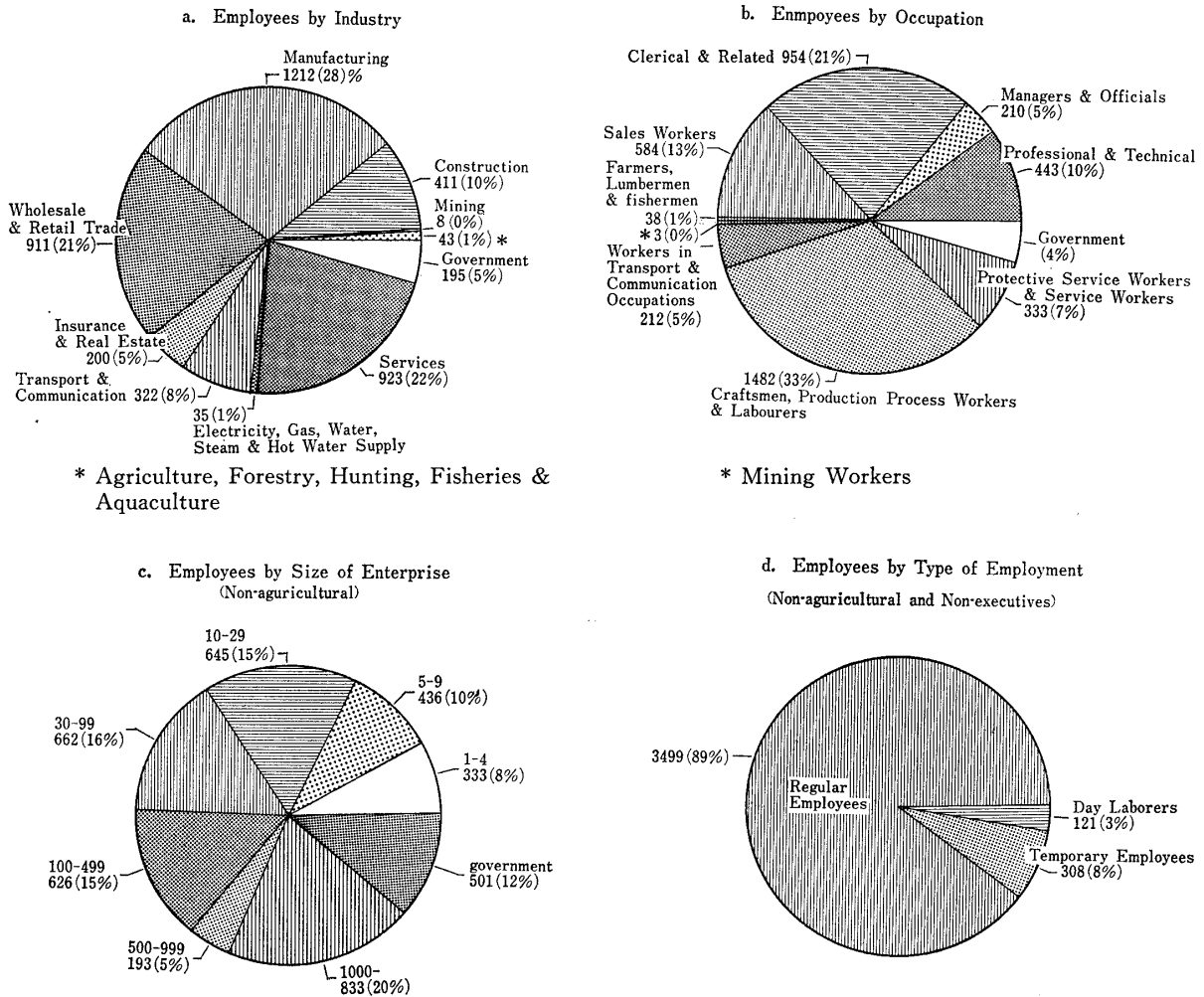
Generally speaking, the less industrialized the country, the greater the number of self-employed and family workers. The labor force exchange between the self-employed or family workers and employees, and migrations of workers between farm areas and urban areas, are also more important in less industrialized nations.

While this high proportion of the self-employed and family workers has a large impact upon Japanese labor conditions and relations, in this paper the population of

workers will be tentatively defined as those employed by others. This definition of workers will also exclude the unemployed. The term workers as used here will include full time and part time workers; regular, temporary, and day workers; and both blue collar and white collar workers such as professional, managerial, technical, clerical, sales and service staff; and exclude executives although many statistical data do not make this latter distinction. It should be kept in mind, however, that not only family workers but also homework workers who are classified as self-employed as well as other types of self-employed workers who do not have any employees are usually regarded as part of the workers' class, but are excluded from the term "workers" as used in this essay. Welfare recipients and othes who have left the labor market are similarly excluded. The definition of workers here does not necessarily correspond to that used by Marxist class analysis.

The following four circle graphs show the distribution of workers by industry, occupation, size of enterprise, and type of employment. The three major industries in which Japanese workers are primarily engaged are manufacturing with a little fewer than 30

Figure 4: Employees in 1984 (thousands)



Source : Statistics Bureau, Management & Coordination Agency, *Labour Force Survey*

percent, wholesale and retail trade, and services both with a little more than 20 percent. More than 60 percent of employees work in the tertiary industries. (Graph a) In terms of occupational distribution Graph b shows that only a third are traditional blue collar workers such as craftsmen, production process workers, or labourers. The remaining 67 percent are white collar. The same graph shows that one out of five is a clerical and related worker, while nearly one out of seven is a sales worker. Today professional and technical workers are more numerous than various service workers. Nearly a third of employees work for enterprises with 1,000 or more employees or the government, while another third work for small firms with fewer than 30 employees (Graph c). One out of ten Japanese employees is a non-regular worker; that is a temporary worker "who is employed for a specific period, more than a month but not more than a year" or a day worker "who is employed on a daily basis or for a specific period of less than a month" (Graph d). The 4.8 million part-time workers or those who work less than 35 hours a week⁹⁾ are included not only in the categories of temporary and day workers but also in the category of regular workers. About half the temporary workers, more than a third of day workers, and seven percent of regular workers work part time in this sense.

- 1) Statistics Bureau, Management & Coordination Agency, *Japanese Population by Town & Village, City & Ward, and Prefecture*, [Zenkoku todōfuken shiku chōson betsu jinkō] (1985 Census Preliminary Report), December 1985.
- 2) UN, *The Aging of Population and its Economic and Social Implications* (1956); Nathan Keyfitz and W. Flieger, *World Population* (1968); UN, *Demographic Indicators by Countries* (1981); The Institute for Population Research, Ministry of Welfare, *Predicted Future Population in Japan*; etc. cited in Ministry of Welfare ed., *Welfare White Paper [Kōsei Haku-sho]* (1984) (Tokyo: Ministry of Finance Printing Bureau, 1984) p. 157.
- 3) Total Special Birth Rate in 1983. The Institute for Population Research, Ministry of Welfare, *Population Statistics Materials [Jinkō tōkei shiryō-shū]*. Total Special Birth Rate is the total of women's birth rates by age in a year and an index showing the level of birth rates eliminating the effect of age structure.
- 4) Japan: Statistics Bureau, Management & Coordination Agency, *Labour Force Survey Annual Report*, 1984. U.S.: BLS, *Employment & Earnings*, Jan. 1984.
- 5) Ministry of Education, *Education Statistics Handbook [Monbu tōkei yōran]*
- 6) 45.7% in 1975. cf. U.S. and Canada: 53% in 1983; UK, West Germany and France: 40-44% in 1982 (Management & Coordination Agency, *Labor Force Survey Annual Report*, 1985, p. 2).
- 7) Management & Coordination Agency, *Labour Force Survey Annual Report*, 1984.
- 8) 1980. OECD, *Labor Force Statistics*.
- 9) *Labour Force Survey* by Statistics Bureau, Management & Coordination Agency (1985). Ministry of Labor has adopted this definition for its administration. *Employment Status Survey* (1982) and *Labour Force Survey Special Survey* (Feb. 1985) both by Management & Coordination Agency have collected the following data based on status names used in each firm:

Employees by Type of Employment
(based on "naming" in firms)

	Employment Status Survey	Labour Force Survey Special Survey
Employees	4,245	4,230
Executives	275	
Regular Employees	3,301	3,326
Part-Timers :		
[Part-Timer]	468	357
[Arubaito]		137
[Shokutaku, etc.]	70	151
Others	133	

Source: Management & Coordination Agency, *Employment Structure in Japan* [*Nihon no Shūgyō Kōzō*] (1982), p. 81. and *Labour Force Survey Special Survey: Feb 1985*, Table 2.

2. Unemployment

The Japanese unemployment rate, which was 2.7 percent in 1984, is very low compared with those of major Western industrialized countries such as the United States 7.4 percent, United Kingdom 12.7 percent, West Germany 9.1 percent, and Canada 11.3%.¹⁾

Those figures would seem to indicate that unemployment is not much of a problem in Japan, but there are some points that require discussion. First and most frequently cited is the difference in the definition of the term unemployment in the statistics of each country.²⁾ Although basically modeled on that of the United States, the Japanese definition is narrower in several points. For example, in Japan fewer of those laid-off are counted as unemployed, only those who were engaged in job-seeking activities within a week prior to a survey (as compared to four weeks in the U.S.) are counted as the unemployed, and family workers who worked less than 15 hours per week are also classified as the employed, while in the United States they are counted among the non-labor force population.³⁾ The OECD and the U.S. Department of Labor, however, estimated adjusted unemployment rates of about a dozen countries applying a single ILO definition⁴⁾ and American definition to all countries and found no significant difference from primary data published by each country, except for West Germany's lower rates.⁵⁾ Eiji Shiraishi and Minoru Aoyama calculated Japanese unemployment rates would increase only 0.2-0.5 percent point using the American definition.⁶⁾ In discussing these differences, however, sufficient attention should be paid not only to problems at the level of theoretical or literal definition but also at the operational or behavioral level in the process of survey implementation.⁷⁾

The second point that needs discussion is the straight fact that although an unemployment rate of 2.7 percent seems rather insignificant, it represents 1.6 million jobless people, of whom more than a third are heads of households with families. Imagine the lives of those unemployed' families. In addition there may actually exist many more unemployed than the statistical 1.6 million. The previously mentioned definition of the

unemployed which "refers to those who had no job but were able to work and actually seeking a job during the week before the census date" (1980 Census, Vol. 2, p. XVIII.)⁸⁾ is itself somewhat flawed. For example, anyone who earned even a penny within that week or sought for a job reading newspaper ads but took no action, to say nothing of "discouraged unemployment"⁹⁾, are all excluded from the statistical ranks of the unemployed. "To be ready to take up a job *immediately*" is a requirement for inclusion in the unemployment category.

Third and seldom discussed is if there is any possibility of a future surge in the number or the rate of unemployment in Japan. The rate was 1.1 percent at the end of the 1960s. It is now 2.7 percent. Both West Germany and the United Kingdom, whose rates until 10 years ago were 1-3 percent, now have around 10 percent unemployment. Both experienced a few to several time increase within five or ten years. Why won't Japan have a similar experience in the future?

Fourth is the problem of unemployment among older workers. Table 1 breaks down unemployment rates by age group.

Table 1: Unemployment Rates by Age (1984)

Age	Male	Female
15-24	4.9%	5.0%
25-39	2.1	3.2
40-54	1.7	1.9
above 54 years	4.3	1.8

Source: Management & Coordination Agency, *Labour Force Survey* (1984)

still searching for a suitable career. Older males do not have this freedom on flexibility but instead have real difficulty finding jobs.¹⁰⁾ Although older workers in most countries experience similar difficulties, those in Japan with its system of lifetime employment and seniority/age-based wage systems are particularly hard hit. Under the typical lifetime employment system corporations seldom hire middle-aged workers. Companies also avoid hiring older workers because of the higher wages they must be paid under the seniority/age-based wage system. Job offers and placement statistics for older workers are even more discouraging. Table 2 shows the ratios of the number of job offers to applicants and the number of successful placement to applicants. The numbers, 0.11 and 0.027 respectively, indicate that there is only one job offer for

The unemployment rate of older male workers age 55 and over is almost as high as that of young workers 15 to 24. A possible explanation for the high rate among younger people is that they are just entering the job market and are

Table 2: Activities of Public Employment Security Offices for Regular Employees by Age (Male) (Oct. 1983)

	Active Openings/ Active Applicants	Placements/ Active Applicants
Total	0.68	0.058
-19	1.75	0.163
20-24	1.42	0.104
25-29	1.49	0.081
30-34	0.97	0.064
35-39	0.97	0.061
40-49	0.71	0.061
50-54	0.41	0.058
above 54 years	0.11	0.027

Source: Bureau of Employment Security, Ministry of Labour, *Report on Employment Services*.

every ten applicants and that fewer than three out of every 100 applicants at Employment Security Offices can find jobs. Most are heads of households, and more than half of the men aged 55-59 who are "not at work and desiring to work" desire to do so to "maintain their own and family's life."¹¹⁾

A fifth point is the geographic concentration of unemployment in specific areas. While the average unemployment rate for all of Japan was 2.5 percent in 1984, that of Okinawa was 7.7 percent, that of Fukuoka 4.1 percent, and that of Kochi 4.0 percent.¹²⁾ The unemployed of Okinawa are mainly former workers at U. S. military bases, while those of Fukuoka were mainly coal miners. Recently there has been a conspicuous increase in the number of unemployed from the ship-building industry along the Setonaikai or Inland Sea.

Sixth, "the existence of vast 'underemployment' or 'hidden unemployment'" used to be cited as a characteristic of Japanese labor until the 1960s, although it is seldom discussed today.¹³⁾ The definition of the term underemployment is still unclear. If it is defined as "those people who have not fully utilized their ability", almost all workers today would fall into this category. For example, the employed including the self-employed and their family workers whose earnings were below certain levels were classified as underemployed.¹⁴⁾ Workers whose work week was very short or long but with low pay were also named included in this category. The people who urgently need an income often cannot afford to be engaged in job seeking activities and stay employed whatever the wages, hours and labor conditions are.¹⁵⁾ Two present surveys try to measure this kind of underemployment through a subjective approach, asking if the worker "Desires an Additional Job" or not and if the worker "Desires to Change Jobs" or not.¹⁶⁾ In 1982, 226,000 or 5.3% of all Japanese employees desired an additional job and 4.2 million or 9.8% of all employees desired to change jobs. Among those who desired additional jobs, 37 percent were actually seeking jobs, and 35 percent of those who desired to change jobs cited the low wage or temporary nature of their present position as the reason for the desired change.¹⁷⁾ Many conceded that they could not make ends meet without working overtime.¹⁸⁾ The results of surveys indicate that there are many part-time workers who desire full-time jobs.

Last, and perhaps most significant, are bankruptcies and "voluntary separation" [kibō taishoku]. In 1985, thousands firms went bankrupt with debts of one billion yen and more because of the drastic change of international exchange rates and for other reasons. As a result thousands of workers lost their jobs, while many were retained by firms reformed under the Corporation Reorganization Law. Furthermore, many workers had left their companies shortly before bankruptcy was declared, some on their own initiative, others through "voluntary separation," and still others due to discharge. While the number of such employees is harder to measure, an approximate figure could be obtained by comparing the number of employees of each corporation during a peak or the year immediately before bankruptcy and the number of employees retained at the moment of

bankruptcy. Those who could quickly find new jobs would not appear in the unemployment statistics.

- 1) ILO *Yearbook of Labour Statistics, Bulletin of Labour Statistics* and others.
- 2) Regarding the technical difference of counting among countries, see Japan Productivity Center, *Labor Statistics At Hand [Katsuyō rōdō tōkei]* 1985, p. 176, and Minoru Aoto, "International Comparison of Unemployment", *Monthly Labour Statistics & Research Bulletin*, Vol. 36 No. 11, Nov. 1984, p. 6.
The United States and Japan have adopted the labor force survey method and use labor force population as the denominator to calculate unemployment rates while the United Kingdom and West Germany have adopted administrative data such as applicants at employment offices and use employees and the unemployed as their denominator.
- 3) The major differences in the United States and Japan definitions are: (1) the research period in which the worker sought a job [U.S., 4 weeks; Japan, 1 week], (2) those who are waiting for the result of job-seeking activities prior to the period in (1) [U.S., non-labor force population; Japan, the unemployed], (3) the laid-off [U.S., the unemployed; Japan, working (See the footnote 1) in 3. Lifetime Employment and Mobility in this essay.], (4) those who have been tentatively notified of hiring within 30 days [U.S., the unemployed; Japan, non-labor force population], (5) Family workers who worked less than 15 hours per week [U.S., non-labor force population; Japan, working], and (6) those who are preparing to start a business [U.S., non-labor force population; Japan, the unemployed]. Aoto, "International Comparison of Unemployment", p. 8.
- 4) International standards on unemployment statistics that were decided at the 13th International Labour Statistician Conference.
- 5) OECD, *Labour Force Statistics*; ILO, *Year Book of Labour Statistics 1983*; and U.S. Department of Labor, *Handbook of Labor Statistics and International Comparisons of Unemployment*; cited in Aoto, "International Comparison of Unemployment," p. 7.
- 6) Eiji Shiraishi, "International Comparison of Unemployment Concepts," *Monthly Labour Statistics & Research Bulletin*, March 1982 and Aoto, "International Comparison of Unemployment". cf. Kōji Taira insists that the Japanese real unemployment rate would be more than double of the officially published rate. (*The Nihon Keizai Shinbun*, April 27, 1987)
- 7) Labor force surveys are by householder systems.
- 8) This English version of the Japanese census report is a little misleading. The original Japanese version replaces the phrase "who had no job" with "who had no job with pay at all" and "actually seeking for a job" with "actively seeking for a job, for example, filing an application with a public employment security office."
The definition by the Labor Force Survey, another major Japanese unemployment statistics, is as follows (See *Labour Force Survey Annual Report* (1984) p. 194 and 210.):
"Persons who did not work at all during the survey week, but were currently available for work and were actively seeking job or were waiting for the results of the past job-seeking activity."
The survey paraphrases the "job" (= "work") and "seeking a job" in its questionnaire:
"Work" means any work for wage, salary, business profit, etc. Household members who worked without pay in a business or a firm operated by their family are regarded as those "engaged in work." "Work" also includes piece work at home or temporary work.
"Seeking a job" includes (1) asking someone to give a job, applying for a public employment security office, answering a newspaper ad., etc., (2) preparing to start a business by procuring funds and materials, and (3) waiting for the result of the previous job-seeking activities.
- 9) The data on "discouraged workers" is not even available in Japan.
- 10) Except for some who are enjoying unemployment insurance benefits earned after years of work.
- 11) Ministry of Labour, *Employment Survey of Older Workers [Kōrei-sha shūgyō jittai chōsa]* (1983); see MOL, *Labour Statistics & Research Monthly [Rōdō tōkei chōsa geppō]* Vol.

- 36, No. 11, Nov. 1984, p. 27. Equivalent figures for 60-64 and 65-years old are 23% and 19% respectively. Of those employed, 88% of those 55-59 years old, 73% of those 60-64 and 62% of those 65 and older are working to "maintain their own and family's life."
- 12) *1980 Census*.
- 13) It was a major factor for this change that the income of farming families exceeded that of city workers. cf. Masumi Tsude, "Will A New Double Structure Era Come?" *Nihon Rōdō Kyōkai Zasshi*, Vol. 29, No. 1, Jan. 1987.
- 14) e.g. Horie, *Working Class in Japan [Nihon no Rōdōsha Kaikyū]* (Iwanami Shinsho), cited in Shōbei Shioda, ed., *Labor Problems in Japan [Nihon no Rōdō Mondai]* (Tokyo: Kawade Shobō Shinsha, 1964), p. 121.
- 15) Bureau of Statistics, Management & Coordination Agency, ed., *Employment Situation of Population & Industrial Structure [Jinko no Shūgyō-jōtai to Sangyō-Kōsei]* (1980 Census Monograph Series No. 4), 1983, pp. 65-66.
- 16) *Employment Status Survey [Shūgyō kōzō kihon chōsa]* and *Labour Force Survey [Rōdō-ryoku chōsa]* by Management & Coordinating Agency. The former uses the terms, "Wishing to Have Additional Job" and "Wishing to Change Jobs."
- 17) Management & Coordination Agency, *Employment Status Survey*, 1982. "35 percent" is an unpublished figure.
- 18) e.g. More than 45% of those questioned answered that "Surely" or "Often/Sometimes" when asked if they want more earnings even if it means they must work overtime or on off-days, in *Survey on the Consciousness of Middle- & Old-Workers [Chūkōnen rōdōsha ishiki chōsa]* (Gunma Prefecture, 1984) [1,220 regular workers who are 45 years old and older].

3. Lifetime Employment and Workers' Mobility

Under the Japanese system of "lifetime employment" worker layoffs differ from those in the United States in both the frequency and their execution. Japanese corporations tend not to lay off their employees as quickly as American corporations, usually not until they are on the verge of bankruptcy. Once a Japanese corporation resorts to layoffs, it is not a layoff with recall rights but a formal discharge, a total release.¹⁾ The layoff is not based on the seniority rule under which workers with senior service are the last to be released but a discharge aimed at older workers whose wages under the seniority-based wage system tend to be higher than younger workers. Layoffs also are aimed at union activists.

"Lifetime employment" does not mean permanent employment. It should be defined as follows:

Lifetime Employment is an employment system or practice by which (1) a corporation hires its new employees regularly every year in April²⁾ from among new graduates; (2) those hired start working without intention to quit the corporation until they retire; and (3) the corporation for its part will not layoff or discharge them except on extraordinary occasions until they reach the compulsory retirement age.³⁾⁴⁾

While Japanese corporations cannot avoid making adjustment in their workforce due to business fluctuations, these modifications are accomplished in a number of ways without relying on layoffs: First, overtime work is reduced. The long overtime work hours required of employees of Japanese corporations (See p.92) provides the companies with great latitude in this area. The next step is the reduction of non-regular workers such as temporary, seasonal, in-house subcontract firm workers [Shagaikō], as well as part-

time workers who are mainly housewives. Many Japanese corporations use an enormous number of such workers. For example, at one time more than half of people working at Toyota plants were seasonal workers and other non-regular workers. In 1973, the year of "oil shock", many corporations eliminated part-time workers. Today approximately 17 percent of the total non-executive employees in Japan belong to the category of non-regular workers.⁶⁾ To eliminate such workers a corporation merely has to wait a few weeks or months until their contracts expire. No layoffs or discharges are necessary, and these workers do not appear in layoff statistics. Extensive use of subcontract firms by larger corporations also enables them to shift the strain to workers in smaller firms. The third step is the reduction of the number of regular workers through "voluntary separation," which is usually accompanied with some incentives and "patting on the shoulders" [Katatataki]. Workers know which of them are expected to "volunteer", and what would happen if they refused and remained on the job. Assignments in unfavorable locations or "window-side" desks far from the floor center where the firms important business is conducted are common forms of punishment.⁶⁾ Here too layoffs or discharges are not necessary for corporations to achieve their goals.⁷⁾

According to 1984 statistics, separations "for reasons of employees' own" account for only 5.4 percent of total separated regular employees⁸⁾, although in this category many layoffs in a real sense are certainly included. What these figures reveal is that the lifetime employment system is one which exists at the expense of non-regular workers including part-timers as well as subcontracting firm workers.

That those who were hired start working without intending to quit the corporation before they retire does not mean that no employees actually leave their workplaces voluntarily. The turnover rate in Japan in fact is not at all low. Even among regular employees the annual separation rate exceeded 14 percent for 1984.⁹⁾ Without such a high turnover rate, it would be impossible for corporations to maintain a pyramid-shaped manpower age structures, a labor configuration which may usually be regarded as the ideal. Among new high school graduates, about 15 percent quit their jobs within a year and 40 percent within three years¹⁰⁾ The average years of service of all women employees is only 6.5 years.¹¹⁾ Even today the majority of women quit their jobs in their early 20s for such personal reasons as marriage and pregnancy.¹²⁾ The average for male workers is also not necessarily long, particularly among employees in smaller firms, those with less education, or those engaged in production jobs. The average length of employment of workers in firms of all sizes is 11.6 years, that at firms with 1,000 employees or more is 14.8 years, and that at firms with 10-99 employees is 9.1 years. The average for male college graduates at firms with 1,000 employees or more is 8.9 years for those 30-34 years of age, 18.3 years for the 40-44 age group, and 26.1 years for those 50-54. For junior high graduate workers in firms with 10-99 employees, the average is 5.7 years (30-34 years old), 7.2 years (40-44), and 9.8 years (50-54).¹³⁾

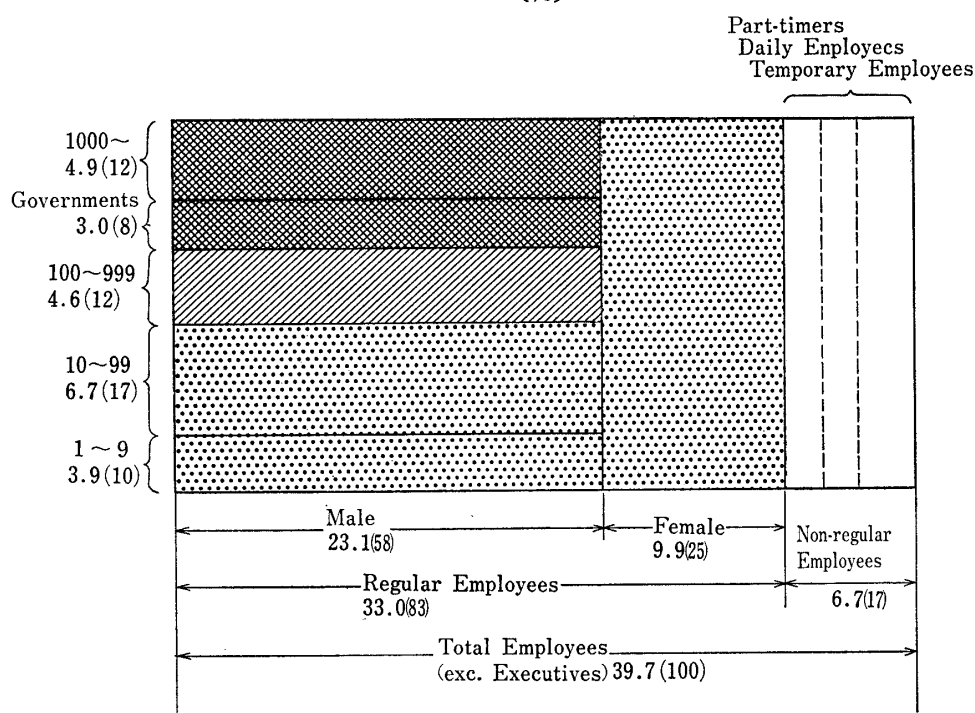
In the 1950, an American scholar, J. C. Abegglen, found lifetime employment in Japan.

He interviewed workers of large corporations and found that all of the corporations present employees began their careers with these same corporations.¹⁴⁾ While his observations were correct, those he questioned represented but a fraction of the corporations total employees over time. A much larger number had started with this company, but had left Abegglen conducted his interviews. Therefore to the above definition of lifetime employment (p. 74), the following sentence should be added:

And (4) it is most typically applicable to male regular workers in big corporations.¹⁵⁾

Probably, those who are enjoying a real lifetime employment system are but a fifth to a third of all Japanese employees. The following Figure 5 further illustrates this:

Figure 5: Who Enjoy the Lifetime Employment System? (1982)
millions (%)



Source: Statistics Bureau, Management & Coordination Agency, *Employment Status Survey*.

- 1) The "Japanese layoff" was devised in the 1970s. Corporations paid some 60% of regular pay and let employees stay at home without laying them off.
- 2) The Japanese school year and fiscal year start in April and end in March.
- 3) It is not correct to understand this practice solely from the paternalistic management style of Japanese corporations. Labor unions are another important contributor to strengthening this practice. With the closed labor market Japanese unions have almost always waged strenuous, bitter struggles against discharges or permanent layoffs.
- 4) More exactly, the so-called lifetime employment system should be understood as a system that also contains a seniority-based wage and promotion system and guarantee for retirement life.
- 5) Temporary workers (3.1 million) + Day workers (1.2 million) + Part-time regular workers (2.4 million) / Non-executive employees in non-agricultural industries (39.3 million) $\times 100 = 17.0\%$. Part-time regular workers means regular workers whose weekly working hours are shorter

than 35 hours. [Management & Coordination Agency, *Labour Force Survey Annual Report*, 1984]; Non-regular workers (Part-timers, etc.) classified as such by employers (6.7 million)/ Non-executive employees (39.7 million) $\times 100 = 16.8\%$ Management & Coordination Agency, *Employment Status Survey*, 1982.

- 6) "**sidetracked employees, normally for being close to retirement**;...They are called 'window-side people' because such people are usually assigned to desks lined up against a wall (which has windows), far from the floor center where the action is." (*Japanese-English Dictionary of Current Terms [Saishin Nichibei Hyōgen Jiten]* (Tokyo: Shōgakkan, 1984) p. 271.
- 7) Regarding "Japanese layoffs", see Note 1) above.
- 8) Excluding temporary transfer to other corporations. Ministry of Labour, *Survey on Employment Trends*.
- 9) Separation Rate = Separations Jan. through Dec./Regular Employees as of Jan. 1 Ministry of Labor, *Survey on Employment Trend*, 1984. This survey covers approximately 60% of all employees, excluding employees in firms with fewer than 4 employees.
- 10) Labour Market Center, Ministry of Labor, *Employment Separation Survey of Newly School Graduates [Shinki gakkō sotsugyō shūshoku-sha no shūshoku-rishoku jōkyō chōsa kekka]* (March 1975, 77 and 78) Equivalent figures for junior high school graduates are 25% and 50% respectively.
- 11) Ministry of Labor, *Basic Survey on Wage Structure*, 1984, which covers regular employees in firms with 10 employees or more.
- 12) Ministry of Labor, *Survey on Employment Trend*, 1984.
- 13) Ministry of Labor, *Basic Survey on Wage Structure*, 1984.
- 14) J. C. Abegglen, *The Japanese Factory: aspects of its social organization*, 1958.
- 15) Some writers contend that in principle the lifetime employment system also extends to female workers in large corporations and workers in smaller firms although whether this is actually the case or not is debatable.

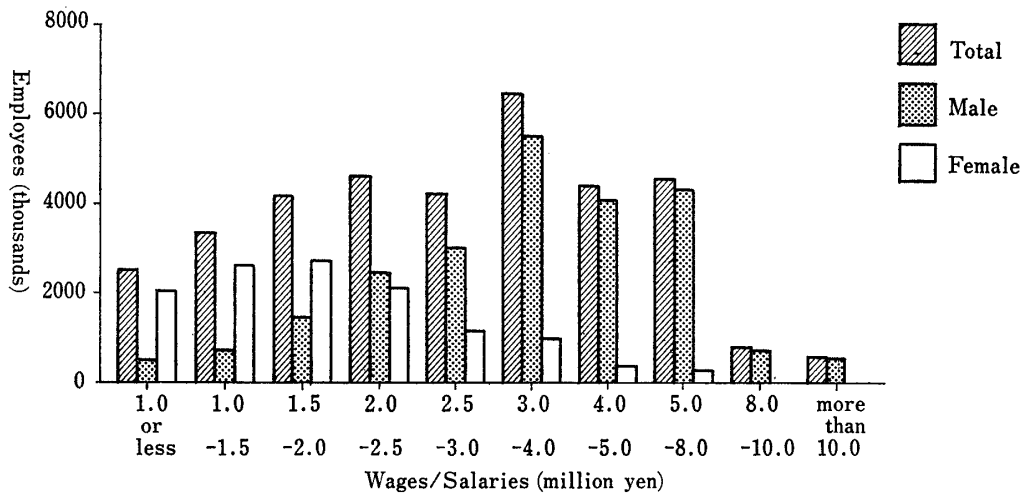
4. Wages and Salaries

The average wage or salary (hereafter referred to as the wage) of all Japanese full-time employees, who worked throughout the year 1984, was 3,400,000 yen or 4,140,000 yen for men and 2,010,000 yen for women.¹⁾ Although it is not certain how meaningful these figures would be if converted to dollar values, they are roughly equivalent to U. S. \$19,000, \$23,000 and \$11,000, respectively, at the rate of 180 yen to the dollar.²⁾

Figure 6 is the distribution of annual wages by sex. Half of all employees fall into wage classes between ¥1,860,000 [\$10,300] and ¥4,300,000 [\$23,900] with the median being ¥2,870,000 [\$15,900]). Ninety percent earned ¥6,520,000 [\$36,200] or less. The median of men's wages was ¥3,640,000 [\$20,200], the first quartile ¥2,620,000 [\$14,600] and the third quartile ¥4,940,000 [\$27,400]. The median of women's wages was ¥1,770,000 [\$9,800], the first quartile ¥1,200,000 [\$6,700], and the third quartile ¥2,420,000 [\$13,400].

These figures include not only the straight time wage and various allowances, but also a considerable amount of bonus and overtime pay. For example, of the ¥3,400,000 average wage of all full-time employees, ¥710,000 was bonuses with some ¥250,000 estimated to be overtime pay. The former is equivalent to 3.5 month regular pay³⁾ and the latter is for 180 hours⁴⁾. Bonuses are usually paid twice a year in June and December, and the size of bonus ranges from nothing to a sum equivalent to 6 month regular

Figure 6: Distribution of Wages/Salaries by sex (1984)



Source: National Tax Administration, ed., *Wages/Salaries in Private Firms*.

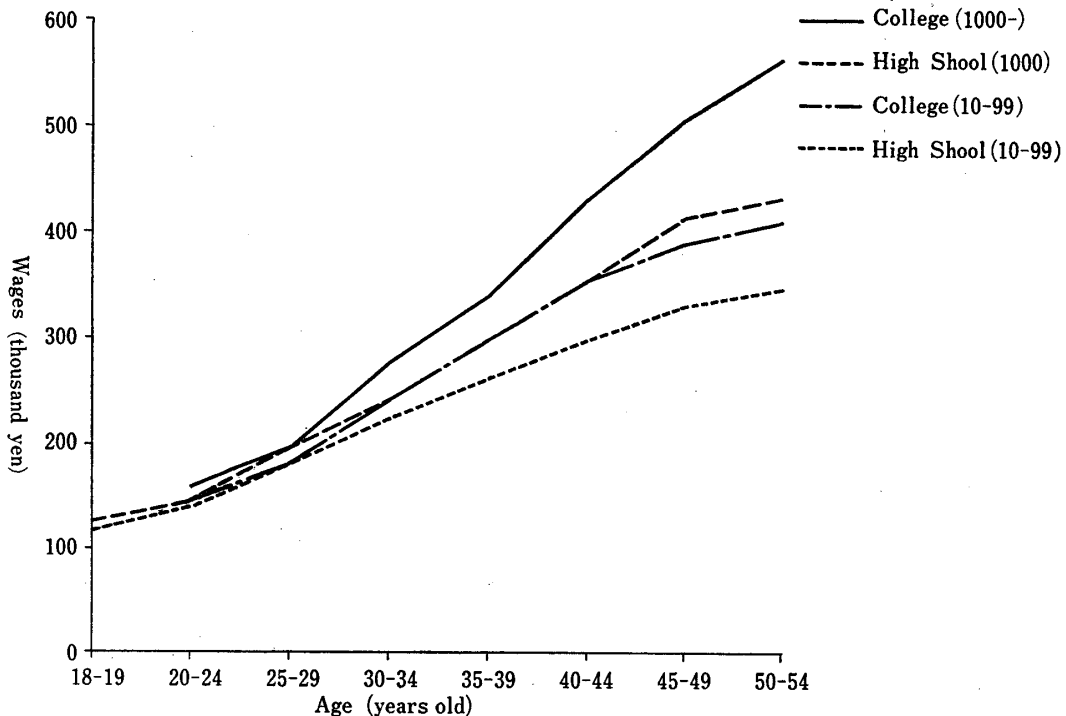
pay depending on the company. Contrary to the image of the term bonus, this amount does not vary much in response to the business climate but rather is a sum fixed by each company. The typical premium rate for overtime work in Japan is 125 percent of the regular pay⁶⁾, the minimum level required by Labor Standards Act. Annual overtime for men amounted to 228 hours.⁵⁾

One of the features of Japanese wage system is the so-called seniority wage system. Under this system there is a large wage differential based on age and length of service in the company. Figure 7 illustrates the wage increase in response to the age or years of service of "standard workers" who supposedly graduated from schools or universities without repeating the same classes, entered their companies immediately upon graduation, and continued working for these companies without significant leaves of absence or special reprimands.

The average starting salary for male high school graduates was ¥120,000 [\$6,700] per month in 1986, while that for male college graduates was ¥140,000.⁷⁾ These figures are expected to increase by three and a half to four times by the time these workers reach the 50-54 year old age bracket—the ratio was much higher in the late 1950s. Seniority wage is a system in which the wage level rises steadily along with an increase in the age and years of service of the employee, regardless of the skill level of the worker or the content of the assigned job. It is generally assumed that skill levels and job contents as well as the contribution to and positions in the corporations increase as the years pass. While it is also thought that at some point these also level off or start to decline, wages nevertheless continue to increase. As an extreme case, as a model, a worker will realize a steady increase in his wages over the years even if he is engaged in exactly the same job. The traditional seniority wage system has been modified in recent decades, but the basic structure still remains intact, especially in the public sector.⁸⁾

While it is often remarked that one of the benefits of the seniority wage system is

Figure 7: Wages of Standard Workers by Education and Size
(Mail; All Industries) (1984)



Source: Ministry of Labour, *Basic Survey of Wage Structure*.

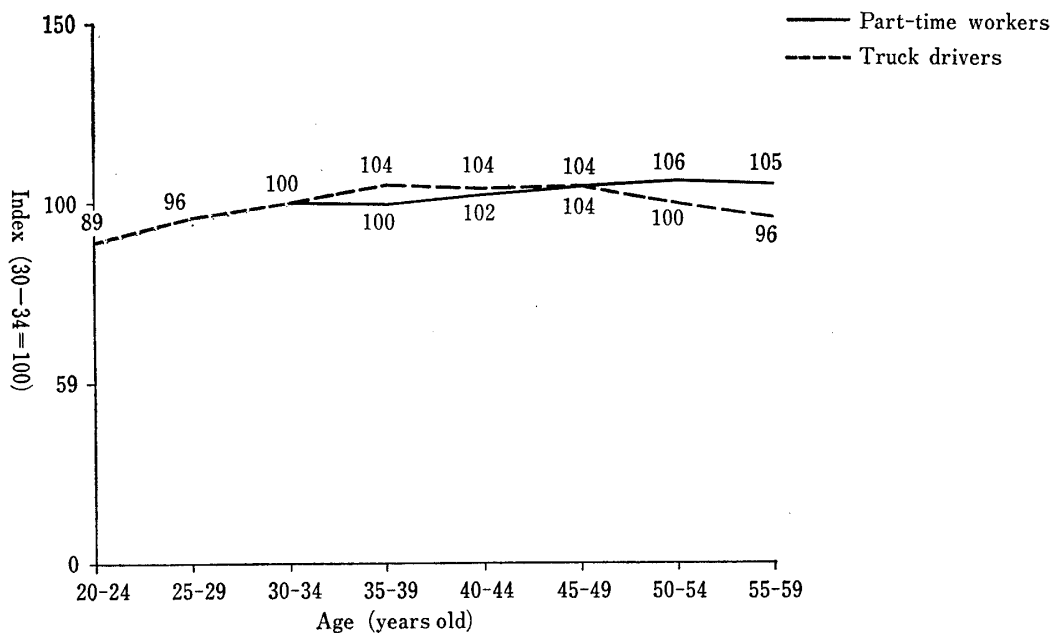
that it is a wage system to guarantee the living cost, historically the practice has been closely related to the low level of Japanese wage. Starting salaries are set at a subsistence level for single workers. Wages are then increased as workers age and incur greater living expenses after marriage and the birth of children.

Workers subject to this seniority wage system also generally enjoy the benefits of lifetime employment system. In practice, seniority wage tends to be reserved for white collar males with a higher level of education in large companies. Workers who do not stay with the same organization for a long time not only do not reap the benefits of this system, but on the contrary are harmed by it, when they attempt to change jobs in mid-career.

Non-regular workers such as temporary, daily and part-time employees are excluded from the system from the start. In 1984, for example, wages of part-time workers who make up the majority of non-regular workers today were around 570 yen [\$ 3.20] per hour⁹⁾, and did not increase significantly with age or years of service. This is the case for many types of outdoor workers as well. (Figure 8)

Wages in Japan also vary considerably depending on the size of the enterprise. Taking the average wage at large corporations as 100, that of middle-sized firms is indexed at 70—80, while that of small firms comes to only 50 to 65. (Table 3). These differences are those of per capita wages as personnel costs and not necessarily of the levels of the wages received by each worker. For the composition of work force varies significantly

Figure 8: Part-timers' and Outdoor Workers' Wages (1984)



Source: Part-time workers: MOL, *Basic Survey of Wage Structure* (1984)
 Outdoor Workers: MOL, *Survey of Outdoor workers' Wages by Trade* (1984)

depending on the size of firms. Large corporations, for example, tend to have more higher-educated employees and employees with longer tenure of service. Laspeyres formula should be employed here. An examination of workers with similar qualifications and circumstances in firms of different sizes will be very revealing. The wages of 50—54 year old male college graduates engaged in nonproduction employment in manufacturing industries

was ¥ 9.70 million [\$ 53,900] (100) for the companies with 1,000 or more employees, ¥ 7.23 million [\$ 40,200] (75) for those with 100—999 employees, and ¥ 5.55 million [\$ 30,800] (57) for smaller firms with 10—99 employees. Wages of 35—39 years old male, high school graduate production employees in the same industries were ¥ 4.73 million [\$ 26,300] (100) for firms with over 1,000 employees, ¥ 4.09 million [\$ 22,700] (86) for those with 100—999 workers, and ¥ 3.56 million [\$ 19,800] (75) for those with 10—99.¹⁰⁾

Some part of these difference particularly in the older age groups can be readily explained. Maximum responsibility comes more quickly to workers in smaller organiza-

Table 3: Wage Differences by Size of Enterprise (1984)

Number of Regular Employees	Size of Capital (Ltd.)		
1,000 & over	¥ 1 billion—	100	100
	¥ 100 million—		81
100—999	¥ 50 million—	77	73
	¥ 10 million—		71
10—99	—¥ 10 million	64	66
	Private Concerns		47

source: MOL, *Basic Survey of Wage Structure* (1984)

National Tax Agency, *Wages/Salaries in Private Firms* (1984)

tions than to those in larger firms. There is, however, often a more arbitrary reason for wage differences between parent corporations and subcontract firms; the larger companies will not allow their subordinates higher wages due simply to prestige and power.

The low level of wages in Japan continues to be a major problem. In accordance with provisions established by the Minimum Wage Act, the minimum wages which apply not only to regular workers but also students, part-time workers among others, are decided by three party commissions in each prefecture and by labor-management agreements in various industries.¹¹⁾ In 1985, prefectural minimum wages ranged from 395 yen [\$ 2.20] to 477 yen [\$ 2.70] per hour and from 3,155 yen [\$ 17.50] to 3,691 yen [\$ 20.50] per day. Industrial minimum wages are set at higher levels and range from ¥ 488 [\$ 2.70] to ¥ 550 [\$ 3.10] per hour or ¥ 3,780 [\$ 21.00] to ¥ 4,010 [\$ 22.30] in case of Tokyo as of April 1, 1986.¹²⁾

In spite of these legal safeguards a large number of firms violate these minimum wages. According to a governmental survey covering workers in firms with 10 or more regular employees, 6 percent of all female part-time workers and 1 percent of all regular workers had their regular wages below the weighted prefectural average minimum wages.¹³⁾ There are probably even more similar cases in smaller firms with fewer than 10 employees. Every year the Labor Standards Bureau of the Ministry of Labour conducts inspections of firms to insure that workers are receiving the minimum wage and finds five to six thousand violations out of 30,000 cases or nearly 20 percent who fail to comply with the law.¹⁴⁾ The welfare allowance for a standard four member family (father, 35 years old, daily employed; mother, 30 years old, housewife; and two children, ages four and nine) is 187,050 yen [\$ 1,040] per month in Tokyo and other large cities.¹⁵⁾ The head of the household who receives the 1986 Tokyo prefectural minimum wage for working 25 days per month would make only ¥ 92,275, or half the welfare level.

In some cases payment of wages is delayed or not received at all. Many such complaints and consultations of are handled by government field offices. The Labor Administration Offices of the Tokyo Metropolitan Government received 29,240 consultations in 1984, of which 1,807 cases involved the failure of employers to pay workers their earned wages. Taking only cases involving part-time workers, 183 out of 2,628 consultations involved employers delinquent in their payment of wages.¹⁶⁾ Labor Standards Inspection Offices found 2,293 such cases in their regular inspections covering 176,910 firms in the same year. These, too, are believed to be but the tip of the iceberg.

1) These figures include executives but exclude employees whose wages were calculated by the hour or day or were paid daily. The average age and the length of employment for all employees were 40.3 years of age and 10.5 years, for men 40.2 years of age and 11.8 years, and for women 39.7 years of age and 8.2 years. National Tax Administration, ed., *Wages/Salaries in Private Firms seen from taxation statistics* [*Zeimu-tōkei kara mita Minkan Kyūyo*

- no Jittai*], Sep. 1985. Ministry of Labour's *Basic Survey on Wage Structure*, which covers regular employees in firms with 10 regular employees or more, has ¥ 3,480,000 as the average wage and salary of all regular employees. This figure was calculated by multiplying the monthly regular wage and salary including overtime pay of June 1984 by twelve and then adding to it bonuses paid in the year prior to June 1984.
- 2) The rate as of February 18, 1986. A year ago in February 25, 1985 the conversion rate was ¥ 263 to \$ 1. Using this rate, these figures become \$ 13,000, \$ 16,000, and \$ 8,000.
 - 3) Ministry of Labour, *Basic Survey on Wage Structure*. Bonuses in a year prior to June 1984 (¥ 748,200)/The monthly regular wage excluding overtime pay in June 1984 (¥ 206,500) = 3.62
 - 4) Ibid. Calculated by multiplying the fifteen overtime hours worked in June 1984 by twelve months, or 180 hours.
 - 5) Ibid.
 - 6) Ninety (90) percent of corporations has "25%" premium rate. Only 0.5 percent has "50% or more". Ministry of Labour, *General Survey on Wages and Working Hours System [Chingin Rōdojikan Seido Sōgo Chōsa]*, 1983.
 - 7) Bureau of Labor & Economic Affairs, Tokyo Metropolitan Government, *Survey on Offered Starting Salaries for New Graduates [Shinki Gakkō Sotsugyō-sha Kyūjin Shoninkyū Chōsa]* (March 1986).
 - 8) Corporations with wage systems based on solely personal factors such as ages, years of service, and years of education now account for only 4.8% of all private corporations with 30 or more regular employees at their head offices. Ministry of Labour, *General Survey on Wages and Working Hours System* (1984).
 - 9) Part-time workers here is defined as "workers whose straight time working hours per day or whose working days per week are shorter than those of ordinary workers." Ministry of Labour, *Basic Survey of Wage Structure*, (1984) Vol. 3.
 - 10) Ministry of Labour, *Basic Survey of Wage Structure* (1984). Taking years of service as an index, for instance, those of male employees who have worked 20-24 years for a company are ¥ 6.43 million [\$ 35,700] (100) for firms whose capital is one billion yen [\$ 5,560,000] and more, ¥ 5.28 [\$ 29,300] (82) for those whose capital is 50-100 million [\$ 278,000-556,000], and ¥ 4.81 million [\$ 26,700] (75) for those with capital less than 10 million yen [\$ 55,600], (National Tax Administration, ed., *Wages/Salaries in Private Firms*. (1984))
 - 11) An exception is the wage for miners, which is decided at the national level.
 - 12) Lower minimum wages by industry have been set for workers under younger than 18 years old and over 64 years of age.
 - 13) MOL, *Basic Survey of Wage Structure* (1984). 78,440 out of a total of 1,339,420 female part-time workers received hourly wages less than ¥ 420. 188,090 out of a total of 21,904,480 regular workers received monthly wages less than ¥ 84,000 (¥ 3,357 × 25 days).
 - 14) Those subject to the inspection are selected by each Labor Standards Inspection Office from among firms with a high likelihood of violating the law; for example, small companies, firms with many part-time employees, and firms in certain industries. There were 5,711 violations out of 30,223 cases in 1984 and 5,218 violations out of 29,430 cases in 1985. Ministry of Labour, *The Result of Inspections Under Labour Standards Act, etc. [Rōdō Kijun-hō tō ni motozuku Kantoku Gyōmu Jisshi Jōkyō]*
 - 15) *The 40th Revised Welfare Benefits Standard Table*, revised on April 1, 1984.
 - 16) Bureau of Labor & Economic Affairs, Tokyo Metropolitan Government, *The Summary of Labor Consultations and Conciliations [Rōdōsōdan oyobi Assen no Gaikyō]* (f. y. 1985)

5. Fringe Benefits

Extensive fringe benefits have also been mentioned in many textbooks as another characteristic of the Japanese employment system.

Table 4 is a list of fringe benefits. Other than paid vacations and holidays which are usually not discussed as fringe benefits in Japan, almost all of the fringe benefits enjoyed by workers in the United States can be found here. In addition there are benefits such as recreational and sports facilities and clubs, field days, employees' trips, wedding halls, and uniforms which are not often found in the United States. The average monthly expenditure per person for fringe benefits amounts to ¥ 52,000 [\$ 290] or nearly 20% of the average monthly wage of ¥ 287,000 [\$ 1,600].

While these benefits are indeed very extensive in both scope and amount, they are, however, not necessarily more extensive than those provided for workers in, for example, the United States where one would find special medical expenses such as vasectomies, tubal ligations, and abortions, which are practically unknown on Japan as part of the package of benefits. In the United States the expenditure for nonwage benefits amounts to as much as 37 percent of payroll.¹⁾ Even excluding payments for time not worked, the figure is still 24 percent. The labor's relative share in Japan is 35.2 percent compared with 45.5 percent for the United States, 53.3 percent in West Germany, and a rate of 56.3 percent in the Great Britain.²⁾

Fringe benefits in Japan as in the United States are first divided into those required and not required by law. The amount of money expended for each group is roughly the same with the expenditure for benefits not legally required increasing recently. The three main benefits are for retirement, health and housing. Forty five percent of total expenditures goes for retirement-related benefits, twenty percent for health-related ones and seven percent for housing. Besides National Health Insurance and Welfare Pension Insurance premiums, legally required payments such as Workers Compensation and Unemployment Insurance premiums make up 11 percent of total expenditures. Only 17 percent remains for all other benefits. Furthermore, some items such as sports and cultural clubs, sports days, and company excursions should perhaps be thought of simply as management techniques for promoting corporate identity and loyalty, while others including recruitment cost and uniforms as direct personnel and production management costs. Still others such as the fully equipped gymnasiums which are rarely used by ordinary employees but are instead reserved for the companies semi-professional teams would be more accurately viewed as public relations expenditures than fringe benefits, although most fringe benefits function more or less in the same way.

Major differences between the fringe benefits provided by companies in the United States and Japan are as follows: (1) While both countries have social security old age and retirement benefits, corporate pensions in Japan are not as extensive as those in the United States. The traditional form of retirement allowance provided by corporations in Japan is not a monthly pension but a lump sum payment, yet recently more corporations have given their employees either choice between or a pension that is a combination of the two forms. This has been done partly in order to prolong the immediate expenditures.³⁾ (cf. p. 111) (2) Because health insurance in Japan has been nationalized, the major

Table 4: Workers' Welfare Facilities & Programs (1983)

Facilities & Programs	Expenses (yen) (%)	
A. Legally Required Payments	25,793	49.6
National Health Insurance	9,503	
Welfare Pension Insurance	10,724	
Workers' Compensation Insurance	2,587	
Unemployment Insurance	2,521	
Child Allowance	188	
Coal Miners' Pension	1	
Seamens' Insurance	172	
Handicapped People Employment Penalty 1)	83	
Workers' Compensation Allowance 2)	13	
B. Voluntary Payments	9,350	18.0
Housing (Company Housing, Dormitory, Home Ownership Program (loans, etc.))	3,802	
Medical & Health (Hospitals, Clinics, Checkups, Physical Trainings, etc.)	616	
Meals (Cafeteria, Free Lunch, Lunch Expense Supplement, etc.)	1,353	
Culture, Sports & Recreation (Library, Facilities for Flower Arrangement, Tea Ceremony, Sewing, Cooking, etc., Gyms, Sports Fields, Resort Inns & Hotels, Field Days, Cultural Festivals, Employees' Trips, Play-goings, Subsidies for Various Employee Circles, Scholarships, etc.)	1,085	
Private Insurances (Life Insurance, etc.)	654	
Supplemental Workers' Compensation	244	
Celebrating & Condolence Gifts (Wedding, Babybirth, Disaster, Sickness & Injury, Parting, Death, etc.)	331	
Subsidies for Worker's Assets-Making Deposits	180	
Others (Barber & Beauty Shops, Day Care Centers, Discount Stores, Home Help, Wedding Halls, Consultation & Counselling Service, Commuting Bus Services, Contributions to Mutual Aid Societies, Stock Ownership Program, Health Insurance Supplemental Benefits, Birthday Parties, Clothes for Rent, etc.)	1,087	
C. Retirement Allowance, etc.	12,333	23.7
Lump Sum Allowance, Smaller Enterprise Retirement Allowance Mutual Aid Project Pension		
D. Education and Training	1,058	2.0
E. Others (Seasonal Pass, Company Goods, Recruitment, Uniforms, Moving Expenses, Inhouse Newsletters, Commendations, etc.)	3,422	6.6
Total Labor Cost Besides Cash Wages/Salaries	51,956	100.0

Source: *Workers' Welfare Facilities and Programs Survey Report. 1983* (Tokyo: Ministry of Labor, 1985)

- 1) The Handicapped People Employment Promotion Act requires corporations whose percentage of handicapped employees have not met set guidelines to pay penalties.
- 2) Corporations are obliged to pay on-the-job sickness and injury allowances for the first three days of absence.

share of health expenditures is listed as a legally required premium instead of private health insurance that is not legally required. (3) In terms of housing benefits, company houses for general employees which used to be the dominant form are now mainly reserved for transferred employees. This is particularly true in large corporations. The primary benefit today is the low interest housing loan. A loan of twenty million yen at 3.0 percent interest is a typical example.⁴⁾ (4) More interlocking between corporate fringe benefits and public benefits is observed in Japan. For example, large corporations as well as smaller corporations working in concert are allowed under the Health Insurance Act and Welfare Pension Act to organize their own health insurance unions and welfare pension funds to implement the national insurances in lieu of the government. Companies are also allowed the freedom to provide additional voluntary benefits utilizing the funds raised from their own employees as premiums. One example of this is that most recreational facilities have been administered by these health insurance unions and not by the corporations directly. "Overhaul" medical checkups [ningen dokku] are just one of the benefits under this provision.

In Japan it is not enough to look only at benefits provided by corporations. Particularly in large companies and governments on the various levels, welfare programs and benefits are provided not only by management directly but also through three other channels, mutual aid societies, labor unions, and health insurance unions and welfare pension funds as mentioned above. Mutual aid societies are financed by corporations and the membership fees paid by employees and are run by company management and in some case jointly by management and labor unions. Labor unions in Japan are most typically organized by and limited to the employees of a single company. Table 5 is the program of welfare benefits offered by T Department Store, one of the leading department stores in Japan. The four channels mentioned above often have overlapping benefits and programs.

A recent trend in Japan is the restructuring of the benefits and programs provided by corporations, labor unions, mutual aid societies and health insurance unions and welfare pension funds into a single, more organized form called Comprehensive Lifetime Welfare Plans. With the aid of statistical studies and past experiences, these plans attempt to anticipate and predict the needs of employees at various stages of their lives and then to allocate programs and benefits which are thought suitable to fulfill these needs. Although plans vary with the corporation, the example of T Department Store given in Figure 9 is thought to be typical.

Under the system of lifetime employment, employees enter companies at the age of 18 for high school graduates, 20 in the case of junior college graduates or 22 if they are university graduates. Later when the employees marry (at 28 years for men and 25 for women according to statistical average), a wedding gift valued at 30,000 yen [\$170] is provided by the Mutual Aid Society in addition to a consecutive six day marriage paid vacation. The Guidebook on T Department Store Plan reads: "Standard wedding costs

Table 5: T Department Store Welfare Benefits And Programs

Life Cycle Items	Benefits & Programs	Company	Mutual Aid Society	Health Insurance Union	Labor Union
Saving	General Assets-Making Savings	×			
	Assets-Making Saving Bounty	×			
	Employee Stock Ownership Program	×			
	Internal Ordinary Savings	×			
	Lifetime Living Expenses Guarantee Program		×		
Housing	Housing Assets-Making Savings	×			
	Housing Loan Corporation's Loan				
	Welfare Public Pension Sublet Loan	×			
	Housing Assets-Making Loan	×			
Health & Leisure	Physical Checkups by Age			×	
	Checkups for Employees under Surveillance		×		
	Dental Checkups			×	
	Short-term Clinical Survey			×	
	Computerized 3 Hour Checkups			×	
	Resort Inns & Hotels under direct management	×			
	Entertainments for Employees' Family Members	×			
	Group Contests	×			
	Discount & Complimentary Tickets (TDA etc.)	×	×		×
	Sports Competitions		×	×	
	Subsidy to Travels by Shop/Office		×		
	Internal Sports Contests		×		
	Seiwa Circles(Tea Ceremony, Flower Arrangement, Koto, etc.)		×		
	Athletic Field & Subsidy for its use	×			
	Resort Inns & Hotels under contract			×	
	Scholarship for Employees	×			
	50% Tuition Subsidy for Correspondence Courses	×			
	50% Tuition Subsidy for Cultural Courses under contract	×			
	Various Lectures		×		
	Original Seminars		×		
Union Center Facility				×	
Cultural & Sports Activities				×	
Marriage & Delivery	Wedding Gift		×		
	Baby Gift		×		
	Delivery Expenses			×	
	Childbirth Allowance			×	
	Childcare Allowance			×	
	Honeymoon Leave	×			
	Maternity Leave	×			
	A Childcare Book			×	
	Special Discount Tickets for Company's Merchandise	×			
	Wedding Halls under contract		×		
	Childcare Leave of Absence	×			
Schools & Education	Entering School Gift		×		
	Mutual Aid Society Loan		×		
	Loan for Living Expenses (Workers' Credit Cooperative)				×
	Free Loan	×			

Life Cycle Items	Benefits & Programs	Company	Mutual Aid Society	Health Insurance Union	Labor Union
Sickness & Injuries	Medical Benefits under Health Insurance		×		
	Cash Present in token of sympathy for On-the-job Injuries	×			
	Cash Present in token of sympathy for Long Term Medical Treatment		×	×	
	Sickness & Injuries Allowance			×	
	Medical Benefits (Excess expense for beds, practical nurses, etc.)		×		
	Workers' Compensation	×			
	Medical Benefits for Family Members			×	
	Supplementary Allowance for Family Members' Medical Treatment			×	
	Family Member Major Medical Expense			×	
	Home Help Program			×	
	Cancer Insurance	×			
Injury Insurance	×				
Death of Employees & Family Members	Death Retirement Allowance	×			
	Benefits under Survivor's Insurance	×			
	Survivor's Annuity		×		
	Scholarship Pension		×		
	Condolence Gift & Floral Offering	×			×
	Cost of Burial, Supplemental Allowance & Floral Offering			×	
	Survivor's Pension				(Welfare Pension Insurance)
	Condolence Gift & Floral Offering for Family Member's Death	×			
	Cost of Burial & Supplemental Allowance for Family Member's Death			×	
	Mourning Leave	×			
Life Insurance (Employees pay premiums.)	×				
Disasters	Cash present in token of sympathy for Disasters		×		
	Emergency Loan	×			
	Mutual Aid Society Loan		×		
	Fire Mutual Aid Insurance			×	
	Nonlife Insurance (Employees pay premiums.)		×		
Retirement	Retirement Allowance/Pension	×			
	Parting Gift		×		
	Commendation of Long Service & Memorials	×			
	Special Vacation & Gratuity in recognition of Long Service	×			
	Complimentary Tickets for shopping at T Group Stores	×			
	Old Age Pension				(Welfare Pension Insurance)
	Career Partner Program	×			
	Participation in Health Insurance (Voluntary)			×	

Source: T Department Store Welfare Mutual Aid Society, *Welfare Guidebook*

are approximately 2,700,000 yen [\$15,000]. One should use the Assets-Making [Zaikei] Saving⁵⁾ to help meet those costs." If these funds are still insufficient, the employee is eligible for a Mutual Aid Loan of up to 1,000,000 yen [\$5,600] at 6 percents interest. Special discount tickets for the purchase of company merchandise and wedding halls contracted by the Mutual Aid Society are also available. At the time of the birth of the first child (son), which on the average takes places within two years after marriage, the couple receive a baby gift valued at 15,000 yen [\$80] from the Mutual Aid Society, delivery expenses of 150,000 yen [\$830] or half the employee's monthly salary whichever is higher in addition to 20,000 yen [\$110], a childbirth allowance which amounts to 60 percent of the "standardized daily earning" for 84 days, child care allowance of 2,000 yen and a book of parenthood and child rearing from the Health Insurance Union, an eight week unpaid vacation before and after childbirth, and a one year childcare leave of absence. Again two years later, when on the average the second child (daughter) is born, the same list of benefits are repeated.

When male employees reach the age of 36, the first born usually entering elementary school and consequently receives a gift of 5,000 yen [\$30] or its equivalent to make the occasion. The next year it is about the time to buy a house whose price should be around ¥25,000,000 [\$140,000]. By this time employees are expected to have saved more than 5,000,000 yen [\$28,000] through Assets-Making Housing Saving, a plan by which a certain amount is deducted from every monthly paychecks and placed in an account that earns higher interest rates than a regular bank savings account. In addition management contributes a certain percentage of the balance as an incentive. ¥5,000,000 [\$28,000] is then borrowed from the Public Housing Loan Corporation with the balance borrowed from the Welfare Pension Insurance Sublease Loan and Assets-Making Housing Loan, whose interest rates are significantly lower than those charged by regular banks.....When the children enter college, other loans are available from the Mutual Aid Society, the company and labor unions. Loans are also available for other occasions and needs.

When employees retire at the age of 60, they receive a retirement allowance which amounts to fifty-three times their basic pay for one month for those⁶⁾ who joined the company by the age of 22 or who have at least 38 years of service with the company. Instead of a single lump sum payment, employees can select a plan by which 60% of the retirement allowance is paid at the time of retirement with the remaining 40% paid in the form of a corporate pension spread over 10 years. Other forms of financial assistance received by employees at the time of retirement are severance pay of 100,000 yen [\$560] from the Mutual Aid Society, a reward for long term service in the form of gifts from the company and the labor union, an eight day paid vacation in recognition of services rendered, and a gratuity of 100,000 yen [\$560] paid by the company within six months of retirement. Gift coupons good at T Group stores are presented by the company in the form of ten sets valued at 20,000 yen [\$110] each and each valid for a six month period. Among other benefits is two year health insurance coverage under the T Health

Figure : A Comprehensive Lifetime Welfare Plan (T Department Store)

Life Cycle Model		Benefit, Security & Loan	
Single Husband's Age	18 19 20 21 22 23 24 25 26 27	Illness & Injury	Illness & Injury
Wife's Age	25 26 27 28 29 30 31 32	Death	Death
Years of Marriage	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38	Disaster	Fire
Occasions	Joining the Company Marriage Birth of 1st Son Birth of 1st Daughter Son enters School Acquisition of Housing Daughter enters School Son enters Junior High Daughter enters Junior High Son enters Senior High Daughter enters Senior High Long Time Service Commendation Repair of Housing Daughter enters Jr. College Son and Daughter's Graduation & Getting Jobs Daughter's Marriage Son's Marriage Retirement	Quit	Retirement
Saving & Its Utilization			
Acquisition of Housing			
Health & Leisure			
Marriage & Delivery			
Education			
Family's Illness & Injury			
Family's Death			

Insurance Union.

If employees suffer from fires and other disasters while employed with the company, they receive a maximum of 2,000,000 yen [\$11,000] from the Mutual Aid Society as a token of sympathy. An interest free emergency loan of up to 1,000,000 yen [\$5,600] is also available from the company as well as another loan of up to 1,000,000 yen [\$5,600] from the Mutual Aid Society. Fire insurance from the labor union and damage insurance from the company are also available at advantageous rates. Various benefits and assistance programs are also provided in times of illness, injuries, or death to employees or their family members. Until recently in most corporations the death of an employee away from the workplace was said to have been the only event for which no benefits were available. But now in some leading corporations this coverage is also available leading a union leader of another leading department store to say, "I have mixed feelings. People cannot leave the company any more. As long as they stay with the company, they can at least live and die decently." A union leader at P Electric Company when asked if there were any other benefits the union desired replied, "No, not really," and added that if there were, "Management would accept whatever demands we make in this area."

The difference between large and small firms is more pronounced in the area fringe benefits than in wages and salaries. Table 7 indicates the expenditure for fringe benefits by size. The ratio is 100 : 80 : 50. It is understandably difficult for small firms to compete on the same level in this area with larger corporations and run large scale pension, retirement allowance or supplemental health programs, provide huge amounts of money for housing loans, or build and administer facilities which require extensive capital investment such as hospitals, gyms, play grounds and resort inns and hotels. Only the most typical Japanese fringe benefits such as condolence and congratulation gifts and employees' trips are available at small firms.

Table 7: Labor Costs Besides Cash Payments by Size of Enterprise (1983)

	Total Labor Cost	Cash Payment	Labor Cost besides Cash Payments
Total	338,942	286,986	51,956
5,000 & more			77,918
1,000—4,999			61,160
300—999			47,813
100—299			40,179
30—99			35,197

Source: Ministry of Labor, *Workers' Welfare Facilities & Programs Survey [Rōdōsha Fukushi Shisetsu Seido tō Chōsa]*, 1983.

- 1) Harold W. Davey, Mario F. Bognanno and David L. Estenson, *Contemporary Collective Bargaining* [Fourth Edition] (Prentice Hall, Inc.: Englewood Cliffs, NJ, 1982) p. 274 and p. 247.
- 2) United Nations, *Yearbook of Industrial Statistics*.
- 3) The overwhelming majority of retiring workers have still chosen the block payment retire-

ment allowance.

- 4) Main city banks.
- 5) A worker's tax-free deposit
- 6) More exactly Honnin-kyū × 53.

6. Working Hours

Long working hours in Japan have been a target of criticism in the international community. The annual average working hours of production workers in manufacturing industries in Japan are 2,152 hours as opposed to 1,898 in the United States, 1,938 in the United Kingdom, 1,613 in West Germany and 1,659 in France.¹⁾ Japan is the only country with more than 2,000 hours, 500 more than in either West Germany or France.

Long working hours in Japan are the results of three factors, long fixed weekly working hours, a great deal of overtime, and few days off.

The Labour Standard Act and its regulations stipulate a maximum regular pay work week of 48 hours for general workers and 54 hours for workers in firms with fewer than 10 employees in retail and service industries. The counterparts in the U. S. and European countries are 40 hours or less. Many Japanese corporations still work their employees the maximum number of hours allowed by law. Table 8 details distribution of weekly regular working hours in 1983.

Table: 8 Number of Workers by Weekly Regular Working Hours (1983)

	Less than 40 Hours	40 Hours	More Than 40 Less Than 44	44 Hours	More Than 44 Less Than 48	48 Hours
Total	32.9	15.7	21.1	5.0	10.8	14.7
1,000—	52.4	28.5	13.5	1.7	2.4	1.7
100—999	25.2	9.0	28.2	7.7	13.2	16.8
10—99	7.1	1.8	23.9	7.2	23.1	36.9

Source: Ministry of Labor, *Wage & Working Hours Systems Survey* [*Chingin Rōdō-jikan Seido Chōsa*], 1984.

The average regular work hours per worker in firms with 10 or more employees is 41.4 hours. This is due primarily to the fact that majority of workers in large corporations has a work week of 40 hours or less. Nevertheless fifteen percent of workers in firms with 10 employees or more work 48 hour weeks with nearly one third of these workers on the job of 44 hours or longer per week. In general the smaller the company, the longer the employees' work week. Nearly forty percent of workers in firms with 10—99 employees work 48 hour weeks. The regular working hours of employees in firms with less than 10 employees are still longer.

A forty eight hour work week means eight hours of work six days a week, and a 44 hour work week cuts the Saturday work load in half. Data issued by the government claims that close to 80 percent of all Japanese workers enjoy a five day work week. These figures, however, also include workers who work a partial 5 day work week ora

Table 9: Distribution of Workers by The Form of Work Week (1983)

	6 Day Work Week	5 Day & Half Work Week	Total	5 Day Work Week				
				Complete	3 times	Every Other Week	Twice	Once
Total	22.1	0.8	77.1	27.0	7.7	10.9	16.7	14.7
1,000—	3.1	0.3	96.7	48.9	9.2	10.8	18.0	9.7
100—999	25.2	1.3	73.5	15.6	8.2	13.2	18.2	18.3
10— 99	54.5	0.9	44.6	3.2	3.9	7.4	11.5	18.6

Source: Ministry of Labor, *Wage & Working Hour Systems Survey, 1984*.

work schedule with a 5 day work week once, twice, or three times a month or every other week. In this survey only 27 percent of workers in firms with 10 or more employees regularly work a 5 day week, and this primarily the case for workers in large corporations. (Table 9)

Table 10: Average Monthly Hours Worked by Regular Employee by Size of Establishment (1983)

	Total	Regular Working Hours	Overtime Working Hours
500—	173.5	156.7	16.8
100—499	174.3	160.8	13.5
30— 99	175.8	164.3	11.5
5— 29	182.6	—	—

Source: MOL, *Monthly Labour Survey*

In terms of overall working hours, however, the size of a firm seems to be a less of a factor. The shorter monthly regular working hours in the larger enterprises are compensated for longer overtime working hours, as revealed in Table 10.

In corporations with 500 or more employees, the average monthly overtime amounts to 17 hours

or 202 hours per year. Regardless of the stipulation of the maximum working hours of 48 hours or 54, Article 36 of the Labour Standards Act in Japan allows the employer to "extend the working hours.....if he reaches an agreement with the trade union when there is a union which is composed of a majority of the workers at the workplace, or with the person representing a majority of the workers when there is not such a union....." Most firms have such agreements. It is not rare that workers have to work on their off-Saturdays, Sundays and Holidays and cannot take substitute holidays.²⁾

In Japan there are much fewer days-off both on paper and in practice than in the United States. Japan has twelve national holidays,³⁾ a number is similar to that in the United States, and most firms have 5-6 day holiday around January 1 and may also have 3-4 days offs around August 15 th, the Festival of the Death.⁴⁾ While there are 6 to 20 annual paid personal holidays on average depending on the length of service, there is, strictly speaking, no concept of vacation in Japan. The Labour Standards Act reads:

Article 39. The employer shall grant an annual holiday with pay of six consecutive working days or that divided into parts to the workers who have been employed continuously for a year and were present over eighty per cent of the whole working days.

2. The employer shall grant an increased annual holiday with pay by one working day per one year of continuous service exceeding the above one year of continuous service in addition to the annual holiday specified in the foregoing paragraph to the workers who have worked continuously for two or more years. However, in case the total number of days of the holiday with pay exceeds 20 days, the employer may not give a holiday with pay so far as the excess is concerned.

Some corporations give more than the minimum number of annual paid personal holidays, particularly to workers with short service tenures, but few give more than 20 days to workers with 15 years of service. (Table 11)

Table 11: Numbers of Paid Personal Holidays Given by Size of And per Enterprise (as of 1980)

	Years of Service				
	Less Than 1	1 Year	5 years	10 Years	20 years
Total	days 5.6 (43.2) [0.0]	7.0 [6.0]	11.1 [10.0]	15.8 [15.0]	20.0 [20.0]
1,000—	8.1 (90.6)	10.7	14.3	18.2	20.3
100—999	5.8 (58.4)	7.4	11.5	16.3	20.2
10—99	5.3 (35.7)	6.7	10.8	15.6	19.9

Source: MOL, *Wage & Working Hour Systems Survey*.

() ; The percentage of enterprises which give paid personal holidays to workers with less than one year of service.

[] ; Legally required number of paid personal holidays.

The reason why it is said that Japanese annual paid personal holidays are different from vacations can be seen by an examination of how they are utilized. According to one survey, half of the annual paid personal holidays are used in times of illness of the employee or of a member of his family and for ceremonial occasions such as weddings and funerals. Only a quarter of these days are used for cultural activities, leisure and amusement. Despite separate provisions for sick, congratulation and condolence leaves, the common practice is to use up one's annual paid personal holidays prior to using these leaves. Also even in cases when annual paid personal holidays are used for leisure and relaxation, the common practice is to use them, not in the block, but a few days at a time.

The percentage of annual paid personal holidays used is low, only 60 percent. (Table 12) Some of the reasons workers cited for this low percentage were that they were too busy to take time off, they feared their absence would be a burden to their coworkers, or the atmosphere at the workplace discouraged them from fully using their time off.⁵⁾

Table 12: Paid Personal Holidays Used per Worker (Days Used/Days Given) (Oct. 1982-Sep. 1983)

Total	60%
1,000—	61
100—999	58
10—99	56

Source: MOL, *Wage & Working Hour Systems Survey*.

- 1) Japan: Ministry of Labor, *Monthly Labour Survey* [*Maigetsu Kinrō Tōkei Chōsa*] The figure pertains to workers in firms with 30 or more employees.
U.S.: BLS, *Handbook of Labor Statistics*
E.C.: EC Bureau of Statistics, *Labor Costs*
Concerning the technical notes, see Japan Productivity Center, *Labor Statistics for Practical Use* [*Katsuyō Rōdō Tōkei*] 1985 edition, p. 172.
- 2) For example, *The Situation of and Workers' Consciousness in Bording-Out Industry* [*Gai-shoku Sangyō no Jittai to Rōdōsha Ishiki*] (1985) by Zensen Dōmei found that more than one third of their members in 12 research subject corporations worked more than 4 off-days without substitute holidays. (p. 58)
- 3) The average non-work national holidays or their substitute holidays are 11.3 days in firms with 10-299 employees although in many firms workers have to work on these holidays. *Labor Conditions and Workers' & Managements' Consciousness in Smaller Manufacturing Enterprises in Tokyo*, Tokyo Metropolitan Government Bureau of Labor & Economic Affairs, 1983. p. 28.
- 4) Ibid. Also, Ministry of Labor, *Summer Holidays System Survey* [*Kaki Kyūka Seido Jittai Chōsa*], 1980.
- 5) See for example, TMG Bureau of Labor & Economic Affairs *Labor Conditions and Workers' & Managements' Consciousness*, p. 108, and Zensen Dōme, *The Situation of and Workers' Consciousness*, p. 59. These three reasons account for 48% and 63% of all responses, respectively, in these surveys.

7. Health & Safety

“To secure working people's safety and health is the base of the whole occupational welfare.....”¹⁾ In this respect, matters of employees' occupational safety and health issue are more important to the welfare of workers than wage issues.

The two indices which are most commonly used to show the safety and health situation of workers in various countries are frequency rate (the number of injuries divided by the total number of hours worked multiplied by 1,000,000) and severity rate (the number of working days lost divided by the total number of hours worked multiplied by 1,000). Table 13 shows those rates in 1983 of firms with 100 or more employees.

These figures reveal that forestry, mining and services industries such as laundries, automobile repair services, machine repair shops, building maintenance services and waste management services are the three most dangerous industries, and that the smaller the size of the firm, the more dangerous. The frequency rate of transport and communication and the severity rate of general construction are also high.

What these figures unfortunately do not convey is how many workers and what proportion of workers actually suffered from industrial injuries. This is vividly illustrated in the Workers' Compensation Insurance statistics. (Japan has the similar legal framework to the United States, that is, Occupational Safety & Health Act plus Workers' Compensation Insurance Act). 921,000 workers or 2.6 percent of all insured workers in 1984²⁾ were injured and received workers' compensation benefits. This is a figure almost one third greater than the approximately 663,000 who were killed or injured in traffic accidents that year. Furthermore, a significant part of traffic accidents and related injuries involved work related activities. On-the-job traffic accidents make up a large share of industrial acci-

Table 13: Industrial Injury Rates (Establishments with 100 or More Employees) (1983)

a. By Industry

	Frequency Rate	Severity Rate
All Industries ¹⁾	3.03	0.30
Forestry	18.06	1.48
Mining	14.06	2.53
General Construction ²⁾	2.28	0.88
Trade Construction & Equipment Construction	1.46	0.39
Manufacturing	1.97	0.22
Transport & Communication	5.39	0.41
Electricity, Gas, Water & Steam	1.16	0.11
Services ³⁾	9.13	0.78

- 1) Excluding general construction.
- 2) Sites of construction are covered where workmen's insurance premium is more than 600,000 yen, or contract price is more than 90 million yen.
- 3) Laundries, automobile repair services, machine repair shops, building maintenance services, and waste management services.

b. By Size of Establishment

	Frequency Rate	Severity Rate
1,000—	1.17	0.19
500—999	1.51	0.24
300—499	2.54	0.31
100—299	4.85	0.38

Source: Ministry of Labour, *Survey on Industrial Injuries*

Leading corporations sometimes conceal deaths and injuries to maintain their non-accidents records and win official commendations. Utilization of health insurance instead of workers' compensation insurance for medical consultations and treatment is also a well-known practice.

The figures of those injured are also misleading. They could tell for example 2.6 persons out of 100 are injured within a year, but not the percentage of workers who would come across an occupational accident in the span of five years, ten years, or their whole career life. The figure used for the denominator in the calculation to get the 2.6 percent is the annual insured workers, who are however not replaced all every year. Suppose every year 10 percent of participants of workers' compensation insurance retire for good and the same number of workers newly join the program. Then, the real total number

dents³⁾. These are handled by under Automobile Reparation Liability Insurance and not included in the on-the-job accident statistics.

At any rate among the 921,000 involved in accidents in 1984, 2,214 suffered fatal injuries and 270,000 were disabled for at least four days. Two thirds of these more serious injuries occurred in construction and manufacturing industries and more than 90 percent in firms with fewer than 300 employees. More specifically, out of every 1,000 workers 63 in mining industries, more than 43 in forestry industries, and 33 in port and transport industries sustained fatal or disabling injuries that resulted in the loss of at least four work days.⁴⁾

Even putting the traffic accidents statistics aside, these figures fail to illustrate gravity of the situation. There are some groups of workers such as non-production public employees, employees in business directly administered by the state, and seamen not covered by workers' compensation insurance.

of workers for the denominators would be only 1.5 times or twice, not 5 or 10 times, for five or ten years as many as that for a year. Consequently, not 2.6 percent but 8.7 percent or 13 percent, that is, one out of 11—12 workers or one out of 7—8 workers might have presumably experienced an on-the-job accident in five or ten years respectively. Furthermore, as mentioned above, industrial accidents concentrate on certain kinds of industries. The possibility for workers in those industries to experience on-the-job accidents would be surprisingly high, if taking a five or ten year span.

Workers' compensation insurance statistics include both injuries and illnesses suffered in connection with work. However, as far as injuries are concerned, Table 14 lists their most frequent causes although the kinds of accidents vary considerably from industry to industry.

For fatal accidents, in addition to those listed right, vehicles (cars, trains, airplanes, etc.), natural environments (mountains, rivers, abnormal barometric pressure, etc.), and construction machines (bulldozers, power shovels, pile drivers, etc.) and traffic accidents, and landslides and building collapse were among the major causes.⁵⁾

The situation with occupational diseases is more difficult to grasp. Only 15,147 cases involving 4 or more days absence from work were reported to Labour Standard Inspection Offices of the Ministry of Labour in 1984. More than a third of these were in manufacturing industries, twenty percent in the construction industry, and fourteen percent in transportation. Those related to on-the-job injuries account for three fourths of all occupational illnesses, and of these 80 percent were back pains. Two other major diseases were pneumoconiosis and its complications (10%) and illness caused by physical factors such as harmful rays and electrolytic radiation emitted from machines at the workplace, abnormal barometric pressure or temperature, and excessive noise levels (9%).

The workplace is also full of "hazardous work." Nearly half of firms with 10 or more employees and over 90 percent of those with at least 500 employees are reporting some kinds of hazardous work. In general the larger the company, the greater the incidence of hazardous work. Nearly 20 percent of all workers including non-production

Table 14: Accidents Resulting in Fatalities or the Loss of at least Four Days Work (All Industries, 1984)

a. How

1. Being caught in machines with moving parts	20.2%
2. Falls from buildings or other high places	15.5
3. Being hit by flying or falling debris	13.0
4. Falls or slips on flat surfaces	12.3
5. Cuts or scratches inflicted by Machines and Tools	11.5

b. By what

1. Materials (metal, wood, glass, etc.)	20.1%
2. Temporary constructions, buildings and structures (stagings, steps, bridges, etc.)	17.0
3. General power machines (power presses, rolling machines, mixers, etc.)	12.2
4. Power transporters (trucks, forklifts, conveyers, etc.)	8.2
5. Loads	6.6

Source: Ministry of Labour Labour Standard Bureau data

Table 15: Occupational Diseases Resulting in Four or More Days Absence) (1984)

1. Illness caused by on-the-job injuries	11,242	74%
(Back pain	8,802)	
2. Pneumoconiosis and its complications	1,561	10
3. Illness caused by physical factors	1,293	8.5
4. Illness caused by exposure to chemicals	608	4.0
5. Diseases caused by the way of working	372	2.5
6. Others (hypoxia, diseases by pathogen, etc.)	71	0.5

Source: Ministry of Labour, *Occupational Diseases Data and Pneumoconiosis Health Check Results*.

workers, temporary and daily workers, and in-plant subcontracting workers are engaged in some form of hazardous work. The most commonly reported forms are work with excessively high levels of dust in the air (31%), work that involves the use of organic solvents (28%), jobs connected with the manufacture or use of harmful "classified chemicals, etc." (12%), and assignments that expose workers to abnormally high noise levels (11%). Relatively few temporary and daily workers are engaged in these jobs. Subcontracted in-plant workers are the group most often used to perform these chores, accounting for 20 percent of them with regular employees next handling 18 percent.⁶⁾

Statistics also suggest that Japanese workers are also not particularly healthy. An index of this is the percentage of workers who were absent for more than a month. The same survey cited in the previous paragraph found that 39,000, or 0.62 percent, of regular production workers in manufacturing firms with 30 or more employees were absent for more than a month as of the end of October, 1981. Another Ministry of Labour survey⁷⁾, which covers regular workers of firms with at least 10 employees in most industries, found that 1.61 percent were absent for more than a month between November 1981 and October 1982. The fact that long term absentees in this survey were more frequent in smaller firms may be interpreted in several ways. Smaller firms may have poorer working conditions; healthier workers may tend to enter larger firms; or workers in large companies may tend to leave their jobs, either voluntarily or involuntarily, with or without incentives and pressure, in case when they had to be absent from their jobs for long periods of time. The ratio between absence due to on-the-job injuries and illnesses and absence due to off-the-job injuries and illnesses is approximately 1 : 8 in the 1981 survey and 1 : 5 in the one conducted the next year.

The most commonly cited reason for absence from work in the 1981 survey was digestive system disorders (22%), followed by injuries and exposures to high levels of toxic substances (18%), muscular and skeletal maladies such as rheumatism (11%), and heart and circulatory diseases (10%). Other health problems suffered by workers in this survey include mental disorder and complications with the nervous system such as autonomic nervous disorder.

Many workers suffer chronic diseases. 23 out of 100 production regular workers in

firms with 30 or more employees have diseases that have been diagnosed as chronic by physicians. Among the most common are inveterate dyspepsia (8%), hypertension (6%), neuralgia or rheumatism (3%), hypotension (2%), and liver or kidney ailments (2%). The percentage of those who suffer from chronic illnesses increases with age. 35 of 100 or one of three of 45—54 year old workers and 43 of 100 or nearly half of workers 55 and older report some form of chronic disease.⁸⁾

- 1) Central Association for Workers' Accident Prevention, *Safety & Health Yearbook*, [*Anzen Eisei Nenkan*], 1985, p. 135.
- 2) Because the same worker may experience more than one accident in a year, the real numbers and percentages of workers affected may be a little lower than the figures indicate.
- 3) The data on total those killed and injured by traffic accidents is not available. But *The Fatal & Injured Report* of Ministry of Labour Labour Standard Bureau indicates that 24% of all fatal and 44% of all serious accidents, those with three or more killed or injured, are the result of traffic accidents.
- 4) Central Association for Workers' Accident Prevention, *Safety & Health Yearbook*.
- 5) Ministry of Labour Labour Standard Bureau data.
- 6) Ministry of Labour, *Work Environment Survey*, 1981.
- 7) Ministry of Labour, *Survey on Workers' Health Conditions*, 1982.
- 8) Ministry of Labour, *Work Environment Survey*.

8. Consumer Prices and Family Income and Expenditure

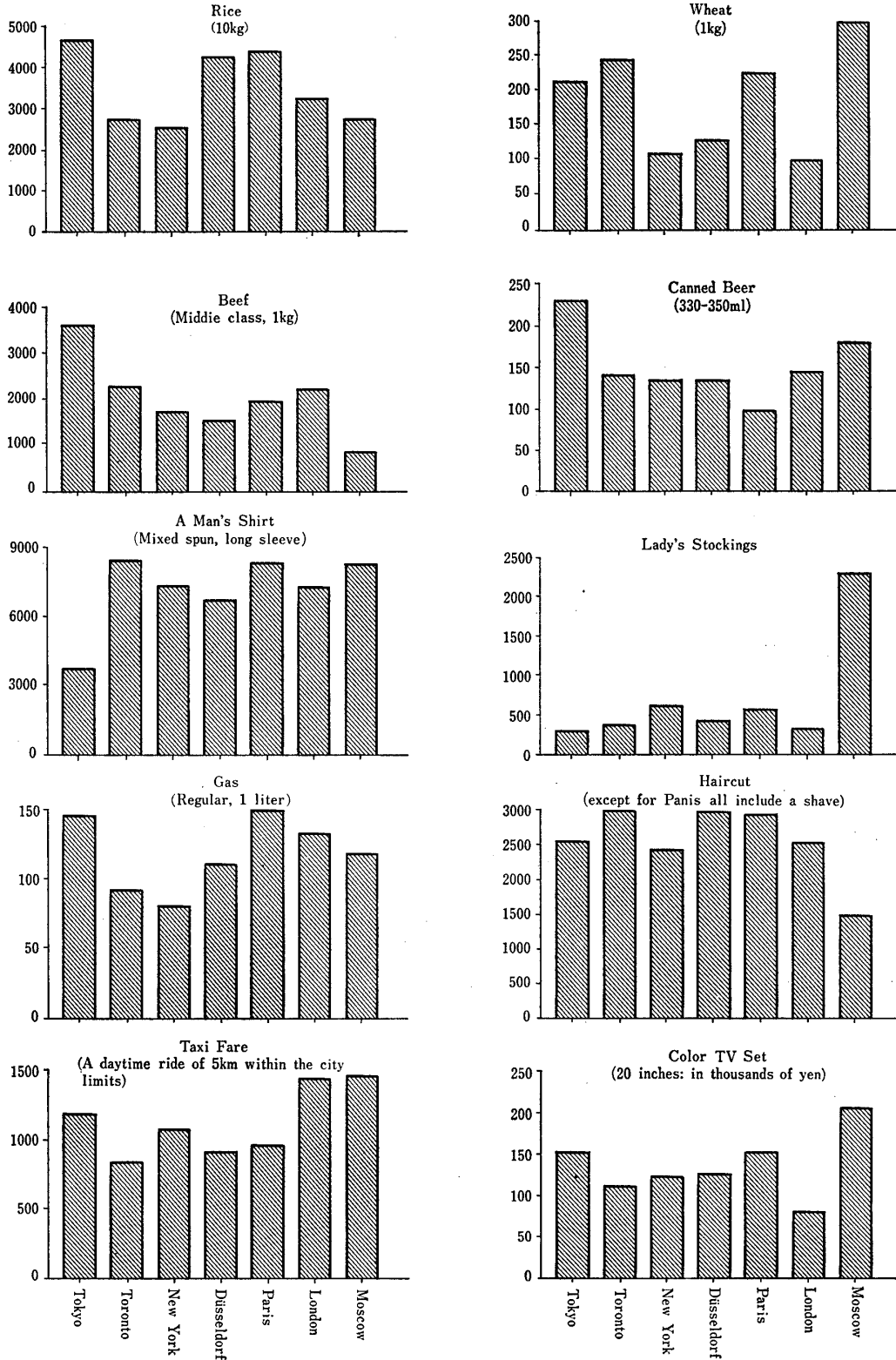
The rate of increase in consumer prices per year in Japan, which had been 12 percent, 24 percent and 12 percent in the three years 1972—74 respectively, has fallen dramatically in recent years steadying at about two percent.¹⁾ However, the absolute level of consumer prices in Japan is very high compared with other countries, while a Japanese government report insists that it is not necessarily so.²⁾ Most surveys and statistical analyses indicate that retail prices in Tokyo are the highest or among the highest of major cities in the world³⁾ and are only 10 percent higher than the Japanese national average.⁴⁾

A comparison of prices of some frequently purchased goods and services in seven of the world's major cities can be found in Figure 10 on the next page. Rice, wheat, beef, beer and gas prices in Tokyo are double or triple those of New York. While prices in Tokyo are generally said to be high in foods and services but not in manufactured goods, this is not always the case. Furthermore, these are 1984 figures when the dollar was equivalent to 245 yen. If recalculated at an exchange rate of ¥180 to the dollar, Tokyo prices would be even higher.

How are Japanese workers coping with these high prices? Family income and expenditure statistics are perhaps the best index for measuring the situation of workers' welfare. For the level of the standard of living is determined by family's income, not individual's.

The average monthly family income of a Japanese worker in 1984 was ¥424,000 [\$2,360⁵⁾, 83 percent of which was the earnings of the head of the household. The contribution of other members of the family has been increasing recently, but is still comparatively minor. Disposable income was ¥359,000 [\$1,990]. The proportion of

Figure 10: Comparison of Prices in Seven of the World's Major Cities
(computed in Yen) (July 1984)



Source: Sumitomo Shoji, *Sumishō News*, No. 75 cited in Kokumin Seikatsu Center, [Chart] *International Comparison of Life [Kurashi no Kokusai Hikaku]* (1985)
[Surveyed by resident representatives of the company \$ 1 = ¥ 245.]

taxes and social security premiums has been increasing yearly, and is now 15 percent of total income or nearly double that of fifteen years ago. The real increase in disposable income was an annual average of 4–7 percent until the first oil shock in 1973. Since then, the highest annual rise was three percent in 1982, and in some years, 1976, 1980 and 1981, real disposable income has actually declined.

The high ratio of saving of the Japanese people is well known, with 11.5 percent of disposable income going into saving. This high rate of saving is not, however, necessarily a reflection of affluence, but that of insecurity, particularly that faced in retirement life.

Table 16: Itemized Expenditure of an Average Worker's Households (1984)

	(thousands)	(%)
Total	¥282.7	100.0
Food	73.7	26.1
Housing	13.6	4.8
Fuel, light & water	17.0	6.0
Furniture & household utensils	11.7	4.1
Clothes and footwear	19.2	6.8
Medical care	6.9	2.4
Transportation and communication	27.2	9.6
Education	11.7	4.1
Reading & recreation	24.6	8.7
Other	77.1	27.3
[Regrouped] Expenses for :		
Education	19.2	6.8
Reading & recreation	28.8	10.2

Source: Management & Coordination Agency,
Family Income & Expenditure (1984)

percent for each of furniture and household utensils and education, and 2.4 percent for medical care.

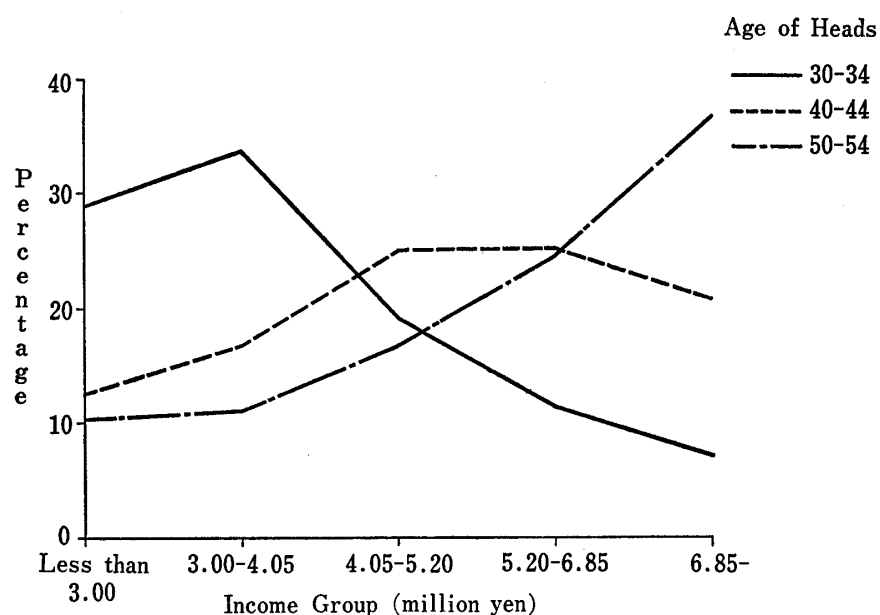
This analysis, however, has little meaning except for macro economic purposes. Such statistically "average" households are not thought to exist in significant numbers. The inclusion of various family types of disparate compositions as eight member families, young working couples, and older one-earner couple is thought to distort the statistics. Furthermore, four member families may have either two pre-school children or two college students. Some families may live in houses inherited from parents, while others rent, or are paying off huge housing loans. An income which guarantees a satisfactory living standard to some families may be totally inadequate to another families.

A more accurate and revealing analysis of family income and expenditure would include the ages of heads of households as well as the number and ages of all household members. Unfortunately available data do not permit this. A more limited analysis will be attempted here. First, let's see the distribution of workers' families by income group, fixing the age of heads only which may be the most crucial determinant under the Japanese

of disposable income going into saving. This high rate of saving is not, however, necessarily a reflection of affluence, but that of insecurity, particularly that faced in retirement life.

An itemized breakdown of the ¥ 283,000 [\$ 1,570] or total income minus savings, on which the household of an average worker maintains itself is given in Table 16. Engel's coefficient is 26.1 percent, and the single highest expenditure is for food followed by transportation and communication (9.6%) and reading and recreation (8.7%). An average family expends 6–7 percent for each of clothes and footwear and fuel, light and water charges, 4–5

Figure 11: Distribution of Workers' Families by Income Group (1984)



Source: Management and Coordination Agency, *Family Income and Expenditure Survey (1984)*

employment practice, and next, the difference of expenditure by income group, taking "standard families" with four members and one earner. In families where the head of the household is between 40–44 years old, for example, there are probably two children with half the wives working and a median income of ¥ 5,000,000 [\$ 27,800]. A quarter of the families earn ¥ 4,050,000 to ¥ 5,200,000 [\$ 22,500–28,900], and another quarter earn ¥ 5,200,000 to ¥ 6,850,000 [\$ 28,900–38,100]. One of five families earn more than ¥ 6,850,000 [\$ 38,100], while one of eight have an income of less than ¥ 3,000,000 [\$ 16,700].

Table 17: Characteristics of Monthly Expenditure by Income Group (An "Standard"¹⁾ Worker's Family) (1984)

	1st Quintile Group	3rd Quintile Group	5th Quintile Group
Total living expenditures ¹⁾	100.0%	100.0%	100.0%
Food	30.1	28.0	24.7
Housing	8.0	4.7	3.8
Fuel, light and water charges	7.0	5.9	5.8
Furniture and household utensils	4.1	3.9	3.8
Clothes and footwear	5.7	6.7	8.2
Medical care	3.5	2.3	2.1
Transportation and communication	10.1	10.7	8.7
Education	3.4	4.5	9.1
Reading and recreation	7.8	9.6	11.3
Other	20.3	23.8	22.5

1) Four member family with one wage earner.

Source: Management & Coordination Agency, *Family Income & Expenditures (1984)*

The first quintile group of "standard families" spend higher proportion of their income on food, housing, utilities, household furnishings, and medical care, and less on clothing, education, and recreation. The expenditure for education and recreation of the fifth quintile group families amounts to 4.9 and 2.6 times as much as that of the first quintile group families.

Recent discussion of family income and expenditure has centered around costs of housing, education and insurance. Some argue that stratification of the working class is developing along lines in proportion to expenditure for these items.

Increase in expenditure for education has been higher recently than the rise in

Table 18: Expenses for Education (1985)

	School Expenses (thousands)	Out-of-school Expenses (thousands)
Kindergarten		
public	¥ 98	¥ 67
private	198	98
Elementary School	49	88
Junior High School	99	84
Senior High School		
public	218	49
private	491	60

Source: Ministry of Education, *F. Y. 1984 Educational Expense Survey*

consumer prices. School and out-of-school-related expenses, including school tuitions, transportation fees, supplemental readers, tuitions for supplemental schools or *juku*, tutoring, piano lessons and other private classes, and reference books, amount to ¥ 137,000 [\$760] for an elementary school child, ¥ 183,000 [\$1,020] for a junior high school child, ¥ 267,000 [\$1,480] for a public high school student, and ¥ 551,000 [\$3,060] for a private high school student.⁶⁾ The annual cost of sending a son/daughter to a university in Tokyo is ¥ 775,000 [\$4,300] for a state university and ¥ 1,170,000 [\$6,500] for a private university even when commuting from their parent's home. The cost increases to ¥ 1,232,000 [\$6,800] and ¥ 1,745,000 [\$9,700] respectively if the students do not live at home.⁷⁾ In order to enter "better" elementary, junior high, and high schools and thus improve one's chances of getting into a "better" university, many Japanese children attend supplemental schools, competing with each other. More than 80 percent of all junior high school students receive some form of extra education such as supplemental schools, tutoring, and correspondence education. In other words, just one out of five junior high school students prepare for entering senior high schools with only the instruction they receive at regular junior high schools.⁸⁾ Another survey indicates that one of every four elementary school pupils and one of two junior high students attend supplemental schools after regular school hours.⁹⁾ Some are worried that this double education structure endangers the existence of regular schools.¹⁰⁾ In large cities, more than half of the elementary school children in the fifth and sixth grades and 70 percent of 9th grade students attend these schools an average of 2.9 times per week. The average monthly tuition paid for these schools is ¥ 15,900 [\$90] or annually, ¥ 190,000 [\$1,060]. The amount a family invests in their child's primary education is often a

major determination in what level of university that child can enter and thus directly affects the child's future income and social standing. The fifth quintile families spend more than triple that of the first quintile families for education.¹¹⁾ More than 50 percent of the fathers of students in so-called "the most prestigious" state university in Japan are in managerial positions in either governments or private corporations, while only 25 percent of the fathers of students in a "less prestigious" private university hold such positions.¹²⁾

There is also a considerable difference in insurance expenditures among low and high income families. The ratio of insurance expenditures between the 1st quintile group families and the 5th quintile group families is 1:1.2 among total households, and 1:3 among the households whose heads are 40—44 years old. The fragility of lower income families is evident from these figures.

- 1) Statistics Bureau, Management & Coordination Agency, *Monthly Report of Retail Prices: Consumer Price Index*.
- 2) A Japanese government report disputes this claim. See Kokumin Seikatsu Center, ed., [*Charts*] *International Comparison of Life* (1985), p. 22
- 3) Newspaper clippings.
- 4) Management & Coordination Agency, *Consumer Price Index* (1984)
- 5) Of a household with an average of 3.72 family members, 1.56 working members, and age of the household head of 41.3 years.
- 6) Ministry of Education, *F. Y. 1984 Educational Expense Survey*. These figures are averages of all children, including those who do not attend those after-school classes.
- 7) Ministry of Education, *Students' Life Survey* (1984)
- 8) Tōkai Bank, *Survey on Educational Expenses for Children* (March 1986)
- 9) Fair Trade Commission, *Supplemental School Industry Survey* [*Gakushū-juku Sangyō no Jittai Chōsa*] (1986) cf. Ministry of Education, *Supplemental School Survey* [*Gakushū-juku Chōsa*] (f. y. 1985)
- 10) For example, see the *Asahi Shinbun*, April 9, 1986.
- 11) Statistics Bureau, Management & Coordination Agency, *Family Income And Expenditure Survey* (1984)
- 12) According to a survey of the lives of university students conducted by this writer in 1984.

9. Housing and Commuting

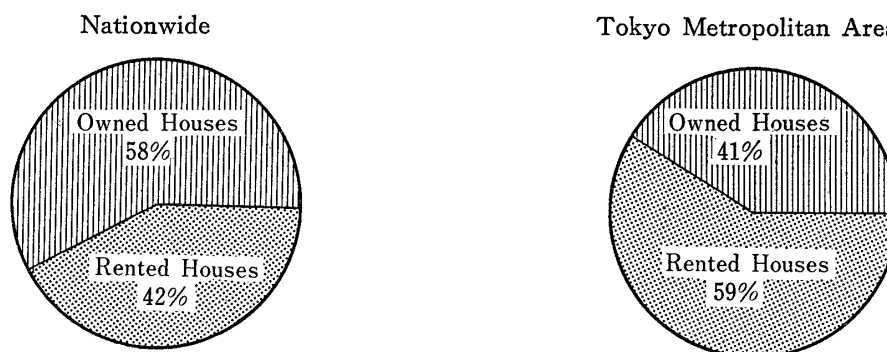
The price of housing in Japan, especially in Tokyo, is astronomical. For example, a new five room¹⁾ house on a 152 square meter plot of land in a Tokyo suburb one hour away from Tokyo Station by train and bus costs 57.9 million yen [¥322,000]. A five year old four room condominium in a four story building that is a ten minute walk from the nearby train station in the same area costs 29.8 million yen [¥166,000].²⁾ The latter is equivalent to eight times the annual earnings of the average worker.³⁾ The total floor space of these two houses is only 92 and 64 square meters, respectively. Each room measures 7 to 10 square meters and is much smaller than that of most houses in the United States. The monthly rent for a three room, 51 square meter apartment in the same area is ¥130,000 [¥720] with a two month refundable deposit in addition to non refundable deposit also equivalent to two months' rent.⁴⁾ Needless to say, housing prices

vary considerably depending upon the location, even in the same general area. But at the same time, cases similar to those mentioned here are not at all uncommon in Tokyo.

Nationwide approximately 60 percent of all workers own the dwellings they occupy; the remaining 40% rent. The proportions are reversed for those living in Tokyo Prefecture.⁵⁾ (See Figure 12) More than 90 percent of owned units are independent houses; the other 10 percent are condominiums, half⁶⁾ of which are in buildings with more than six stories. Condominiums in high-rise buildings have been increasing recently especially in big cities.

About 60 percent of all rented dwellings are houses and apartments owned by private individuals, and about 40 percent of these units are independent foundations with

Figure 12: The Percentage of Workers Who Own and Rent Their Dwellings (1983)



Source: Management & Coordination Agency, 1983 *Housing Survey of Japan*.

Table 19: Type of Rented Housings Occupied by Workers

	Nationwide		Tokyo Met. Area
	A	B	B
Total	100.0%	(100.0%)	(100.0%)
Public housing	17.4	(14.9)	(9.2)
Public corporation housing	8.0	(6.9)	(10.5)
Privately owned housing	55.5	(59.8)	(63.7)
Detached houses	24.1		
Apartments, Facilities ¹⁾ used exclusively	27.6		
Wooden construction	13.9	(40.3)	(42.5)
Non-wooden construction	13.7	(14.1)	(14.0)
Apartments, Facilities ¹⁾ used jointly	3.9		
Wooden construction	3.5	(5.0)	(7.0)
Non-wooden construction	0.4	(0.4)	(0.3)
Company housing	18.9	(18.5)	(16.5)

A: Ministry of Construction, *Housing Demand Situation Survey [Jūtaku Juyō Jittai Chōsa]* (1984) for public employees and regular, temporary and daily employees of private firms.

B: Management & Coordination Agency, 1983 *Housing Survey of Japan* (One family houses and apartments are not distinguished. Most one family houses seem to be included in the "Wooden, facilities used exclusively" category.)

1) Kitchens, bathrooms etc.

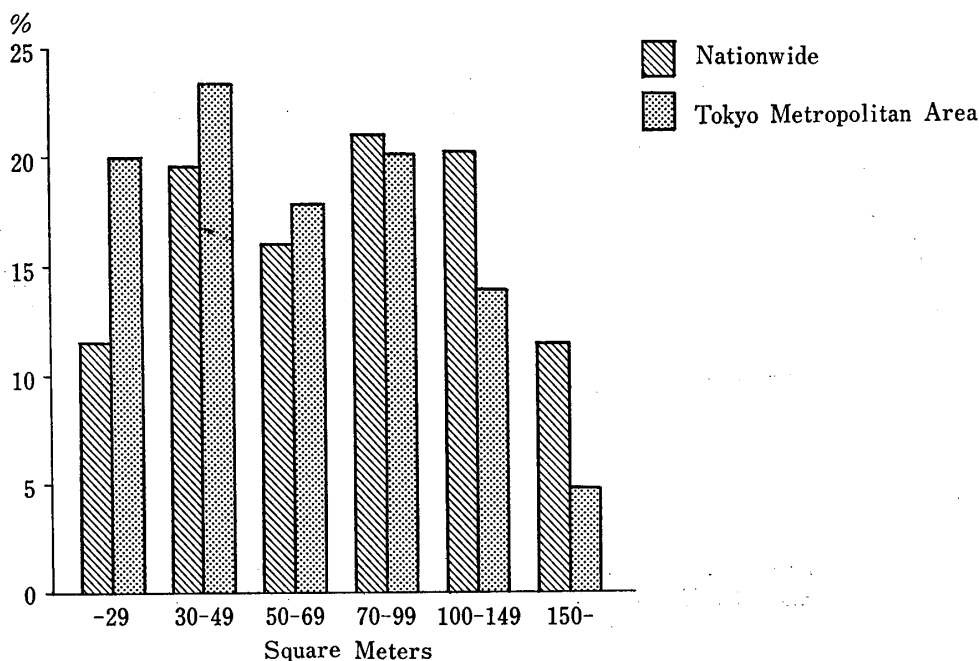
the rest being apartments. Those owned by local governments and public corporations⁷⁾ account for an additional 20—25 percent with nearly 20 percent owned by the workers' employers. The high proportion of this last category may be seen as a special feature of Japanese housing. (Table 19)

Among the many housing problems in Japan are poor quality of construction, cramped conditions, long commuting distances from the workplace, high rents or severe hardships suffered in repaying housing loans, and the correlation between income and housing.

The average floor space of all housing units is 86 square meters, or 105 square meters for detached houses and 40 square meters for condominiums and apartments. A third of families live in dwellings smaller than 50 square meters and about half live in dwellings smaller than 70 square meters. In the Tokyo metropolitan area, the average floor space is only 67 square meters with nearly half (43%) of all households living in dwellings smaller than 50 square meters. (Figure 13) The national government has established a minimum standard for floor space of 44.2 square meters for a family of four.⁸⁾ In spite of these minimum standards, 4 million households or 11.5% of all Japanese households live in units below this level.

The average number of total rooms in a Japanese dwelling is 4.7 for Japan nationwide⁹⁾ and 3.9 for the Tokyo metropolitan area. The one room per one person standard has not been achieved in 14.4 percent of all households compared with 4.5 percent of households in the United States (1980) and 3.3 percent of those in the United Kingdom (1981) who have not reached this standard.¹⁰⁾ Many houses sold recently in

Figure 13: Distribution of Dwellings by Floor Space (1983)



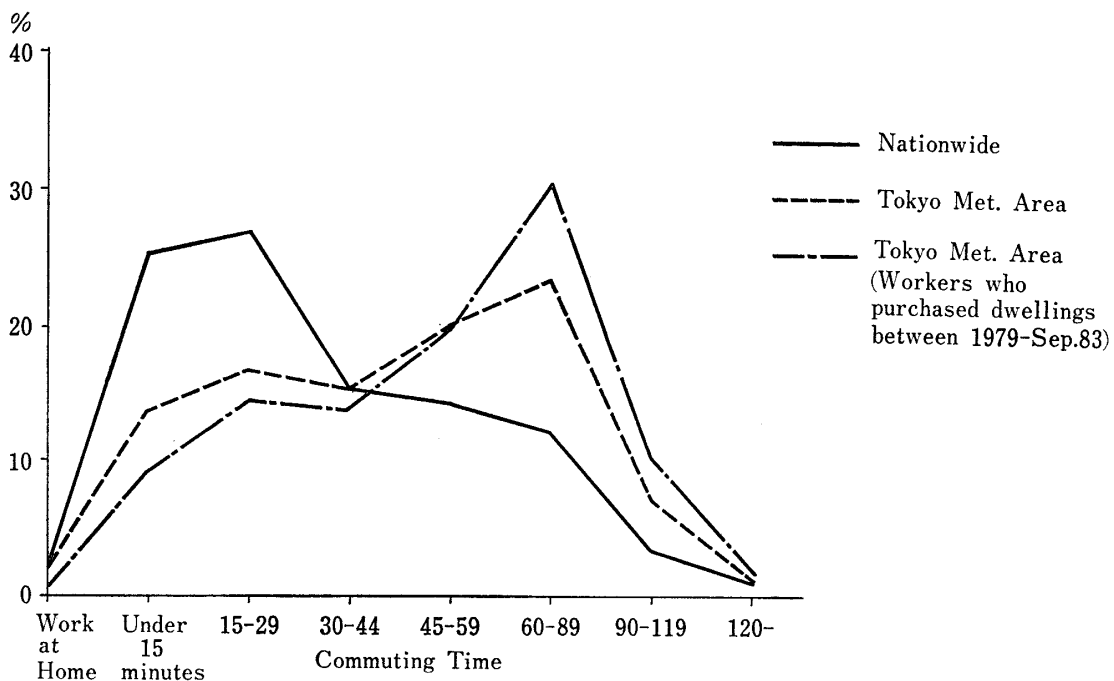
Source: Management & Coordination Agency, 1983 *Housing Survey of Japan*

Tokyo were on plots of land the size of 60–80 square meters, some with no front or back yards at all. The data in this paragraph pertain to all households. Statistics limited to the households of workers might reveal even more intolerable conditions.¹¹⁾

Poor quality housing that falls under the minimum standard mentioned above seems to be concentrated in private, wooden apartments and older public and public corporation housing. Only 4.6 percent of housing owned by the residents belong to this category.¹²⁾ As seen in Table 19, 4–5 percent of workers who live in rented dwellings share facilities (kitchens, bathrooms etc.); nearly 20 percent of *all* households live in wooden apartments which have an average floor space of 24.5 square meter and 1.9 rooms. An OECD report aptly described Japanese houses as “rabbit hutches”. The percentage of dwellings with flush toilets is still only 58 percent, while nearly 100 percent of dwellings in Canada, West Germany, the United Kingdom, and the United States have such conveniences.¹³⁾ Even foreigners from developing countries who have lived in Japan are often disgusted with the quality of Japanese housing and complain of a lack of privacy.¹⁴⁾

The average commuting time of 27.6 minutes for all Japanese workers who are the heads of households is not particularly long. The situation, however, changes dramatically in big cities. In the Tokyo metropolitan area, the median time is 46.6 minutes or nearly double of the national average. A third of those in Tokyo have a commute of more than one hour, and nearly a tenth commute for more than an hour and half. Among those who purchased their own dwellings between January 1979 and September 1983, the median commuting time is 54.1 minutes.¹⁵⁾ The average commuting time has

Figures 14: Commuting Time for Worker Who Are the Heads of Households (1983)



Source: Management & Coordination Agency, 1983 *Housing Survey of Japan*

already exceeded an hour in the offices of many large corporations in central Tokyo.

Expenditures for housing have become a burden for the households of many workers. According to the 1984 *Family Income & Expenditures Survey* in the previous section, the average worker's household spent ¥ 33,000 [\$ 180] a month for housing.¹⁶⁾ The average monthly rent was ¥ 24,000 [\$ 130] nationwide and ¥ 31,000 [\$ 170] in the Tokyo metropolitan area. Nationally nearly 20 percent expend more than ¥ 40,000 [\$ 220] with 10 percent paying at least ¥ 50,000 [\$ 280] for rent every month. In Tokyo the figures are nearly 30 percent for those with monthly rents of at least ¥ 40,000 [\$ 220] and 10 percent with rents of ¥ 60,000 [\$ 330] or more. In order to rent a non-wood apartment with private facilities that meets the "adequate standard" of 86 square meters floor space set by the government, one would have to pay somewhere around ¥ 96,000 [\$ 530] a month on the national average. In Tokyo this figure becomes ¥ 136,000 [\$ 760].¹⁷⁾ Even to rent a wooden apartment with shared facilities with the "minimum standard" floor space of 44.2 square meters, one would have to spend about ¥ 41,000 [\$ 230].

Even those who own their homes may have difficulty in repaying housing loans, particularly those who bought their houses after the 1973 oil shock. Since that time there have been no such a drastic consumer price and wage increases. A third of the households of all workers have debts incurred by the purchase of houses and/or land with an average monthly payment of ¥ 62,000 [\$ 340].¹⁸⁾ The average monthly loan payment for households who purchased their houses between 1979 and 1984 is ¥ 88,000 [\$ 490] with 20 percent paying ¥ 120,000 [\$ 670] or more. If a family borrows ¥ 20,000,000

Table 20: Distribution and Median Annual Income of Workers' Households' by Type of Housing (1983)

	All Households		Households whose Head is 40—44 Years of Age	
	Annual Income	Number of Household Member	Annual Income	Number of Households
	(million)		(million)	(thousands)
Owned houses	¥ 4.1	(3.9)	¥ 4.3	(2,285)
Rented dwellings	2.9	(2.7)	3.3	(1,139)
Public housing	2.6	(3.3)	2.7	(204)
Public corporation housing	3.5	(3.1)	3.9	(92)
Privately owned housing				
Facilities ¹⁾ used exclusively				
Wooden	2.6	(2.6)	3.0	(446)
Non-wooden	2.9	(2.2)	3.4	(113)
Facilities ¹⁾ used jointly				
Wooden	1.9	(1.4)	2.1	(40)
Non-wooden	1.8	(1.4)	1.9	(3)
Company housing	3.8	(3.5)	4.5	(243)

Source: Management & Coordination Agency, 1983 *Housing Survey of Japan*

1) Kitchens, bathrooms etc.

[\$110,000] from a bank today, their monthly repayment even with present low interest rates would be ¥140,000—150,000 [\$780—830].

The correlation between family income and their housings can be clearly seen in Table 20. The median annual income of households owning their dwellings is ¥4.1 million [\$23,000] while that of households renting their dwelling is ¥2.9 million [\$16,000]. The former is 1.4 times as much as the latter. Next to workers who own their houses, the households with the highest incomes are those who rent company housing (3.8 million or \$21,000) and those who rent public corporation housing (¥3.5 million or \$19,000). On the other hand, households renting dwellings with shared facilities have the lowest income (¥1.8—1.9 million or \$10,000—\$11,000). This difference in housing is not necessarily a reflection of the wealth of a household, because younger couples with fewer or no children tend to live in apartments with shared facilities, while older, larger families often live in their own homes. (cf. () in Table 20) A problem, however, is that the limited income of some families do not allow them to move into bigger and better housings even after the head of the households reaches middle age.

- 1) Because Japanese rooms are mostly multi-purpose in nature, Japanese houses are usually referred to the number of rooms, not bedrooms they have.
- 2) Prices according to inserts in the *Asahi Shinbun* for June 8, 1986.
- 3) ¥3.8 million yen was the average annual wage for workers in firms with 30 or more employees in 1985. Ministry of Labour, *Monthly Labour Survey [Maigetsu Kinrō Tōkei Chōsa]* ¥2.74 million was the figure for those employed in firms with 5-29 employees.
- 4) Information gleaned from a listing in a real estate agency in this same area in June 1986.
- 5) *Housing Demand Situation Survey [Jūtaku Juyō Jittai Chōsa]* for 1984 by the Ministry of Construction has similar data for households whose heads are public employees as well as regular, temporary and daily employees of private firms. p. 48.
- 6) For buildings restricted to residential use only of all households. Management & Coordination Agency, *1983 Housing Survey of Japan*. Data for the households of workers is not available.
- 7) To be eligible for public housing, the income must be below a certain level, and to qualify for public corporation housing be above a certain level.
- 8) *The Fourth Housing Construction 5-Year Plan* by the Ministry of Construction. It has also set an "adequate standard" for floor space of 86 square meters. The Ministry is planning to revise this level to 91 square meters for urban area condominiums and apartments and to 123 square meter for houses in suburbs and rural areas for the next century. These standards apply to all households, not just those of workers.
- 9) Excluding halls, kitchens, and bathrooms. See note 1) above.
- 10) Bureau of Statistics, Management & Coordination Agency, *The Summary of Results: 1983 Housing Survey of Japan Prompt Report*. p. 21.
- 11) All figures in this paragraph are from the Bureau of Statistics, Management & Coordination Agency, *1983 Housing Survey of Japan* and include not only workers' households but also all households.
- 12) Management & Coordination Agency, *The Summary of Results: Prompt Report*. p. 22.
- 13) Management & Coordination Agency, *The Summary of Results: Prompt Report*. p. 15.
- 14) The *Asahi Shinbun*, March, 16, 1986.
- 15) Management & Coordination Agency, *1983 Housing Survey of Japan*.
- 16) This includes both rents, repairs and maintenance and payments of debts for houses and land. (1984)
- 17) This figure is computed by the following formula: average rent per square meter for

the part of "rooms" $\times 86$ [or 44.2] square meters \times percentage of "room" space to floor space. For the last term, the median of percentage of the 80–89 [or 40–49] floor space bracket, that is, 61% [or 63%] was used. (Dwellings for living exclusively) Management & Coordination Agency, *1983 Housing Survey*

- 18) Management & Coordination Agency, *Family Income and Expenditure Survey* (1984). According to Ministry of Construction, *Housing Demand Situation Survey* (1984), the percentage of all households repaying loans for purchase of houses and/or land is 46 percent with an average monthly payment of ¥ 66,000.

10. Retirement

The most dominant retirement age in Japan is sixty years today. Fifty-one percent of all enterprises, which have 30 or more employees and a uniform retirement age, have set this as the age of retirement. Twenty-seven percent of these firms have a 55 year age limit with 17 percent considering the retirement age 56–59 years. While a few enterprises (4.4%) require their employees to retire sometime after reaching the age of 61, few have the 54-year-old or younger retirement age.

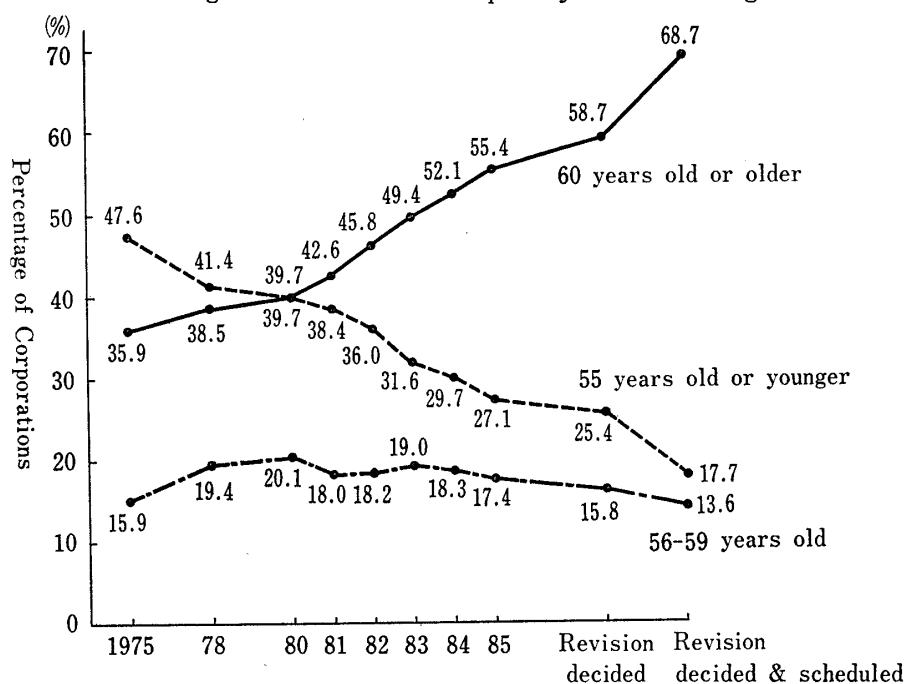
Until recently the Japanese traditional retirement age was 55 years. This retirement age literally meant "lifetime employment" in the past because the life expectancy was 42–44 years around World War I when the prototype of Japanese seniority-based industrial relations was formed, and was still 50 years in 1947. It was not until 1950–52 that the life expectancy exceeded 55 years. With the average life span of men and women today at ages 75 and 80 respectively,¹⁾ many firms have been extending their retirement ages toward 60 in concert with the government campaign for later retirement. Figure 15 indicates that only some five years ago the 55 year old or younger retirement age was more prevalent than that of 60 and over. Three conditions here contributed to this change. One is the longer life span which means that fifty-five year old employees can reasonably expect to have a number of healthy, productive years ahead of them. Another is the need to work since there is a five year gap between the traditional retirement age and age 60, the start of Social Security benefits for men. Many people in this late fifties still have growing families to support including children attending

Table 21: Distribution of Retirement Age Among Japanese Companies by Size of Enterprises

Number of Employees	Total	Enterprises with set Retirement Age	Enterprises with a uniformed retirement age (=100.0) at				
			under 54 years	55 years	55–59 years	60 years	over 61 years
Total	100.0	87.3	0.1	27.0	17.4	51.0	4.4
5,000—	100.0	99.6	—	5.3	21.9	72.8	—
1,000—4,999	100.0	99.6	—	19.4	26.6	52.2	1.7
300— 999	100.0	99.1	0.2	27.6	28.1	42.6	1.6
100— 299	100.0	95.9	0.6	31.3	21.2	44.8	2.0
30— 99	100.0	83.4	—	25.9	14.9	53.8	5.5

Source: 1985 *Employment Management Survey*, Ministry of Labour

Figure 15: Shift of Compulsory Retirement Age



Source: 1895 *Employment Management Survey*, Ministry of Labour

universities. Third is financial reason of Social Security funds—the older population of the country may let the funds go bankrupt.

The Japanese “retirement” system is unusual in two ways. First it is a compulsory retirement with no laws equivalent to the ADEA in the United States. Compulsory retirement in Japan is not considered age discrimination as it is in the United States. Secondly, retirement in Japan means the termination of one’s employment with a specific organization, not withdrawal from the labor market. Thus many Japanese workers particularly those in larger corporations “retire” two or three times in the course of their career. Many workers, for example, after retiring at the compulsory age from the organization they have worked at for years, will enter a related firm such as a supplier, subsidiary, or subcontractor. These firms tend to be smaller in size and have later or no retirement ages (see Table 21 and 22).

Table 22: Enterprises With Compulsory Retirement Ages by Number of Employees Size (Tokyo)

Total	89.2%
100—299	97.8
50—99	96.5
10—49	82.6
(10—29)	(56.2)
(—9)	(32.6)

Source: *Wage & Retirement Allowance in Smaller Firms (1986)*, Tokyo Metropolitan Government

(): *Labor Conditions & Occupational Welfare in Musashino District*, Musashino Chamber of Commerce, 1987 [Manufactures, Retails and Restaurants. As of 1986]

Retirees in Japan are supported by three principal sources, Social Security, corporate

pensions and individual savings including Assets-Making Savings similar to IRA in the United States.

Social Security The Japanese Social Security system is not a uniform plan but is instead composed of several separate plans. A Welfare Pension Plan for employees working in firms with five or more employees²⁾ insured 26 million in 1984. Mutual Aid Societies covered 1.6 million national government and public corporation employees, 3.4 million prefectural and local government employees, and 0.4 million private school professors, teachers and employees. Three other groups of employees totaling 1.6 million were similarly covered by separate plans. Also a National Pension Plan covered 25 million people not protected by other plans.

The Social Security system has been revised recently and is now in the process of integration. While those qualified for the above continue to participate in them, everyone today takes part in the National Pension Plan. Under the new system, one must pay Social Security taxes for 25 years or longer to receive full benefits at 65 with complicated interim measures over years. Under the Welfare Pension Plan before the revision men were required to pay taxes for 20 years or longer³⁾ and first received benefits at age 60. Women who paid similar taxes were eligible for benefits at 55.⁴⁾

The pension paid under the Welfare Pension is the sum of the following:

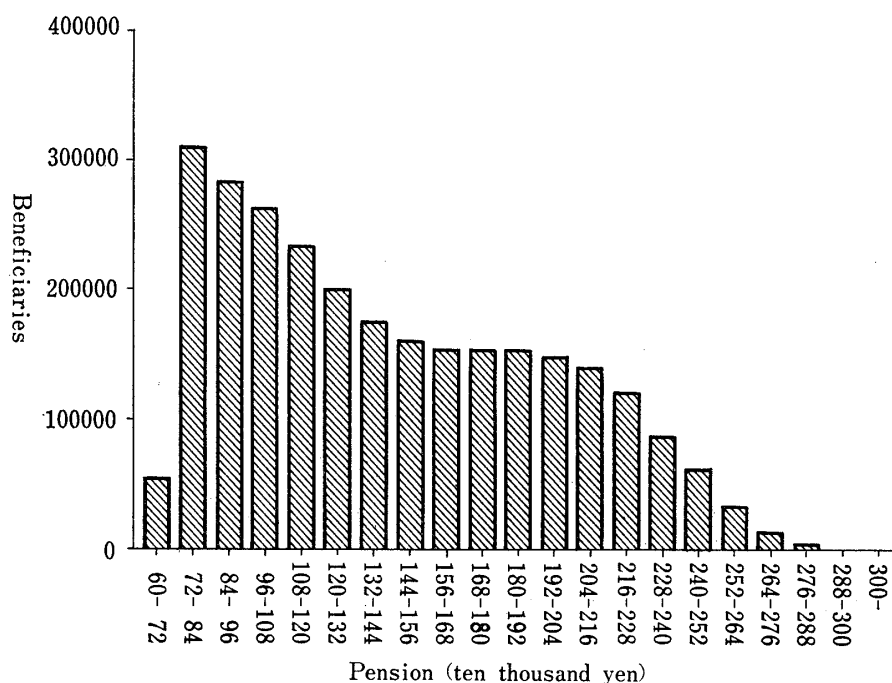
- (i) ¥ 600,000 for 40 year payment of the tax at maximum from National Pension Plan
- (ii) Average Standardized Monthly Pay $\times 7.5/1000 \times$ number of insured months + dependency allowance (¥ 180,000 for wife and 1st and 2nd children, and ¥ 60,000 for other children) from Welfare Pension Plan

The distribution of old age benefits under the Welfare Pension Plan for non-working retirees as of March 31, 1986 is given in Figure 16. It will be lowered in the future because of the above mentioned revision of the Social Security system. The median benefit is ¥ 1.34 million with half the beneficiaries receiving between ¥ 0.98 million and ¥ 1.86 million.

Corporate Pensions Most corporations even small ones in Japan have retirement allowances. Until recently, however, the common form of payment was a lump sum allowance, not the corporate pension. Today approximately 50 percent of all corporations with 30 or more employees, and 80 percent of corporations with over 1,000 employees have adopted pensions. This increase in the number of pension plans is a relatively new trend and is partly because of their aging employees and financial burden. The overwhelming majority of corporations have allowed employees to choose either a long-term pension or a one-time allowance payment plan. Even among long term pensions those that extend the lifetime of the recipient are still rare. Ninety percent of these plans expire within a set period and ninety percent of these are ten year terminable. Even in large corporations with 1,000 or more employees, only 15 percent of the plans are life pensions, while 15 percent of the limited plans are 15 years terminable.

Compared with a pension a lump sum allowance is not necessarily small in sum nor disadvantageous to employees. It often exceeds ¥ 10 or ¥ 20 million. Given the choice

Figure 16: Old Age Benefits of the Welfare Pension Plan
(Non-working retirees, as of March 31, 1986)



Source: Social Insurance Agency, ed. *Annual Report [Jigyō Nenpō]* (Social Insurance Asso., 1986)

between a pension and a one-time payment, the majority of employees actually choose the latter.

The average retirement allowance (pensions and lump sum allowances) received by male employees who served for 20 or more years and retired at the compulsory retirement age in 1985 was ¥ 18.9 million or 39.1 times the monthly regular salary or wage

Table 23: Proportions of Corporations with Retirement Allowance (1985)

Number of Employees	Retirement Allowance	Lump Sum Payment		Pension Plans	
		Only	Total	Only	and Lump Sum
Total	[89.0]	100.0	51.9	48.1	33.8
(cf. 1975)	[90.7]	100.0	67.1	32.9	19.7)
over 1,000	[99.9]	100.0	18.1	81.9	71.8
300-999	[94.9]	100.0	40.4	59.6	42.5
30-99	[86.1]	100.0	58.8	41.2	27.8
(10-29)	([78.1])				
(under 9)	([58.1])				

Note: [] is the percentage against all corporations.

Source: *General Survey on Working Hour Systems in 1985* (Ministry of Labour, 1986).

() *Labor Conditions & Occupational Welfare in Musashino District*, Musashino Chamber of Commerce, 1987 [Manufactures, Retails and Restaurants. As of 1986]

Table 24: Retirement Allowance of Male Retirees With At Least 20 Years of Service (1985)

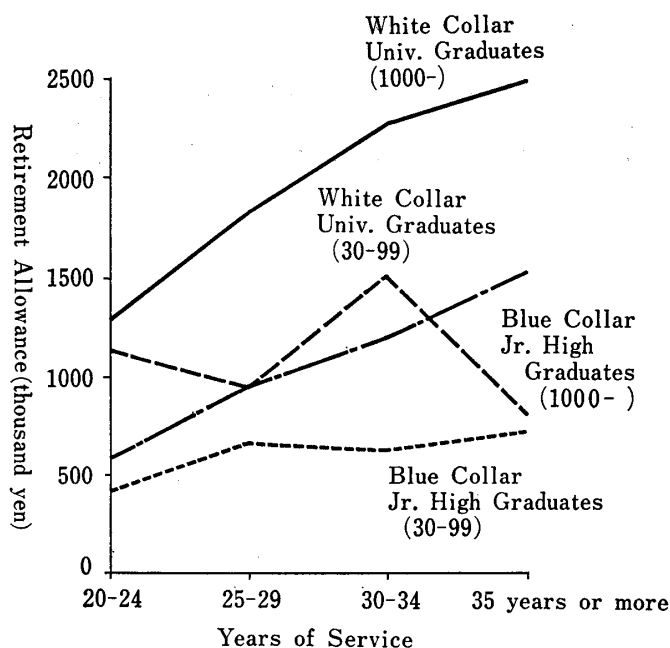
Number of Employees	White Collar		Blue Collar	
	University Graduates	High School Graduates	High School Graduates	Junior High Graduates
Total	18.9	14.0	10.4	9.4
over 1,000	21.8	18.1	12.8	12.2
100—999	15.5	10.9	8.4	8.1
30—99	12.6	6.5	7.4	5.2

Note : Figures are the totals of lump sum allowances and pensions (Total amount of pension to be paid over the years minus interests to be born during the years)

Source: *General Survey on Wage & Working Hour Systems in 1985* (Ministry of Labour, 1986)

(which he received when retired) for white collar university graduates and ¥ 9.4 million or 36.4 times for blue collar junior high graduates.⁵⁾ The average for high school graduates fell between the two.⁶⁾ In addition to job level and education, the size of the corporation and years of service have a major effect upon the size of the allowance. The average allowance for white collar university graduates in corporations with at least 1,000 employees was ¥ 21.8 million, while that of those in corporations with 30—99 employees was only ¥ 12.6 million. The average of those in the larger corporations who worked 20—24 years was ¥ 12.9 million and ¥ 24.8 million for those who worked over 35 years. For junior high graduates the average allowance in corporations with over

Figure 17: Retirement Allowances by Years of Service, Type of Jobs, School Levels Graduated and Size of Enterprises (Male, 1985)



Source: *General Survey on Wage & Working Hour Systems in 1985* (Ministry of Labour, 1986)

Table 25: Average Characteristics of Workers' Households Whose Heads are 60—64 Years of Age

Persons/Household :	2.81
Wage Earners :	1.70
Age of Head :	61.5
House Ownership :	78.7%
Yearly Income :	¥5,813,000
Savings :	¥13,479,000
Liabilities :	¥922,000
Liabilities for purchase of houses and/or land :	¥826,000

Source : *Family Saving Survey* (1985) (Management & Coordination Agency)

only statistics available, the *Family Saving Survey* of the Management & Coordination Agency, indicate that the average savings of families whose heads are 60—64 years old were ¥13,480,000. Average liabilities totalled ¥92,000, ninety percent of which were for the purchase of housing and/or land (see Table 25). However, it is well known that the average of savings in this kind of statistics usually estranges itself from the median very much.

- 1) *1985 Complete Life Table [Kanzen Seimei-hyō]* (Ministry of Welfare)
- 2) Agriculture, live-stock-raising, fisheries, forestry and service industries are exempted. Employees working in exempted firms or for professional and religious services may voluntarily participate in the Welfare Pension Plan. Employees in corporate firms with less than five employees will be compulsorily covered by 1989.
- 3) Fifteen years after 40 years old for men and after 35 years old for women.
- 4) Reduced benefits are paid to 60—64 year old working people earning the Standardized Monthly Pay of ¥150,000 or less and to working people 65 or older earning ¥160,000 or more.
- 5) Including senior elementary school graduates under the old educational system before the end of World War II.
- 6) Including junior high school graduates under the old educational system before the end of World War II.

1,000 employees was ¥12.2 million while that in corporations with 10—99 was ¥5.2 million. The average for those in the smaller companies who served 20—24 years was ¥4.2 million, while those who served 35 years or longer received an average of ¥7.2 million. Workers in smaller firms tend to change companies more frequently.

Individual Savings The total amount of savings by individuals for retirement is unknown. The