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Japan's labor immigration: challenges to Japan's economic future

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ABSTRACT

This paper aims at presenting the current situation of the Japanese labor market and the government requirements regarding foreign workers. Historical analysis is developed in order to offer a glimpse of the current migratory flows occurring in the country. The author concludes that a complex paradox concerning the foreign immigration perception is still present among Japanese authorities because on the one hand, governmental authorities in Japan demand several inflows of working immigrants to supply the required industry and market's job positions; but on the other hand, the social and cultural requirements that immigrants must complete and fulfil to integrate properly into society, are hindering the very assimilation of foreign workers.

KEYWORDS

Japan, Foreign Workers, International Migration, Labor Market, Working Population.

INTRODUCTION

Historically, Japan has not been considered a nation of immigration. When compared with Europe and the United States immigration's inflows, Japan is falling short to have such a diversified society. In Japan, for instance, the patterns of migration are historically different, mainly as a result of the different migratory policies adopted by the government. For Pak (2004), in addition, Japan is a country that avoided the importation of foreign workers, essentially due to the legacy of its decolonization's process and experience (Pak, 2004).

In the mid 1980s, a vast amount of individuals started to arrive to Japan. These waves of immigrants moved mainly for economic reasons. According to Shin (2001), immigrants arriving to Japan were seeking for better job positions than the ones they could have in Africa, South America and even in other Asian countries where they came from. One of the economic reasons that immigrants identified as a main motive for leaving their native countries, was the direct effect that the Plaza Accord entailed. This agreement produced a significant strengthening in the

Japanese currency, which subsequently created a lure context in Japan for immigrants at that time. Likewise, Japan is the leader of the thriving Asiatic nations that experienced, what has been called the “*East Asian Economic Miracle*”. The Asian Miracle, therefore, has allowed the Japanese economic growth to increase relatively faster and more successfully than in other countries.

On the other hand, it is important to understand that Japanese society differentiates and classifies immigrants as “newcomers” (*Nyūkamazu*) and “oldcomers” (*Orudokamazu*). The latter include the immigrants who are from the former colonial era, and the former, are the Orudokamazu’s descendants. Furthermore, the status of immigrants in the destination country is also relevant when analyzing the Japanese level of acceptance towards non nationals (Shin, 2001).

Likewise, with Japan’s significant raise in the numbers of foreign workers, in the 1980s and 1990s, as some authors clearly argue (Carraro, 1994; Shin, 2001) started a moderate process of cultural and societal diversification. This raise was mainly the result of the economic boom occurred in Japan along the same period of ten years. Additionally, it is also the result of an immigration policy that focused on challenging the increasing labor demand of that time (Komai, 2003). Nevertheless, the total amount of foreign workers estimated by 1993, accounted only for 0, 8 percent of the total country’s worker population. Hence, the result in the share of foreign worker population is not significant if one compares the foreign shares of other Asian nations such as Malaysia and Singapore, for instance (Martin, 1996).

Opening the Doors: Japan as a Labor Receiving Country

Despite all the comparisons and approximations regarding the low percentages of foreign workers in Japan, those numbers cannot be neglected when analyzing the future of Japan’s economic and social purviews. According to Wickramasekera (2000), Japan is classified as a labor receiving country along with the Republic of Korea, Hong Kong SAR ¹, Singapore and Taiwan. (Wickramasekera, 2000). By 2005, foreign workers in Japan had presented an increment of 0, 5, that is 1, 3, percent of the total foreign worker population. This percentage accounts for 770,000 individuals who have left their countries of origin with the firm purpose of finding a more favorable economic situation. As Calderón-Canola (2008) points out, there can be several reasons for immigrants to leave their countries of origin; however, the main reasons observed in the outflows of emigrants from developing countries to developed countries usually include the need to obtain better job

positions and, therefore, reach a better economic status. Consequently, a better situation can probably be obtained more easily in Japan than in their countries of origin. Furthermore, the number mentioned above was composed mostly of Koreans who have been settling in Japan for decades and the 240,000 descendants of the former Japanese emigrants who moved to South America; another salient ethnic group is made up of Chinese trainees who are usually hired with three-year contracts and accounted for 140,000 subjects by 2007. Subsequently, there is another group which encompasses American and Filipino working foreigners. In the last instance, and by 2005, authorities estimated an account of 200,000 working immigrants living in Japan without legal authorization (Martin & Zürcher, 2008).

Likewise, according to Kerr and Kerr (2008), by 1997 and 1998, the Japanese Immigrant population was represented by individuals arriving from China (17%), the Philippines (6%), the United States (3%), Brazil (16%) and Korea (44%) (Kerr & Kerr, 2008).

As mentioned above, Japan is classified as a labor receiving nation, which imports immigrants as a result of its immigration policy (Komai, 2003). After Japan started opening doors to immigrants- during the past two decades- immigration issues in Japan are now in the agendas of researchers, due to the socio-cultural and economic implications that this phenomenon may generate in the Japanese society. For some authors (Haines, Minami & Yamashita, 2007), Japan is an important case for comparative analysis regarding migration research, since it allows us to study how the inflow and permanence of foreign individuals may impinge on the socio-cultural and economic systems of this country. According to Martin and Zürcher (2008), one of the more recurrent political issues that are currently under debate in the political Japanese spheres is whether Japan must continue accepting immigrants to supply its scarce national labor offer, or whether it must follow its previous policies to maintain its homogenous society (Takao, 2003).

Japan's Working Population Slowdown: Economic and Social Future Impacts

Japanese working population is experiencing a continuous slowdown. As a general perspective, the Japanese society is facing a dramatic decline in its total working population. While Japan's life expectancy at birth reaches around 82 years, it is estimated that during the next decades this country will tackle a considerable decrease in its working population. According to a study led by the United States National Institute on Aging (2007), it is estimated that by 2030 around 24 percent of the older population in Japan will reach the age of 85 years old. Likewise, the pro-

portion of older people in Japan between 2006 and 2030 is expected to increase from 20 percent in 2006 to approximately 30 percent by 2030 (National Institute on Aging, 2007). Moreover, official government demographers argue that the total population in Japan, including the non-working population, will decline in a range that can vary from 11, 1 to around 15, 7 percent during the same 24 year period, that is until 2030 (Hayutin, 2007). In this regard, Lee (2001) goes further and affirms that, by 2055, Japan will lose around 40 million people who will reach the end their labor age. In addition, the Japanese population between 15 and 64 years old will decline from 87 million registered by the late 1990s to 46 million by 2055 (Lee, 2001).

In Japan, the normal retirement age so far has been 60 and 57 years old for men and women respectively. However, Japanese labor policies have changed it by establishing a retirement age of 65 for both men and women, which is now the current age for retirees to qualify for a full pension (Bongaarts, 2004).

According to a recent article published in *Businessweek*, which is titled "*Reviving Japan's economy: Not many options left*" (2009), one of the main problems that Japan tackles today is the low consumption rate that is directly impacting on its national economy. On the other hand, the fiscal system of pensions is also being affected by the raise of the older population. According to Smitka (2004), the financial requirements to support the older population are represented in the budget to sustain pensions and healthcare. In order to support this budget, the government will need to increase taxes in about 19 percent of its GDP (Smitka, 2004). Hence, the main challenges for the Japanese government today, regarding its labor population decline belong to the economic purview. These circumstantial problems clearly are the consequences of demographic events such as the ones described throughout this paper. In the meantime, all that should be done is to plan solutions.

At this respect, immigration could be a solution. However, there is no general consensus regarding the positive effects that immigration, especially of foreign workers, may produce in the betterment of the Japanese economy. On the one hand, some authors (Lee, 2001 & Muysken, 2008) state that immigration is a viable solution, since it propels the economy by increasing the net income per capita, and it fosters consumption as a result of immigrants' life expenses and fiscal contribution. Hence, immigrants' fiscal contributions serve as a financial base to support the deficit and are required to attend the healthcare and pension system. Notwithstanding, the results shown by official reports like the Population Division of the Department of Economic and Social Affairs (2002), in which results concerning immigration as a solution to reduce economic-labor problems are not optimistic,

generate divergence in the analysis. According to this paper, the immigrant solution is not optimistic, essentially due to the vast volume of immigrants that would be required to offset the older ageing population (Department of Economic and Social Affairs, 2002). As it has been reviewed, there is a general dissension with the former scholar's conclusions. Nonetheless, there is a general point of convergence in which it is possible to demonstrate the various economic contributions that working immigrants may produce in any given country (Yi, 2008). Disregarding the perceptions and national acceptance towards immigration, it is important to consider that once any foreign population begins to settle in a country, it is forced to start a unique pattern of consumption that may vary depending on the newcomers' culture of origin (Borjas, 1987). Besides, even those individuals who are classified under the illegal immigration category are obliged to exert some degree of consumption that is reflected in their personal expenditures (Hanson, 2007; Chapman, 2003).

CONCLUSIONS

Important aspects to consider in further research analysis regarding Japanese socio-economic problems must aim at the consolidation of a formal field of social science research that would make it possible to steer conveniently Japan's economic field. The current situation with Japan's working age population is challenging governmental policies in the present time. The different social and economic issues that foreign working immigration implies are of mounting concern for politicians in Japan. Notwithstanding, a complex paradox concerning the foreign immigration perception is still present amongst Japanese authorities. Government in Japan is, on the one hand, demanding several inflows of working immigrants to supply the required industry and market's job positions; however, the social and cultural requirements that immigrants must complete and fulfil to be properly integrated to society, are hindering the adequate assimilation of these workers. Regarding education, for instance, Haines and his collaborators point out that there is no mandatory rule dictating the obligation of immigrants to attend school in Japan; and, in the case they do, they tend to be marginalized (Haines, Minami & Yamashita, 2007). Taking the Japanese socio-economic scenario at glance is therefore, not enough for wielding the economic resurgence and continuity of a country that still has no consensus regarding whether immigrants must supply the scant labor offer, or must remain aside from what Japanese may consider as an "interim" and provisional situation. What Japanese authorities must subsequently perform is approach and determine, in a deeply manner, the underlying social phenomenon of labor immigration and its correlational impacts on the current labor situation.

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