



# Making Sense of the lost decades: Workplaces and schools, men and women, young and old, rich and poor

## Citation

Gordon, Andrew. 2015. Making Sense of the lost decades: Workplaces and schools, men and women, young and old, rich and poor. In Examining Japan's Lost Decades, eds Funabashi Yoichi and Barak Kushner. London, Routledge.

## Published Version

<https://www.routledge.com/Examining-Japans-Lost-Decades/Funabashi-Kushner/p/book/9781138885752>

## Permanent link

<http://nrs.harvard.edu/urn-3:HUL.InstRepos:30802940>

## Terms of Use

This article was downloaded from Harvard University's DASH repository, and is made available under the terms and conditions applicable to Open Access Policy Articles, as set forth at <http://nrs.harvard.edu/urn-3:HUL.InstRepos:dash.current.terms-of-use#OAP>

## Share Your Story

The Harvard community has made this article openly available.  
Please share how this access benefits you. [Submit a story](#).

[Accessibility](#)

**Making Sense of the Lost Decades:**  
**Workplaces and Schools, Men and Women, Young and Old,**  
**Rich and Poor**

Andrew Gordon  
History Department  
Harvard University

Prepared for the Rebuilding Japan Project,  
Updated final version, January 28, 2014

## **I. Prologue: Talking about lost decades**

Since the 1990s an extraordinary change has taken place in the way Japan is understood and discussed both domestically and around the world. A country spoken of in the 1980s with awe or with fear, as model or as menace, came to be described as a “soured” system, beset by profound problems in society, economy and politics. These were said to affect young and old, men and women, in families, in schools, and in workplaces. Toward the end of the 1990s, the appellation that won the day (and still prevails) is that of “lost decade(s).”<sup>1</sup> It replaced an earlier discourse of “Japan as Number One,” which had its heyday for a bit more than a decade, from the late 1970s through the start of the 1990s. This positive earlier take was never unanimous or unchallenged.<sup>2</sup> But the discourse of decline has been both more enduring and more confused. It is full of contradictory assessments of what has been lost and where the problems lie. Any appraisal of Japan’s experience of the past twenty years must begin by sorting through these diverse and divergent perspectives.

One of the most prominent views of Japan in this era is that the nation has failed to change in ways that our globalized times demand. I take a different perspective: tremendous change has occurred over the “lost decades” in public mood, socio-economic practice, and state policy. But the changes have not been unidirectional. For some they are negative and need to be reversed; for others they are positive but insufficient. The combination of opposing directions and opposing assessments of change produces an overall impression of stasis or insufficiency. But changes actually been substantial.

A second argument of this paper is that change, even as it has been extensive, has unfolded in the context of relatively enduring norms and structures. This truism was most memorably described by Marx as people making their history in a context where “the tradition of all the dead

generations weighs like a nightmare on the brains of the living.” It bears repeating as a reminder that tossing long established norms and systems overboard is never simple and not always wise (even if Marx certainly hoped his readers would repudiate their inherited past). Toward the end of this paper, I will develop the concept of a multi-dimensional “moral economy” as one way to characterize these enduring structures of the past.

A third argument is that any account of the lost decades and any prescriptions for the future must keep politics in focus. The views and actions not only of those at the center and top of society, but of those in civil society standing in places “outside” or “below” or on the margins are important. And the discourse of stagnation is always a value-laden claim with political valence. To put forward a view of Japan as lost is inevitably a call for some sort of action, whether for reform, for moral regeneration, or a return to a better past.<sup>3</sup> Escape from the condition of “lostness” is not a technocratic matter of discovering the current global best practice and following it; it is a profoundly political challenge.

## **II. The Discourse of Decline**

The discourse of socio-economic deadlock and decline ranges across several related topics: employment systems and corporate management; the situation of youth in education and in the transition to their working lives; the situation of women in the labor force and in families; the decline in birth rates, the aging of society, and the plight of the elderly; and a rise in economic or social inequality. Policymakers, business and labor leaders, and scholars have long understood that issues of employment are intimately linked to questions of education, gender and social equality, and well-being. In recent years, a wider public has also come to see these issues as linked.

Given their interconnected nature, one might start with any one of these topics. In this paper, we begin with the workplace, and move on to address matters of gender and social equality, with only brief mention of education and demography, topics addressed more fully in other chapters. Toward the end of the era of “Japan as number one,” truly grand claims were being made about the brilliance of Japanese-style management. Itami Hiroyuki, a well-known professor of management at Hitotsubashi University proclaimed in the mid-1980s his belief in the superiority of Japan’s “human-centered corporate system.” He argued that “when we think of Japan’s long prosperity, at risk of exaggeration perhaps, can we not say that we have arrived at a time to consider the self-conscious export of our civilization?”<sup>4</sup> In more muted tones, in 1991 Koike Kazuo proclaimed Japan’s “skill formation and industrial relations” to be “a step ahead of world trends”.<sup>5</sup>

The bursting of the 1980s financial bubble and the onset of the “lost decades” dramatically changed the context and generated a new flow of views on the defects of the Japanese workplace. Most prominent has been the neo-liberal critique. As early as 1993, flagship carriers of this view such as *The Economist* were deploring the rigidity of long-term job security or seniority-based wages.<sup>6</sup> In contrast to Anglo-American style “shareholder-first” capitalism, Japanese firms were criticized for adherence to a “stakeholder” capitalism that considered the interests of employees and of managers to be as important as those of investors. At home, also from the mid-1990s, the business federation focused on employment issues, Nikkeiren, began to call for more flexible deployment of labor. A leading domestic supporter of this position, the *Nihon keizai shinbun*, ran a series in January 2003 on what it called the “Japanese disease” (a play on criticisms from the 1960s of a “British disease” of economic stagnation and entrenched labor power). The newspaper condemned Japanese business leaders for failing to implement much needed reforms

in managing their companies.<sup>7</sup> These advocates of reform were not making such claims for the first time. Similar views had been put forth during the 1970s recession and oil crises. But the recent round of criticism of Japanese workplace practice has been far more enduring, and has focused not just on what employers should do differently, but on reforms the government needs to initiate. Reformers have called for deregulation of labor markets to allow companies more freedom to dismiss workers and close unproductive facilities, greater reliance on outsourcing both to save on costs and allow easier future adjustments, and increased use of “non-regular” workers on fixed term contracts, for similar reasons.

The distinction here between “regular” and non-regular” (*seiki/hiseiki*) has a particular legal and social meaning in Japan. A “regular” employee is someone hired with an indefinite time commitment rather than a time-defined contract. Decades of legal precedents as well as agreements between unions and companies established fairly strong protections for these workers, most often men; in legal battles over dismissals, courts ruled that before shedding “regular” workers, employers had to meet four standards of “reasonableness”: business conditions had to necessitate retrenchment; the need for cutting back via outright dismissal as opposed to transfers or furloughs had to be clear; the selection of those for dismissal had to be fair and rational, and the procedure, including discussion with the union if present, had to be reasonable. In contrast, “non-regular” employees, typically hired on fixed contract, often in part-time status, were only protected from dismissal during the contract period. They had no protection when it ended. At the same time, labor laws from the 1950s placed some significant restrictions on the industries and contexts in which workers could be hired on time-limited contract, in particular when hired through third-party labor brokers.

Regular status has in fact never been as protected in practice as it has appeared to be through legal decisions. Beginning in the 1960s, companies devised an array of methods to cut back employment and ease out regular workers, and smaller companies in particular have been able to cut back with only small fear that employees would go to court to protest. Nonetheless, the neo-liberal critique from the 1990s took aim at the purported rigidity of Japanese employment law and practice.

But even as significant changes in employment indeed took place (discussed in greater detail below), other voices emerged to lament the new situation as equally one of discouragement and decline. Reflecting the enduring force of the male breadwinner model as a dominant gender ideology in Japan, concern focused in particular on the ripple effect of the increase in non-regular employment for young men. Deregulated labor markets were said to have increased the numbers of poorly paid young men with insecure jobs and weak prospects for advancement. These youths were seen to lack the means or the confidence to spend money and generate domestic demand, reinforcing an enduring negative cycle of deflation and economic stagnation. Their growing need for unemployment insurance, as well as corporate claims to state subsidies to sustain employment, put pressure on the national budget. Their situation was prominently connected in the public and bureaucratic mind to declining marriage and birth rates. Non-regular workers were understood to lack not only the confidence to buy things, but the confidence to marry and have children (oddly, few people praise them for responsibly withholding this commitment without the means to support it). The discourse of decline included a more generalized concern with youth and education beyond the confines of the workplace, although it was often related to employment and economic issues. The sense of crisis in education ran from elementary through advanced levels, and it is discussed in depth in the Kariya chapter. Most

relevant to this essay has been a sense of crisis in secondary education focused mostly on non-elite students. This must be set against a backdrop where, through the 1980s, the efficient placement of young male high school graduates into secure jobs with long-term prospect for advance in pay and skills had been a point of pride in Japan and among outside observers.<sup>9</sup> By the late 1990s and into the 2000s, school guidance counselors were uniformly lamenting the unraveling of this system due mainly to a sharp decrease in desirable job placements in manufacturing. Available opportunities for those without university degrees seemed increasingly limited to poorly paid, insecure service sector jobs.<sup>10</sup>

In higher education the pessimistic trend discussed most widely not only in Japan but in universities elsewhere was the dramatic drop-off in the number of Japanese youths who studied abroad. It is important to set this decline in context; it followed a dramatic increase in overall study abroad from the mid-1980s through the early 2000s, and numbers going abroad in 2012 were still significantly higher than the numbers in the 1970s and 1980s. Fueling anxiety at this decline was the pronounced drop in Japanese students going to the United States in particular, especially when compared to the sharply increased numbers coming to America from China or India.<sup>11</sup> As the Kariya paper argues, this new comparative context is the critical element in producing a sense of crisis in the production of global talent (*gurobaru jinzaï*) in Japan. Explanations for the decline have abounded, ranging from the unwillingness of companies or government offices to sponsor young employees for study abroad, to the allegedly inward-looking mindset of risk-averse youths, to the (perceived) need of college students to stay in Japan to begin looking for jobs starting even in their sophomore or junior year.<sup>12</sup> For government officials and some business leaders, the lack of global experience and ambition was part of the explanation for the failure of Japanese companies. Their reports and statements, which



especially proliferated from about 2009 onward, lamented that younger workers do not seek a global stage for their careers, or that Japan trailed much of the world in English proficiency. They also said the problem ran two-ways: Japanese students and workers were failing to look to the world, while Japan was failing to attract students and workers from the world.<sup>13</sup>

The gloomy discourse on youth was a gendered one, with roughly equal-opportunity lamentation about women and men. Beginning in the late 1990s, observers in Japan began to write critically about “parasite singles”, described as young people who lived at home rent free, with little ambition beyond shopping and enjoyment of leisure. The term first gained prominence through a book by the sociologist Yamada Masahiro (*Parasaito shinguru no jidai*, 1999). Yamada argued for a rough equivalence in the numbers of male and female young parasites, but the mass media tended to see this as a female phenomenon, with the additional criticism of these women as selfish (*wagamama*) for neither forming families nor seeking serious careers. These labels gained currency around the world, helped by a feature article in the *New York Times* Sunday magazine in July 2001.<sup>14</sup> Several years later, a male-centered term for failed youth came to prominence: the “herbivore” (*sōshoku kei*). Coined in 2006, this label spread so widely that by 2010 government surveys were asking young men if they self-identified as “herbivore” (in one survey 36 percent of teenage boys did so). The term typically conjured images of feminized young men interested above all in personal grooming and lacking both sexual drive and the career ambition of earlier generations.

While such pejorative buzzwords tended to lay the blame on young people themselves, other commentators found fault with the socio-economic or political system for failing to give opportunity or empowerment to youths. The economist Genda Yuji argued with harsh passion in the early 2000s that “contrary to the belief that parasite singles enjoy the vested right to live at

their parents' expense, the real parasites are the parents, the generation of middle-aged and older workers on whom society has conferred vested rights and who make their livelihood at the expense of young people."<sup>15</sup> An important related argument was made in some quarters to the effect that Japanese employers, mainly men, were failing to offer sufficient opportunities to young women and indeed to all women to use their talent and energy in productive ways. This was seen by many as not just a matter of justice or equity, but as one of national economic interest. A 2010 report by the Tokyo office of Goldman Sachs on what it called "Womenomics" argued that "if Japan could close its gender employment gap, we estimate that Japan's workforce could expand by 8.2 million and the level of Japan's GDP could increase by as much as fifteen percent." In addition, it noted that "against a backdrop of anemic consumption, female spending trends have been relatively resilient."<sup>16</sup>

Genda's claim that middle-aged and older employees, mainly men, were protecting their privilege at the expense of the young in some measure echoed the spirit of the neo-liberal prescription for a corporate free hand in cutting back on expensive long-term commitments to employees. But it sat uneasily with equally downbeat arguments, also made frequently and with passion, to the effect that the older generation (especially of men) was being squeezed and cast aside in violation of implicit understandings that long and dedicated service would be rewarded.

A relatively early example of this view in the mainstream press, from 1997, began with a provocative headline lament-- "Sayonara, Middle-Stream Consciousness!" The reporter argued that the prolonged recession and corporate restructuring had made once secure jobs unreliable, while crashing land and stock prices and microscopic interest rates had eroded the assets of the middle-class population. The article related the nightmare of the 49-year-old Mr. A, employed at a company that sold electronic equipment. He had been transferred to the "market development

section,” a posting widely understood by co-workers to be a dead-end dumping ground for those targeted by the company for “voluntary retirement.” Explicitly told by his boss that he should volunteer for early retirement, Mr. A was discouraged, angry, and humiliated. He had worked for this company for 13 years and had just taken out a loan to pay for a new four bedroom home that he would be paying off until age 70. He and his wife, who worked part-time in a real-estate office, faced college preparation and tuition costs for three teen-age children. Mr. A had not yet had the courage to tell her honestly of the extent to which he was under pressure to resign. The article quotes him as asking “Can my ever-so-average lifestyle be so easily snatched away from me?” Angry at the company’s “insincerity” and determined to fight to keep his job, he had recently joined the Tokyo Managerial Employees Union, but his future on his job was uncertain.<sup>17</sup>

More dramatically, one found increasingly gloomy reports of high numbers of suicides among middle-aged Japanese, men in particular. Typically attributing these acts to despair at personal economic and employment circumstances, government and media attention focused with particular intensity on a spike in suicides among men from precisely the moment when the story of Mr. A was published in 1997. Suicides by men in Japan jumped from 16, 416 in that year, a level typical of the previous two decades, to 23, 013 in 1998, an extraordinary increase of nearly 50 percent. Suicides have remained at this level since.<sup>18</sup>

The discourse of decline as it intensified over the course of the “lost decades” focused on one further important loss. A high degree of social and economic equality had been widely trumpeted as a key strength of Japanese society across the decades of rising postwar affluence. In the late 1990s as the economy floundered, authors of best-selling books started to argue that equality was vanishing. Japan’s middle class was fast dissolving into groups of winners and losers in the

competition for income and wealth.<sup>19</sup> The winners were epitomized by a handful of self-made billionaire entrepreneurs seen as heralds of a new freewheeling economic order. The losers ranged from younger adults, men in the typical telling, unable to gain a post-graduate foothold of stable employment, to more senior employees, such as Mr. A., eased out of their mainstream positions by corporate downsizing. In the mid-2000s, the dominant buzzword in talk of this rising inequality was “stratified society” (*kakusa shakai*). Then, sparked by a powerful two hour NHK television documentary on the topic broadcast in December 2007, *before* the global financial crisis known in Japan as the “Lehman shock,” the appellation “working poor” (*uakingu pūa*) came to public attention. The program focused on the growing numbers of conscientious, hard-working, well-intentioned men and women employed in low-wage, insecure jobs, unable to earn enough to meet their most basic needs for shelter, food, clothing, or health care.

## §

On the one hand, this downbeat catalog of decline is obviously full of apparently connected and reinforcing trends. A rigid employment system that protects jobs of veteran workers can be blamed not only for inhibiting nimble corporate strategy, but for clogging or breaking down the school-to-work pipeline for youths when companies are not growing. And lack of job opportunities can discourage young men, making them “herbivores.” It can also discourage young women, leading them to become stay-at-home parasite singles. And these trends can discourage both young men and women from marriage and parenthood. The logic behind such connections is clear, but we should not assume there is always a strong causal relationship: in particular, Japan’s demographic shift to a rapidly aging society with a declining birth rate long predates the 1990s and the emergence of the key attributes ascribed to the lost decades.

On the other hand, the discourse of “lost Japan” is equally filled with contradictory and mutually exclusive perspectives. One observer’s solution is another’s problem. For some, the demographic shift is a crisis because there are *not enough* young people available to work and to generate the revenues to support their elders. For others, there are *too many* young people, unable to get their careers and their lives on track. For some, greater corporate flexibility in hiring and dismissing employees is crucial to allow businesses to compete in the global economy. For others, the resulting increase in “non-regular” labor inhibits domestic demand and drags down the economy. In the eyes of some, women are selfish parasites who need to get serious. To others, women are a valuable resource who are poorly treated and not given opportunities to enrich their own lives and that of the nation. Some condemn parasite singles, whether women or men, for spending irresponsibly. But others complain that non-regulars workers—and by definition the great majority of parasite singles fall into this group—are under-consuming because of their low pay and uncertain future prospects.

Finally, although the specific configuration of these problems varies from place to place, at a general but by no means an empty level of abstraction these ills are globally shared. Significant and rising inequality; a crisis in education in which youth are not taught skills and knowledge putting them on a path toward productive futures; a declining birth rate and worry about supporting an aging society financially and socially; anemic job growth and job creation centered on part-time and insecure positions: this catalog certainly applies to many places in the advanced capitalist world.

The following section analyzes in more detail the social or economic trends that underlay these diverse negative perspectives. This presentation of the “facts” is no simple project that will resolve dubious causal connections or clarify which of the contradictory perspectives are

true. I rather turn to look at the evidence that buttresses these perspectives to gain a better understanding of the three points made at the start. The lost decades have seen significant change. These changes, and the processes by which they have unfolded, have been embedded in longer historical contexts. And the way in which the facts and the changes are construed are inevitably political.

### **III. Japan's "social-industrial complex" of problems**

#### *Employment: new configurations of regular and non-regular, of men and women*

The Japanese employment system changed greatly in the 1990s and 2000s. Most significantly, across the entire society the rise in both numbers and proportion of non-regular workers was quite dramatic. But change in the treatment of regular workers has been far-reaching as well, in some ways leading to a convergence in the two types of employment.

Job security in major firms became notably weaker over the 1990s and 2000s. The practice of soliciting "voluntary retirements," already part of the tool box of corporate Japan since the era of the 1970s recession and oil crisis, became ever more common, and at earlier ages in a typical career. Likewise, interviews with personnel managers at major firms in 2010 suggest that employees were more likely than in the past to find their division in a large enterprise spun off as an independent company.<sup>20</sup> Such moves would likely narrow their later options. Those who remain faced increased workloads, especially as a company's fortunes improve and new hiring was pursued cautiously. In recent years, one extreme manifestation of this change in their status has been the emergence of so-called "black enterprises". There are at present no government surveys or official definition of such firms, but discussion in the media tends to focus on two sorts of brutally harsh corporate behavior. Such corporations seek to rid themselves of senior

employees with a variety of tactics to bully them into leaving “voluntarily.” And they exploit young workers by hiring them in “regular” status while treating them as disposable resources. They hire far more new employees than they plan to keep, impose impossible work norms, demand long hours of unpaid overtime, and squeeze out their labor until they quit, often in exhaustion or with damaged health. Young people sign on for such jobs drawn by promises of regular employment status in a difficult job market.<sup>21</sup>

In matters of compensation, the idea of “seniority-based pay” even for regular employees in large firms has been transformed through a series of incremental changes that over time have produced a qualitatively different system. Building on policies since the 1960s which introduced merit assessment into annual raises, many companies in the early 2000s introduced or expanded a “result-based” element in wage setting. This component was usually tied to assessment of an individual’s achievements; in this regard it did extend the long-established calculation of wages to reflect traits of the person more than traits of the job. But the spread among individual incomes at a given age or seniority nonetheless increased. This was all the more pronounced when bonuses were taken into account. Companies brought much greater managerial discretion into aggregate calculation of bonuses to reflect corporate revenue and profit, and they greatly increased managerial authority to allocate bonuses to individuals to reflect their performance. In aggregate terms, bonuses at one leading steelmaker in recent years (and steelmakers are often presented as among the more traditionally minded employers) have varied by nearly 100 percent from year to year (average bonuses in 2009 were 2.2 million yen; in 2010 they averaged 1.2 million yen). And at one of the major electronic firms, the bonus payment given to a strong performer over the course of a given year by 2010 stood at ten months additional pay compared to four months’ pay for a poorly rated person. Since the base monthly income itself was sure to

be higher for the more highly rated worker due to better merit increases over time, the spread in bonuses between such individuals would be considerably greater than a 10 to 4 ratio.

Thus, even in the purportedly “rigid” world of regular workers in major firms, employees can no longer assume either that their jobs are secure over the long term or that their pay will reliably and steadily increase. Managers have a wide range of tools at hand with which to allocate labor and control personnel costs. More than ever, employees have come to face greater variability in earning power, and greater likelihood of re-assignment to a subsidiary or a call to retire “voluntarily”. As described above, the particular mechanisms by which companies have come to more strictly control wage costs, adjust workplace numbers and allocate human resources have developed within a framework of long-established practices that are in some measure distinctive to Japan. But the changes in these practices are nonetheless profound.

## §

Equally profound has been the shift in the proportion of employees in the category of regular and non-regular workers. The latter include part-time and full-time employees on fixed term renewable (and easily non-renewable) contracts made directly with an employer as well as workers dispatched to a job from a third-party employment agency. Defining and measuring such non-regular employment is not a straightforward project, but the direction and scope of change is clear. Counting dispatch workers is difficult because the same person can be dispatched more than once in a given year, and government statistics count each dispatch as an additional “worker.” When the entire workforce including self-employed and family labor is included, the proportion and numbers of self-employed and family labor declined sharply, the proportion defined as “regular worker” declined modestly from 58 percent (38 million) to 52 percent (34 million) in 2007, while the proportion and absolute number in the various non-



regular categories nearly doubled, from 14.4 percent (9.5 million) in 1992 to 27 percent (18 million) in 2007.<sup>22</sup> These numbers and proportions have been relatively unchanged since 2007. In the “Labor Force Survey” of the Ministry of Internal Affairs, which excludes the self-employed and family labor from the denominator, the proportion of non-regular workers in relation to all employees is even higher; it reached 33.5 percent by 2009, and 35.2 percent in 2012.<sup>23</sup>

**[Figure 1 here]**

This expansion of contingent employment was accelerated by legal changes in the labor field promoted and implemented from the late 1990s into the early 2000s, most aggressively under the Koizumi administration. A 2003 revision of the Labor Standards Law, while it ironically reaffirmed the four “reasonable” standards which had to be met to dismiss a regular worker, made it easier to hire workers on fixed term contracts. A Dispatch Worker Law of the same year made it possible for labor brokers to enlist and dispatch workers in virtually any industry (until then this sort of employment had been limited to a handful of industries). These reforms were certainly of some consequence, but it is important to note that even in the 1970s and 1980s, large manufacturing firms outsourced significant elements in their operations to sub-contractors, and those employees had weaker protections. The expansion of non-regular employment gained headway from the late 1980s, well before these legal reforms.

One important indication that employment in Japan has become more flexible (or insecure, depending on one’s perspective) for both regular and non-regular employment is found in evidence that losses and gains in employment have become significantly more responsive to the performance of the overall economy. The economist Arthur Alexander found some years ago that from the 1950s through the 1970s, for a given change in GDP, employment in Japan fell or

rose only one-fifth as much as in the United States. That is, Japan's elasticity of employment with respect to GDP was only .2 (or 20 percent), whereas the elasticity in the United States (in both cases measured over a two year period following a given shift in GDP) was 1 (or 100 percent). This was a striking difference, a clear macro-economic statistical indication that jobs in Japan during the high growth era were significantly more secure when compared to the United States. But beginning in the 1980s, and especially in the past two decades, the gap has narrowed significantly. By 2009, employment elasticity in Japan as measure by Alexander had reached the realm of .7 to .85, still lower than in the United States by 15 to 30 percent, but much closer than in the past.<sup>24</sup> It is hard to doubt that the combination of greater flexibility (or insecurity) in the jobs of regular workers, combined with increased hiring of workers in non-regular, contingent jobs, were the factors producing this tighter link between employment and economic performance. This is an important change. It makes the Japanese scene much more like that of the US (and less like Europe). It casts doubt on oft-repeated claims that a rigid employment system is the root cause of lagging corporate performance.

#### §

A key critique of changing employment patterns is that increased flexibility to hire contingent labor has various negative effects, most notably weaker consumer demand and declining rates of marriage and reproduction. Commonly cited is a sharp rise in non-regular employment among men, and in particular among young adult men. The number of male non-regular employees nearly tripled from 1995 to 2013 (from 1.9 million to 5.4 million), and the number of non-regular male employees age 25 to 44 rose nearly five-fold (from 360,000 to 1,690,000) [**Figure 2 here**]. As a proportion of all male workers, non-regular employment rose from 7.4 percent in 1985 to 19.7 percent by 2012.<sup>25</sup> The younger men in this status are the very people who in the past would have been starting and building careers as regular employees in

medium to large scale corporations, with some realistic hope of building a long-term career in that organization. For commentators in the mass media, for the general public, for educators, and for labor bureaucrats, the fact that so many young men, the expected breadwinners and household heads of the nation, have been unable to enter the mainstream of regular employment constitutes a change with far reaching social and economic consequences. Their concern is bolstered by good evidence that non-regular male workers in their 20s and 30s were only half as likely to be married as regular male employees of the same age. **[Figure 3 here]**

These changes have been considerable, and important. But they are neither the only nor necessarily the most important element in the story of rising numbers of non-regular workers. Over these same years, from 1985 through 2012, the proportion of women in contingent employment, mainly in the category of “part time” workers, rose even more dramatically; it almost doubled, from 32 to 54.5 percent of all women workers. And the absolute number of part-time women workers far more than doubled, from 4.9 million non-regular women workers in 1985 to 12.8 million in 2012.<sup>26</sup>

The long-accepted understanding and justification for this preponderance of women in the part-time labor force was that the great majority of them were married and raising children. They were seen to take up part-time work voluntarily to supplement a family income earned mainly by their husbands. But with an increase in single mother families as result of a rising divorce rate, a growing number of working women in various types of non-regular employment no longer fit the model of the supplementary wage earning wife and mother, even as growing numbers of men also did not fit the model of primary wage earner. By 2012, among the 7.8 million women engaged in “part-time” work, nearly 1.2 million (15 percent) were either the head of the household or were supporting themselves on their own. And one-fifth (20 percent) of the

2.75 million women in the categories of dispatch labor or contract employee were household heads or self-supporting. Taking a slightly different perspective, data provided by the Ministry of Health, Labor and Welfare also shows that in 2010 only four million (about one-third) of all non-regular women workers fit what we might call the “pure” case of a part-time female employee of prime working age (15 to 55) married to a full-time working husband.<sup>27</sup>

In sum, the twin trends of rising non-regular employment for men and for women, coupled with changes in the social and economic responsibilities of working women, has rendered the male breadwinner model significantly out of alignment with the life situation of people in Japan. Increasing numbers of non-regular male and female workers are employed in this category because regular work is not available. Many would prefer full-time “regular” jobs. A government survey in early 2013 found that as many as one in three non-regular male employees and one in six non-regular women were working in this status against their wishes.<sup>28</sup> This proportion among women nicely matches the percent of women in part-time work who are either household heads or self-supporting.

In addition, an important government survey of 130 companies across all industries and of all sizes, covering over 42,000 applicants for regular employment in the “comprehensive” career track (*sōgō shoku*) in 2010-11, implies there is in Japan not only a glass ceiling to promotion, but also a closed glass doorway for women entering such jobs. Looking at the entire applicant pool and all applications to these companies, whereas 5.8 percent of men who applied for these positions were hired, only 1.6 percent of women applicants were hired. Looking at the breakdown by gender once companies had filled these posts, women accounted for only 11.6 percent of all new hires. If female applicants had been hired at the same ratio as the men, they would have constituted nearly one-third (32 percent) of all new employees.<sup>29</sup> It is hard to

imagine that the merits of the female applicants were so much weaker as to justify these results. One cannot help suspecting that employers for other reasons prefer to hire men. The consensus among government officials, and the staff of employer and union organizations queried about this in 2013, was that a key factor leading to lower rates of hiring for women was a concern among employers that women would be unwilling to accept transfers to distant offices.

## §

Changes in the security offered regular workers and in the numbers and proportion of non-regular workers have thus been quite extensive over the past two decades or more. These changes have been framed by modifications, though not abrupt ruptures, in law. They have been accompanied by important shifts in customary treatment of regular employees. The ongoing historical context for these changes includes persisting norms of a gendered division of labor, with women continuing to dominate the ranks of contingent labor. At the same time, changing social patterns have made this division particularly out of sync with the life situation of women and of young men. This story of change embedded in shifting structures and norms of the past brings us to our third theme, of politics. How have contending parties sought to use a discourse of the lost decades to push for a particular sort of change, or defended elements of the status quo within a changing world?

For men, the key political divide has centered on what can be called Japan's "moral economy" of employment. By moral economy I refer to a set of ideas that define a just or moral regulation of economic life, in this case the regulation of employment. I juxtapose such a concept to a neo-liberal belief that unfettered markets—in this case job markets—produce the best and indeed the fairest or most just outcomes for all concerned. The moral economy of labor

in Japan is a cultural configuration. It is not “cultural” in the simplistic and static sense of a centuries-long inheritance carried forward from some imagined “traditional Japan.” It is a dynamic cultural configuration produced in the modernizing course of the twentieth century and always subject to change. Concern with status and respect was expressed in disputes of railway engineers in the 1890s, in the insistence that bosses respect the “character” of workers as humans in the ‘teens, in the calls for “improved treatment such as regular pay raises, bonuses, or secure jobs in the 1920s, and again in the early postwar demands for elimination of “status discrimination” between blue collar and white collar staff or disputes of the high growth era both between unions and companies over decisions to eliminate jobs and dismiss workers.

Over time the outcome of such struggles, reinforced by legal decisions in suits brought by individual workers in defense of their jobs, was to define a moral economy as one in which male workers had a right to keep their jobs, and in which employers were obligated even in the face of hostile market conditions to make all possible efforts to preserve these jobs. This value remains alive, if under greater pressure and more qualifications than in the past, not only among many working people but among employers and politicians and state bureaucrats. It is only against this background that we can understand the powerful impact of the building of the New Year Dispatch Worker Village at the end of 2008, when the Lehman shock led hundreds of Japanese companies to lay off thousands of their non-regular dispatch workers. An effective coalition of NPO’s, lawyers, community unions, and media on very short notice set up a tent village for 500 of the laid-off workers in Hibiya Park over the New Year holiday of 2008-09. The village gained extraordinary attention, with much sympathy for the workers and strong criticism of the companies and the government policies that made these workers so vulnerable.

In some cases the contract workers had been ousted from company housing in violation of the law or of work rules, and in some cases contracts had been abrogated illegally. But, it seems fair to say—and to me this is the key point—that even if all these layoffs had been implemented in accord with the letter of the law, the very fact of these mass dismissals would have gathered huge attention and been seen as a violation of Japan’s moral economy of labor. One pithy example of this sense of violation came in a letter to the Asahi newspaper from a junior high school student from Kyushu: “I am upset at the recent news that dispatch workers are being fired by companies. Until now, they had worked hard to support the company, yet they are so easily fired....Don’t the companies have some responsibility?”<sup>30</sup>

This episode led some major companies to reduce their reliance on dispatch workers, and resulted in a modest shift toward greater legal regulation in a revised Dispatch Workers Law in March 2012, passed with bipartisan support. Although a retreat from early drafts under the DPJ administration, the law prohibited short term dispatches, required the dispatch agencies to make public their revenue margin above the amount paid to the workers they supplied, and included provisions that would encourage firms to convert dispatch employees to regular workers.<sup>31</sup> The question of how far to go, in what ways, toward systems of more flexible deployment of labor remains deeply contested within an enduring framework of social values.

For women, the employment issue in its wider context plays out on a different sort of moral landscape, because—with some notable dissent from feminist scholars and activists—the moral economy of labor in Japan as it evolved in the twentieth century accepted a secondary role for women as not just legitimate but desirable. The widely accepted view of the best way to balance women’s commitments in the spheres of reproductive and productive labor had historical roots in the cultural configuration of the “good wife and wise mother.” To be sure, from as early

as the 1890s, when a widespread consensus emerged (mainly among men) that women must give priority to these twin roles, productive labor for wages was not necessarily seen as a violation of these commitments.<sup>32</sup> But to the extent work was validated, it was for the sake of the family and the nation, or for women's ability to support themselves "just in case" (*man ga ichi*) they had the misfortune (from war or disease or a dissolute mate) to find themselves without a breadwinner husband.

As with the issue of a moral economy of regular employment, one finds no consensus on the issue of women's proper or desirable role in economy and society. In recent years, the balance of opinion (if not necessarily of behavior) appears to have shifted considerably in favor of encouraging women to work outside the home. This is not unambiguously a new formulation of the moral economy of labor. Those who take this position make claims not only or even mainly on grounds of justice or equity (the moral side), although such values do seem to sit just beneath the surface and motivate the argument. They also advocate increased participation for women as a plus for economic productivity and growth (the economy side).

The 2010 Goldman Sachs analysis of "Womenomics" mentioned earlier argued that increased employment opportunities for women would boost GDP and consumption in general. It further introduced strong evidence that around the world, increased labor force participation for women correlates to increased rates of childbirth. And the report finally identified 44 specific companies whose stock prices were likely to rise as women played stronger economic roles, and it claimed that a similar list compiled in 2005 had indeed outperformed other investments.<sup>33</sup> This sort of Japan-focused analysis is reinforced more generally by recent macroeconomic research focused on the American economy. Work by Peter Klenow and colleagues argues that the opening of career opportunities to women and to African Americans in



the United States over the half-century since 1960, in essence a more efficient allocation of talent in the economy, may explain 15 to 20 percent of growth in aggregate output per worker. And it concludes that further removing what the paper calls “frictions” in job allocation offers potential for additional “substantial gains” in productivity.<sup>34</sup>

The policy and political case for gender equality in the workforce also posits such an outcome as a solution to the nation’s demographic dilemma. It is well known in Japanese policy circles and public debate that across the advanced capitalist world, high rates of employment for women correlate strongly with high birth rates (mainly in nations of northern Europe plus Australia and North America). Conversely, countries with the lowest rates of female labor force participation (Korea, Italy, Spain, and Japan) are also the places with by far the lowest birth rates.<sup>35</sup> An intriguing longitudinal survey of eight years duration by 2009, carried out by the Ministry of Health, Welfare and Labor, offered suggestive evidence that if Japan’s employment practices moved in a “northern European” direction, so might its demography. The study found that compared to what one might call a traditional “modern” couple where the husband held a regular post and the wife worked part time (or in otherwise non-regular employment), married couples where *both* partners held regular positions not only desired slightly larger families but did in fact have more children.<sup>36</sup>

But despite such evidence and supportive rhetoric from those in authority, including the Abe administration in 2013, in favor of bringing women more fully into economic life outside the home, the mainstream of corporate, political, and bureaucratic elites seems ambivalent about pushing vigorously in this direction. Calls for women to act as good wives by earning money or contributing to the economy are frequently met by admonitions for them to be responsible and dutiful by staying home and having children. Although its wording was vague enough to be

understood as gender blind if one were so inclined, the Liberal Democratic Party's 2012 draft of a revised constitution included an article (24) on the family that in its statement that the "members of a family are obligated to help each other" could be read as an implicit moralistic call by the state for women to bear the primary burden at home at the expense of their wider social participation. More specific tension over such a view of women's roles emerged in sharp relief in the spring of 2013 when the Abe administration proposed circulating a "Handbook on Life and Women" to teenage school girls nationwide. The handbook would have contained information about pregnancy and childbirth with the aim of encouraging women to bear children sooner rather than later, arguing against the tendency of women to delay marriage and childbirth. The proposal was to distribute the handbook only to school girls, not boys, a clear reflection of a view that men were exempt from reproductive responsibilities. This plan was roundly criticized by a wide range of women's and labor organizations, who called instead for economic and social policies to make it easier for families to afford to raise children and find childcare, and in short order it was abandoned.<sup>37</sup>

### *Inequality*

A purported rise in economic and social inequality is another aspect of the social-industrial complex of "lost decade" problems that merits consideration. Like insecurity of employment, socio-economic inequality cannot be measured easily. On the one hand, according to data collected and analyzed by the International Monetary Fund in 2004 and at several earlier points in time, and further publicized in the United Nations Human Development Report of 2007-08, the income of Japan's wealthiest 20 percent was only 2.3 times that of the poorest 20 percent, and the ratio was little changed over the previous decade. This compared to an eight- to tenfold multiple for the United States or a twelvefold multiple for China, and in these societies

inequality had increased sharply in the previous decade.<sup>38</sup> By this measure, Japan's inequality was not increasing, and it boasted the smallest income differential in the world.

On the other hand, according to the OECD's calculation of this ratio, which compared disposable (after-tax) income in 2003, 2006, 2009—essentially contemporaneous with the IMF data of 2004—the United States only “beat” Japan by a moderate amount in the inequality Olympics. The OECD reported that Japan's top quintile earned about 6 times more than the bottom fifth, while the American top fifth earned about 7.8 times the bottom. And inequality was similarly rising in both societies. The Japanese top/bottom ratio was fivefold in 1985; in 1984 the US ratio had been a multiple of 6.4 times.<sup>39</sup> In addition, recent OECD statistics for another measure of inequality, the so-called “poverty index”—which measures the proportion of people whose income is less than half the national average—found that in the year 2006 Japan's poverty index stood at 15.7 percent, a fairly significant increase from a 12 percent rate in 1995. In this inglorious race to the bottom, the United States and Japan are similarly unequal; Japan's poverty index ranked second worst among the advanced economies, “beaten” only by the United States where 16.8 percent of the population had incomes that far below the average in 2006.

These divergent results are based on different data.<sup>40</sup> If one gives credence to the IMF/UN data one can reconcile the discrepancy between its top/bottom ratio and the OECD poverty index as follows: indeed more people than before are on the bottom rungs of Japan's economic ladder, and this is a change one must take seriously; but the ladder from rich to poor itself is shorter than in the United States or elsewhere. But a second and perhaps safer conclusion is that cross-national comparisons of inequality are unreliable. Some scholars in Japan believe that the Japanese data used by OECD, while accurate for Japan, exaggerates

inequality compared to elsewhere because the Japanese data collection does a better job than other nations in tracking income among the poor.<sup>41</sup>

In this murky statistical situation, we might best focus our attention on changes over time in Japan rather than comparative inquiry. After all, unlike comparatively inclined social scientists, most people in any society compare their situation not to other societies or nations but to their own (impression of their) society's past and their personal past. And while comparative data is problematic due to different methods of data collection and different efficiencies in the process from place to place, we can be fairly confident that temporal data within Japan over this span was calculated consistently.

It seems safe to conclude that postwar Japan circa the 1960s through 1990s was far more egalitarian than it is today—even if of course never completely equal and certainly not inclusive or equal across gender lines. The inclination to view the complex data on inequality in this pessimistic way seems both empirically justified and culturally rooted in a roughly fifty year history of pride at equality of both opportunity and to some measure of result. Against this background, recent changes have produced a profound sense of loss.

If the lost decades have been a time of significant change in the level of equality, the politics of the pursuit of equality are no less challenging or complex than the politics of employment or gender roles. Japanese society today, as elsewhere, faces a perplexing dilemma in continuing to value equality of both opportunity and of result, when people inhabit a world of increased and increasingly unequal competition. Given that the higher proportion of non-regular jobs raises the proportion of low-wage earners, neo-liberal prescriptions to unleash the market with further deregulation of employment markets would seem likely to generate more inequality

at least in the near-term. Is that a pill that people—whether among policy makers or the general public—are willing to swallow?

The answer is uncertain, but it is notable and not well-recognized that Japanese social security and incomes policies across the lost decades have in fact ameliorated what would have been a far more dramatic rise in economic inequality.<sup>42</sup> In 1985 the Japanese poverty rate as calculated by the OECD was essentially the same for pre-tax and after-tax income (12.5 and 12 percent). By 1995 a notable gap had opened (19 percent versus 13.7 percent). And by 2009 the pre-tax poverty rate stood at an astounding 32 percent. That is, one third of the population had pretax incomes that stood fifty percent below the median. The after-tax, disposable income poverty rate was “only” 16 percent. The quintile comparisons were no less stark. In 2006, pretax income earned by the top fifth stood at about ten times that of the bottom fifth; the after tax multiple was “only” six-fold.<sup>43</sup>

The intuitive explanation for this shift in pre-tax to after-tax income would of course be income taxes themselves, which are assessed in progressive fashion in Japanese as elsewhere. A second explanation might be the payment of direct welfare benefits to the poor. But economist Takashi Oshio reveals that neither taxes nor welfare benefits are a significant factor. The heart of the matter is an intergenerational transfer of income through the national social security system. It is well known that over the past several decades the elderly have increased substantially as a proportion of Japan’s population. Those who are retired have virtually no pretax income, so pre-tax data places many of the increased numbers of the elderly into the poverty zone. Social security payments, which are calculated as after tax income, then lift many of these elders above the poverty line and thus substantially reduce, both in appearance and in fact, the nation’s poverty rate.<sup>44</sup>

It is important to note that the social security system that has buffered rising inequality both predates and has persisted across the lost decades. It is not a direct policy response to rising inequality. This is an “incomes policy” in result more than intent.<sup>45</sup> It is an open question as to whether the current Japanese government will take additional proactive steps to address rising inequality. The push underway in 2013 to revise the Livelihood Protection Law (Seikatsu hogō hō) would be a step backward from an active incomes policy.

#### **IV. Future possibilities**

Japan’s state policies and corporate programs to address the complex of social and economic problems surveyed in this chapter remain ambivalent. The center of gravity in the Liberal Democratic Party, the corporate world, and the bureaucracy appears to be a view that unleashing markets offers the best way forward. But over the course of the lost decades a considerable body of opinion has also persisted that values community and solidarity and fears its decline if markets are allowed to function without significant constraints. As one example, the leader of one of the nation’s major business federations in the early 2000s spoke of the “moral hazard” of deregulation in discussions of revisions to labor law that, in the end, affirmed some degree of protection for regular workers as a trade-off for allowing wider use of non-regular employees.<sup>46</sup>

Also ambivalent and relatively muted are voices from civil society outside the political, bureaucratic, or business elites. Japan’s mainstream labor unions affiliated with Rengo federation have been losing members and especially under the new LDP administration is on the defensive. Rengo unions also in the best of circumstances face a dilemma in pursuing both protections for regular workers, who constitute the majority of their members, and also reaching

out to non-regular workers for new members. It is logical to pursue the latter, whose numbers in the workforce are growing and who need protection. Indeed, the only area of membership growth in both Rengo-affiliated and non-affiliated unions is among non-regular employees, mainly in the service sector. But squaring the circle of protecting the former without imposing some costs on the latter is difficult, when corporate managers argue with apparent success to leading unions that without the flexibility afforded by a significant (and growing) buffer of contingent employees, the fortunate regular workers in these unions cannot be protected.

This fundamental and long-standing dilemma is not simply an ideological clash between supporters of a Japanese version of a regulated market economy undergirded by a moral economy of employment and a neo-liberal vision of political economy where regulation is in principle counter-productive to the greater good. That clash is part of the story, but a second clash of views is also in play. The moral economy of employment as it took root in postwar Japan (and before) always accepted the exclusion of some—mainly but not only women—as fair. Clashing with this view are calls for a society and economy grounded in what some call “womanomics,” a society that gives to all its members the opportunity for secure and productive career paths on *both* economic and moral grounds. Reinforcing such calls is the fact that the acceptance of a subordinate role for women has lost much (but not all) of its legitimacy as a social norm in Japan today, making it all the more necessary in both moral and economic terms to find a way to a future where the old exclusions are broken down.

But those who pursue this new sort of equality continue to face the question of whether the goal should simply be the opportunity or the right of women to “lean in” and to work as long and as hard as men.<sup>47</sup> Perhaps such a goal is both socially and economically desirable. The survey data showing that married couples with two regular jobs have more children than “traditional”

modern couples where the wife works part time might support such a view. But can—and should—this trend be expanded and sustained when regular jobs so often demand long hours of overtime and acceptance of transfers? Is there any alternative?

In recent years, the opening up of a third way between insecure non-regular employment and the unlimited demands of “regular” careers has been much discussed as a possible solution. This category of employment is sometimes called “regularized non-regular” (常用非正規) or “limited regular” (限定正社員) employment.”<sup>48</sup> Supporters characterize this as a form of employment that would offer possibilities for career development and increased responsibility and pay, with the understanding that the employee would not be asked to accept distant transfers but would also not have the job security that access to wide-ranging assignments might offer. Critics fear that rather than raise the prospects for formerly non-regular employees (mostly women) to be upgraded to such posts, this middle way might weaken the prospects for regular employees, men and women, whose posts would be downgraded and less secure. It is too soon to offer a confident judgment as to which outcome is more likely, although without strong advocacy by, or on behalf of, those moving into such posts, it is hard to be optimistic. But at a time when a return to a “golden era” of middle-class equality and stable long-term jobs for men—buttressed by limiting the opportunities outside the home for women—is neither economically practical nor politically or culturally attractive, efforts in this direction seem worth pursuing.

---

<sup>1</sup> The first published use English appears to have been a *Newsweek* story in 1998. The first use in Japanese was probably the very same week in a newspaper column that attributed the expression to foreign investors. Bill Powell, “The Lost Decade,” *Newsweek* (July 27, 1998), p. 28. Takita Yōichi, “Kokufu: Ushinawareta 10 nen no



kyōkun" *Nihon keizai shinbun*, July 21, 1998, evening edition, 3. Because magazines date their issues a week after actual publication, the Newsweek story would have appeared one day before the Japanese newspaper article.

<sup>2</sup> In English, probably most famous was Karel van Wolferen, *The Enigma of Japanese Power* (New York: A. A. Knopf, 1989).

<sup>3</sup> Richard Samuels 3.11: *Disaster and Change in Japan* (Ithaca: Cornell University Press, 2013) and J. Charles Schencking, *The Great Kanto Earthquake and the Chimera of National Reconstruction in Japan* (New York: Columbia University Press, 2013) frame the response to these two disasters in similar ways.

<sup>4</sup> 伊丹敬之「文明を輸出するとき」アステイオン（1986、秋）pp. 41-42.

<sup>5</sup> Koike Kazuo, *The Economics of Work in Japan* (Tokyo: Long Term Credit Bank International Library Foundation, 1995) pp. 257-58. Original in 小池和夫、「職場の労働組合と参加：労使関係の日米比較」（東京：東洋経済新報、1977）pp. 313, 314-15.

<sup>6</sup> "To encourage the others," *The Economist*, January 16, 1993, p. 66.

<sup>7</sup> Ross Mouer and Hiroshige Kawanishi, *The Future of Work in Japan* (New York: Cambridge University Press, 2005) p. 254

<sup>9</sup> For example, Ezra Vogel, *Japan as Number One* (Cambridge, MA.: Harvard University Press, 1979) p. 177-78.

<sup>10</sup> Mary Brinton, *Lost in Transition: youth, work and instability in post-industrial Japan* (New York: Cambridge University Press, 2011), pp. 98-104

<sup>11</sup> For students going to the United States, see Japan-US Education Commission, "Amerika ryūgaku no kiso chishiki," (2011), accessed at <http://www.fulbright.jp/study/res/t1-college03.html> on July 24, 2012. For students going to other countries, see Monbu kagaku shō, *Nihonjin no kaigai ryūgaku jōkyō*, [http://www.mext.go.jp/b\\_menu/houdou/24/01/icsFiles/afildfile/2012/02/02/1315686\\_01.pdf](http://www.mext.go.jp/b_menu/houdou/24/01/icsFiles/afildfile/2012/02/02/1315686_01.pdf), accessed July 26, 2012.

<sup>12</sup> For one interesting perspective linking the decline in study abroad to the phenomenon of stay-at-home youths in the literal sense of those who never leave their house or apartment (*hikikomori*), see Genda Yuji, "No Place to Belong" in McKinsey & Company, ed., *Reimagining Japan* (San Francisco: VIZ Media, 2011) pp. 171-75.

<sup>13</sup> Nihon nōritsu kyōkai, "Gurōbaru jinji no jūten kadai to sono kaiketsu ni mukete" February 2012. Nihon keizai dantia rengōkai, "Gurōbaru jinjai no ikusei ni muketa teigen" June 14, 2011. Keizai sangyō shō, "Gurōbaru jinjai no ikusei, katsuyō ni yoru Nihon keizai no kasseika ni tsuite" May 7, 2012.

<sup>14</sup> Peggy Orenstein, "Parasites in Prêt-à-Porter", *New York Times Sunday Magazine*, July 1, 2001.

<sup>15</sup> Genda Yuji, *A Nagging Sense of Job Insecurity* (Tokyo: LTCB International Library Trust), translated by Jean Connell Hoff, 2005. p. 43.

<sup>16</sup> Kathi Matsui, et. al, "Womenomics 3.0 : The time is now" Goldman Sachs, Japan Portfolio Strategy, October 1, 2010.

<sup>17</sup> Sunday "Weekend Economy" page of the Asahi newspaper on November 13, 1997.

<sup>18</sup> For this data, see Keisatuchō seikatsu anzen kyoku seikatsu anzen kikaku ka, *Heisei 21 nen chū ni okeru jisatsu no gaiyō shiryō* (May, 2010) p. 4.

<sup>19</sup> Two works that helped start the debate on growing inequality were Tachibanaki Toshiaki, *Nihon no keizai kakusa* (Tokyo: Iwanami shoten, 1998) and Satō Toshiki, *Fubyōdō shakai Nippon* (Tokyo: Chūō kōronsha, 2000)

<sup>20</sup> Author interviews with managers at Toshiba, IHI International, and JFE Steel in December and January 2010.

<sup>21</sup> For one definition, see "'Burakku kigyō' tte donna kaisha?" in *Asahi shinbun*, 5/23/2013 p. 2.

<sup>22</sup> 仁田道夫、「雇用ポートフォリオ・システム改革の視点」 in 現代の理論、2009年夏号, p. 3. Also see 仁田、「雇用の量的管理」 in 仁田道夫、久本憲夫編、「日本の雇用システム」（京都：ナカニシヤ、2008）。

<sup>23</sup> 厚生労働省提供資料：総務省、「労働力調査」客年。

<sup>24</sup> Arthur J. Alexander, "Adaptation in the Japanese Economy" *Oxford Analytica*, July 20, 2010. Also, Arthur J. Alexander, *In the Shadow of the Miracle: The Japanese Economy Since the End of High-Speed Growth* (Lanham, Md.: Lexington Books, 2002) pp. 223-26 makes a similar argument with slightly different modes of calculating elasticity.

<sup>25</sup> Osawa Mari, *Social Security in Contemporary Japan* (Routledge, 2011), p. 72;

<sup>26</sup> 厚生労働省提供資料：総務省、「労働力調査」客年。

<sup>27</sup> 厚生労働省提供資料：総務省、「労働力調査」2010

- 
- <sup>28</sup>厚生労働省提供資料：総務省、「労働力調査」January-March, 2013.
- <sup>29</sup> 厚生労働省提供資料：厚生労働省,「コース別雇用管理制度の実施・指導状況」2011.
- <sup>30</sup> “Wakai sedai, keieisha gawa ni wa tsumetasa kanjita” *Asahi shinbun* 1/18/2009, p. 6.
- <sup>31</sup> “Haken rōdō, kaizen e no ippo: kaizei haken hō, kyō seiritsu,” *Asahi shinbun*, 3/28/2012, p. 3
- <sup>32</sup> Sharon H. Nolte and Sally Ann Hastings, “The Meiji State’s Policy Toward Women, 1890-1910,” in Gail Lee Bernstein, ed., *Recreating Japanese Women, 1600-1945* (Berkeley,: University of California Press, 1991).
- <sup>33</sup> Kathi Matsui, et. al, “Womenomics 3.0 : The time is now” Goldman Sachs, Japan Portfolio Strategy, October 1, 2010, p. 31.
- <sup>34</sup> Chang-Tai Hsieh, Erik Hurst, Charles I. Jones, Peter J. Klenow, “The Allocation of Talent and U. S. Economic Growth,” Working Paper published February 22, 2013, Version 3.0. Accessed at [www.klenow.com](http://www.klenow.com).
- <sup>35</sup> 厚生労働省提供資料「各国の合計特殊出生率と女性就業率」 from OECD Family Database, 2009.
- <sup>36</sup> Special calculation by the Ministry of Welfare, Health and Labor, Labor Policy Advisory Bureau based on the Ministry’s “Longitudinal Survey of 21<sup>st</sup> Century Adults” (2010). 厚生労働省「21世紀成年者縦断調査」2010年をもとにした特別集計. The couples with two regular jobs had on average 1.9 children, compare to 1.79 where the husband had a regular post and the wife a non-regular job. The survey also found only 1.09 children born to couples with a husband holding a non-regular post and a regular-employee wife, and 1.36 children where both husband and wife held non-regular jobs, but the sample sizes in these two cases were only 11 and 28 respectively.
- <sup>37</sup> “Josei techō, haifu miokuri,” *Asahi Shinbun*, 5/29/2013 p. 1
- <sup>38</sup> International Monetary Fund, *World Economic Outlook*, October 2007, Figure 4.6. Accessed online at <http://www.imf.org/external/pubs/ft/weo/2007/02/>. United Nations, *Human Development Report 2007/08*, Table 15, p. 281. Accessed online at [http://hdr.undp.org/en/media/HDR\\_20072008\\_EN\\_Indicator\\_tables.pdf](http://hdr.undp.org/en/media/HDR_20072008_EN_Indicator_tables.pdf)
- <sup>39</sup> OECD statistics are located at <http://stats.oecd.org/>. For poverty rates and quintile ratios, search under “social protection and well-being,” sub-category “income distribution and poverty by country”.
- <sup>40</sup> The IMF survey uses household consumption data from the Family Income and Expenditure Survey provided by the Japanese Statistics Bureau for its measure of disposable income; the OECD looks at pre-tax and after tax income based surveys carried out by the Ministry of Health, Labor and Welfare. Comprehensive Survey of Living Conditions Office, Social Statistics Division, Statistics and Information Department, Minister’s Secretariat, Ministry of Health, Labour and Welfare, available at <http://www.mhlw.go.jp/english/database/db-hss/cslc.html>.
- <sup>41</sup> Personal communication from Chiaki Moriguchi, economist at Hitotsubashi University. October 28, 2013. Moriguchi has done extensive research on economic inequality in Japan.
- <sup>42</sup> For an example of non-recognition of this trend, see the otherwise interesting paper by Marco Mira d’Ercole, “Income Inequality and Poverty in OECD Countries: How Japan Compare?” in *The Japanese Journal of Social Security Policy* 5:1 (June 2006). The author makes a persuasive case that Japanese income transfers are low in comparison to European nations in particular. But the clear increase in the impact of those transfers over the last decades remains significant and worthy of analysis.
- <sup>43</sup> After-tax data is from OECD statistics cited above. For the pre-tax multiples see, Hiroshi Kaneko, The Japanese Income Tax System and the Disparity of Income and Wealth Among People in Japan.” Proceedings from the 2009 Sho Sato Conference on Tax Law, Social Policy and the Economy, p 17. Accessed online at [http://www.law.berkeley.edu/files/sho\\_sato\\_tax\\_conf\\_web\\_paper--kaneko.pdf](http://www.law.berkeley.edu/files/sho_sato_tax_conf_web_paper--kaneko.pdf).
- <sup>44</sup> Takashi Oshio, *Kōritsu to kōhei o tou* (Tokyo: Nihon hyōronsha, 2012) chapter 3, section 1.
- <sup>45</sup> Kaneko, p. 23.
- <sup>46</sup> For details, see Gordon, *Nihon no rōshi kankei shi* (Tokyo: Iwanami shoten, 2012), p. 471.
- <sup>47</sup> For many years, Kumazawa Makoto, among others, has been exploring this issue. See, in English, his *Portraits of the Japanese Workplace* (Denver: Westview Press, xxxx), chapter 7.
- <sup>48</sup> For extensive discussion of this issue, see the July 2013 special issue of *Nihon rōdō kenkyū zasshi*, “Hiseiki rōdō to ‘tayō na seishain’ “.