

LABOR DYNAMICS

Major workforce disruptions looming over Japan

Baby boomers, women and foreigners will all have to play key roles to ward off disaster

By ERIC PRIDEAUX

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To mark the new year, The Japan Times is running a series of articles highlighting ways in which the country is breaking from long-accepted norms to adjust its workforce to the challenges of an aging society -- and in doing so, changing the cultural face of Japan itself.

In earthquake-prone Japan, wondering when a tectonic shift will unleash mass disruption is an unavoidable fact of life.

When that happens is anybody's guess. What is certain, though, is that this year, Japan will experience a different kind of disruptive shift sure to send tremors through every level of society. Come spring, the first of Japan's 6.8 million baby boomers -- born between 1947 and 1949 -- will begin to retire.

The exodus of so many baby boomers from the workforce will leave employers scrambling to mitigate the loss of a giant pool of experienced workers. With a declining birthrate and lukewarm economic growth, the task won't be easy.

The "Year 2007 Problem" may well be a harbinger of tough times to come, as elderly Japanese are supported by an ever-shrinking



Widower Shigeyoshi Asai, 80, chats with home-care provider Naoko Watabe, 62, of the 15,000-member Yokohama City Silver Personnel Center, during her weekly visit to cook, clean and offer him much-welcome company. ERIC PRIDEAUX PHOTO

number of younger citizens. With 21 percent of the population aged 65 or above, Japan is already the "oldest" country in the world. And a forecast released late last month by the government-affiliated National Institute of Social Security Research predicted that a continued birthrate drop will double that ratio by 2055.

Those of working age, 15 to 64 years old, will comprise 51.1 percent of the total, from 65.5 percent now, the study says.

To ease the strain, experts say Japan must simultaneously pull off a dizzying array of feats: Encourage seniors to work longer; coax couples to reproduce; better integrate women into the labor force and considerably loosen restrictions on immigration. Failing to do this, they say, will have dire consequences.

"Japan's labor force would of course dwindle, and this could dampen economic growth," said Atsushi Seike, a professor of labor economics in the faculty of business and commerce at Keio University in Tokyo. "And if there are fewer workers, it may become difficult to maintain social guarantees such as pension insurance. At the very least, the desire to work, among the many seniors and women who want to do so, must not go to waste."

Retired civil servant and widower Shigeyoshi Asai, 80, couldn't agree more. The Kanagawa Prefecture resident receives three-hour visits every Thursday from Naoko Watabe, 62, a retired office worker and member of the 15,000-member Yokohama City Silver Personnel Center -- a city-affiliated organization that matches retirees eager to provide such paid services as office work, light gardening and housework support for yet older people like Asai.

"She cooks better than a restaurant chef, which is why I spend all week looking forward to Thursday," Asai gushed.

Part of a giant nationwide network of job-matching centers for seniors, the organization provides income for seniors while -- research shows -- boosting their physical and mental health with the stimulation that social engagement provides.

"Bringing joy to others brings joy to me," Watabe, a mother of two, said while chopping vegetables for Asai's dinner.

Whether voluntarily or not, many more Japanese will find themselves working longer due to the 2004 revision to the Law Concerning the Stabilization of Employment of Older Workers, which requires companies to gradually raise their mandatory retirement age to 65 by fiscal 2013. If everything goes as planned,

not all 60-year-old baby boomers will have to retire this year.

Though many elderly Japanese want to work -- or, for lack of resources, have to -- past 60, not everyone wants to put off retirement. That notwithstanding, from the viewpoint of policymakers, the law is needed to help seniors help themselves.

"A labor market allowing people to work until 65 is essential if seniors are to act as pillars of society," the Health, Labor and Welfare Ministry wrote in a 2004 policy statement.

Ratcheting up the mandatory retirement age, of course, will only go so far in addressing the demographic crisis. Experts say effective policy must encourage Japanese to be fruitful and multiply.

Despite many policy efforts over the years, the birthrate in 2005 fell to an all-time low of 1.26 -- far short of the 2.08 that experts say is required to maintain the population. Meanwhile, men and women are marrying late and even then holding off on having children.

Policymakers readily admit that shortcomings in social programs contribute to this situation. A health ministry white paper published in 2006 ticked off a list of ways it said the country has failed in attempts to aid nest-building.

"Efforts to rethink our work ethic have stalled and long working hours remain the norm; even today, children wait to be admitted to day care, and sufficient support for child-rearing cannot be said to exist; young people struggle in vain to acquire social and economic independence and start families," it said.

Still, in recent years there have been signs of change even within the most hidebound quarters.

The Japan Business Federation (Nippon Keidanren), for its part, has made the "introduction of diverse working styles" and "creation of an environment allowing people to both work and rear children" priorities in its blueprint for a revitalized Japan.

And the government has stepped up efforts in the past two years with its own initiatives, paramount among them the Law for Measures to Support the Development of the Next Generation, which went into effect in April 2005 and placed increased pressure on local governments to help families raising kids.

According to the health ministry, almost all local governments have drawn up mandated action plans. Actual results so far are spotty, and many working women still complain of inadequate services.

One bright spot, though, is in Minato Ward, Tokyo. There, parents are hailing the Himawari Day Nursery, which cares for sick children between 6 months and 6 years of age during working hours.

After being seen by Dr. Takio Toyoura, youngsters are cared for by nurses in immaculate rooms separated according to ailment. There may be one for the common cold, a second for chicken pox, a third for norovirus.

State-of-the-art air filters in each room prevent kids from contaminating each other across the folding doors. The one-day fee is an affordable 2,000 yen plus 500 yen for lunch.

The clinic's maximum capacity of six children means that when temperatures fall and kids' noses run, competition can grow fierce among the thousand or so parents registered to use the facility. But it's a start.

"Working people, struggling single mothers, if they can't get to work, they're put in a terrible fix," Toyoura said. "I'm happy that I can spare them from having to worry about the child."

But such well-intended efforts will not be enough to keep Japan up and running, judging by a much-discussed report published in 2000 by the U.N. Population Division titled "Replacement Migration: Is it a Solution to Declining and Aging Populations?"

According to the study, if Japan is to maintain the size of its population at a level of 127.5 million, "the country would need 17 million net immigrants up to the year 2050, or an average of 381,000 immigrants per year between 2005 and 2050. By 2050, the immigrants and their descendants would total 22.5 million and comprise 17.7 percent of the total population of the country."

The study went on to say that keeping the ratio of workers to retirees at its 1995 level of almost five to one would require Japan to allow in an average of 10 million immigrants a year -- bringing the entire population to 818 million in 2050, with 87 percent of that total comprised of recent immigrants and their descendants.

Clearly, both scenarios are purely theoretical, as they would run starkly counter to a restrictive immigration policy that kept the 2005 portion of registered immigrants among the total population at just 1.57 percent.

That said, more foreigners are arriving -- albeit in modest numbers -

- and with the quiet blessing of industry leaders, government officials and politicians who acknowledge a need for new arrivals in information technology and medical services.

Indeed, starting this year, as many as 500 nurses and caregivers are expected to arrive annually from the Philippines thanks to a 2006 free-trade agreement. They will join a growing contingent of engineers, particularly from other parts of Asia.

Just how much impact the new faces from abroad have on Japanese culture is up to debate. Experts, for their part, disagree on how big a role immigration should play in preventing a demographic meltdown, with some arguing that working seniors and women will do much to alleviate the problem.

Whatever the case, few doubt that the country can afford not to enlist seniors, engage women and invite people from abroad -- whether a trickle or a flood -- to find the answer.

"Without doing all these things," 80-year-old Asai said just before eating his dinner, "Japan will cease to exist."

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