

## 第5章 “German and Japanese labor market in the era of globalization”

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「グローバル化の時代におけるドイツと日本の労働市場」

### Summery;

One important character of the labor market of both countries was the coexistence of the regular workers in the core industry and the irregular workers in the periphery industries. The regular workers of the key industries and governments offices were under life time employment and seniority system. They were protected by the employment law. On the other hand, the irregular workers of the marginal or periphery sectors had not enjoyed those systems and were not protected by such protecting employment law. We have relatively big sectors of small and middle enterprises such as groceries, clothing and parts maker for the car and the electric industries in Japan and these sectors employed many irregular workers.

As the globalization after 1990 compelled the competition among the enterprises of each country, they had to reduce the cost of their companies. Therefor they intended to reduce the regular workers and increase the irregular workers. Each government promoted this tendency and did ease restriction of the labor market. In Germany the Prime Minister G.Schroeder announced “Agenda 2010” and began the Hartz Reform in 2002. This reform involves ease restriction of employment law and some reduction of Social security. In Japan the Workers Dispatch Law were changed from 1990 several times and the enterprises could easily dispatch the regular workers and employ more irregular workers such as dispatched workers, contract workers and part-timer. In 2006 the enterprises of manufacturing could employ the dispatched workers and so the one third of workers of manufacturing became the irregular workers specially the dispatched workers. But these dispatched workers were not protected by employment law and the basic social security. So when the international financial crisis attacked the industries in September of 2008, they were laid off and became often home less under worse social security. There is a difference between Germany and Japan on the evaluation of the dispatched worker. In Germany they think this worker as a bridge

from irregular worker to regular worker. But in Japan they think this worker as irregular worker and it is difficult for him to become a regular worker.

In this paper we would like to discuss at first the parallel development of Germany and Japanese labor market, second to explain the Hartz Reform in Germany and Japanese deregulation of the dispatched worker law and compare both reforms, at last to think about the problems of the irregular worker through comparing the Germany and Japanese labor market.

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### **1. Points at issue**

In this paper, I would like to compare the German and the Japanese labor market. I would like to make clear the features of labor market of both countries and dispute the problems those both countries are confronted with.

Naturally there are some differences between German and Japanese labor market. In Japan, they employ new laborers or business stuffs at each year from the new graduates of the high school or the university. And they educate these workers by vocational education of their company or by TOB(Training on Job). As they educate the laborer or stuff by themselves, they employ these workers for lifetime. So called Japanese cooperate governance was formed already before the Second World War in the companies of big business and the official sector. But especially in the period of high economic growth (1960~1970), this Japanese corporate governance spread in the big companies of manufacture and business.

But Japanese economy has a special dual structure. Beside the big business, there are many small companies those supply the big company some parts of the finished articles (for example television or car) or supply consumers many different goods such as clothes and food. As these small companies are too many and the competition of these is also hard, the fluidity of labor market is greater than big business. So Japanese labor market has a special dual stratus. Upper stratus is modern and has a feature of lifetime employment and the seniority based salary.

But the laborer in the under stratus immigrate quite often from one company to another company according to the economic situation. So the company in this stratus has not always such features of Japanese cooperate governance.

Now how is in German labor market? What kind of features has German labor market? There is no habit in Germany that any company employ new laborer or staff in sum from the new graduated student. The German company recruit the necessary laborer or staff from the open labor market through showing the necessary skill and qualification, when it needs new laborer or staff. Therefore the recruit of laborer or staff by company is influenced by the business trend and the company's investment policy. The recruited laborer or staff is treated as enough work capacity and needs no more education by the company. There are educational systems in Germany those can educate such laborer or staff such as traditional artisan educational system or dual system in the real school or the high school for polytechnics, which combines theoretical knowledge and practical experience. The feature of the German labor market is therefore very fluid and liquid.

There are but similarities between Japanese and German labor market. We have to pay attention the similarity or common point of both labour markets. For example the core laborer or staff is strongly protected by the employment law. The employee of German company are protected by labor law and also social security system such as unemployment insurance, employees' accident compensation insurance, sickness insurance and pension system. Japanese employees are also protected by labor law and such social protection system. In Japan especially in big business and official sector, the worker and staff are protected by lifetime employment and seniority-based salary. In this case, if the employment agreement is once connected, the worker is employed indefinitely. The core worker or staff of both countries are so called typical worker or regular worker. But beside the typical worker in the big company and official sector, there are also many atypical or irregular worker in both countries. There are two labor market in both countries namely a basic and main labor market and a peripheral and marginal labor market. The latter of the Germany is the on-site worker by the foreign peoples and of the Japan is the worker of the middle and small company. These middle and small business were formed from the Meiji Restoration and were slowly incorporated into the big business and supplemented big business such as electronic industry or car industry. These middle and small business exist also in the different industry such as the food industry, the textile industry, the apparel industry. The labor market of the middle and small business in these industries is very fluid. The immigration of laborer is fluid. The features of this labor market are the frequent

buying and selling of labor force and the short-time employment term.

Therefore the important common feature of Japanese and German labor market is the co-existence of the typical or regular employment in core labor market and the atypical or irregular employment in the peripheral or marginal labor market. After the Second World War, especially in the period of high economic growth both countries had such dual stratus of labor market. But after 1970 in Germany and after 1980 in Japan, especially from 1990er, in the globalization of the world economy, the labor market of both countries have changed greatly. The important change is made also in the core labor market. That is the deregulation of dismissal regulation and the substitution of the typical or regular worker by the atypical or irregular worker. The Hartz Reform by Prime Minister Schroeder in Germany and the deregulation of dismissal regulation from 1990 till 2004 in Japan means great change of labor market of both countries.

## **2. German and Japanese labor market from 1990er. A parallel development.**

The traditional habits and systems of German and Japanese labor market those we have already explained have revised from 1990er to 2004. The main revision is relaxing or abolishing the many registrations of labor market in both countries. The thought which pushed this trend is naturally so-called Neo Liberalism. But the increasing of this trend was not accidental but had a historical background. Namely in Germany, the aggravation of states budget through increasing cost from the unification of west and east Germany and the globalization of world economy caused by the transformation of old socialistic economies into market economy and the integration of Asian, African and South American countries into the world economy forced German government to the deregulation of the labor market and reduction of social security costs. In Japan, the long time stagnation namely the so-called “Heisei Great Depression” as a consequence of the breakdown of the bubble economy from 1985 to 1990, and especially the influences of the globalization caused from the rapid economic development of developing countries such as China, Chorea and Taiwan forced Japanese government to deregulate the labor market registration together with other deregulation of many fields. Now we would like to explain more exactly these circumstances. At first we examine the transition of German labor market. I would like to explain this process according to (Eichhorst/Marx,2009).

The transformation of German employment system has begun from 1980er to earlier 1990er. But the core systems of labor market such as social security, registration on dismiss, and collective bargaining have not changed a short while. However from the middle of 1990er, the deficits of the labor market are recognized. The adjustment and

integration of social security and the partial deregistration of labor market were disputed from this time. At 1996 namely the last stage of CDU/Liberal coalition government, the scale of companies those the rule of regulating dismisses has to be applied to, from ten employees to five employees. And the part-time workers who work short time of a week had been employed very often in the services of private and labor-intensive industry. So the atypical (irregular) laborer had been employed gradually. But the social security, positive labor policy and protection of employment applied to the typical (regular) employee did not changed.

In the first period of the Schroeder government (1998-2001), the flexibility of labor market is restricted again. The reregulation of irregular employment was disputed under the SPD/Gruene government. The change of government from the CDU/liberal to the SPD/Gruene caused from the opposition to the reduction of social security and employment-protection of the former government. At 1995, employment restriction against small company under five employees was recovered. Definite employment contract is restricted to the first employment by law. In this period, the flexibility of wages and its validity were the important point of dispute.

In the second period of the Schroeder government (2002-2005), “ the Hartz Reform and Agenda 2010” was its feature. The economic depression from 2001 caused paradigm change on the labor market and social policy and brought new reform for deregulation of these fields. The package of Hartz Reform involved introduction of more severe system for job-seeking, more severe condition of supplying unemployment money, and short term re-integration of the unemployed to labor market. The receiving term of unemployment money for old worker was reduced from 32 months to 18months. The unemployment allowance and the welfare benefits were integrated into the unemployment money II. , which forced the unemployed to seek for new job. Further the mini-job was introduced. Mini-job enabled the unemployed to accept low time-wage.

SPD/Gruene government liberalized other type of irregular employment in the process of Hartz reform. The first age that definite contract of employment could be renewed was reduced from 58er to 52er. And the new found enterprise was allowed to use definite contract of employment while four years. At 2003, the provision of subcontracted worker in the building sector was abolished. The subcontracted worker is considered as method of integration of the unemployed into labor market. The other elements of the Hartz Reform are enlargement of financial assistance for the new grounded enterprise and the abolition of Meister certification in many small- scale handicraft businesses. The government wished to assist more handicraft companies, in order to help the unemployed

In this second period, the legal reform on labor market by the SPD/Gruene government caused great deregulation in the peripheral part of labor market and brought high flexibility in this peripheral labor market such as employee sent from a temp agency, self-employment and low wage laborer. In other hand, in the core part of labor market, the decision of labor conditions through collective bargaining was weakened and many employees became to work at the different conditions from the conditions by collective bargaining.

The Hartz Reform weakened the power of SPD and consequently the CDU/CSU won a victory as consequence of the national selection at 2005. The CDU/SPD government under Merkel was formed. In the period of 2005-2009, this coalition government took a prudent behavior. The increase of retirement age from 65 to 68 was the last cost cut problem after the Hartz Reform. The thought of deregulation in CDU retired and the policy debate has become interested in stock problem and social justice and aimed at re-stabilization of social security and introduction of minimum wage system in the peripheral labor market. At first the unemployment allowance for old worker enlarged again from 18 months to 24 months. Second, the new method of providing the long-term unemployed with a job by a subsidy was introduced. At last, the minimum wage system became firstly a point of issue known in the German policy debate. As Trade union and SPD have promoted the general system for minimum wage, but CDU opposed this system, so the wage agreement in particular sector such as service sector (laundry, postal service and a temporary personal service) has enlarged.

But recently, entrepreneur and policy maker take another policy namely short-work (Kurzarbeit) or partial unemployment. In this case, entrepreneur pays a part of wage and government gives subsidiary for other part of wage. So worker gets a full wage and the entrepreneur don't pay full wage. The social security enables this method. The term of the short-time allowance supplied by government was enlarged from 16 months to 18 months while 2009 to 2010. Short-time work is used mainly by export-oriented industry. In this sector, the entrepreneur diminished use of the dispatched worker but increased use of short-time worker. As a result, the reaction of labor market to the economic crisis is two way. The core part of labor market was stable, but the peripheral part of it became more flexible.

How is the German labor market? Although the share of atypical worker increased at the cost of decrease of the typical workers, the number and share of the typical worker is relatively stable. But the flexible employment contracts such as dispatched worker, definite contract of employment and self employment were enlarged. And this situation gives the service industries new chance. In the core part of labor market, also

labor market became more flexible. Labor time became flexible and typical workers arranges their working time each other.

Now how was the Japanese labor market? How the labor market policy did changed from 1990er to today?

In Japan, the bubble economy from 1985 till to 1990 crashed at 1991 and the serious depression continued over ten years. They said “Heisei Great Depression”. Big bank such as Long-term Credit Bank and big securities firm such as Yamaichi securities firm went to bankruptcy and the many banks those had much bad loans decrease their financing and as a result many small and middle companies came to deadlock from their shortage of a revolving fund. As a result, entrepreneurs went bankrupt or dismissed their employees or responded to decrease employment of the new graduates. Why did this situation happen and how did the labor policy change? We can answer this question through introducing the concept of globalization. From 1990er especially the world economy has grown and each country became connected each other. The unification of two German states, the transformation of the socialist countries from planned economy to market economy and the rapid economic development of the Asian and the South American countries caused such globalization of the economy. The important consequent of this globalization of economy is rapid intensification of international competition of each economy. As a result of globalization of world economy, each company has to compete with companies of other countries. And in the competition of companies, the price of goods is important. Even the companies of the developed countries those have best productivity must cut their personnel expenses, because the companies of the developing countries can use cheaper laborer and so have more competitive capacity. The deregulation of labor market caused from this situation and aims at getting the more competitive capacity thorough diminishing the personnel cost of their company.

The changes of labor market as a result of the breakdown of bubble economy and globalization causes the changes of company’s demand to workers. Enterprises recruit the voluntary retirement and diminish employment of new college graduates. As it is difficult to dismiss the middle-aged and the elderly in Japan where the lifetime employment is customized, enterprises trend to employ not regular worker but irregular workers. As a result, the irregular workers such as part-time worker, short-time worker, contractor and dispatched worker were employed more and more. Deregulation of employment regulation law developed already. The law for the dispatched workers had revised several times from 1986. At first, this law was revised by enlarging the number of categories of business those they could send the dispatched workers. Firstly only four

categories of business were admitted, but gradually this number increased and at last to 28 categories of business. Prime Minister Koizumi as neoliberals enabled the manufacturing industry to accept the dispatched workers. As a result, from 2002 to 2008, the 30% of all employees became the atypical workers in the electronic industry and the car industry. And the increasing of such atypical workers was not accompanied by the appropriate social securities. So when the American financial crisis happened at the September 2008 and influenced on the world economy, Japanese economy also went to serious depression. In this time, they dismissed many dispatched workers. But as these dismissed employees were not enough protected by social securities, their situation was much terrible. Many dismissed workers could not gain sufficient unemployment insurance and some of them became homeless.

Now the Japanese government responded the Heisei Great Depression through carrying out the Keynesian Policies aiming at recovery of recession. For example, they invested in the social infrastructures such as the enlarging of Shinkansen railway, promoting the great bridge between Honshu-Ireland and Shikoku-Ireland, enlarging highway network. They trusted that through these investments the depression could be recovered and the unemployment problem could be resolved. But these policies could not resolve it and the rate of unemployment did not fall and the bad loan of banks did not decrease. At last the Prime Minister Koizumi took the policy of deregulation of economic systems on the base of neoliberal theory. He promoted deregulation of financial system and labor market on the base of market discipline. He promoted privatization of post system and revised the law for the dispatched worker at 2003, though this revision they can send the dispatched workers to the manufacturing industry. As a result, till 2008, the enterprises of the manufacturing industry could employ the dispatched workers. As I have stated, the 30% of all employees of the companies became the irregular workers.

After we have observed the German and Japanese labor market from 1990 to today, we found some similarities between both countries. At first, the employment of big business, public sector and government office is based on life time employed typical workers. But in these core part of labor market and also in peripheral part of it, employment of atypical (irregular) workers increased from 1990er. Second, the background of this change is the globalization that developed from 1990. As I stated already, this globalization was brought about by the rapid economic development of developing countries in Asia, Africa and South America and also the transformation of Soviet Union and East European countries from socialist planned economy to market economy and reintegration into world economy. The price competition in international

trade forced enterprises of each country to cut off their personnel expenses. Third, as a consequence, the thought of deregulation of old protective rule in economic system prevailed. At the same time the privatization of old state owned industry such as railway, post and telecommunication developed. Neoliberals and the third way of the social democracy gave the ground of this deregulation of labor market and the privatization of state owned company.

Now we would like to observe and compare the Hartz Reform in Germany and the labor market reformation in Japan.( Bass,2009)

### **3. Hartz Refor and Japanese labor market reformation**

Hartz Reform by the Prime Minister Schroeder aimed at reforming the German labor market from the view point of positive labor policy. He wished to resolve the high unemployment rate of Germany. On the other hand, the deregulation of Japanese employment law as a part of neoliberal reform by the Prime Minister Koizumi caused from the struggle against the globalization and its consequences such as aggravation of international competition. As a result of his deregulation of labor market, Japanese big business could employ many atypical workers instead of the regular workers. But that reform had not companied the appropriate reform of social securities. So in the occasion of the great economic depression after 2008 brought by the American financial crisis, the unemployed atypical workers were not enough protected by the social security. Many of them became homeless while short time. The atypical worker, especially the dispatched worker of the manufacturing sector were suddenly dismissed and they lost not only their wage, but also their accommodation. As they had not pay the unemployment insurance while enough period, they were not paid an unemployment allowance. Even if Germany and Japan had similarity in the point of increasing the atypical workers, the labor condition and the social securities for the irregular worker were different between both countries. We would like to consider this point more exactly.

The Prime Minister Schroeder tried to strengthen regulation to employment law while his first government (1998-2002) again. But at the end of the first term, he could not diminish the unemployment rate. So he formulated positive labor policy under the influence of “the third way” proposed by English Prime Minister Tony Blair at the beginning of his second government (2002-2005). It was the Hartz Reform on the base of proposes of Hartz committee and “Agenda 2010”. As I analyzed this reform in another thesis, I would like here to summarize this reform. At first, it planned to reorganize the old organization for employment to the new organization named “Job center” which

speed up introduction of occupation and expand opportunities to send the dispatched worker. Second, it planned to give subsidiary to the independent business named “Ich Gesellschaft (I company)” and “Familie Gesellschaft (the family company)” in order to promote its establishment. The reform introduced also the low wage employment system named “mini job”. The third, it deregulated employment laws, shortened the term of unemployment benefits and grounded the new system named “Arbeitslosengeld II (unemployment -benefits second)” that jointed two old system namely unemployment insurance and social welfare.

This reform based on the point of view that the employment problem mainly influenced by market mechanism should be improved by the positive interference of the government. The newly organized job center accelerates introduction of vocations, strengthens job training and sends the dispatched worker to the companies cooperating with the temporary employment agency. The government tries to improve the unemployment problem through these methods. To facilitate grounding the independent business by the subsidiary of government aims to increase the workplace outside of the big business. The cut of social security's, especially the newly adopted methods such as reduction of the term of receiving unemployment allowance and the reduction of the unemployment allowance when the unemployed refuge the new job introduced by job center aims at reducing the voluntary unemployment (according to Keynes it means unemployment without compulsory conditions). So the Hartz Reform aims at prompting the unemployed and the recipient of welfare benefits to work.

Now how did Japan deregulate the employment law and labor market in the period of globalization?

The Labor Standard Law that was established direct after the Second World War and the most important labor law in Japan was firstly revised at September 1987. This was revised in order to deregulate the regulation of labor hours. According to Prof.Yanagisawa, its contents are the change of the legal labor hours (48 hours) into 40hours, introduction of flex time system, increase of annual holidays, the establishment of system of holiday's planning and consideration of labor hours outside company as labor hours in company. (Yanagisawa, 2008, 88-89). From 2003, labor laws on the labor hours of the white color were reexamined.

Now if we would like to compare German labor market and Japanese labor market, it would be indispensable to pay attention to the relation between typical worker and atypical works. As I have stated already, one important problem of labor market in both countries was the increase of employment of atypical worker especially the dispatched worker. Hartz reform aimed at reducing unemployment rate and for this purpose it

reorganized the governmental office for employment. The new organization was named as “Job center” and this organization sent the unemployed as the dispatched worker to company cooperating with the human resources dispatch company (temp company). And this dispatched worker should become typical worker after definite period. So the dispatched worker was considered as a bridge to the regular worker.

Now how was Japanese case? Part time worker (named Part timer or Arbeit) is the greatest ratio of Japanese atypical worker and its bearer are mainly house women and student. The second great atypical worker is the contract worker whom a definite company accepted from the contract company. This contract worker worked in the accepted company under the control of the contract company, because the employment relation doesn't exist between the accepted company and the contract worker, but the contract company and the contract worker. The third great atypical worker is the dispatched worker whom the definite company accepts the temporary personnel company. The dispatched worker has no employment relation to the accepted company but works under the control of this company. In this point, the contract worker and the dispatched worker are different. There is also another atypical worker named the term worker in the company. This term worker is employed directly by the definite company and works under the control of this company. So there are many categories of the atypical worker. Now where is the difference between typical worker and atypical worker? The regular worker's employment contract is indefinite and he can work in his lifetime. He enjoys the benefits of social security system presented by the state or the company. But the atypical worker cannot enjoy such benefits. Both in labor condition such as wages and in social security such as unemployment benefits, the typical worker and the atypical worker are different.

Now here I would like to consider Japanese circumstances of the dispatched worker. At first, here I follow the transition of the Worker Dispatching Act. Japanese worker dispatching act was established in 1985, which prescribed 16 businesses to those the temp company could send the dispatched worker. Later in 1996 the number of such businesses was enlarged to 26 businesses. These businesses were considered as professional businesses. In this case, the act prescribed the businesses to those they could send the dispatched worker. But in 1999, the worker dispatching law were revised and abolished the restriction of the businesses to those they could send the dispatched worker, except for the manufacturing industry. Therefore in this revision, the worker dispatching act prescribed the negative list of businesses to those they could not send the dispatched workers. But in the businesses out of 26 businesses, it was prescribed that the dispatched period should be within one year.

In 2003 the act was revised and the employment placement dispatching was put into force. Through this revision, the dispatched worker could be employed as typical worker by the dispatch company later. Further some businesses relating to medical treatment and manufacturing were liberalized and so these businesses were excluded from the negative list.(Yanagisawa,2008,91-92). The revision of the act in this time aimed to enlarge the number of businesses for dispatching workers and also to concern growing of typical workers through introduction of employment placement dispatching.

The revision of the worker dispatching Law in 2003 enabled the dispatch company to send dispatched worker to the manufacturing industry. From 2004, the manufacturing industry could use the dispatched worker. As a consequence of this revision, the number of the dispatched worker of Japan increased very rapidly. The number of the dispatched worker was 2,130,000 in 2002, but in 2006 it increased to 3,210,000 and further at the just before of the international financial crisis it was 3,810,000. In the manufacturing industry, especially in car industry and electronic industry, the 30 percent of all employees was the atypical (irregular) worker and the core of it was the dispatched worker. But while the amount of export of both industries decreased to 40-50 % by the influence of the depression of the world economy, the companies of these industries dismissed almost all dispatched worker. As a result, those dispatched workers fell into the miserable situation, because they could not enjoy the social security by government and enterprises.

#### **4 . Problem on the atypical worker in the labor market and the policy against this issue**

At first, I would like to consider the causes of increase of atypical worker from 1990. One cause is the rapid development of globalization. Globalization increased the international competition among each nation, because more nations were involved into each other and further international trade, capital transfer and migration of labor were prompted. The increase of international competition forced each enterprise of each country to innovate their business especially to cut off the personnel cost. The companies of the developed countries tried to cut off the productive cost especially personnel cost in their own countries, or tried to transfer their enterprises into developing countries as to use the low productive cost such as cheaper labor. This caused to rapid increasing of employment of atypical (irregular) worker. This is the element of demand side of labor market.

Now how was the supply side of the labor market? There were also some elements of supply side of labor market those brought out the employment of atypical worker. Those are the low birth rate and the aging of society those are observed in most

developed countries generally. These elements caused to immigration of foreign peoples into the developed countries and the increase of women workers. Foreign worker and female worker increase supply of labor market. They wish to work as typical (regular) worker. But if the economic circumstances are worse from the bad effects of globalization, they have to work as the irregular worker. This is supply side cause of increase of employment of the atypical worker. The young men and women as element of supply side of labor market have various needs for their work and wish flexibility of work especially working time. There is also another cause for growing of atypical labor which comes from the basic economic change. As the productivity of the first and second industry advanced by introduction of automation, development of robot and Information technique, so the third industry namely service sector, information and communication sector and financial sector increased comparing with the first and second industry. The companies of these third industry employed more atypical laborer than the first and second industries. Because the labor conditions of these industries are decided through the collective bargaining that is institutionalized and protected by state, the typical laborer protests to increase atypical laborer and maintain the Japanese corporate governance (life-time employment etc.). But in the third industries the grounded companies are relative new and are not bound to old rule. Especially in the new emerging industry such as information technique and communication industry, the companies of these industries were small and trade union was not organized in the beginning. So the employment of atypical laborer is more in these industries than in the first and second industries.

Then I would like to consider the actual circumstances of German and Japanese atypical laborer.

At first, I treat German atypical laborer. According to the definition by the Federal Statistics Bureau of Germany, regular worker is defined as (1) full-time work, (2) indefinite employment, (3) being protected by the social security such as unemployment insurance, sickness insurance, (4) sameness between labor relation and using relation, (5) compliant obligation of employee to employer etc. And the atypical worker is the employee without these characters. The first type of atypical worker is "mini job" that is employment under 400 Euro pro months, or short term employment under 2 month or 50days. The second type is "part time worker" that works fewer working weeks than full time working worker based on wage contract.

According to "Part time Worker and Definite term Contract Employment Act" of Germany, the equal treatment of wages etc. is guaranteed for part time worker. In the case of definite term employment, the definite of employment term have to be justified

by the objective reason. At last, it is prescribed legally in “Worker Dispatching Act” (1972) on the dispatched worker. The acknowledged dispatch term is three months. Later it was enlarged to 6 months, 12 months, 24 months and finally was abolished. But it is important that the labor condition of the dispatched worker is required to the equal treatment to the typical worker.

Now I would like to observe the transition of atypical labor in Germany. Part time worker increase regardless of business cycle and it amounted to over 26 % in 2008. Mini job was introduced by Hartz IV and amounted to 14%. The ratio of definite term worker continued constantly about 10%. The ratio of dispatched worker is lower level as 2.3%. But the job center organized by Hartz Reform tried to arrange re-employment for the unemployed in corporate with dispatch company. As a result it is existed always the dispatched worker. The number of dispatched worker was 800,000 in June,2008. But the number decreased about 30% and 520,000 till May 2009. In Japan also the dispatched worker decreased suddenly after the international financial crisis in September 2008.

Now how changed Japanese atypical worker employment, especially dispatched worker?

According to the researching report of JIL (Japanese Institute for Labor policy and Labor Training, 2006a), atypical employee increased from 1980 and the number of it 16,370,000 in 2003 and the ratio of it against all employee was 34.6%. The ratio of the contracted worker against all workers increased in all industries from 1994 to 2003. Especially it increased highly in real estate business, service industry, transport industry, and manufacturing industry. The ratio of dispatched worker increased in all industries, but especially in information and communication industry. The ratio of part time worker increased in transportation industry, wholesale and retail business, finance and insurance industry, real estate business, and service industry. In 2003, the ratio of part time worker was most high in restaurant business and wholesale and retail business.

Further, according to report of JIL (JIL,2010a) the ratio of typical worker decreased from 65.4% in 2003 to 62.2% in 2007 and so the ratio of atypical worker increased accordingly. The ratio of dispatched worker against all atypical workers increased from 2.1% to 4.7% and the ratio of contract worker increased from 2.4% to 2.8%. In this period (2003-2007) the dispatched worker increased in many industries. But especially, the ratio of it in the manufacturing industry increased 2% in 2003 to 9,8% in 2007. The cause of this rapid increase was the revision of the Worker Dispatching Act in 2003 that approved the dispatched worker employment in manufacturing industry legally.

But the sudden occurrence of international financial crisis in September, 2008 changed the circumstances around the dispatched worker. According to the report of JIL(JIL,2011) while three years after the international financial crisis, atypical employment decreased for tendency out of medicine and welfare business. The cause of this decrease was that the enterprise employed not dispatched worker but contract worker or definite term worker those the enterprise employ directly. And also the enterprises those dismissed dispatched worker was criticized by society because of the serious situation of dismissed dispatched worker after the financial crisis.

There were similarities on the atypical employment between German and Japanese labor market, as I have explained. On the other hand, there was great difference between both countries. In Germany, the equal treatment between typical worker and atypical worker are guaranteed legally. Namely labor conditions such as wages and labor hour and condition of social security are guaranteed by law. Even if the period of employment is different (definite or indefinite), both are treated equally. On the other hand, in Japan atypical worker is discriminated from typical worker. While typical worker enjoys seniority order wage and life time employment, atypical worker cannot enjoy such good labor condition. But while typical workers have to work more hours than legally definite house because of their service work, atypical worker can work short hours and flexibly. Further, as to social security, typical workers are involved into social security system such as unemployment insurance, pension insurance, and medical insurance etc and protected by these system. But atypical worker was not enough involved into such social security system. Afterward the new government under the Democratic Party has tried to revise these defects after 2008.

Secondary, I would like to consider the important revision of Japanese Worker Dispatching Act that was established in 2003 and was enforced in March, 2004. The main points of this revised act are follows. (1) the dispatch acceptance period is extended (from 1year to 3years), (2) dispatch acceptance company (client) must propose direct employment if the dispatch acceptance period is over and it wishes to employ the dispatched worker, (3) the number of businesses those are targeted for dispatch is extended (manufacturing industry, business related to medical treatment). (4) simplification of permission and report procedure, (5) emigration control and illegal employment assistance punishment, (6) some articles on the employment replacement dispatching (clear statement of job offer conditions before dispatching or while dispatching, clear statement of the reason why the dispatch acceptance company does not employ the dispatched worker as direct employment), (8) securing of safe hygiene for dispatched worker, (9) simplification of procedures by responsible person acting for

dispatch undertaking, (10) the measures those human resource dispatching company and dispatch acceptance company should take (prompting application of labor and social security, considering the balance between typical worker and atypical worker on the welfare benefits in the company, cooperating the education training and ability development for dispatched worker).

Through this revision of Worker Dispatching Act in 2004, sending the dispatched worker to manufacturing business became possible. As a result, the enterprise in manufacturing industry got the merits to employ worker indirectly without employment responsibility and to employ not typical worker but atypical worker with cheaper wage and to adjust employment according to press and slack of business and economic trend. As I stated already, through this deregulation of the Worker Dispatching Act, the employment of dispatched worker in manufacturing industry increased rapidly from 2004 to 2008 and consequently the 30% of all employee became atypical worker.

But in the depression of Japanese economy after the international financial crisis in September, 2008 the enterprises in the manufacturing industry and electronic industry dismissed many dispatched workers and these dismissed dispatched workers fell into serious situation. Since then, public opinion has criticized strongly the deregulation of employment act. The new coalition government (2009- ) under Democratic Party, Social Democratic Party and People's New Party wished to revise the deregulation strategy of the former coalition government (2004-2008) under Prime Minister Koizumi and Liberal Party. The new coalition government (Democratic Party/Social Democratic Party/National New Party) presented a new revision of the Dispatched Worker Act in 2010. So I would like to consider the draft of this reform act.

The important points of this reform act are follows: (1) reinforcement of the business regulation (principle prohibition of the registration type dispatch, principle prohibition of dispatching to the manufacturing service, principle prohibition of daily employment dispatch ),(2) promotion of transformation of dispatched worker to typical worker and reformation of their treatment ( dispatching business operator is obliged to transform dispatched worker into typical worker, dispatching business operator should consider balance between dispatched worker and regular worker of client in deciding the wages of the former, discloser of information on the margin or fee for human resources dispatching company, client should show the dispatched worker the amount of dispatch rate). (3) quick and precise coping for illegal dispatching (when a client accepts the dispatched worker illegally, it is regarded as proposing labor contract with this dispatched worker), (4) the name of act (the name of the new act is “protection of the dispatched worker” and the purpose of this act should be protection of the dispatched

worker and stability of employment). (According to [www.hisamatu-sr.com](http://www.hisamatu-sr.com), 15,8,2011).

On the other hand ,a new Revised Labor Contract Law was decided in 2012 by Japanese Parliament and come into force from April, 2013. The workers who work in definite term work are about 12 million and 30% of this workers work over five years through several renewal of contract. The new Revised Labor Contract Law enables these workers to propose indefinite contract and in this case employer cannot reject this proposal of definite term workers. And the unreasonable labor conditions for the in definite term workers are also forbidden. This new law will be perhaps influenced on discussing the revision of Dispatched Worker Act.

Now I would like to seek some problems on Japanese Dispatching Act. Japanese Dispatching Act was established in 1985 and deregulation of this act continued from 1990 to 2004. At the beginning, the act showed the positive list of 26 professional businesses in which human resource Dispatch Company could send dispatched worker. In 1999 it changed into negative list method. The act enabled all business except construction industry, medical treatment and manufacturing industry to accept the dispatched worker. At last in 2004, enterprise for some businesses of medical treatment and manufacturing industry could use the dispatched worker. As a result, the dispatched worker in the manufacturing industry increased to 30% of all employees. But after the international financial crisis, companies of this industry especially car industry and electronic industry dismissed most dispatched worker. And the outbreak of social problem from this dismiss of dispatched worker (unemployment, homeless, poverty problem etc.) caused more criticism to the deregulation of dispatched labor act. And in 2009, the Reform Act of Worker Dispatching Act was brought to the Diet (the House of Representatives). But because of the election of the House of Council, this Reform Act was withdrawn. But the new Revised Labor Contract Law will effect on the Dispatched Worker Act also. Now after economic situation became better, companies of manufacturing industry employed definite term worker or contract worker instead of dispatched worker.

But afterward, the debate on this reform act was carried out. The important issue was right or wrong on the dispatch in manufacturing industry. On the one hand, they insist the complete prohibition of worker dispatching especially in manufacturing industry and the employment of manufacturing industry should be limited to typical worker. On the other hand, enterprises oppose the prohibition of worker dispatching. Human Resources Dispatch Company regards dispatching to manufacturing industry as growth of business chances. And the clients of manufacturing industry opposed also this prohibition, because they can employ dispatched workers without employment

responsibility, use them with cheaper wages and dismiss easily them in order to adjust economic performance. So there are many opposing opinions on the reform of the Worker Dispatch Act.

Now I would like to compare German and Japanese treatment of dispatched worker and to disclose the defects of Japanese treatment of dispatched worker and to find remedial measures. At the first, German Government (the second Schroeder government) adopted positive labor policy in order to decrease unemployment, as the unemployment rate had continued high while the first Schroeder government. The Federal Employment Agency was reorganized into the Federal Employment Organization (Job Center) which should endeavor to find reemployment for the unemployed in cooperate with some dispatch companies. In this case, Job Center offers the unemployed not only the job as regular worker but also job as irregular worker especially dispatched worker. And the dispatched worker should be converted into regular worker. So dispatched worker is evaluated as bridge from the unemployed to regular (typical) worker. Whereas in Japan, as the treatment of dispatched worker are worse than regular worker in labor conditions and condition of social security, enterprises wish to employ more dispatched worker even if workers wish to find regular employment. In order to solve this contradiction, it should be taken the policy whether dispatched worker is converted into regular worker, or the treatment of dispatched worker should be balanced with that of regular worker. So instead of the prohibition of dispatched worker, measures for this transformation of dispatched worker into typical worker and arrangement for this transformation should be aimed at.

Further, German employment system has a system named “short work (Kurzarbeit)”. In this system, the enterprise pays to a regular worker wage for some days of a week and the local government pays wage for another days. In this measure, the regular worker gets full wage as regular worker. And if shorting the labor hours of this worker enable to employ another new worker, it means enlargement of employment. This system is a sort of work sharing. Further through this system, the unemployment rate can decrease because short work worker (Kurzarbeiter) is not regarded as the unemployed. Japanese labor policy has not such system, but can introduce such system.

At last, the great unemployment rate and much employment of atypical worker is a phenomenon to be seen worldwide and one important cause of this phenomenon is globalization of economy. So this problem should be resolved firstly through national policy, but finally it can be resolved by international countermeasures.