

DETERIORATING CONDITIONS IN THE JAPANESE ECONOMY AND ITS IMPACT ON MIGRANT LABOR

The purpose of this study is to gather already published literature regarding the current economic situation in Japan and how it impacts governmental policies on immigration and foreign workers. This would serve as background material to the ongoing research project of the SVD-JPIC Asia Region and Asia Pacific Mission for Migrants (APMM) on the “ASIA PACIFIC WIDE RESEARCH AND DOCUMENTATION ACTIVITY FOR MIGRANT WORKERS PARTICULARLY IN JAPAN AND SOUTH KOREA”.

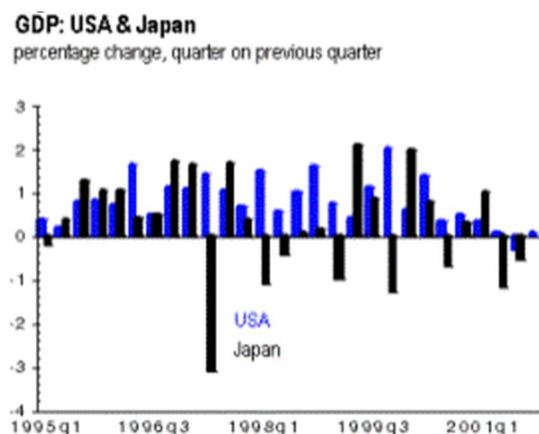
This document is divided into four topics: (1) the present economic conditions in Japan; (2) the trends in immigration policies; (3) immigration control and (4) the trainee system. Previous studies on these aspects have been collated to provide a deeper understanding of the dynamics of economics and migration.

Japan is one of the prominent destinations of overseas workers. However, in most recent years, Japanese society has shown mixed attitudes towards the entry of foreign workers. Aggravated by a prolonged economic crisis, the prospects for immigration become more remote.

As the recession in Japan deepens in 2002, tighter and tougher immigration control and deterioration of migrant workers' rights, welfare and working conditions, especially those undocumented, are expected to become explosive issues.

A. MORE THAN A DECADE OF ECONOMIC INSTABILITY

Japan is considered as one of the three pillars of global capitalism today. The scope of Japan's economy is second only to that of the United States. In 1998, Japan's gross domestic product stood at US\$3 trillion while that of the United States was US\$8.5 trillion.^[1] Currently, its economic position as a competitor in American economic hegemony is very obvious.



Source: National Statistics

http://www.statistics.gov.uk/themes/economy/electronic_articles/iei/japan.asp

Prolonged Economic Downturn

But these pillars are now wobbly and unstable. Japan is in a middle of a grave economic slump brought about by excessive corporate debt, as was the case in the United States during the Great Depression of the 1930s. [2]The Japanese financial system is plagued by a horde of Japanese corporations who cannot pay back their loans. Banks are in no position to infuse more capital to “corporations in distress”. The Japanese government and banks therefore have less money to spend. And with corporations in the brink of bankruptcy, negative growth rates are unavoidable. This well describes the “recession” presently afflicting Japan’s economy.

However, this economic downturn has been prolonged for more than a decade. This has been the result of the shift in economic policies of the economic superpowers in the late 1970s and early 1980s. The Keynesian development model of pump-priming weak economies and corporations through loans and aid, public spending, and raising buying power of people to counter the surplus production in industrialized countries has been replaced by neoliberalism.

The neoliberal model stressed the need to lessen government spending for social services and blames the relatively high wages of workers for inflation. It promoted liberalization (opening-up) of economies, privatization of public assets and deregulation of government’s role in business and the market.

Neoliberalism in Japan has created a short-lived and artificial rise in prices of stocks and land – the so-called bubble economy – and its eventual collapse in 1990. This dampened economic growth and consumer power. In the four years from 1992 to 1995 the growth rate dropped to a low 0.3% -- 1.5%. [3]

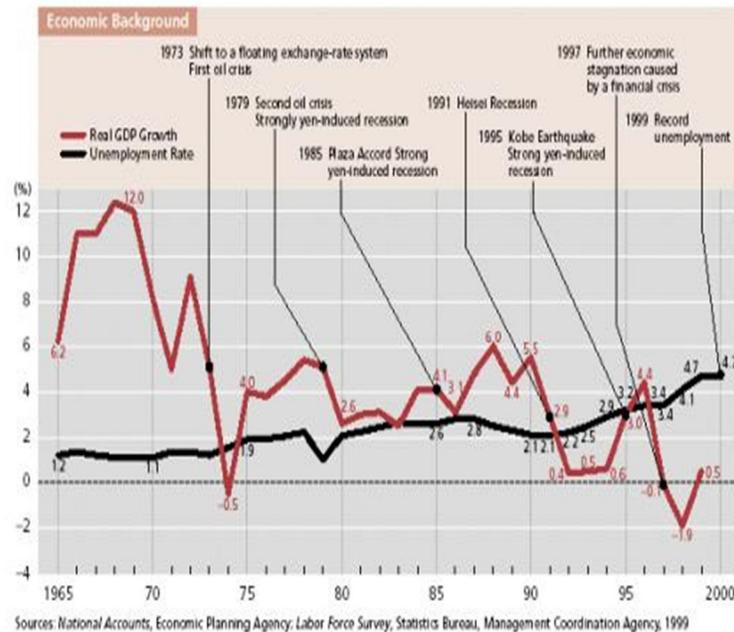
Come 1997, the growth rate plummeted again against the background of the Asian Financial Crisis. The growth rate dropped to 1.4% in 1997 and -2.8% in 1998. The recession cannot be hidden.

The bankruptcy of a succession of financial institutions, led to a consecutive negative growth from the fourth quarter of 1997 to the last quarter of 1998. In 1998, the number of bankruptcies exceeded 16,000 cases. Among the leading financial institutions which declared bankruptcy were Sanyo Securities Co., Hokkaido Takushoku Bank, Yamaichi Securities Co. and Tokuyo City Bank

Again, stock and land prices declined in 1999-2001, thereby aggravating the weakening of corporations and increasing non-performing (bad) loans.

Collapse of the Full Employment Myth

The continued decline in production and profitability by corporations prodded a package of “restructuring” in the business sector. Since 1991, the unemployment rate has continued to increase.



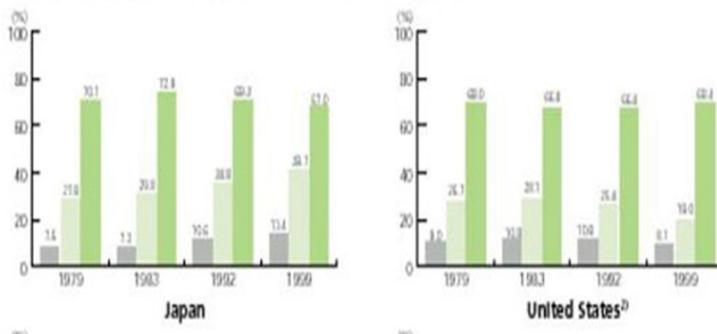
Real GDP Growth and Unemployment Rate

Source:

“Restructuring” meant a change in employment structures – restrictions in overtime, in-house transfers, transfers to affiliated firms, encouragement of voluntary retirement and labor flexibility. More companies are cutting regular employees and instead using temporary dispatch services and temporary contract workers. The trend is an increase in part-time workers. The biggest share in part-time work is borne by women. [\[4\]](#) Look at the following tables:

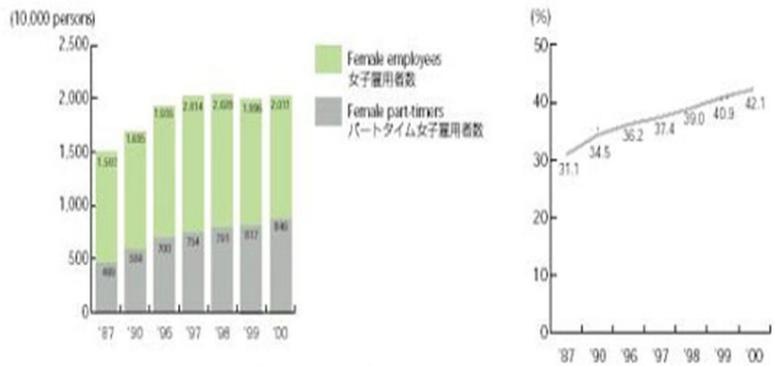
30. Part-Time Workers as a Proportion of Employees¹⁾ in Different Countries

各国の就業者に占めるパートタイマーの比率



Source: OECD Employment Outlook

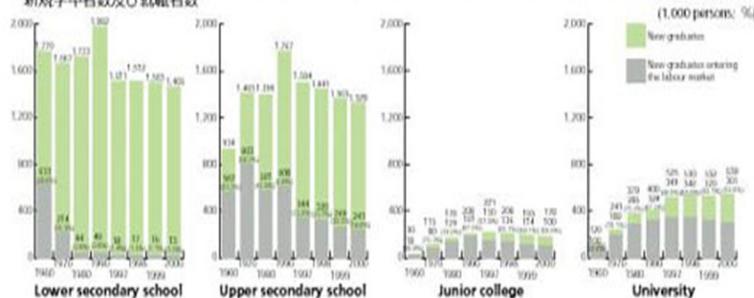
31. Number of Female Part-Time Employees and Their Ratio to the Total Number of Female Employees
 パートタイム女子雇用者数及びその女子雇用者総数に占める割合



Source: Management and Coordination Agency, *Report on the Special Survey of the Labour Force Survey*

The unemployment situation has grown bleaker for young people. Companies are easing the system of recruiting new graduates en masse each spring and instead are taking on new employees as and when necessary. [5]

21. Number of New Graduates and Number of New Graduates Entering the Labour Market
 新規卒業者数及び就職者数



Source: Ministry of Education, *Basic Statistical Survey on School*
 Note: ① Proportion of persons entering the labour market is calculated as follows:
 Proportion = (Persons entering the labour market - Persons working and going to higher grade schools, special training schools, etc.) ÷ Total school leavers.

Other "traditions" in the Japanese employment system have been fading. The so-called "lifetime employment" and "seniority-based wages" are being eased out. A growing number of companies are now basing salaries more on merit than on length of service. New schemes such as "discretionary work system", by which employees as in research and planning staff work at their own discretion and are considered to have worked for a certain time however many hours they put in, are being introduced. So is the "work share system", by which individual contribution to the work is reduced and more than one worker does the same job.

The era of "Japan Inc." [6] -- the promise of lifetime employment, promotions and pay based on seniority, industries acting in collusion rather than competition- is ending, and the economy and labor market are becoming more like those in other industrialized countries. Year-end bonuses, which account for as much as 20 percent to 30 percent of annual income for employees of private firms, were down for the fifth straight year in 2001.

Turn of the Century: Massive Structural Reforms

In 2001, the government introduced wide-ranging structural reforms in the economy and government management. Under the auspices of the International Monetary Fund and the World Trade Organization, the government of Prime Minister Junichiro Koizumi spearheaded neoliberal adjustments.

Yusuke Horiguchi, Director of the Asia Pacific Department of the IMF says that *"For more than a decade, Japan has adjusted too slowly to the forces of globalization, lagging behind in innovation and productivity growth."* [\[7\]](#)

He maintains that *"contrary to the arguments of pumping additional liquidity into the economy, increase government spending and boost wages, thereby increasing demand"* (which are essentially aspects of the Keynesian model), what must be pursued are "structural reforms" (neoliberal prescriptions) in the banking and corporate sectors.

What are the components of these reforms?

| IMF Prescription | What It Really Means |
|---|--|
| undertake complete assessment of the scale of the bad loan problem | Bail out banks in distress because of unpaid loans by bankrupt corporations |
| deep restructuring of distressed companies and the prompt closure of nonviable firms | More Spin-offs and Sweat-shops Massive Lay-off of workers from "bankrupt" companies Lower wages to reduce corporate expense Merging of corporations |
| reduction of public spending reforms of pension and medical care programs | Less budget allotment for social services including education, health, pensions, etc. |
| reduce the role of public enterprises in the economy and improve corporate governance | Privatization of public assets Deregulation Corporate Rule |
| increase labor market flexibility | Loss of Regular Employment More Part-Time/Contractual Workers Loss of Job Security and Union Rights |
| revitalize the real-estate market | Increase Stock and Land Prices |

Source: Crisis Prevention: Time for Japan to Act, International Monetary Fund, September 2001

These neoliberal prescriptions are supposedly meant to address the recession in Japan. However, the results so far have been dismal and disheartening – always at the expense of the working peoples.

Further Recession and Employment Crisis in 2002

The prospects for the Japanese economy in 2002 are very bleak. In no way will this neoliberal agenda bring any relief to the people. Instead, the trend is lower growth and more unemployment.

Such are the trends reported by various think tanks, academicians and research outfits:

- *"As we enter the New Year, Japan's Economy has been experiencing negative growth since the second quarter of 2001 and business sentiment is falling. Many economists have forecasted negative growth for 2002 as well. [8]*
- *"In December 2001, the government forecast that the nation's gross domestic product for fiscal 2002(April 2002-March 2003) would post 0.0% growth in real terms." [9]*
- *"Predictions that view a second consecutive year of negative growth as inevitable have appeared one after another: The Mitsubishi Research Institute forecasts minus 1.0% growth; the Japan Research Institute envisions minus 0.9%; and the Nippon Life Insurance Research Institute and the Nomura Research Research Institute put the figure at minus 0.6%." [10]*
- *"Japan's recession is set to deepen into next year as unemployment rises and demand falters, with a global economic recovery seen as the sole hope for salvation." [11]*

But what are the features of this deeper recession?

1. Continued shrinking profits as a result of falling prices and severe competition from China and other countries make the hope that business can act as a locomotive pulling the economy all the more unrealistic. Investments in plant and equipment will drop sharply this year – by 3.5%. [12] And because of high cost of manufacturing in Japan, production continues to be shifted overseas. According to a summer 2001 survey, the percentage of manufacturers who intend to expand their overseas operations had climbed to 71.6%. [13]
2. Because of increasing overseas production, Japan's trade surplus will shrink. [14] Exports will weaken since many Japanese goods are already exported directly from their overseas counterparts. Dollar earnings from exports are expected to be lower.

3. In the draft budget for fiscal 2002, public-investment-related expenditures, which include both the construction and operation of public facilities, are down 10.7% from the previous year to 9.2525 trillion yen, which will have a big impact on deflation. Housing investments is forecast to decline 1.9% this year. [15] This means that there will be less capacity for government to create jobs for unemployed and to bail out problematic corporations. Investments are down.
4. With the unemployment rate rising, people's attitude toward personal consumption will continue to worsen. Consumer spending has already tumbled 1.7 % in the three months to September 2001. [16] This weak private sector demand will push down real growth by 0.5%

But what is possibly the biggest tragedy brought of this deeper recession is the worsening unemployment and depression of wages in Japan.

In December 2001, the unemployment rate reached an all time high of 5.6% but the reality is worse. Among people 15 years of age or older, those who are out of work are not actively searching for a new job are not counted as part of the labor force or as unemployed. This “non-workforce population” began growing conspicuously around 1998 and its numbers have blunted the rise in the unemployment rate. If the number of such people was the same in December 2001, as it was a year before, the unemployment rate would rise to **7.1%**. [17]

38. Unemployment Rate by Age and Sex
性・年齢階級別失業率 (%)

| | | 1990 | 1990 | 1970 | 1980 | 1990 | 1996 | 1997 | 1998 | 1999 | 2000 |
|-----------------|--------|------|------|------|------|------|------|------|------|------|------|
| Total | 計 | 1.2 | 1.7 | 1.1 | 2.0 | 2.1 | 3.4 | 3.4 | 4.1 | 4.7 | 4.7 |
| Male 男 | | | | | | | | | | | |
| Total | 小計 | 1.3 | 1.6 | 1.2 | 2.0 | 2.0 | 3.4 | 3.4 | 4.2 | 4.8 | 4.9 |
| 15-24 | 15～24歳 | - | - | - | 4.0 | 4.5 | 6.8 | 6.9 | 8.2 | 10.3 | 10.4 |
| 25-34 | 25～34歳 | - | - | - | 1.9 | 1.8 | 3.3 | 3.3 | 4.1 | 4.8 | 5.0 |
| 35-44 | 35～44歳 | - | - | - | 1.2 | 1.2 | 2.1 | 2.1 | 2.8 | 3.1 | 2.9 |
| 45-54 | 45～54歳 | - | - | - | 1.4 | 1.1 | 2.0 | 2.1 | 2.5 | 3.2 | 3.5 |
| 55-64 | 55～64歳 | - | - | - | 4.0 | 3.4 | 5.1 | 5.0 | 6.3 | 6.7 | 6.8 |
| 65 and over | 65歳以上 | - | - | - | 2.2 | 1.4 | 2.1 | 2.0 | 2.6 | 2.9 | 3.2 |
| Female 女 | | | | | | | | | | | |
| Total | 小計 | 1.1 | 1.7 | 1.0 | 2.0 | 2.2 | 3.3 | 3.4 | 4.0 | 4.5 | 4.5 |
| 15-24 | 15～24歳 | - | - | - | 3.2 | 4.1 | 6.7 | 6.3 | 7.3 | 8.2 | 7.9 |
| 25-34 | 25～34歳 | - | - | - | 2.9 | 3.1 | 5.2 | 5.5 | 6.2 | 6.6 | 6.4 |
| 35-44 | 35～44歳 | - | - | - | 1.7 | 1.8 | 2.6 | 2.4 | 3.3 | 3.7 | 3.7 |
| 45-54 | 45～54歳 | - | - | - | 1.5 | 1.5 | 2.0 | 2.0 | 2.3 | 3.0 | 3.1 |
| 55-64 | 55～64歳 | - | - | - | 1.2 | 1.4 | 2.6 | 2.5 | 0.9 | 3.3 | 3.6 |
| 65 and over | 65歳以上 | - | - | - | 0.0 | 0.0 | 0.6 | 0.6 | 0.6 | 0.5 | 1.1 |

Source: Management and Coordination Agency Annual Report on the Labour Force Survey

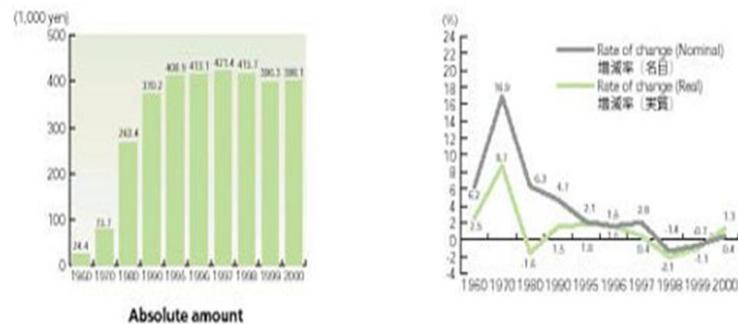
The number of youth aged 15 to 24 has been declining- from 1.9 million in 1990 to 1.6 million in 1999- while the number of persons aged 50 to 64 rose eight percent. The percentage of youth in the labor force fell slightly between 1995 and 1999 to 48 percent, while the percentage of those aged 50 to 64 in the labor force rose to 73 percent. [18]

One reason for decreased youth labor force participation may be rising unemployment- the youth unemployment rate doubled from four percent in 1990 to nine percent in 1999. The gap in wages between older and younger workers has been narrowing, which may encourage some employers to prefer to hire older rather than younger workers.

The working population fell by 1,030,000 in the year to October 2001. The exit of one million people from the labor force in one year is a loss of astounding proportions. It is undeniable that the Japanese economy has entered a stage in which it is experiencing real pain on the employment front from structural changes and reforms. [19]

Wages are continuously being depressed. An offshoot of "corporate restructuring", this is meant to raise profitability of "corporations in distress". The resultant labor flexibility schemes of the government also prevent wage increases as wages of part-time workers or workers undergoing reduction of working hours are maintained low.

41. Trends in Wage Levels — Monthly Cash Payment (Nominal and Real) —
賃金水準の推移



Source: Ministry of Labour, **Monthly Labour Survey**.
 Note: 1) Real wage indices calculated from real wage index - [Annual wage index](#).
 2) "Absolute amount" prior to 1960 and "rate of increase" prior to 1970 are exclusive of wages of service workers.
 3) Figures are for regular employees in establishments with 30 employees or more.

Japan is changing, becoming more unequal, a sharp change for a country in which 90 percent of residents describe themselves as "middle class." Income disparities grew nearly 50 percent between 1995 and 2000, as middle-class residents moved up the income ladder, or slipped down, shrinking the middle class. The consequences include lower marriage and birth rates and higher divorce rates. Unemployment is at a record 5.5 percent, more Japanese work part-time, and one million Japanese receive state welfare assistance. [20]

The deflation in Japan is not being resolved by the neoliberal prescriptions or faster adjustments to the "forces of globalization" as the IMF likes to call it. In fact, the recession is running deeper and its impact in terms of job security and wages of working peoples in Japan is more crunching.

B. IN FOCUS: JAPAN'S POLICIES ON MIGRANT LABOR

The employment situation in Japan continues to deteriorate, and the hope for recovery is very dim. Still, the current economic crisis has had little negative impact on the inflow of migrant workers, both legal and "illegal". [21]

In 1992, there are only about 100,000 legal foreigners among the country's 62 million workers. 1/4 of these legal foreign workers are entertainers, 1/4 are engaged in international services, including teaching English, and 10 percent are engineers. [22]

But at the end of 2000, Japan had 1.7 million registered foreign residents, persons who were in Japan 90 or more days. They were from Korea (635,269), China (333,575), Brazil (254,384) and the Philippines (144,871). There were 7,244 alleged violations of immigration laws detected in 2001. [\[23\]](#)

In 2001, there were a record 1.7 million foreigners in Japan in January 2001, including 635,000 Koreans, followed by Brazilians, Filipinos, Peruvians and Americans. There were 670,000 foreign workers in Japan, excluding permanent residents and spouses of Japanese nationals. Professional workers were 20 percent of the total or about 120,000, and the 80 percent were Brazilians of Japanese descent and other unskilled foreign workers. Some 251,697 of these unskilled foreign workers are believed to be unauthorized, meaning that 40 percent of the foreign workers in Japan are unauthorized; the peak estimate of unauthorized was 298,646 in 1993. [\[24\]](#)

The coalition Against the Trafficking of Women Asia-Pacific estimates that there are 150,000 foreign women employed in the Japanese sex industry. [\[25\]](#)

About one-third of the foreigners in Japan are Koreans, but Chinese are the fastest growing group of foreigners, and many of them are arriving illegally. [\[26\]](#) Some of the Chinese arrive in Japan by posing as descendants of Japanese who lived in China when Japan occupied China during World War II, some come as students or trainees, and some arrive in fishing boats.

Some 262 foreigners applied for refugee status in 1999, and 16 were recognized as refugees. The UN High Commissioner for Refugees on March 7 said that Japan should accept more refugees. Japan accepted 10,919 refugees between 1975 and 2000, an average 437 a year, including 16 in 1999. [\[27\]](#)

The recession is creating problems for Japanese immigration policies. Certain factors like an aging population and declining birth rate and the need for cheaper labor in various industries are pushing Japanese society to accept more foreign workers.

Japan is grappling with a demographic transition in a floundering economy. [\[28\]](#) Japan has 26 million people over 65 in a population of 127 million, and their number is growing by a million a year. Japan's fertility rate is 1.3, the lowest since 1947. If fertility is 1.4 children per woman, and there is no immigration, the population is projected to shrink to 100 million by 2050- and to 500 persons by the year 3000.

Japanese men live to an average of 77, women to 84. About 17 percent of Japanese are over 65; 15 percent are under 15. Japanese tradition has always required the wife of the eldest son to care for her husband's aging parents as well as other disabled relatives until their deaths; 85 percent of those who care for elderly relatives are women, and over half of the caregivers are over 60. [\[29\]](#)

By 2025, Japan is expected to have a million nursing home workers, when there are projected to be 5.2 million elderly requiring full-time care, about 2.3 million of them bedridden. One question is whether foreigners should be admitted to work in nursing homes.

According to the report released by the UN in March 2000, Japan would have to accept 17 million foreigners between 1995 and 2050 if it wants to maintain its current population level.

The Japanese government and corporations are caught in a dilemma. With a prolonged recession, the demand for cheaper labor costs to save companies in distress and to keep the economy afloat becomes striking. However, this would entail more migrant workers and trainees plus potentially aggravating the problem of undocumented workers.

Japan is well aware of the gap between its policy of no unskilled foreign workers and the reality that at least several hundred thousand such workers are at work. However, there seems to be little consensus for a large-scale immigration solution. [\[30\]](#)

There also seems to be in Japan little enthusiasm for a German-style guest worker system, through which about 10 percent of the workforce in Germany eventually became foreign workers. In the Japanese case, this would imply about six million foreign workers. The major fear of adopting the German probationary immigrant system--workers who proved to be satisfactory could have their work and residence permits renewed, and send for their families--is the settlement of "incompatible foreigners." [\[31\]](#)

Instead of opening the front door to legal immigrants, or the guest worker side door, Japan seems most likely to tolerate unauthorized workers and to accept foreign workers through trainee and student side doors. [\[32\]](#) If backdoor and non-labor market side doors turn out to be the major avenues through which foreign workers enter Japan, then Japan will be charting a new path to managing migration, implicitly asserting that the unskilled foreign workers present in the country are unwanted or that they are simply acquiring skills to be used at home.

It is not clear that the Japanese attempt to use trainee, student, and toleration-of-unauthorized worker policies will prove durable in the 21st century. There are fears that these policies, singly or in combination, could generate immigrant settlement in Japan and socio-economic problems.

A November 2000 poll of 3,000 Japanese found 49 percent of respondents (32 percent in 1990) agreeing that it was "not good" that foreigners entered the country as tourists and then went to work, but 40 percent (55 percent) agreed that tourists going to work was "inevitable." Over half of those who objected to illegal migrants said that it was because they were illegal or led to a decline in peace and order; only 22 percent said they take jobs from Japanese. However, 51 percent of Japanese agreed that the government should "admit unskilled [foreign] laborers with certain conditions or limits." [\[33\]](#)

In 1989, the immigration law was revised to deal with the situation of "illegal" working foreigners, effective as of June 1990. Provisions allowing foreigners with special knowledge and skills to work in Japan were expanded, but unskilled workers were still not admitted. Penalties were set to punish those who encourage foreigners to work illegally. [\[34\]](#)

Considering all the factors as the aging population and declining birth rate, the society's unwillingness to accept large number of foreigners, and the need of various sectors of industry of

cheaper labor, Japan formulated the Basic Plan for Immigration Control stipulated in 1992, also called the 1st Basic Plan for Immigration Control. [\[35\]](#)

The main objectives of the Basic Plan:

- **"promotion of smooth exchange of personnel"** which means relaxing immigration rules by (1) introducing changes in the foreigner's entry and stay for the purpose of work, (2) increase in the number of trainees and firmly establish training and technical internship, (3) acceptance of more foreign students, and (4) allowing the number of entry of Japanese descendants and increase in the number of foreigners having close ties with Japanese society
- **"measures against foreigners", "rejection of unfavorable foreigners"** which means flushing out and deporting undocumented workers
- There are two features of the measures against foreigners:
- **"prevention of entry of foreigners"** through strict landing examination, coordination of escorted deportation and cooperative relationship with both domestic and international organizations.
- **"prevention of fixation of undocumented workers"** through reinforcement of apprehension operation (deportation), better fact finding investigation for complicated cases, enlargement of immigration center facilities for smooth deportation procedures

The Basic Plan does not adopt the Amnesty Policy because Amnesty uniformly legitimizes illegal residents under certain requisites. They fear that if Amnesty is implemented with the condition of "this time only", it induces inflow of illegal entrants and longer illegal residents with expectation for the next policy implementation. Instead of being an effective solution, it has a bigger danger to aggravate the situation. [\[36\]](#)

Revisions of the Basic Plan and Immigration Law reflected the worsening anti-foreign worker policy of Japan and the tougher rules on overstaying:

- Since 1992, the Justice Ministry gave local officials the power to grant special residency to some overstayers, for example, those who marry Japanese. The number of immigration-law violators granted special residency permits rose from 449 in 1990 to a record high of 6,930 in 2000. Over a 31-day period in May and June, 1,3000 foreign nationals, 21 percent Chinese, were arrested for violating the Immigration Control and Refugee Recognition Law in Tokyo and its surrounding prefectures. [\[37\]](#)
- In 1999, Japan laid out its immigration policies for the period 2000-2010, concluding that Japan should open itself to professionals and those who accompany increased direct foreign investment in Japan, but continue to ban the recruitment and admission of unskilled foreign workers. One reason, the Japanese government said, for being cautious on unskilled foreign workers is high unemployment rates among young Japanese workers. [\[38\]](#)
- Japan's Justice Ministry, in February 2000, revised the Immigration Control and Refugee Recognition Law so that foreign nationals who have proper visas to live in the country,

such as spouses of Japanese nationals, can be deported as soon as they violate its terms. Visas issued to spouses of Japanese nationals, foreign students and students at Japanese language schools cannot in principle be cancelled before their expiration date even if the visa holders are found to have engaged in activities not permitted under the terms of their visas, such as working illegally. Those deported from Japan may not return for five years. [\[39\]](#)

- The Justice Ministry is planning to increase the number of immigration officials by 1,100 over a five-year period to deal with more foreign arrivals and illegal immigration, especially with the World Cup finals in 2002. Japan currently has about 2,500 immigration officials, including 1,200 inspectors and 1,000 enforcement officers. [\[40\]](#)

C. TOUGHER IMMIGRATION CONTROL,

TOUGHER CONDITIONS FOR FOREIGN WORKERS

The decline in undocumented workers recorded in recent years are due more to stricter control of illegal immigration in Japan and in a few sending countries.

Japan has estimated the number of illegal aliens twice each year since 1992- the largest estimate was 299,000 in May 1993, and the January 2000 estimate was 252,000, including 61,000 Koreans; 36,000 Filipinos; 33,000 Chinese; and 24,000 Thais. There were 55,200 illegal foreigners detected in 1999, including 46,000 who were working. [\[41\]](#)

As of January 1999, the number of overstaying their visas in Japan stood at 271,048. This is down about 28,000 (-9.2%) from the peak of 298,646 in May 1993. It is also 5,762 (-2.1%) fewer than the tally of 276,810 in January 1998, showing that the general trend continues to be downward. By nationality, 62,577 Koreans from the ROK (23.1%), 40,420 Filipinos (14.9%), 34,800 Chinese (excluding Taiwanese) (12.8%), 30,065 Thais (11.1%), 20,320 Peruvians (3.8%), and 9,989 Malaysians (3.7%) had overstayed their visas. [\[42\]](#)

In April 2001, Japan has an estimated 252,000 illegal foreign residents, many of whom are employed in construction and other industries with high accident rates. They cannot join the national insurance system so, when injured on the job, unauthorized foreign workers often become charity cases for doctors and hospitals. [\[43\]](#)

About four-fifths of the illegal foreign workers were men, and half of them were working in construction,--another one-fourth was detected working in factories. One-third of the women detected were hostesses, and another one-sixth was working in factories.

The number of illegal residents whose status was a "temporary visitor" (tourist) at the time of entry was 200,388 and accounted for about 75% of the total, or three out of every four. They have been declining from about 84% as of May 1992. In its place the number of foreigners entering Japan by disguising themselves as regular visitors through the status other than "temporary visitor" and "entertainer" has also been on the rise. [\[44\]](#)

Among the new trend , particularly since 1996, in the number of illegal entrants are stowaways from neighboring countries such as China. The number was relatively small in the mid-80s averaging 500 a year. But it began to increase later and stood at 7,472 in 1998.

Tough Immigration Control has escalated deportations without mercy and yet does not resolve the problem of undocumented workers.

Over 60,000 foreign workers were apprehended in 1992 and 1993, and two-thirds were from three countries--Malaysia, Iran, and Korea--with each country accounting for about 14,000 apprehensions. [\[45\]](#)

Japan deported 51,459 foreigners in 2000, down from 55,167 in 1999, for violating immigration laws; 85 percent of those deported were working without work visas. The drop was attributed to the February 2000 revision in the Immigration Control and Refugee Recognition Law, which bans deported foreigners from re-entering Japan for five years, up from one year. [\[46\]](#)

The Japanese police report that 12,711 foreigners were arrested for crimes in 2000. While 54 percent were held for the crime of overstaying their visas, 674 were held for crimes such as murder and theft, an increase of 53 percent over 1999 levels. [\[47\]](#)

Japan's policies on migration and its tough actions against undocumented workers only exacerbate the problem instead of solve it. While deportations are decreasing, the influx of undocumented workers is on the rise. This is precisely because the need for cheap labor in Japan's economy is so overwhelming, especially now in the midst of a semi-permanent recession. Strict Immigration control is but a safety valve for surplus foreign labor. It does not wish to end the steady influx of foreign workers especially if Japanese corporations are banking on lessening their costs of production to rebound from their present economic distress.

D. THE TRAINEE SYSTEM: JAPAN'S PANDORA'S BOX

The Trainee System is Japan's way of introducing migrant labor minus the cost of providing protection and welfare to them and minimizing the threat of overstayers.

Since 1954, the Japanese government has had a program under which young Asians could enter the country to receive training that would accelerate their country's development. Japanese firms that invested abroad used this program to train future country managers since the 1950s. [\[48\]](#)

Japan has had an internship program for foreigners since 1993. [\[49\]](#) Foreigners can enter Japan and become an intern after one year of training at a small- or medium-sized company in one of the 59 fields designated by the government, including casting, dyeing and furniture making. If a foreigner qualifies as an intern, he is allowed to work in Japan for the following two years. In 1998, 10,000 foreigners qualified as interns.

In March 1997, the government also instituted a new system enabling foreign technical trainees [\[50\]](#) who have completed a training course and acquired technical skills and knowledge

above a certain level to put their skills into practice on the job for a period not exceeding three years, including the training course.

The announced purpose of the trainee program was to provide foreign aid by allowing young foreigners to learn technical skills. However, most of the trainees complained that they learned very little while in Japan. Companies used them mostly as unskilled foreign workers. [\[51\]](#)

As an example, the KSD mutual-aid society provides services to small Japanese businesses, including recruiting trainees. One KSD affiliate, the Association for International Manpower Development of Medium and Small Enterprises Japan (known as IMM Japan) began recruiting trainees when the Technical Internship Program was launched in 1993, it brought 15,000 Thais and Indonesians to Japan in the 1990s. [\[52\]](#)

IMM Japan receives 180,000 yen (\$1,579) a month per trainee from Japanese companies during the three-year trainee and intern period, and the workers receive 80,000 yen (\$702) as a net monthly salary in the first year, 90,000 yen (\$789) in the second year, and 100,000 yen (\$877) in the third year. Many companies require trainees to give them their passports to prevent the trainees from running away and earning more money as illegal workers in construction. Some keep 20,000 yen a month as forced savings that the trainee does not get until he completes the three-year contract.

But over the past five years, small Japanese firms that have never invested abroad have become dependent on foreign trainees. There are 40,000 trainees employed in Japan in 1994. About 90 percent are Asian, including 40 percent from China. Most--83 percent --are employed in manufacturing, usually by small and medium-sized firms. The trainees are generally very well educated by the standards of their countries of origin. [\[53\]](#)

Many prominent Japanese advocate expanding the trainee system to permit up to 500,000 foreigners to enter Japan. Finally, there is supposed to be a one-year limit on how long trainees can stay in Japan, although employers are pushing for a two-year limit.

The trainee system is supported and being promoted under the 1st basic plan. The Justice Ministry issued a controversial report in February 2000, the 2nd Basic Plan, calling for the government to consider accepting non-Japanese as "trainees" in the field of caring for the elderly, agriculture, fisheries and lodging industries. [\[54\]](#)

But because of the injustices bred through the Trainee System, it is becoming a "Pandora's Box" for Japanese Immigration. Japanese authorities thought of eventually wiping-out undocumented workers and their services, to be replaced by more fresh, docile and cheap labor under the guise of "trainee visa" of which the number is on the rise. But because of the inherent unfair working conditions and wages, many tend to "run away" and become undocumented.

Many trainees receive only 100,000 yen per month minus deductions while their Japanese co-worker on the same kind of work receives 260,000 yen per month. [\[55\]](#)

Both the trainee and the undocumented workers do not enjoy social services and benefits. Illegal workers are more vulnerable because they are not protected from abuse as much as legitimate workers, nor do they usually come out to seek official services offered. There are no retirement benefits and insurance and sometimes undocumented workers get a better chance at claiming for accident payment, underpayment claims, and unpaid wages. It is because the undocumented worker can transfer from one work to another, get more familiar with the Japanese system and has established relations with migrant support organizations. Trainees are put in a cage by the company and will stay only in the duration of the contract period (18 months).

To most outside observers, this would mean that Japan is opening itself to foreign workers, although calling them trainees. Trainees get paid \$400 to \$800 monthly, or just ¼ to ½ as much as Japanese workers. The quality and content of the training is left up to each firm, so there is room for abuse in both training and in the housing that employers are required to provide trainees. [\[56\]](#)

INITIAL FINDINGS

1. The prolonged recession in Japan shares similar features with the situation of the United States during the time of the Great Depression of the 1930s. The crisis of global capitalism originally felt only in backward countries ravaged by the multinational corporations of the big three powers -- United States, Japan and Germany – is now rebounding back to them. In fact, these three pillars of global capitalism are all experiencing massive overproduction and profit loss.
2. The neoliberal reforms and policies adopted in Japan, under IMF and WTO – directed "globalization" will only deepen the recession in the country. At the losing end are all working peoples in Japan, more so the migrant workers who are the first to be targeted in the economic downturn. The response of corporations affected by financial crises is to implement unfair and unjust wage and labor schemes that would deflect their economic ruin towards the ordinary working peoples in Japan – both local and migrant labor.
3. As the recession in Japan deepens in 2002, tighter and tougher immigration control and deterioration of migrant workers' rights, welfare and working conditions, especially those undocumented, are expected to become explosive issues.
4. While the Japanese government and multinational corporations are reeling from the economic slump, they are in dire need of more cheap labor to cut costs in production and raise profitability. Also, the aging population and declining birth rates deplete the productive labor force. The answer, of course, is more migrant laborers. But Japan, under corporate rule, is not ready to integrate foreigners in their society. Thus tougher immigration control is being laid down as a "safety valve" to control the influx of the foreign population.
5. Another option is to expand the "trainee system", a means to employ migrant labor in the guise of "training". In recent years, trainees are on the rise, and so are the abuses and illegal practices associated with it. With exploitation and abuse, the potential for "runaways" become great. In effect, the original objective to curb undocumented workers and replace them with fresh, docile and cheap labor is defeated. The trainee system ironically becomes a fresh source of undocumented foreign workers vulnerable to more exploitation and abuse.

With unemployment on the rise because of the recession, this phenomenon of more undocumented workers will create more social and political conflicts in Japan. Local and migrant labor will be pitted against each other as a means to quell the social unrest created by neoliberal structural reforms. The government and MNCs will heighten its attempt to divide the working class in the hope of deflecting the discontent of the rising unemployed and underemployed locally.

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[3] [Foreign Press Center/Japan; Japan: A Web Guide](#)

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[5] [Foreign Press Center/Japan; Japan: A Web Guide](#)

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