

Comments on
Labor Market Reform under Abenomics and Productivity

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Summary

- ❑ In Japan, where the population is aging and decreasing, higher labor participation rate as well as the raise of productivity are needed to hike the potential growth rate.
 - ❑ The Shinzo Abe administration intends to reform the labor market through the *Plan to Realize the Dynamic Engagement of All Citizens* and raise productivity through the Fourth Industrial Revolution, deregulation, and the revitalization of the regions.
 - ❑ However, the Abe administration's desire to respect traditional Japanese employment practices acts as a constraint, and it remains to be seen whether it can increase labor inputs in a way that does not conflict with the efforts of Japanese companies to cut costs.
 - ❑ Regarding the policies for raising productivity, more needs to be done to create demand and to increase investment in line with the growth in demand, thereby creating new job opportunities as efficiently as possible.
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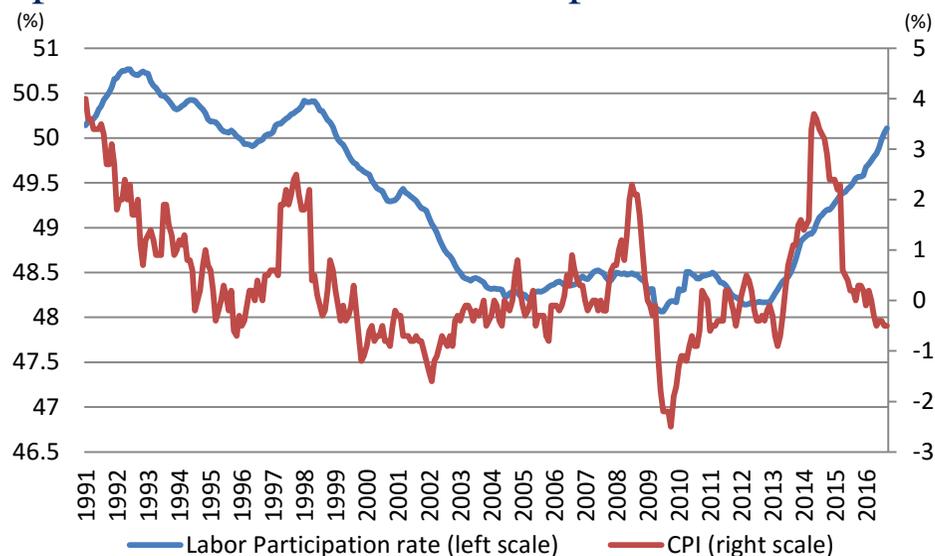
Major comments:

- ❑ I agree with the paper's description of the challenges facing the Abe administration in its efforts to reform the labor market.
- ❑ Also, in a country where the population is aging and decreasing, I agree with the necessity to create more demand and to increase investment in order to raise productivity.
- ❑ In addition, the figures are clear, and it is easy to understand the severity of Japan's economic situation.
- ❑ However, there remain some questions to clarify the analyses of the paper.

Question 1:

Even though the higher inflation expectations might be the reason for the increase in the number of people employed, how do you explain the rise in the women's labor participation rate in a deflationary situation ?

Japan: Women's Labor Participation Rate and CPI



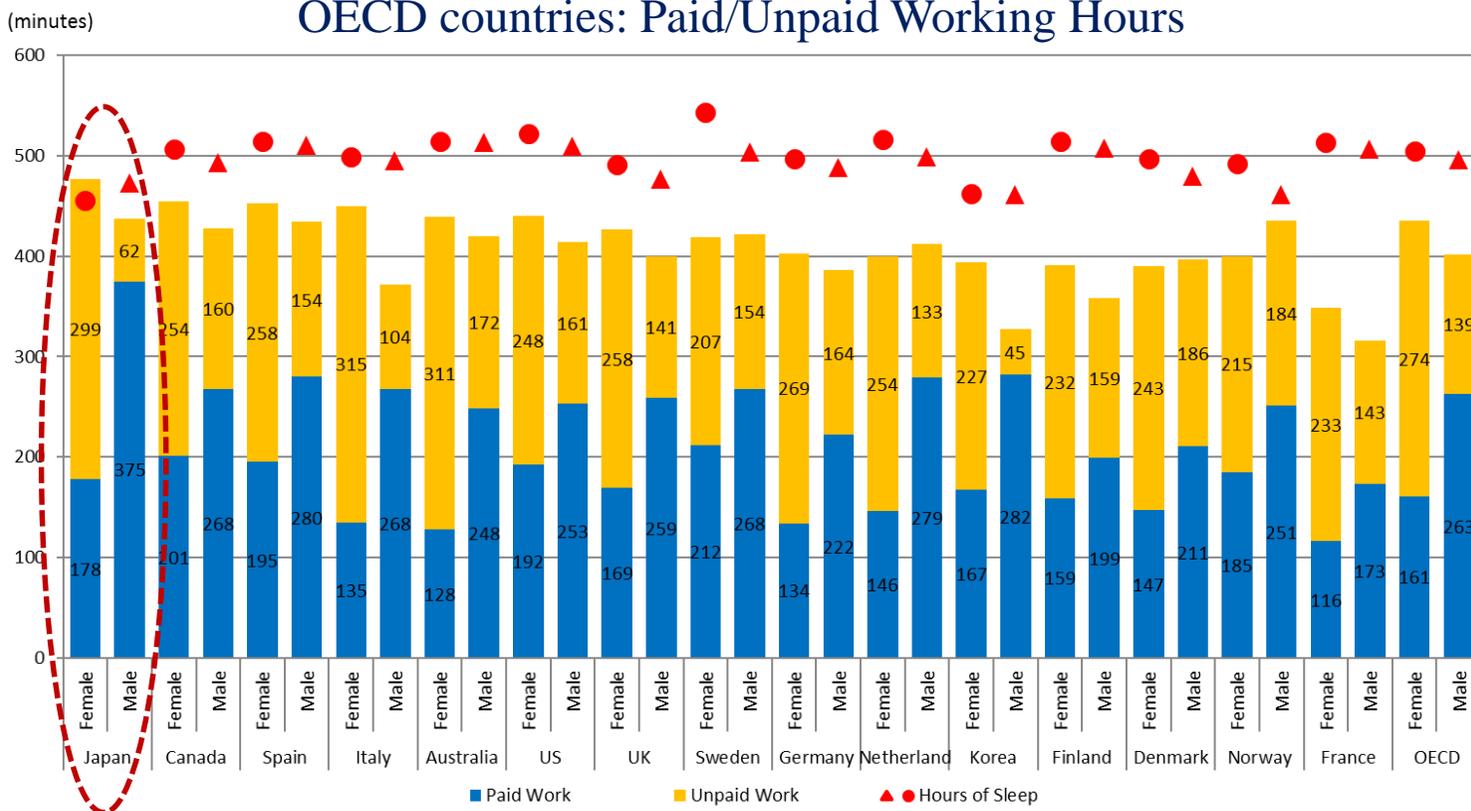
Source: OECD

- Aren't the drop in wages and fulfilled childcare facilities also reasons for the increase in the number of people employed ?

Question 2:

To increase the number of employed people, especially women, what do you think about the role of men's working style reform?

OECD countries: Paid/Unpaid Working Hours

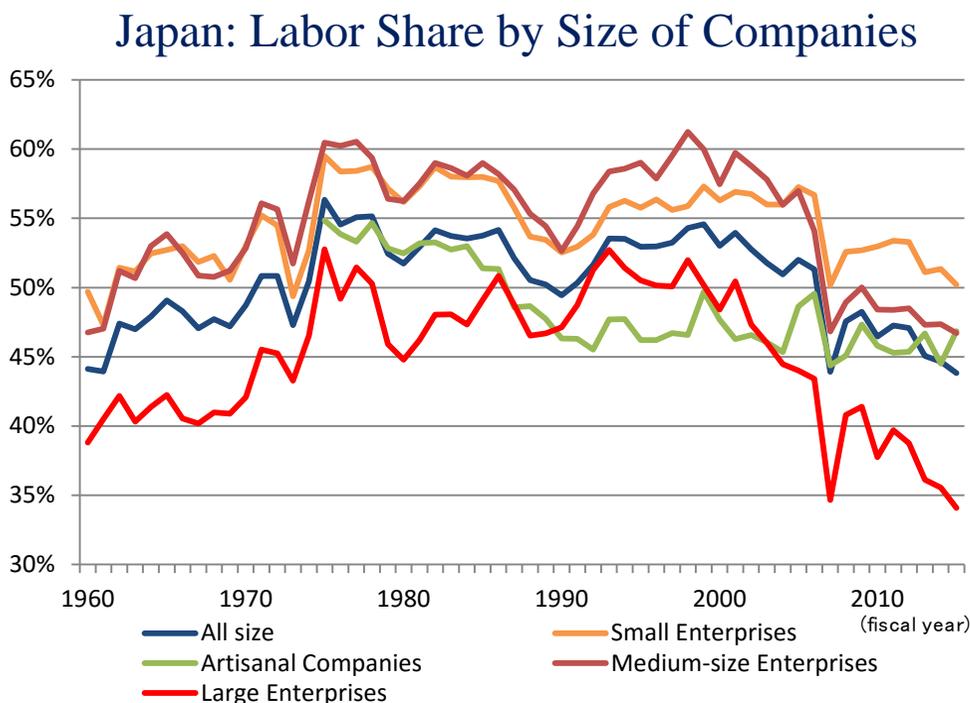


□ In order to increase women's activities, the reduction of working hours for men seems to be indispensable.

Note: 15-64 years old, weekly average
Source: OECD

Question 3:

How do you evaluate the increase in the number of part-time workers as the reason for productivity growth?

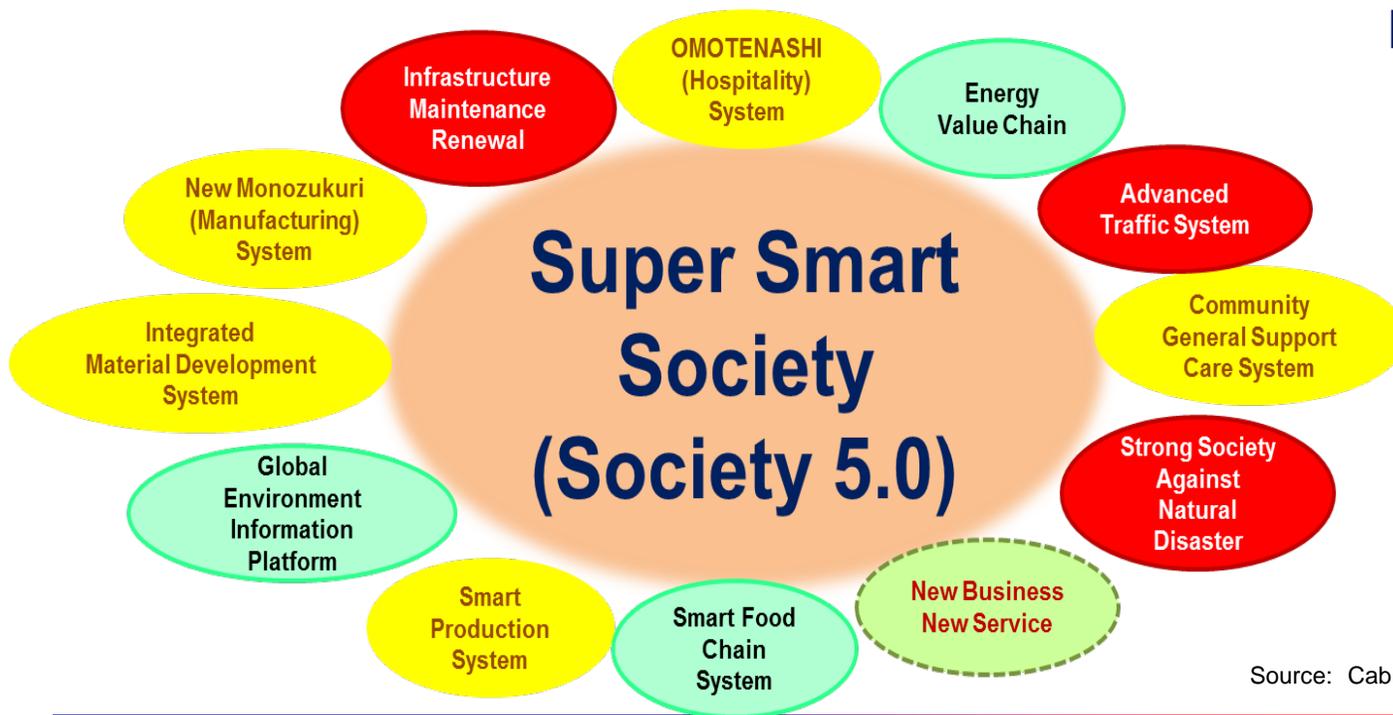


- Japanese companies have lowered their labor share, using more non-regular workers to substitute for regular workers, especially for large non-manufacturing companies.
- It seems to have the room to hike productivity, especially for large non-manufacturing companies, not through further personnel expenses cut but through investment and innovation.

Question 4:

Even though the use of technological innovation to raise productivity is labor-saving, isn't it possible to expect innovation to create new jobs ?

Super Smart Society (Society 5.0)



- For example, with the diffusion of robots and self-driving cars in the Fourth Industrial Revolution, the government intends to create new jobs that support the new society using them.

Source: Cabinet Office "the 5th Science and Technology Basic Plan"

