

The Lost Generation in Japan

Ryoichi Imai

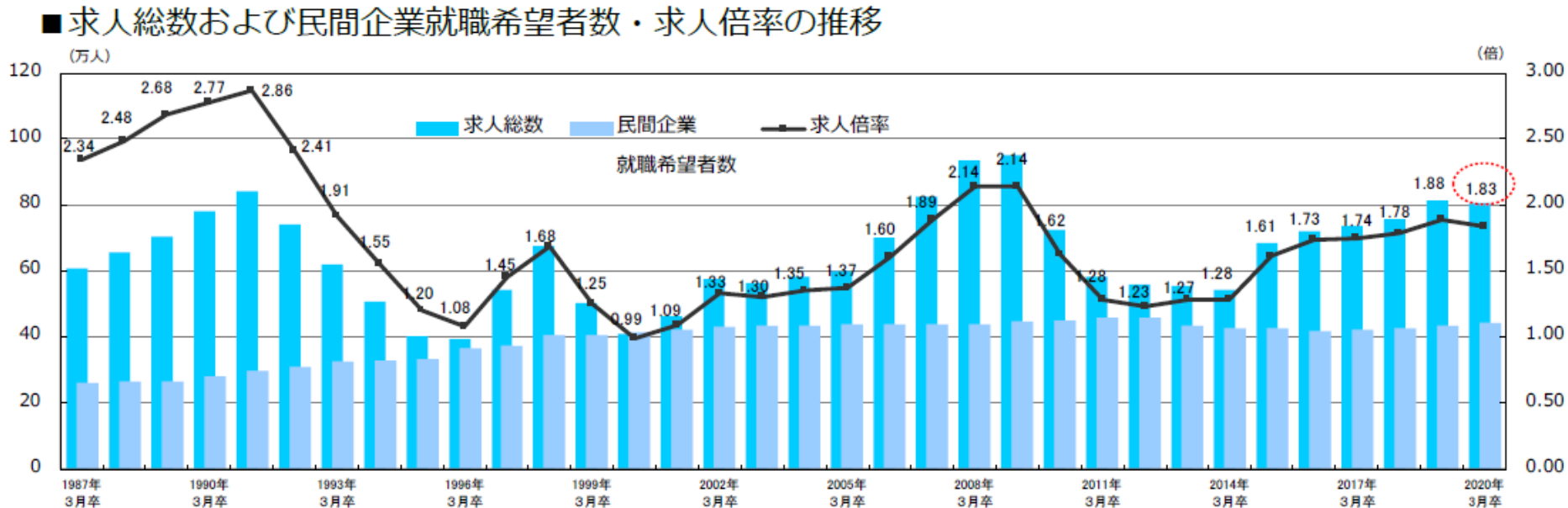
1990s: The Lost Decade

- The Japanese economy started to stagnate in 1990s after the crush of the Bubble economy in the late 1990s.
- The economy slightly recovered in 1997, but the Asian Currency Crisis caused a serious financial sector crisis.
- The “Ice Age” hit the job market for the college and high school graduates.
- The labor market tightness, or the ratio of job vacancies to job searchers, stayed low from the late 1990s and the early 2000s.

The Lost Generation (ロスジェネ)

- College and high school graduates under the economic hardship failed in getting a stable job in 1995-2005 (the “Ice Age”).
- Even though one fails in getting a stable job offer right after graduating schools, he or she can switch from a unstable job to a stable job.
- However, the transitional process from bad to good jobs was very slow for the young people in the Ice Age.
- Many of them are still left in unstable jobs even though they are in the early 40s.

The Ice Age (就職氷河期)

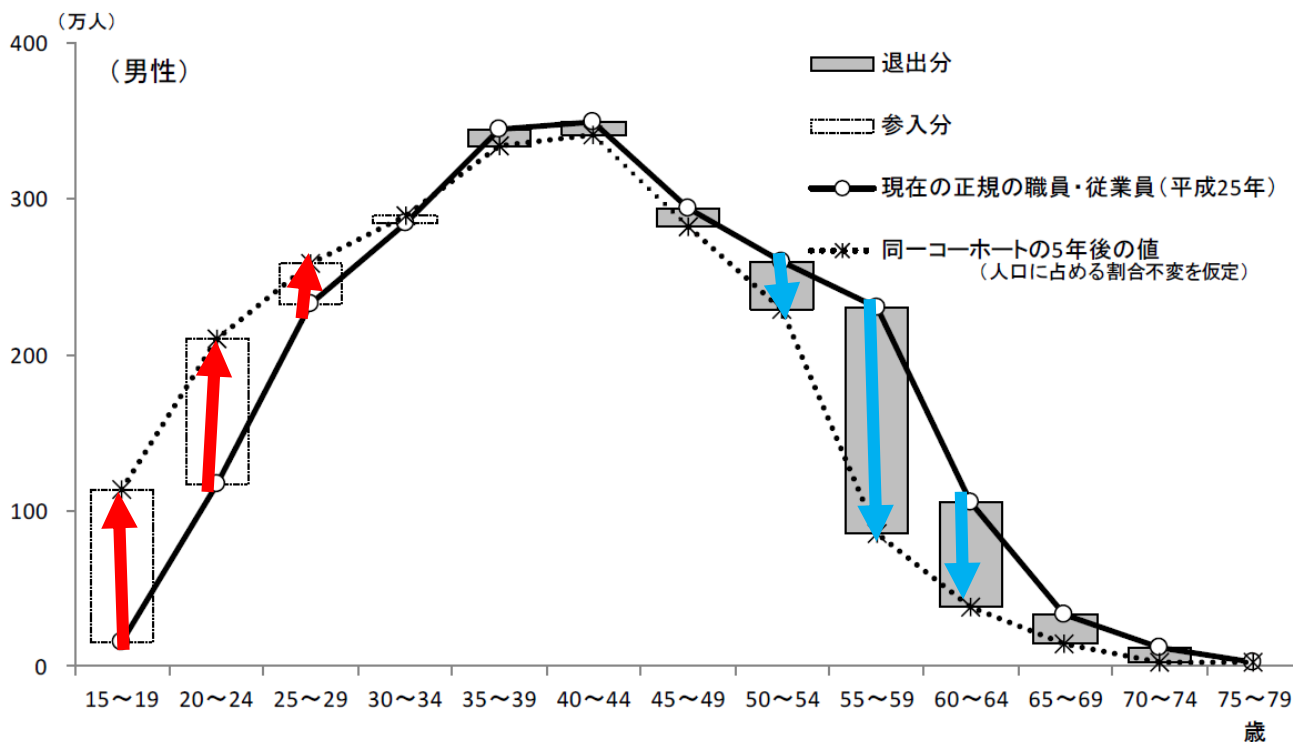


<https://www.works-i.com/surveys/adoption/graduate.html>

- The labor-market tightness was slightly less than 3 in the early 1990s, while it was so low as 1 for 1995 through 2005.
- The low labor-market-tightness was caused mainly by the fluctuating job vacancies, while the mass of job-seeking students was relatively stable.

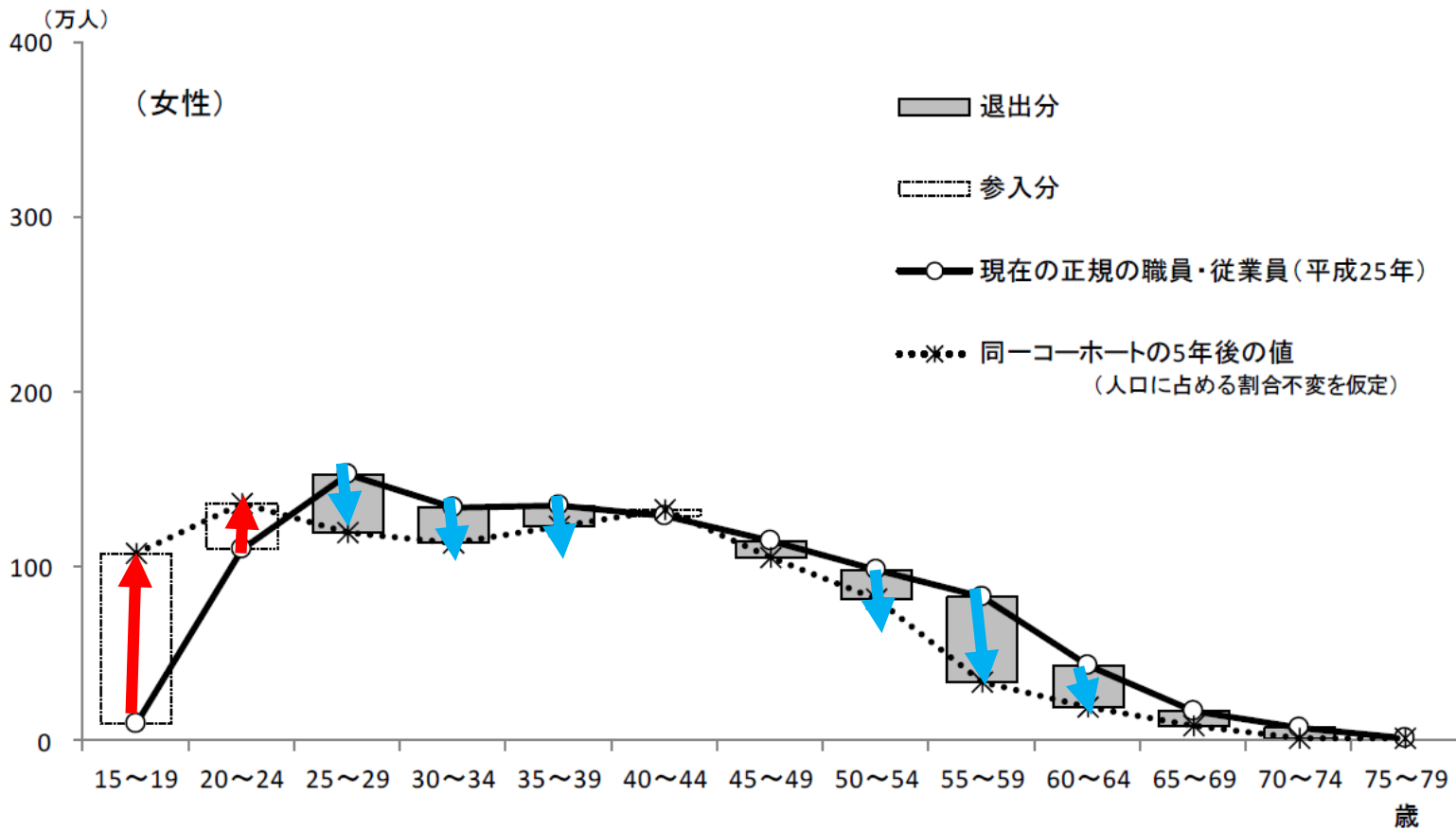
Male employees will switch up to a stable job below age of 40, but switch down to an unstable job above age of 45

図7 正規の職員・従業員の年齢分布とコーホート変化（推計）



<https://www.mhlw.go.jp/file/06-Seisakujouhou-11600000-Shokugyouanteikyoku/0000072688.pdf>

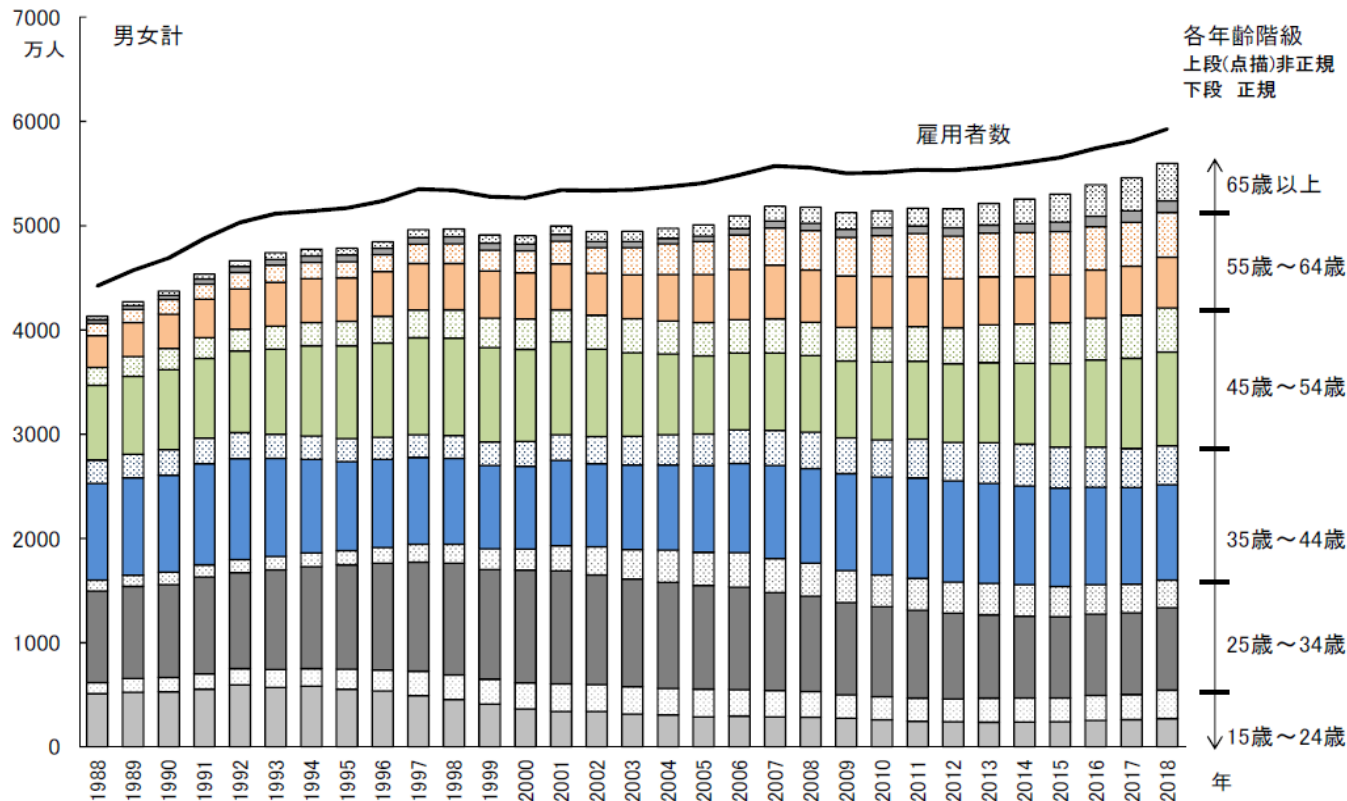
Female employees switch up to a stable job until 25, but switch down to an unstable job over age of 30



<https://www.mhlw.go.jp/file/06-Seisakujouhou-11600000-Shokugyouanteikyoku/0000072688.pdf>

For all age groups, ratio of non-regular to regular employment is rising gradually, while there is no discontinuous gap

図9-1 各年齢階級における正規、非正規の内訳 男女計 1984年～2018年 2001年までは2月、2002年以降年平均



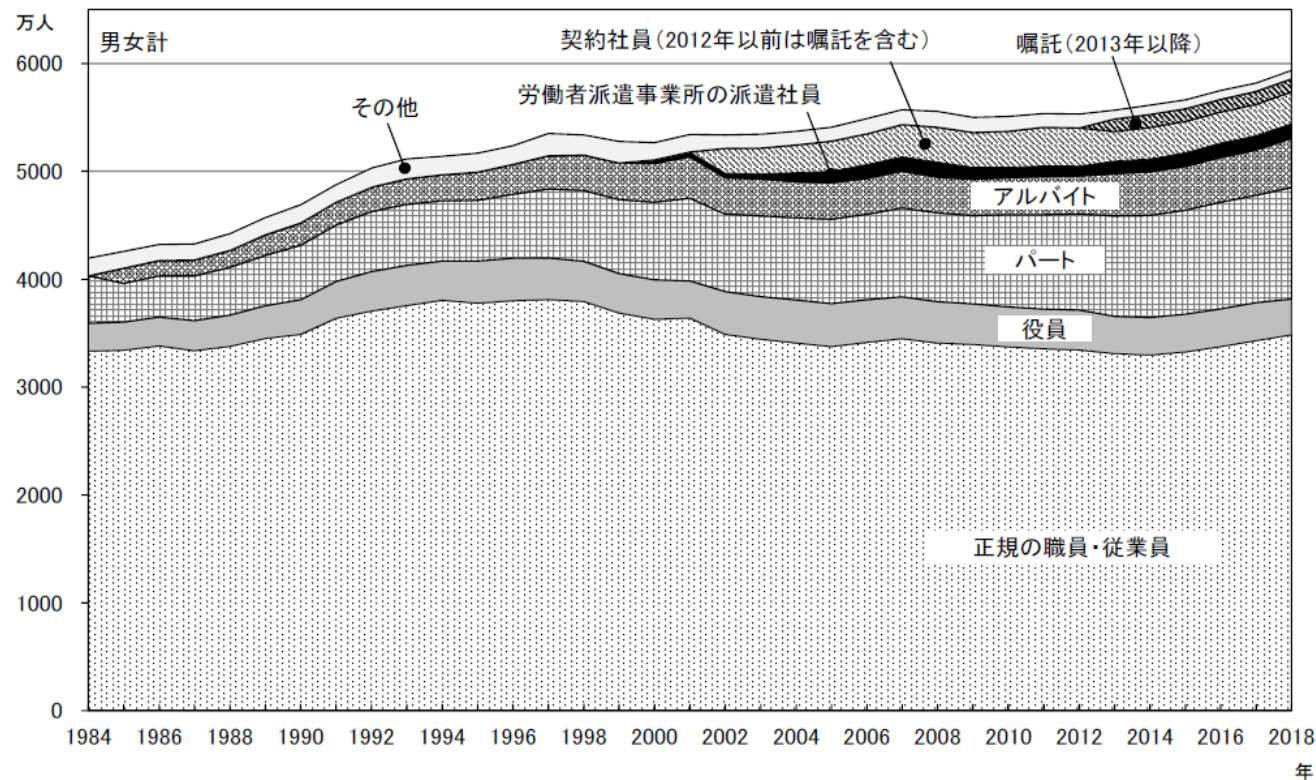
資料出所 2002年以降は総務省「労働力調査」（詳細集計、年平均）、2001年以前は同「労働力調査特別調査」（2月）
 注 雇用者数と、棒グラフの高さ（正規の職員・従業員数と非正規の職員・従業員数の計）の差は、役員の数に相当する。

Why they are lost?

- (A) On one side, a demand shortage reduced job vacancies for 1995-2005, which created a large mass of unstable, non-regular jobs.
- (B) On the other side, a gradual process continued to allocate young employees (age of 20-40) from non-regular to regular jobs.
- If the A factor is stronger than the B factor, many employees remain at unstable, non-regular jobs even at age 40. Alas, they are lost!

The mass of regular employment has been stable in the last 4 decades, while non-regular jobs grew, due to the deregulation

図 8-1 雇用形態別雇用者数 男女計 1984年～2018年 2001年までは2月、2002年以降年平均

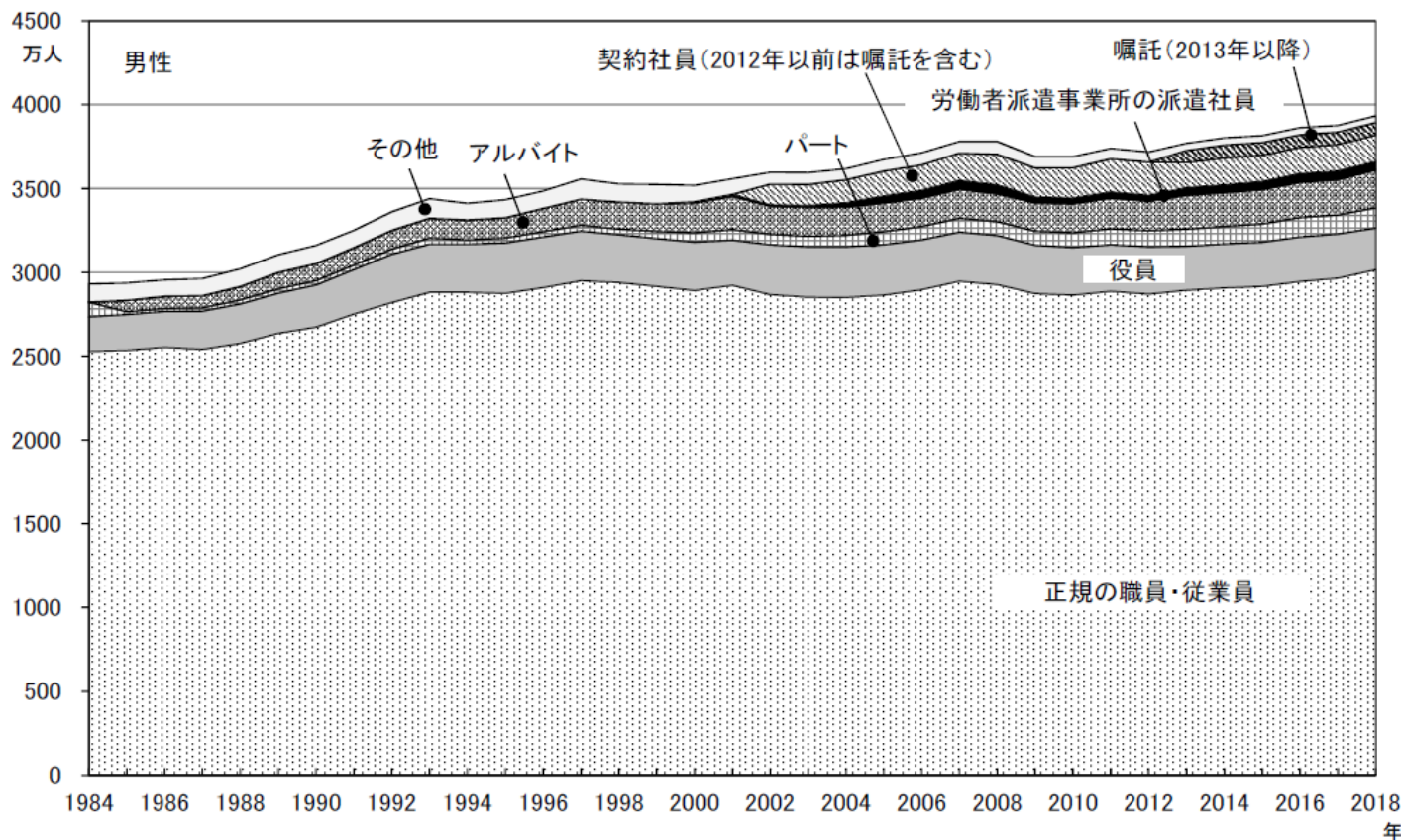


資料出所 2013年以降は総務省「労働力調査」(基本集計、年平均)、2002年以降2012年までは総務省「労働力調査」(詳細集計、年平均)、2001年以前は同「労働力調査特別調査」(2月)

For men, regular jobs have been even increasing !

図 8-2 雇用形態別雇用者数 男性 1984年～2018年

2001年までは2月、2002年以降年平均

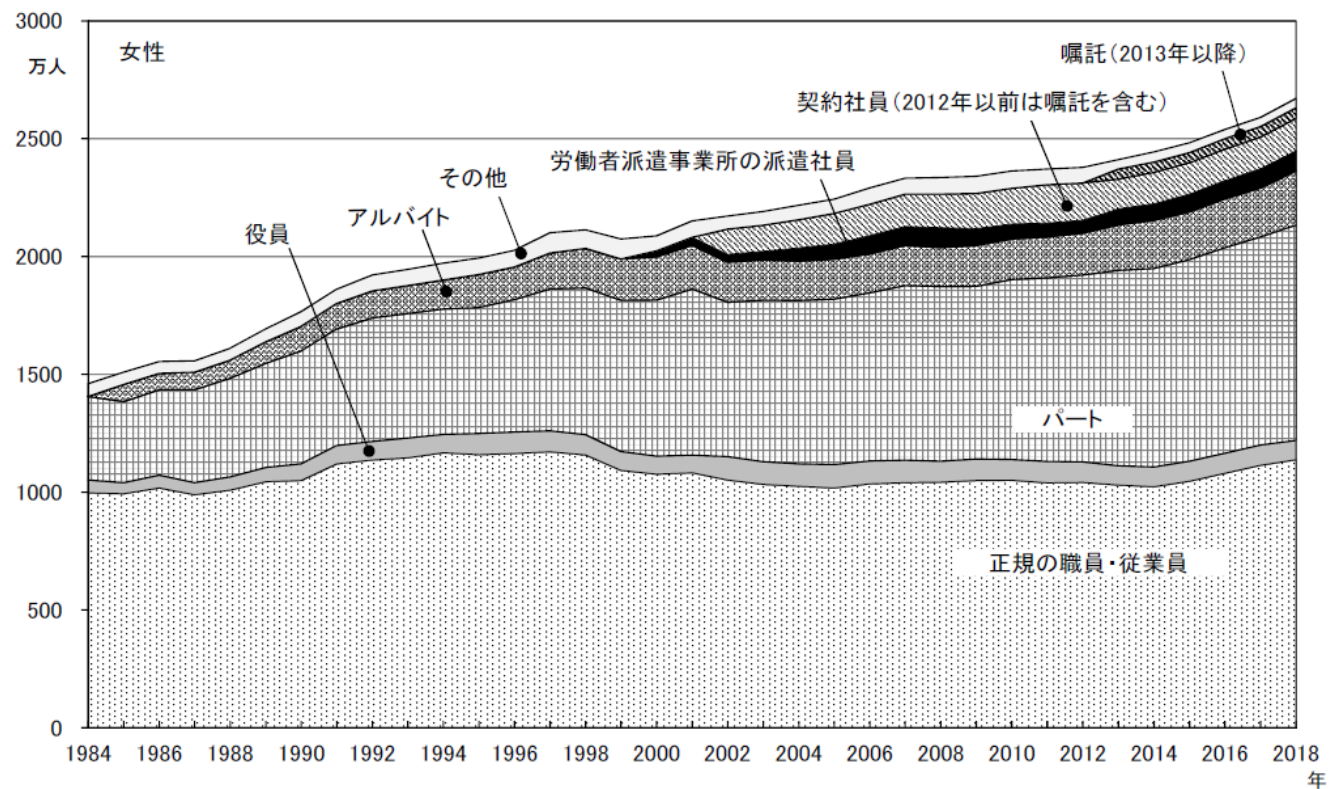


資料出所 2013年以降は総務省「労働力調査」(基本集計、年平均)、2002年以降2012年までは総務省「労働力調査」(詳細集計、年平均)、2001年以前は同「労働力調査特別調査」(2月)

Job participation of women has drastically increased, while most of new jobs are non-regular ones, and then the ratio of non-regular to regular jobs is greater than 50%

図 8-3 雇用形態別雇用者数 女性 1984年～2018年

2001年までは2月、2002年以降年平均

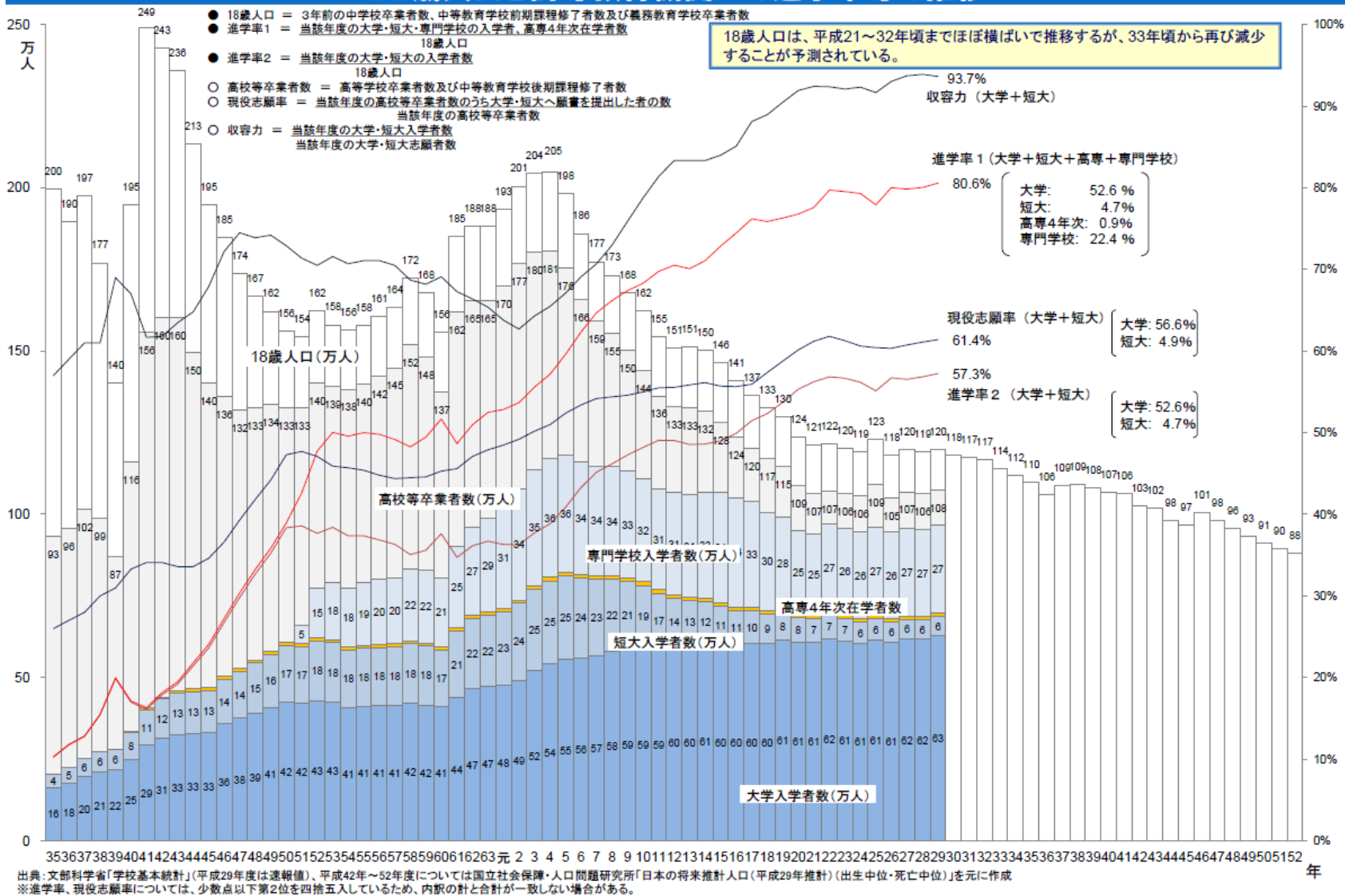


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Why non-regular jobs have increased ?

- First, family business has dramatically decreased in the last 4 decades. The sons and daughters of family business owners tend to be locked-in the unskilled and non-manual jobs, which are non-regular and unstable.
- Second, more women have participated in the labor market, many of whom were housewives in the golden age of the Japanese employment, and are now engaged in part-time jobs.
- The rise in non-regular employment is explained by the reduction in family business and the increasing female participation to the labor market.

18歳人口と高等教育機関への進学率等の推移



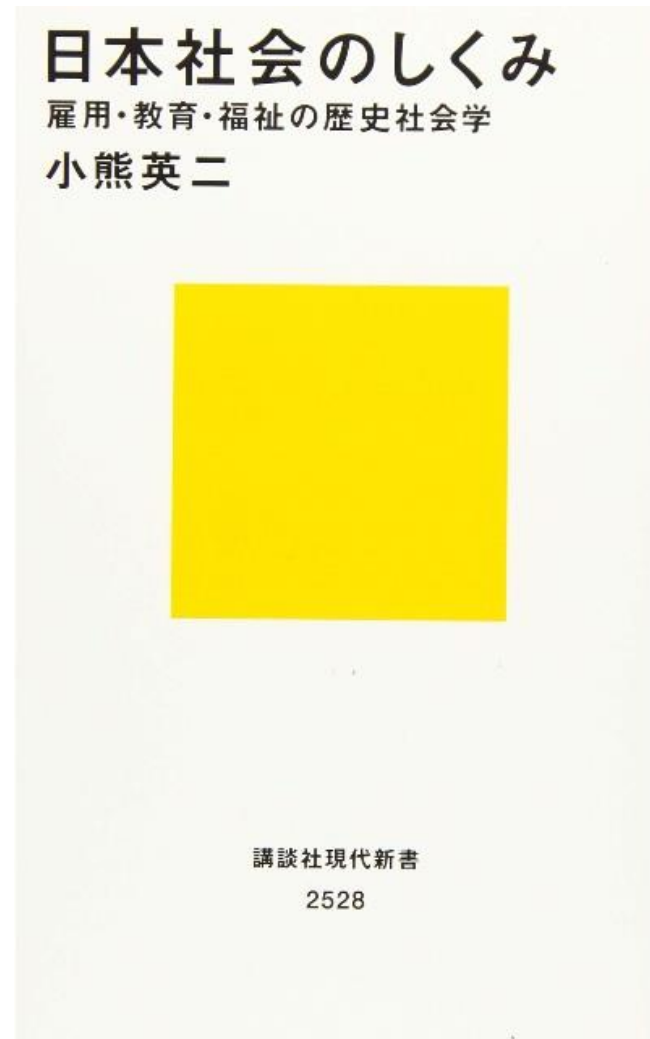
http://www.mext.go.jp/component/a_menu/education/detail/__icsFiles/afieldfile/2018/02/16/1401001_4.pdf

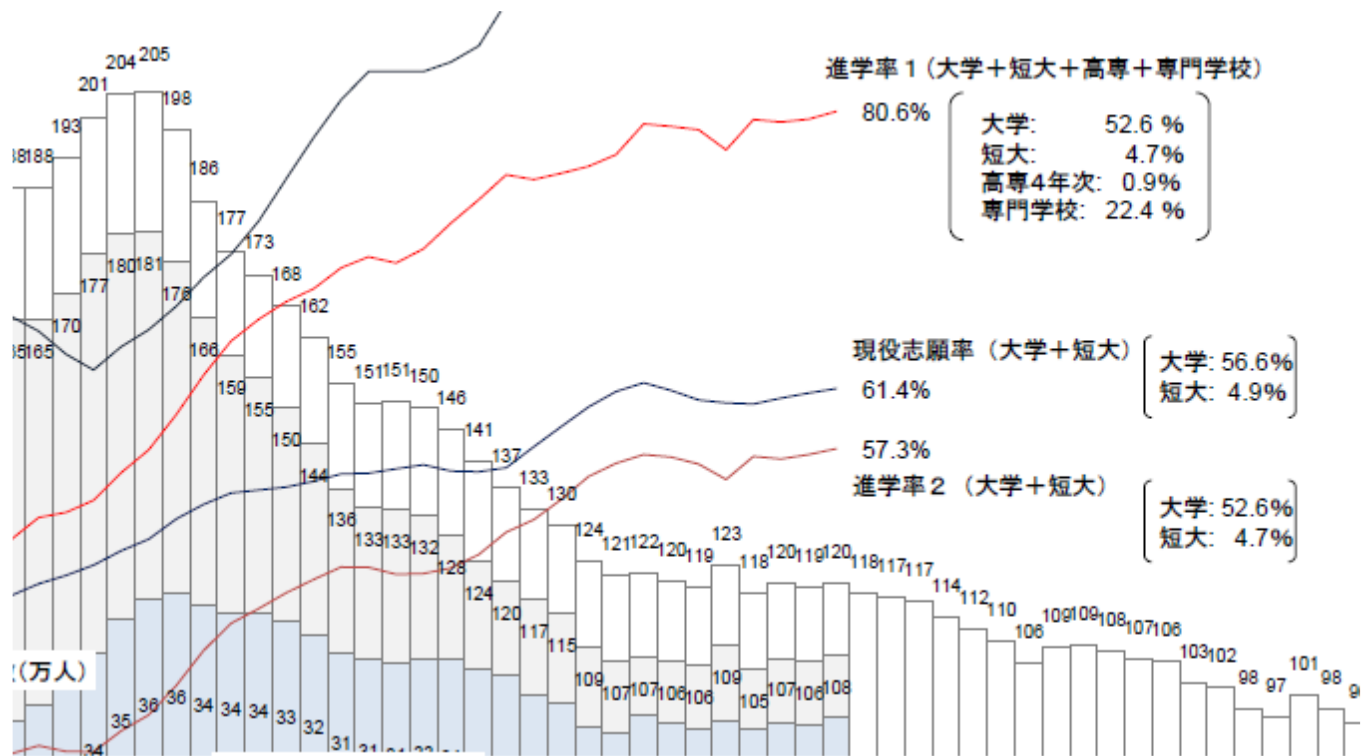
Population matters

- Japan's 18 years old population was at a peak around 1992 (H4).
- The capacity of the higher education institutions increased from 65% (1988) to 93% (2017).
- The admission rate (= #high school graduates / college capacity) increased from 40% (1988) to 57% (2017).
- The capacity for firms to absorb the increasing young population at regular employment was relatively stable and limited, then some college graduates remained unemployed after graduation for 1995-2005.

The Three Types of Employment

- Eiji Oguma argues that there are three prototypes of employment.
 1. Membership to the company: you are assumed to be a member of the company from graduation to mandatory retirement (Japan)
 2. Membership to the occupation: you are assumed to be a member of the organization specific to the occupation you choose (Germany)
 3. Employment at will: you do not belong to any social organization. Your employment is determined by market (United States)





- Type 2 does not exist in Japan.
- In the past, there are many owners of their own business, who closed them and entered the type 3 employment.
- Those high school graduates who went to the vocational schools joined the labor force to be absorbed by firms' increasing demand for low-skilled labor.