

ESRC Rethinking Retirement Seminar Series

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THE EMPLOYMENT OF OLDER PEOPLE IN A PERIOD OF STAGNATION AND DEREGULATION

Bernard H Casey
The Institute for Employment Research
University of Warwick

and

Atsuhiko Yamada
Department of Economics
Keio University



The Employment of Older People in a Period of Stagnation and Deregulation

Outline

Some stylised facts about older people's employment in Japan

Strains upon the system in the 1990s

Policy responses in the 2000s

Some reflections

The Employment of Older People in a Period of Stagnation and Deregulation

Some stylised facts about older people's employment

high employment rates post 60 and even post 65

life-time employment system and seniority wages

low mandatory retirement age but “demotions” or transfers out after that

support for part-time working under public pension system

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Some less-known facts about older people's employment

life-time employment covers only a minority (and not women)

importance of small firms sector

importance of agricultural self-employment for OWs

importance of small-scale retailing for OWs

importance of construction sector for OWs

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Strains upon the system in the 1990s – 1

low productivity and tighter controls on bank lending

- > employment rationalisation in large enterprises**
 - > small enterprises unable to absorb surplus employees**
 - > early retirement appears**

attempts to control public indebtedness

- > cut back on public works/construction**
 - > fewer employment opportunities**

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Strains upon the system in the 1990s – 2

rationalisation of retailing sector

- > shrinking number of small shops**
- > shrinking employment opportunities**

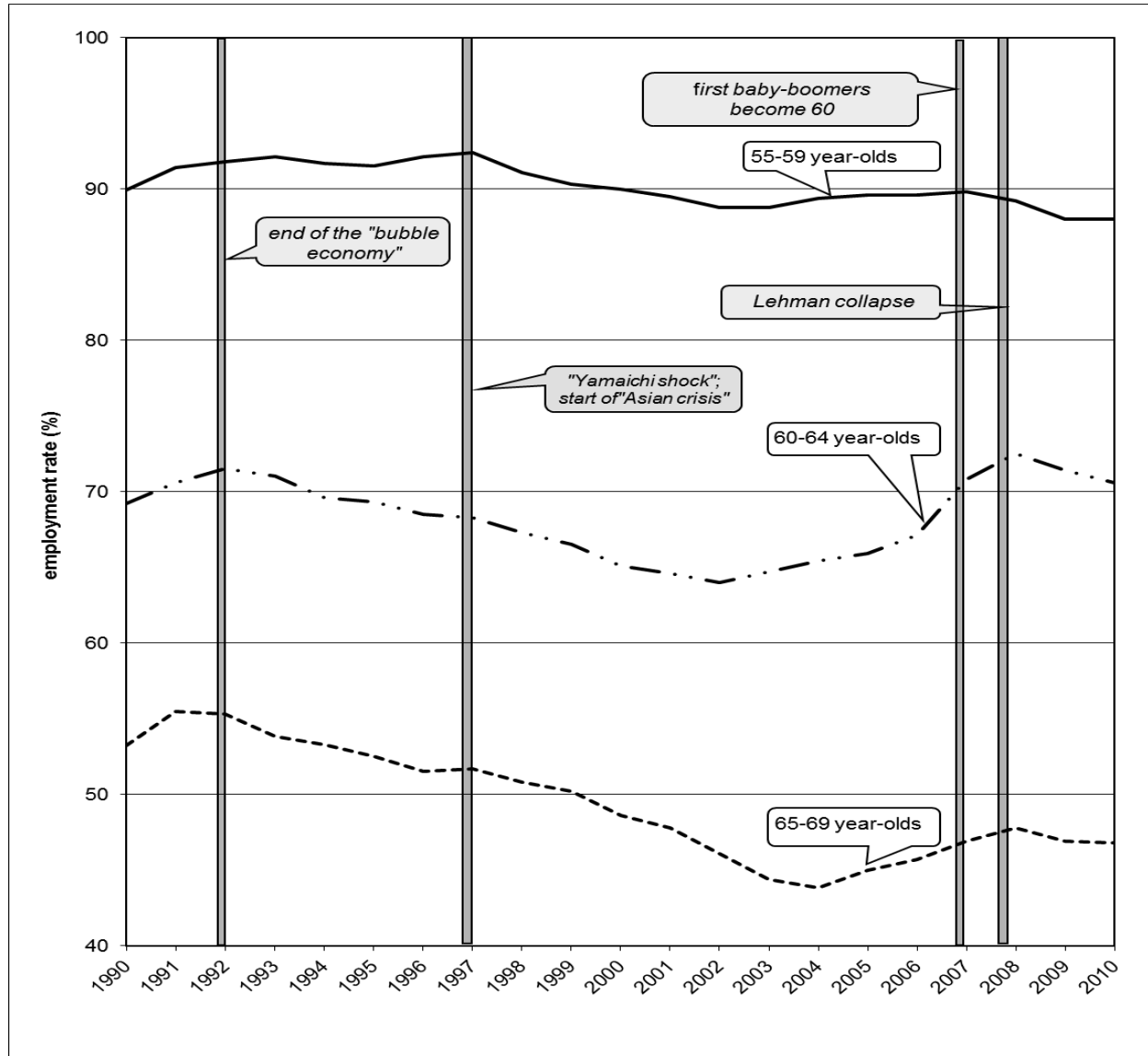
WTO rulings on agriculture

- > shrinking number of small farms**
- > shrinking employment opportunities**

falling employment rates and rising unemployment rates

- > increased rates of suicide**

Employment rates of older men



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Policy responses – the early 2000s

attempts to increase in mandatory retirement age

other government “recommendations”

active labour market policies

companies changing wage and promotion policies

need to rethink training policies

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Policy responses – the early 2000s

Scheduled upward revision of the pensionable age			
Flat-rate portion		Earnings-related portion	
Year	Age	Year	Age
2001	61	2013	61
2004	62	2016	62
2007	63	2019	63
2010	64	2022	64
2013	65	2025	65

Note: for women the age is five years later

Source: MILHW

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Japan's recovery lures back workers

*Japan's labour force has risen for the first time in eight years as women and **over 60-year-olds re-enter the jobs market**, marking a further sign of the strength of Japan's cyclical recovery.*

*Aside from indicating the robustness of the recovery, in its fifth year, the willingness of people to re-enter employment shows how Japan's labour market might **respond to the challenges of an ageing society**, which is shrinking the size of the traditional workforce.*

*Atsushi Seike, a labour economist at Keio university, said **the workforce was bound to get older as people lived longer and as changing pension rules forced people to delay retirement.***

(Financial Times 2 May 06)

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Policy responses – the later 2000s

the return of early retirement

the Law on the Stabilisation of Employment of Older People

- > taking the easy way out**
- > concerns with skills base but also with age profile**
- > changes to MRA and recruitment of young people**
- > role of trade unions**

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Toyota axes 800 jobs after slump in Lexus sales

Toyota has eliminated 800 jobs at a factory in southern Japan that makes Lexus sport-utility vehicles and luxury saloons for export, underlining how the deep downturn in the American market has hit its premium brand.

*Toyota Motor Kyushu, a wholly owned Toyota subsidiary, said yesterday it had **cancelled contracts with 450 non-permanent workers** last weekend after eliminating an initial 350 positions in June.*

It is the first time that the Toyota subsidiary, which employs about 8,000 workers, has made large-scale redundancies since it began operating in 1992.

(Financial Times 6 Aug 08)

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JAL urging 2,700 to retire early

Japan Airlines Corp. said Monday it is looking to sign up around 2,700 employees for an early retirement program as it aims to turn itself around in a major restructuring overseen by the state.

The target is the largest ever for the company's early retirement program. The application process will start Friday.

Japan's biggest airline, which filed for bankruptcy protection on Jan. 19, eventually plans to cut around 15,700 jobs, or about 30 percent of its group workforce, by the business year through March 2013.

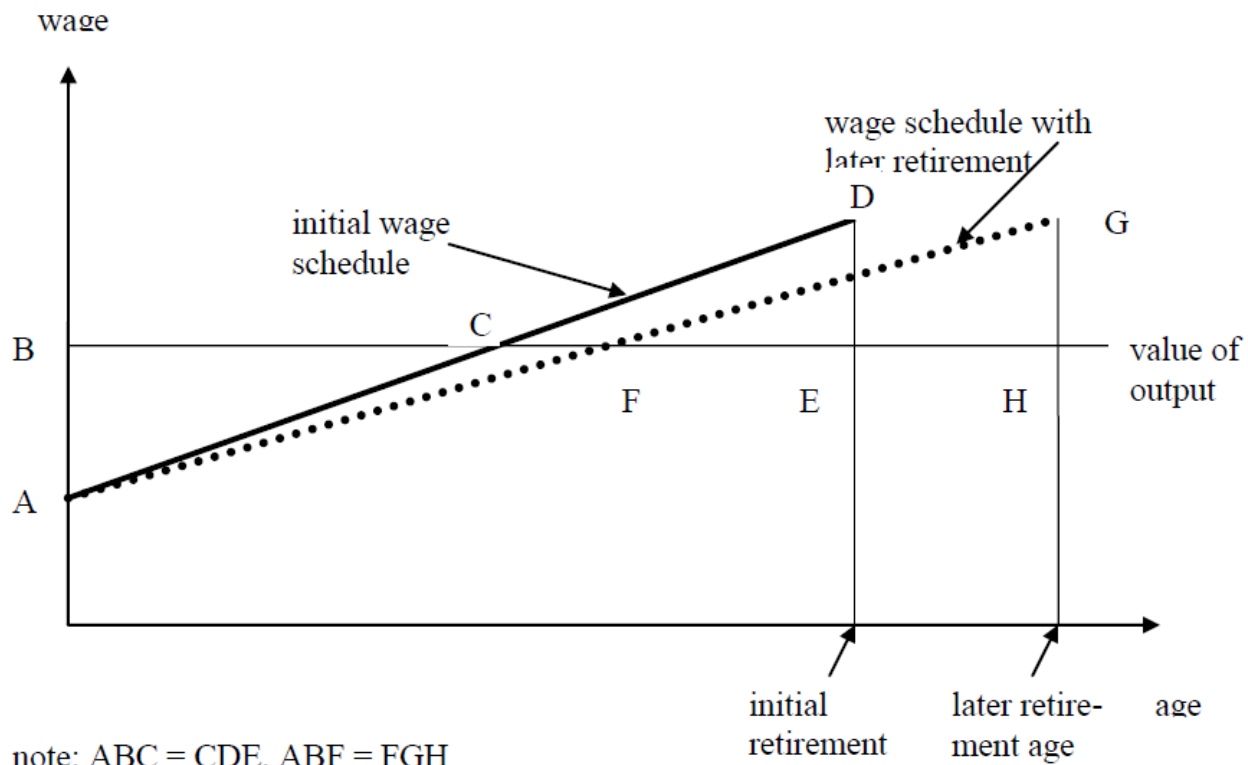
(Japan Times 2 March 2010)

Ricoh Urges 1,600 Japanese Workers to Retire Early

(company press release 29 June 2011)

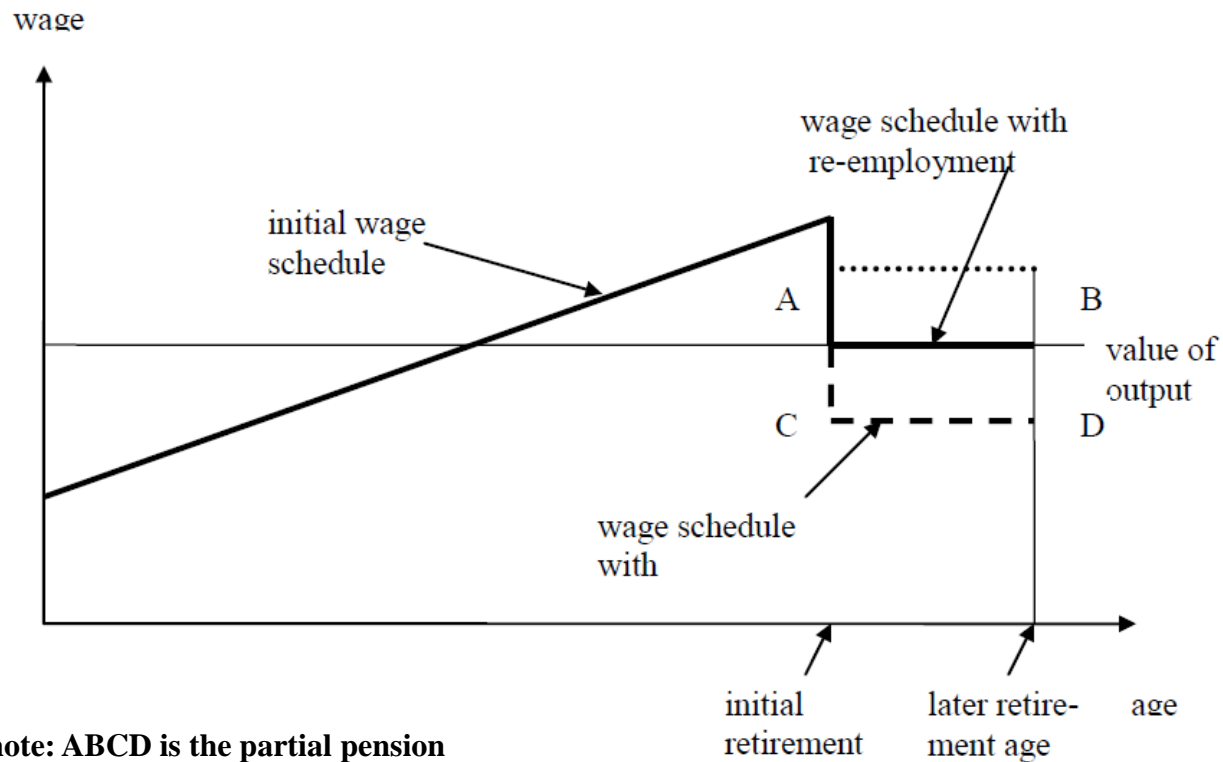
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Responses to the Law on the Stabilisation of Employment of Older People – theory (1)



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Responses to the Law on the Stabilisation of Employment of Older People – theory (2)



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Responses to the Law on the Stabilisation of Employment of Older People – practice

Responses of employers to the amended LSEOP	
Had done something	84%
... Increased MRA	13%
...Abolished MRA	1%
...Offered continuous employment	86%
..... to selected employees	61%
.....to all employees	39%
.....used re-employment on a new contract	92%
..... extended existing contract	8%

Private sector firms with 50 or more employees

Source: derived from Yamada, 2010

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Policy responses – the later 2000s

labour market deregulation

- > loosening the use of “dispatched workers”**

the problem of young people’s (un)employment

- > “freeters” as a new phenomenon**
 - > 1/3 15-34 year olds by 2014**
 - > a social threat?**
- > subsidies to regularise “long-term” freeters**

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Japan's Economic Stagnation Is Creating a Nation of Lost Youths

What happens to a generation of young people when:

They are told to work hard and go to college, yet after graduating they find few permanent job opportunities?

Many of the jobs that are available are part-time, temporary or contract labor?

These insecure jobs pay one-third of what their fathers earned?

The low pay makes living at home the only viable option?

Poor economic conditions persist for 10, 15 and 20 years in a row?

For an answer, turn to Japan.

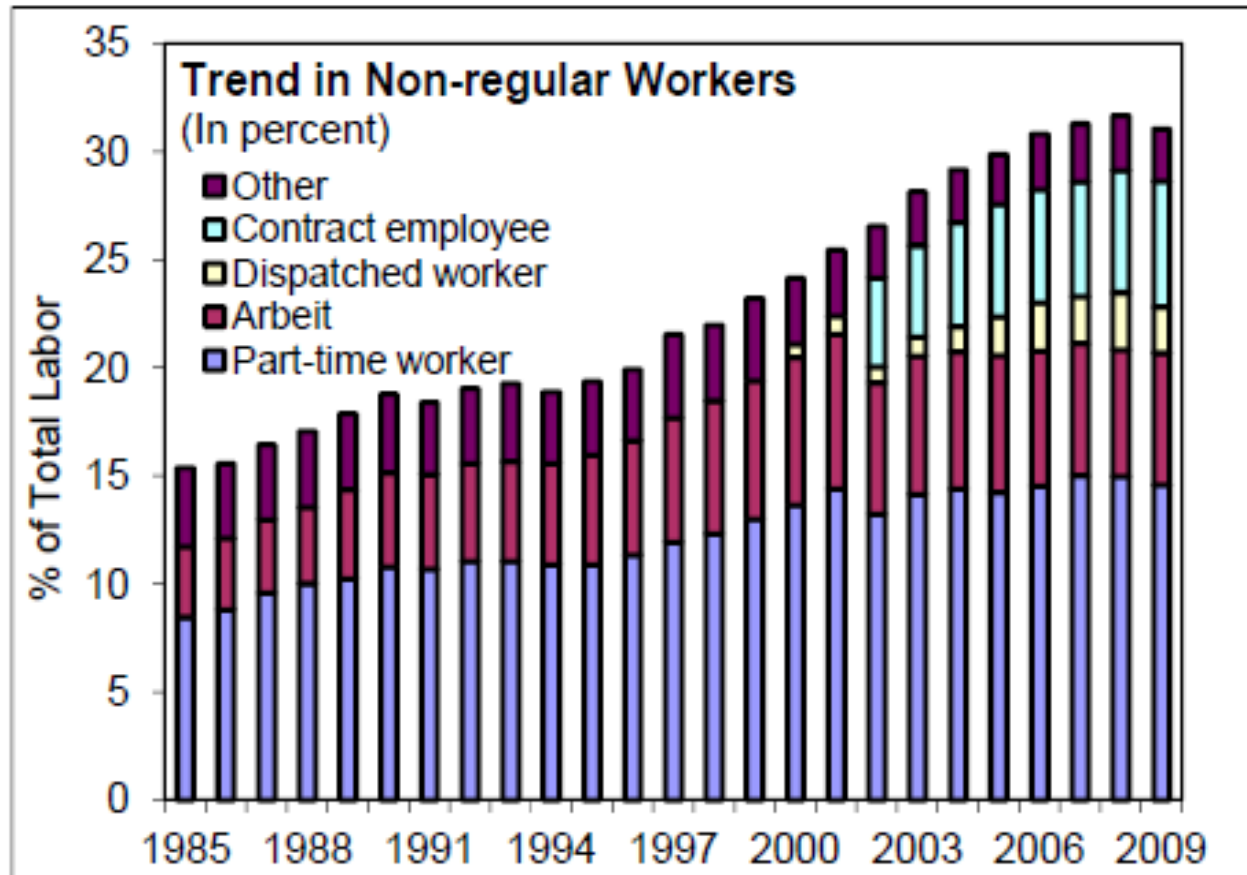
(Daily Finance, 6 Aug 10)

Freeters

Comparable in many ways to Generation X slackers, they like to hang out and pursue interests like snowboarding and surfing, work only when they have to and reject traditional Japanese values such hard work and company loyalty.

(Factsanddetails.com)

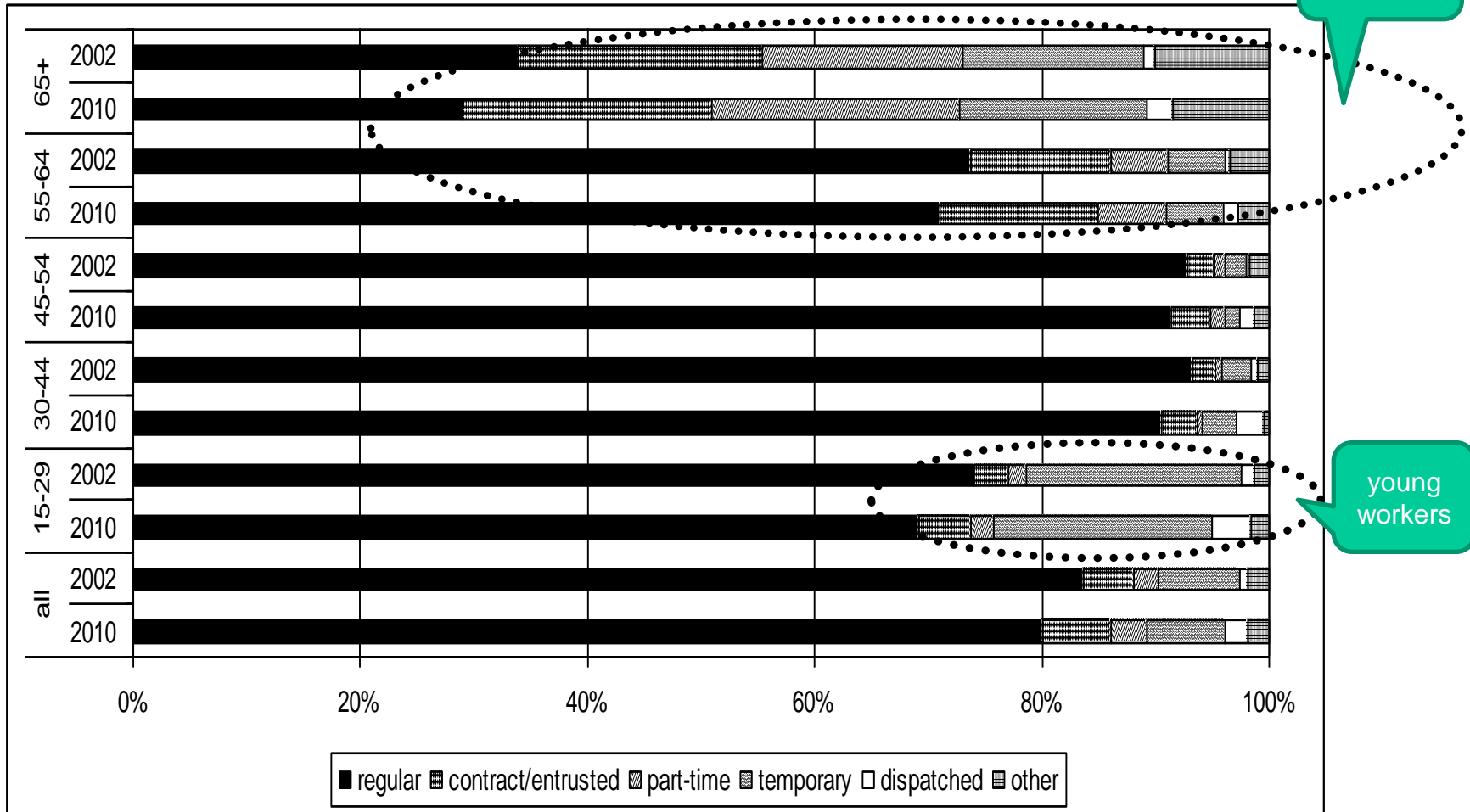
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source: MIC Labour Force survey and IMF

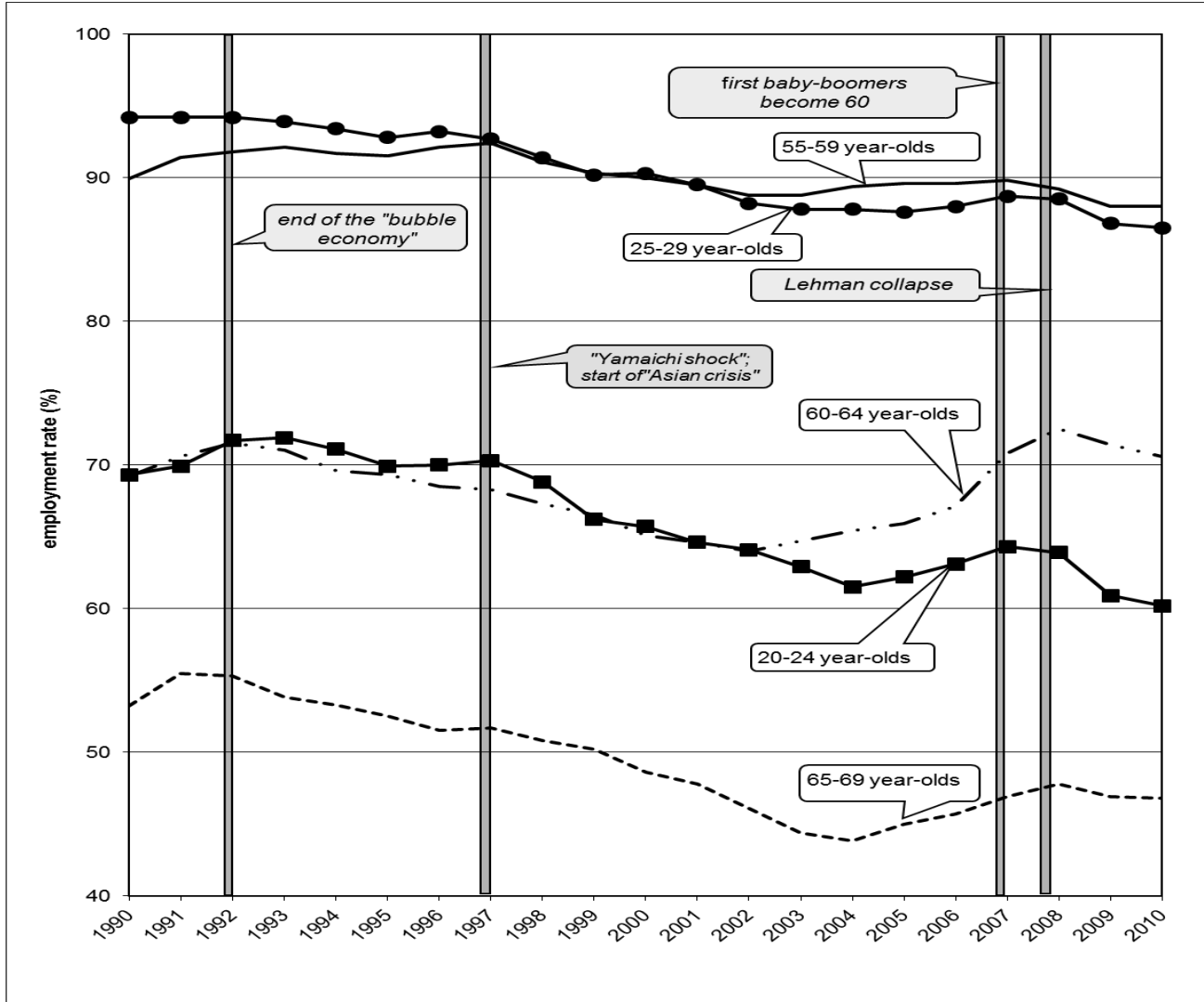
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Non-standard workers by age – 2002 and 2010



source: Employment Status Survey

Employment rates of older men and young men



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Some reflections

is Japan a “special case”?

> numerical flexibility v wage flexibility

was the concentration on older workers justified?

> integrating young people

> youth suicide rates

the UK parallel

> youth and older worker employment in the “current crisis”

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UK employment rates by age during the crisis (Jan. 2008=100)

