

# Japan's Foreign Worker intake System in Purport and Reality: Between Globalisation and Nationalism

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## 著者抄録

日本の外国人労働者の受け入れ制度は欧米やアジア諸国と比べて特徴的である。特に、他国では単純労働への就業可能な在留資格が設定されている一方、日本にはそのような在留資格は存在しない。本論の関心は、少子高齢化の進行に伴い、高度人材のみならず単純労働者の労働力が必要であることが否定できないにもかかわらず、なぜ日本は、技能実習生という間接的な施策ではなく、政策として単純労働者を受け入れないのかという点にある。筆者は、日本は政治家や利益団体の主張に沿い、「将来の変化に対応できるよう複数の選択肢を持つ政策を選択している」という結論に至った。ここでいう選択肢とは人口減少の動向や女性・高齢者人材の活用状況、労働生産性の動向であり、これらを見極め、現在の制度を通じて受け入れ数の調整を行うものである。このように、日本は単純労働者の受け入れを正式に行わない政策を堅持しつつ、労働力の逼迫には技能実習制度等の現有制度で対応しているのである。

## Summary

A key difference between Japan's system for accepting foreign workers and those in other Western and Asian countries is that while these other countries offer visas that actually permit the holder to engage in unskilled work, Japan does not. The focus of this paper is to investigate the reason why does Japan not simply accept unskilled workers instead of indirectly importing foreign labour in the form of technical interns. The answer is that several factors have largely influenced policy formation, including politicians, interest groups (including the financial lobby), workers' unions, and international pressure. Concerning the acceptance of foreign workers, the Japanese government has implemented policy options which balance the demands of politicians and interest groups while being adaptable to future changes. Despite claiming that it does not officially accept unskilled workers, the government is responding to the shortage of labour with existing systems, such as the Technical Intern Training Programme, which despite its shortcomings allows for fine-tuning of foreign worker intake depending on trends in population, labour participation by women and the elderly, and labour productivity.

## キーワード

グローバル化      ナショナリズム      外国人労働者      技能実習制度      労働力不足  
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## Keywords

globalisation; nationalism; foreign worker; Technical Intern Training Programme; labour shortages;  
nominally unskilled worker; immigration backdoor policy

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## Introduction

Globalisation has made it easier for people to move freely across national borders. In Japan, however, foreign nationals, are in principle not allowed to work unless they obtain one of 17 types of visa, such as the 'Highly Skilled Professional' visa. Also, while Japan has a Technical Internship Training Programme under which foreign nationals can engage in unskilled work, this comes with the proviso that 'technical intern training shall not be conducted as a means of adjusting labour demand and supply' (Article 2 of the Technical Intern Training Act). Japan's programme is not wholly unique. Western countries have guest worker programmes that allow foreign nationals to engage in unskilled work, and Asian countries such as Singapore, Taiwan, and South Korea have introduced systems to allow in foreign unskilled labour.

With its aging population and low birth rate, Japan's working-age population is set to shrink rapidly in the years ahead. According to government estimates, by 2030, Japan may see 8.15 million fewer people in its workforce compared to 2015 if current trends continue, and 2.07 million fewer people if conditions improve. Amid the rapidly shrinking working-age population, hopes are pinned on increasing the participation of women and the elderly. However, even if more women and older people join the workforce, the working population will still fall. Opinions are divided on this topic, with the government arguing that the decline in the working-age population will actually increase labour productivity and total factor productivity (TFP), helping maintain or improve the nation's standard of living (Small and Medium Enterprise Agency, 2005). Nevertheless, it is widely considered that stemming the decline in the working population remains an urgent task that requires government action. One solution is to make use of foreign workers. However, the present intake of foreign workers into the workforce is low relative to the projected decline in the working-age population. It is important to sincerely address the matter of how foreign nationals are in effect performing 'unskilled work' despite there being no official visa category for such activity, thus providing a source of labour that could not be obtained from Japanese people alone.

2016 saw the Brexit vote and the election of Donald Trump to the U.S. presidency, events that seemed to mark a push-back against globalisation. As there are already moves afoot globally to restrict the long-held practice of granting work visas to low-skilled migrants, there are fewer and fewer countries with low-skilled foreign worker migration policies that can serve as models for Japan. This does not excuse inaction. The decline in Japan's working-age population does not appear to be slowing down any time soon, and something must be done urgently to stem it.

A key difference between Japan's system for accepting foreign workers and those in other Western and Asian countries is that while these other countries offer visas that actually permit the holder to engage in unskilled work, Japan does not. It may well be that Western countries' continued acceptance of unskilled immigration is what caused the immigration problems that they now face. Indeed, these problems have led to mounting calls for immigration reform. Japan, on the other hand, does not face immigration problems to the same extent as Western countries. Has Japan's distinctive immigration system, and the reality thereof, been in fact successful? Does its present state offer a way forward for dealing with the pressing problem of the country's shrinking workforce? Discussing the distinctive features of the Japanese system for accepting and employing foreign nationals, and its attendant problems and benefits, is a valuable exercise as it will add weight to policy ideas amid the ongoing debate over matters such as maintaining and improving the nation's living standards and boosting productivity.

The focus of this paper is to investigate the reason why Japan uses technical interns, rather than simply accepting unskilled workers as a policy. This theatre takes place despite the fact that Japan undeniably requires additional labour from unskilled workers as well as highly skilled professionals because of decreasing birth rates and an aging population.

Tatsukawa (1999) states that Japan is a model modern nation state because it pushed forward with both

modernisation and westernisation, moved toward centralising and homogenising all aspects of its politics, economy, and culture, and believes in the mythology of a racially homogeneous nation, as well as the mythology of a monolingual state (Tatsukawa 1999:16). However, with the progress of globalisation, finance and labour have migrated at global scales. This has caused borders of nation states to relax, as well as homogeneous national identities to dilute. We must note that interpretations of the resulting diversity is heavily influenced by the economy and politics of the day in that it tends to be discussed only from the perspective of economic effectiveness, with a focus only on its benefits.

In this paper, Japan's globalisation and nationalism will be compared with that of other countries to provide an analysis of the aforementioned policy of accepting and employing foreigners in Japan, as well as its associated issues, characteristics, benefits, and background as to why the current policies were selected.

In Chapter 1, I outline Japan's system for accepting and employing foreign nationals – as officially described. In Chapter 2, I review the literature and present the analytical perspective of this article. In Chapter 3, I outline the system as it operates in practice and analyse the problems and benefits thereof by drawing insights from survey data from the Ministry of Health, Labour and Welfare, the Ministry of Justice, and conclusions from Chapter 1. In Chapter 4, I examine the purposes for which employers use foreign nationals and whether the system for employing foreign nationals delivers the desired outcomes. To this end, I interviewed small/medium business owners who struggle with labour shortages, and the recruiters who mediate between employers and technical interns. These interviews provided insight into prevailing attitudes among businesses.

The analyses in Chapters 3 and 4 highlight the gap between the official objectives of Japan's system for accepting foreign workers and the interests of the businesses that employ them, and the fact that the two are mutually antagonistic yet intertwined. Finally, I present a general analysis of Japan's system for accepting and employing foreign nationals along with a discussion of its advantages and disadvantages, and summarise key insights for policy-makers.

## 1. The Present State of Immigration in Japan

According to a 2016 survey by the Immigration Bureau in the Department of Justice, the number of foreign residents in Japan was 2,382,822 at the end of 2016, an increase of a 150,633 (6.7%) from the previous year. Not all of these foreign residents were employed. The work that they are permitted to engage in depends on their visa status. Japan grants no 'working visa' as such; they offer, strictly speaking, 'visas that allow the holders to work'. There are two main categories of visa (residence status) in Japan. As shown in Table 1, statuses in the first category are determined by the primary activities that the person undertakes in Japan (there are 14 statuses that allow the person to work within certain limitations, and five statuses that do not allow the person to work in principle). Statuses in the second category are based on personal ties (spouse, blood relative, etc.)

**Table 1:** List of 'Status of Residence'

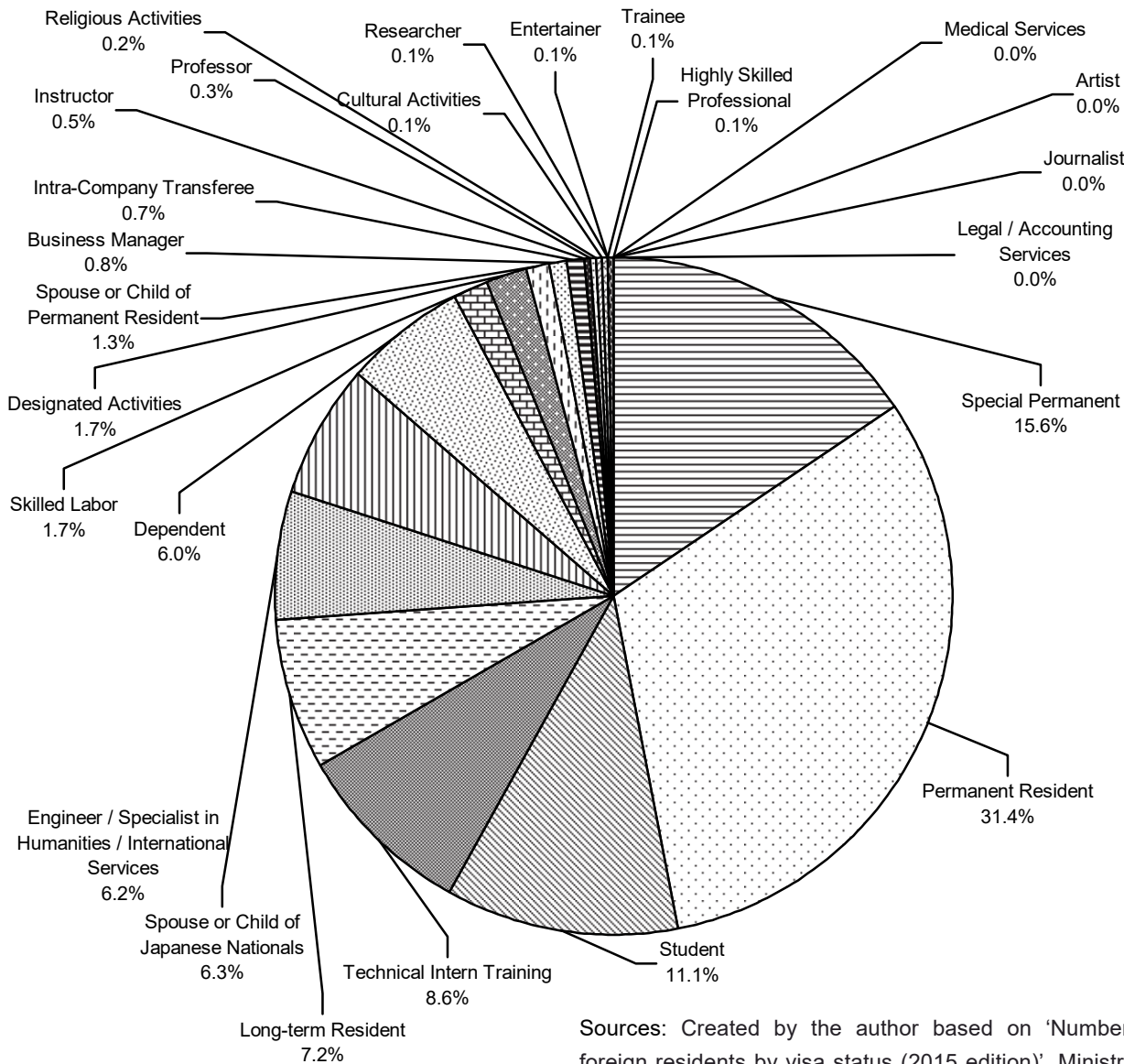
Employment Restriction	Residence Status
(1) Work Permission	Professor, Artist, Religious Activities, Journalist, Business Manager, Legal/Accounting Services, Medical Services, Researcher, Instructor, Engineer/Specialist in Humanities International Services, Intra-Company Transferee Entertainer, Skilled Labor, Technical Intern Training

(1) No work Permission	Cultural Activities, Dependent, Student, Trainee, Temporary Visitor
(2) General Work Permission	Permanent Resident, Spouse or Child of Japanese Nationals, Spouse or Child of Permanent Resident, Long-term Resident

Sources: Created by the author based on ‘List of “Status of Residence”’, Immigration Bureau of Japan, 2015.

While the Japanese government has declared its willingness to accept highly skilled workers, in reality, highly skilled workers account for only a slim proportion of foreign residents, as is indicated in the Department of Justice’s 2015 survey (see Figure 1). Notably, the number of ‘highly skilled professionals’ – the most highly skilled workers – is only 1,508, a meagre 0.1% share. Thus, while Japan has made it a national policy to welcome larger numbers of highly skilled foreigners as part of its effort to accelerate its growth strategy, it does not appear to be making any actual progress in this area.

Figure 1: Number of foreign residents by visa status (2015)



Sources: Created by the author based on ‘Number of foreign residents by visa status (2015 edition)’, Ministry of Justice, 2015.

In the worldwide race for global talent, attracting highly skilled workers is undoubtedly important. However, this issue is eclipsed by a much more serious issue: Japan is in greater need of more *unskilled* workers. Indeed, some in the business world claim they cannot survive without the labour of interns. In 2014, the Japan Chamber of Commerce and Industry conducted its ‘Study on the Impact of Labour Shortage and Responses to this Issue’, in which it surveyed 4,118 small-to-medium businesses across the country. Over 60% of the businesses in construction, transport, information, and communications services reported struggling with a labour shortage. The results also highlighted the lack of workers in other sectors. Also, businesses complaining of labour shortages were positive about using foreign workers.

However, Japan’s policy for bringing in foreigners does not provide for unskilled labourers. Most countries pursue a policy of bringing in unskilled labourers when industries complain of a labour shortage, which is a logical course of action. The 9 July 2014 episode of the NHK’s Close-Up Gendai Plus, ‘Competition for Asian Workers’, mentioned that while Japan aims to increase the number of foreigners in the labour force, foreign workers prefer to go to Korea or Taiwan, where conditions are more favourable for guest workers. From their perspective, choosing Japan means high initial costs for a comparatively short stay and an inability to secure a sufficient income, among other difficulties. The programme further explained that the fundamental problem is a half-baked system, detached from reality, perpetuated by the Japanese government’s official insistence that Japan ‘does not bring in foreign workers for unskilled labour’.

Thus, amidst the population crisis, why does Japan not open its doors despite the irrefutable need for a greater labour force? In the next section, I review previous research on Japanese immigration policy and present a hypothesis.

## 2. Literature Review and the Approach of This Article

Japanese academic literature on foreign workers has tended to focus on issues like foreign worker employment and lifestyles, migrant collective living, migrant neighbourhoods, adaptation patterns of particular ethnic groups, education for second-generation immigrants, and the granting of political rights to immigrants. A noteworthy trend in the literature is use of the term ‘immigrant’. Many studies use this term interchangeably with terms like ‘foreign worker’. For statistical purposes, the Organisation for Economic Co-operation and Development (OECD) defines an immigrant as a person who has resided in a host country for more than a year. Thus, ‘immigrant’ suitably describes non-Japanese nationals who have resided in Japan for over a year. However, while such residents may be de-facto immigrants, Japan is unwilling to recognise them as such. Yet, even with its restrictive stance towards immigration, Japan paradoxically depends on ‘immigrant’ labour. Of the various foreign nationals residing in Japan, I focus on so-called unskilled ‘foreign workers’ who work at the bottom rung of Japanese society.

In Japan, most studies on foreign workers have discussed them based on their residency qualifications and places of origin. This paper associates foreign workers with the general phenomenon of globalisation, and interprets their movements from the perspective of state policies.

To return to the key question of why the Japanese government does not expressly announce a policy of accepting foreign workers for the purpose of alleviating its labour shortages, the literature offers some insights. First, Tadasuke Fujii suggests the Japanese population has been sufficiently large to make up the shortfall in labour (Fujii 2007:47). He argues that the demographic shift in Japan from primary to secondary and tertiary industry served to resolve the labour shortages that occurred after the high-growth period.

Along these lines, the Ministry of Health, Labor, and Welfare’s ‘Basic Employment Policy (Excerpt)’ announced in 2008 established Japan’s employment policy direction, stating, ‘Rather than accommodating greater numbers of foreign workers, it is important to first facilitate the participation of Japanese young people, women, senior

citizens, and those with disabilities in the labour market'. However, Japan has suffered from a labour shortage since the Bubble era, so this is not a new, minor, or temporary phenomenon. Furthermore, women and senior citizens are clearly not enough to satisfy the current demand for labour. While many senior citizens are employed in manufacturing and many women in the service sector, there is also a de facto foreign labour force consisting of technical interns in so-called '3K' manufacturing jobs (kitsui, kitanai, kiken — tough, dirty, dangerous) and students in part-time service-sector jobs working as convenience store clerks or service staff.

Another reason is related to the fact that Japan's basic policy of keeping unskilled workers at arm's length (9th Basic Employment Plan) has meant that such workers are excluded from Japan's employment laws. Introducing employment laws that cover unskilled workers, including interns, might be construed as implied acceptance of unskilled immigration. For example, the Ministry of Justice's position regarding the technical intern training programme is that it is not designed to let in workers but to 'transfer skills' to developing regions, and that therefore Japanese employment laws do not apply to such foreign workers. In practice, however, many interns are brought in as a source of cheap labour for small/medium businesses. Due to the lack of legal protection for these workers, researchers have found many human rights issues to report on. For example, Atsushi Kondo (2009: 175) highlighted human rights violations, unlawful employment, and other problems related to the fact that foreign workers fall outside the purview of employment laws. Takashi Miyajima (2015:230) argued that the technical intern training programme is a mere façade and designed to ensure a supply of cheap labour. Subsequent to these studies, on 28<sup>th</sup> November 2016, the Diet promulgated the Act on Proper Technical Intern Training and Protection of Technical interns ('Technical Intern Training Act'; Act No. 89 of 2016). The 2017 Japan internship programme is scheduled to commence on 1st November 2017, by Cabinet Order.

The third reason why Japan is reluctant to expressly announce a policy of welcoming immigrants is related to the fact that Japanese nationality is based on the principle of *jus sanguinis*, or 'right of blood'. According to Tomio Kinoshita (2016), when a country accepts immigrants, it must consider the possibility that it might ultimately have to grant them nationality. Kinoshita suggests that Japan, where the principle of *jus sanguinis* is deeply rooted, might be reluctant to embark on a path that leads to immigration that confers nationality (Kinoshita 2016:27). The research of Masataka Endo (2015) lends support to this *jus sanguinis* hypothesis. According to Endo, Japan's Nationality Law of 1899 enacted patrilineal *jus sanguinis*, which survived sweeping post-war law reforms in 1950. In 1984, the law was revised to allow a child of either a Japanese father or Japanese mother to become a Japanese national, but to this day, Japan continues to maintain a relatively pure form of *jus sanguinis*. Generally speaking, Japan has always placed value on 'blood' in its conception of Japanese 'nationality' (Endo 2015:2).

Thus it is fair to conclude that Japan is worried about categorising 'foreign workers' as 'immigrants' for fear they may ultimately gain citizenship. However, examples of other countries such as Singapore, which accepts many foreign workers, prove this fear to be groundless. Singapore grants work permits to unskilled migrants (who work in construction and manufacturing) which clearly stipulates length of stay and whether their salary allows them to be accompanied by family members. It should be noted, however, that with persons of foreign origin accounting for over 40% of Singapore's population, there are growing calls within the country to restrict immigration. Normally, citizen dissatisfaction with foreign workers tends to be directed toward the low-skilled. However, in Singapore such resentment is also partially directed toward high-skilled workers, who often hold permanent residency. Singaporean citizens' major points of complaint are as follows: 1) University places and professional jobs are being taken up by foreigners from all over the world at the expense of native Singaporeans; 2) The preferential policies conducted by the government to entice high-skilled workers from overseas are unfair; 3) Most of the high-skilled foreign workers who possess permanent residency do not attempt to gain Singaporean citizenship, gaining the privileges of citizenship while avoiding its obligations (e.g. military service) (Iwasaki 2015). Cognizant of such complaints, the Singaporean

government explained their views in the following manner: 'Since the influx of foreign workers is being controlled stringently, after the government considered the financial situation and the labour market, it concluded that the impact of such influx on the labour market was contained within an allowable range' (The Japan Institute for Labour Policy and Training 2015). According to this report, the Singaporean government hopes that companies will fairly and objectively consider Singaporean candidates for managerial and specialised positions, but that hiring decisions ultimately lie with employers, and that it is undesirable and unrealistic for the government to interfere in the process. In contrast to high-skilled employment, low-wage labourers who enter Singapore with labour permits are concentrated in '3D' (dirty, dangerous, and demanding) work, such as construction, shipping, cleaning, maintenance, retail, and domestic help, thus filling vacancies that Singaporeans generally do not want.

Similarly in Taiwan, foreign workers are concentrated in areas such as construction, nursing/care, and domestic labour (Jiang 2015:61). According to Jiang (2015), Taiwanese demand for workers in nursing-care services, domestic labour, and on construction sites has surpassed supply in recent years due to changes in perceptions of labour values, the rapidly declining birth rate and aging population, and a surge in wages due to the revaluation of the Taiwanese Yuan. For this reason, the Taiwanese government legalised the intake of foreign workers. In addition, it is said that employers' demands played a role in the government's legalisation of this issue.

In South Korea, the Park Chung-hee administration gained power after a military takeover in the 1960s, and pushed forward powerful economic development policies. As a result of rapid economic development under this dictatorship, South Korea experienced a turning point that signified the end of an initially labour intensive economy from the end of the 60s to the early 70s (Watanabe 1986: 67-74). According to Adachi (2012), on one hand, the South Korean economy transitioned away from a labour intensive economy and advanced its structural transformation towards capital and technology-oriented industries. On the other hand, foreign direct investment increased to gain access to low-wage production. As part of this, the introduction of a low-wage overseas labour force was examined (Adachi 2012: 58) and South Korea introduced a foreign labour force in low-skill proficiency fields through an employment permit system in 2004. According to Tamaki (2011), the rapid increase in illegal residents partly drove South Korea's implementation of said system. Enacted in March 2007, the visiting employment system aimed to replace the training system as a means of securing foreign labour, and resolve the problem of illegal employees (Tamaki 2011: 90).

To summarise the three countries' strategies, aging Singapore needs to accept fresh foreign workers at a certain rate to support future economic growth and society. On the other hand, the government is raising application standards for both high-skilled and low-skilled workers, increasing the hurdles for foreign employees each year. In order to prevent a negative impact on the domestic labour market by foreign workers, the Taiwanese government has been accepting foreign workers under a planned management system, with 'necessity, urgency and irreplaceability' as its fundamental criteria. In order to avoid the reduction of citizen employment within the domestic labour market, the South Korean employment permission system incorporates a demand adjustment function that controls the volume of workers accepted from overseas, as well as eligible job types and scales, based on the principle of subsidiarity.

Japan has adopted a policy of accepting a wide range of global talent, including highly skilled workers and students. For a country that ostensibly refuses to accept unskilled workers, this is a very convenient immigration policy. However, the Japanese veils this nationalism by adopting an ostensibly globalist policy, with domestic economic circles also making globalist overtures, all the while evaluating foreign workers based on their economic utility to national/business interests.

The Cabinet Office's Annual Report on the Japanese Economy and Public Finance (2004) listed the following as characteristics of the globalisation of Japan's economy from the 90s onward: Compared to trade, the movement of finance and capital has been sluggish. Compared to western countries, the deepening of the Japanese economy's



international ties has been gradual. Even if we believe that globalisation is progressing within Japan, it hasn't always been the case when compared to western countries.

Japan's direct foreign investment policy shifted from securing sales channels in the 60s and 70s to the overseas expansion of manufacturing industries in the late 80s as a response to trade frictions and appreciation of the Japanese yen. In the 1990s, there was an increase in investment associated with the advancement of vertical international specialisation, with South Asian regional investments centred on transportation equipment and electric machines, as well as investments associated with industry restructuring centred on financial institutions. Globalisation in Japan began to be conducted with a focus on overseas investment rather than accepting foreign capital. This is the reason it is believed that Japan did not have to open its labour market to foreigners at the time. However, as Japan's population decline accelerates, so does the domestic globalisation debate pertaining to the inflow and outflow of people.

In this article, I wish to move beyond whether or not Japan should adopt an open-door immigration policy, and explore a more fundamental issue: the mechanism behind the gap between official national policy and the reality on the ground. I believe that the Japanese government's immigration policy is dressed up in globalist language while under the surface remaining motivated by Japan-first nationalism. Based on this viewpoint, I now explore in detail the distinctive features and problems of Japan's system for accepting foreign workers.

### **3. Distinctive Aspects of Japan's Foreign Worker intake System and the problems thereof**

In the first two chapters, I outlined the situation concerning foreign workers in Japan, and summarised the findings in the literature. In this chapter, I use survey data from the Ministry of Health, Labour and Welfare, and the Ministry of Justice to analyse Japan's system for accepting and employing foreign workers, and its problems, with particular focus on so-called unskilled workers and students.

The first distinctive feature of this system concerns the ambiguous definition of 'foreign worker'.

In Japan, those who work in jobs that do not require 'advanced expertise or skills' are labelled 'nominally unskilled workers', with the government taking a cautious line towards their acceptance into Japan. However, in the absence of a clear definition of 'unskilled workers', the term 'nominally unskilled workers' has become derogatory, connoting negative attitudes towards the acceptance of foreign workers. Presumably, there must be a large spectrum of workers between those with 'advanced expertise or skills' and 'nominally unskilled workers'; the line between these two categories is nuanced. So how did this strict dichotomy arise? According to Yasushi Iguchi (2001), as part of its economic and basic employment plans, the government requires cabinet approval on matters concerning foreign workers. Ordinarily, the scope of foreign worker intake should be determined in conjunction with the system for receiving them. However, the government agencies concerned have not reached consensus on a 'work permit system'; they have only agreed to accept foreign workers with 'advanced expertise or skills'. This situation has given rise to a dichotomy whereby workers accepted under a 'residence status system' are deemed workers with 'advanced expertise or skills', while those not so accepted fall into the category of 'nominally unskilled workers'. As for 'general skilled workers', who in reality are neither workers with 'advanced expertise or skills' nor 'nominally unskilled workers', the government's policy lumps them together with 'nominally unskilled workers' (Iguchi 2001: 32-33).

As Iguchi points out, Japan's system for accepting foreign workers is closely shaped by the 'concerned government agencies', including the Ministry of Justice, the Immigration Bureau, and the Ministry of Health, Labour and Welfare. Since there is no central oversight of these bodies in this matter, it is unclear where ultimate responsibility lies. This situation has resulted in, for example, the simultaneous existence of three systems under which foreign nationals can work in nursing care-related jobs. These are: the Technical Intern Training Programme, Japan's Economic Trade Agreement (EPA), and the visa category 'Nursing Care'. To work in nursing care in Japan under the EPA, the



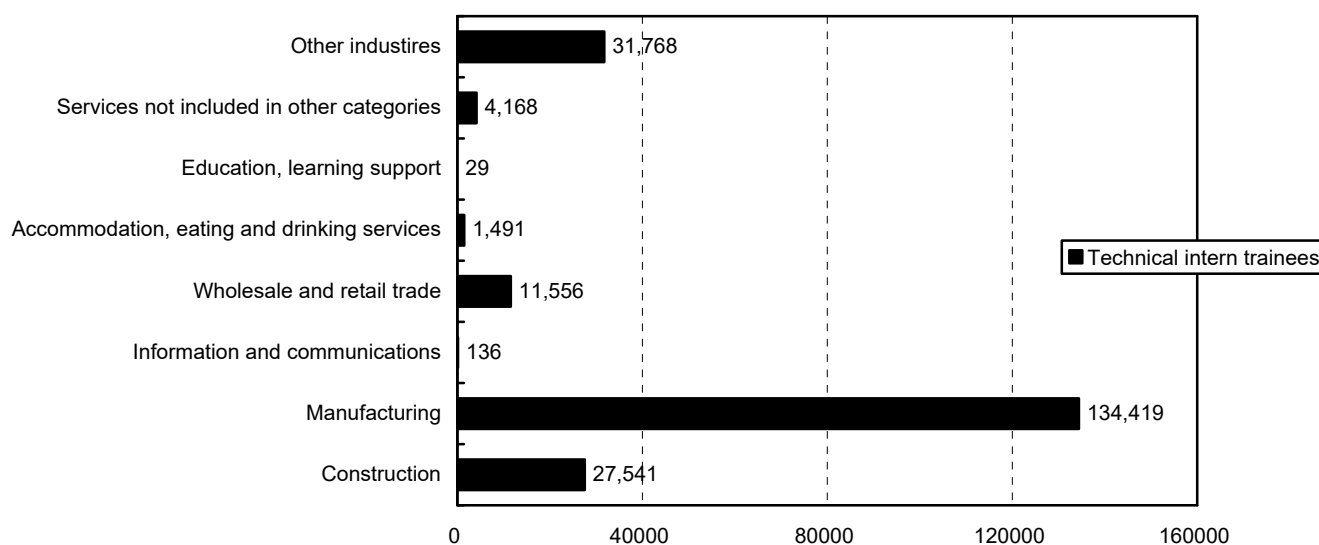
candidate must have graduated from a three-year or four-year nursing college in their home country. Once in Japan, they must work in a nursing care facility for three years before passing Japan's gruelling national license examination for nurses, which is hard even for Japanese nationals. To stand a hope of passing this exam, the candidate's Japanese language proficiency must be at least N2-level on the Japanese Language Proficiency Test, an excessively high hurdle. Thus, when it comes to the EPA route for foreign nurses, there is a major contradiction: the swelling demand for foreign nurses is entirely at odds with the fact that only a handful of foreign nationals are actually able to pass the test and work as nurses. Worse still, among those who do pass the test, even fewer remain in Japan, and of all those who enter Japan under the EPA with the intention of working as a nurse, over 90% end up repatriating.

This brings us to the second distinctive feature: the gap between the system's ostensible purpose and the reality on the ground.

Article 3, Paragraph 2 of the Technical Intern Training Act stipulates that 'technical intern training shall not be conducted as a means of adjusting labour demand and supply. However, the 'Labour Market Analysis Report' (2017) suggests that this principle is not followed in practice. According to the report, the number of new job openings in 2016 was up 5.5% year-on-year. When compared with the 3.5% year-on-year increase in 2015, this suggests a rising trend in labour demand. Looking at the rise in new job openings by industrial category, the greatest contribution to the overall rise came from 'medical, healthcare and welfare', followed by 'accommodation, eating and drinking services' and 'wholesale and retail trade'. When compared to 2015, the industries that contributed significantly to the rise in the number of new openings are largely the very same industries that provide employment for interns and those students permitted to engage in activities other than that permitted under their original status of residence. Thus, interns are clearly being employed to ease the tight labour market.

Furthermore, according to the 2016 Summarised Registration Report concerning the Employment of Foreign Workers, conducted by the Ministry of Health, Labour and Welfare, many employers of foreign workers are manufacturing businesses. Of the total foreign workers in Japan, 31.2% are employed in manufacturing, and 23.5% of all manufacturing businesses employ foreign workers. As Figure 2 shows, over 134,000 foreign workers are employed in manufacturing under the technical intern training programme.

**Figure 2: Businesses (Industries) in which Technical interns Work (Unit: No. of people)**

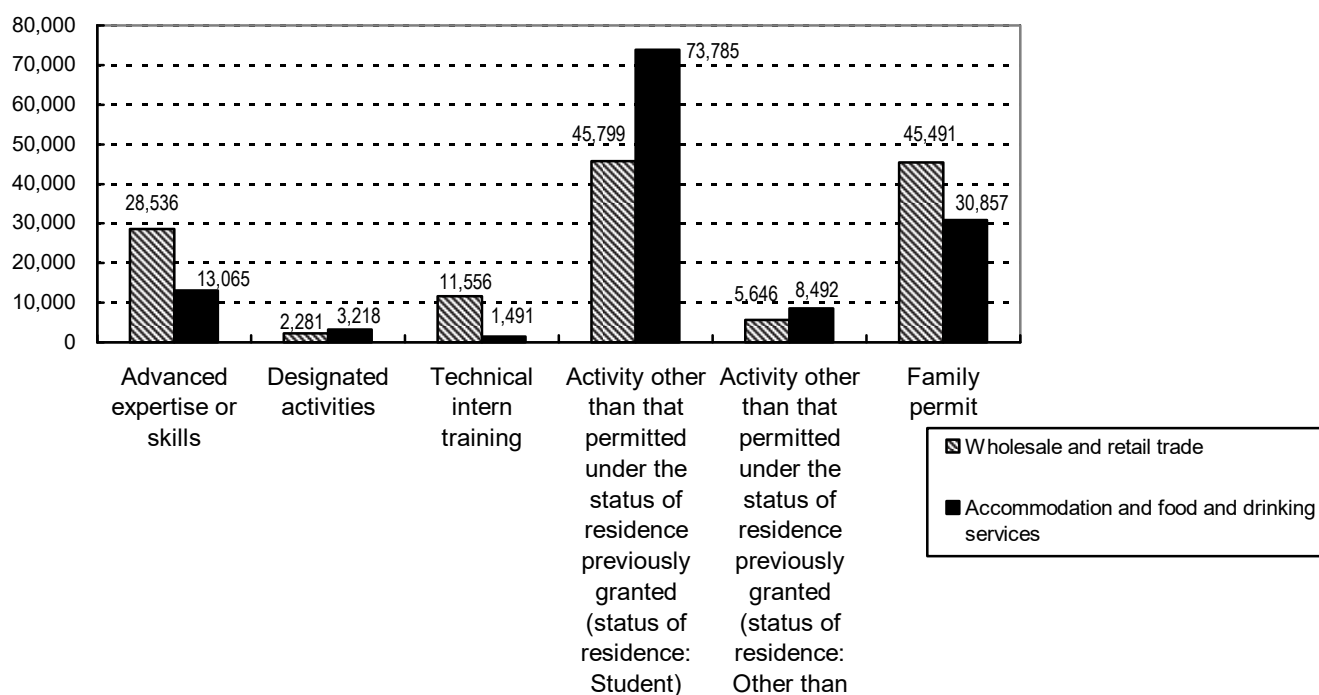


Source: Ministry of Health, Labour and Welfare, Summarised Registration Report concerning the Employment of Foreign Workers, 2016

Regarding foreign students, their range of activities can extend to part-time employment if they obtain permission to 'engage in activity other than that permitted under the status of residence previously granted'. In principle, such students are able to work up to 28 hours a week, and up to eight hours a day during long holiday periods – when their place of study breaks up for the summer holidays, for example. In effect, these students make up a sizeable proportion of the workforce in the services industry.

The aforementioned survey by the Ministry of Health, Labour and Welfare found that of the 130,908 foreign workers across Japan who work in accommodation and eating and drinking services, over 70,000 (56.4%) are students (Figure 3).

**Figure 3:** Number of Foreign Workers by Industry Category (Unit: No. of people)



Source: Created by the author based on the Ministry of Health, Labour and Welfare, Summarised Registration Report concerning the Employment of Foreign Workers, 2016.

An NHK special feature on foreign workers (“‘An Age of 1 Million Foreign Workers’: The Facts concerning ‘Working Students’”) reported that foreign students have become indispensable to the logistics industry, where business continues to expand with the increasing use of online shopping. Foreign students now make up the bulk of night-shift workers in Japan’s largest logistics centre.

Why does Japan’s manufacturing industry depend on interns while its services industry depends on foreign students? This too is related to Japan’s refusal to accept unskilled workers. While it might be beneficial to have foreign nationals work in industrial sectors struggling with labour shortages, there are only two visas under which they may do so: ‘student’, and ‘technical intern’, neither of which may officially be used for working in Japan (the latter’s purpose is to promote international cooperation by transferring skills). Japanese business federation Keidanren has urged the government to accept more foreign workers as a step in addressing Japan’s labour shortages, and the government is fully aware of the seriousness of the problem. Against this backdrop, the supply of foreign workers with the above statuses is providential to the national interest. While Japan keeps its front door closed to immigration, it lets in foreign workers through a back door.

Of course, inasmuch as this ‘backdoor’ ingress is not above board, it entails a plethora of problems. These problems include foreign workers paying large fees to local recruiters to help them obtain residence status, and unlawful employment, where the foreign worker works beyond statutory working hours.

To summarise, the gradual rise in foreign unskilled workers and the resulting discrepancy between official government policy and the reality on the ground is attributable to the government’s ‘backdoor immigration policy’. The duplicitous nature of the backdoor policy is markedly apparent in the foreign technical internship programme and the foreign student programme. The official purpose of both programmes is for participants to learn skills, technologies, and knowledge to take back to their home countries. However, this is seldom reflected in reality. For example, many interns end up working in unskilled jobs with poor working conditions, and many foreigners obtain student visas with the full intention of engaging in unlawful employment.

#### **4. Interviews with Technical Intern Recruiters, and Small/Medium Business Owners struggling with Labour Shortages**

This chapter addresses Japanese nationalism in relation to social problems associated with foreign workers. To this end, I analyse interviews conducted with small/medium business owners, focusing in particular on the perceived advantages and disadvantages of employing foreign nationals. In doing so, I will elucidate possibilities for rethinking the Japanese nationalism emerging from culture, traditions, and the economy.

##### **4-1. About the respondents**

First, the views expressed in these interviews do not represent the opinions of all small business owners. There are likely to be minor differences of opinion depending on factors like the owners’ age, gender, and industry. That said, there is a paucity of research on these perspectives. I believe it is important to keep this in mind when conducting research to gain new insights, and when remedying any survey design flaws for future studies.

The respondents were four company presidents living in an urban area and two company presidents who travelled between China and Japan. Their basic profiles are summarised in Table 2.

**Table 2:** Interview List

	<b>Age</b>	<b>Industry</b>
Mr. F	early 50s	Publishing
Mr. K	late 30s	Consulting
Mr. S	early 40s	Construction
Mr. W	late 40s	Recruiter for Chinese workers in Japan
Mr. O	early 70s	Ex-chief general contractor for a major company, now independent contractor
Mr. H	early 70s	Recruiter for Vietnamese technical interns

Note: Ages and industries are as reported in the survey, which was conducted from 21–24 August 2017.

##### **4-2. Survey Questions and Responses**

Below are several selected questions and responses on employing foreign workers.

Q: Does your company employ foreign workers?

‘We do not have any restrictions on foreign workers, but we do not employ any at the moment. We have had people from Asia in the past. We publish English textbooks, so some of the authors are American. My company is unique in that aspect. Now, we are helping with the production of textbooks in Central

Asia, though the core of our work is Ministry of Education-approved K–12 textbooks. However, editing is difficult for foreigners, because you cannot edit unless you can read the Ministry of Education's requirements. Yeah, I think there is a high hurdle for foreigners'. —Mr. F

'We have some technical interns from regions in China that are close to Russia, where the temperatures can be -20°C. We have all kinds. There is a language barrier and cultural differences. You could say that Asians at least try to adapt. Westerners are slightly difficult to employ, because they want to have their way'. —Mr. S

'We used to employ Chinese and Indian people, but it was risky for us as a company. You go through all the trouble to bring them on board and train them, and then before you know it, they end up returning home. All that training for nothing. It is also difficult to communicate with foreigners who have completely different religious views'. —Mr. K

Q: Tell me a little more about your foreign employees?

'Well, it is a long story. I asked a Chinese labour broker living in Japan to recruit candidates for me who wanted to be technical interns in Japan. As you probably already know, 'trainee' is just a title. The Chinese government sees them as legal migrant workers who go to Japan for a limited time to earn money. A Japanese company goes to China to interview the applicants, and those who pass the interview are eligible for admission into a Chinese training facility. They get money from relatives to pay the enrolment fees. If they pass the three-month training course, they come to Japan. Their wages are about 7,000 JPY a day, if I remember correctly. They say they would come to Japan for three years, [and have enough to] build a house and send their kids to school. They say that they will apply to be a trainee in Singapore once their programme in Japan ends. We are a subcontractor, so we give them work, but the price [we charge for our services] is low. Small businesses cannot survive without employing low-wage trainees. Of course, this means that jobs for Japanese people will disappear. The other day, I was watching TV and saw French people bemoaning the fact that there are no jobs because of immigrants willing to work for low wages'. —Mr. S

Q: What do you think about the Technical intern Programme?

'There were many problems, including managers who did not pay [the trainees], but things have improved lately. However, for construction companies like ours, the quotes from subcontractors are increasing every year. Many places cannot keep up with the rising cost of materials and have to close up shop. This is why cheap labour is necessary. Major manufacturing companies can manage with their factories overseas. In Japan, places like dismantling factories are almost all staffed by *moguri* ('illegals'). Even in construction, those jobs are the dirtiest, so Japanese people do not want to do them'. —Mr. O

'Our headquarters is in Dalian, China. [Like Japan,] China is also facing a real estate slump these days, which has put *nóngmín'gōng* (farmers-turned-migrant workers) out of work. They have nothing to do, which has contributed to social tensions and public safety concerns. Therefore, we take some of them, give them vocational training, and 'import' them into Japan. We send them to garment factories in Niigata and Nagano, and residential construction sites. We have sent at least 80 people this year'. —Mr. W

‘Well, that was during the Bubble, when Japan’s economy was doing great, so there were not enough unskilled workers. The stated purpose of the system was to help developing countries by bringing and training foreign workers temporarily. However, in reality, it was a measure to solve the labour shortage. Another thing is that Nikkei [third generation Japanese] workers, unlike trainees, are connected to us by blood, so they can work in Japan without restrictions. We hire a ton of them in places like the Hamamatsu and Toyota factories. Lately, there are more exchange students too. They are like a reserve labour force, you know? They handle almost all the convenience store clerk and bar servicing staff positions. They handle all the low-level work in Japan for us’. —Mr. O

‘Lately, there are many nurses and caregivers from the Philippines and Indonesia. However, I think that hardly any of them could pass a high-level Japanese language test. Now they do the tests in English – which makes things easier – and they say that Filipinos can speak English, but this is not America. I do not think many patients can speak English. Our company recruits Vietnamese technical interns. Why Vietnamese? Many are diligent and good with their hands, and Vietnam is a Buddhist country, so they are well mannered. They adapt to our workplace easily. With the Olympics coming up, we will need more foreign workers to fill the labour shortage’. —Mr. H

‘It would certainly save a lot of trouble to hire Japanese people if we could. With foreigners, there is the language barrier, you have to find a place (dorm) for them to stay, and furthermore, they must all eventually return home. After all that training, they end up leaving just as they get the hang of it, so the training goes to naught. Even so, Japan is an aging society, and we will have no choice but to open our borders to immigrants regardless’. —Mr. O

‘Mr. Abe wants to see more women and senior citizens in the workforce, but are they actually going to do tough, dirty, low-paying jobs like dismantling? First, they lack the strength for it. Regardless of how you look at it, Japanese people alone will not be enough to fill the jobs available’.

—Mr. W

#### 4-3. Interview Analysis

Four key findings can be gleaned from the above interviews of recruiters, small/medium business owners struggling with labour shortages, and similar parties. First, the respondents were open to the idea of accepting foreign workers for long-term engagements. More than a few business owners mentioned that the effort expended on training was wasted as the trainees would have to return home just as they became accustomed to the work. The employers had invested in the interns, and from a return-on-investment perspective, probably wanted them to continue working despite knowing that this would run counter to the programme’s purpose, namely, the transference of skills. Second, the respondents rarely looked down on or felt uncomfortable with their foreign workers. Human resources coming from abroad to work in labour-intensive occupations which Japanese people do not wish to work in are a godsend to businesses. Also, in terms of wages, the fact that the employers paid either minimum wage or amounts equivalent to that which would be paid to a Japanese counterpart suggests that they considered issues like cultural differences to be a small price to pay for the advantages to be gained, and that this attitude probably led directly to the absence of any contempt or scorn. Third, small/medium businesses play an active role in the intake of foreign workers. According to data from the Small and Medium Enterprise Agency (trends in numbers of new job openings by size of business), since

2009, the number of new job openings in businesses that employ at least 500 people has remained largely stable, while that of smaller businesses, particularly those with fewer than 29 employees, has expanded significantly. In terms of actual numbers of people employed, the number of employees in businesses employing 500 people or more has increased by 3,820,000 while the number in businesses employing fewer than 29 people declined by 2,150,000. Thus, there is a serious shortage of labour among small/medium businesses, which would explain their active interest in the intake of foreign workers. The fourth finding is that with the labour shortage posing a crisis, employers openly express a strong desire to utilise foreign workers as a source of labour despite this running counter to the Technical Intern Training Act which states the purpose of 'promoting international cooperation by transferring skills', and that 'technical intern training shall not be conducted as a means of adjusting labour demand and supply'. The interviewees had little to say on matters like the right of foreign workers to reside in Japan, human rights issues, or any other matters not directly connected with labour.

Business owners and employers clearly regard foreign workers (technical interns) as an important source of labour. They also considered that top priority during the internship was for trainees to work uninterrupted, and that minor problems be resolved internally at the workplace.

The literature and mass media has often focused on the human rights associated with foreign workers (technical interns). However, of the six interviewees involved with foreign workers (technical interns), none of them reported any major work-related problems. Business owners/employers reported that they would try to resolve small problems internally, and scarcely brought up human rights, which might suggest that they do not perceive a problem. This finding is inconsistent with the frequent media reportage of such rights grievances among technical interns. One possible interpretation of this discrepancy is that the respondents avoided drawing attention to problems – even if they were aware that they existed – out of a desire for the internship programme to continue in its current form, or ideally in a form more convenient for business, thus preserving or expanding the supply of interns as a source of labour. This interview data is valuable in that it confirms how indispensable technical interns are to small/medium businesses that struggle with labour shortages.

## Conclusion

Recall this paper's central question: 'Why does Japan not simply accept unskilled workers instead of indirectly importing foreign labour in the form of technical interns?' The answer is that several factors have largely influenced policy formation, including politicians, interest groups (including the financial lobby), workers' unions, and international pressure.

Politicians must gauge and respond to the wishes of the citizenry. In a Nihon Keizai Shimbun public opinion poll conducted between February 24th and 26th, 2017, the question, 'Are you for or against Japan expanding its acceptance of foreigners who wish to settle in Japan as a measure to combat population decline?' resulted in an even split, with both 'for' and 'against' receiving 42% of the responses.

The Federation of Economic Organisations, which represents the financial world, released a paper titled 'Basic Approach for Promoting the Acceptance of Overseas Personnel, November 21, 2016,' which advocates the active acceptance of foreign human resources. The Japan Committee for Economic Development has mentioned that they would increase the labour participation rate of women, the elderly, and foreigners.

Rikio Kozu, the chairperson of Japanese Trade Union Confederation, stated in the 9th October 2016 issue of Nihon Keizai Shimbun that the '...expansion of foreign workers needs to be done carefully,' displaying a cautious stance toward the advancement of globalisation as represented in this case by inflows and outflows of people.

As globalisation advances, so does international pressure to increase the acceptance of migrants and foreign workers. While Japanese policies do accept temporary workers in the form of technical interns, more direct measures

are not being taken. The Japanese government is purportedly using the Technical Internship Trainee Programme to contribute to international society, and facilitate skills transfers to other countries.

Concerning the acceptance of foreign workers, the Japanese government has implemented policy options which balance the demands of politicians and interest groups while being adaptable to future changes. Despite claiming that it does not officially accept unskilled workers, the government is responding to the shortage of labour with existing systems, such as the Technical Intern Training Programme, which despite its shortcomings allows for fine-tuning of foreign worker intake depending on trends in population, labour participation by women and the elderly, and labour productivity. Common migration policies have been adopted among EU countries (and Switzerland, a non-EU country) that are having issues with inflows of migrants caused by Schengen Agreement allowing free movement of workers across borders. This demonstrates how European countries do not have the flexibility to control the entrance of migrants or workers as does Japan.

Japan's use of indirect policies such as technical interns, despite an undeniable need for unskilled and skilled workers due to population decline, arguably also stems from a desire to retain options that may be used to respond to future change.

The distinctive feature of Japan's system for accepting foreign workers is that it offers no status of residence (work visa) for foreign workers who engage in unskilled work. However, as the interview data shows, businesses desperately require such workers. Therefore in practice, foreign nationals are increasingly accepted into the country on the premise of 'study' and permitted to work in unskilled jobs either as technical interns or as foreign students (upon gaining permission to engage in other activities).

Hereunder, I summarise the function of technical interns and foreign students as perceived by the Japanese government and as perceived by the business owners/employers who take on foreign workers.

To business owners and employers, technical interns and foreign students represent human resources that can serve their business interests. This contrasts with the official government view.

Many problems related to Japan's technical intern training programme are due to the gulf between the system's *purport* and its *reality*. The government attempts to dodge human rights and similar issues by emphasising that the programme is intended to transfer skills. The stated purpose within the Technical Intern Trainee Act exemplifies this approach. There needs to be a policy debate that focuses on closing the gap with the real economic and business rationales, as this disconnect has consequences that go beyond being a mere curiosity. Japan's technical intern training programme was mentioned in the U.S. Department of State's 2017 Trafficking in Persons Report, its inbuilt gap between purport and reality appearing in the eyes of the world as a cover for abuses.

Western countries, in response to perceived voter demand, are currently placing tighter controls on the inflow of foreign workers. Japan's caution may make it appear to be keeping pace, yet there are calls from within the country to relax immigration rules. For example, in the debate over additional regulatory reforms to Japan's national strategic special zones, there are calls for more relaxed visa regimes for the foreign nationals who will work in the services and agriculture industries in these zones. Conversely, as reported by the Nishinippon Shimbun on 27<sup>th</sup> February 2017, in an effort to clamp down on foreign students working or residing illegally, the Immigration Bureau of the Ministry of Justice in February 2017 officially notified Japanese language schools that had more than 10 student drop-outs in 2015 that it would implement tougher pre-entry standards for nationals of China and four other Asian countries.

Japan's cautious attitude towards accepting foreign workers has helped the country avoid the immigration problems that developed in Western countries. Letting people in is easy enough, but rooting out illegal immigrants requires an unimaginable amount of effort and money. Japan's national government has arguably always pursued an immigration policy suited to the nation's characteristics.

When it comes to refugees, a humanitarian response is called for, but since there is extensive debate on this



topic, I have omitted refugees from my discussion, focusing only on foreign workers. As for the matter of illegal entry, Japan's geography is to its advantage. By contrast, Spain faces a seemingly unending flow of irregular and illegal entrants, who take advantage of the narrow Strait of Gibraltar.

To recap, I discussed the distinctive features of the Japanese system for accepting and employing foreign workers, and the problems and benefits thereof, focusing on whether this distinctive policy has been successful in reality, and whether the present system offers a way forward for dealing with the country's pressing problem of a shrinking population.

Japan has maintained a 'convenient' policy towards immigration for several decades. The issue of immigration in Japan must be worked out through expanded debate at the national level, a process by which policy defects will be brought to light for the first time.

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