



# Labour Update

## 労組周辺動向 No. 148



2022 - 09—16

***This bulletin contains information on law changes that have either passed, or are being discussed, in parliament, court decisions, and other labor issues in Japan that are of interest to activists.***

### 1. Law/Policy

#### (1) Discussion held on revising social security system: “All-Generations Social Security Reform Headquarters”

The government’s “Headquarters for Building a Social Security System for All Generations”, tasked with deliberating revisions to the social security system, held a meeting on the 7<sup>th</sup>. At this meeting, the group began concrete discussions on the year-end budget and on amendments to the system. Now that the upper-house election is over, the main point of debate will be whether they will cross the line of increasing burdens on the public in order to secure funds for steps to deal with the declining birthrate.

The discussions will focus on three main themes: (1) increasing support for child care; (2) reforms to the healthcare and elder-care systems; and (3) expanding enrollment in the national pension and health insurance, in order to include freelancers, part-timers and other “non-regular workers” and have “all working people insured”.

In regard to funds for ballooning healthcare costs, the Headquarters is expected to consider system reforms that could increase the burden on patients, such as by increasing insurance premiums for high-income elderly people.

For funding to cope with the declining birthrate, some in the government have floated ideas such as getting “cooperation money” from public health and elder-care insurance, or making use of “business-owner contributions” gathered from companies across the country.

“Conference on Building a Social Security System for All Generations: Preliminary Outline of Arguments (Summary)” Sept. 7, 2022, Cabinet Office

<https://www.mhlw.go.jp/content/12300000/000957837.pdf>

(2) “Digital wages” to be legal starting as soon as 2023: payment apps, upper limit of ¥1 million

In preparation for allowing workers’ wages to be paid digitally, including by the use of smartphone payment apps, the Ministry of Health, Welfare and Labor (MHWL) announced on September 13 that they plan to have revisions made to relevant ministerial ordinances within 2022. At a conference held on that day, a maximum limit of ¥1 million was set for app account balances. This was seen as a way to protect the funds, in answer to labor unions’ concerns regarding safety. It is possible that “digital wage payments” may become legal as soon as some time in 2023.

Digital payments will involve having wages remitted to accounts on fund-transfer businesses’ apps, such as PayPay or Rakuten Pay. Workers will then be able to use the apps directly to make purchases. There are eighty-five such fund-transfer specialist companies in Japan (as of the end of August). Those that are approved by the MHWL will be able to be used for wage payments.

“In Regard to Payment of Wages Into Accounts with Fund-Transfer Specialists: Summary of Issues (7)” Sept. 13, 2022, MHWL Labor Policy Council Labor Conditions Subcommittee, 178<sup>th</sup> mtg.

<https://www.mhlw.go.jp/content/11201250/000988916.pdf>

(3) New freelancer protection law to be submitted at special session: pay must be clearly indicated, etc., for fairness in business

The government has settled on a plan to submit a bill to this Autumn’s special Diet session that would give protection to freelance workers. Those who do freelance work are in a weak position, and often are made to sign disadvantageous contracts, or have clients fail to properly honor their contracts. The new proposed law would require businesses to pay fairly for freelance work they order, as well as other measures to ensure fairness in transactions.

“Freelance” refers to taking on work as an individual. A government survey in 2020 found that approximately 4.62 million people in Japan were working this way. The outline of the new bill defines it as “a business operator to whom work is outsourced, who does not employ other persons”.

“Direction of Legislation for Ensuring Fairness of Transactions Involving Freelancers” Sept. 16, 2022, MHWL Labor Policy Council Employment Opportunity and Equality Subcommittee, 52<sup>nd</sup> mtg.

<https://www.mhlw.go.jp/content/11901000/000990642.pdf>

## 2. Legal Violations/Disputes

### (1) “Independent contract is fake”: Amazon delivery drivers form union to seek improvement in conditions

Drivers in Nagasaki, “sub-subcontracted” to a company that subcontracts to online shopping giant Amazon, held a press conference in that city on September 5 to announce that they had formed a union. This is the second case in Japan where drivers have formed a workplace-based union; the first was the Yokosuka Branch (Kanagawa). There are said to be moves to form unions at multiple other places in the Kanto region.

The Tokyo Union Amazon Drivers’ Union, Nagasaki Branch, includes fifteen delivery drivers based in Nagasaki City. They have outsourcing contracts as independent contractors (*gyomu itaku*) with a company that itself subcontracts to Amazon’s Japanese subsidiary Amazon Japan. Although they supposedly work as independent contractors, their delivery destinations and working hours are actually managed by the company through a smartphone app.

At the press conference, the union insisted that “we receive instructions and orders from Amazon and their subcontracting company. In reality we are workers, and our outsourcing contracts are fake”. They demanded the company sign labor contracts, fix the problem of long working hours, raise their daily wage (which is low compared to those in other parts of the country), and pay gasoline costs, which the drivers currently have to cover themselves.

The first Amazon drivers’ union to be formed in Japan was in Yokosuka, Kanagawa. These drivers, too, work under outsourcing contracts for a transport company contracted with Amazon, or for another company that subcontracts to that company. This union was formed in June, and demanded collective bargaining with Amazon and the contracting company.

Amazon refuses to negotiate. Their position is that “the drivers do delivery work for the delivery company that has a contract with us. They are not Amazon employees. Drivers’ employment, contracts, management of operating hours, and payment are the responsi-

bilities of the contracting company”.

## (2) Prosecutors seek 8-year sentence for Kansai Nama-Kon leaders: “all-out pressure on targeted companies”

Otsu District Court heard closing arguments from prosecutors on the 13<sup>th</sup> in the trial of six defendants, including the chair and other officers of the All-Japan Construction and Transport Workers’ Solidarity Union, Kansai Ready-Mix Concrete Branch (Kansai Nama-Kon, or Kan-Nama). They are charged with “forcible obstruction of business” for allegedly blocking construction over the supply of ready-mix concrete. The prosecutors are seeking an eight-year sentence for the union chair; for the other five officers they demand sentences ranging from one year and six months, to four years and six months.

There are five cases before the Otsu District Court. In one of them, the accusation is that in February of 2017 a 49-year-old defendant (who was then vice-chair of the union) conspired with other defendants to pick a fight with housing-company boss in charge at a construction site, saying that “the tarp is sticking out too far”, in order to interrupt construction and obstruct the work.

Regarding this incident, the defense insists that it was legitimate union activity. At the next hearing on October 24, it is expected that the defense will make their statement, and the trial will conclude.

### **3. Situation/Statistics**

#### (1) 60% have incomes under ¥2 million per year: local government part-time and temporary staff under new system

The Japan Federation of Prefectural and Municipal Workers’ Unions (Jichiroren) has conducted a survey of about 14,000 individuals, seeking to find out the real situation of “fiscal-yearly appointed staff”. This is a new system implemented in 2020 with the aim of improving conditions for “non-regular” (part-time, temporary, etc.) staff working for local governments. The survey found approximately 60% of respondents saying their yearly incomes were less than ¥2 million. Wage Rights Committee chair Shimabayashi Hirokazu points out that most of these non-regular staff have no pay raises based on seniority, etc. He criticizes the system as creating a class of “government-issue working poor”.

The survey was conducted from May through August. About 86% of those responding were women. Approximately 39% were doing almost the same jobs as “regular” full-time staff, and more than half said they felt a sense of satisfaction at work.

The system of fiscal-yearly appointees was established in order to correct disparities between regular and non-regular government employees. However, some problems with the system have been pointed out, such as the lack of allowances equivalent to performance pay.

(2) Real wages decline by 1.3% in July, negative growth for four months in a row--  
"wage growth fails to keep pace with price increases"

On September 6, the MHWL released its Monthly Labor Statistics Survey (Preliminary Report) for July. Total cash earnings (nominal wages), reflecting the average wage per worker, were found to have grown for the seventh month in a row. On the other hand, real wages--accounting for changes in prices--were down by 1.3% year-on-year, the fourth month in a row of decreases. The Ministry says that "growth in wages has not kept pace with increasing prices".

Nominal wages were ¥377,809, an increase of 1.8% over the same month of the previous year. Of this, non-scheduled cash earnings (including overtime pay) averaged ¥18,961, an increase of 4.7% year-on-year, while bonuses and other specially-paid earnings increased by 2.8%, to ¥109,035.

"Monthly Labor Statistics Survey, July, Reiwa 4 (2022), Preliminary Results" Sept. 6, 2022, MHWL

<https://www.mhlw.go.jp/toukei/itiran/roudou/monthly/r04/2207p/dl/pdf2207p.pdf>

(3) Teachers' average monthly hours of overtime work far over supposed limit, at "about 123 hours", says survey by Rengo Soken

A survey of real working conditions for teachers at public elementary, junior-high, and special-needs schools, including 9,000 teachers from schools everywhere in Japan except Tokyo and Osaka, has found that the average amount of out-of-hours work done by these teachers was about 123 hours per month, far in excess of the monthly overtime limit of 45 hours.

This also exceeds the so-called "*karoshi* line" set by the national government. No great improvement has been seen since the previous survey, conducted in 2015.

Furthermore, about half of the teachers surveyed answered that their average amount of break time per day was "zero minutes"; many in the school workplace are calling it necessary to relieve the shortage of teaching staff, as well as to revise teachers' roles.

<https://www.youtube.com/watch?v=wegk Wu6cgaM>

(4) 50 million people worldwide are victims of "modern slavery": U.N.

The United Nations (UN) reported on September 12 that 50 million people around the world are subjected to forced labor or to forced marriage.

The UN has stated a goal of wiping out all forms of modern slavery by the year 2030. But meanwhile it has become clear that the number of people in forced labor or forced mar-

riage actually increased by 10 million from 2016 to 2021.

The UN's International Labor Organization (ILO) and the human-rights group Walk Free Foundation (WFF) have reported that, as of the end of last year, 28 million people are doing forced labor, while another 22 million have been forced into marriage against their will. This means that approximately one of every 150 people in the world has fallen victim to modern slavery.

"Global Estimates of Modern Slavery" International Labor Organization, Walk Free Foundation

[https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_575479.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_575479.pdf)

#### (5) Worldwide recession risk to rise in 2023, as interest rates go up: World Bank

The World Bank has reported that, with central banks in countries around the world raising interest rates at the same time in order to deal sustainably with inflation, there is a chance the world may be heading for recession.

According to the most recent research, the three largest economic blocs in the world--China, the U.S., and the Eurozone--have seen sudden slowdowns. It is pointed out that "even of the blow to the world economy over the next year is light, there is still a possibility of falling into recession". The current world economy is slowing down faster than it has since 1970; consumer confidence has already dropped more precipitously than it did before previous world recessions.

The World Bank also stated that, although raising of interest rates (and related policy changes) being carried out around the world will likely continue next year, this may not be adequate to lower inflation to pre-pandemic levels. Unless supply disruptions and labor-market pressure decrease, the global core inflation rate (except energy) could be 5% in 2023, about twice the average for the five years before the COVID-19 pandemic.

In order to lower the inflation rate, central banks may need to raise interest rates by another 2 percentage points, on top of the average 2 percentage points they raised them in 2021.

However, the report says that, with this level of interest-rate increases and the stress on financial markets, the global GDP in 2023 may slow to a 0.5% growth rate.

"Is a Global Recession Imminent?" September 15, 2022, World Bank

<https://www.worldbank.org/en/research/brief/global-recession>