Labour Update
労組周辺動向 No. 178

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1. **Law/Policy**

(1) Size of economic stimulus package to be ¥37.4 trillion: Cabinet decision

On November 2, the Government held a special Cabinet conference and decided on a comprehensive economic stimulus package that includes raising wages and encouraging domestic investment. As measures to deal with inflation, the package also contained plans to lower income taxes and residence taxes, as well as provide benefits for those with low income. The total scale of the package, including measures by national and local governments as well as private investment, is about ¥37.4 trillion; tax reductions, including the supplementary budget to back them up, will add up to over ¥17 trillion.

The 2023 supplementary budget proposal to fund this will add ¥13.1 trillion to the general account. The bill will be submitted to the Diet within November, with an aim to have it pass within this special session.

Regarding the “Comprehensive Economic Stimulus Package to Completely Escape from Deflation”, Nov. 2, 2023, Cabinet decision

https://www5.cao.go.jp/keizai1/keizaitaisaku/2023/20231102_taisaku.pdf

(2) "Report of the Review Meeting Concerning Health and Safety Measures for Independent Business Operators, Etc." Oct. 27, 2023, Ministry of Health, Welfare and Labor (MHWL) Labor Standards Office Health and Safety Division

https://www.mhlw.go.jp/content/11201250/001161088.pdf

2. Legal Violations/Disputes

(1) Yamato drivers seek relief over ending of outsourcing contracts

Yamato Transport outsources delivery of small packages to about 30,000 delivery drivers. The company plans to terminate their independent outsourced contracts by the end of fiscal year 2024. On October 31, the Kenkoro Light Freight Union, to which some of these drivers belong, filed a complaint at the Tokyo Labor Commission, saying that the company's refusal of collective bargaining--on grounds that they "do not constitute an employer" --is an unfair labor practice.

The union points out that the drivers worked under orders from the company, including having their work managed via smartphones lent to them by Yamato. Therefore, even though on outsourcing contracts and not in an employment relationship according to the company, they constitute "workers" under the Labor Unions Law, and the company is required to accept collective bargaining.

(2) Victory declared in U.S. auto union strike: 25% raises, agreements with all 3 major companies

The United Auto Workers (UAW), recently on strike for better conditions at all of the "Big Three" U.S. automobile companies, brought their strike to an end on October 30. The union declared victory after winning large raises from each company, of 25% over four and a half years. With inflation and the COVID-19 pandemic in the background, economically developed countries have seen widening labor activity, including strikes.

The UAW announced on the 30th that they had tentatively agreed on a deal with General Motors, last of the three major companies to still be negotiating. As well as the 25% raise, the agreement also includes reviving the system of raising wages according to inflation, as well as expanding pensions. Similar tentative agreements had already been reached with Ford Motors and with Stellantis, which owns Chrysler and other brands.

The UAW began the strike--the first ever against all three major auto companies all at once--on September 15, demanding a 40% raise in wages. The union expanded the scope of the strike in stages, eventually spreading it to the companies' profitable truck factories, in order to put pressure on the companies. The number of participants at one point grew to 45,000 out of the 150,000 union members working at the three companies.

The UAW emphasizes that the pay raise won in this strike is larger than the the total of all

the pay raises over the past 22 years, put together. Union head Shawn Fain boasted in a video he released on the 30th that "we were relentless in our fight to win a record contract, and that is exactly what we accomplished".

(3) Nurses at Sapporo hospital say "changing clothes is work time": soon to strike for back-pay

Nurses working at Ustukushigaoka Hospital (Kiyota, Sapporo; 172 beds), run by medical corporation Hokubukai, are now known to be planning a strike to win back-payment of unpaid wages, saying they have not been paid for the time it takes to change into their uniforms. The MHWL's guidelines specify that such changing time should be included in working hours, and more and more employers are paying their employees for this time.

Sapporo Area Union, Utsukushigaoka Hospital Branch (17 members), a union of nurses and care staff who work at this hospital, gave notice in late October that they would be engaging in dispute actions in Hokkaido, including striking.

The guidelines decided on by the MHWL in 2017 state that "preparations necessary for work" are part of working hours, and includes "changing into mandatory specified clothes" as an example.

(4) When they lose a spouse to a work accident, only men have a limit on their survivor benefits: "unconstitutional" according to soon-to-be-filed lawsuit

When a spouse dies due in a work-related accident, only husbands (only men) have limitations on qualifying for survivors' pension benefits. This is a violation of Article 14 of the Constitution, which promises equality under the law, says a 54-year-old Tokyo man, who is preparing to file an administrative lawsuit--perhaps as soon as next spring--to challenge this rule.

The man's wife, who was employed by a workers' cooperative, died in late June of 2019 (then aged 51) from a subarachnoid hemorrhage. The bereaved family applied in March of 2022 for work-accident compensation, and the Hachioji Labor Standards Inspection Office (LSIO) granted this in March of this year, finding that the subarachnoid hemorrhage was a result of, among other things, the woman's long working hours.

Under the Workers' Accident Compensation Insurance Act (including enforcement regulations and supplementary provisions), a woman who loses her husband can receive a survivor's pension with no age limitations. However, a man who loses his wife can generally only receive this benefit when he is over 60 years old (qualified at 55 or over).

The man's lawyers insist that the rules in the law were made in an era when it was assumed men would work outside the home while women would stay home; in modern times, where it is normal for both spouses to work, these rules are no longer reasonable, they say, and amount to gender discrimination.

The Supreme Court has previously ruled that a similar provision in the Local Public Servants' Accident Compensation Act was indeed constitutional.

The lawyers stated in a press conference that "women's role in the workforce and the situation of homemakers has changed greatly". Giving the example of the October 25 Supreme Court ruling that held it unconstitutional to require surgery in order to change one's legal gender, they said that "there is a good chance the Supreme court may change their ruling" on this as well.

3. Situation/Statistics

(1) Waseda, Keio, and other private universities raising tuition: inflation a reason

Universities' finances are becoming tighter due to inflation in costs of energy and materials. One after another, universities are taking the step of raising their tuition fees, especially the large private universities.

A joint survey by Asahi Shimbun and Kawai Juku, titled "*Hiraku Nihon no Daigaku*", asked institutions whether the amount paid by new students for their first year (including tuition, entrance fees, etc.) had changed recently. In total, 7% of universities answered that they had "raised fees for the whole university" or "raised fees for some departments or courses of study" for the 2023 school year, while 13% replied that they were doing so for the 2024 academic year. For private universities only, the figures were 8% and 17% respectively.

In the joint survey, it was noticeable that private universities in Tokyo and Kansai with enrollment limits of "3,000 students or more" were raising fees. Among these institutions, the total that said they were "raising fees for the whole university" or "raising fees for some departments or courses of study" was 27% for 2023, and 31% for 2024, much higher than the overall percentages of 7% and 13%. In contrast, the figures for small universities (enrollment limits of fewer than 300 students), mostly in more rural regions, were respectively 3% and 7% for these two school years.

The survey also asked about plans to raise fees in the medium to long term (for the next ten years). Overall, 62% of universities answered that they had "no plans yet". Among national public universities, 29% said "no change" while 67% said they were undecided. Kyushu University, while answering that "we have no plans, as of yet, to raise fees in the medium to long term", also indicated that "from the point of view of the unpredictable economic situation and business strategies, there is a chance we may reconsider this in the future". Iwate University explained that "there will be a need to give consideration to future inflation in prices and labor costs, as well as the movements of other national universities".

(2) Large companies spend proportionally less on labor than ever in the past 50 years: labor distribution rate

It has become apparent that the “labor distribution rate” (which expresses how much companies spend on labor costs), for large companies, has fallen to the lowest level ever seen in the past fifty years. Analysis of data from the Corporate Business Statistics released by the Finance Ministry reveals that, the larger the company, the less (proportionally) they spend on labor. Small and mid-size businesses spend comparatively more; but from now on, experts warn, increases in wages may be unachievable without increases in productivity.

The labor distribution rate is one of the indexes for measuring the business situation of a company. This rate measures the proportion spent on personnel of the added value produced by a company (the total of money paid to workers and executives, ordinary profit, rent expenses, taxes and interest payment expenses, and depreciation costs). The higher the rate, the more is being distributed to labor.

In order to investigate the trends in Japan as a whole, the labor distribution rate (broken down by company size) was calculated based on the 2022 Corporate Business Statistics compiled by the Finance Ministry.

The labor distribution rate for all industries, excluding finance and insurance, was 53.7%, down by 1.0 percentage point from the previous year. The number gets further and further away from 58.8%, the average over the past fifty years; it can be said that companies have stopped spending so much on labor.

This was seen most conspicuously at large corporations with capital of ¥1 billion or more. Since the so-called “Lehman Shock” of 2008, the figure has been decreasing more or less constantly. In 2022 it was 36.6%, a full 2.0 points lower than the year before, and much lower than the past average for large companies (44.4%), hitting its lowest mark ever in 50 years.

What about small and medium-sized companies? The labor distribution rate for companies with capital of less than ¥100 million was 66.3%, down by 0.3 points from the previous year. Looking back to the past, the gap between this and the average over the past 20 years (68.8%) is not so large.

Compared to large companies, profit levels--the denominator--are lower at smaller businesses. They also tend to do work that takes more hands, or to spend a high percentage on executive compensation. This means it is difficult for the labor distribution rate to go up, but also hard for it to go down very much.