

# THE EMPLOYMENT PROBLEM IN JAPAN IN NEXT TEN YEARS

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## I

When we treat the employment problem in next ten years in Japan we must estimate how will develop in that period our population, especially our labour-force population that is the population which has ability and will to work.

Recent Japanese population statistics show that while the birth rate had tended to fall very rapidly from 34–35 per thousand in 1920–1925 to 19 per thousand on the one hand, the death rate also at the same time had tended to fall very rapidly from 21–23 per thousand in 1920–1925 to 8.5 per thousand in 1949 on the other hand, and that as a result of it not only the natural increase rate had remained on the same high level, but the absolute number of yearly natural increase had raised very significantly from 0.6–0.7 million in 1920–1925 to 1.18 million in 1950–1955 because the size of total population on which the rate of yearly natural increase is calculated had grown meanwhile by 39 million that is 50 per cent.

However such movement in both birth and death rate will have to bring certain effects on the future development in population in Japan, as the past experiences in population movement in more developed countries such as Great Britain, Germany and United States of America have hitherto shown. Since falling birth and death rate implies lesser birth and longer living, when both birth and death rate continue to fall the proportion of older aged population will be more and more larger with their fall and as a result of it the age composition of population will shift from that in which the number of population decreases with the rise in age, as seen in the former times of high rate of both birth and death to that in which the number of population increases with the rise in age, so that the proportion of younger aged population will continue to fall and in place of it at first the proportion of adult, so-called “productive age”—15–60 years old—population and then that of old aged population will continue to grow till as a result of such growth the natural increase of population will slow down and then stop, because such increasing proportion of old aged population will cause further decline in birth rate in consequence of lesser ability to give birth and at the same time will bring increase in death rate.

According to the estimate of the Japanese future population made by the Institute for Population Problem Research the absolute number of yearly popu-

lation increase in Japan will tend to decrease progressively: in 1953-1955 the population will increase in yearly average by one million and from 87 million to 89 million: in 1955-1965 it will increase in yearly average by 0.8 million and from 89 million to 97 million: in 1955-1975 it will increase in yearly average by 0.6 million and from 97 million to 103 million: in 1975-1985 it will increase in 0.6 million and from 103 million to 108 million: in 1985-1995 it will cease to increase: and thenthforth it will tend to decrease.

However this fact does not imply that the increase in labour-force population which has ability and will to work will slow down in the next ten years. For as above explained, when both birth and death rate continue to fall, at least in its earlier stage in place of the proportion of younger population that of adult, so-called "productive age" population will grow and in consequence of it the latter population will grow in larger rate as the total population. According to the above mentioned estimate by the Institute for Population Problem Research, the "porductive age" population will increase in 1953-1955 in yearly average by 0.98 million and from 50.4 million to 52.2 million, in 1955-1960 in yearly average by 1.08 million and from 52.2 million to 57.6 million, in 1960-1965 in yearly average by 1.22 million and from 5.76 million to 63.7 million. Only from this time the increase in "productive age" population also will slow down. Its yearly average increase amounts to in 1965-1975 0.61 million, in 1975-1985 only 0.18 million. This fact implies that the increase in labour-force population in Japan in yearly average amounts to 0.58 million in 1955-1960 and 0.65 million in 1960-1965 against 0.53 million in 1954, and that in these next ten years the labour-force population will grow most rapidly.

## II

Now the question which we must answer here in treating the employment problem in next ten years in Japan is how this in next ten years rapidly growing labour-force population will be employed. To answer this question it is necessary to investigate how hitherto in Japan the rapidly grown labour-force population has been employed.

According to the Japanese population censuses, during 68 years from 1872 to 1940 while the total population had increased from 35 million to 73 million and the occupied population also had grown from 17 million to 32.5 million, the population occupied in agriculture had remained almost stationary (14.5 million in 1872, 14.4 million in 1940) on the one hand, the population occupied in manufacture and mining had increased from 0.83 million to 8.72 million and the population occupied in so-called "service industries" including commerce, transport, liberal profession and public servises had increased from 0.17 million to 4.48 million on the other hand. And as a result of it, while the proportion of the population occupied in agriculture had lowered from 83.7 per cent to 44.3 per cent, that of the population occupied in manufacture and mining had risen from 4.8

per cent to 27.0 per cent and that of the population occupied in "service industries" had also risen from 10.2 per cent to 28.8 per cent. It follows from this that, of the total occupied population which had increased during 1872-1940, 7.9 million that is 51 per cent had increased in manufacture and mining and 4.3 million that is 49.0 per cent had increased in "service industries."

It may be said that it is a cause and a result of the increase in productivity of labour caused by the development in division of labour and the rise in the level of real income per head that when the occupied population had increased with the increase in the total population, the industrial composition of the occupied population had in this way shifted from that in which the population occupied in agriculture constituted a greater part of the occupied population to that in which the proportion of the population occupied in manufacture and mining and then that of the population occupied in "service industries" is larger.

It is a well known fact that division of labour which is a fundamental principle of modern production economy increases productivity of labour. However in order to raise productivity of labour by means of realizing the advantage of division of labour, it is necessary that demand for any particular product is not only massive and uniform but also stable and lasting. Because when the demand for that product is not massive and uniform any specialized man or machine, apparatus and plant etc. will not be used gainfully. Then because when the demand for that product is fluctuating and not stable, any specialized man or machine, apparatus and plant etc. will not be used all the time to the full. Lastly because when the demand for the product, even if not only massive and uniform, but stable, not lasting and for short time, any man or machine, apparatus and plant etc. will be unused during its life time. In these cases not the advantage but the disadvantage of division of labour will be realized.

Now in order to raise productivity of labour and level of real income per head by means of realizing the advantage of division of labour which depends on development in such massive, uniform, stable and lasting demand, it is necessary, as Adam Smith indicated, that the extent of market is large. The larger the market, the more the advantage of division of labour is realized, and by means of it the more the output and real income per head increases. Needless to say, it is evident that it is necessary to develop transport, commerce and finance to enlarge market. The fact that of the industrial population the proportion of the population occupied in transport, commerce, and finance had grown with the increase in industrial population in Japan may be said in this sense to be a cause for the rise in productivity of labour and in real income per head.

However, on the other hand, the above mentioned shift in the industrial composition of population may be said to be a effect of the rise in productivity of labour and in real income per head. It is a well known fact that in consequence of less elasticity in the demand for agricultural product, as when the real income increases it does not increase in proportion to it, so when the real income decreases it does not decrease in proportion to it. As a result of this fact, when the real income increases, in place of demand for agricultural product, demand for manu-

factured goods, such as clothes, furniture, automobile and house etc. and then demand for services of education, recreation, journey and sanitation etc. increases. Therefore when productivity of labour and real income per head increases, while the proportion of the population occupied in agriculture will tend to decrease relatively on the one hand, the proportion of the population occupied in manufacture and services of commerce, finance, transport and liberal profession will tend to increase relatively.

Now in regard to the relation between the development in market and the shift in the industrial composition of population in Japan, during 1872-1920 with the development in railway and other internal transport facilities and internal commerce, the national market had been gradually unified and the advantage of national division of labour had been realized more and more. And as a result of such development, while the proportion of the population occupied in agriculture had decreased from 83.7 per cent to 53.6 per cent, that of the population occupied in manufacture and mining had increased from 4.8 per cent to 20.7 per cent, and that of the population occupied in "service industries" which includes commerce, finance, transport and liberal profession etc. also had increased from 10.1 per cent to 25.8 per cent. But it is till about this year that in Japan the productivity of labour and the real income per head had increased almost only by means of realizing the advantage of division of labour depended on unification of national market. Thenceforth we may say that by means of realizing the advantage of international division of labour depended on the development in foreign trade the productivity of labour and the real income per head had further increased and in consequence of it till 1940, while the proportion of the population occupied in agriculture had declined to 44.0 per cent, that of the population occupied in manufacture and mining had risen to 26.1 per cent and that of the population occupied in "service industries" also had risen to 29.9 per cent. This argument had been proved by the fact that in times immediately after the last War when our foreign trade had almost stopped, the real income per head and the industrial composition of population in Japan had fallen back to those in 1920 and that thenceforth with recovery of our foreign trade the real income per head and the industrial composition of population in Japan had recovered.

If we compare the result of the population census made in 1947, the year immediately after the last War with the result of that made in 1940, so we find that during these years not only the population occupied in manufacture and mining had shown almost no change (8.69 million in 1947 against 8.73 million in 1940) but the population occupied in "service industries" had decreased from 9.45 million to 7.65 million that is by 1.80 million, the population occupied in agriculture had increased from 14.3 million to 17.65 million that is by 3.35 million, and as a result of such abnormal change, while the proportion of the population occupied in agriculture had risen to 53.4 per cent, that of the population occupied in manufacture and mining had fallen to 22.3 per cent and that of the population occupied in "service industries" had also fallen to 24.3 per cent. This industrial composition of population in 1947 is nearly the same as that in 1920.

However the industrial composition of population in 1940 had been recovered already till 1955. According to the results of population censuses, during 1947-1955, while the population occupied in agriculture had decreased to 16.16 million that is by 1.49 million, the population occupied in manufacture and mining had increased to 9.32 million that is by 0.63 million and the population occupied in "service industries" had also increased to 13.76 million that is by 6.11 million, and as a result of it, while the proportion of the population occupied in agriculture had fallen to 40.1 per cent, that of the population occupied in manufacture and mining had risen to 23.8 per cent and that of the population occupied in "service industries" had also risen to 35.2 per cent.

### III

It follows from these above mentioned facts that during next ten years in Japan in what industries will be employed the labour-force population which will grow most significantly in such times will mainly depend on how large will be the development in our foreign trade.

When we try to guess how large will be the development in our foreign trade during next ten years, we must firstly give consideration to the constant tendency of gold as a international money to concentrate on United States of America. Because as a result of the fact that in consequence of continuous surplus of exports of United States of America since the beginning of the Twentieth Century the gold holdings of this country had amounted to 25 billion dollar that is 90 per cent of the total gold holdings in world in 1941, the multilateral trade which had been ruling in times before the last War in world had become impossible and the bilateral trade had become ruling in times after the last War. It is an obvious fact that the amount of foreign trade in case of bilateral trade is significantly smaller than that in case of multilateral trade. Because in case of bilateral trade, unlike in case of multilateral trade, any foreign exchange which any export country had received for its exports from any import country can not be used for any its imports from any other country than that import country, so that exports and imports must be balanced between any two trading countries. Needless to say, the International Monetary Fund and the International Bank for Recovery and Development had been established with the purpose to compensate such defect of bilateral trade. But at least till today these organisations have failed to attain this purpose satisfactorily.

The second, but more important fact to which we must give consideration when we try to guess how large will be the development in our foreign trade during next ten years is the lack of our export market. One of the most important causes for this lack of our export market is the loss of our export market in Communist China. According to statistics, our exports destined for the territory of the present communist China in 1939 amounted to about 700 million dollar that is about 40 per cent of the total amount of our exports in the same year.

But this fact does not necessarily imply that, as many men in Japan believe, as soon as our trade with the communist China has become free our exports destined for this country will amount to the same sum as that in 1939. As the fact that not only the amount of our exports destined for the territory of the present communist China had begun to increase since 1931, but the districts for which our exports were destined in 1939 were almost only Manchuria and north China, especially the former proves, our exports destined for these districts in such big amount in 1939 was evidently the result of our big investment of capital made in Manchuria and partly in north China and of the consumption in big amount made by many Japanese in these districts. Therefore so far as the present communist China does not invest capital at least in the same amount, we can not expect our exports destined for the communist China in same amount as in 1939. This argument is proved by the fact that our exports destined for the communist China which have been bargained between Japan and this country in every recent year have amounted to only 84 million dollar that is 12 per cent of the amount of our exports destined for the territory of the present communist China in 1939.

Needless to say, this fact does not necessarily imply that we can not expect our exports destined for the communist China in considerable amount in the future also. Oriental countries including the communist China which had been most important markets for our exports in times before the last War have not sufficient purchasing power to import our exports in considerable amount, because in these countries in consequence of less prevalence of division of labour their productivity of labour and their income per head is very low. Nevertheless it is also a doubtless fact that in almost all these countries there has been already the endeavour to develop their productive power on the so-called mercantilistic thought, as seen in earlier times of industrialisation in almost all developed countries in the world. If such endeavour in these countries had brought forth sufficiently much effect, we could expect sufficiently large markets for our exports in these countries, because in such case there would be such rise in their productivity of labour and their real income per head as seen in the past times in all developed countries including Japan. However since such endeavour to develop their productive power naturally could bring forth sufficiently much effect only after a lapse of considerably long times as proved by the experiences in all developed countries, at least during next ten years when, as stated, the labour-force population will increase most significantly in Japan we can not expect sufficiently large markets for our exports in these countries.

Moreover the development in productive power in these countries does not necessarily imply the increase in the amount of our exports destined for these countries. Since the development in productive power requires the sufficient supply of machine, instrument, apparatus, car, automobile and chemical fertilizer etc. but as a rule the industries which produce these productive goods develop in considerable degree only after the industrialisation in that country has reached to a fairly high stage, these countries which now stand on the earliest stage of

industrialisation must import these productive goods at the sacrifice of consumption goods, of which the major part of our exports hitherto has consisted. This fact means for Japan the decrease in the amount of the export of our consumption goods on the one hand, and the severe competition in these markets with Germany, Great Britain and other countries which are superior to Japan in these productive goods industries on the other hand.