Economic and Social Analysis
of
Foreign Workers Problems

Keio University
Haruo Shimada Seminar 26th
Labor Economics Part

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Abstract
We analyze the effects of the inflow of foreign workers. We did economic and social analyses about this issue. At first, we pointed out social issues caused by foreign workers. Second, we analyze the inflow of foreign workers from macroeconomic and microeconomic perspectives. Macroeconomic analysis is organized by using the theory of foreign workers’ surplus. Microeconomic analysis especially focuses on the effects on native workers by being based on “Dual Labor Market Hypothesis”. As a conclusion, we suggest the policies dealing with this issue, making good use of our analyses.
Preface

The movement of workers' migration has recently been accelerating as the economic globalization has developed. It is the fact that 670 thousand foreign workers enter in Japan and 100 thousand Japanese workers are engaged in other countries in stock account. Therefore, we can point out Japan is on side of accepting foreign workers. The number of foreigners who enter in Japan to work is also stably increased. It seems that these trends are affected both the push factor from Asia and the pull factor from Japanese firms, particularly from Japanese small companies or firms.

Although the entrance to Japan for foreign worker has been enlarged, we do not feel the entrance is enough for foreign worker.

In this way, Japan is gradually expanding acceptance of foreign workers. But the degree of acceptance is not enough. Immigration Control Law admits only the workers who have special abilities or skills, but restricts severely the entering of the other foreign workers. As a result, this is causing a large number of illegal workers. According to Ministry of Justice Immigration Bureau, there are 22,4067 illegal workers in Japan. The total number of foreign workers is about 670,000. Thus, the one-third of foreign workers in Japan is illegal workers. The increase of foreign workers is dangerous to cause (1) the unfair treatment of foreign workers or the infection of fundamental human rights of foreign workers, and (2) the double structure of Japanese society such as Segligation, Inner City Problem.

Then, we think that the problems of illegal workers are the most important problem of all the relevant problems. The main topic of this paper is what effect the acceptance of foreign workers for the purpose of solving this problem has. Finally, we will suggest the proper policies.

To solve this problem, we should treat illegal workers as legal workers and expand the acceptance of foreign workers by revising Immigration Control Law. However, expanding the acceptance of foreign workers can cause various social problems. The social costs are also enormous. Thus, it is difficult to accept them easily.

Then, the program of this paper is formed like below. In the chapter 1, we will view the situation of international movement of labor, and refer to foreign workers problems in Japan, especially the problems of illegal workers. In Chapter 2, we will consider the problems of obstructing the increase of illegal workers and the infection of their fundamental human rights, or the social security of foreign workers and the adjustment of foreign workers to Japanese society. In Chapter 3 and 4, we will analyze theoretically
the effect of the inflow of foreign workers on Japanese economy. In Chapter 3, we will analyze the social benefits or costs caused by the inflow of foreign workers, using the concept of “Foreign Workers Surplus”. In chapter 4, we will analyze the effects of inflow of unskilled foreign workers to native workers, based on dual labor market hypothesis. We will focus on the effect of unskilled workers, who consist of most of foreign workers. Finally, we will suggest the proper policy from the implication obtained from the analysis above.

We are especially grateful to our Prof. Haruo Shimada who has had great attention about the guest workers’ issue in Japan. We could have not written down this paper without his kindness and his advices. We also thank to our dear seniors, Satoshi Amatani, Masayuki Oota, and Takashi Sayo. They cooperated with us to develop our paper.

Mita, August 15, 2002

The members of the Labor Economics part in Prof. Shimada Seminar-class
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Chapter 1

The current situation of International Population Movements and the Problem of Foreign Workers in Japan

International Movement of Labor

International movements of production factors are becoming more and more active under the globalization of economy. In this trend, not only movements of trading goods and money but those of people as labor force are also activating. The movement like this had been progressing since several decades before in Europe and America, such as western Germany or France. This trend also progressed in Asia during the economy recovery process after World War II. Table 1 shows the situation of international movements of labor in East Asia in flow and stock. Table 1 shows the situation of international movements of labor in East Asia in flow and stock1.

<table>
<thead>
<tr>
<th>Country/area</th>
<th>The working population</th>
<th>Flow</th>
<th>Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Immigration of foreign worker</td>
<td>Emigration of domestic worker</td>
</tr>
<tr>
<td>Japan1)</td>
<td>67,790</td>
<td>108(102)</td>
<td>51(53)</td>
</tr>
<tr>
<td>Korea2)</td>
<td>21,634</td>
<td>[193]</td>
<td>[59]</td>
</tr>
<tr>
<td>China3)</td>
<td>711,610</td>
<td>-</td>
<td>398(335)</td>
</tr>
<tr>
<td>HongKong4)</td>
<td>[3,216]</td>
<td>15(19)</td>
<td>-</td>
</tr>
<tr>
<td>Taiwan5)</td>
<td>[9,216]</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Singapore6)</td>
<td>[1,876]</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Malaysia7)</td>
<td>9,010</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Thailand8)</td>
<td>33,210</td>
<td>50(70)</td>
<td>202(192)</td>
</tr>
<tr>
<td>Indonesia9)</td>
<td>94,800</td>
<td>na(28)</td>
<td>na(380)</td>
</tr>
<tr>
<td>Philippine10)</td>
<td>32,081</td>
<td>6(5)</td>
<td>640(638)</td>
</tr>
</tbody>
</table>

Source: Yasushi Iguchi, “The trend of international movement of people and the policies against foreign workers’ problems”, Ministry of welfare and labor, “Labor Report” June 1998, the data was public statistics of each country. Variables are basically those of 1999, ( ) 1998, [ ] the other years, na means that variables are not unclear.

Notes: 1) Internal foreign workers include illegal immigrants and do not include long-term residents.

1 Please take care that Statistics have differences of survey or the period.
External domestic workers are only those of Asia. The total number is 292,000.

2) It is estimated that internal foreign workers include illegal immigrants and trainees. Flow Data are variables estimated in 1992, and that of external foreign workers in December 1990.

3) The number of labor emigrant is that of one exported by Chinese government as labor force. But it does not include emigrants by private job introduction and ones as sailors.

4) The variables of working population were estimated in 1998. Internal foreign workers are only foreign workers who are engaged as household maids. The variables of external domestic workers were estimated in 1990, and the workers were commuters from Hong-Kong to China.

5) Working population was estimated in 1998.

6) Working population was estimated in 1998. Internal foreign workers are the sum of unskilled workers (450,000) and skilled workers (80,000).

7) The number of internal foreign workers was estimated in illegal immigrants. The number of external domestic workers was that of commuters to Singapore.

8) The number of internal foreign workers was estimated in illegal immigrants. The number of external domestic workers was estimated in that of domestic workers who was working abroad.

9) Immigration of foreign people to work was estimated from June 1994 to June 1995.

10) The number of internal foreign workers was estimated, defined as legal immigrant, 6,000 in 1999, and 5,000 in 1998.

In stock data, when you see the number of internal foreign workers, Malaysia\(^2\) is prefer to every country by 1,600,000 people, but Japan also holds 670,000 foreign workers. On the other hand, when you look back flow data, Japan has 108,000 immigrants for working, the number of whom are next to Korea (19,3000 people).

When you see emigration of domestic workers, Philippines has 640,000 people and is the most of all the countries. China has 398,000 people and Thailand 202,000, which is a large number compared with Japan (51,000 people). From the analysis above, it is clear that emigrants are the more in developing countries, for example, Thailand, Philippines, China, etc.

In this way, we can also see the active international movement of labor in East Asia. The table shows that there are a large number of foreign workers in Japan compared with the other area. In short, Japan has been becoming one of the accepted countries of immigrant workers from developing countries.

\(^{2}\) There is no exact statistics about Malaysia, and we do not refer to flow data.
Then, we will see the trend of immigration and emigration of labor (Fig.1). It is clear from Figure 1 that the number of immigrants to Japan is increasing from year to year. According to Ministry of Justice Immigration Bureau (1999), Immigrants for working (without “Diplomat”/“Official Business”) account for 108,038 people. In this way, we can see that the number of foreign workers is inclined to increase.

**Immigration Control Law**

By the way, there was Immigration Control Law controlling immigrants. Owing to the restriction by this Law, Japan did not depend on foreign workers as complementary labor force in the economic development process, and has accomplished economic development successfully. Since the population structure of Japan in this process had taken the pyramid type with few old people and many young people, the labor force, which runs short of in an economic growth process, has been supplied at home. Moreover, the advancement of the labor-intensive industry following technical innovation had progressed by not using carelessly foreign labor force in a cyclic labor-shortage term, and had yielded the foundation of the next development. This had been a good circulation.

Therefore, Immigration Control Law has not been revised even if Japan has become a developed country.
Factors of International Movements of Labor

Although there is the restriction of Immigration Control Law, the inflow of foreign labor force cannot be stopped. This is acting by two factors, which are the push factor from a developing country and the pull factor from a high wages country such as Japan.

Push factor from a developing country

1. Constitution problem of developing economy

According to Economic growth theory, technical innovation in the agricultural part enables agricultural advancement and rationalization. And the excessive labor forces caused in the rationalized process flows into the industrial part in quest of high wages paid in the industrial part. As a result, an excessive labor force is caused in the industrial part, and Emigration activates for opportunities to work. In particular, emigration to developed countries is active in which there is large income differential. Table 1 indicates that there are many emigrants from Thailand, Philippines, and China, and are many immigrants and Internal foreign workers in the countries such as Japan and Malaysia. It also proves this trend.

Second, we would like to see income differentials between Japan and the other countries. Table2 shows income per a person in Asian countries. According to this table, the income of Japan is far higher than other Asian countries. Therefore, we can consider Japan as being accepted country of immigrant to work.

Table 2
Income per a person in Asian countries

<table>
<thead>
<tr>
<th>COUNTRY (AREA)</th>
<th>PER A PERSON (DOLLARS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td></td>
</tr>
<tr>
<td>Japan ab</td>
<td>42,558</td>
</tr>
<tr>
<td>Israel b</td>
<td>15,651</td>
</tr>
<tr>
<td>Iran</td>
<td>1,660</td>
</tr>
<tr>
<td>India b</td>
<td>391</td>
</tr>
<tr>
<td>Indonesia</td>
<td>945</td>
</tr>
<tr>
<td>Oman</td>
<td>5,609</td>
</tr>
<tr>
<td>Korea</td>
<td>10,821</td>
</tr>
<tr>
<td>Kuwait</td>
<td>17,466</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>7,339</td>
</tr>
</tbody>
</table>
2. The increasing rate of population in developing countries

While population is increasing acceleratory around the world, the increasing rate of population in developing countries is remarkable. Table 3 shows trend of population increase in the world.

<table>
<thead>
<tr>
<th>Year</th>
<th>World (millions)</th>
<th>Asia</th>
<th>North America</th>
<th>South America</th>
<th>Europe</th>
<th>Africa</th>
<th>Oceania</th>
<th>Developed Regions (%)</th>
<th>Developing Regions (%)</th>
<th>Japan (10millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>2,519</td>
<td>1,399</td>
<td>226</td>
<td>113</td>
<td>548</td>
<td>221</td>
<td>13</td>
<td>32.3</td>
<td>67.7</td>
<td>84,115</td>
</tr>
<tr>
<td>1955</td>
<td>2,755</td>
<td>1,541</td>
<td>248</td>
<td>130</td>
<td>576</td>
<td>246</td>
<td>14</td>
<td>31.4</td>
<td>68.6</td>
<td>90,077</td>
</tr>
<tr>
<td>1960</td>
<td>3,020</td>
<td>1,700</td>
<td>274</td>
<td>148</td>
<td>605</td>
<td>277</td>
<td>16</td>
<td>30.3</td>
<td>69.7</td>
<td>94,302</td>
</tr>
<tr>
<td>1965</td>
<td>3,334</td>
<td>1,898</td>
<td>300</td>
<td>170</td>
<td>635</td>
<td>313</td>
<td>17</td>
<td>29.0</td>
<td>71.0</td>
<td>99,209</td>
</tr>
<tr>
<td>1970</td>
<td>3,691</td>
<td>2,142</td>
<td>324</td>
<td>192</td>
<td>657</td>
<td>356</td>
<td>19</td>
<td>27.3</td>
<td>72.7</td>
<td>104,665</td>
</tr>
<tr>
<td>1975</td>
<td>4,066</td>
<td>2,397</td>
<td>349</td>
<td>216</td>
<td>676</td>
<td>406</td>
<td>21</td>
<td>25.8</td>
<td>74.2</td>
<td>111,940</td>
</tr>
<tr>
<td>1980</td>
<td>4,430</td>
<td>2,631</td>
<td>374</td>
<td>242</td>
<td>693</td>
<td>467</td>
<td>23</td>
<td>24.4</td>
<td>75.6</td>
<td>117,060</td>
</tr>
<tr>
<td>1985</td>
<td>4,825</td>
<td>2,885</td>
<td>401</td>
<td>269</td>
<td>707</td>
<td>539</td>
<td>24</td>
<td>23.1</td>
<td>76.9</td>
<td>121,049</td>
</tr>
<tr>
<td>1990</td>
<td>5,255</td>
<td>3,164</td>
<td>428</td>
<td>295</td>
<td>722</td>
<td>619</td>
<td>26</td>
<td>21.9</td>
<td>78.1</td>
<td>123,611</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (Millions)</th>
<th>Births (Millions)</th>
<th>Deaths (Millions)</th>
<th>Net migration (Millions)</th>
<th>Growth rate</th>
<th>Total population (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>5,662</td>
<td>457</td>
<td>729</td>
<td>29</td>
<td>20.7</td>
<td>79.3</td>
</tr>
<tr>
<td>1996</td>
<td>5,768</td>
<td>461</td>
<td>729</td>
<td>29</td>
<td>...</td>
<td>125,864</td>
</tr>
<tr>
<td>1997</td>
<td>5,849</td>
<td>467</td>
<td>729</td>
<td>29</td>
<td>...</td>
<td>126,166</td>
</tr>
<tr>
<td>1998</td>
<td>5,901</td>
<td>472</td>
<td>729</td>
<td>30</td>
<td>...</td>
<td>126,486</td>
</tr>
<tr>
<td>1999</td>
<td>5,978</td>
<td>478</td>
<td>729</td>
<td>30</td>
<td>...</td>
<td>126,686</td>
</tr>
<tr>
<td>2000</td>
<td>6,057</td>
<td>487</td>
<td>727</td>
<td>31</td>
<td>19.7</td>
<td>126,926</td>
</tr>
<tr>
<td>2001</td>
<td>6,134</td>
<td>493</td>
<td>726</td>
<td>31</td>
<td>...</td>
<td>127,290</td>
</tr>
</tbody>
</table>

Estimates for future population

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (Millions)</th>
<th>Births (Millions)</th>
<th>Deaths (Millions)</th>
<th>Net migration (Millions)</th>
<th>Growth rate</th>
<th>Total population (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>6,441</td>
<td>515</td>
<td>721</td>
<td>32</td>
<td>18.6</td>
<td>81.4</td>
</tr>
<tr>
<td>2010</td>
<td>6,826</td>
<td>541</td>
<td>713</td>
<td>34</td>
<td>17.7</td>
<td>82.3</td>
</tr>
<tr>
<td>2015</td>
<td>7,207</td>
<td>568</td>
<td>705</td>
<td>36</td>
<td>16.8</td>
<td>83.2</td>
</tr>
<tr>
<td>2020</td>
<td>7,579</td>
<td>593</td>
<td>695</td>
<td>38</td>
<td>16.1</td>
<td>83.9</td>
</tr>
<tr>
<td>2025</td>
<td>7,937</td>
<td>618</td>
<td>684</td>
<td>40</td>
<td>15.4</td>
<td>84.6</td>
</tr>
<tr>
<td>2030</td>
<td>8,270</td>
<td>640</td>
<td>670</td>
<td>42</td>
<td>14.7</td>
<td>85.3</td>
</tr>
<tr>
<td>2035</td>
<td>8,576</td>
<td>660</td>
<td>655</td>
<td>43</td>
<td>14.1</td>
<td>85.9</td>
</tr>
<tr>
<td>2040</td>
<td>8,855</td>
<td>677</td>
<td>639</td>
<td>45</td>
<td>13.6</td>
<td>86.4</td>
</tr>
<tr>
<td>2045</td>
<td>9,105</td>
<td>693</td>
<td>622</td>
<td>46</td>
<td>13.1</td>
<td>86.9</td>
</tr>
<tr>
<td>2050</td>
<td>9,322</td>
<td>708</td>
<td>603</td>
<td>47</td>
<td>12.7</td>
<td>87.3</td>
</tr>
</tbody>
</table>


Notes: Data of Japan are from Management and Coordination Agency, “Report of National Survey”

According to this table, the population of the world was 2520 million people in 1950 years, becomes 6120 million people in 2001 years and be expected in regard to 9320 million persons in 2050 years. A rapid increase trend is observed in Asia, Africa judging from the itemization in terms of a state, trial balance that gradually population is decreasing separated from seven hundred million persons in 2015 in Europe be. Also, as for the population rate of increase of an advanced country, the rate of increase is in 2000 year 80.3%, 2015 year 83.2%, 2050 year 87.3% and an increase trend from 67.7% in 1950 in a developing nation, while that, were 32.2% in 1950 years is
decreasing with 12.7% in 2050 years 16.8%, in 2015 years 19.7%, in 2000 years.

There are many cases that the case such as poverty and starvation intensify still more and a labor supply becomes excessive in, a high developing country of the population rate of increase. It corresponds and declining birth rate and aging goes on the advanced country such as Japan in the long run and the excessive demand of labor forces progresses. In this way, it is conceivable that the movement of labor to the advanced country of the lack of labor forces goes on although it is rich from a poor development country. Therefore, it is obvious that the case that a developing country is the flow departure from a country of a foreign worker is the statistical/economic absolute difference between developed countries and a developing country3.

3. National strategy of a developing country

(1) Acquisition of foreign currency:

The problems such as the serious fiscal problem and the worsening of the trade balance make developing countries send the short-term workers and make the workers send money back to the countries. Amount of remittance that the people who goes to the income and appear overseas bring about in the home country is able to call with an extremely big thing for a developing country.

For example in the case of Bangladesh, Pakistan, Sri Lanka and also the Philippines as for amount of remittance in 1989, the proportion to 810 million dollars, 2080 million dollars, 320 million dollars and also 470 million dollars, importation amount is 24.5%, 29.7%, 15.8% and also 4.5% individually. Therefore, for example Bangladesh of it appears and amount of remittances appears professional case per capita a month average of an income worker and earn and 4.4 times, half skilled workers and also an unskilled worker are an extremely high thing for 5.7 times4 and, them in the case of 6.6 times, skilled workers of incomes of before.

(2) technology transfer:

Sending a worker to developed countries, to promote the technology transfer from developed countries actively technology and a skill cause to be returned home and cause

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3 A certain developing country is caused to flow as the foreign labor force that supports the richness of developed countries furthermore in the relation between the richness and both sides of an advanced country and about to flow.

4 This data is not reason that is evaluated in front of the income and one of a half skill and also unskilled worker appear even than a skilled worker. Rather see when be not evaluated in front of the income and the skill of a skilled worker appears. This is to be said even in Japan. It is because there is not a foreign skilled worker market.
master. Besides, even a high unemployment rate measure is conceivable as the reason that carries the national policy of the government out.

4. Economic development of neighboring countries itself of Asia

The people who enter Japan for the purpose of working are never there are people of the lowest status rank in the home country and economic strength and desire of flourishing for entrepreneur the people who have the capability are more of⁵. They are very positive for working in an advanced country from the case such as yearning to culture and life of the acquisition, advanced country of a high expectation income, business chance, advanced technology of an advanced country. If a developing nation achieves economic development economic distance with an advanced country shrinks to that extent and the inflow to an advanced country becomes active still more.

Pull factor from Japan inside

1. The demand in special sort of occupation/industry

Experiencing after the war worst unemployment rate called 5.8% in the fiscal year 2002 present, Japan employment conditions are worst furthermore. Yet, the point that must pay attention, this numerical value is not necessarily expressing that there is not at all a job it is case. The large company, employment excessive impression of low profits under Heisei depression amplify in a large enterprise and is carrying out the reduction of the large-scale restructuring and adoption frame. However, employment detached building of the younger generation happens in a smaller business and micro enterprise, especially production site and a construction site and the labor demand is increasing.

The aforementioned chart shows employment contents of the illegal worker in terms of men and women. It is construction 38%, manufacturing 33%, the other labors 9%, servant at bar 8%, cook 8%, the other service industries 4% about a male. Most are a simple worker and also, so-called a worker and even 80% are occupying.

On the other hand, about a woman, waitress 15%, manufacturing 14%, such as distribution 49%, other services 9%, dishwasher 8%, and cook 5%. As it is pointed out from before about this, so-called that the employment in entertainment and amusement business is a center understand.

Also, there are many one of a male illegal worker for all activity. And one of the worker that this works with “Kitui”(severe), “Kitanai”(dirty), “Kiken”(dangerous) the worker, so-called 3K labor of physical labor namely will mean that the labor demand in this field is increasing, to be easy to take charge to a job.

As for 3K industry such situation that there are few working applicants even if there
be a mistake match, in other words, the labor demand of employment in this field and most are small businesses or micro enterprise is breaking out in recent years. The worker who goes to flow in from a foreign country with the one is a center mainly like the above and they are working applicant who an entry person from a developing country entered in quest of higher pay than the home country. Therefore, the foreigner of working hope exists even in the simple work that such Japanese does not want to do. Moreover, as for the employment in the industry of such field, irregular employment is a center and the demand as the worker of irregular employment will be increasing from now on by the trend of employment flow associated with the maturing of Japanese economy\(^6\).

Therefore, it is conceivable that the labor demand in the field of such simple work is one of pull factor of a foreign worker.

2. The demand as cheap labor force

Japan where accomplished a catch up in a Western advanced country by the high economic growth in the postwar is entering upon the time of a new structural change called the maturing of an economic society. A wage rate of Japan rose substantially by, substantial strong yen subsequent to the Plaza accord in 1985 and turned into a high cost when a labor market of Japan sees it globally as the result. This case improved the demand to a foreign worker as cheap labor force.

Also, high pay structure of such labor market improves an expectation pay rate to work to a foreigner worker in Japan and became strong cause to them\(^7\).

\(^6\) Irregular employment of worker for women and elderly people although 3K industries in these workers of labor supplies even few that expected to be because foreign worker of demand will be increase.

The Problems about Illegal Immigration

However, there is the regulation by the law called Immigration Control Law\(^8\) in Japan and a foreigner such entry that works through the net of the method and even with Japan in surge the increase of an illegal worker\(^9\) causing be.

Figure 2 are expressing the change of the illegal worker in terms of a nationality. It is still changing in a high standard, although are 22,067 people contemporarily in 2002 and decrease gradually while continuing stability from next year, after the one, that the number of an illegal worker was 10,479 people in 1990 years according to this figure, saw 29,646 people and a peak in 1993 years. There are much Korea, Philippines, Thailand, China, when we see an illegal worker in terms of a nationality.

Figure 2 :Change of an illegal remaining person in terms of a nationality

Source: Ministry of Justice, Immigration Bureau statistics

Note: illegal remaining person number is the number that a foreigner processes, obtained the thing such as an

\(^8\) An official name is “Immigration Control Law”. It was revised in 1989. The prescription of Immigration Control Law is extremely restrictive. A possession person is limited to people of in addition to someone who having special skill without being found between supply person, Japanese of the instructor, sports recreation/entertainments persons concerned, advanced technology and special technology of the executive and university level of the management in a company, that it is admitted lawfully labor by this revision. This is the revision corresponding to the increase of the illegal worker that describes later. Yet, it admitted unskilled work only a person of Japanese parentage by the revision in recent years. A main revision point of this revision is in that said and, admits the unskilled work of the expansion, person of Japanese parentage of a gate door of a qualification. Besides, the upgrading of the prescription regarding a residing qualification was conducted corresponding to the diversification of a residing activity of a foreigner.

\(^9\) Stated illegal work violates a residing qualification that is determined by Immigration Control Law and indicate (overcoat stay) and that said in the case that it is working exceeding a residing period when prescribes to Ministry of Justice example and also do the job other than the qualification.
entry record, departure from a country record that submit by a computer. Because there be a various error factor that processing that entry and also a departure from a country record compared is not carried out this total shows round numbers (estimation value).

It has increased an illegal worker by the increase of working intended foreigner in Japan like this. And, it is expected that the increase of an illegal worker causes a serious social problem like the following generally\textsuperscript{10}.

The 1st is that of unfair exploitation and basic human right infringement.

Especially an illegal worker is engaging in 3K industry (civil engineering/construction business, a part of manufacturing industry) that a Japanese hardly wants to do in the case of a male, and unavoidable be made the employment in discriminative low wages\textsuperscript{11} of 80\% from 50\% of an about Japanese.

Following the nonpayment that makes the charges forward of a debt and passage expense an excuse before or rake-off the wages by mediation person such as “recruiter” (arrangement person) and “broker” (mediation merchant) in, the top and they are not few cases they are forced the case such as long time severe labor. It will be the primary cause that a smaller business is it in the place where is employing them with a consent and also such situation it is enabling, that an employee are who they are striving to illegality work in Japan. It can not even that applies for it to the administration authority for a worker even if be faced with human right infringement by unfair employer/mediation merchant and fear a compulsion evacuation of case that was disclosed, because itself is illegality that it is working. Also it is situation that must submit human right infringement and able to have a hard time and attach to it.

Secondly, double structure is possibility that settles to an economic society of Japan. It forms the layer where was done to the base of a labor market isolation of the lowest status, when situation that foreign labor force of an unskilled is under working conditions of a low standard with the form of illegal working generalizes it. And the influence that is not desirable to social to various economic, when comes to form "ghetto (poverty town)" and the part settles is brought about.

A “Segligation (geographic concentration)” of the foreigner that is seen in a Western


\textsuperscript{11} Although there are many directions that bring the reply that wage amount of a Japanese worker and an illegal worker are equal, according to the questionnaire that a smaller business manager is made an object the case such as a Japanese part-time job with for the most part same and it is conceivable that fairly there be wage disparities, when even a bonus makes inclusion in addition to the pay of a monthly sum furthermore and mean.
advanced country and be entangled with this progresses and the occurrence of "inner city problem" of the big city is expected along with it. "Poverty", "crime", "unemployment" overlaps in inner city department that the inflow of a foreigner goes on, when it does it from the experience of West and occur and the ratio of a foreigner and ethnical minority rise still more, through the means that people over the middle class flow to other areas and people of the area become the object of discrimination and prejudice.

Thirdly, international criticism is done to human right infringement of the illegal worker in Japan. An international human right agreement in race abolition of discrimination treaty, 1966 in "Universal Declaration of Human Rights", 1965 of the United Nations of adoption were said, while the interest to human right is rising internationally in 1948 for the reason that an illegal worker is illegal working in Japan the situation that also that is tacitly permitted socially following human right infringement and discrimination, it is the target of the criticism from the international society to Japan.

In this way, an international labor move in the east Asia area presents the aspect of activation and there is still much inflow of a foreign worker by pull factor from the interior not only push factor from a developing country in Japan. Various problems that a foreign worker problem associated with it is represented to an illegal working problem even if see it from a social aspect is being caused. It is conceivable as a solution that an object frame of a lawful acceptance foreigner is expanded furthermore from current "People who have special skill such that there be not the person who it has with a Japanese, sports recreation/entertainments persons concerned, person who offers advanced technology and special technology, instructor of a management executive and university level of a company and revise the prescription of Immigration Control Law in the sense.

However, an extensive social problem is expected along with the acceptance of a foreign worker. Furthermore, it will need to study it regarding an economic aspect of foreign worker acceptance, if the acceptance of a foreign worker brings about a change to labor market structure of Japan.

12 "Inner City problem" indicates that a series of problem group such as the deterioration of the facility and function deficiency, public peace of occurrence, facility of a company an outflow, population decrease, race/ethnical problem concentrate in a city central part along with the fluctuation of the decline or industrial structure of the big city. However, the occurrence of the concentration and various social problem of an ethnical group that are represented by a foreign worker here, are an important point.

13 Kajita, Takamiti (1994) “Japan with a foreign worker” NHKbooks, 77-78
Chapter 2

The Social Problems about the acceptance of Foreign Workers

When the acceptance of foreign workers is expanded, they may reside permanently. Most of them will go back after short working. But, considering the experiences of Western countries, it is possible for foreign workers to inflow into Japan and to be accumulated by various informal ways, such as their staying in Japan, marrying, calling a family to Japan, and giving birth.14

Reasonably thinking, it is not necessarily a best policy for the laborers, who come for work away from home from developing countries, to stay Japan for a long time. For, in an advanced nation like Japan, income is surely high, but living expenses are also high. They are expected to be "worked-away from home types." In short, they earn high income in Japan and bring it back to native country where living expenses are low.

But, according to the experiences of Western countries, for example, in former West Germany, when Rotation Principle15 is adopted and acceptance of a foreign worker is expanded in the process of labor shortage in the 1960s, foreign workers increased dramatically from the latter half of the 1960s. They would not go back, and tended to call their family there and reside permanently. It is pointed out that the foreign people who are Japanese descent, Korean who are residing in Japan, and South-East Asian foreigners tend to reside permanently in Japan16.

The problems about a foreign worker's settlement are those of a foreign worker's fundamental human rights and inadaptable problems between them and an acceptance society.

About the former, International organizations, such as ILO and the United Nations, have been advancing making an international norm by the treaty, advice, etc. Especially, the ILO No. 48 treaty17 and the ILO No. 118 treaty presented the principle for equality of foreigners to domestic people. Since the direct application system was taken in No. 48, ratification countries were not assembled. So the more realistic mutual principle18 was

14 Haruo Shimada, above-shown book, p 187-188
15 Rotation Principle is employing sole persons with a time limit and making them go back after a period end. But, because in former West Germany very many foreign workers increased in number from the second half of the 1960s, would not go back, and tended to reside permanently, they changed to the regulation measure in 1973.
16 Hiroshi Komai 『The way to foreign worker settlement』 Akashi Shoten1993 p 35
17 It was adopted in 1935. To except for an inside-and-outside people equal principle, it was the first synthetic treaty to take care of migrant workers to establish an international system for acquisition middle and already acquired right preservation.
18 As opposed to foreigners other than a refugee or a stateless person it is the view which it has been
adopted in No. 118. In the current of such an international collaboration principle, in 1992, Japan also ratified A agreement adoption (social right agreement)\(^\text{19}\) of the International Covenants on Human Rights with legal effect, public assistance, and a treaty about refugees' status prescribed the principle of equal treatment about social security, and have promised internationally observance of this principle. In short, we need to improve a system guaranteed foreign workers' fundamental human rights.

About the latter, from the experiences of West European countries, it is expected that the foreign workers who has resided permanently cannot satisfactorily adjust themselves in Japanese society, and do form the alienated social group. As a factor of alienation, the problem of language plays a large role, and the discommunication with the acceptance society generates Segligation and an inner-city problem which were mentioned above, generate the crack with an acceptance society. In an acceptance society, single racial closed society like especially Japan look at, discriminate against, and tend to alienate existence of foreign workers in heresy. Such a mutual maladjustment causes social confusions such as a crime. In order to solve this problem, probably, the realization of the system maintenance based on the principle of equal treatment of foreign national which is mentioned above, and that of the social integration followed it will be effective. We would like to inquire in more detail below.

**Foreign workers’ fundamental human rights**

Because, in the Constitution of Japan, the clear regulation about whether the foreigner has human rights does not exist, this becomes the problem of law interpretation.

According to a judicial precedent and accepted theory, from the reasons of the universal character of human rights, the international collaboration principle of the constitution, and the trend of internationalization of human rights, it is shown, ‘Security of the fundamental human rights by many regulations of the constitution of Chapter 3 should be given to the foreigners who reside in our country except the thing only for the Japanese from the nature of the rights\(^\text{20}\).

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\(^\text{19}\) As opposed to the negative standard of ILO symbolized by the mutual principle, the United Nations adopted the Universal Declaration of Human Rights from the more ideal position. The International Covenants on Human Rights were adopted based on it. This consists of two, social right agreement (A agreement) and civil-liberties agreement (B agreement). It has specified that the conclusion countries of this agreement promises that the right which this agreement specifies is used without any discrimination by national or the social graduate nothing, and they accept all the rights about the social security of social insurance and others. Japan ratified the A agreement in 1979.

When this interpretation is followed, the issues are what human rights which secure even for a foreigner and which don’t are, and how much they are secured. The human rights, which are not guaranteed, are suffrage (the 15th article), the right to life (the 25th article), the right to receive education (the 26th article), the right of labor (the 27th article), etc. It is understood that right of freedom, the equal right, and the beneficial right are fundamentally given to even the foreigner21. According to the interpretation of the Constitution of Japan followed, it is thought that solution of the following problems is needed.

1. The problem of a social security system

The right to life provided by Article 25 of the constitution, ‘All people have the right which leads a healthy and cultural life at its minimum’, accepts only the Japanese from the nature of the rights as mentioned above, and doesn’t accept foreigners. In the 1980s most social security systems will come to be applied also to a foreigner, but it was said that they are performed within the limits of a legislation policy22. The big problems of a social security legal system about the present foreigner related to the problem of the share autonomy of such the right to life are not applying Daily Life Security Law to foreigners and about irregular immigrants, inapplicability person in principle of a social security system23.

About the former, it is applied on principle by other social security systems, but in Daily Life Security Law, it is a problem that it isn’t applied as a legal system on principle. The regular immigrants by an administrative discretion had been correspondingly applied a welfare as a matter of fact. But in 1990 the range by an oral notification of the Ministry of Health and Welfare was limited to the permanent-residence foreigner specified to entry into and departure from the country and the Refugee Recognition Law.

About the latter, irregular immigrants aren’t applied a welfare as well as other systems on principle24. Especially not applying Medical security (the medical aid and the medical insurance of welfare) including emergency care is a big social problem as a thing in connection with foreigners’ life and death.

Thus, it is based on the interpretation of above-mentioned Article 25 of the constitution that there is no application of Daily Life Security Law to a foreigner. Namely since

21 A book same as the above, P90-93
22 Takashi Miyajima, Takamichi Kajita “From Foreign Workers To Citizens” Yuhikaku 1996
23 Akira Tkahuji, “Foreign People and Social Security” City Problem Feburary 1996
foreigners are not permitted the enjoyment autonomy of the right to life, they are regarded as the inapplicable existence of Daily Life Security Law. At the basis of this view there would be recognition that a country has only to secure a life of only its own country people and does not have a concern in the foreigners who reside in its own country, and it is the responsibility of a mother country.

But in the current of an international collaboration principle, in the situation that Japan has ratified an ILO No. 48 treaty, this No. 118 treaty, an agreement of the International Covenants on Human Rights, etc., from the necessity for observance of a domestic and foreign people equal principle, the above exclusive recognition must be reexamined fundamentally.

From the above present recognition, we will examine the following systems concretely.

2. Workers’-accident compensation

An industrial injury insurance system of Japan the rights in which laborers receive workers’-accident compensation generally secure both inside and outside people by Workers’ Compensation Law like other advanced nations. In this industrial injury insurance system it is considered that the enterprise which uses laborers by Workers’ Compensation Law is an application enterprise. When an industrial accident occurs to laborers, medical benefit is paid to them by laborers charging the expense of medical treatment, closure compensation, and disablement benefit25. However, some problems are pointed out, when it becomes actual employment, although there is such a legal system26.

One is the problem of the procedure beyond the border peculiar to foreign workers. Workers’-accident compensation is to be applied across the border in principle. There are also actually many such cases. It is supposed that almost all they will return to a graduate country after the foreign workers who suffered from the industrial accident underwent the grade medical treatment in Japan of a high medical level. But it seems that many problems remain. For example, they are complicatedness of procedure, such as an application, a claim, and payment across the border and a disagreement arising in cooperation with the medical treatment organization after a homecoming.

Another is a problem peculiar to an illegal worker. Since illegal workers are illegal existence, they will be exposed and eliminated abroad, if the existence is checked. So even if they were in the industrial accident, they tended to hide the workers' accident

25 Management and Coordination Agency, the government supervise bureau, “Aim at Japan where foreign people can also lead their lives comfortably” 1997 p117
26 Haruo Shimada, above shown book, P199-200
for fear of exposure and repatriation. In the revised Immigration Control Law enforced in June, 1990, because the plan of illegal worker exclusion was strengthened severely by illegal working promotion crime etc., it was supposed that the tendency of industrial accident hidden became strong further.

It is a difficult problem on condition that deviation of such a system and the actual condition aims at reduction of illegal working since the objects are illegal workers. But from the position of international humanism it is immediately asked for a systematic improvement of a system.

3. Medical security

The public medical insurance system of Japan is also applied to foreigners like the Japanese under the fixed requirements.27

Public medical insurance are mainly health insurance based on the Health Insurance Law for an employee and national health insurance based on National Health Insurance Law for an individual proprietor etc. The universal national health insurance system is equipped fully about Japanese people, and they can receive medical insurance. The ways are that they also share a premium under the health insurance which an employer joins based on the Health Insurance Law and receive a medical insurance, and that they join national health insurance under National Health Insurance Law for themselves. But the following necessary requirements are defined about the foreigners. About health insurance, the foreigners who lawfully works are treated the same treatment as Japanese people. But about the foreigners of illegal stay, application of health insurance is not accepted because the use relation on condition of illegal working is very unstable.

About national health insurance, the foreigners as the object of national health insurance must be those who are performing alien registration and the resident period of the time of immigration determined by Immigration Control Law must be one years or more(What is accepted to stay in Japan for one year or more is included). Besides because the foreigners of illegal stay are as the object of compulsive leaving, and they are not accepted to be "what has the address", they are not applied.

Thus, it turns out about access of a medical security system that class specialization is carried out according to stay qualification. Namely domestic and foreign people equal treatment is not secured institutionally. Especially the illegal workers are excluded applying both health insurance and national health insurance. But in fact it is the men of this class that there is the necessity for application most, and there is a deviation in a

system and the actual condition.

This deviation appeared as the problem of foreigners' not paying medical expenses. Because the public medical insurance to foreigners applies the foreigners who reside lawfully, the foreigners who cannot join a public medical insurance have to pay the total of medical expenses by individual coverage. Because such a foreigner's solvency is inferior to the application person of a public medical insurance in many cases, when foreigners receive medical examination, they cannot pay medical expenses on condition that the number of illegal sojourners has amounted to about 220,000 people (in 2002), and the medical expenses impose a burden on a medical institution. This becomes a social problem.

We need correct the deviation between a medical security system and actual to solve such a problem, and realize foreigners' right to life.

4. Pension

The public pension plan of Japan consists of a national pension insurance institution based on National Pension Law, and a welfare pension system based on Welfare Pension Insurance Law. In these pension programs, 20 or more years-old the less than 60-year-old persons who have the address in Japan in principle become the insured, and a national pension is compulsorily applied to foreigners as well as the Japanese.

But because about foreigners, the insured period in a public pension plan of Japan and the insured period in the public pension plan of many foreign countries are not totaled, they cannot fill acceptance qualification period of a public pension in Japan or the mother country of foreigners, and about those to whom the pension program of its own country is applied continuously, a premium becomes double payment.

Such a problem is fundamentally solvable if the suitable bilateral agreement of a pension claim is made between Japan and each concerned country. Although such a problem is not concluded yet in Japan, a lot of bilateral agreements are concluded in Western countries. Germany, the United States, and Britain where Japan is groping for conclusion have concluded with the country and the area (Germany:26, the United States:17, Britain:33 nations and areas), and we understand the situation that the measure for the bilateral agreement of Japan is behind.

Moreover, there is a problem in the following aspects of practical use. There is fear of ...

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28 A book same as the above, P171-184
29 A book same as the above, P186-191
30 A Bilateral Agreement is the one that the term of joining the public pension plan in each country is calculated with each other country and is connected to the right of receive the public pension, moreover, the laws which aim at avoiding double joining at least 2 plans among other countries are coordinated to apply.
foreigners’ omission of joining in national pension insurance, those who have received
application of a short-term-contract employee or a foreign statute also in the application
place of business are excluded in welfare pension insurance31.

5. Housing problem

The housing problem is one of the most serious problems confronting foreign workers
in their everyday lives. It is also a grave problem for many Japanese citizens. The
problem basically centers on the availability of housing in terms of quantity, quality,
and price. The government does direct some public resources towards improving the
availability of housing. Government policy includes the provision of public housing,
public promotion of housing construction projects, and public housing loans. But few
foreign workers can enjoy the benefits of this policy. Public housing is available to
foreign workers, but basically only to permanent residents and to some others in special
cases.

For many foreign workers, an even more serious housing problem is the
discrimination they face in renting private apartments. There are a lot of apartment
owners who reduce foreign people. As the reasons, problem of language, differences of
custom, introduction of their friends to apartments, unpayment of housing rent, etc, are
thought of. Some local authorities are trying to eliminate such discrimination by issuing
rules and using moral suasion to raise people’s awareness of the problem. Discrimination in housing threatens the livelihoods of foreign workers, who already
suffer from enough uneasiness in their lives without it. But eliminating discrimination
will require legislative relief measures rather than just attempts to heighten the
awareness of society.

6. Education

Education is an important basement for an individual to form his personality and
lead a meaningful life in society. The right to receive education is guaranteed Article 26
of the constitution, but the application of it is restricted to Japanese children and is not
admitted to foreign people’s children. Therefore, the substantial guarantee of the right
for foreign people’s children to receive education is included in the category of making
law policy. From now, however, the measures have been taken at local level, but the
government has not aggressively taken any measure.

Education is necessary not only for foreign children but also foreign workers. In
particular, the education of Japanese is essential for working and living in Japan, is an

31 Haruo Shimada, above-shown book, P207
essential education for foreign people’s children. The measures of this problem are also restricted at local level and not aggressively taken by the government.

7. Voting Rights

As we stated above, the right to vote in national elections is permitted only to Japanese citizens by Judicial precedents the interpretations of the Constitution. Hence, it is interpreted that the narrow meanings of voting right is not guaranteed.

However, we should interpret that the voting right at local government level can also be permitted to legal permanent residents\textsuperscript{32}. For, if foreign workers reside in Japan permanently, the voting right in local politic should be permitted. Because they have different nationalities from those of Japanese citizens, but they work in Japan in the long term as Japanese do and have an obligation to pay their taxes.

Integration

In the consideration above, in considering possibilities of foreign workers’ permanent residence, we have considered the system of guaranteeing Social Security as the prerequisite of their basic rights which is not unjustly infected. The maintenance of the system of guaranteeing Social Security we mentioned above is needed to adjust foreign workers to Japanese society. As we stated above, if the adjustment of foreign workers to Japanese society does not work out well, there cause serious problems in Japan, such as Segmentation, Segligation and Inner-city problems. They cause the discrimination and prejudice against foreign workers, increase of crimes by the worsening of living environment caused by them, inviting the disorder of Japanese society.

To avoid the situations like these, it is necessary to make the system in which foreign workers and Japanese society can coexist. Integration is the concept which represents the system\textsuperscript{33}.

Integration is the thought that Japanese and foreign people, who lead different lives in different society, live and act together in the same society, not forming different societies or different classes. In short, it is the thought that Japanese and foreign people lead lives equally without any discrimination.

The problems about foreign workers will be solved in progressing Integration. But this concept is easy to suggest but difficult to practice. For, even if the system of

\textsuperscript{32} Nobuyoshi Ashibe [1999] p90

\textsuperscript{33} The Planning Bureau of the Economic Planning Agency, “the course of foreign workers and economic society” 1989 p86-95
guaranteeing fundamental human rights is maintained, there are 2 problems left. That is, 1) the consciousness or convention of Japanese and foreign people, 2) social cost to progress Integration.

1) is centered on the problem that whether citizens who have different cultural backbones go well with each other. To solve this problem, the efforts of Japanese and foreign people is necessary.

But there are one class which is easy to adjust to Integration and the other one which is not easy, in proportion to economic position, religion, or type of employment, etc. Skilled workers would be comparatively interested in Japanese culture or custom, because they have high education career, high income and high status of society. But unskilled workers who come to Japan for working, be engaged in simple jobs and form the bottom class of society would not join Japanese society, even though they were given hands to Integration. Religion makes problems more complicated. Depending on religions, ones which are not tolerant of other ones would make Integration difficult.

As the problems of Japanese who are in the accepting side, we should overcome the closed attitudes which have formed in the simple nations’ country. The closeness may be difficult to overcome because of the geographical feature of Japan and the consciousness which is deeply rooted in Japanese people. But it is the unavoidable way for Japan to join a member of international society.

However, if Japan expands the degree of acceptance of foreign workers, Integration would not be easy to realize. Because the realization of Integration is necessary to be maintain dramatically the system of Public Service and Social Security, however, as we stated above, the problem of foreign people’s Social Security is not easy to solve soon, and the enough maintenance of the system cost a lot of time and work force. In the process of the realization of Integration, it is possible to cause some troubles or the discrimination caused by foreign people’s not adjusting to Japanese society. This problem has to be solved by the efforts of both. But the urgent solution in the short term would cause the friction of each other. The satisfactory Integration needs the reform of each individual’s way of thinking. We should cost a lot of time to reform our way of thinking.

Hence, Integration should be the strategy in the long term, but the acceptance be expanded gradually in the short term, considering the situation of economic and the society.

Surely, the problems of illegal immigrants should be solved soon. But the radical expansion of the acceptance can cause the problems mentioned above. Thus, in permitting the least Social Security for necessity, Integration between foreign people
and Japan should be progressed. The criticism of this strategy is that illegal immigrants increase more and more if the Social security of illegal immigrants is permitted. But in adopting the strategy that Integration should be progressed in the long term, the radical decline of illegal immigrants is unnecessary. For, the problem of illegal immigrants basically centers on that of infection of fundamental human rights, and the problem will be solved if the Social Security is applied to foreign workers.

Therefore, it can be the direction of solving the problem of illegal immigrants that the acceptance is expanded gradually in aiming at Integration in the long run, and that their human rights are guaranteed in permitting the Social Security to them.
Chapter 3

Foreign Worker Surplus

A diverse problem is conceivable to foreign worker acceptance like the above. On the one hand it is big the one that is becoming a problem in Japan with real economy a little child aging problem associated with the maturing of economy it raises can be may. Therefore, it is expected that the demand to a foreign worker increase by an absolute decrease of labor force population from now on.

However persuasive power of becomes with the problem consciousness that lacks somewhat to assert foreign worker acceptance with the viewpoint by a little child aging problem, because even to think that it is able to avoid it by the improvement of productivity about the reduction of economic activities by the decrease of labor force population can.

It is more of the problem associated with the increase of the illegal worker that was caused by Immigration Control Law as it is through problem consciousness to we do not go without thinking. Also, we do not go without thinking such policy that is decreasing the illegal worker and intend foreign worker acceptance from now on from the viewpoint like that from, that such stance that can perform social security as a nation and secure their human right is requested. The worker who is belonged to the category of an unskilled worker generally in Japan that it is receiving the regulation of Immigration Control Law like an illegal worker especially and we need to carry economic analysis out in consideration of the case. Therefore, we analyze an economic effect associated with foreign worker acceptance from a theoretical aspect in a chapter now.

From Macroeconomic Perspective

First of all it thinks about an economic effect associated with foreigner worker moving in from an a little bit macroeconomic viewpoint. A social cost is needed regarding foreign worker acceptance as it has expressed even a foregoing chapter. However through the means that if a foreign worker goes to enter with the one they work new economic public welfare see and put there from the case such as tax revenues see and put namely social benefit happen in all of it conceivable. Thereupon, it examines about foreign worker surplus from a viewpoint of comparison quiet learning by using the concept of immigration surplus of Borjas model34.

34 Borjas “The economic analysis of immigration”
Firstly, except for a skilled or an unskilled or the characteristic that a foreigner worker said that with a foreign worker a country worker supposes that s/he is the same quality in terms of productivity.

It supposes that the next 3 are consisting of in a labor market first of all.

1. Complete competition market
2. Disregard of the selection regarding a labor move of a foreign worker
3. Also disregard of potential bad influence of the immigrant to the problem that exists to the country such as structural unemployment

And it does it when the following production function is materializing.

\[
Q = f(K, L) \\
L = N + M \\
N: \text{native workers} \\
M: \text{immigrant workers}
\]

At this time it supposes that the next 3 consist of regarding a production function.

1. Production function a scale regarding a constant returns
2. Capital stock is possessed the beginning to all native workers
3. Foreign worker does not increase a capital stock of a country

And, the national income of the front that a foreign worker goes to enter is able to express in the following:

\[
Q_N = r_k K + w_k L
\]

Thereupon, a labor supply increases when a foreign worker goes to enter and become the next figure.
At this time, a labor supply curve supposes that it is inelastic. Therefore a supply curve becomes verticality. This is done a labor supply by the decision making of a worker and working hours (labor volume) is obtained by:
\[
\max U(c,l) \\
\text{s.t.} \quad PC \leq Wt + NI, t + l \leq \Omega
\]

However, in this case, a country worker, although an effect must incorporate how changes by the increase of a labor supply volume associated with the increase of an immigrant it handles a labor supply volume assuming that it is inelastic because it is difficult.

Judging from the above figure, it is able to understand that (thereafter foreign worker surplus as expression) is \( \frac{1}{2}(w_o - w_i)M \) surplus that occurs by a foreign worker. It is the part that is \( \Delta BCD \) when this expresses with the above figure.

Also, in the above figure national income is related to the area of AOED. Thereupon, it is as follows when it expresses with a change volume of national income that by means accept a foreign worker.
\[
\frac{\Delta Q_N}{Q} = -\frac{1}{2} \left( \frac{\Delta w}{\Delta L} \cdot M \right) \frac{M}{Q}
\]
\[
= -\frac{1}{2} \frac{wL}{Q} \left( \frac{\Delta w}{\Delta L} \right) ^M \cdot \frac{M}{L}
\]
\[
= -\frac{1}{2} sem^2
\]

(Uses the approximation that

\[
(w_1 - w_0) \approx \left( \frac{\Delta w}{\Delta L} \right) \times M
\]

\[
s: \text{ labor's share of national income} \cdot \cdot \cdot \frac{wL}{Q}
\]

\[
e: \text{ the elasticity of factor price for labor} \cdot \cdot \cdot \frac{\Delta w}{\Delta L} \frac{d \log w}{L} = \frac{d \log L}{L}
\]

\[
m: \text{ the fraction of the work force that is foreign born} \cdot \cdot \cdot \frac{M}{L}
\]

At this time it depends on pay flexibility of labor that pay decreases as mechanism. The increase of a labor supply pay decreasing if it becomes a lowering factor of the pay of a country worker that becomes a competition person foreigner worker surplus becomes zero if it does not react, although the foreigner worker surplus happens.

And, if pay changes and a foreigner worker increases \((e \neq 0)\) income distribution of the company side and the worker side are changed.

\[
\begin{align*}
\text{Change in Native Labor Earnings} & \quad \frac{\Delta Q_N}{Q} \bigg|_{dL=0} = sem(1 - m) \\
\text{Change in Income of Capitalists} & \quad \frac{\Delta Q_M}{Q} \bigg|_{dL=0} = -sem(1 - \frac{1}{2} m)
\end{align*}
\]

\[35\] When we calculate this formula, we use the following formula.

\[
\frac{(w_1 - w_0)N}{Q} = \left( \frac{\Delta w}{\Delta L} \cdot M \right) \frac{N}{Q} = \frac{wL}{Q} \left( \frac{\Delta w}{\Delta L} \right) ^M \cdot \frac{M}{L} \cdot \frac{N}{L}
\]
Here, we think using graph. Supposing wages change with foreign workers’ inflow, \( w_a BC w_i \) income shifts from its own country laborers to the companies. In other words, when the foreign workers entered, companies’ income increases and laborers’ wealth decrease by the redistribution function of income.

Next, we consider existence of the external effect by foreign workers introducing. If the number of foreign workers increases, the part market will grow large simply. That is, if we say only within the labor market, it means that dealings of laborers and companies increase, and ideas and knowledge of the increased part increase. If this is considered by the production function, manufacturing technique would be the conditions of the harvest regularity (assumption) about a scale, and the gross product would increase by it.

Here, in order to express an external effect, we express the production function of companies as follows.

\[
Q_F = f(K, L)Q^\gamma_E
\]

\( Q_F \): the representative firm’s production function

\( Q_E \): the aggregate output in the economy

\( \gamma \): the percentage increase in the marginal product of labor or capital resulting from a 1 percent increase in aggregate output

Then, we express foreign worker surplus with graph when an external effect exists. In this graph, the labor supply curve is carrying out the right shift like the model mentioned above, and when a positive external effect arises, the marginal product of labor goes up and MPL has shifted up. A foreign worker surplus increases by AFEB like the equation shown below by it.

\[
\Delta Q_N \over Q = -\frac{1}{2} sm^2 + \frac{\gamma sm}{1 - \gamma} (1 - sm)^{36}
\]

---

\( \Delta Q_N \over Q \): This surplus includes externality. Suppose aggregate output is produced by firms, we can rewrite \( Q_F = f(K, L)Q^\gamma_E \) to the new equation which is equilibrium condition, \( Q = f(K, L)^{1 - \gamma} \). Then we organize the equation denoting surplus.
Of course, an external effect is not necessarily positive in this way. That is, congestion, such as a traffic jam, increases owing to the increase in population etc., and it is also considered that negative externality occurs as a result. In such a case, in order that MPL may shift below, it is considered that a foreign worker surplus decreases.

So far we have said regardless of whether foreign workers are skilled. But because our analysis target is ‘What economic effect do unskilled laborers bring about?’, from here, we analyze a foreign worker surplus by the model which takes in skill and unskilled.

1. When the role of capital is ignored in the production function

\[ Q = f(L_s, L_u) \]

\( L_s \): Skilled worker

\( L_u \): Unskilled worker

\[ b = \frac{skilled\, worker}{native\, population} \quad B = \frac{skilled\, worker}{immigrants} \]

And we assume as usual that labor supply is inelasticity, and a production function is linear homogeneous, and there are no external effects above to simplify the theory. Then, a foreign worker surplus is expressed as follows.
\[
\frac{\Delta Q_N}{Q} = -\frac{1}{2} \frac{s_s e_{ss} (B - b)^2}{p_s^2 (1 - p_s)^2} - (1 - m)^2 m^2
\]

\( s_s \): the share of national income accruing to skilled workers

\( e_{ss} \): the elasticity of factor price for skilled workers

\( p_s \): the fraction of the labor force that is composed of skilled workers

If it is \( B \neq b \), a foreign worker surplus takes a value (not 0). Therefore we found it important that how many the skill compositions of foreign workers differ from those of native workers. When the foreign workers consist of only skilled workers and unskilled workers, a foreign worker surplus is maximized.

② When the role of capital stock is considered

In this case, a production function of linear homogeneous is expressed as follows.

\[ Q = f(K, L_S, L_U) \]

We assume that all factors of production are supplied inelastically to the economy.

Here, we show economic effects when the government admits only skilled workers, or only unskilled workers.

1) When the government admits only skilled workers

\[
\frac{\Delta Q_N}{Q} = -\frac{1}{2} \frac{s_s e_{ss}}{p_s^2} m^2
\]

2) When the government admits only unskilled workers

\[
\frac{\Delta Q_N}{Q} = -\frac{1}{2} \frac{s_u e_{uu}}{p_u^2} m^2
\]

(Denoted \( U \) is the definition which show the unskilled, as same as \( S \))

From this, because a foreign worker surplus is a part of elasticity of the element price relevant to each, as long as the immigration of skilled workers reduces the wage of skilled workers or the immigration of unskilled workers reduces the wage of unskilled workers, there is a foreign worker surplus regardless of whether the government admits exclusively skilled or exclusively unskilled workers.

Then, if we can compare this elasticity, it could turn out which foreign worker surplus is large. An elasticity of skilled workers is larger in the U.S. with much detailed preceding researches about immigration. That is, the way of a skilled worker’s wages reacts to change of labor supply more greatly. \( e_{ss} < e_{uu} \)

Therefore, a foreign worker surplus would be larger when the immigrant flow is composed of skilled workers.

This is because the complementarities exist between skill and factor of production.
From this result, a wage elasticity of skilled workers is more negative value, but a wage elasticity of unskilled workers is less negative value. Therefore, if a capital is accepted by the production function, we say that the policy which accepts an immigration of skilled workers fulfills economical rationality. This conclusion becomes still stronger by considering an external effect. That is, skilled workers lead to the bigger total demand raising effect since there is accumulation of human capitals till then.

Next, we think about unskilled workers. In fact, we need various parameters in order to measure a foreign worker surplus, and have to compare wages elasticity, as mentioned above. However we have difficulty in measuring because there is little date in Japan. But if you refer microeconomic analysis mentioned later, you can check that a foreign worker surplus arises since market wages fall with unskilled workers immigration.

Moreover, because unskilled workers can get only more fluid employment such as a part-timer and 3K industry, they may participate in an unemployment payment, a skill training program, etc., and may bring about increase of government expenditure. And because of unskilled, we can expect that there are few opportunities to work at high wages, and there is little tax revenues from which the government is obtained. That is, we doubt considerably being sufficient tax revenues which can offset their social cost. In short, even if a foreign worker surplus takes what value, the risk against which a foreign worker surplus will be offset off by increase of social cost is high.

Therefore, as stated so far if it accepts foreign workers, a foreign worker surplus will occur. This will become clear in the form of the increase in output, if we think by macro economy. Moreover, if we see with finances by it, the government can expect more tax revenues. These are the positive effects by foreign workers acceptance and what we wanted to point out. However, a foreign worker surplus does not necessarily simply increase and social cost also increases in connection with it. Then, it is important to compare and examine them.
Chapter 4
The Effects of Accepting Foreign Workers to the Labor Market in Japan

From Microeconomic Perspective

In the Macroeconomic analysis of accepting foreign workers, we have been analyzing what effects unskilled workers have on the Macro economy. However, the analysis of accepting foreign workers from only Macroeconomic perspective is not necessarily enough on the point of the effect of foreign workers’ inflow on Japanese workers. We can make sure that foreign workers’ inflow decrease native workers’ surplus in not taking differences of the skills of workers into account. But, as we stated above, we make sure many cases that foreign workers, most of who are from developing countries, who mostly place the high or middle class in their home countries, enter Japan taking a risk of being engaged in 3K industries as illegal workers. And these illegal workers are mainly engaged in unskilled work. Only the Macroeconomic perspective is difficult to get implications for policy what affects unskilled foreign workers have on the Labor Market in Japan. Thus, in this chapter, we are analyzing the effects of foreign workers on Labor Market in focusing on the trend of wage from theoretical perspective.

First, we will make it clear in using “Dual Labor Markets Hypothesis” what relations we can observe between the wage structures of skilled workers and that of unskilled workers. The purpose of this analysis is to clarify the wage system in Japanese Labor Market and to confirm what market foreign workers( especially, unskilled workers) enter.

Then, we will explain Dual Labor Markets Hypothesis simply. Labor services made deals in Labor Market include differences such as region, gender, the degree of skilled, career of education. Thus, it is thought that a labor market is not the same as the other one. In other words, we should not think Labor Market as the totalized one, but being divided into plural different markets. It is the main point of Dual Labor Markets Hypothesis that Market is divided into 2 ones\(^{37}\).

Then, we define 2 markets as “Primary Labor Market” and “Secondary Labor Market”. The former is characterized as “the totalized of internal Labor Markets which have a lot of opportunities of education or training on jobs, and which have the rules or

\(^{37}\) This way of thinking is inductively formulated through the researches focused on specific companies or regions.
conventions established by coordination of employment or the wage system”. On the other hand, the latter is as “the totalized of Labor Markets in which workers, who have few opportunities of education or training, are directly exposed to change of the trend of supply and demand in Market38.

According to this theory, the wage system is decided in each labor market owing to the division of Labor Market. This theory, which is frequently extended by the concept of “Efficient Wage Hypothesis”, mostly decides the wage system like below.

First, we will consider on Primary Labor Market. The wages are decided mainly by efficient wages in this market. That is to say, Capitalists pay higher wages to workers than decided in the market, improve the standard of effort of workers, progress long-term employment, go up productivities of workers and plan to maximize their revenue. In other words, paying high wages improve benefits rather than increase costs. Paying higher wages than decided in the market excludes Moral Hazard caused by the laziness of workers, which is caused when capitalists cannot supervise workers39.

If companies’ production function is assumed as
\[
Y = f(e(w), L), \quad f'' \geq 0, f'' \leq 0, e' \geq 0, \\
\]
companies’ objective function will be
\[
\max f(e(w)L) - wL. 
\]
Then, when we solve this, the standard of wages is
\[
w = f'(e(w)L)e(w). 
\]

On the other hand, the Secondary Labor Market is not decided by efficient wages like the Primary labor market. It is Walras Labor Market(perfect competitive market), and the wage is decided when market wages are equal to wages of workers”.

Then, we consider skilled workers and unskilled workers, and we regard skilled labor as the Primary market, unskilled workers as the Secondary market, thinking the Primary and Secondary market features40. By classifying “skilled workers” or “unskilled workers”, skilled workers comparatively belong to larger scale companies than unskilled workers.

Then, what are differentials of wages in this dual labor market? Ishikawa and Dejima[1994] attempts to analyze empirically about Double structure of Labor Market in Japan41. According to the analysis, the wage differential in Dual Labor Market has been expanding from 1980’s. And unskilled workers are short-term employed rather than skilled workers, thinking characteristics of both. According to Ministry of Welfare

39 Shapiro and Stiglitz “Equilibrium Unemployment as a Worker Discipline Device” shows detailed description.
40 Unskilled workers are engaged in simple jobs and have fewer opportunities of education than skilled workers.
41 Ishikawa/Dejima[1994]
and Labor[2002], we can also confirm that the differential between part-timers and general workers is expanding.

Figure 4.1  the trend of differential between general workers and part-time workers

Source: Ministry of Welfare and Labor “Every Month Working Statistics Research”

Notes: 1) this figure shows the wages of part-time workers when the wages of general workers are 100
2) The scale of a company is that of more than 30 people.
   It is calculated as the total of researched industries.
3) Years’ data are used.

Therefore, the wage differentials between skilled workers and unskilled workers are expanding in the labor market in Japan, and we think that wage can be decided in each market. Moreover, Expanding of the differential of wages implies that the differential is not fixed.

Then, we will consider the relation between these facts and inflow of foreign workers. In taking it into account that unskilled foreign workers are engaged mainly in 3K industries, service industries like hostess, they have few chances of education. They are closed to part-time workers. The scale of company is small. We can confirm these

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characteristics mentioned above. Hence, we have to consider the effects of foreign workers' inflow on Japanese workers in the Labor Market Model in which the wage differentials are changing. Now we would proceed our analysis with the theoretical model which includes the wage differentials and human investment costs, as Ohashi[1993] clarified.

We assumed that the dual labor markets are formed and the wages of skilled workers and unskilled workers are decided flexibly in each market, then the wage differentials are changing as we stated above. Then, in classifying foreign workers as unskilled or skilled workers, we consider the effect of inflow of foreign workers on domestic workers.

First, we assume that the host country (Japan) produces only 1 goods, that consumes a part of it in Japan, and that exports the others.

Second, we assumed like the Microeconomic perspective that foreign workers enter only by M, and that Working period is P period.

And we assume that the goods produced in Japan are decided by skilled workers, by unskilled workers and by standard of technology. And we assume that the production function is defined below.

\[ Q = f(L^U, L^S, \varepsilon) \]

\[ L^U: \text{Unskilled workers} \]
\[ L^S: \text{Skilled workers} \]
\[ \varepsilon: \text{Shifting parameter of technology standard} \]

Now, we assume that production function is strictly concave function. Thus, we can get the property, \( f_{L^U}, f_{L^S}, f_{\varepsilon} > 0 \).

In general, “the theory of human investment” strongly affects the surveys about human skills in the labor market. Workers have variety of human capital such as technical skills, techniques, knowledge, culture, and health conditions, as Becker suggested. We can divide these human capitals into two groups, general human capital and firm-specific human capital. The former, the general human capital, is the capital which can make people produce goods in same productivity in any company. The latter, firm-specific human capital can provide us high productivity only in a particular

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44 Isao Ohashi 「foreign workers and the labor market mechanism」『studies related to internationalization of economic society and labor issue-theory edition』
45 Gary, Becker 「Human capital」
Training is needed in both groups of human capital. Furthermore, it also means that training needs cost. Therefore, we want to show that people who enter the labor market as new workers must pay currency when they want to improve their skills. The cost of human capital depends on worker’s skills so that we can say this equation below.

\[ T = T(x) \]

\( T \) : Human Investment cost
\( x \) : workers’ skills

Owing to the characteristic of \( x \), we get next character, \( T' < 0 \). We assume that \( x \) is distributed in accordance with the distribution function \( G(x) \) and the density function \( g(x) \).\(^{46}\)

Then, we would assume utility function of both unskilled worker and skilled worker by using theory we stated above.

\[
\begin{align*}
U^U &= U\left(w^U\right) - d^U \\
U^S &= U\left(w^S - T(x)\right) - d^S \\
w^U &: Real wages of unskilled workers \\
w^S &: Real wages of skilled workers \\
U^U &: Utility of unskilled workers \\
U^S &: Utility of skilled workers
\end{align*}
\]

Now we should include fact into our equation that unskilled workers entering in Japan are engaged in 3K industries. Thus, suppose that \( d^U > d^S \) as the negative element because in general working conditions of unskilled worker is worse than that of skilled worker.

Then suppose that there is next equation between skilled and unskilled workers about their wages.

\[
w^S = w^U + k \quad k &: wage differentials \quad \cdots (1)
\]

Wage differentials are elastic because of our proposition.

New workers decide whether to have human capital investment by comparing two

\( ^{46} \) We can point out this character, \( G'(x) = g(x) \)
utility functions. \( U^S \) utility function depends on workers’ skill level so that human capital investment are difference each other. Then we assume following equation with critical state \( x^* \) which can adjust two utility function equally.

\[
U^U(w^U) - d^U = U^S(w^S - T(x^*)) - d^S \quad \ldots (2)
\]

The worker who has more \( x^* \) skills can be skilled worker. Therefore, the number of each unskilled and skilled worker is shown next equation.

\[
\begin{align*}
N^U &= G(x^*)L \\
N^S &= [1 - G(x^*)]L \\
L &: The total numbers of workers \\
N^U &: The total numbers of unskilled workers in Japan \\
N^S &: The total numbers of skilled workers in Japan
\end{align*}
\]

Now we assume that the market is perfectly competitive and is met with “the first standard of the classical”.

\[
\begin{align*}
\frac{\partial Q}{\partial N^U} &= \frac{w^U}{P} \\
\frac{\partial Q}{\partial N^S} &= \frac{w^S}{P}
\end{align*}
\]

If there is inflow of foreign workers, we can get following equation by applying

\[
\begin{align*}
\frac{\partial Q}{\partial N^U} &= \frac{w^U}{P} \\
\frac{\partial Q}{\partial N^S} &= \frac{w^S}{P}
\end{align*}
\]

\[
\begin{align*}
w^U &= P f_U[G(x^*)L + \Delta M^U, [1 - G(x^*)]L + \Delta M^S, \varepsilon] \quad \ldots (3) \\
w^S &= P f_S[G(x^*)L + \Delta M^U, [1 - G(x^*)]L + \Delta M^S, \varepsilon] \quad \ldots (4)
\end{align*}
\]

By using these theories we developed above, we would analyze our focus on this paper, the effects of the inflow of unskilled workers. The inflow of unskilled workers is now

\[
\begin{align*}
\text{47 The first standard of the classical decides demand of labor. It is the necessity condition decided by } & P F(K, L) - rK - wL - C_r \text{ in the short-run revenue maximum, by } \\
P F(K, L) - r^* K - wL \text{ in the long-run revenue maximum.}
\end{align*}
\]
denoted as $\Delta M^U$. We then can make following equation by substituting equation (3),(4) for equation (2), subsequently differentiating equation (2) by $\Delta M^U$ and finally adjusting.

$$
\begin{bmatrix}
U'(w^U) - U'(w^U + k - T) & -U'(w^U + k - T) \\
1 & 0 \\
1 & 1
\end{bmatrix} = \begin{bmatrix}
dw^U \\
d\Delta M^U \\
dk \\
d\Delta M^U \\
dx
\end{bmatrix}
$$

Suppose that a coefficient matrix, denoted as $|A|$, is negative and production function is strictly concave function: we can say that following figure, $[f_{UU}, f_{SS}]^0, f_{UU}f_{SS} - (f_{US})^2 > 0$. Hence, we would have following answers from the matrix above.

$$
\begin{align*}
\frac{dw^U}{d\Delta M^U} &= PU'(w^U + k - T)\{f_{UU}T + PgL(f_{UU}f_{SS} - (f_{US})^2)\}^0 \\
\frac{dk}{d\Delta M^U} &= PU'(w^U)\left\{Pg \frac{U'(w^U) - U'(w^U + k - T)}{U'(w^U)}(f_{UU}f_{SS} - (f_{US})^2) + T'U'(w^U + k - T)\right\}^0
\end{align*}
$$

Therefore, we can get implications from our model that the wage of native unskilled workers' market goes down as a result of inflow of foreign unskilled workers. We also conclude that the wage differentials become expansion. Therefore, native unskilled workers must work with lower wages.

Furthermore, we would append that the result of lower wages, caused by the inflow of unskilled foreign workers, can be useful to confirm the existence of unskilled foreign worker surplus.

We can get some implications created by the standpoint of macroeconomic and

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48 This matrix is organized by the derivatives of the composite function
microeconomic analyses. We would subsequently have more consideration about our topic.
Firstly, we would show that some proceeding studies which calculated either the social costs or the social benefits caused by the acceptance of unskilled foreign workers.

Table 4-1  The calculations on the social costs.  (100 million yen)

<table>
<thead>
<tr>
<th></th>
<th>The period of short-term working</th>
<th>The period of settlement</th>
<th>The period of Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Social Costs</td>
<td>806</td>
<td>6530</td>
<td>14134</td>
</tr>
</tbody>
</table>

Source: Japan General Institute[1992]49

Notes: They were calculated in the assumption that foreign workers are 0.5 million people in the period of short-term working, 1 million people in that of settlement, 2 million people in that of Integration.

On the other hand, Ministry of Labor calculated not only the social costs but also the social benefits50.

Table 4-2  The calculations on the social costs and benefits.  (100 million)

<table>
<thead>
<tr>
<th></th>
<th>The period of short-term working</th>
<th>The period of settlement</th>
<th>The period of Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Social Costs</td>
<td>806</td>
<td>6530</td>
<td>14184</td>
</tr>
<tr>
<td>The Social Benefits</td>
<td>3266</td>
<td>3116</td>
<td>2989</td>
</tr>
</tbody>
</table>

Source: Yasushi Iguchi [2001] p129-130

Note: It is assumed that foreign workers in the period of short-term working are 0.5 million people like the assumption above.

We can understand from these calculations that the social costs must go up as unskilled foreign worker stay longer. On the other hand, we can confirm that we get stable social benefits from unskilled foreign worker. Therefore, these points suggest that it is important to adjust staying span in host country to ensure some benefits.

We can also conclude from microeconomic analysis that the inflow of unskilled foreign

49 Japan General Institute, “Research Reports on Social Costs caused by the Inflow of Foreign Workers” 1992
50 Yasushi Iguchi, “the New Age for Foreign Workers” 2001
workers decreases the wage of native unskilled workers’ labor market and then expands wage differentials between skilled and unskilled labor market. Now suppose that there is no change about the state of critical skills in the equation (2) when unskilled foreign workers enter in host country. The wage of unskilled workers’ market must fall, $w^U \rightarrow w^U \cdot (w^U \cdot w^U)$, and then we can rewrite the equation (2) to new one below.

$$U(w^U) - d^U (U(w^S - T(x))) - d^S$$

We can say that the utility of workers must go up when they select to be skilled workers. On the other hand, because of the definition of $x'$, suppose that the change of $w^U \rightarrow w^U \cdot (w^U \cdot w^U)$ causes that of $x' \rightarrow x'^{11}(x')x'^{11}$, and unskilled workers invest themselves more even if their skills are relatively low51. Hence, it is obvious that the incentive the Japanese worker want to be skilled one is stimulated as the wage of native unskilled workers’ labor market falls because of the inflow of the unskilled foreign workers. The conclusion from the implications above is that the incentive of Japanese workers to be skilled workers can cause the expansion of the differential of wages, or Segligation. And the more unskilled foreign workers increase, the more the differential of wages will expand. We show the negative aspects in the analysis of Chapter 1.

As a conclusion, after we analyze this topic, we can show 2 points we should think about.

1. how long the stay of foreign worker in Japan we can accept
2. how many foreign workers we can permit to enter in Japan, considering the effects of native workers.

These implications show how important we should study about the behavior of workers’ selection, such as job searching and migration decisions. Although this topic is uncompleted in this paper, we would continue developing our research, dealing with the issue we suggest above.

51 It is clear from the equation, $U(w^U) - d^U = U(w^S - T(x')) - d^S$. 
Conclusion

The analysis of a previous chapter in terms of economic theory shows that immigration of foreign workers brings an effect good for host countries from a macroeconomic view point, and gives rise to wage differentials between high-income group and low-income group from a microeconomic view point. In contrast, views of social aspects shows that influx of foreign workers makes them settle host countries, and various social problems, discrimination and prejudice against foreigners, Segregation, Inner City Problem and so on, accompany settlement of them. Inner nature of these social problems is distilled to infringement of the fundamental rights of foreign workers. In order to deal with these social problems, we have considered about Japan’s some systems, compensation for workmen’s accidents, health care system, pension system, compensation for housing, and so on, from a perspective willingly accepting Social Security which enables foreign workers to live as one citizen in Japan, so far. At this moment, based on the results on previous analysis, we devise a set of policy recommendations about foreign workers problems from a positive standpoint against acceptance of them.

According to the analysis of a macroeconomic view point, for certain, acceptance of foreign laborers produces immigrant surplus. But firstly, foreign skilled worker surplus is larger than unskilled worker one. Secondly, Social Security cost intended for foreign skilled workers is smaller than for unskilled workers. Thirdly, in general, tax revenue paid by foreign skilled workers is larger than by unskilled workers. From above lines, if host countries accept foreign workers, expansion of acceptance of skilled workers would become much more profitable than unskilled workers from view of balance between revenue and expenditure, as far as economic side goes. However, it is inevitable for Japan to increase inflow of foreign unskilled workers with the background, illegal foreign workers problem and principle of international cooperation, in the eye of social side.

But only because of that background, it can’t be said that government of Japan absolutely accepts foreign unskilled workers. According to our macroeconomic speculation, the more Japan accepts foreign unskilled workers and settlement of them is making progress, the larger social cost grows. And, according to our microeconomic speculation, acceptance of foreign unskilled workers will bring about wage differential between high wage group and low wage group, and aggravates dichotomization of
job-market. The problem of dichotomization will grow the problem of Segregation between the wealthy and the poor. Therefore government of Japan must accept foreign unskilled workers with cautiously controlling inflow of them.

In Japan, for solving social problem with being careful about economic side, it is necessity to keep primary balance influenced by immigration plus or zero by some policy. The goal of the result of immigration is to fulfill integration of foreigner. But, already mentioned, exponential progression of immigration has risk of making the situation worse.

In conclusion, our policies have three directions. First direction is to expansion influx of skilled workers, for gaining foreign skilled worker surplus. Second direction is to step by step build up influx of acceptance foreign workers, for keeping away from expanding social cost and getting social problems serious. Third direction is to minimize Social Security cost with maintaining its effect.

Firstly, it is necessity for expansion of immigration of skilled workers to construct social environment which is livable and comfortable for foreign people. Though Immigration Control Law recognizes immigration of skilled workers with limitation of skill, it is said that foreign skilled workers are reluctant to emigrant to Japan for some obstacles. One of the obstacles is that Japanese which is difficult to acquire it for almost foreigner in comparison with other languages is national language in Japan. Foreign workers who can’t speak Japanese require various local public services with interpreters, counseling counter for their anxiety of life, offer job information, and so on.

Moreover, government of Japan should develop environments as easy as acquirement for foreign workers and spread of Japanese language both domestically and internationally. It takes hundreds of thousands yen in annual tuition to go to learn Japanese language school, now. That stiff tuition fee is placing a burden on foreigner. That fee should be paid by public capital. We have to go over not only to amend Immigration Control Law related to immigration-control, but also to build a more attractive society in which foreign workers want to live and work.

If the infrastructure for foreign worker acceptance is fixed, a remarkable fiscal burden is surely needed. For example, a huge staff is required though the existing institution is used in managing a Japanese school. Considering the present situation of special Japanese teacher’s shortage, teacher training is also immediately required.

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52 Yasuo Kuwabara, foreign worker in global age, p.148
53 NIRA, research about social system for accepting foreign workers, p.23
must be cautious also of reducing such cost, offering efficient administration service.

Secondly, in the way about acceptance of unskilled workers, in other words, while venturing expansion of acceptance, in order to prevent an unrestricted and disorderly inflow and to specify the fundamental stance of foreigner acceptance of Japan, it is effective to release an annual acceptance total and clarifies the priority in within the total limit. For example, considering as 1 million annual acceptance totals, it is thought of as the priority is defined as follows, (1) their family and relatives, (2) refugee, (3) expertise person, (4) trainee, (5) the frame by the agreement between nations, (6) the others (qualification change from a trainee or a foreign student etc.). In the agreement between nations, unskilled workers are accepted lawfully, and it makes the present illegal workers shift in this frame. Moreover, when the above policy is taken, it is also necessary to change fluidly an annual acceptance total and country by country total of the frame by the agreement between nations, in considering this problem is quite fluid.

Furthermore, if a frame is prepared by the agreement between nations, it will become unnecessary, to place blood principle-restrictions of permitting only Japanese descent like the present condition. Losing this restriction produces substitution of inflow of the Japanese foreign workers who has mainly been flowing in from distant Brazil, and the foreign workers from neighboring Asian countries, and it becomes enable the illegal workers from neighboring South Korea, the Philippines, and China to be treated as lawful foreign workers.

Finally, if it assumes that execution the above policies increases in number of foreign workers at home, it will become important beyond the present condition that the infrastructure for securing their fundamental human rights which at present pose many problems in our country is also prepared. Government of Japan must obey the international level of the human rights set under the international treaty about the foreign worker's labor conditions, the right on social security, and the right on social life, in especial an international treaty adopted in the United Nations in 1990 about right protection of the migrant workers and their family, and solve workers compensation, health care, a pension problem, the housing problem and so on. In addition, it will become a future subject which can hold down cost with leaving the effect of the above policy.
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