



Labor Update No. 118 July 23, 2021

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

1. Law/Policy

(1) “Average minimum wage to be ¥930”: record ¥28 increase

In regard to the minimum hourly wage that employers are required to pay workers, a subcommittee of the Central Minimum Wage Council within the Ministry of Health, Welfare and Labor (MHWL) has put together a guideline that raises the nationwide average by ¥28, from the current ¥902 to ¥930. Due to dealing with the pandemic, last year’s increase was only ¥1. But this year, with reference to the government’s policy, the pace of increase is set to speed up once again.

This time the amount was raised by ¥28 for all areas. This is the largest raise since the current system began in 1978. If all goes according to the plan, the highest minimum wage, that in Tokyo, will be ¥1041, while the lowest prefecture will have ¥820, so the minimum wage will at least be over ¥800 in every prefecture.

(2) Unemployment of 5.5% without Employment Adjustment funds: estimated 2.6-point effect

The MHWL has released its “White Paper on the Labor Economy” for 2021. While admitting that the spread of COVID-19 has had an adverse effect on employment, the report estimates that, through the effect of Employment Adjustment Subsidies and other funds, the unemployment rate has been kept down by 2.6 percentage points compared to what it would have otherwise been. Without these subsidies, the unemployment rate might have risen to 5.5%, according to the paper.

Since last year, the government has made special expansions of the subsidy system to prevent sudden worsening of the employment situation. But employment insurance funding is approaching its limits, and securing funds is becoming an issue.

“Reiwa 3 [2021] Analysis of the Labor Economy”

<https://www.mhlw.go.jp/wp/hakusyo/roudou/20/dl/20-1.pdf>

(3) Employment Adjustment Subsidy special measures considered for extension until end of year: support for companies impacted by minimum wage increase

Concerning the “Employment Adjustment Subsidies” to support companies that maintain employment, and the special measures—including a raised maximum subsidy amount—enacted to cope with the COVID-19 pandemic, the government has begun deliberations on extending these special measures until the end of this year. The current measures are set to expire at the end of September. But with the minimum hourly wage set to increase by ¥28, its highest increase ever, and companies therefore facing increased labor costs, the extension will help support these businesses.

The MHWL and the Ministry of Trade, Economy and Industry (METI) plan to make a proposal to the Council on Economic and Fiscal Policy on the 21st.

The special measures raise the maximum subsidy amount for allowances paid to furloughed workers from ¥8,300 per day to ¥15,000. The subsidy rate for small and medium-sized businesses is also increased, from two-thirds to a maximum of 100%. However, these measures have already been extended repeatedly, and there is a possibility the subsidy rate for small and mid-size companies will be reduced from October on, to a maximum of 90%. The government will also be considering putting together expansions of other subsidy systems.

(4) Employment Adjustment Subsidy special measures to be continued to the end of the year: PM Suga to council

Prime Minister Suga Yoshihide announced clearly on the 21st to a meeting of the Council on Economic and Fiscal Policy that, in regard to the “Employment Adjustment Subsidy” to support companies that maintain employment, the special measures, such as an increased maximum amount, enacted to deal with the COVID-19 pandemic will be extended until the end of this year. The measures are currently set to expire at the end of September, but with the average minimum wage (hourly) to increase by a record ¥28 and the burden on small companies therefore likely to increase, the measures will be extended.

2. Legal Violations/Disputes

(1) Alleged unpaid wages to three employees, totaling ¥3.24 million: charges filed against plastics manufacturing company and company president

The Otsu Labor Standards Inspection Office has filed charges with a prosecutor against plastics manufacturing company New Light Kogyo and its president for Minimum Wage Act violations (unpaid wages).

The charges allege that the company failed to pay wages for the period of January 2019 to March 2020 by the specified pay day for three employees at its plant in Shiga, leaving a total of ¥3.24 million unpaid.

(2) Miyazaki Prefecture cuts pay without notice for five part-timers, then withdraws cuts after internal warning

It has come out that five “non-regular” fiscal-yearly appointed staff members at the Prefectural Mental Health and Welfare Center in Miyazaki--whose jobs included consultations for those with mental stress related to the COVID-19 pandemic (including suicide prevention) as well as help and support for *hikikomori*, etc.--had large cuts made to their pay this year without prior notice. As well as going against the move toward improving the conditions of non-regular workers (part-timers, etc.), this also may have been a violation of the Interior Ministry’s manual, which calls on local governments to clearly specify working conditions for their staff and to set their pay fairly. The prefectural government’s personnel office, after having these concerns pointed out internally to them, canceled the pay cuts, and now plans to pay back the difference.

(3) When whole facility closed due to COVID-19, tenant businesses should pay *kyugyo teate* to their workers: woman sues company

In regard to store closings due to the effects of the pandemic, a woman in her 30s who worked part-time (*arubaito*) at a restaurant in the capital region has sued the company that runs the restaurant. She claims it was illegal for the company to pay her no compensation for the time she was off work, and has filed suit at the Yokohama District Court seeking a total of about ¥1.8 million. Lawsuits over *kyugyo teate* (allowance for absence) amid the coronavirus pandemic have so far been rare.

The establishment where the woman worked was located in a commercial facility (shopping mall, etc.) that closed down because of the first State of Emergency in April 2020, and was therefore itself closed until the end of May that year.

Although there was compensation for the few days for which she already had shifts scheduled, there was no compensation at all for May, and the woman used up all her paid holidays. Meanwhile, the *seishain*(full-time regular staff) on the other hand received 100% compensation.

The woman says that “even though we have a system for Employment Adjustment Subsidies, the company is stubbornly refusing to pay *kyugyo teate*.”

The woman’s claim is that (1) the company’s failure to pay compensation is a violation of Article 26 of the Labor Standards Act and of Article 536 of the Civil Code; (2) the difference in treatment between her and the full timers, who received 100%, constitutes an “unreasonable disparity”, which is forbidden by Article 8 of the Part-Time and Limited-Term Workers Act.

At the trial, a point of contention is likely to be whether the closing, caused as it was by the whole facility’s being closed, ought to be judged the company’s responsibility or not. It also remains to be seen whether the company’s failure to use the Employment Adjustment system will influence the judgment.

There is also a system called *kyugyo shienkin/kyufukin* (leave support/benefit) that is paid by the government directly to workers who cannot receive *kyugyo teate* from

their employer. The woman has applied for this as well, but through the lawsuit, she says that she hopes to make it clear whether the company is required to pay.

3. Situation/Statistics

(1) U.S. companies' CEO-to-worker pay ratio grows to 299-to-1

The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), America's largest labor organization, has announced that the ratio of CEO pay to that of employees at large companies in 2020 was 299-to-1, increasing from the 264-to-1 ratio of the previous year. The report points out that "inequality has grown rapidly" amid the coronavirus pandemic.

The 500 companies tracked by the "S&P 500", a stock price index covering a wide range of the largest companies listed on U.S. stock exchanges, were surveyed in the report. The average CEO pay was \$15.5 million (approximately ¥1.7 billion), a 5% increase from the previous year. The report analyzes that "base salaries decreased slightly, but that payment in stocks increased by more than one million dollars (about ¥110 million)". Rising stock prices are behind this.

Meanwhile, in regard to employee pay, the median amount increased by no more than 1%. Because of the pandemic, the unemployment rate in the U.S. hit its worst ever figure since the Second World War at 14.8%. This rate has been coming down, but has not yet returned to pre-pandemic levels.

The group points out that "workers have been placed in danger of their lives and livelihoods", and that "the pandemic dealt an economic blow to those in the most hardship". In order to fix the disparities, they are calling for the passing of a law to make it easier to organize unions, among other things.

"8 Facts from the 2021 Executive Paywatch Report You Need to Know"

<https://aflcio.org/2021/7/14/8-facts-2021-executive-paywatch-report-you-need-know>

(2) Kanazawa introduces "Partnership": first step toward LGBT acceptance in Hokuriku

On July 1, a "Partnership Oath System"--the first in the Hokuriku region--was inaugurated in the city of Kanazawa. The system gives recognition to LGBT couples and to those in "common-law marriages", allowing them to make use of administrative services such as public housing. The introduction of such a system in Hokuriku, where there is said to be antipathy toward LGBT people, is a major step for such people themselves and for their supporters. Persons concerned say "we hope this spreads to other cities".

Kanazawa City was chosen by the Cabinet as 2020's "SDGs City of the Future", a program to promote sustainable development goals (SDGs). It has introduced the oath system as part of moving forward on gender equality. Its conditions include that both

partners must be adults and that one or the other must be a city resident; one's sex as listed on the family register is not taken into question. Those who submit a written oath will receive a certificate. As well as allowing them to live in city public housing, there are other merits, such as allowing partners to give consent for operations, etc., at city hospitals. A spokesperson for the city government explains that "We have referred to previous such systems in taking good points in order to make our system easy to use, such as by making the system not only for same-sex couples, but also for opposite-sex partners who might need it".

Partnership systems are also being talked about elsewhere in the region, with Hakusan preparing to introduce one within this year, and Nonoichi also starting to consider it. However, the current reality in most of the area's local governments, including the prefectures of Toyama and Fukui, is that there is no particular movement to be seen on this. The reason why these systems are not being introduced in more of Hokuriku is said to be that the region has a deep-seated antipathy toward LGBT people.