

Policy problems relating to the labor immigration control in Japan

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Abstract

This paper provides analyses of the following issues:) The desirable Japanese admittance system of foreign workers,)The effects on the Japanese population structure and economy to which immigrants may have.

The analyses insist that Japan should introduce the point system to examine the admittance of foreign workers, and grant permanent residence to them at the time of new entry, but the benefit from admitting immigrants would be small and diminish according to aging of the immigrants group.

1 Introduction

Recently the issues of foreign workers have been a hot topic in Japan. More concretely, this topic has been discussed strategically rather than emotionally as how we should view the foreign labor force in an aging society. It seems quite different from the time of “bubble” when we talked about it if we should accept manual labor force or not.

The former Minister of the Economic Planning Agency, Taichi Sakaiya once said on the Keizai Kyoshitsu of the Japan Economic Paper dated January 22, 1999, that Japan would definitely need more population for securing the country, (omitted), we would have to discuss the issue of immigration. It was mentioned at “the Conference for the Design of Japan in the 21st Century” under the former Obuchi Administration for the purpose of discussing the Japanese future, that Japan would need to establish an immigration policy which makes Japan more attractive to foreigners and makes them feel they love to live and work in Japan, and would need to establish a specific permanent resident system to promote foreigners to live permanently in Japan so that they could contribute to the Japanese society.

The migration of labor force gives a drastic change to population, ethnic structure, and economic status of a certain territory in the long run. Immigration control systems are designed to control these changes. The current Japanese immigration control system only admits stay with restricted length only to the technically specialized workers and workers who utilize the characteristics as a non-Japanese. Neither middle skilled technicians nor manual labor workers are admitted except for the Japanese descendents. Moreover, Japan does not have a system to accept foreigners as its permanent residents at the time of new entry. On the other hand, Japan has an extremely generous system to accept workers who meets certain qualifications regardless of the domestic labor market situations. The Ministry of Justice published “the 2nd Immigration Control Basic Plan” in March 2000, where it pointed out the necessities to relax the qualifications of admitted

foreigners and expand the range of nursing related workers. It is in my opinion that Japan should review the system itself to accept foreign workers including immigrants in the context of how Japan should be in the middle and long run.

This paper reports the following analyses based upon the awareness of aforesaid issues¹:

- 1) The desirable Japanese admittance system of foreign workers;
- 2) The effects on the Japanese population structure and economy to which immigrants may have.

2 The desirable Japanese admittance system of foreign workers

2-1 Viewpoint

Immigration control systems should reflect the domestic situations of labor force supply and demand and meet the requirements such as maintaining the ethnic balance of that country. On the other hand, the country must provide stabilized life to foreigners and the systems must be transparent so that foreigners are able to picture their future in that country. Immigration control systems must keep the balance of these two aspects, or otherwise various problems such as illegal stay, unemployment of foreigners, or rise in social cost would cause a conflict between the nationals and foreigners.

Here I would like to analyze the following points and view the prospects of Japan:

- 1) What kind of regulations each country has as to how many foreigners to admit to what professions at the time of new entry in regards to reflecting the domestic supply and demand of labor force;
- 2) How each country controls the stock of admitted foreign workers;
- 3) How each country admits the continuous residence of admitted foreign workers;
- 4) How the transparency of the systems are to foreigners (e.g., predictability).

2-2 Systems of each country

Here I categorize immigration control systems of each country into “new entry control of foreign workers with restricted length of stay”, “stock control” and “grant of permanent residence”.

“New entry control of foreign workers with restricted length of stay” means how a country controls the numbers and professions as to new admittance of foreign workers. At this stage, recipient countries can perfectly reflect the domestic necessity of foreign workers in terms of both quantity and quality.

“Stock control” means how each country controls the number of foreign workers who have been admitted. The concrete technique controlling number of foreign workers is limitation of number of times for visa renewal or the limitation of maximum length of stay.

“Grant of permanent residence” means procedures of granting permanent residence to foreigners, and at this stage recipient countries are unable to control the number of foreign workers.

Table 1 shows these three aspects of immigration control systems of each country.

2-3 Comparative review with the Japanese system

Table 2 is a comparative review from the four viewpoints I mentioned above.

Table1 Immigration control systems by country

	Historical backgrounds	Immigration control of foreign workers at the time of new entry		Stock control	Grant of permanent residence	
		Quality control (professions)	Quantitative control		Quality control	Quantitative control
Japan	<ul style="list-style-type: none"> Status of residence was updated and measures against illegal workers were adopted by the 1989 amendment. 	<p>Nominally, professions under the categories of and are admitted, but there is no limit in the category in terms of professions which means no quality control exists in reality.</p> <ul style="list-style-type: none"> technically specialized workers workers who utilize the characteristics as a non-Japanese (e.g. entertainer) foreigners who enter Japan based upon their status such as spouses of the Japanese nationals, spouses of permanent residents, or long time residents. Many are the Japanese descendents. 	<ul style="list-style-type: none"> No quantitative control despite visa control. Basically admits anyone who meets the qualifications. 	<ul style="list-style-type: none"> There is no limit to the frequency of renewal except a few visas. In general, renewal shall be approved unless the foreigner has been unemployed or has a problem However, It depends upon his discretion of the Minister of Justice to admit the renewal or not. 	<ul style="list-style-type: none"> No foreigners shall be granted as permanent residence at the time of new entry. Grants permanent residence to those who meet the qualifications such as continuously residing in Japan for 10 years or more, or being granted as long term residence and residing in Japan for 5 years or more after being granted as long term residence. Reviews the situations and activities of each individually. 	<ul style="list-style-type: none"> No direct quantitative control (30,475 for the year of 2001)
Switzerland	<ul style="list-style-type: none"> Enacted the Foreign Workers Restriction Act to deal with the increase of foreign workers due to economic growth in 1950s In the mid 1980s, the quota system was introduced due to the rapid increase of foreign workers. 	<p>Permits to stay shall be granted when there is no sufficient worker in the country or admitting foreign workers would give economic benefits to that area.</p> <ul style="list-style-type: none"> Seasonal permit to stay shall be granted when industries such as travel, construction, or agriculture need temporary and seasonal labor force for a certain period of time during the year. Year-round residence permit to stay shall be granted according to the discretion of the Ministry of Labor of each state based upon the situations of each case. Profession and work sites shall be specified under the permit. 	<ul style="list-style-type: none"> Number of permits granted shall be determined for every year based upon the domestic economy, the birth rate and so forth (the quota system). 	<ul style="list-style-type: none"> The quota system is applied to permits renewal. Seasonal permits are renewable annually, and those who have worked seasonally for four years (with 3 times of renewal) shall be entitled to the year-round residence permits Year-round residence permits are renewable with strict procedures. But it seemed not very difficult to renew in reality when the economy was good. 	<ul style="list-style-type: none"> Those who have resided in the country for 5 years or 10 years shall be entitled to permanent residence. The necessary length of stay varies based upon what nationally the person has. Foreigners with this permit can work for any professions, and for any employers, and can change jobs. The foreigner's conduct shall be taken into consideration to be granted permanent residence. 	<ul style="list-style-type: none"> No direct quantitative control. Many were granted permanent residence when the economy was good. The number of foreign workers who hold permanent residence permit at the end of 1999 was 526 thousands which consist of 61.4 % of the entire foreign workers. Now it is hard to control the number.

	Historical backgrounds	Immigration control of foreign workers at the time of new entry		Stock control	Grant of permanent residence	
		Quality control (professions)	Quantitative control		Quality control	Quantitative control
Singapore	<ul style="list-style-type: none"> • A restrictive immigration policy has been enforced since the independence in 1965. • Levying employment tax for foreigners started in 1987. • Restricted employment rate for foreigners was introduced in 1988. • Punishment for illegal stay was strengthened by amendment of the immigration control act in 1989. • Punishment for illegal working was strengthened by enacting the foreign workers amendment bill in 1995. 	<p>Work passes are classified in P pass, Q pass and R pass according to qualification and wages.</p> <ul style="list-style-type: none"> • P pass and Q pass shall be granted to the high skilled workers. • R pass is the pass for the unskilled workers whose monthly salary is under S\$2,000 	<ul style="list-style-type: none"> • Employment of R pass holders is adjusted by the employment tax rate and the restrictive rate of foreign workers according to skill levels and industrial needs. R pass holders are unable to be accompanied by their families. • The employment tax rate and the restrictive rate of foreign workers shall not be applied to P pass holders or Q pass holders. 	<ul style="list-style-type: none"> • P pass: renewable without limit • Q pass: maximum length of stay is 5 years • R pass: maximum length of stay is 4 years. 	<ul style="list-style-type: none"> • High skilled workers are welcomed to become permanent residents. P pass and Q pass holders can apply for permanent residence permits immediately after entrance into Singapore. • To maintain the ethnic balance, the government grants nationality to foreigner with Chinese background generously. 	<ul style="list-style-type: none"> • No direct quantitative control.
France	<ul style="list-style-type: none"> • It had admitted migrant workers generously mainly from the former colonies until the oil shock after WWII. • After the oil shock (1974), it strictly restricted admitting new entry of immigrants and foreign workers. • Mitterand administration between 1981 and 1991, it had taken an aggressive social integration policy for foreigners. • Under Chirac administration punishment against illegal working was strengthened. 	<ul style="list-style-type: none"> • Import of labor force other than from the EU countries has been strictly restricted since 1974. • Scholars and senior management workers are exceptionally granted work permits as a special case. 	<ul style="list-style-type: none"> • No quantitative control • There is a policy to encourage foreign workers to return to their countries, but not effective. 	<ul style="list-style-type: none"> • Temporary residence permit is valid for one year. Renewal shall be approved unless the foreigner has been unemployed or has a problem. 	<ul style="list-style-type: none"> • Those who have resided lawfully in France for 3 years or more with a temporary permit of stay and have met certain qualifications can apply for residence permits. • The residence permits are good for 10 years and renewable. Those who hold this type of permit can work in any region of the country for any job. 	<ul style="list-style-type: none"> • No direct quantitative control.

	Historical backgrounds	Immigration control of foreign workers at the time of new entry		Stock control	Grant of permanent residence	
		Quality control (professions)	Quantitative control		Quality control	Quantitative control
Germany	<ul style="list-style-type: none"> • Employment of foreign workers abroad had been available until 1973 based upon bilateral agreements with other countries. (rotation system) • Changed its policy to a more strict one after the oil shock. Annulled bilateral agreements were abrogated and enforced new work permits with strict restriction. • A lot of economic refugees entered Germany after the end of the cold war. In 1993, enforced the Protection Act and amended the German Basic Law to limit the number of refugees. • On the other hand, resumed employment of foreign workers from the standpoint of supporting East Europe. • In 2000, Prime Minister Schroder expressed the idea of admitting 20,000 high technology specialists from Middle and East European countries by issuing a special visa. 	<p>General work permit shall be granted to following workers when there is no sufficient worker in the country or EU.</p> <ul style="list-style-type: none"> • Project-linked employment : those registering with a company which enters into a contract with a German corporation. Germany accepts a certain number of contract workers each year with yearly quota system. • Guest-worker contracts : similar to the trainee system. For the purpose of promotion of mutual exchange of young workers between Middle and East European countries and Germany, and improvement of occupational skills, technology and language. • Seasonal workers : admitted to seasonal jobs which cannot be done by German workers. Up to 3 months. Only in case Germans cannot fill the positions. • Staff to care for sick and elderly : those who are from European countries such as nurses or other specialized jobs for nursing and who speak German shall be admitted as nursing workers by intermediation of Federal Employment Service. • Other specialists such as executive officer or university professor are granted new work permits. 	<ul style="list-style-type: none"> • Project-linked employment : quota system is introduced (annually). The numbers shall be determined based upon the calculation considering the domestic labor market situations. • Guest-worker contracts: quota system is introduced (annually). • Seasonal workers: no control. People from the EU countries are the first consideration. • Staff to care for sick and elderly : no control. People from the EU countries are the first consideration. 	<ul style="list-style-type: none"> • Project-linked employment: maximum length of stay is 3 years. • Guest-worker contracts: maximum length of stay is 18 months. • Seasonal workers: up to 3 months per year. • Staff to care for sick and elderly: no limit 	<ul style="list-style-type: none"> • Those who have been employed lawfully and continuously for 8 years or more are granted unlimited work permits. • This system was introduced in 1978 based upon the idea of granting the same right as Germans to the long time residence. 	<ul style="list-style-type: none"> • No direct control. • The number of unlimited work permits for the year of 1995 was 933,044, which consist of 81.8 % of the entire work permits.

	Historical backgrounds	Immigration control of foreign workers at the time of new entry		Stock control	Grant of permanent residence	
		Quality control (professions)	Quantitative control		Quality control	Quantitative control
The USA	<ul style="list-style-type: none"> Between the latter half of the 19th century and the middle of the 20th century, the U.S.A. had enforced discriminatory immigration control policies. (The number of immigrants was determined according to the ethnic backgrounds and original countries.) In 1952, the major change in immigration law occurred by the 1952 Act, which established the modern immigration system. The 1965 amendment changed the system to make family integration possible. In 1986, changes to the immigration laws were intended to tighten up the system. Legalized many illegal immigrants, while introducing the employer-sanctions program that fines employers for hiring illegal workers. The 1990 Act also increased the number of employments based visas from 54,000 to 14,000 a year. The expanded business-class categories favor persons who make educational, professional, or financial contributions. 	<p>Other than foreign workers based upon the NAFTA, there is the system to accept non-immigrant temporary workers. Representative visa examples are as follows.</p> <ul style="list-style-type: none"> H-1B shall be granted to professional occupations or fashion models. It was created by the 1990 Act H-2A shall be granted to workers who perform agricultural labor or service of temporary or seasonal nature. H-2B shall be granted to workers who perform non-agricultural temporary labor. <p>Generally, temporary work shall be granted when there is no sufficient domestic worker and the employment of foreign workers will not adversely affect the wage and working condition of similarly employed U.S. workers.</p>	<ul style="list-style-type: none"> H-1B was originally limited to 65,000 from the standpoint of protecting American workers. But, with a strong request from the high technology industry to expand the range, the government decided to expand it to 195,000 between 2001 and 2003. H-2A: no control. H-2B: the annual number is limited to 66,000. 	<ul style="list-style-type: none"> H-1B: maximum length of stay is 6 years. H-2A: maximum length of stay is 3 years. H-2B: maximum length of stay is 3 years. <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">Acceptance of Immigrants</div>	<ul style="list-style-type: none"> Visas are categorized into visas for family integration, visas for employment, and visas for diversification. 71% of total visas are in the category of family integration. There are several preferences and limits based upon the status of applicants. Immigrants for working purpose are classified into 5 categories, and there are preferences and limits among those categories. The number of immigrants admitted for legal permanent residence in 1998 was 660,477. Included in this total were 303,440 aliens already living in U.S. About 80% of Immigrants for working purpose are adjusted status from students or temporary workers. 	<ul style="list-style-type: none"> The number of immigrants for family integration was 480,000 annually for the fiscal year of 1998. The number of immigrants for working purpose was 140,000 annually for the year of 1998.

	Historical backgrounds	Immigration control of foreign workers at the time of new entry		Stock control	Grant of permanent residence	
		Quality control (professions)	Quantitative control		Quality control	Quantitative control
Canada	<ul style="list-style-type: none"> History of the Canadian Immigration started when immigrants arrived in Canada from France, England, Scotland, and Ireland in the 17th century. In the latter half of the 19th century, the government took the measures to invite workers from Europe and the U.S.A. On the other hand, it restricted the inflow of Asians at low wages. In 1976, the current Immigration Law was enacted and the discriminatory law of 1910 was annulled 	<p>Other than foreign workers based upon the NAFTA, there is the system to accept non-immigrant temporary workers.</p> <ul style="list-style-type: none"> Generally, temporary work shall be granted when there is no sufficient domestic worker and the employment of foreign workers will not adversely affect the wage and working condition of similarly employed Canadian workers. There is no limit to the kind of job, but generally temporary work shall be admitted to the job which will not be fulfilled granted that Canadian workers will be trained for one year. Live-in Caregivers are special category of temporary workers who are qualified to care independently for children, the elderly or people who have disabilities. 	<ul style="list-style-type: none"> There is no limit to the annual number of temporary workers. In 1998, 173,000 employment authorization were issued for temporary workers. 	<ul style="list-style-type: none"> Employment authorization state the period of time for employment, generally less than 3 years. There is not a system of renewal. Employment authorization for Live-in Caregivers is usually valid for one year. But after completing at least two years of employment as a live-in caregiver, workers are able to apply for permanent residence in Canada. <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">Acceptance of Immigrants</div> <p style="text-align: right;">→</p>	<ul style="list-style-type: none"> The goal for population growth is being achieved by family integration. On the other hand, high skilled workers are under the independent class immigration programs. The Independent Immigration Program was designed to promote the Canadian economy by attracting educated and skilled workers to Canada. Under this program applicants are assessed on the basis of six criteria. Each criterion is assigned a specific number of points. Generally an applicant must have at least 80 points to be selected as an Independent Immigrant. Many of non-immigrant temporary high skilled workers have being admitted as an Independent Immigrant. 	<ul style="list-style-type: none"> The number of immigrants for family integration was 55,269 in the fiscal year of 1998. The number of immigrants for skilled workers was 92,480 in the fiscal year of 1998. Canadian government has long term goal of increasing Canada's annual immigration levels to approximately one percent of Canadian population

Table 2 The Japanese immigration Control System in Comparison with Other Countries

Viewpoint		Japan	Othercountries
1) What kind of regulations each country has as to how many foreigners to admit to what professions at the time of new entry.	Quality	<ul style="list-style-type: none"> • Nominally, limits new entry to foreigners who are technically specialized workers or workers who utilize the characteristics as a non Japanese. • But since the Japanese descendents are exceptional, there is in fact no control. 	<ul style="list-style-type: none"> • In most countries, limits new entry to seasonal workers (e.g., construction, or agriculture) and nursing workers. • On the other hand, highly skilled workers (especially in the field of high technology) are recently welcomed.
	Quantity	<ul style="list-style-type: none"> • Admits foreigners who meet the qualifications. • There is no institutional mechanism that considers the domestic labor market. 	<ul style="list-style-type: none"> • In most countries, Considers the domestic supply and demand of labor force and/or limits the number of new entry. • In Singapore, besides controlling the number of foreign workers, apply the foreigner employment tax and adjust the tax rate according to the labor market situation.
2) How each country control the stock level of admitted foreign workers.		<ul style="list-style-type: none"> • Besides a few visas, the frequency of renewal is not limited. • In general, renewal shall be approved unless the foreigner has been unemployed or has a problem • However, It depends upon his discretion of the Minister of Justice to admit the renewal or not. 	<ul style="list-style-type: none"> • In most countries, limits number of times for visa renewal and/or the maximum length of stay. • In Singapore, use the foreigner employment limit and the market mechanism. Besides those, low skilled workers are limited to renew their permit while high skilled workers are able to renew it as often as they want. It keeps good performance in the stock control
3) How each country admits the continuous residence of admitted foreign workers.		<ul style="list-style-type: none"> • Grants permanent residence to those who meet the qualifications such as continuously residing in Japan for 10 years or more, or being granted as long term residence and residing in Japan for 5 years or more after being granted as long term residence. • Reviews the situations and activities of each individual. 	<ul style="list-style-type: none"> • In Germany and France, grants the unlimited or long term work permit to long term foreign residents from a standpoint of social integration but then strictly restricts the import of labor force other than from the EU countries. • In Singapore, high skilled workers are welcomed to become permanent residents. P pass and Q pass folder can apply for permanent residence immediately after entrance into Singapore but not to low skilled workers. • In the U.S.A. and Canada, maximum length of stay for non-immigrant temporary workers is limited. But high skilled workers can able to apply for permanent residence permits immediately after entrance into countries • In Switzerland, grants permanent residence to those who have lived for 5 years or 10 years. But, in good economy, governments seemed to give out the year-round residence permits more easily, and many were granted permanent residence. Impossible to control the stock level.
4) How the transparency of the systems are to foreigners (e.g., predictability).		<ul style="list-style-type: none"> • Generous to new entries. • But Renewal is at his discretion of the Minister of Justice. • Thus it is hard for foreigners to predict the possibility of renewal. 	<ul style="list-style-type: none"> • In most countries, the maximum length of stay is clear and transparent. • In Switzerland, the permit renewal is within the discretion same as Japan. • In Canada, introduces the point system in order to view objectively the admittance standards.

2-4 The direction of the Japanese system

As I have analyzed in the former section, Japan will need to review the following points and reform the foreigner admittance system:

2-4-1 From “regulation after admittance” to “regulation before admittance”

The Japanese admittance system is a generous system to admit anyone who meets the qualifications at the time of new entry. Renewal of visas shall be admitted unless the foreigner has any problem or has been unemployed. This system might result in admitting an unreasonably great number of foreign workers while many Japanese have been unemployed. Although it seems possible to control the number of foreign workers by discretion at the time of renewal of visas, it can be inferred from the experiences of European countries that it would be hard to control the stock level of foreign workers quantitatively after they have once entered the country.

While the Japanese system seems extremely generous to foreign workers, it does not clearly show how long foreign workers can stay in the country since renewal of visas are at his discretion of the Minister of Justice. Moreover, they would have to wait for 10 years to be granted as permanent resident. It is a very opaque system for foreigners to establish a stable life in the country. It is one of the reasons that hinder even favorable foreigners who would be beneficial to our country from continuously residing in Japan.

From these reasons, it should be stressed that Japan will basically need to reform the system from “regulation after admittance” to “regulation before admittance.” In other words, the policy of admitting generously and renewing based upon the discretion should be shifted to that of regulating at the time of new entry under a clearly shown system.

2-4-2 Introduction of the point system

For foreigners who are considered to be desirable to permanently live in Japan, Japan should grant permanent residence at the time of new entry to make their lives stabilized. In the event that Japan grants permanent residence at the time of new entry, it is expected that thorough and cogent discussion be held nationally. In this case, the standard of desirability must be open and pellucid both to the Japanese and prospective foreign workers. The Canadian system, so called “the point system” might be a possible alternative that we can take into consideration. Table 3 shows the Skilled Worker Points Grid in Canada I mentioned above.

On the other hand, Japan we should clearly specify the maximum length of stay for foreign workers who are considered not desirable to permanently live in Japan in advance and admit no renewal as well as control the quantity at the time of new entry.

Table 3 Skilled Worker Points Grid in Canada

Factor	Maximum Points
Age	10
Education	25
Language proficiency	20
Work experience	25
Arranged employment	10
Adaptability	10

- 1) This grid is expected to be implemented June 28, 2002 under the proposed regulations of the new Immigration and Refugee Protection Act
- 2) The pass mark is 80

3 Effect Analyses of the Japanese economy and population structure by accepting immigrants²

Japan will without doubt face the situations where we will have to support the growing number of the elderly in the restricted supply of labor force in this century. According to an estimate of the Economic Planning Agency, the per capita burden of a nation will be 40.1 for the year of 2001, and will rise to 51.4 when there is no change in the systems of health care, pension, welfare and tax.

Under these circumstances, it might be a wise and effectual way to redress the population structure itself by accepting immigrants, for the purpose of overcoming an aging society. It seems one of the most efficacious and direct measures we can think of. Is it, however, really an effective policy for our country to hurdle high-speed aging and make the country filled with vitality?

I, here, estimate how the household disposable income of the Japanese group will change on the assumption that Japan admits 500,000 immigrants per year as a scheme between 2000 and 2009. The size of 500,000 is over three times as large as the actual total number of new entries for the year of 1997 which was 94,000 of foreigners entering Japan for the purpose of working (entertainment or skilled job) and 65,000 of foreigners who are spouses of the Japanese nationals, long term residents or spouses of permanent residents (many are Japanese descendents).

3-1 The change of the population structure

Figure 1 shows the estimated dependent population index of how the population structure will change in the long run in the event that Japan admits immigrants according to the assumption mentioned above³ As you can see from Figure 1, this size of immigrants would give satisfying effect to set right the elderly dependency ratio in about 50 years after the acceptance. Between 2030 and 2033 when it expects to be most effective, it would lower the elderly dependency ratio by 3.8%. This positive effect, however, will suddenly decrease on account of aging of the immigrants group (e.g. aging of immigrants, or rapid decline of the total fertility rate (TFR) of immigrants).

The share of the immigrants' group⁴ in the entire Japanese population is estimated to be approximately 9% in 100 years from now. As for the juvenile population, the immigrants group would occupy a sort of large share for a while. This is because the TFR of immigrants is rather high and they enter Japan with many children. The TFR would also stay high for a while after moving to Japan. The TFR would, however, become

closer to that of the Japanese, and the share in the entire population would converge.

3-2 The changes of the household disposable income per capita

I, here, simulate how the immigrants group will affect the household disposable income per capita of the Japanese group with consideration of the immigrants' dynamic trends in population in the long run⁵.

3-2-1 Methodology

The household disposable income is calculated by deducting tax and social security burdens from national income. Thus, the analysis should be made from the two aspects: one is the effect on national income, and the other is the effect on tax and social security burdens.

Why would national income of the Japanese group increase by admitting immigrants? In short, this is because the part equivalent to the capital distribution rate out of production increase by admitting immigrants would be distributed to the Japanese group who are capital owners. Income increase by admitting immigrants would not be all distributed to the immigrants group as their wages.

For the effect on tax and social security burdens, it would depend heavily upon the age structure of the immigrants group. For instance, when no elderly population exists within the immigrants group, they would bear the burden of pension but would not receive it. Thus, the portion of immigrants bear would transfer to the elderly of the Japanese group. In contrast, when the juvenile population of the immigrants group is relatively larger than that of the Japanese group, the Japanese group would have to bear the educational cost for immigrant juveniles. Here I examine these effects in the aggregate.

3-2-2 Results

I made a trial calculation of the effects on the household disposable income per capita of the Japanese group. Figure 2 illustrates the comparison of the aforesaid per capita with the case where so-called M shaped curve of the women labor force rate of the Japanese group is improved to relatively show the effects⁶.

It can be seen that the effect of admitting immigrants would only correspond to 71% of the per capita national income as of 1995 for 50 years, which means only 1.4% per year. The effects would mainly be brought by reduction of tax and social security burdens, and would diminish according to aging of the immigrants group. The effect would be proved to be only a little larger than the one that would be derived from the correction of the so-called M shaped curve of the Japanese women labor force rate.

4 Conclusions

This paper provided the International comparative study of immigration control system and quantitative analysis on the demographic and economic effects from Immigration.

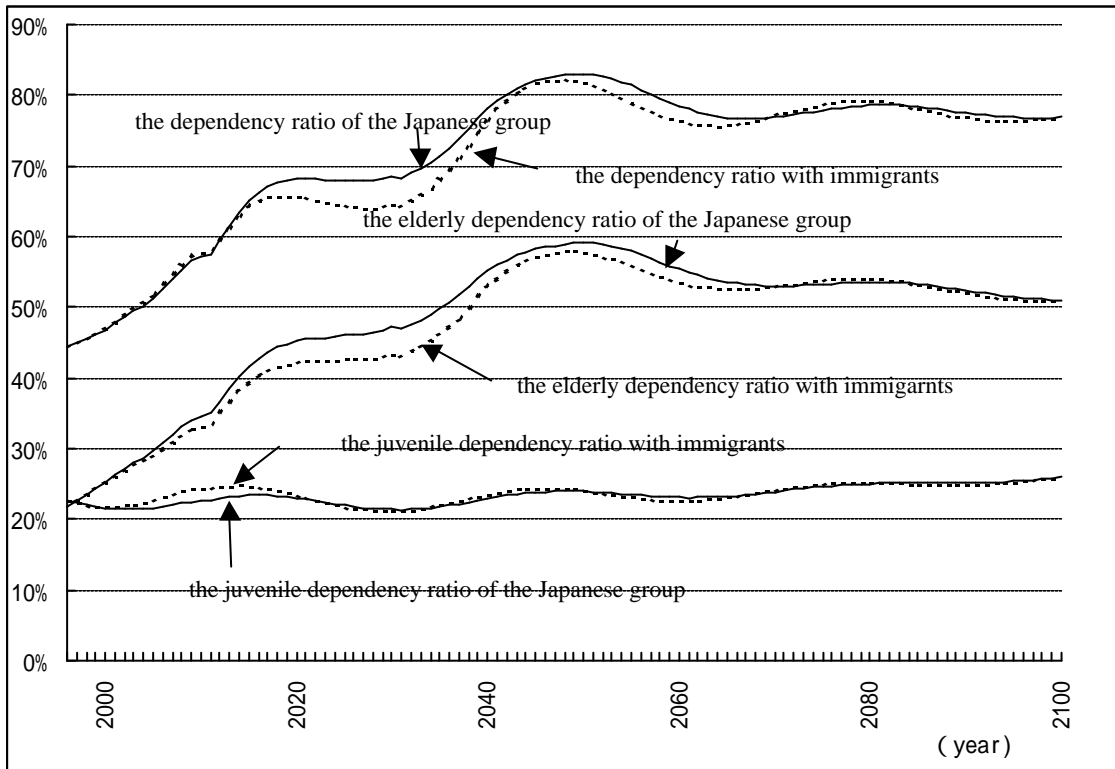
While the Japanese system seems extremely generous to foreign workers, it does not clearly show how long foreign workers can stay in Japan. This system might result in admitting an unreasonably great number of foreign workers and on the contrary hindering even favorable foreigners who would be beneficial to our country from continuously residing in Japan.

Japan will basically need to shift the policy from admitting generously and renewing based upon the discretion to regulating at the time of new entry under a clearly shown system. And Japan should grant permanent residence at the time of new entry to make their lives stabilized for foreigners who are considered to be desirable to permanently live in Japan. In this case, Japan should introduce the point system to examine the desirability of foreign workers. On the other hand, Japan we should clearly specify the maximum length of

stay for foreign workers who are considered not desirable to permanently live in Japan.

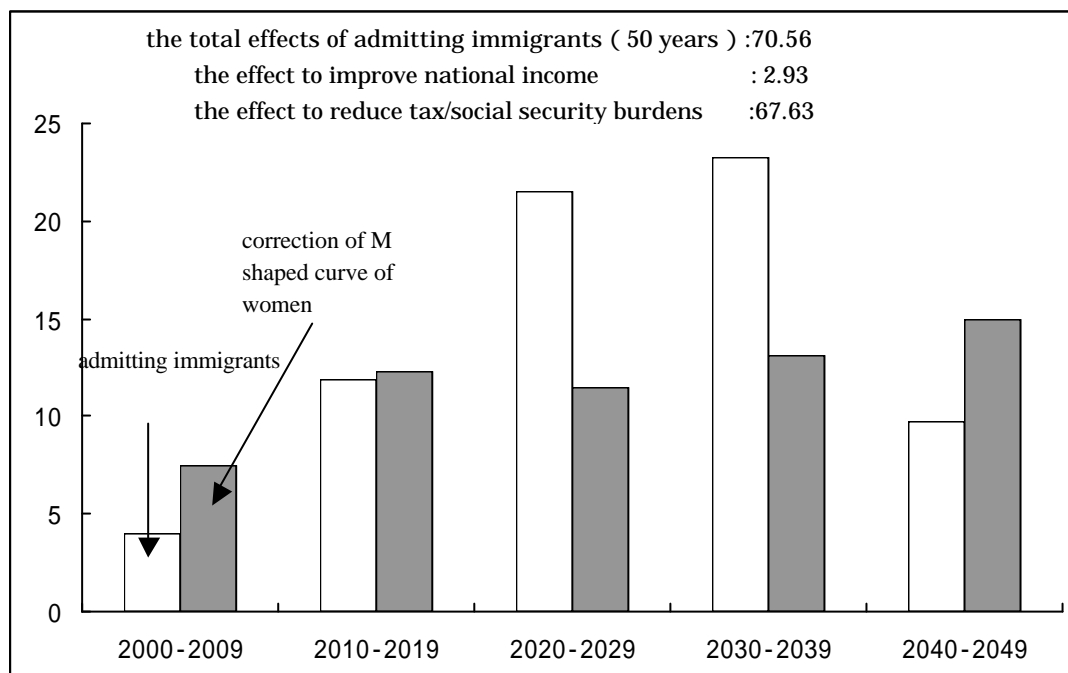
But it does not mean, however, that Japan should accept immigrants annually as a scheme. I estimated how the household disposable income per capita of the Japanese group will change on the assumption that Japan admits 500,000 immigrants per year as a scheme between 2000 and 2009. The benefit from admitting immigrants would be small and diminish according to aging of the immigrants group.

Figure 1 The changes of population structure



- 1) The elderly dependency ratio: the elderly population (65+)/the working age population (15-64)
- 2) The juvenile dependency ratio: the juvenile population (14-)/the working age population
- 3) The dependency ratio (total): (the elderly population + the juvenile population)/the working age population

Figure 2 The effects on the household disposable income per capita



- 1) Calculated as 100 for the real national income per capital as of 1995, in comparison with the case where no policy exists.
- 2) Calculated as 3% of the capital growth rate and 0% of TFP growth.
- 3) Figures represent the total sum for the period.

NOTES

2. The definitions of migrant workers and foreign workers in this paper are as follows:
 - a) Foreign workers: workers who do not hold permanent residence in the recipient countries.
 - b) Migrant workers: workers who hold permanent residence in the recipient countries.
 - c) "Immigrants" or "foreigners" are being used when not limited to workers.
3. Calculated based upon the analysis which was used in Miyoshi(1999) and Miyoshi (2000), with a slight change in preconditions of admitted immigrants and so forth.
4. Preconditions used are as follows:
 - a) The TFR of the immigrants group is equivalent to the average TFR of the entire Asian countries at the time of entering Japan (The TFR 3.03);
 - b) The survival rate of the immigrants group is equivalent to that of the Japanese group;
 - c) The proportion of men and women of immigrants at the time of new entry is 50:50;
 - d) The age structures of immigrants at the time of new entry are 25 through 34 for adult immigrants, and the structure is equal for each age group. The number of children accompanying adult immigrants is calculated with the Asian average birth rate and death rate by age. It is assumed that adult immigrants be accompanied by the children. The age structure is calculated with these assumptions;
 - e) The immigrants group and the Japanese group are separated in their marriage relationships;
 - f) The immigrants group does not give any effects on the population of the Japanese group;
 - g) The immigrants group does not return to their countries;

- h) All the figures in the estimated population (1997) presented by the National Institute of Population are treated as the Japanese group for the sake of convenience.
5. The immigrants group means the first generation of immigrants and their descendants. The Japanese group means the present Japanese and their descendants.
6. Cobb-Douglas Production Function is used for the calculation. Details are omitted. Preconditions used here in regard to the labor force rate and production rate of immigrants are as follows:
- The labor force rate of the immigrants group is equal to that of the Japanese group of the same sex and age;
 - No difference in labor quality is seen between the immigrants group and the Japanese group. The average wage rate is equal between the immigrants group and the Japanese group for the same age and sex;
 - Immigrants do not possess any capital.
7. The women labor force rate for the age group of 20 – 24 (1997) is 73.4%. The rate for the age group of 25 - 44 which forms a valley of the M shaped curve is here assumed to grow up straight to 73.4% from 2000 to 2009.

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