

Minister's Summary by Minister Ota



9th Meeting (April 23, 2008)

- (1) Industries directly linked with people's lives
- (2) "New employment strategy"

Hiroko Ota here. Today, the Council on Economic and Fiscal Policy (CEFP) held its 9th meeting of the year and conducted discussions on industries directly linked with people's lives and the "new employment strategy."

Expert members presented a paper on dealing with industries directly linked with people's lives. In response, Temporary Member Masuzoe (Minister of Health, Labour and Welfare) made the following statement:

Diagnostic imaging practices are quite helpful in bringing medical care to remote areas, but basically, people want direct, face-to-face communication and consultation with medical professionals. On "medical and health care assistance call centers" to be established by private businesses, an overall discussion on how far co-medical staff such as nurses and midwives can replace and supplement medical physicians is now in progress. This issue will need more consideration.

Regulatory reform in public child care services should not result in just cheap and nasty services. Based on the assumption that additional financial resources are needed, government authorities should provide parents with a feeling of safety by assuring better child-care choices.

In addition, we have to discuss what certified "kodomoen" early childhood care centers should be from the viewpoint of children, too. Certified "kodomoen" centers provide both child care and educational functions. How children themselves then see children enrolled at kindergartens (educational function) and those enrolled at day-care centers (child care function) when kindergarten facilities are attached to child care facilities in a single "kodomoen?" Children enrolled at kindergartens go home earlier accompanied by their parents, while those at day-care centers have to wait until late at night since their parents are often working full time.

On diagnostic imaging practices, Member Masuda (Minister of Internal Affairs and Communications) and Temporary Member Masuzoe are now holding joint meetings on the promotion of remote medical care, and a report will be drafted around May. Discussions proceeded as follows:

Expert member: While we have to recognize that additional financial resources are needed, at present, the Government can and should address a number of challenges within the existing budgetary resources by making special efforts. As Temporary Member Masuzoe pointed out, imagining things from the perspective of children is extremely important. Traditionally, authorities tend to believe that there is a conflict of interests between parents and children. However, that is not always the case. Instead, I think one can assume that, basically, parents represent the interests of their children. Speaking of certified “kodomo-en” early childhood care centers, contrary to what Temporary Member Masuzoe had pointed out, children enrolled at kindergartens are sent home sometime earlier than the time children enrolled at day-care centers go home, even if they love to stay longer and play with other children.

Expert member: Public child care services are defined as public welfare services. However, it is no longer practical to generalize every child care service as “welfare.” Some working parents want child care services for 24 hours a day, 7 days a week if possible. Some parents find it virtually impossible to apply for enrollment in public child care services on and after April 1. Low-priced, public child care services are available to only a handful of very lucky parents, and others cannot receive public child care services at all. There is an urgent need to establish a system where anyone can apply for public child care services any time and child care services will be provided immediately to parents who need them. In addition, lack of public child care services has caused many couples to hesitate to have a second child. Speaking from the standpoint of children, we must seriously consider the right of unborn children to live. We must eradicate situations in which having a baby and raising a child is next to impossible for couples who really want to have children.

Temporary Member Kamikawa (Minister of State for Declining Birthrate): There are huge potential demands for industries directly linked with people’s lives. So we need to encourage their development and ensure their quality at the same time. New Zealand has “Plunket,” a 100-year-old leading provider of child and family health services. Babies born in New Zealand are eligible for care services provided by Plunket and other providers and supported by society as a whole, and there the perspective of children has been highly valued. We should always bear such perspective of children in mind.

Member Amari (Minister of Economy, Trade and Industry): (After explaining remote medical services conducted at Tono City, Iwate Prefecture) I would like to further develop community-based businesses through coordination with other ministries.

Expert member: In future the number of people who need nursing care will grow and the number of those who can give nursing care will decline. In the circumstance that Japan has decided to accept nurses from the Philippines and Indonesia under Economic Partnership Agreements (EPA), we should accept them steadily. We also have to reduce nursing care costs for the elderly with the help of our advanced technologies including robot technology. These technologies are the result of

the fusion of medical science, engineering fields and other different academic disciplines and skills, and it takes all-out effort of ministries concerned.

Temporary Member Masuzoe: I agree that the development of technologies for elderly care services is necessary, but the elderly care service is originally labor-intensive. The introduction of new technologies will not immediately reduce costs. More importantly, the pay of care workers is too low. This explains the serious understaffing in elderly care service sectors. Elderly care workers must be better-paid.

Expert Member: The pay of care workers should be corrected and upgraded.

Member Machimura (Chief Cabinet Secretary): When I visited a certified “kodomo-en” early childhood care center, I was surprised to be greeted by two directors of the “kodomo-en.” Two directors for a single “kodomo-en”! One was the director of a kindergarten and another was the director of a nursery school. Each parent whose child attends a “kodomo-en” has to fill out two forms. This represents the dual government administration concerning “kodomo-en” which are under the dual jurisdiction of Ministry of Education, Culture, Sports, Science and Technology and of Ministry of Health, Labour and Welfare. Officially, public child care services are defined as “welfare measures to counter the lack of child care,” and then why so many unauthorized child care facilities have been left as they are? In public child care services, there is still room for further deregulation, and at the same time, the Government should regulate and supervise some activities in this sector. The Government has to review the regulation of child care service providers.

Member Niwa (Chairperson of the Committee for the Promotion of Decentralization Reform): The Committee for the Promotion of Decentralization Reform is now discussing the dual government administration concerning “kodomo-en”. Solutions to this issue should be incorporated in future recommendations.

On “New Employment Strategy,” Temporary Member Masuzoe explained the strategy. It is aimed at (1) creating one million permanent jobs for job-hopping non-student part-time workers (those usually known as “freeters”) in 3 years’ time, (2) creating another 200,000 jobs for women aged 25 to 44 whose labor force participation rate typically forms an M-shaped curve, demonstrating a sharp drop in the labor force participation of women in child-bearing and rearing ages and (3) creating still another one million jobs for those in their early 60s. Expert members pointed out the need for vigorously pushing forward reform to achieve the goals of the strategy. In response, following comments were voiced:

Expert member: What is most important is how to halt the downward trend in Japan’s potential growth rate. The strategy itself is important, and at the same time, it may be a time to seriously start considering the more active acceptance of foreign workers from a longer term standpoint.

Expert member: In order to encourage the entry of women into the labor market, the taxation and

social security systems should be reviewed and revised. For example, the existing tax system virtually creates a ceiling of 1,030,000 yen (the maximum annual income eligible for the spousal tax exemption) or 1,300,000 yen (the maximum annual income exempt from social security premium payment) for a non-full-time working housewife's annual income. Accordingly, many female workers pay careful attention and make great effort to keep their annual income at around one million yen, below 1,030,000 yen. Because of this barrier, our society cannot make better use of qualified female workers. No country has an M-shaped curve more distinctive than Japan's that demonstrates a sharp drop in the labor force participation rate of women in child-rearing age. These systematic tax-related barriers which obstruct women's access to full-time jobs should be urgently eliminated.

Temporary Member Kamikawa: The needs and standpoint of children whose mothers are working full-time should be carefully considered. In addition, how children are being raised is important, which will influence the quality of future labor force. Cross-sectional, comprehensive approaches to child rearing, supported by an inter-ministerial seamless system integrating welfare, education and labor sectors, are essential for reinforcing "power of human capacities" of younger generations.

Temporary Member Masuzoe: I have studied for a long time the situation of foreign workers in Germany, France and Italy. I have learned that we should not regard foreign workers just as additional labor force. In Europe, children of foreign workers suffer identity crisis. We must seriously consider possible concerns over social costs of accepting foreign workers. Professional, skilled workers are always welcome, but unskilled workers are not. In this context, when accepting caregivers from overseas, we have to consider social costs associated with foreign labor force.

Member Nukaga (Minister of Finance): (After presenting findings from a questionnaire on private businesses' concerns over how to secure qualified workers) Some employers treat foreign workers just as "unskilled workers" even if they are originally being accepted as technical trainees. The Government should streamline the system in order to correct the disparity between original purposes and actual operation of foreign technical trainees acceptance projects.

Expert member: We have to provide adequate language and other training to foreign workers and deliberate policies on how to accept foreign workers.

Expert member: We have a shortage of professional skilled workers, too. The Government has to discuss how to review and revise existing systems for inviting foreign students here in Japan to work over a prolonged period of time.

Member Amari: Japan has to increase its international competitiveness, raising workers' wages at the same time. This issue should be considered with a focus on how to develop and secure human resources that will contribute to the creation of highly value added industrial structures.

The Prime Minister made the following statements:

In accordance with “New Employment Strategy,” we will lead government-wide effort to achieve “an economy in which all participate” fostering better working environments for everyone, including young people, women, the elderly and disabled people, in 3 years’ time. The Government will do its best to achieve goals set for 2010 that were announced today. This will also require participation of local authorities, business communities, labor circles and all other parties concerned. I would like Temporary Member Masuzoe and Temporary Member Kamikawa to work out details of what the Government should do, based on today’s discussion.

Ministers concerned are asked to present their conclusions from the users’ standpoint on regulatory reform concerning public child care services, a longstanding controversial issue, by the end of the year.

How to secure financial resources should be deliberated in the fundamental reform of taxation system, partly based on discussion in National Commission on Social Security.

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