

The Future of the Lost Generation

“So far, one of the strong points of the Japanese system has been that the manufacturing labor force gets so well trained. But now the needs of industry are changing and the employment system is changing, so education needs to change, too.”

– High school teacher in Yokohama

“The working conditions of part-time jobs have become worse and worse. People have to work almost as hard as full-time workers but even so, the pay is very low.”

– Teacher in the guidance department at a vocational high school, commenting on current working conditions for young people

“The crisis of youth” (*wakamono kiki*). Proclaimed in boldface type, this is the phrase that ran across the cover of Japan’s weekly magazine *Tōyō Keizai* in early 2009. The cover story was accompanied by a photo of a grim-faced young Japanese man in a business suit. Other phrases on the magazine cover amplified the gloomy message: “Average monthly overtime hours are 150. The percentage of young people in their early twenties who are in irregular work is 43. More than 50 percent of workers are dissatisfied with their workplace.” The list goes on. Inside the magazine, statistics and stories of Japanese young people’s uneasy job situation fill the pages in discouraging detail. Comparative statistics for other OECD countries appear in colored graphs but do little to brighten the depiction of Japan.

In this book I have used numbers to illustrate the employment situation of the lost generation and have added the voices of Japanese high school teachers, officials at public employment security offices, employers, and

young men themselves to articulate what is happening “on the ground.” These varied viewpoints collectively demonstrate how young people’s employment has been closely linked to the existence of a strongly segmented Japanese labor market that demarcates the boundary between jobs designated for new graduates and jobs designated for everyone else. Young graduates have alternatively benefited and chafed against the restrictions of having an entry-level labor market of their own, just as they have benefited and chafed against schools’ and employers’ assumption that they are naïve about the world of work and must be shepherded into it by watchful adults.

Japan’s segmented youth labor market and the assumptions it implies about young people are two sides of the same coin. The inextricable connection between the two sides of the coin brings us full circle to the sociological insight with which I opened this book: Social institutions are not just the structural underpinnings for individual lives. They bear an intimate connection to the way people formulate their identity and navigate in society writ large. As the Japanese school-work system has crumbled, nonelite young men have increasingly been required to exercise greater initiative and new types of skills in making their way into stable employment than their fathers needed to demonstrate. Young men in the social generation dubbed Japan’s “lost generation” have had to negotiate their identities at a historical moment when previously stable institutions have begun to crumble. These institutions were precisely the ones around which the identities of the men in the previous social generation – the men who are the fathers of the lost generation – had been molded.

Japan simultaneously completed its passage to a mature postindustrial economy and endured a massive economic recession beginning in the 1990s. In the process, one implicit social contract was abandoned and another was more or less maintained. Which contract was broken? It was the implicit understanding that young men who graduated from school and moved into the workforce could earn a spot in the Japanese middle class for themselves and eventually for their family. Such a lifestyle had been open even to high school graduates, not just to the educational elite who graduated from first- or second-ranked universities. This social contract with the young was broken in the 1990s in order that society’s implicit contract guaranteeing secure employment to middle-aged breadwinners could be upheld. It has been a bittersweet trade-off.

Would it have been better if the social contract with middle-aged men hired during Japan’s high-growth period had been broken? Better if more of them had lost their jobs, and lost as well the economic well-being and

sense of identity they derived from the *ba* of their workplace? To claim that this would have been less destabilizing to Japanese society would be a hard case to make. Choosing between job loss and instability for current versus future breadwinners is a thankless task for employers and governments. Rather than engaging in this thought exercise, this chapter concludes by stepping back and placing the changes in the Japanese youth labor market and its institutions in comparative perspective to see what implications exist for Japan itself and for other countries facing difficulties in incorporating their young nonelite men into positions that set them on the path to economic stability. In doing so, I hope to bring to the surface some of the labor market dynamics that are so taken-for-granted in Japan (and by scholars of Japanese society) that they tend to remain under the radar screen.

The first part of the chapter critically examines the advantages and disadvantages of the segmentation of the Japanese labor market into jobs for new graduates on the one hand and jobs for everyone else on the other hand. It can be argued that this highly regulated labor market segmentation and the postwar school-work system that supported it have both contained the seeds of their own demise. Bracketing off part of the labor market for new school-leavers worked well in Japan's expanding economy throughout much of the postwar period. But this segregation presumed a continued demand on the part of employers for young full-time workers, and presumed as well the ability of employers to be able to pay an ever-increasing wage bill as their current employees aged. Moreover, it conditioned Japanese young people to rely on institutions to shepherd them from the *ba* of school into the *ba* of the workplace and to rely on the workplace to provide skill training. This contrasts with the demands for autonomy placed on young people in many other postindustrial economies, especially the U.S. I argue that facile claims by both Japanese and foreign commentators that the Japanese labor market is becoming more and more "Americanized" threaten to trivialize the impact of Japanese labor market change on individual lives. In doing so, such claims trivialize the difficulties faced by individuals in adapting to rapid social change. They also unrealistically simplify the complexities and pitfalls entailed in arguing for the relevance or "exportability" of school-work institutions across national and cultural boundaries.

In these final pages I consider the types of attitudes, behaviors, and cultural underpinnings required for the operation of a vibrant external labor market – a labor market characterized by competition for jobs across age groups and sexes, and characterized by the mobility of workers

across different jobs and companies throughout their life course. If this is the direction in which Japan is moving, it is illustrative to compare the Japanese labor market with one of the most mobile of postindustrial labor markets, the U.S., with its lack of employment protection and absence of long-term implicit contracts between employers and workers. Such a comparison implies neither a positive nor a negative judgment of the mechanisms in the American labor market. It requires only the recognition that an open and flexible labor market necessitates attitudes and predispositions on the part of workers that are strikingly different than what Japan's segmented labor market has heretofore required of individuals.

The second part of the chapter builds on the first by looking at the consequences of institutional change and economic recession on patterns of inequality in Japan's lost generation. I close with thoughts on the broader implications to Japanese society of an aging lost generation.

IMPLICATIONS OF SEGMENTED VERSUS OPEN LABOR MARKETS FOR NEW GRADUATES

The smooth operation of the Japanese school-work system was closely connected to the highly segmented nature of the labor market. While much has been written about Japan's "dual labor market" – the duality of well-paid, stable jobs in large firms versus lesser-paid, more unstable jobs in small firms – other aspects of segmentation in the Japanese labor market are not as commonly remarked upon. The designation of some jobs as open only to new high school graduates, others as open only to new university graduates, some jobs open only to men and some only to women (although such designations are now formally illegal), and some jobs designated for mid-career hires has created a highly delineated set of pathways and specific slots for certain types of people to fill. Furthermore, it has reinforced the necessity for young people to graduate "on schedule" because after all, April 1 is the day that new full-time jobs in Japan commence.

These points were brought home to me as I interviewed Japanese high school teachers in the course of doing the research for this book. Many teachers expressed great surprise to learn that most of their "taken-for-granted" rules of the game with regard to the labor market simply do not apply in the U.S. More than a few teachers expressed genuine amazement that the American labor market is not partitioned at least into a segment for new graduates and a segment for everyone else. They were also very

surprised to learn that there is no standard calendar for recruitment and hiring activities and no set date each year when graduates begin their new jobs. From their vantage point, the American labor market sounds like a veritable free-for-all.

The high school-work transition model that served Japan so well during the period of rapid economic growth rested on the coordination between schools and employers in moving young men into full-time jobs. The Ministry of Health, Labour and Welfare and the local public employment security offices tightly controlled the application process for full-time postgraduation jobs. High schools and employers cooperated with the process. In the workplace, many employers took over the task of developing new workers' human capital. Occupational preparation in school was not the key to the system. Rather, the keys were school-employer communication and cooperation. Intense communication and the forging of stable recruitment ties were driven, on the one hand, by schools' appointed duty to facilitate the transition of adolescents into full-time jobs and, on the other hand, by employers' desire to smoothly integrate new young workers into an existing workforce to which they would develop a strong attachment. Many employers worked from an assumption that alumni from the same school would naturally reproduce a harmonious and stable workforce. Preparing young people to think about the type of work they wanted to do was not really necessary – the employers who hired them straight out of school would see to that.

Under the Japanese school-work system, many parents essentially turned the guidance of their youth over to high schools. In my research, neither the Youth Survey nor in-depth interviews gave much evidence of sustained parent-adolescent communication about work and life goals. As one teacher at a low-ranked general high school put it:

When students are sophomores, we talk with them about what 'working' is. For the juniors, we explain what you need to do in order to get a job. Then when the students are seniors, the decision is right in front of them, so we talk concretely about what kinds of employees companies are looking for.... It's not that any of this is a big headache for us, but it just kind of seems like discussions like this don't happen much at home, between parents and kids. I think one reason is because many fathers are working long hours and are not at home very much. There doesn't seem to be much communication at home. Parents rely on the school to take care of their kids' future.

Also telling is the fact that among the two-thirds of personnel officers in my Employer Survey who agreed with the system of having the school serve as the intermediary between high school seniors and themselves, by

far the most common reason employers gave for their agreement is that high school seniors are minors and cannot make decisions about post-graduation employment on their own. Personnel officers emphasized that adolescents are young and unworried, a view also frequently expressed by high school teachers in my interviews with them.

But while the school system continued to treat them as young and unworried, many Japanese young people in the past decade and a half became tangled in a web of contradictions as employers began to hire them as students into low-paid, part-time jobs with neither benefits nor insurance. The demarcation between student and worker became increasingly blurred in the lived experiences of more and more young people. Even as students began learning about the world of work through part-time jobs, they were generally advised by their teachers not to mention this on their applications for postgraduation jobs lest prospective employers view it as a strike against them. After all, in the highly standardized life course model on which Japan operated for the past few decades, it was not normatively acceptable for adolescents to simultaneously hold the roles of "student" and "worker." The hallmark of the "modern" Japanese life course of the 1960s to 1980s was young people's orderly transition from student to adult – from student to *shakaijin* (social person). As illustrated in the opening pages of this book, for men this translated into a meaningful inversion of the syllables and Chinese characters for *sha* and *kai* into *kaishain* or "company person."

The contrast with the organization of the labor market and adolescents' experience of education and work in European countries with apprenticeship systems is jarring. In apprenticeship systems such as those in Germany, Austria, and the Netherlands, many adolescents begin experiencing the world of work through the context of the educational system. This early experience of work is marked by an occupational focus. Both of these elements – the combination of school and apprenticeship experiences, and the emphasis on occupational preparation – have been brought up in recent educational debates in Japan as possible directions in which the country should go.

As I recounted in Chapter 1, in my interviews at Japanese high schools in the past few years it was striking to hear the concept of internship raised for the first time. Grasping the idea as a familiar one from my reading on apprenticeship and internship systems in Europe, I questioned teachers more, only to realize that what they were referring to as student "internships" were often no more than one- or two-day trips to view a given company. Even so, the labor market changes of the 1990s and the

early twenty-first century have forced educational policymakers in Japan to recognize that schools increasingly need to prepare students to think about what they want to do and what their particular skill set will be.

An unusual event that happened to occur as I was completing this manuscript brought home to the Japanese public in full force the fact that they can no longer take for granted young people's access to full-time, stable jobs where employers will offer years of training and job security. In December 2008 a number of prominent Japanese companies abruptly cancelled the employment promises they had made to graduating seniors due to start work on April 1. Public outcry was immediate and dramatic. As usual, concern centered not so much on the effect this had on Japan's nonelite (high school graduates) for whom employment offers had been cancelled. Instead, outrage focused on how companies could possibly do this to Japan's young elite – the graduates of first- and second-ranked universities in particular. Emblematic of the general reaction were the comments of a middle-aged woman who called into a Japanese talk show soon after the announcement, angrily blaming the companies for “ruining these young people's lives.”

The strongly segmented nature of the Japanese labor market by age and experience in the decades preceding the 1990s contrasts even more markedly with the U.S. than with most European countries. The U.S. arguably represents the most unregulated of labor markets among postindustrial countries. Young American high school graduates compete head-to-head with middle-aged workers and with workers at different educational levels – the explicit age, educational, and gender segmentation of the Japanese labor market is absent. As an example, in his book *What Employers Want* the labor economist Harry Holzer reports the results of his 1990s survey of the hiring practices of three thousand employers in four large metropolitan areas in the U.S. As in Japan, the industries that recruit the highest proportions of noncollege-educated workers are retail sales, service, and manufacturing. But only about 20 to 30 percent of the Americans hired into these jobs in the 1990s were under age twenty-four. Depending on the city, another 30 to 60 percent were age twenty-five to thirty-four and an additional 25 to 45 percent were over age thirty-five. Furthermore, Holzer found that referrals from current employees and referrals to the employer by his or her acquaintances together accounted for up to 50 percent of new hires. In short, even in the labor market for low-skilled jobs – jobs open to workers without a university education – “weak ties” play an important role in the U.S. This led Holzer to conclude that American noncollege graduates with few personal contacts

in the work world are likely to have a harder time finding jobs than those with contacts.

Holzer also found that prior work experience played an important role in the American low-wage labor market. Nearly three-quarters of employers in his survey required applicants to have previous work experience. Nearly three-quarters also required letters of reference, preferably from prior employers. While young people are clearly at a disadvantage vis-à-vis other workers in this respect, a significant body of social science research documents many American adolescents' active participation in paid work from ages as young as thirteen. Estimates are that at least 80 percent of American students now engage in part-time work at some point during their high school years (Mortimer 2003). As a result, by the time they apply for their first full-time job after leaving school (including dropping out, graduating from high school, or completing a higher level of education) most American young people have a variety of work experiences to list on their vitae. And unlike Japan, it is generally an advantage – not a disadvantage – to list such experiences. It demonstrates to an employer that a young person took the initiative to find paid employment and was responsible enough to show up for work over a period of time. Work experience also shows that a young person can function well in environments other than the limited *ba* of home and school – he or she can interact smoothly and competently with “strangers,” surely a prerequisite of success in the ballooning postindustrial service sector.

Most of the paid work done by young middle-class American adolescents through the end of middle school is informally-arranged work for neighbors or family friends, such as babysitting, snow shoveling, yard work, or pet sitting. Such informal opportunities to work for pay often depend on the level of trust that exists in a neighborhood and in a community – trust on the part of adults that young people will try hard and will act responsibly, and trust on the part of young people that the adults who hire them will be fair in terms of payment and work conditions. The common reliance on weak ties is striking, as is the interconnectedness of the adults that help set up this work for young people. The interconnectedness is a good example of what the late American sociologist James Coleman called “social closure” (Coleman 1988). Figure 7-1 illustrates the social closure that exists when adolescents, their parents, and the adults who hire these adolescents are connected through bonds of trust. Informal social control over the working conditions and terms of employment is enforced via these trust relationships.

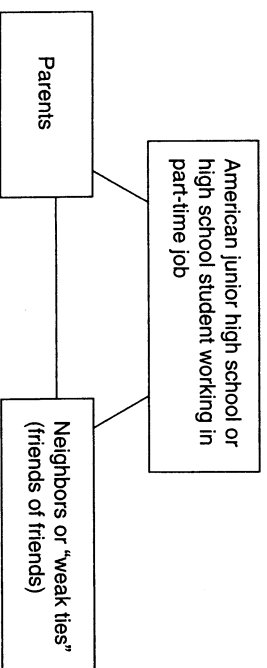


FIGURE 7.1. Social Closure through Personal Ties: American Adolescents' Part-Time Jobs.

The informal social control that operates in the social closure apparent in many middle-class and upper-middle class American adolescents' early work experiences can be compared to the similar but more formal social control that Japanese high schools were able to exert over employers during the period of high labor demand for high school graduates in the 1960s to 1980s. As I discussed in prior chapters, if employers did not uphold the working conditions they had specified on their job opening announcements for new graduates, young people sometimes went back to their high school and told their former teachers about it. The teachers could call the employer and talk to him or her, and could also call the public employment security office to tell them that the employer did not treat workers in the way specified on the job announcement. Figure 7.2 illustrates how we can think about this type of interconnectedness. It is not so much a case of informal social closure as a case of what could be termed institutional social closure, consistent with the importance of institutional rather than personal social capital in Japan.

Here, the Japanese high school graduate is not isolated in the sense of being connected only to the employer. Instead, the graduate may still feel a sense of connection to his high school, whose guidance department initially introduced him to the employer. There are channels of communication between the high school and his employer, between the high school and the public employment security office, and between his employer and the public employment security office. This structural situation is nearly ideal in terms of the amount of information and social control over exploitation that exists. But in contrast to the American situation depicted in Figure 7.1, it is exercised through institutions rather than through ties among individuals.

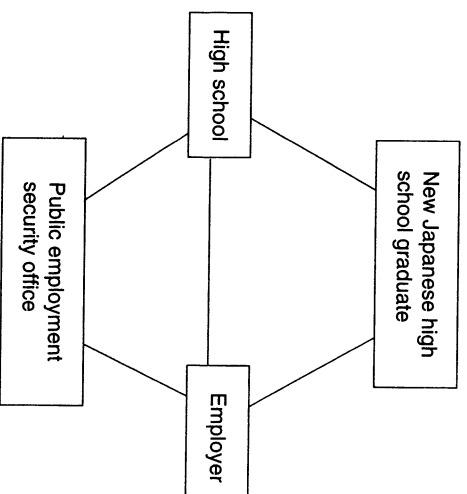


FIGURE 7.2. Institutional Social Closure: Japanese High School Graduates' Traditional Job-Hunting Process.

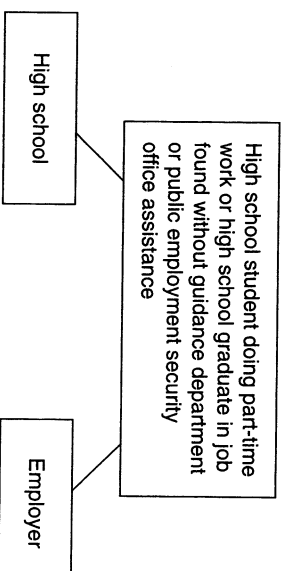


FIGURE 7.3. Lack of Social Closure for Japanese High School Students or Graduates Not Using Institutional Social Capital.

Both of these situations contrast with the present situation of Japanese high school students who do part-time work and with the situation of high school graduates who find jobs on their own. These are the circumstances that became more and more prevalent in the lost generation and, without further intervention, will probably continue for the coming cohorts. Here, high school students doing part-time work are connected to their school (albeit sometimes tenuously) and also to an employer, but the school and the employer do not have any communication with each other (Figure 7.3). So the student's relationship with the employer exists beneath the radar screen of the school as well

as the public employment security agency. A similar situation exists for Japanese high school graduates who get jobs without going through their school's guidance department.

If social control through institutional social closure (communication across institutions, as was traditionally the case in Japan) is virtually nonexistent, then each institution involved needs to be subject either to legal control or to the informal social control exercised by society. The situation shown in Figure 7.3, where institutional closure does not exist, is precisely the type of situation where the exploitation of workers is most likely to occur. While I have purposely not used this term at any point in the book, stories like Koichi's in Chapter 6 – where the employer did not abide by the employment terms that had been laid out, instead demanding longer and longer work hours – certainly bring this expression to mind. As more and more young Japanese workers have been relegated to various forms of contingent employment, the necessity of regulating their work conditions through the enforcement of labor law and through informal social norms has become critically important for twenty-first century Japan.

BEYOND THE JAPANESE CASE?

The research laid out in this book shows that as Japan has moved into the position of being a postindustrial economy – an economy with a large service sector and a much smaller manufacturing sector – the high school-work system has faltered. Industrial high schools continue to be recruiting targets for Japan's remaining manufacturers and engineering and construction firms, but graduates from general high schools receive little interest from employers unless these graduates are willing to take dead-end sales or service jobs. Strikingly, among a sample of twenty-one-year-old high school graduates surveyed by the Japan Educational Association in 2007, just 50 percent of employed general high school graduates were regular employees compared to nearly 80 percent of vocational high school graduates. This difference reflects the fact that the proportion of new high school graduates entering full-time office or sales jobs declined by nearly two-thirds between 1970 and 2007 (from 34 to 12 percent). Instead, new high school graduates became more concentrated in manufacturing, construction, and other blue-collar jobs (increasing from 31 to 47 percent). The proportion in low-level service sector jobs increased as well, from 4 to 15 percent (Japan Institute of Labour Policy and Training 2005).

Higher rates of advancement to university have translated into a labor pool of university graduates from which employers can draw when they have openings in more “high-end” jobs such as those in finance, insurance, commercial services, and information technology. The Japan Institute of Labour Policy and Training conducted a survey in 2005 of companies that had hired university graduates but no high school graduates during the previous year. Among these companies, by far the most common reason cited was that they could fill their labor needs entirely with university graduates. Tied for second place as the most cited reason was that they could not devote enough time to training high school graduates, and that they utilize part-time, *arubaito*, and dispatched workers. As a result, the bulk of high school graduates from general high schools as well as those who go on to two-year training schools have been relegated to an ever-more marginal position in postindustrial Japan.

Given these developments in recent years, how generalizable to other postindustrial economies is Japan's greatly admired school-work system of the 1960s to 1980s? Like Japanese employers in the early twenty-first century, it is likely that employers in most sectors of other postindustrial economies have little incentive to seek rich information from nonvocational high schools about the trainability and future productivity of their graduates. This is so for two reasons. First, most of the jobs for which high school graduates still qualify in postindustrial economies are similar to those that now exist in Japan: low-end service sector positions that involve little training investment by employers. Gone are the days when high school graduates can qualify for service-sector jobs that might constitute rungs in internal labor market ladders. Because employers' interest in carefully screening entry-level applicants for low-end service sector jobs is limited, they do not have a strong reason to form recruitment partnerships with high schools. Second, because countries such as the U.S. have a much less stratified secondary school system than Japan's, high schools themselves can serve only a minimal screening function for employers who want to save on recruitment costs by choosing high school seniors based on the school they attended.

Even so, there is a positive lesson that can be learned from the recent history of Japan's school-work system. The minority of schools in the U.S. and elsewhere that equip students with vocational knowledge and skills could benefit from taking cues from the Japanese school-work model about stronger communication and partnership efforts with manufacturers and other employers who seek a high-quality blue-collar labor

force. The empirical findings in this book suggest the durability of links between vocational schools and employers even in Japan's postindustrial landscape. Many postindustrial economies, including the U.S., retain a small but robust manufacturing sector and it is here that the example of the Japanese system retains its relevance.

IMPLICATIONS FOR THE FUTURE OF JAPAN'S LOST GENERATION

Rising Inequality and Young Men's Economic Marginalization. Hand-in-hand with increased rates of unemployment and part-time employment among young Japanese men has come increasing economic inequality and the specter of a rigidifying social class structure in the new generation. The high-growth era in Japan had led to the achievement of "basic equality," in the words of Hara Junsuke and Seiyama Kazuo, two prominent sociologists of inequality,¹ with the vast majority of Japanese citizens having access to a standard of living that included sufficient food, decent housing, a wide range of household appliances, and the opportunity to attain at least a secondary education. Consistent with this, opinion polls taken in the 1970s and 1980s showed that close to 90 percent of Japanese people considered themselves to be in the middle stratum of society, leading to Murakami Yasusuke's famous coinage of the term "the new middle mass society" (Murakami 1980).²

While economic inequality (*kakusa*) had certainly existed in the 1970s and 1980s, it was masked in the daily experiences of many Japanese because standards of living had increased so much and for so many during the high-growth era.³ The economic floor had risen high enough that even though people at the bottom were worse off than those at the top, they were much better off than the people at the bottom had been in the prior few generations. As Yamada Masahiro pointed out, this helped keep the hope for a better life alive and well among many of Japan's least economically well-off in the 1970s and 1980s (Yamada 2006).

But by the late 1990s several leading Japanese sociologists and labor economists sounded the alarm bell that inequality in Japanese society was

on the rise. Suddenly, inequality became more evident than in the high-growth period when everyone had become "middle class." Important books arguing this point included, among others, Tachibanaki Toshiaki's *Nihon no keizai kakusa: Shotoku to shisan kara kangaru*, Satō Toshiaki's *Fubyōdō shakai Nihon: Sayonara shochoyū*, and Kariya Takehiko's *Kaisōka Nihon to kyōiku kiki: Fubyōdō saiseisan kara iyoku kakusa shakai* e.⁴ One of the principal facts underlying the claim of increased economic inequality was that the standard measure of household income inequality, the Gini coefficient, had increased in the 1980s and 1990s. The documented increase in income inequality came as a shock to many Japanese. A 2006 report from the OECD (Organization for Economic Cooperation and Development) showed that Japan's Gini coefficient had changed from being slightly below the average for OECD countries in the mid-1980s to slightly above the OECD average by 2005. Moreover, the rate of relative poverty in Japan had become one of the highest among OECD countries.

The reasons behind these phenomena soon became hotly debated in the Japanese press and among Japanese academics. It is clear that one of the reasons for the Gini coefficient's increase is compositional: The share of Japanese households with older people has increased, and there is greater economic variation in this age group than in others. So as the proportion of households composed of people over age sixty increased (from 25 percent of all households in 1990 to 33 percent of all households in 2000), household inequality likewise increased. Another reason is that the income difference by age became wider in Japan with the postwar spread of "lifetime employment" and seniority wages to more workers. This means that, in general, households headed by middle-aged and older workers now tend to have higher incomes than those headed by younger workers who are only at the beginning of their lifetime earnings trajectory (given Japanese employers' use of seniority-based pay principles).

If economic inequality across households and individuals in Japan is strongly related to age, then might we expect Japan's current generation of young people to naturally improve their economic circumstances as they age, following in their parents' footsteps? Not necessarily. One need only return to the figures on youth unemployment and part-time employment on the previous pages to cast doubt on this optimistic scenario. More importantly, the gap in economic life chances among young

¹ See Hara Junsuke and Seiyama Kazuo, *Shakai kaisō: Yutakasa no naka no fubyōdō* (Social Stratification: Inequality in an Affluent Society, 1999). An English translation of the appeared as *Inequality Amid Affluence: Social Stratification in Japan* (2005).

² This article was revised and published in English (Murakami 1982).

³ See Kelly (1993). For a view thirty years earlier, see Vogel (1963).

⁴ See Tachibanaki (1998), Satō (2002), Kariya (2001). All three books became bestsellers in Japan.

people is increasing and is likely to become even wider as they age. This is creating the possibility of a level of inequality between the "haves" and "have-nots" that Japan has not experienced for several decades.

Rising Inequality Among the Young. When the Gini coefficient is calculated within age groups in Japan, the only age group that shows widening inequality is people under age thirty-five. The increase in inequality has been particularly large among people under twenty-nine years old. As many Japanese scholars as well as the 2006 OECD report suggest, there appears to be increasing rigidity in the "dual structure" of the Japanese labor market – a stark duality between full-time workers with good wages and working conditions, and workers in smaller companies and marginal jobs (part-time positions, dispatched labor, and other types of contingent work).⁵ The quote from a perceptive high school guidance department teacher at the beginning of this chapter illustrates this dichotomy.

The number of unemployed Japanese youth has doubled since the early 1990s. The number of *furūda* (young people who move among temporary jobs, often with spells of nonemployment) was estimated to have reached more than two million by 2005. And the number of NEET (youth who are not in education, employment, or training and who are not actively looking for work) has also increased dramatically. Meanwhile, in contrast to these groups, some Japanese young people continue to get "good" jobs that are relatively stable. An important question underlying this bifurcation is whether the reproduction of social class is increasing for the younger generation.

In the shadows of a widening gap between young people who moved smoothly into full-time jobs in the 1990s and young people who did not, the intergenerational transmission of economic and social status may be increasing. It is quite possible that as economic inequality widens within the under-thirty-five age group, the divisions among socioeconomic classes are rigidifying. Why? Recent data show that more and more, the Japanese young people who are doing poorly in the labor market tend to come from households in the lower socioeconomic brackets.

Social Class and NEET. A recent research project of Genda Yūji is one of the first to use hard data to explore the social class backgrounds of young Japanese who are NEET (Genda 2007b). As explained in earlier chapters, NEET are distinct from the unemployed and also from *furūda* (young people who move among jobs and in and out of the labor force). Unlike young people who are formally classified as unemployed,

NEET are not searching for employment. The formal definition used by the Japanese government includes unmarried individuals age fifteen to thirty-four who are not in school, not employed, and have either stopped actively looking for work or have never actively sought it and do not express a desire to work. Consequently, NEET generally have less employment experience than *furūda*. As Genda points out, much of what we know about the lives of NEET is based on empirical studies of a hundred or fewer young people, which makes it difficult to understand who NEET are and what their lives are like. Nevertheless, the in-depth research of the Japan Institute of Labour Policy and Training's (JILPT) Kosugi Reiko has suggested that a high proportion of NEET are junior high school graduates and high school dropouts. And since there is a strong relationship between social class background and education in Japan, as in other postindustrial societies, it is likely that a high proportion of NEET are from lower-class households.

Genda investigated the prevalence and characteristics of NEET using proprietary micro-level data from the 1992, 1997, and 2002 *Basic Survey of Employment Structure* (*Shūgyō kōzō kihon chōsa*).⁶ He estimated that there were 687,000 NEET in 1992, and that ten years later this number had reached 844,000, representing nearly a 25 percent increase. A disproportionate number (more than 70 percent) of NEET are men, and nearly three quarters of NEET are noncollege graduates. Disturbingly, more than one-third of NEET report that they have never held a job. The numbers of NEET who say that they would like to work but are not searching for a job has increased by more than one-third since 1992.

Perhaps the most striking finding of all is that NEET are increasingly likely to come from poor households (households with a total income of less than 2 million yen). NEET have been severely criticized in Japanese society and by the government for lacking the desire to work, with the underlying assumption being that NEET's reliance on economic support from their parents makes it possible for them to be very picky about the type of work they do. In contrast to this view, promulgated by Yamada's "parasite singles" argument, Genda's analysis shows that while youth in households with high incomes are indeed somewhat more likely than those from middle-income households to become NEET, this trend has diminished over time. By the early twenty-first century the probability

⁵ See also Brinton (2009).

⁶ The micro-level data were based on large samples of jobless youth (around 10,000 in each of the three years.)

that youth from middle-income households would become NEET had declined, countered by the rising probability for youth from low-income households.

Implications of Rising Youth Inequality. Why should a widening gap between the economic haves and have-nots in Japan's younger generation be of concern? After all, a devil's advocate might well point out that the rising wage gap in recent years between young Japanese university and nonuniversity graduates is simply mirroring the pattern that developed two decades ago in countries such as the U.S. and Great Britain.⁷ And why worry about the possibility of greater social class reproduction in Japan? Might one not argue that this, too, simply renders Japan a more "normal" postindustrial society? An optimist might further point out that the levels of social unrest among youth that are evident in so many other postindustrial societies seem hardly to have appeared in twenty-first century Japan. After all, there is little evidence in Japan of participation in youth gangs and criminal activity, phenomena in the U.S. that likely stem in part from young male joblessness and feelings of hopelessness. While crime rates are rising in Japan, they remain very low compared to many postindustrial societies and the age patterns of Japanese crime belie any connection to young men's employment difficulties.⁸ As far as social protest is concerned, young people in France marched on the streets in the spring of 2005 when a revision of labor law made their employment less secure. But there has been little evidence until very recently of young jobless Japanese taking to the streets to march in protest over the fact that so many of the jobs available to them are short-term, low-wage, and lacking in the job security that their fathers were promised when they entered the labor market a quarter of a century ago.

Even though the consequences of new work patterns and rising inequality among young men may be different in Japan than in other countries, the possibility that they are just as severe for society and for individuals should not be dismissed. There are signs that Japan is developing a different pattern of negative consequences. The bifurcation of work

hours, with some young people working extremely long hours in "good" jobs and other young people working very low hours in "not-so-good" jobs, seems unusually severe in Japan (Genda 2007b).

Moreover, just because Japanese young people are not dealing with joblessness and feelings of hopelessness by marching in the streets in protest or by engaging in criminal activity, we cannot necessarily conclude that the repercussions of joblessness and lack of hope are insignificant. The more common response among Japanese young people has been to turn inward and blame themselves, questioning their own abilities and losing their self-confidence. Isolating oneself from society crystallizes the phenomenon of *anomie* (alienation and uncertainty) made famous by the classical French sociologist Emile Durkheim. In the most extreme cases in Japan, this *anomie* leads to a retreat into the status of *hikikomori* (extreme social isolate), a lashing out at the authority figures inside one's own *ba* – especially parents and teachers – or the ultimate retreat of suicide. Notably, these extreme cases seem to be concentrated among young men, precisely the group that has been the most severely affected by economic recession and employment restructuring over the past decade and a half.

It is important to be cautious in positing causal connections among the many phenomena and trends occurring among young Japanese, and it would be a mistake to assert a direct connection between unemployment and severe forms of social withdrawal such as *hikikomori* and suicide. The relationships among these phenomena need to be studied carefully before conclusions can be drawn, and it is not at all clear that the data necessary for such an endeavor even exist. Nevertheless, none but the most careless of observers could deny that a web of social problems was engulfing many young Japanese men by the first decade of the twenty-first century.

Young male university graduates struggled to gain a toehold in the Japanese labor market of the 1990s and the early twentieth century. Young women at all educational levels also struggled. Many middle-aged and older men struggled to keep their jobs or to change jobs. But young men without university degrees and from households with low incomes arguably waged the hardest battles. Historical demographic research on a range of societies has demonstrated that when a society denies entry into full-time employment for young men, more and more young people will delay marriage, delay childbearing, and delay in many other ways the transition to adulthood. It goes without saying that Japan has come to represent a contemporary case in point.

⁷ The literature on widening wage inequality in the U.S. and Great Britain in the 1980s is extensive. See for example Blau and Kahn (2002), Juhn, Murphy, and Pierce (1993), and Freeman and Katz (1996).

⁸ Reported rates of theft, burglary, assault, consumer fraud, and other crimes are low in Japan compared to other OECD countries. Even so, a higher percentage of people in Japan than in most other OECD countries report feeling unsafe on the street after dark. See Van Dijk, Van Kesteren, and Paul (2008).

CHALLENGES FOR THE LOST GENERATION

Domestic assertions in Japan of the Americanization of the labor market are almost uniformly accompanied by a set of negative connotations having to do with young people's greater proclivity to move across jobs and their supposed lack of commitment to companies and to the very idea of hard work. Americanization is also taken to signify higher rates of unemployment or outright nonemployment than late twentieth-century Japan experienced prior to the bursting of the economic bubble in the 1990s and the crippling world financial crisis of 2008 and 2009. But these are assumptions and characterizations that belie the impact of the "flexibilization" of the labor market on Japanese young people's identities. The bursting of the bubble economy is not just an economic transformation that mimics a similar phenomenon in other countries. To be sure, it needs to be understood within a global, comparative context, but it also needs to be interpreted within the recent historical context of Japan itself – a context that had been characterized by extreme labor market segmentation and strong life course orderliness for the generations that immediately preceded the lost generation. To locate labor market flexibility and the rapid expansion of unstable part-time employment within Japan's recent historical past is to focus attention on what the wrenching transformations of the 1990s and beyond signify for the present and future lives of Japan's young people, especially the nonelite.

To wit, a society such as Japan's that has been based on individuals' stable attachment to a *ba* has required people to have a different interpersonal orientation than a society based on the presumption that people will move across multiple settings throughout their life, carrying their skill set with them and interacting with a succession of new co-workers as they enter different workplaces. The highly orchestrated Japanese school-work transition system assumed that young people would receive little occupational preparation in school, and in fact it did not require young people to think deeply about what type of work they wanted to do. Schools matched new graduates to firms, not to occupations or jobs. The system also reinforced the tendency in Japanese society for individuals to rely on institutional social capital instead of forming and utilizing interpersonal ties, especially weak ties.

As the demarcated labor market in Japan for new high school graduates has begun to merge with a broader labor market of job searchers of different ages, new graduates have lost some of the constrictions as well as the comforts of a protected labor market space. This necessitates the

acquisition of new skills on the part of young Japanese school-leavers to compete not just with other new graduates but also with mid-career job-changers and with an ever-larger group of underemployed workers of different ages.

A Keidanren survey in 2004 asked employers who hired new graduates (from any level of education) into white-collar or technical jobs to articulate the biggest gaps between their expectation of new graduates and what they actually observe. The answers were illuminating. The three main deficits employers reported seeing in young people concerned "the ability to express one's point of view lucidly after fully taking into account the other person's questions and opinions"; "having the experience of striving toward one's own goals"; and "making creative and independent judgments based on one's own experiences and thinking."

If Japan is transforming into a society that requires individuals to move across *ba* with greater initiative and confidence, to formulate independent judgments, and to forge a broad array of weak ties rather than strong in-group ties, what does this portend for young people's ability to adapt? As I illustrated through the detailed portraits of three young men in Chapter 6, many Japanese young people are grappling with how to find meaningful work and tolerable work conditions in the new economy. They are using many methods of finding work. In doing so, they are charting new territory compared to the terrain that many of their fathers traveled. Those with strong egos, many inner resources, and an adventurous spirit can make their way through the changed labor market environment. But many others appear to be struggling with a persistent sense of failure that debilitates and isolates them from their more "successful" peers and from broader social contact.

Like Koichi, some young people wonder why they themselves are not strong enough to survive the working conditions one must seemingly endure in a "good job." One could reasonably ask why Koichi should feel badly about himself, rather than his employer feeling bad about the way employees were being treated. The fact that Koichi was not able to form a stable attachment to one workplace *ba* early on in his career might tell us more about the circumstances he encountered in the workplace and about his lack of recourse than about the faults in his own character. Just as many young Japanese are criticized for not wanting to work hard or for being too picky about work, why has it been hard for so many in Japan to see that the other extreme – being willing to work to the point of exhaustion – should not also be grounds for criticism and reproach? If the first category of behaviors is taken as a signal that individuals'

identities are not attached enough to their workplace *ba*, might not the second category of behaviors signal that individuals' identities are too attached to their workplace *ba*? While the second category of behaviors does not lead society to view individuals as maladapted or abnormal, the effect of extreme attachment to one *ba* on a person's identity and sense of well-being may be almost as detrimental as the effect of having a very weak attachment or no attachment to a *ba*. In an ironic twist, it may be that weak attachment to a *ba* and extreme attachment to a *ba* are actually two sides of the same coin. That is, a culture that encourages and valorizes a strong attachment and reliance on *ba* is a culture that offers few incentives for individuals to trust acquaintances and strangers or to develop the capability to form accurate judgments about who does and does not merit trust.

Among working men in the Youth Survey, 45 percent work eight hours per day or less and 55 percent work more than eight hours per day on average. Of these 55 percent, more than two-thirds report that they work at least ten hours per day. Genda Yūji reports the results of a Japanese government survey that asked unemployed workers why they had left their previous job. While prime-age workers (ages twenty-five to fifty-four) were most likely to cite involuntary reasons such as firms' bankruptcy or layoffs, workers under age twenty-five were most likely to say they had left their job because working conditions were not what they had anticipated (Genda 2001). One might regard this as a reflection of the pickiness and fickleness in the younger generation, and for some proportion of cases this would no doubt be an accurate characterization. But looking at this statistic from a different viewpoint, one might interrogate the working conditions that young people are rejecting. This would lead to a different sort of inquiry and a different set of government policies. Such policies would aim to enforce reasonable working hours and conditions instead of attempting to shame young people into feeling like they must make the choices their fathers made – choices that often led to tremendous personal sacrifice and exhaustion during Japan's high economic-growth period in the 1960s–1980s.

While the failure to find a satisfying full-time job with adequate working conditions and wages is an unhappy outcome for individual young men, there are of course larger implications for Japanese society as well. The government is correct in worrying that small cohort sizes and the fact that so many young people are contingent workers means that fewer and fewer people are paying into the pension system. Also at the top of the government's list of worries for the past decade and a half have been

the increasing rates of delayed marriage or nonmarriage and the very low birth rate. While Japanese men in their twenties and early thirties are in the process of navigating the uncharted territory of the external labor market, most of them are living with their parents and are partially or fully financially dependent on them. My research suggests that most of these young men want to be settled in relatively stable jobs – at minimum, in full-time jobs rather than part-time temporary jobs – before they take on the responsibilities of marriage and parenthood. The relationship between becoming a full-time employee and being able to marry is a common theme in interviews with young Japanese males. This suggests that the Japanese government would do well to consider that public policies to address youth labor market problems might have the side benefit of addressing one of the causes of the low-fertility crisis.

Japanese society and employers need to figure out ways of utilizing and nurturing the skills and capabilities of young people, including those in the lost generation who have become more socially mature and responsible by engaging in new ways of searching for work after graduating from school. Many of these individuals have taught themselves and one another how to use the public employment agency, job magazines, and the Internet. They are newly engaged in talking to other people about what they find to be satisfying and unsatisfying in working life. It may be that fewer individuals in the lost generation than in the prior generation are willing to tolerate what they view as inhumane work conditions for the sake of basing their identity on long-term attachment to one *ba*. More and more Japanese young people are learning how to maintain a sense of identity and self-respect as they move across workplaces. They are not Japan's present failures. They are Japan's future hope.