

Advisory Opinion

Rebuilding the Employment and Livelihood Security Safety Net



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Science Council of Japan

**Subcommittee on
Safety Net and Law
Committee on Law**

This advisory opinion is the result of the deliberations of the Subcommittee on Safety Net and Law of the Law Committee of the Science Council of Japan.

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Executive Summary

1. Background

The COVID-19 pandemic that swept the world in early 2020 lingered longer than expected, and has had significant repercussions on employment, work, and livelihoods for people. Such repercussions are more pronounced among 'vulnerable' people, such as those with disabilities, single-parent families, or irregular employees in which the percentage of female is likely to be higher. Such repercussions further extends to 'employment-like working style', such as freelance employment. In response to this situation, the subcommittee has re-examined the basic principles of employment and social security policies and, focusing on the gap between the current legal framework/policies and the actual situations, has analyzed the nature of the 'safety net' as a livelihood security mechanism from various perspectives.

2. Current Situation and Problems

As was the case in previous crises such as the Lehman Shock and Great East Japan Earthquake, COVID-19 increased the number of businesses adjusting employment; however, the impact on workers has not been uniform. During this period, non-regular employment decreased significantly, whilst increase could be actually observed in regular employment. In the industrial sectors most affected by the pandemic, a high proportion of employers use irregular workers, in which women make up a very high proportion. In this respect, COVID-19 revealed the issue on the function of non-regular employment as a buffer, and also highlighted the issue of gender. (Furthermore, the problem of physical and mental strain also arose in sectors strongly affected by the pandemic, such as health care, nursing care, and childcare.) After the financial crisis of 2008, efforts were made to correct disparities in non-regular employment through the introduction of a system for transition of fix-term employment to indefinite-term employment and the reinforcement of balanced and equal treatment, but it is difficult to consider these efforts as adequate.

As in the past, the employment adjustment subsidy system was actively used during the pandemic as a measure to maintain employment, and this contributed significantly to preventing job losses. However, owing to the provision that coverage is limited to those

insured by employment insurance, and because numerous cases surfaced where employers did not pay leave allowance (a premise upon which the system is based), a special benefit system was established. These problems are inherent in the system. Expanding eligibility for employment insurance coverage should also be considered as an important measure for irregular employment.

A distinctive ramification of COVID-19 was the emergence of a crisis in freelance employment. Freelance workers have traditionally been deemed as self-employed and excluded from labor laws (including insurance) that cover workers. The increase in 'employment-like work' in recent decades has emerged as a policy issue in labor and social security law, but measures to address such issue have only just begun.

COVID-19 has exacerbated livelihood problems (in terms of income, health, and social connections) of single-parent families, especially single-mother families. The main reason are that the majority of them working as irregular workers and a lack of ability to deal with the closure of schools and kindergartens, etc., during the pandemic. Although NPOs and other civic organizations have carried out support activities, the challenge lies in enhancement of a comprehensive public support, including both financial support and a consultation system.

Contrary to expectations, the number of applications for livelihood protection and benefits received has decreased during the pandemic. However, issues identified in the past including strict checks on asset holdings (means test), the broad scope of relatives, etc. having an obligation to financially support, the fact that the response of local government offices is not always in line with the law (frontline operations), and the stigma associated with welfare applications; whilst some of such issues have been improved, , they still remain.

3. Opinion Statement

The subcommittee has a multi-layered understanding of safety nets and considers them as “systems that prevent loss of employment or work, provide temporary livelihood security in the event of such loss, support a return to employment or work, and guarantee the minimum standard of a healthy and cultured life in the event that these support measures are not possible.” Safety nets, in this sense, should be constructed with due consideration for the fundamental values of the Constitution, namely respect for the individual, the right to the pursuit of happiness, equality in employment, the guarantee of

a healthy and cultured life, and the realization of rewarding employment (decent work) that reflects these values.

The results of the study can be summarized as follows:

(1) The following issues require consideration when recasting the safety net to prevent future employment crises:

- (i) The regulation of fixed-term employment as one of safeguards for irregular employment.
- (ii) The regulatory framework for equal treatment of irregular employees.
- (iii) The scope of employment insurance coverage.
- (iv) The system of leave allowance in shift-work system.

(2) The following issues require consideration when providing a safety net for freelance workers:

- (i) The regulatory framework of workers' accident compensation insurance and the employment insurance system with a view to including 'employment-like work'.
- (ii) The special voluntary enrollment system for workers' accident compensation insurance currently in force.

(3) The support system for single-parent families, including financial support for single-parent families and a consultation system, needs to be enhanced.

(4) Measures to improve the system for livelihood protection should include easing the strict checks on asset holdings (means test), limiting the range of relatives having an obligation to financially support, improving the frontline operations of local authorities, and eliminating the stigma associated with welfare.