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fiscal system in Japan**

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## Abstract

This paper examines the characteristics of the migrant worker policy and its fiscal system in Japan using a concrete case study of Hamamatsu city in the Shizuoka prefecture. As the characteristics of the migrant worker policy, programs provided by local governments for migrant workers and their children are primarily composed of educational programs including Japanese language education. These programs are characterized by citizen participation that includes migrant workers, other local residents, non-profit organizations, and universities. These community stakeholders participate in the migrant worker policy-making process. However, the fiscal relationship between the central government and local governments creates a structural problem that limits the discretion of local government. Thus, fundamental fiscal reform, including the establishment of fiscal autonomy, is required to increase the ability of local governments to establish migrant worker policies that can ultimately create residency and independence for such workers.

*Keywords:* Local government, Migrant worker, Japanese-migrant, Educational programs, Citizen participation, Welfare state, Fiscal system

## **Economic Society and Migrant Workers in the 21st Century**

Japan's migrant worker policy is at an important crossroads driven by the country's demographic changes. In the 21st century, Japan is facing a population decline, exacerbated by factors such as an aging society, a declining birthrate, and globalization. The degree of these factors in Japan outstrips their progress in other developed countries. Japan's total population began to decrease after reaching a peak of 120.8 million citizens in 2013. In terms of birthrate, the number of children exceeded two million in the 1970s, known as the second baby boomer period, and then fell below one million for the first time in 2016 when the statistics began. In terms of population aging, this progression has been very rapid. The population of the elderly has already reached 35 million, at an aging rate of 27.7% per year (FY 2017). Along with this, the age of the productive population began to decline in 1997 and is expected to decrease by 1.7 million by 2040 (National Institute of Population and Social Security Research, 2017).

As is commonly known, Japan has undergone rapid economic growth since the end of World War II and the progress of industrialization in the metropolitan areas has caused a large-scale labor movement from non-metropolitan areas. Therefore, the municipalities around non-metropolitan areas are facing a decrease in population and de-industrialization in the 21st century. This has caused problems such as low economic growth and lower tax revenues at the local government level. Given these changes, securing migrant workers as a new labor source is becoming an important issue to be tackled urgently, especially in non-metropolitan areas.

Further, against the backdrop of globalization, Japan's local economic society must address the problem of a declining population, a declining birthrate, an aging society, and a decrease in the labor force population. Thus, as such trends accelerate, it is imperative to find a solution to the problem of securing labor. This makes policies that support migrant workers at the local government level indispensable.

Previous studies on domestic migrant workers have analyzed the historical transition of migrant worker policy from the perspective of social policy (Iguchi,

2016; Matsumoto, 2016). In addition, research has generally been conducted on migrant worker policy at the local government level (Menju, 2016; Ogasawara, 2015; Ikegami, 2016). However, in these previous studies, despite showing that local governments play a central role in migrant worker policy, the fiscal system and its structural issues have not been analyzed. Thus, in this study, first, we describe the change in the trends of migrant worker policies and analyze the Japanese characteristics of policy development. Second, we examine the fiscal problems of migrant worker policy through a case study of Hamamatsu, a city in Shizuoka prefecture.

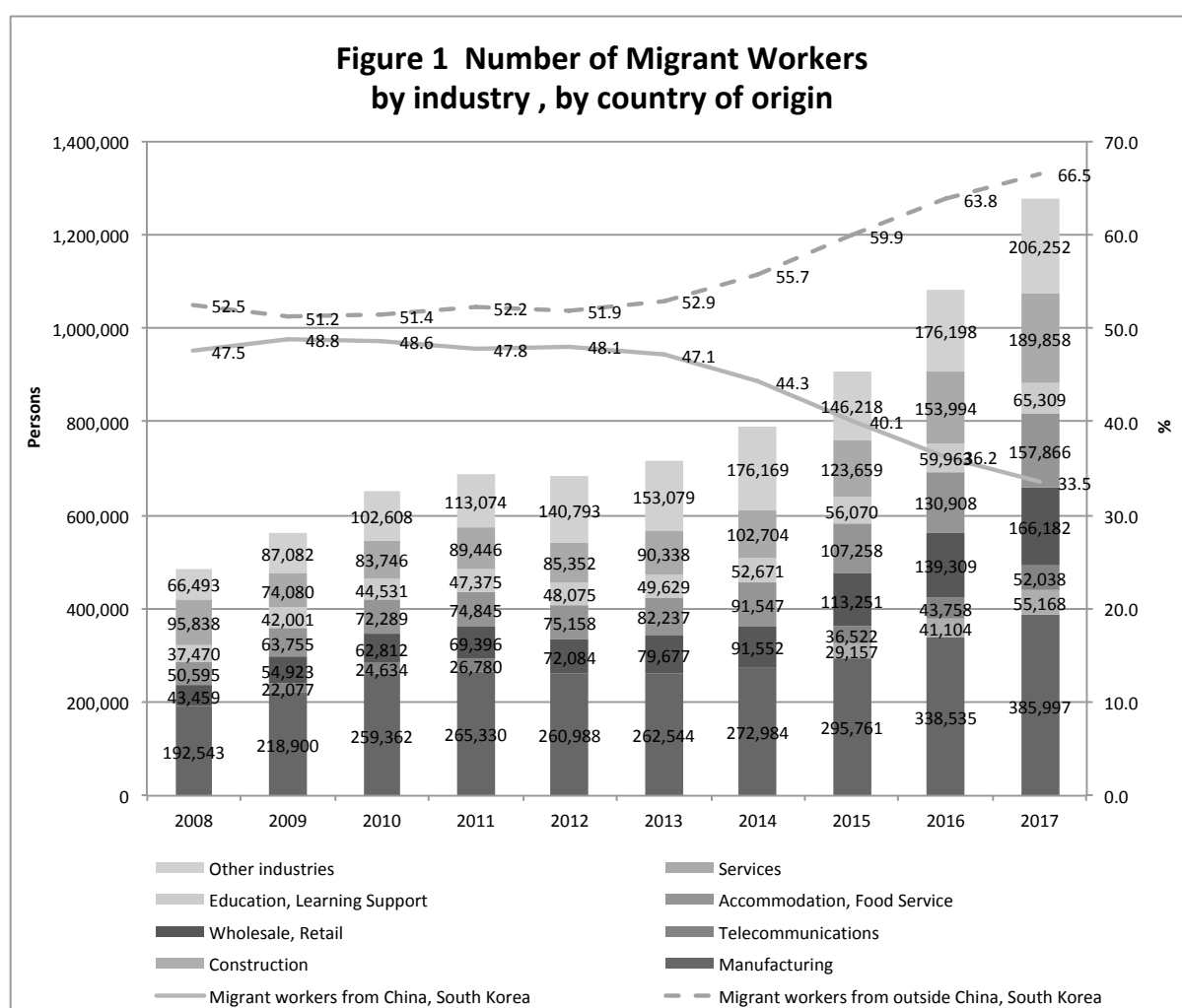
This paper is organized as follows. The next section describes the historical development process of migrant worker policy in Japan. There have been two major policy trends. The first trend in migrant worker policy focused on immigration control; the more recent trend shifted the focus to multicultural symbiosis at the local government level. This local government migrant worker policy has been developed as a multicultural symbiosis policy in accordance with central government guidelines. The subsequent section identifies the characteristics of migrant policy at the local government level and includes a concrete case study of Hamamatsu with a policy program centered around educational programs for migrant workers. It traces how various policy stakeholders are involved in the policy decision process in Hamamatsu. In the next section, we describe the structure of the fiscal system for migrant worker policy and the associated fiscal problems between central government and local governments regarding migrant worker policy. The final section offers recommendations and our conclusions.

# Migrant Worker Policy and Policy Trends

## Current Status of Migrant Workers

First, we discuss the current situation of migrant workers in Japan. We then confirm the characteristics of migrant workers by country of origin.

The number of migrant workers in Japan as of October 2017 was 1.28 million. This is the highest level ever. Figure 1 shows the transition of migrant workers by industry. Many of the workers have been engaged in the manufacturing industry, which employs over 30% of all migrant workers. In addition, as major industries, the proportion of migrant workers is increasing in the accommodation, food and beverage, wholesale/retail, and the service industries.



Source: Ministry of Health, Labour and Welfare , 2017.

In recent years, the proportion of migrant workers from China and Korea has been decreasing annually. In 2017, the proportion declined to 33.5%. Simultaneously, the number of migrant workers from countries other than China and Korea is increasing and has reached 66.5% of total migrant workers in Japan. Specifically, the numbers of migrant workers from the Philippines, Vietnam, and Brazil are on an increase.

Japan does not actively accept all migrant workers. Its immigration policy has restricted the acceptance of migrant workers by limiting their “status” of residence (Miyajima & Suzuki, 2014). The status of residence includes the following: Status of residence in (1) specialized/technical fields, (2) specific activities, (3) technical training, (4) activities outside the status of qualification, and (5) based on other status.

Recently, there have been increases in migrant workers with the status of “technical training.” This status has accepted migrant workers for technical internships in the name of international contribution based on the “Foreign Skills Practicing System” established in 1993. It is the so-called acceptance of migrants through “the side door.”

In sum, Japan has tended to increase migrant workers from countries other than China and Korea in recent years and, specifically, has accepted migrant workers with particular advanced skills. Further, there are many technical migrant workers who not only have status of residence but also permanent resident status.

### **Immigration Control Policy: Amendment of Immigration Control and Refugee Recognition Act 1989**

In 1989, Japan's migrant worker policy—Immigration Control and Refugee Recognition Act—underwent a major revision. This revision formed the basis of the foreigner acceptance system in the 21st century (Iguchi, 2016, p.10). The main amendment was that “settlers” were given a status of residence. The main targets were descendants of Japanese migrants who had immigrated from Japan

to Brazil, Peru, or other South America countries.

This revision brought about a major change in migrant worker trends. As a result, the foreign labor force from Brazil and Peru settled in areas where manufacturing dominated. In particular, these workers settled in specific areas where manufacturing companies, such as automobile and electric appliance companies, were looking to accumulate unskilled labor. Foreigners who settled in Japan since the 1980s were called “newcomers.” The local governments in the areas with extensive newcomer settlements faced a rapid increase in their foreign populations and various resultant problems.

Hamamatsu city, in the Shizuoka prefecture, the case study here, is a typical example of such a local government. In certain areas, to respond to migrant workers, local migrant worker policies were required along with the national immigration control policy.

## **Multicultural Symbiosis Policy**

Against the backdrop of changes in the environment surrounding migrant workers, discussions were initiated on new migrant worker policy at the central government level. As a result, Japan developed migrant policy in line with the objective of building a multicultural symbiotic society. The Ministry of Internal Affairs and Communications announced a multi-cultural symbiosis policy in 2006 at the national level as a foreign policy measure for settled foreigners. In its report, the process for promoting the system of multicultural symbiosis policy included the following: (1) communication support, (2) living support, (3) building the area for multicultural symbiosis, and (4) policies for settled foreign residents. The Ministry of Internal Affairs and Communications urged local governments (prefectures and municipalities) to formulate plans based on this policy (Ministry of Internal Affairs and Communications, 2006). Consequently, along with immigration policy, multicultural symbiosis policy became a pillar of migrant worker policy in 2006 at the local level.

Subsequently, the central government made a number of announcements around migrant worker support:

January 2009: it announced “immediate measures concerning settled foreigner support.”

April 2009: it announced “promoting countermeasures concerning support for settling foreigners.”

August 2010: it issued basic guidelines for migrant worker policy (abbreviated as “basic guidelines”).

March 2011: it announced the “Action Plan on Nikkei Settled Foreign Residents” (abbreviated as “Action Plan”).

March 2014: it announced “promoting measures for migrants” with various measures communicated.

An important aspect of these announcements was the responsibility of the accepting country in the migrant worker policy. In other words, as part of the responsibility of the country, “Japanese immigrants who have not sufficient Japanese language skills are firmly accepted as members of Japanese society and not excluded from society” (Ministry of Internal Affairs and Communications, 2010, p. 5). Further, this became the basis of migrant worker policy implementation.

Six areas were presented in the specifics of the policy. First, migrants in their daily life should use Japanese. This was meant to encourage migrant workers to acquire the Japanese necessary for their employment and to create opportunities for Japanese language education. Second, migrant workers’ children should be cared for. When a migrant worker’s child is placed at a public school, a consistent support system from school entrance through career counseling will be offered for students with insufficient Japanese language ability. Third, migrant workers should be able to secure stable employment necessary for an independent living. As part of this, the workers not only need to acquire Japanese but also to improve their vocational abilities; thus, vocational training should be implemented for this purpose. Fourth, migrants should be able to live safely and securely. This means such workers should be provided with disaster knowledge to be able to respond to emergencies. This also means the provision of the appropriate social security services such as medical care and pensions for aging migrant workers. Fifth, migrant workers should be able to become members of the community. To become members of the community, migrant workers will develop the leaders among



them while working with local communities and administrations. Sixth, the local governments will promote multicultural symbiosis policy by respecting each culture. While collaborating with various entities forming each community, the governments will develop an environment conducive for migrant workers to become members of the community (Ministry of Internal Affairs and Communications, 2014, pp. 6-15). As a result of these six areas, the complexity of the implementation of this migrant worker policy clearly necessitated that local governments actively collaborate with organizations such as nonprofits working in their communities.

## **Local Government Migrant Worker Policy and Multicultural Symbiosis**

Our analysis thus far reveals that migrant worker policy in Japan was developed mainly by local governments in accordance with the national guidelines. Based on this, we examine the migrant worker policy of local governments where migrant workers have lived after the major revision to the Immigration Control and Refugee Recognition Act of 1989.

We investigated the city of Hamamatsu in the Shizuoka prefecture as a concrete example of a local government that has implemented advanced migrant worker policy. Our analysis reveals that the plans for a multicultural coexistence were formulated at the prefecture and municipal levels in accordance with the guidelines indicated by the central government while incorporating the characteristics of each region.

### **Migrant Workers and Multicultural Symbiosis Policy in the Shizuoka Prefecture**

The population in the Shizuoka prefecture was approximately 3,673,127 citizens in 2017 with the number of foreign workers at about 51,832 (National Institute of Population and Social Security Research, 2017). This number represents the third largest migrant worker population in Japan, following the migrant worker populations in the Aichi prefecture and the Tokyo metropolitan area.

The general makeup of the migrant workers in the Shizuoka prefecture is as follows: 17,364 from Brazil (33.5%), 10,224 from the Philippines (19.7%), and 7,148 from China (13.8%). The most common status of residence for migrant workers is as permanent residents or settlers. In terms of employment, 23,330 (45.0%) of the migrant workers are hired by the manufacturing industry, with the transportation machinery and equipment manufacturing industry the largest employers. The Shizuoka prefecture is located in the Tokai industrial area belonging to the so-called Pacific belt where there are many industrial areas and the manufacturing industry is prevalent.

In 2008, the Basic Ordinance on Multicultural Conviviality was enacted; Article 1 of the Ordinance states the following.

[Article1]

With regard to promoting multicultural symbiosis policy, this ordinance clarifies the responsibilities of prefectures, prefectural citizens, companies and other private organizations, and establishes basic matters concerning multicultural symbiosis measures, thereby improving multicultural symbiosis measures. It aims to promote comprehensive and systematic development, thus realizing a multicultural symbiosis society.

This ordinance clearly states that the prefecture formulates a plan for the establishment of a multicultural symbiosis society and the relationship with municipalities is specified as follows.

[Article 8]

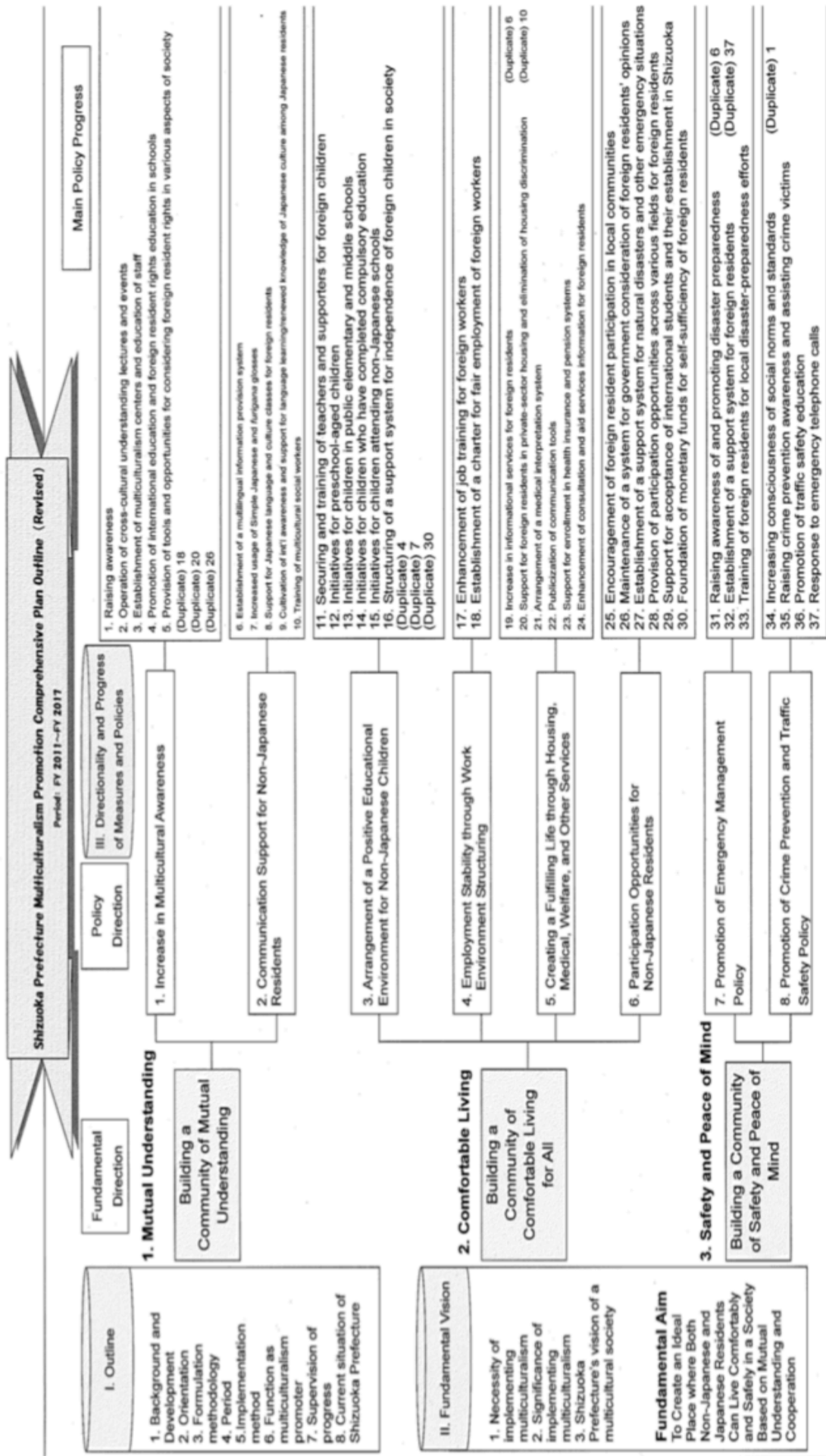
In light of the importance of the functions of municipalities concerning the promotion of multicultural symbiosis, the prefecture shall cooperate with municipalities to promote multicultural symbiosis in the region.

The implementation of multicultural symbiotic policies at the local government level was confirmed to be in cooperation with the prefecture. Those policies also reflect the policy guidelines presented at the national level as discussed in the previous section.

In the Shizuoka prefecture, the “Fujinokuni Basic Plan for Promotion of Multicultural Symbiosis” was formulated based on this ordinance in 2011. Three areas are part of its main policy. First, creating a community that promotes the understanding of different cultures. Second, creating a community where comfortable living is supported. Third, creating a community that is safe and secure.

Figure 2 shows the specific policies. The first policy develops the educational environment for foreign children. Specifically, there is a system that supports the social independence of foreign children. The government promotes international understanding education in schools and human rights education on the human rights of foreigners. The prefecture government recruits young foreigners with modern standard English ability and tries to enhance foreign language education in the public high schools. The second policy encourages stable employment based on improvement in employment and working environments. Specifically, a charter was enacted to enhance the vocational training and proper employment of migrant workers. Other requirements include improvements in living environments, such as medical, healthcare, and welfare, and support for public and private rental housing. In addition, the subscription to public medical insurance and the pension system was promoted.

Figure 2 Shizuoka Prefecture Multiculturalism Promotion Comprehensive Plan Outline



Source: Shizuoka Prefecture, 2013.

## **Migrant Workers in Hamamatsu and Multicultural Symbiosis Policy.**

Hamamatsu is located in the western part of the Shizuoka prefecture with a population of 807,898 citizens in 2016. Leading industries in Hamamatsu are automotive, motorcycles, and musical instruments. Typical manufacturing companies are Suzuki in the automotive industry and Yamaha in the instrument industry.

Hamamatsu is one of the most multicultural cities in Japan with people from Brazil, China, and the Philippines settled there. In Hamamatsu, migrant workers of Japanese-Brazilian descent increased with the amendment of the Immigration Control Law in 1989. As of 2018, it is home to most Japanese-Brazilians settlers in Japan (Hamamatsu City, Hamamatsu Intercultural City Vision, 2013).

In Hamamatsu, the number of migrant workers was 27,717 in 2017 in the western area of the Shizuoka prefecture where the city is located, accounting for 53.5% of total migrant workers in the prefecture. Of all the migrant workers in the city, 73.4% have status of residence as permanent residents or settlers. Further, 46.6% are engaged in manufacturing and 28.9% are engaged in the service industry.

There are both internal and external factors impacting migrant worker (mainly Japanese-Brazilians) settlement in Hamamatsu. One internal factor is the need for migrant workers as a new labor force due to the city's economic structure centered around manufacturing. An external factor is the large number of foreigners arriving due to the revision of the Immigration Control Law. Based on these factors, the need for policies for migrant workers at the local government level increased in Hamamatsu.

**Creative city strategy with emphasis on diversity.** Hamamatsu announced the “Hamamatsu Declaration” on regional symbiosis in 2001. The basic idea of building a multicultural symbiosis society was stated as follows.

Foreigners living together in settlement are living together in the same area,

becoming a major force to support the regional economy, and recognizing that it is an important partner of the new regional culture and town development that the coexistence of diverse cultures brings standing and establishing a safe and comfortable community based on the consensus and cooperation of all the inhabitants. We must establish rules and systems for community symbiosis. As we deepen our understanding and respect for each other's culture and values, our 13 cities (cities affiliated with the foreign citizens' meeting: quotations from the author) will continue to work closely together and Japanese residents and foreign residents will promote the formation of a truly symbiotic society based on the respect of the rights indispensable for a sound city life and the obligation, through participation and cooperation of all residents.

#### Hamamatsu Conference of Foreign Residents, 2001

This declaration proposed that Japanese and foreign residents deepen their understanding and respect for each other's cultures and values; true symbiosis based on the respect for citizen rights and the fulfillment of an obligation that is indispensable for a sound city life.

The city established an understanding that foreign citizens were important partners of town development and could bring about the creation of a new regional culture. This understanding is a common concept of intercultural policy implemented in European countries. In some European cities where there has been an increase in immigrants, an intercultural policy has been established along with social integration implementation. It is an urban policy that began in 2008 the year designated as the "European Year of Intercultural Dialogue" by the European Parliament. The European Council issued a white paper on Intercultural Dialogue that year (2008). Based on this understanding, cultural diversity brought by migrant workers was not seen as a threat to the community but rather as a source of vitality, innovation, creation, and growth by capturing it as an opportunity (Hamamatsu City, 2018).

By considering migrant workers as members of the local community in Hamamatsu, various public services that support the daily lives of the migrant workers were provided in cooperation with various entities that act in the

community. As a result, Hamamatsu developed a migrant worker policy with a view toward building a multicultural symbiosis society. In March 2011, Hamamatsu announced “Building a citizen in collaboration with a creative city for the future, Hamamatsu.” In addition, the second Hamamatsu comprehensive plan was formulated to project the future image of the city. “Hamamatsu Intercultural City Vision” was formulated in 2013 and the “Second Hamamatsu City Multicultural Symbiosis City Vision” was newly formulated in 2018. Thus, the multicultural symbiosis policy was implemented as a policy for migrant workers. In this way foreigners, including migrant workers, were seen as a “source of diversity” and put at the center of a regional revitalization plan and a creative city strategy.

**An institutional framework.** As a first step in the migrant worker policy in Hamamatsu, the city government established an institutional framework to execute programs for migrant workers. The Hamamatsu Multicultural Center and the Hamamatsu Foreign Resident Study Support Center play central roles in implementing these programs. The programs are managed and operated by the Hamamatsu Foundation for International Communication and Exchange (HICE), which is outsourced by Hamamatsu.

The Hamamatsu Multicultural Center mainly arranges specialized consultation services for migrant workers, such as life, law, and tax consultations, along with providing special staff members such as a multicultural symbiosis coordinator. As a main program, the organization implements community symbiosis model projects and promotes international understanding through educational projects in cooperation with community-based organizations.

Simultaneously, the Hamamatsu Foreign Resident Study Support Center conducts Japanese language classes, Japanese volunteer training courses, and multicultural experience courses as the basis for comprehensive learning support for migrant workers and their children. The purpose of such courses is to provide language education necessary for their daily life. Through lectures, migrant workers are able to understand the local cultural and able to live in the community.

**Educational support programs in public school education.** The second step in the migrant worker policy implementation in Hamamatsu involves a wide range of educational support programs including one-stop counseling in cooperation with relevant organizations to deal with various migrant worker problems. Although, the city government focuses on educational training programs and provides an opportunity for migrant workers to learn Japanese in the Hamamatsu Foreign Resident Study Support Center, it also supports their children's education in the public schools. As an educational support program for foreign students, the city board of education allocates permanent foreign school student enrollment staff at elementary and junior high schools. In addition, as shown in Table 1, it allocates scholarship support, interpreters, and translators for foreign students. Bilingual school staff members are employed in specific schools where many Japanese-Brazilian students are enrolled. Further, at the education counseling support center, foreign student counselors and mediators are stationed and school visits are made at the request of the schools (Saito, Ikegami, & Konda, 2015).

Table 1 List of public school education support programs in Hamamatsu

	Supporter	language	Support
Direct assistance to children	Bilingual supporter		
	Initial adaptation supporter	P, T, S, C, V, I, E	<ul style="list-style-type: none"> <li>•Support for students who can not speak Japanese</li> <li>•Initial adaption support program (Four hours per day, Ten days)</li> <li>•Interpretation / translation work is carried out according to the situation of the child</li> </ul>
	Initial adaptation assistant (outsourcing to NPO)	P, T, C, V, I	<ul style="list-style-type: none"> <li>•Initial adaption support program (Four hours per day, Ten days)</li> <li>•Dispatch to a school where an initial adaptation supporter can not be dispatched</li> </ul>
	Support for school enrollment	P, T	<ul style="list-style-type: none"> <li>•Full-time arrangement at a large number of foreign school children enrolled</li> <li>•Initial adaptation guidance, learning support</li> <li>•Interpretation / translation service as necessary (Portuguese 13 schools, Tagalog 1 school)</li> </ul>
	School attendance supporter	P, S, T, C, V, I, E	<ul style="list-style-type: none"> <li>•Dispatch supporters with fixed day of the week for the language required by the school</li> <li>•Initial adaptation guidance, learning support</li> <li>•Interpretation / translation service as necessary</li> <li>•39 Elementary school, 18 Junior high school (FY2018 Early)</li> </ul>
	Supporter of Japanese learning		
	Japanese / Learning supporter (outsourcing to NPO)		<ul style="list-style-type: none"> <li>•Dispatch for Japanese and learning support to necessary schools</li> <li>•Introductory Japanese (70 hours ~ 5 months)</li> <li>•Teacher's supplement, teaching Japanese by skill</li> </ul>
Instruction and advice	Foreigner student subject class supervisor	E	<ul style="list-style-type: none"> <li>•Implementation of JSL curriculum</li> <li>•Creation and assistance of "Individual guidance plan"</li> <li>•13 Elementary schools, 12 Junior high schools</li> </ul>
	Foreign child student counselor	P, S, T, E	<ul style="list-style-type: none"> <li>•Dispatched from the Center for Educational Support, in response to the request of the school</li> <li>•Interpretation, interview</li> <li>•Consultation on guidance for foreign students</li> </ul>

※ P = Portuguese, T=Tagalog, S= Spanish, C= Chinese, V=Vietnamese, I = Indonesian, E = English

Source : Hamamatsu City Board of Education, 2018, p.8.



In addition, a system was introduced that supports children who are not attending public school. Some children of migrant workers experience attendance problems and are not educated at public schools for various reasons (see Table 2). For children of migrant workers who are confirmed to be nonparticipating at the age of enrollment, investigators are dispatched from the city to assess the actual situation. As necessary, the city government initiates the following procedures (1) announces the attending school at the time of transfer, (2) continues the investigation of school attendance status, (3) offers support for school attendance, and (4) offers support after admission.

Table 2 Investigation result of children not attending school in Hamamatsu

Estimated children not attending school (199)	Resides in Hamamatsu (131)	Entering school (87) Those who were able to confirm school attendance through support / continuation survey	Public Elementary School	14
			Public Junior high school	4
			Private Junior high school	2
			Authorized foreign school inside City	62
			Authorized foreign school outside City	5
		Children not attending school (20)	Enrolled in learning support classroom	10
			Not Enrolled in learning support classroom	10
		Planning to attend school (22)	Guidance · Procedural children	22
		Non-eligible cases (2)	Coming to Japan After graduating from junior high school in home country	2
	No real residence (68) Those who were able to confirm the relocation / return home by investigation		None Movement · Resident status	26
			Return home	41
			Visiting Japan using long vacation	1
	Total (Number)			199

Source : Hamamatsu Foundation for International Communication and Exchange, 2017, p.16.

**Citizen participation in the policy-making process.** The third step in the migrant worker policy in Hamamatsu was citizen participation realized in the policy-making process. In 2008, the Hamamatsu City Foreign Citizens' Coexistence Council Ordinance was enacted by the city council. As the "Hamamatsu City Foreign Citizens Symbiosis Council" established, the purpose of setting up the Council was to consider the opinions of migrant workers who are also members of the local society regarding the various problems and the

promotion of the multicultural symbiosis society. The Council consists of eight foreign citizen committee members selected by the public, one with academic knowledge and one with general knowledge. Thus, the Council is able to reflect the opinions of foreign citizens, including migrant workers, in the administrative process, and establishing an institutional framework to actively engage foreign citizens in issues related to them. As Ikegami (2016) pointed out, the strength of the migrant worker policy in Hamamatsu is that policies implemented at the local government level include various stakeholders such as migrant workers, local residents, non-profit organizations, and universities. It is characterized by citizen participation in the policy decision process (Ikegami, 2016).

**Partnership with non-profit organizations.** In Hamamatsu, the government has partnered with non-profit organizations to implement its migrant worker policy. Accordingly, in executing a program for migrant workers, the city government works with non-profit organizations (NPOs) that are able to determine community needs. Specifically, in the educational programs offered to migrant workers' children, the NPOs are used to implement the programs that are meeting the needs of these citizens. Hamamatsu entrusts projects to various NPOs for Japanese language support, learning support, and mother tongue support depending on project content.

Outsourced companies include the NPO Hamamatsu Japanese Culture Study Group, the Japanese Education Volunteer Association, and the NPO Hamamatsu Foreign Child Education Support Association. Those NPOs have created a system where the NPO dispatches supporters to each school for Japanese language support and learning support. In terms of mother tongue support for migrant worker children, a bilingual support person holds a mother tongue support class. Courses such as Portuguese, Spanish, and Vietnamese are established as the main languages. The lectures aim to nurture consciousness and attitudes so that migrant worker children respect the cultures and mother tongues of their home countries. The significance of these efforts is to share the importance of fostering the identity and self-esteem of children of migrant workers. The NPOs that support the administration and the community have a regional partnership relationship them and with local residents and migrant workers (Ikegami, 2016).

## **Fiscal System and Issues Regarding Migrant Worker Policy**

As we stated previously, the role of local government is important in the development of migrant worker policy in Japan. For such workers who are members of the local community, welfare services, including education, medical care, and housing, are essential for them to achieve a life of independence. For local governments that provide such public services, we now examine the structure and issues in the fiscal system that cover these various public services that migrant workers need to live autonomous lives.

### **The Framework of the Welfare State and Structure of the Fiscal System for the Multi-Cultural Symbiosis Policy**

The case study of Hamamatsu shows how a local government implemented a multicultural symbiosis policy. This policy for migrant workers focuses on educational programs. Specifically, for migrant workers to live autonomous lives, learning Japanese is indispensable for them and in the education of their children, which occurs mainly in the public schools.

Such educational services at public schools are provided as part of the framework of the welfare state. The grounds for such support falls under fundamental human rights as prescribed in Japan's Constitution, as follows.

All people shall have the right to receive an equal education correspondent to their ability, as provided by law. All people shall be obligated to have all boys and girls under their protection receive ordinary education as provided for by law. Such compulsory education shall be free.

Article 26.

In addition, there is also a provision related to compulsory education in the Basic Education Law under the Constitution.

- (1) The people are obligated to have the children who are under their protection receive a general education pursuant to the provisions of other Acts.

(2) The general education that is provided in the form of compulsory education is to be provided with the aim of cultivating the foundations for an independent life within society while developing the abilities of each individual, and also with the aim of fostering the basic qualities that are necessary in the people who make up our nation and our society.

(3) In order to guarantee the opportunity for compulsory education and ensure adequate standards, the national and local governments are responsible for implementing compulsory education through appropriate role sharing and mutual cooperation.

#### Article 5

Under the framework of a welfare state based on the Japanese Constitution, educational programs are provided for the children of the migrant workers in public schools. In terms of financial resources, prefectures and municipalities are to provide the financial resources from general funds for education in the public schools. In addition, financial resources are guaranteed through the national subsidy to compulsory education transferred to local governments .

Further, there are provisions for migrant worker children through the United Nations' covenants:

1. The States Parties to the present Covenant recognize the right of everyone to education. They agree that education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms. They further agree that education shall enable all persons to participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic or religious groups, and further the activities of the United Nations for the maintenance of peace.

2. The States Parties to the present Covenant recognize that, with a view to achieving the full realization of this right:

(a) Primary education shall be compulsory and available free to all;

(b) Secondary education in its different forms, including technical and vocational secondary education, shall be made generally available and

accessible to all by every appropriate means, and in particular by the progressive introduction of free education;

United Nations Human Rights, International Covenant on Economic, Social and Cultural Rights (1976)

Based on such international covenants, complementary financial resources are transferred to local governments from the central government. This financial support mainly goes to programs such as support for returning students and foreign students at public schools and the promotion of school enrollment for children of settled foreigners. Such projects receive assistance as grants within a budget limit up to one-third of the total project cost for local governments (prefectures and municipalities).

For the multicultural symbiosis policy programs other than public education for migrant worker children, the general funds of the local governments are utilized. These general funds cover various programs, mainly training programs for migrant workers at the multicultural symbiosis center and the foreign learning center as part of the multi-cultural symbiosis strategy. The Table 3 shows the multi-cultural symbiosis projects in Hamamatsu, expenditures, and the allocation structure of the resources. In Hamamatsu, multicultural symbiosis promotions are also included in the cost of these projects. For the fiscal year 2015, the settlement basis was 137 million yen. The main financial resources covered 1.26 billion yen from the Hamamatsu city general account of 498.8 billion yen. Other sources of funds included the expenditure of 0.77 billion yen from the central government and the Shizuoka prefecture (Hamamatsu City, 2017).

Table 3 Funding allocation structure of the multi-cultural symbiosis projects in Hamamatsu

	2015	%	2016	%	2017	%
General Fund in Hamamatsu City	126,635	92.1	124,516	91.6	123,703	93.1
Subsidy from the central government and prefectural government	7,797	5.7	9,140	6.7	6,887	5.2
Other	3,032	2.2	2,342	1.7	2,253	1.7
Total Amounts (thousand yen)	137,464	100.0	135,998	100.0	132,843	100.0

Source : Hamamatsu City, 2017.

## **Structural Issues in the Fiscal Relationship between the Central Government and Local Government**

The current environment in Japan has created certain structural issues in the fiscal system supporting migrant workers. Specifically, the expenditures in Hamamatsu, for example, have had to shift to support civilian expenses that include welfare services for the elderly and child-raising households to address declining birthrates and an aging population. These factors are causing rigidity in the fiscal structure. Therefore, financial resources that could be used for the migrant worker policy of multicultural symbiosis are limited and policy discretion at the local government level is also limited.

Further, in terms of revenue, the general account of Hamamatsu can collect only about 50% of the total local tax revenues. The intergovernmental fiscal relationship in Japan involves an uneven distribution of taxes in favor of the central government, which is followed by large-scale fiscal transfers to local governments. Although there are revenues from local tax allocations, national subsidies, and local bonds, the proportion of dependence on central government funding is high. As a consequence, the fiscal system is a factor limiting the migrant worker policy discretion of local governments.

It is difficult for local governments to raise the ratio of their own financial revenue in Japan. This is because the local tax law imposes restrictions on the authority for changing the tax rate and issuing municipal bonds by local governments. In discussing future migrant workers policy, in addition to reexamining the role of local governments, specifically, fundamental reform including the establishment of local fiscal autonomy is required.

## **Fundamental Fiscal Reform for the Settlement and Independence of Migrant Workers**

Japan's migrant worker policy is about to enter a new phase. In June 2018, in the “Basic Policy on Economic and Fiscal Management and Reform 2018,” the Japanese government set a new policy accepting new migrant workers. A new status of residence will be discussed for migrant workers against a background of a serious labor shortage. As previously mentioned, Japan faces an aging society, a declining birthrate, and globalization where the migrant worker policy is essential for a regional society. Based on these circumstances, the acceptance of migrant workers into the local society is critical for the future of the country and the importance of an effective migrant worker policy is increasing.

In this paper, we examine the migrant worker policy and its fiscal system in Japan through a case study of Hamamatsu city in the Shizuoka prefecture. Japan's migrant worker policy underwent a major revision in 1989 when the Immigration Control and Refugee Recognition Act was revamped. This revision formed the basis of Japan's foreigner acceptance system in the 21st century. A subsequent policy was developed for migrant workers such as Japanese-Brazilians, developed in line with the objective of building a multicultural symbiotic society.

The main characteristics of the migrant worker policy are as follows: First, local governments, such as prefectures and municipalities, implement the policy according to the guidelines issued by the central government. Second, educational programs play a central role in the policy for migrant workers and their children. Third, the programs at the local government level are characterized by citizen participation including migrant workers and other residents, non-profit organizations, and universities. These community stakeholders participate in the policy-making process. Fourth, in the framework of a welfare state based on the Japanese Constitution, the fiscal system for migrant worker educational programs is based on resources from the general funds of local governments and the financial guarantee of the central government. However, based on the fiscal relationship between the central government and local governments, local government policy discretion is limited due to a lack of funding.

As financial constraints at the central and local government level will increase in the future, the role local governments play is even more important in considering migrant workers as members of the local society and in implementing migrant worker policy. The ability of local governments to provide comprehensive public services based on region-specific needs is important. For the independence and the settlement of migrant workers, a fundamental reform in the fiscal system is needed. The central government needs to allocate a block grant to local governments so that they have the flexibility to make and fund policies for migrant workers based on regional diversity. Specifically, fundamental reform including the establishment of fiscal autonomy is required. A continuous emphasis on reforms will lead migrant workers to true individual independence and settlement. Finally, it will be a real step towards a true multicultural symbiotic society.



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