

Schriften zu Regional- und Verkehrsproblemen
in Industrie- und Entwicklungsländern

Band 63

Labor Market Issues in Japan and Germany

Edited by

Franz Schober
Takashi Matsugi



Duncker & Humblot · Berlin

FRANZ SCHOBER / TAKASHI MATSUGI (Eds.)

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Herausgegeben von Theodor Dams und Joachim Klaus

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Die Deutsche Bibliothek – CIP-Einheitsaufnahme

Labor market issues in Japan and Germany / ed. by Franz
Schober ; Takashi Matsugi. – Berlin : Duncker und Humblot, 1998
(Schriften zu Regional- und Verkehrsproblemen in Industrie- und
Entwicklungsländern ; Bd. 63)
ISBN 3-428-09406-9

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© 1998 Duncker & Humblot GmbH, Berlin
Fotoprint: Berliner Buchdruckerei Union GmbH, Berlin
Printed in Germany

ISSN 0582-0170
ISBN 3-428-09406-9

Gedruckt auf alterungsbeständigem (säurefreiem) Papier
entsprechend ISO 9706 ☉

Preface of the Series Editors

This publication contains the revised and updated versions of the papers presented at the 16th Joint Seminar of the Faculties of Economics at the Universities of Freiburg and Nagoya. The Seminar took place from September 30 to October 4, 1996, in Freiburg. As with previous seminars its main purpose is the scientific exchange of information on economic issues and developments in Japan and Germany as well as in the geographic and economic regions into which both countries are imbedded. We appreciate that the editors of these proceedings, who also acted as scientific coordinators of the seminar, have again chosen our series for publication.

Labor market issues in Japan and Germany certainly play a dominant role in both countries. The situation has even aggravated since the time of the seminar so that the publication of the results is timely and acute. Labor market issues are analyzed from a macroeconomic or sectoral as well as from the single enterprise point of view. They also comprise technological and ecological perspectives. Social imbalances such as in the role of the female workforce play a further role. Therefore, we are sure that a broad range of relevant subjects has been touched in the seminar and at least partial solutions to the difficult problems have been proposed.

The Faculty of Economics at the Albert-Ludwigs-University of Freiburg wishes to thank the Ministry of Science, Research and Arts of Baden-Württemberg and the corresponding institutions in Japan for their generous support. We further thank the Ministry as well as the Bank for International Settlements Basle, IBM Stuttgart and Peugeot Mulhouse for inviting the participants of the seminar to their premises and providing an interesting discussion forum. Thirdly, we thank the Wissenschaftliche Gesellschaft in Freiburg im Breisgau for the grant which made this publication possible. Finally, many thanks to Thies Lehmann and Rainer Zinsmeister, who substantially helped in the editorial work.

Freiburg, April 1998

*Theodor Dams
Joachim Klaus*

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Adjustment Problems for the Rural Labor Market within the Transformation Process of East Germany ("Neue Bundesländer")

Theodor J. Dams

A. Introduction

On July 1st, 1990, the "German Economic, Monetary and Social Union" was established as a preliminary step within the frame of the Political Unification (October 4th, 1990). The introduction of market economy into the ex-German Democratic Republic (GDR) has been connected with a radical restructuring of the economy as a whole and has deeply touched all sectors, regions and – last but not least – enterprises and labor force input.

In this paper which may be considered as a follow-up of the publication presented at the 13th Joint Nagoya-Freiburg-Seminar in 1991 the special problem of the adjustment of the agricultural/rural labor market in the "Neue Bundesländer"¹ will be covered.

What is the "speciality" of this topic, taking into account that the East-German Economy as a whole was confronted with challenges produced by a system transformation process?

1. The agriculture of the ex-GDR has been transferred from a centrally planned socialist order into the Common Agricultural Policy (CAP) of the European Union (EU) as a special regulation in the frame of a market economy system.
2. The German Unification has generally introduced a radical change of ownership and property/usage rights. But the restructuring of the agricultural sector was strongly influenced by the ideology that the individual decisions would produce a land tenure system dominated by agricultural family farms – the main objective

¹ Germany's constitution prescribes a federal system (Bund und Bundesländer). In the course of the Unification five "Neue Bundesländer" have been established: Mecklenburg-West Pomerania; Brandenburg; Saxony-Anhalt; Thuringia and Saxony.

of the Agricultural Policy of West Germany! Or, in other words: What concept of agricultural structure (“Leitbild”) could be adequate for East Germany after a period of nearly half a century of collectivization? The answer has to be considered as a main element determining the input of labor.

3. In the GDR the agrarian structure of collectives and state owned enterprises had incorporated labor forces for covering the demand for non-agricultural activities (e.g. construction of buildings, repairing machines, social services etc.) In a market economy, these activities are performed by external, non-farming industries or by municipal employees.

4. The situation of regional labor markets is influenced on the one hand by the type of land tenure systems (family farms are using a relatively higher labor input than big holdings) and on the other hand by the working opportunities outside of agriculture.

In the ex-GDR we also have to consider a North-South divergency with regard to industrial activities.

These topical subjects have been mentioned as examples in order to demonstrate that agricultural policy has to play an important role within the German Unification and is confronted by special challenges.

B. Outline of the Paper

This paper will provide some basic information covering the evolution of agriculture in the “Neue Bundesländer”, especially with regard to the land tenure system and the labor market constitution.

The analysis starts with some definitions and theoretical reflections (C). The following chapter (D) deals with the historical adjustment processes of agriculture in East Germany; we have to distinguish three periods: The agrarian structure and labor market before the end of World War II; the collectivization after 1945; the re-transformation process starting in 1990. In chapter (E) the theoretical adjustment challenge to GDR agriculture posed by CAP and market economy has been illustrated by model calculation, explicitly to figure out the impact on the agricultural labor market. Furthermore, the “philosophy” of the dominant role of peasant farms should be carefully considered within the restructuring and evolution of the land tenure system; the firm positions of new theoretical considerations have to be taken into account (e.g. the theory of transaction costs, institutional economics). The transformation of GDR agriculture (after 1990) has produced a sharp decline in the number of working people due to the fact of low agricultural labor force productivity in a collectively organized land tenure sys-

tem (Chapter G); we have to examine the question of the role of agriculture in a socialist and in a market oriented economy. Furthermore, we have to consider that a higher agricultural labor productivity requires a transfer of working force to other sectors of the economy. And therefore we have to investigate the close relationship between the development of agricultural structure and the evolution of regional economy (H). The last chapter (I) closes the paper with a brief outlook on regional and agricultural development aspects for the near future.

C. Some Definitions and Theoretical Reflections

I. Land Tenure – Labor Constitutional Charter – Economic System

Land tenure has a political, social and economic component: Folke Dovring (1956) has described these interdependencies in his famous book “Land and Labor in Europe 1900–1950”. The labor constitutional charter and the redistribution of labor force between sectors and regions are strongly influenced by the land tenure system within a given economic order: Market forces in a liberal economic order or centralized decisions in a socialist system within a set of goals, such as to guarantee full employment, to observe the overall aim of the society’s welfare etc.

We have to take into account the great differences which exist between forms of establishing a market economy order and of the integration of agriculture within a given market economic system. In Western societies the agricultural policies are characterized by a high degree of governmental interventions in the fields of price, structural and social policies linked with regional subsidies, and, in the case of the ex-GDR, special support for the acceleration of a successful transformation process of agricultural holdings. To conclude: GAP interventions of the EU on the one hand and additional measures on the national level accompanied on the other hand by special means of both sides within the German Unification are joining together in the context of an economic policy for regional development (see: Bundesministerium für Ernährung, Landwirtschaft und Forsten (BMELF), Agrarbericht 1996). Thus, we are confronted with a very high complexity of problems. We can only mention some of these aspects of the transformation process of agriculture and of the rural labor market in East Germany.

II. The Land Tenure System

The agricultural labor market is an integral element of the land tenure system. Therefore, we do need an “operational” definition of both terms in order to un-