Manpower Policy in Japan

by

Saburo OKITA [1]

The author briefly reassesses the important part historically played by education and training in Japan's development during the second half of the nineteenth century and the first four decades of the twentieth, and shows how greatly they contributed to the country's rapid economic recovery after the Second World War. He points out, however, that it is only since the late 1950s, when it was first fully realised to what extent Japan's future growth depends on her human resources, that manpower planning has come into its own. Finally, he outlines the principles on which national manpower development policy is now based, how it is formulated, implemented and integrated with economic policy as a whole, and how it may be expected to evolve.

INTRODUCTION

THE importance of adopting and enforcing an effective manpower policy is now universally recognised, and in Japan the problem of manpower resources development has been studied with greater interest and treated from a wider angle over the past several years in order to meet the requirements of her rapid economic development.

Of course there are wide differences between the goals and objectives of manpower policies in advanced nations and those in developing ones, as well as in countries with different social and economic systems. Rapid post-war economic growth in Japan has elevated her industrial structure to a higher stage and brought about technological changes ; and large numbers of people have gravitated into the big cities. These factors have greatly altered her social and economic structure ; in particular, a remarkable increase in employment has shifted the labour market from a state of surplus labour supply to one of labour shortage, which has

[1] Special Assistant to the Minister for Economic Planning and Executive Director of the Japan Economic Research Centre.

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made it necessary for Japan to re-examine her manpower policy, taking all factors into account.

Since the end of the war the Japanese economy has grown swiftly. Particularly since 1956 its growth rate has been the highest in the world. Thus the economy of Japan has undergone as many changes over the past decade or so as the advanced nations of the West over scores of years. The rapid evolution of the structure of Japanese industries is now obliging her to alter the social and economic systems under which she attained her large economic growth.

Systems of education, vocational training and labour-management relations are no exception. While the economy as a whole has almost reached the highly advanced level of Western countries, it retains some backward features characteristic of underdevelopment. As a result, manpower policy in Japan must simultaneously tackle not only the problems now confronting advanced industrialised nations but also such problems as development of human ability and the provision of higher incomes for the incompletely employed or low-income sectors of the population.

However, the past accomplishments of Japan's manpower development policy, centring around school education, should by no means be underestimated, since this policy has been an important factor in the remarkable economic development of the country. It is widely recognised that education affords the true key to an understanding of Japan's unrivalled economic growth rate over the past decades, despite her scanty natural resources and her belated start in building up a modern State. Japan's past experience and the ways she will tackle her present problems may hold valuable lessons for the developing nations. For this reason, I wish to dwell upon the problems Japan is now encountering and the basic features of her manpower policy, as well as upon the changes in her manpower planning in the past.

Historical Review of Manpower Problems and Policies

From 1868 to 1940

In order to transform herself from a backward agricultural nation into a modern industrialised State Japan not only required capital but had also to develop strategic manpower—including business managers, administrators, educationists and other social leaders as well as engineers, researchers and skilled workers. The general public had also to be educated to fit them for participation in a modern industrial society.

Two different principles have been recommended as the basis for policies for the development of manpower resources in under-

developed countries. One is advocated by Prof. Harbison [1], who contends that first priority should be given to secondary and high-school education, in order to develop the strategic manpower needed for building up a modern society, even at the sacrifice of some measure of primary-school education. The other is recommended by the U.N.E.S.C.O. Karachi Plan [2] which attaches greater importance to compulsory primary education. This plan was re-examined at the Meeting of Ministers of Education of Asian U.N.E.S.C.O. Member States participating in the Karachi Plan [3] held in Tokyo in April 1962, which recommended the improvement and expansion of secondary and high-school education to create strategic manpower, and emphasised also the necessity for adult education.

As A. H. Hansen and W. W. Lockwood [4] have pointed out, Japan made a sound start in founding a modern State by establishing a public educational system at an early stage and concentrating on the primary-school system. It cannot be said that the relation between the economic development of the nation and the role of education was then grasped from the viewpoint of manpower planning, as it is now. But the Meiji Government formed in 1868, as the first government of a modern Japan, encountered the same problem of building up a modern economy as that now confronting developing countries. And it attached great importance to education, if not so much as to the development of national strength and defence.

In 1872, four years after its formation, the Meiji Government started to implant a modern educational system from Western countries and did its utmost to spread primary education throughout the nation. Its efforts brought about encouraging results, and 30 years later primary-school attendance exceeded 90 per cent. During those days, farmers constituted a large percentage of the working people of Japan ; and the rapid spread of primary education throughout the farming communities produced very satisfactory results. By achieving universal primary education during

[1] Frederic H. HARBISON : " Human Resources Development Planning in Modernising Economies ", in *International Labour Review*, Vol. LXXXV, No. 5, May 1962.

[2] The Karachi Plan was adopted at a conference of representatives of U.N.E.S.C.O. member nations held at Karachi from December 1959 to January 1960, with the aim of establishing at least seven years of free compulsory education by 1980.

[3] The author of this article was a member of Japan's delegation to this meeting. The report of this meeting contains an excerpt from the National Income-Doubling Plan of Japan (1961-70).

[4] A. H. HANSEN : *Economic Issues of the 1960s* (New York, McGraw-Hill, 1960), and W. W. LOCKWOOD : *The Economic Development of Japan* (Princeton, N.J., University Press, 1954).

those three decades, which may be termed the preparatory period for the nation's " take-off ", Japan paved the way for her modern industrial development in the twentieth century.

In the early stage of the manpower development programme, Japan adopted the policy of educating a select élite at a small number of higher educational institutions. And the vocational training of technical workers was conducted mainly at the Army and Navy arsenals and government-owned factories.

As modern industries further developed in the 1900s, efforts were made to improve and expand secondary education, and a great many technical, commercial and agricultural schools were established. According to W. W. Rostow, Japan's economic take-off was accomplished by 1920. By 1916 the primary educational system was already complete and primary-school attendance had reached 98.6 per cent. The secondary and higher educational systems were also more or less well established.

After the First World War heavy and chemical industries made remarkable strides ; and by the early 1930s Japan had become a modern industrial nation. During this period secondary education in Japan was further improved and expanded, and higher education was also substantially improved. In this way the progress made in primary, secondary and higher education (including technical education) kept pace with Japan's economic growth.

However, the training of engineers, technicians, research workers and skilled workers, who were the most urgently needed of all strategic manpower resources, made rather slow progress. The training of technicians and skilled workers is usually conducted both at educational institutions and at factories or other industrial facilities. But in underdeveloped countries, as well as in countries which are achieving rapid economic development, vocational training at schools tends to play a greater role.

From the earliest stage of her economic development Japan was short of engineers and skilled workers. Notably after the First World War, as her heavy and chemical industries rapidly expanded, a serious shortage of technicians and skilled workers developed. To meet this situation the number of secondary and higher technical and engineering schools and universities was markedly increased, thus ensuring a more or less adequate system for the supply of engineers and technicians. On the other hand, many schools originally established for the purpose of providing practical vocational training were gradually transformed into ordinary technical schools so that, except for the Army and Navy arsenals equipped with training facilities, there were but few public institutions for training skilled workers.

In the circumstances private enterprises were obliged to train their own employees in skilled occupations. This, coupled with the surplus of unskilled labour in rural communities and a serious shortage of skilled workers, gave rise to the " life-time employment system " and the " seniority wage system " which still characterise employment in Japan.[1]

During the second half of the 1930s, the Japanese economy primarily served military purposes and in 1937 it was placed on a wartime footing. The heavy and chemical industries rapidly grew to meet the demand for munitions and military supplies, and the demand for engineers and skilled workers increased enormously. The Government greatly expanded the secondary and higher technical education system and established public institutions for training skilled mechanics. At the same time it ordered large manufacturers to provide vocational training for skilled occupations. Thus, during the Second World War, secondary and higher technical education made great strides.

Since the beginning of the Meiji era, primary-school and secondary-school teachers have been educated at normal and higher normal schools. In 1920 duly qualified teachers accounted for 77 and 74 per cent. respectively of the total number of teachers in primary and secondary schools. In 1900 primary school enrolment totalled 4,684,000, secondary school enrolment 121,000 and higher school and university enrolment 25,000. Forty years later the corresponding figures were 10,334,000, 1,528,000 and 245,000.

Post-War Modernisation

It has been repeatedly pointed out that the manpower resources developed by school education and vocational training before and during the Second World War have played an important part in the post-war economic rehabilitation of Japan. While the technical education and vocational training conducted during the war primarily served military purposes, the skills and manpower resources thus developed constituted an important factor in the rapid economic growth of the post-war peacetime economy of Japan. However, during the decade that immediately followed

[1] A majority of workers at large Japanese firms are employed immediately after graduating from schools and universities, and are trained by the firms. Unless they make serious mistakes, they are seldom dismissed even during business depression, and they usually serve their firms until they reach the age of retirement. During their service, their wages and salaries are raised annually in accordance with their school education, age and length of service. This practice is an important factor supporting the development of business enterprises in Japan. However, as the Japanese economy expands and technological reforms make progress, it has become necessary to change this traditional practice, as will be explained later.

the war, the main emphasis was placed upon the creation of new employment opportunities to absorb the sharply increasing labour force, and very little effort was made to formulate and enforce a well-balanced over-all employment policy.

During those years basic reforms were introduced into the educational system in Japan. Along with the democratisation of the social and economic systems, drastic reforms were carried out in education to bring home democratic principles to the Japanese people and to promote character-building.

Before the war secondary and higher education in Japan was of a complicated multi-track type, because the secondary schools, higher technical schools and universities had been established in succession to meet the requirements of each stage of Japan's economic development. While this was a highly efficient system, the future of each graduate was virtually predetermined by the standard and type of school or university from which he graduated, chiefly because the Japanese overrate the importance of the school career or academic background of each individual.

The new post-war educational system in Japan was based on principles of democracy and equal opportunity. Compulsory school education consists of a six-year primary-school course and a three-year junior high-school course which took the place of the first three years in the former secondary school. The last three years of the former secondary school were converted into a senior high-school course ; and the former college and university, as well as the preparatory university course and the higher technical school course, were all replaced by four-year university courses and two-year junior college courses. This established the educational system that came to be known as the " 6-3-3 system ". Under this new system, secondary and higher education made great progress ; and the percentage of junior high-school graduates entering senior high-schools and of senior high-school graduates entering universities and colleges has risen sharply, in step with the living standards of the Japanese people.

By 1956 Japan had completed her economic recovery and the economy continues to grow at a remarkably high rate. At the present juncture, Japan is faced by a new problem in the field of manpower development. As already mentioned, the structural transformation of industry and technological reforms have enormously increased the demand for labour and caused a serious shortage of engineers and skilled workers as well as of young workers in general. As a result the crux of the employment problem is no longer unemployment and underemployment but manpower development. Japan is thus confronted by problems similar to those facing the advanced nations of the world.

The Role of Manpower Policy in Japan's Economic Growth

As the role of manpower development in economic development acquires a deeper significance, the Japanese have come to regard expenditure for education and school expenses as an investment, and not as consumption, because of the rich fruits collected from school education. In the United States and the Soviet Union, the role of human ability and resources in economic development is fully appreciated. In Japan, as well, the " Report on Manpower Development Policy " [1] submitted in January 1963 to the Prime Minister by the Economic Deliberation Council, an advisory organ to the Prime Minister, points out that expenditure on education should be regarded as part of investments in economic development and recommends that such investment be continued on a long-range basis under organised planning.

With the expansion of education the number of educated workers has markedly increased. In 1960 working graduates of universities, colleges and senior high-schools totalled 2,968,000 and those of secondary schools 1,169,000 (table I). Allocations to higher education steadily increased so that in 1959 the expenditure for primary, secondary and higher education stood at the ratio of 65:20:15 (table II). The share of education in Japan's national income rose from 1.85 per cent. in 1900 to 6 per cent. in 1962. In general, the higher the economic growth rate, the higher the ratio of schooling expenditure to national income per head. While Japan ranks about the middle in the world scale of national income per head, she is among the countries with the highest ratio of educational expenditure to national income.

TABLE I. EMPLOYEES BY LEVEL OF EDUCATION

(Percentages)

Year	All employees	Higher education	Secondary education	Primary education	No education
1910	100 (23,639,000)	0.5	1.3	37.8	60.4
1930	100 (27,991,000)	2.1	5.2	72.4	20.3
1960	100 (43,691,000)	6.8	26.8	65.5	0.9
1970	100 (48,690,000)	8.6	34.2	57.2	0.0

Sources : Report of the Education and Training Sub-branch, Manpower Branch, Economic Deliberation Council. Figures for 1970 are based on estimates in the National Income-Doubling Plan.

[1] The author of this article, as head of the Planning Bureau of the Economic Planning Agency, was directly in charge of this report, as the Bureau worked as the secretariat for the Manpower Policy Committee of the Economic Deliberation Council.

TABLE II. RATIO OF EXPENDITURE ON PRIMARY, SECONDARY AND HIGHER EDUCATION

(Total expenditure = 100)

Year	Primary	Secondary	Higher
1900	67.2	17.1	15.7
1920	66.4	19.3	14.3
1940	50.1	29.8	20.1
1950	74.6	12.8	12.6
1959	65.4	19.4	15.2

Sources : See table I.

Note : The increased expenditure on primary-school education from 1950 was caused by an extension of three years corresponding to the first half of the former secondary-school course.

A New Policy for the Development of Manpower

Underlying Principles

The significance of a constructive manpower policy again became evident when a long-range estimate of Japan's economic prospects in 1980 was formulated by a committee of the Economic Deliberation Council in the spring of 1960.[1] The first manpower development policy was mapped out in the National Income-Doubling Plan adopted in December 1960. Later, in January 1963, this problem was further elaborated in the " Report on Manpower Development Policy " already mentioned. In this way the importance and role of manpower policy in the future economic development of Japan have come to be better appreciated, and efforts are now being made to take concrete measures to develop human resources.

In Japan the formulation and execution of an effective manpower policy have been necessitated by various factors resulting from her rapid economic growth, as explained below.

Before the war, and also during the ten years immediately following it, surplus labour and the so-called " dual structure of employment " were the most serious problems confronting the economy of Japan. As modern industries (particularly manufacturing industries) rapidly developed, some sectors of the economy reached the highly developed stage ; but a large number of small and medium enterprises, as well as agriculture, still depended on cheap surplus labour. The low level of productivity and wages in these small and medium enterprises and the ample supply of cheap labour constituted a vicious circle. It was thought extremely difficult to eradicate chronic poverty in these backward sectors

[1] The Planning Bureau of the Economic Planning Agency provided the secretariat for this committee.

because, as large enterprises continued to flourish, the wage differentials between large and smaller businesses were widening.

To solve this problem there was no alternative but to expand the Japanese economy and create employment opportunities at a higher rate than the increase in labour supply. Efforts were made to increase employment opportunities so as to absorb new entrants into the labour market and to decrease the number of the underemployed; and at the same time wage standards and working conditions were improved by the adoption of minimum-wage legislation and by various other measures.

While various unco-ordinated measures were also taken to strengthen and improve technical education and vocational training so as to adapt them to the requirements of the expanding modern industries, and also to improve the social security system, until the end of the 1950s human resources were never regarded as an important positive factor in economic development, and employment policy was seldom framed from the viewpoint of manpower development. Japan's limited area and scanty natural resources were regarded as the only factors retarding her economic growth.

However, the rising living standards of the Japanese, the lowered birth rate, and the continuing high rate of economic growth even after Japan had completed her economic recovery from the ravages of war have changed the picture entirely. Unprecedented economic growth and technological innovations have not only markedly increased the demand for skilled labour but have also caused a serious shortage of young entrants to the labour force since 1959. At the same time it was discovered that Japan's economic growth potentials were much larger than had previously been estimated.

In order to meet this new situation it was essential to abandon old ideas and to obtain a clear vision of the future. It was thus that, in the course of drafting the report on Japan's economic prospects in 1980 conducted in 1959 and 1960, it was discovered that the Japanese economy would cease to have surplus labour in the near future and that full employment was attainable. It also became evident that the shortage of land will no longer be a serious obstacle and that—owing to changes in international relations, and progress in technology and ocean transportation—a conspicuous lack of natural resources will no longer seriously impede economic growth. Instead it was realised that manpower is the major factor determining the future expansion of the Japanese economy.

Integration of Manpower Policy in Economic Development Planning

It was in the National Income-Doubling Plan adopted in 1960 that an over-all manpower policy was first framed. This policy

explains the relations between economic development and education, the mobility of labour, social security and other manpower problems. Since this was the first manpower policy ever laid down in Japan, it needed further study, and the Economic Deliberation Council therefore created a Manpower Policy Committee to review the subject from a wider viewpoint. As already mentioned, the Committee submitted its report early in 1960.

It is believed that under the National Income-Doubling Plan the economy of Japan will continue to grow for a considerable period. During the decade from 1961 to 1970, Japan's gross national product was expected to be doubled. The Plan also deals with possible changes in industrial structure and the measures to be taken to meet them. It points out that manpower will have to be shifted from the low productivity sectors, including agriculture, to high productivity sectors, and that the shortage of young workers will become more acute in the latter half of the decade (see table III).

TABLE III. LABOUR SUPPLY AND DEMAND IN THE SECONDARY AND TERTIARY SECTORS: ESTIMATED INCREASE IN THE PERIOD 1959-70

(Thousands)

Labour supply		Labour demand	
New entrants	15,570	Death and retirement . . .	8,900
Workers hitherto not economically active	1,460	New demand	10,790
Workers shifted from the primary sector	2,430		
Family workers from activities not in the primary sector	230		
Total	19,690	Total . .	19,690

Source: National Income-Doubling Plan prepared by the Economic Deliberation Council.

The Plan estimates that the shortage of scientists and engineers of university level will amount to about 70,000, and that of technical senior high-school graduates to 440,000 during this period. Some 610,000 skilled workers and 940,000 semi-skilled workers will have to be trained and an additional 1,800,000 persons retrained. On the basis of these estimates a new programme for manpower supply was formulated (table IV).

In addition to this, the " Report on Manpower Development Policy " of the Economic Deliberation Council analyses the problem of labour demand and supply by sex, age and occupation. The

TABLE IV. ESTIMATED DEMAND FOR ENGINEERS AND SKILLED WORKERS, SUPPLY PROGRAMMES AND ACCOMPLISHMENTS BY 1963

(Thousands)

1. Engineers

Item	Engineering departments in universities and higher technical schools	Technical high-schools (senior secondary)
A. Increase in demand, 1959-70	270	1,060
B. Replacement demand	90	330
C. Total demand (A+B)	360	1,390
D. Present supply capacity	290	950
E. Surplus requirements by 1970 (C-D)	70 [1]	440
F. Increase of student annual admission quota required by end of period 1960-66	16 (20) [2]	85
Increase in admission by 1963	20.7	78.3

[1] The Education Ministry anticipates 170,000 more persons will be required. But of this 70,000 will be supplied by school graduates. [2] The National Income-Doubling Plan anticipates 16,000 more persons will be required, but the figure is raised to 20,000, because the increasing rate of demand in recent years is bigger than the Plan anticipates.

2. Skilled Labour in the Secondary and Tertiary Sectors

Item	Plan	Accomplishments by 1963
1. Expected increase in demand, 1959-70 (including replacement)	*4,170* [1]	.
of which :		
Skilled workers	2,110	.
Semi-skilled workers	2,060	.
2. Supply through vocational training	*1,550*	*604*
of which :		
Skilled workers trained both by private firms and at public institutions	610	
Semi-skilled workers trained at public institutions	940	
3. Number of workers to be retrained by 1970 by private firms and at public institutions	*1,810*	
of which :		
Foremen	420	
Others	1,390	

Source : National Income-Doubling Plan.

[1] The difference between the total increase in demand and the supply through training and retraining under items 2 and 3 is expected to be made up by the additional supply of skilled and semi-skilled workers acquiring experience in enterprises outside formal vocational training programmes.

report also discusses major problems in this field such as the training of workers, migration of labour force, and labour-management relations.

With the growing labour shortage it has become necessary to shift manpower from the low to the high productivity sector. In order to facilitate a free flow of labour the functioning of employment offices, vocational training and housing construction should be improved and accelerated. In Japan life-time employment and the seniority wage system coupled with an insufficient social security system also have the effect of hindering the free movement of manpower.

The " Report on Manpower Development Policy " emphasises the importance of strengthening labour market policy and introducing a new wage system based on the ability and efficiency of individual workers. The report also recommends a number of measures for meeting the effects on working conditions of rapid technological change and the heavy concentration of population in large cities, and for middle-aged, juvenile and low-income workers. The main emphasis is placed upon the improvement of education and vocational training.

To accomplish technological reforms it is essential to train such strategic manpower as engineers, research workers and business managers. Since Japan was in the past largely dependent upon technology developed by other nations, she must now train her own high-level manpower. The report points out the importance of strengthening post-graduate courses and research institutes in order to meet the increasing demand for such manpower in various fields of social activity.

Technological change has created a demand for new types of technicians and skilled workers, and a large number of these must be retrained. The report recommends the expansion of the science and engineering departments of universities, the improvement of the courses of study, the strengthening and establishment of new types of technical high-schools and the creation of technical colleges to fill the gap between universities and technical high-schools. At the same time it emphasises the need to improve the vocational training given by individual private enterprises, to strengthen public vocational training institutes and to provide vocational training courses in the junior high-schools and take measures for improving the technical standards of factory employees.

In order to raise social and economic standards still further, secondary education in general must also be improved. The National Income-Doubling Plan estimated that the percentage of junior high-school graduates entering senior high-schools would increase from 56.8 in 1959 to 72 in 1970, and recommended that the proportion of vocational training courses in junior high-schools in their total curriculum should be raised from 40 to 50 per cent.

during the ten-year period of the Plan. However, since the demand for graduates from vocational training courses is increasing at a higher rate than the Plan anticipated and the number of junior high-school graduates entering senior high-schools is also increasing rapidly, it has become necessary to accelerate the expansion of senior high-school vocational training courses still further. Needless to say, it is also necessary to increase the supply of teachers and professors, and to improve their standard of training.

Both the National Income-Doubling Plan and the " Report on Manpower Development Policy " regard expenditures on education as investments in the social and economic development of the nation, as mentioned already. Both stress the necessity of attaching greater importance to secondary and higher education, in view of the increasing demand for educated workers and technical experts, as well as of increasing the expenditure for education at a higher rate than the rate of growth of national income. The Report also recommends promotion of the international exchange of trainees and experts, e.g. by sending Japanese students abroad for study, despatching technical experts to other countries to assist in their economic development, and inviting foreign students to Japan for study.

Formulation and Implementation of Manpower Policy

Long-range economic development plans in Japan are usually prepared by the Economic Deliberation Council at the request of the Prime Minister. The Council is composed of business leaders and scholars (but does not include labour union representatives). Plans are drawn up by the committees appointed by the Council, and these include experts and representatives from various Ministries of the Government. Committees dealing with employment and labour problems usually include experts representing management and labour organisations. The Planning Bureau of the Economic Planning Agency of the Government co-ordinates and assists this work.

Basic policies for the long-range economic development of Japan are laid down in the Plan and the " Report on Manpower Development Policy ", and each Ministry formulates its policy accordingly. (Although both the Plan and the Report were prepared by committees of the Council, close liaison was maintained with the various Ministries concerned.)

In executing various manpower policies framed in the National Income-Doubling Plan, the Ministry of Education is responsible for education, while the Ministry of Labour handles vocational training and labour force questions. Both Ministries lay out

concrete programmes in accordance with the National Income-Doubling Plan, and are now executing them as planned or sometimes at a faster tempo.

Present Situation and Future Prospects

During the three years from 1959 to 1961, the Japanese economy grew at an average annual rate of 15 per cent., which is much faster than was anticipated in the National Income-Doubling Plan. Growth declined to a more normal rate of 5.9 per cent. in 1962, 8.2 per cent. in 1963 (estimate) and 7.0 per cent. in 1964 (forecast). While industry in general has undergone far-reaching structural change and manufacturing industries have sharply expanded during the past few years, the economic upsurge has substantially raised prices, aggravated Japan's international payments situation and given rise to such problems as insufficient expenditure on social overheads, including housing and roads. Agriculture and small business have also lagged far behind large industries in modernisation. Thus it has become necessary to re-examine the figures and goals as indicated in the Plan.

This the Economic Deliberation Council did during the early part of 1963 and arrived at the conclusion that a new four- or five-year medium-term economic plan would have to be worked out. This plan is likely to be completed by October 1964. As already noted, implementation of the National Income-Doubling Plan resulted in a labour shortage earlier than had been foreseen and adversely affected small and medium enterprises.

According to a recent estimate made by the Industrial Structure Investigation Committee of the Ministry of International Trade and Industries, assuming that labour productivity continues to grow in the years to come at the same rate as in 1955-59, and that the economy continues to expand at an annual rate of 7.2 per cent. as forecast in the National Income-Doubling Plan, Japan will be short of 3,400,000 workers in the secondary sector in 1967. Therefore, if Japan is to maintain a high rate of economic growth in the coming years, it follows that great efforts will have to be made to raise productivity.

The Japanese economy is thus at a turning-point: a labour surplus has been superseded by labour shortage and the role of manpower development policy has consequently acquired much greater importance. It is essential that a new and more effective manpower policy should be formulated taking all these new factors into account.