

Economic hardship afflicts Japanese working class

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Unemployment in Japan is at its highest level for more than 50 years. In a country with a harsh welfare system, a pervasive stigma against those who seek state assistance, and a media and political establishment which generally ignores the plight of the poor, millions of people are being left to suffer extreme deprivation.

Among the most disturbing consequences have been the periodic cases—reported in a cold, matter-of-fact fashion by the press—of jobless or financially distressed people starving to death in their own homes.

In August, the media reported the case of two working class brothers in Kashimadaimachi, a town in Miyagi prefecture. Both in their 30s, they had been laid off from their jobs in a local factory and post office and had large debts. They rarely left their house. In late June, neighbours reported to police that the house was unusually quiet and filed subsequent reports that they had not seen the pair for several months and the letterbox was overflowing. When the authorities finally investigated, the brothers were found in their bedrooms, where they had starved to death.

In June, two sisters in their late 30s were found dead from starvation in their home in the town of Kitakyushu. They had lost their only income when a tenant moved out of the house a year earlier. Power and other utilities had been cut off, leading their neighbours to believe the sisters had also moved. The pair, one a former high school teacher who could not find work, wasted away in their beds.

Such tragedies are an expression of a profound social crisis. Official unemployment reached 5.4 percent in October, or 3.52 million people. The real figure would be three times that, if it included the millions who have given up trying to find jobs and those surviving on a few hours casual work. The official figures count as employed anyone who works one hour in the surveyed week of the month.

Throughout the 1990s, and particularly since the 1997-98 Asian financial crisis, Japanese companies have been dispensing with the system of lifetime employment set in place after World War II. While mainly practised within the major corporations and the public service, lifetime employment guaranteed many workers a permanent job, medical insurance, assistance for housing or home loans, a retirement fund and a range of other benefits. Faced with ongoing recession in Japan and now the slump in the US and Europe, companies, big and small, have sought to overcome falling profits by cutting back staff or closing down operations altogether.

In the past six months alone, major companies have eliminated more than 400,000 full-time jobs. From October 2000 to October 2001, the number of people with jobs fell to 64.05 million, a drop of 1.03 million. The last time Japan experienced such a decline was 1973-1974, when the country was plunged into short-term economic turmoil by a massive increase in oil prices. The Labor ministry now estimates that for every 100 people seeking work, just 55 positions are available. At the end of October, 49.3 percent of the high school students who had graduated in June and actively sought jobs were still unemployed—the worst level of graduate unemployment ever recorded.

Workers are also facing employer demands for changed working conditions, wage cuts and the reduction of bonuses and benefits. Average incomes have fallen every month since last January and part-time and temporary employment is growing rapidly. By 1998, more than 21.5 percent of the workforce were part-time employees, compared with 11 percent in 1985.

The reluctance of financially distressed people to seek help stems in large part from the harsh eligibility standards for unemployment benefits and public assistance—as welfare to the poor is known. Even for a 59-year-old worker who has paid into unemployment

insurance for over 20 years, benefits are only available for 330 days. For an unemployed worker under 30, who had paid insurance for between one and 10 years, unemployment benefits are cut off after just 90 days.

Public assistance is strictly means-tested according to a “minimum cost of living”. Moreover, anyone classified as capable of working or deemed to have relatives who could support them is ineligible. Applicants must have used up their assets, including selling their house. A June 2000 study for the “Women 2000 Conference” reported that less than one third of those in need applied for social welfare benefits—whether public assistance, single mother pensions or assistance for the elderly.

The most visible impact of the lack of social support is the growing homeless population. Up to 10,000 people, mainly unemployed men aged 50 to 64, sleep rough in Tokyo. Osaka’s homeless may number as high as 15,000, with a survey finding that 80 percent were former construction day-labourers, dispensed with by contracting companies when they could no longer carry out hard physical work.

The country’s staggering suicide rate testifies to other consequences of financial stress. Of the 31,957 people who took their lives in 2000, more than 60 percent were aged over 50. The recorded motive for more than half, 15,539, was related to health problems, in many cases bound up with difficulty in paying medical bills.

In June 2000, more than 3.7 million households were not able to pay their health insurance obligations and 96,849 households had been issued “qualification certificates”, effectively cutting them off and making them liable for the entire cost of any medical expenses. Last month, aggravating the pressure on the working population, the government unveiled a budget that increased the amount a family pays under the national health insurance scheme from 20 percent to 30 percent of the cost of treatment. The amount that an average income retiree must pay will more than double from 5,000 yen (about \$US40) to 12,000 yen (about \$100) a month.

Aged care expenses are prohibitive, even for relatively comfortable families. A place in a private nursing home can cost between \$US250,000 and \$1,000,000, with ongoing fees of \$15,000 to \$25,000. Many families have no choice but to care for their aged parents at home. When the elderly lose contact with their relatives the consequences can be horrific. Last October, a 71-year-old invalid woman starved to death in her bed over a six-day period after her husband died of a heart attack in front of her. Unable to afford a nursing home, the 73-year-old

husband had been her sole carer. The couple were only found when their landlord came to collect their month’s rent.

Other financial problems, such as inability to meet mortgage payments, were the motive in 6,838 suicides. Despite low interest rates, the collapse of real estate values in the past decade means that many Japanese workers are paying back mortgages, taken out in the 1980s, that are worth more than the property.

Education costs are also causing difficulties. According to teacher unions, the number of families that cannot pay their school fees has doubled in the past five years. One union survey found that an average of 13 families per school had not paid fees for several months. Many of those facing hardships are families where the father has left. The average annual income of fatherless households is just 2.16 million yen (\$16,500), compared with 6.58 million yen for a two-parent household. Costs are continuing to rise, however. The government last month increased the annual tuition at general universities by 7.2 percent, to over 500,000 yen.

Every economic indicator points to the fact that the conditions facing working people are set to dramatically worsen. The country is officially in its third recession in 10 years. Industrial factory output has fallen back to the levels of 1988 and exports are slumping. In October, 1,804 businesses employing 19,550 workers went bankrupt—the 32nd month in a row in which more than 10,000 people lost their jobs due to bankruptcy. A recent government study found that 72 percent of people fear that they or a family member will lose their job in the next 12 months. Consumer spending—which drives 60 percent of economic activity—is contracting as anxiety builds about the future. Car sales have hit a 25-month low and bank lending has fallen for 46 straight months.

Prime Minister Junichiro Koizumi’s government is introducing austerity measures in an attempt to control Japan’s spiralling public debt and the major banks are under pressure to bankrupt companies not making loan repayments. Combined, these measures could cause as many as four million layoffs.



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