

School's collapse leaves foreign teachers stranded, homeless in Japan

Eric Des Marais
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Nova Corporation, Japan's largest provider of private English and other foreign language education, has collapsed. The company, which at its height comprised over 900 schools, employed over 4,000 foreign teachers and 2,000 Japanese staff, and provided lessons to nearly 500,000 students, closed its doors on October 27, leaving its foreign language instructors stranded halfway around the world from homes as far away as Europe and America. Most of these workers are broke and many have already been evicted from their apartments.

Nova has not paid September and October wages to its foreign staff; its 2000 Japanese support staff have not been paid since July. Apartment rents, which are deducted from monthly salaries, have also not been paid, leaving teachers homeless or facing eviction. Some teachers are already going hungry. "Ramen noodles are not that filling," said a teacher quoted by the *Christian Science Monitor*. The Nova teachers union of Osaka has set up an "English lessons for food program" to help the teachers get by for now.

The dire plight of these teachers became even harder to swallow as allegations came to light that the president and founder of Nova lived a life of extravagant luxury while his company bled. The *Daily Yomiuri* described the luxury suite in the Osaka head office. Renovated at a cost of 70 million yen (over \$600,000) and a monthly rent at 2.7 million yen (\$23,000), its extravagance existed in a world completely foreign to the crumbling, vermin-infested guesthouses in which many teachers were forced to live. In a country where all space is at a premium, the 330-square meter suite sported a lavish bar filled with rare wines and liquors as well as a classic Japanese tearoom. Opposite the tearoom, a secret passage led to a huge private bedroom with a sauna and jacuzzi. A

similar suite apparently also existed in the main Tokyo office.

An attorney working on the rehabilitation of the company reported that the president's income was 300 million yen (\$2.6 million) in 2005 and 159 million yen (\$1.4 million) in 2006, despite the corporation having fallen 3.1 billion yen (\$26.9 million) in debt for 2005 and a further 2.9 billion yen (\$25.2 million) in debt for 2006.

Recent reports also suggest that the company founder engaged in a wide range of criminal activities, including shifting funds between associated companies for personal gain, funneling money to organizations run by former government officials to increase his influence, misappropriation, and insider trading.

Nova's hiring practices also took advantage of its Japanese workers. About 80 percent of its staff were young women, often as young as 19 or 20, who were expected to meet untenable quotas for new student recruitment and to work long hours as unpaid overtime. Even after five years of grueling work, the average Japanese employee could expect to be making no more than 180,000 yen (\$1565) per month. A former long-time executive of Nova admitted to the *Daily Yomiuri*, "It's our basic policy to have people quit while their wages are low."

The fundamental cause of this crisis is not the undeniable corruption and greed of the company officials, but the prolonged stagnation of the Japanese economy. The plight of foreign language teachers and foreign workers in general has worsened as a result of this situation.

The business and political elite regularly seeks to divert attention from the economic crisis by encouraging discrimination against foreign workers. Despite having university degrees, foreign teachers,

along with other foreign workers, rarely feel they receive equal status with Japanese-born workers. One young Canadian teacher, interviewed by the *Christian Science Monitor*, repeated a sentiment heard often among foreign teachers—“We’re being treated like cheap migrant labor down in the southern United States.” The article goes on to note that skilled foreign workers, even those fluent in Japanese and having Japanese children, are denied tenure, voting rights, promotions, and contracts beyond one year.

The collapse of Nova is affecting the standing of the eikaiwa (English conversation school) industry as a whole. The ABC Language School chain of Osaka has filed for bankruptcy, claiming that its own woes are the direct result of Nova mismanagement and the effect it has had on the reputation of the industry. Another language company, Gaba, has also faced declining sales; its profits are expected to drop by over 50 percent this year.

Contradicting the attempts to scapegoat Nova and its officials for the collapse of the eikaiwa industry, however, a study released by the Yano Research Institute shows that the conversation school business has been drying up since 2003, when sales reached a peak of 375 billion yen. By 2006 sales had dropped to 346 billion yen, and the decline is projected to continue, with sales expected to be as low as 330 billion yen by next March.

Eikaiwa revenues began growing rapidly in 1998, when the industry as a whole gained government approval to qualify for retraining grants for the unemployed. However, in 2003 these grants were cut from a maximum of 300,000 yen per student to 200,000 yen.

Language schools are also traditionally reliant upon the disposable income of hobbyists; the stereotype of the housewife and her children studying English is prevalent in Japan. Eikaiwas continue to be hard hit as the decline in bonuses and income that started in the early 1990s continues. Economic trends suggest that the industry as a whole will continue to contract, resulting in increased hardship for all workers, native and foreign-born alike, who are dependent on this industry. Some estimates put the number of foreign teachers working at private language schools at over 15,000.

However, since Japan continues to score well below

other Asian countries, notably South Korea, on measures of foreign language ability, the contraction of the foreign language industry will only act as another restraint on an economy that, at best, has been sputtering for the last 15 years. The implosion of Nova may be another ominous portent of darker days ahead for the Japanese economy.



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