

# Poverty, unemployment and homelessness hit Japanese workers

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Amid plummeting exports and a deep recession in Japan, hundreds of thousands of people are facing unemployment and poverty. With the IMF forecasting that output in the world's second largest economy will fall by 5.8 percent this year, large corporations have announced major job losses.

Exports are in free fall, plunging by a record 49.4 percent in February compared to a year earlier, with car exports down by more than 70 percent. In the auto industry, which employs 5.1 million workers, production dropped by 41 percent year-on-year in January—the sharpest decline since figures were first recorded in 1967.

Toyota, the largest Japanese auto company, has fired 9,000 contract workers, or more than 10 percent of its workforce, since the beginning of the financial crisis in the US. Toyota recorded its first ever annual loss in 59 years in February. Anticipating a further slowdown in global demand, the company plans to shut 12 domestic plants.

The *Los Angeles Times* on March 22 reported on the situation in Toyota City, where the company has its headquarters and where 80 percent of workers are employed in the auto industry. Job vacancies in the city fell more than 50 percent in the last quarter of 2008, compared to the same period in 2007. The number of job seekers soared 130 percent in January from a year earlier.

With the city government expecting a 96.3 percent drop in corporate taxes this year, public services will experience severe strain. The *Los Angeles Times* noted: "The city has the typical signs of stress: plummeting property sales, empty storefronts and restaurants." In addition, foreign businessmen have virtually disappeared, with occupancy rates in some hotels dropping by 90 percent.

Japan's other well-known international companies, such as Honda, Nissan, Sony, Panasonic and Canon, are sacking tens of thousands of workers. An estimated 400,000 temporary workers will have lost their jobs in the December and current

quarters, according to the Japan Manufacturing Outsourcing Association. Some 30,000 of them will become homeless.

Officially, unemployment jumped by 0.5 percentage points to 4.4 percent in December, the worst monthly increase in 42 years. The figure translates into 2.7 million people out of work, up 390,000 from last year. Although still below Japan's recent peak of 5.5 percent in 2003, analysts warn that unemployment in Japan is rapidly approaching that level.

The corporate job-shedding has initially focussed on vulnerable temporary workers. The "non-regular" workforce was largely created by labour market legislation in 1999 and 2004, which allowed companies to hire cheap casual labour, at the expense of full-time staff. This transformation helped Japanese business recover from the protracted slump of the 1990s, while undermining the system of lifetime employment that arose as a concession to the working class in the post-World War II period.

As a result, 34.5 percent of the 55.3 million-strong Japanese workforce is now temporary or part-time. Levels of poverty have dramatically increased. Official data shows that the number of "working poor"—those who earned less than 2 million yen (\$US22,400) a year—doubled from 5 million in 1997 to 10 million in 2007. About 4.3 million Japanese households, or 8.1 percent of the total, earned less than 1 million yen in 2007.

Casual workers are ruthlessly exploited by employers, aided by an explosion of temporary employment agencies since 2002. These brokers allow corporations to employ workers without making pension or social security contributions and to fire them virtually at will.

Millions of young workers are known as "freeters" (thought to come from the German "frei arbeiter" or free worker) who move from one low-paid, part-time job to the next. In addition to "freeters", there are half a million NEET (not in employment, education or training) youth, who have no place in the current social system.

The Associated Press last month interviewed Young Contingent Workers Union organiser Makoto Kawazoe, who described how temporary workers are given low-paid factory jobs with an average basic monthly wage of just 150,000 yen (or \$1,650), barely enough to make ends meet. "When they are laid off and evicted from employer-provided housing they often have no savings," Kawazoe said. "They have no choice but to rely on their job agencies to find them another job that comes with a dormitory. Once you get trapped in the cycle it's very difficult to get out."

Kawazoe explained that "job-with-a-room" packages were designed by job agencies to supply employers with workers who could start immediately without wasting time finding a place to live, while keeping the workers "in the system" of cheap labour.

The *International Herald Tribune* last month reported the story of a temporary worker, Koji Hirano. Along with 1,100 workmates, he was abruptly sacked in late October from a Canon digital camera factory in Oita. Management immediately ordered the workers to vacate their company apartments. With no savings from his meagre monthly wage, Hirano faced the prospect of homelessness. "They were going to kick us out into the winter cold to die," he told the newspaper.

Hirano tried to present Canon executives with a letter written by him and other laid-off workers, asking for their jobs back. They received no response. After a public outcry, which went all the way up to Prime Minister Taro Aso, the workers were finally allowed to stay in their one-room apartments for a few extra months.

The job prospects of these Canon workers were bleak. After applying for many jobs with no success, Hirano and other workers turned to social welfare agencies. Half a dozen applications over a two-month period were rejected on the ground that they were not trying hard enough to find a new job. Officials insisted that these workers were ineligible for unemployment benefits because they had worked at Canon for less than a year.

In order to receive benefits, a worker must have held the same job for more than a year. However, with job contracts as short as two months, at least half of Japan's 17.8 million temporary workers are ineligible for welfare when they lose their jobs, according to the labour ministry. In the face of public anger, the government has been forced to reduce the qualification period for benefits to six months in the same job, beginning on April 1.

The fate of the Canon workers is a microcosm of the lives of

millions of other workers, whose stories are simply ignored by the media. Suicide is another indicator of growing economic and social despair. The police figures for 2007 reveal that of the 33,093 people who committed suicide, 57 percent were unemployed. That level is likely to have risen since the eruption of the global financial crisis.

Over the New Year holidays, some 500 former temporary workers who had been made homeless by layoffs set up a tent city in Tokyo's Hibiya Park, adjacent to the labour ministry. People flocked to the area to support the action, compelling officials to open a nearby public gymnasium to accommodate the overflow of people. Subsequently, the government was forced to make available vacant public housing for 4,000 people in Tokyo.

Fearing the growing social discontent, the Liberal Democratic Party (LDP) government has promised to create 1.6 million jobs over the next three years and to subsidise companies to maintain their workforce. However, given the growing pressure from big business to cut Japan's massive public debt, which stands at 170 percent of its GDP, it simply cannot afford large-scale social programs.

No Japanese government has ever provided an adequate social safety net. According to the Organisation of Economic Cooperation and Development (OECD), Japan spends only about 0.3 percent of its GDP on social welfare. After World War II, the company-centred life-long employment system was developed, requiring companies to take responsibility for pensions and other benefits, but this system is in an advanced stage of decay.

The corporate layoffs are moving toward regular employees as the global slump deepens. Sony is retrenching 16,000 workers globally (half of them regular) and has imposed a salary freeze on its full-time workforce for a year. A number of other electronics corporations, including Toshiba, Sharp and NEC, are reportedly planning to break the decades-old practice of annual automatic pay hikes based on employee seniority.

However, with all the economic indicators pointing to a deep, protracted slump, far worse is to come.



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