Japanese retail giant introduces Third World wages

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6 May 2013

Fast Retailing, the biggest retailer in Asia and the fourth largest in the world, is in process of setting a uniform pay scale for its employees worldwide. This represents an escalation in the attacks on the already impoverished retail employees in Japan and other so-called developed countries, with their wages being cut to the levels imposed on the super-exploited workers of China, India and South East Asia.

Fast Retailing chairman and CEO Tadashi Yanai told *Asahi Shimbun* on April 23: "Our fundamental way of thinking is that employees should be paid the same amount regardless of where they work, as long as they produce the same results."

Yanai, Japan's wealthiest individual, declared: "If you do not change, you will die." He insisted that, under global competition, "if Japanese workers are unable to create added value that cannot be produced by people in other nations, they too will end up" like migrant workers from Third World countries, working "at the lowest rungs of society."

The retailing magnate spoke openly about widening the gap between the highest-paid executives and workers on starvation-level wages. "I have been telling my employees that in the future there will be a division in annual salaries between those making 100 million yen ($US1 million) and those making 1 million yen ($10,000)," he said. "There will be fewer employees in the middle ground."

Yanai admitted that "this may be a harsh prospect" for Japanese workers, but sought to deflect responsibility by insisting that "all advanced nations are facing the same problem," because using "cheap labour to keep product prices low is the method being used by Western casual clothing companies such as H&M and Gap, as well as by Chinese companies."

These words must be taken as a threat to workers everywhere, and not just in Japan. Tadashi Yanai unmistakably speaks for the world's corporate elite.

According to *Forbes*, Yanai is the richest Japanese person and ranks 66th among the world's billionaires. As of April 2013, his net worth was estimated at $15.5 billion, up 46 percent in a year, and more than double his 2009 fortune of $6 billion. His Fast Retailing—most famous for its cheap clothing brand Uniqlo—recorded global sales of some $9.3 billion in fiscal 2012, and operates some 1,200 stores on three continents. The retail giant aims to increase the number of its stores to 4,000 by 2020, with 3,000 outside Japan.

Yanai's business empire rest on the merciless exploitation of the working class, in Japan and internationally.

The use of cheap labour has expanded significantly in Japan in recent decades, with non-full time employees now officially accounting for more than 35 percent of the workforce. On average, they are paid only about 50 to 60 percent of what full-time employees receive for equivalent work, and no social safety net exists for them since they are not covered by pensions, health insurance or unemployment benefits. In retail, the Ministry of Health, Labor and Welfare estimates that between 50 and 70 percent of workers are temporary and part-time. In Uniqlo itself, according to *Asahi Shimbun*, about three quarters of employees are non-permanent.

Employers are using this cheap labour supply to squeeze ever more work from full-time employees, who usually have a fixed monthly income, regardless of the number of hours they put in. As an illustration, *Asahi Shimbun* reported on several Uniqlo workers.

One store manager succeeded in getting promoted to mid-level management, but it often meant working from 7 a.m. one day to 3 a.m. the next. Another ex-

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worker in his late twenties was working without overtime pay for more than 300 hours a month, and being forced to falsify records to make it look as if he had worked "only" 240 hours—the maximum allowed legally. Yet another ex-worker was diagnosed with depression only eight months after joining the company—he was pressured by the constant in-house qualification tests.

According to figures provided by *Asahi Shimbun*, more than half the full-time Uniqlo workers quit within three years. More than 40 percent of those currently on leave of absence have been diagnosed with mental health problems such as depression.

The broader Fast Retailing business model rests on the super-exploited working class of East, South and South East Asia. According to its website, around 70 percent of Uniqlo products are made in China. However, with even cheaper labour platforms emerging, and because of recent political tensions with China, Fast Retailing is working "to actively expand production in other Asian countries in order to reduce reliance on China and to lower costs."

Yanai told *Asahi Shimbun* that Japanese industry had lost its competitive edge against other Asian rivals by keeping manufacturing at home. He insisted that employers should have created Japan's own Foxconn—the giant Taiwanese-run electronics sweatshop that employs 1.2 million workers in China and other cheap labour countries.

In fact, Foxconn itself was based on the military-style management that characterised Japanese enterprises in the 1950s and 60s. Those methods were adopted by the ruling class in countries like South Korea and Taiwan, which originally served as outsourcing platforms for Japanese corporations, after Japan's economic "miracle" saw wages rise and a "life-long" employment system introduced. Those hard-won gains by the Japanese working class were cited endlessly by bourgeois economists as another proof that the Marxist analysis of the "impoverishment of the working class" under capitalism was "outdated." It was argued that Japan's "miracle" would be followed by other Asian countries in their marches toward prosperous "middle-class" societies.

The reversal of the social position of the Japanese proletariat to the status of Third World cheap labour is a devastating refutation of the argument that Marxism is redundant. In fact, the overturning of the past concessions to the working class is bound up with broader international processes that have accelerated with the onset of the global economic crisis in 2008. With huge public debts, totalling 240 percent of gross domestic product, Japan is on the verge of an economic and political crisis even more serious than the one that has plunged Europe into financial and social turmoil.

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