

Toyota registers record profit through ruthless restructuring

John Watanabe
14 February 2014

Toyota Motor Corporation last week revised upward its net profit estimate for the financial year to March to a record 1.9 trillion yen (\$US18.8 billion). This is twice the profit recorded last year and eclipses the previous record set in 2007, before the global financial crisis.

Toyota managing officer Takuo Sasaki attributed the result to “cost-reduction activities,” as well as “the positive impact of the weaker yen” and “our operating income increased due to marketing efforts, such as increased vehicle sales.”

The Bank of Japan’s move to depreciate the value of the yen through a “quantitative easing” program has boosted the profits of Japan’s major exporters. But the working class pays the price of the government’s monetary policies through higher taxes and cuts to public services. The “cost-reduction activities” referred to by Toyota executives have involved a ruthless restructuring of the company’s operations, within Japan and internationally, aimed at driving down wages and boosting rates of exploitation.

According to *Bloomberg*, Toyota sits on a cash pile of almost ¥4 trillion. The company said it aims to pay 30 percent of its net income as dividends, compared to 20 percent last fiscal year.

Toyota will not build any new factories until 2015, as it focuses on “improving efficiency at existing plants.” What this means for the working class was clearly demonstrated earlier this week, when Toyota announced it will cease car production in Australia altogether by 2017, destroying 2,500 jobs at its assembly plant and triggering thousands of related job losses in the auto sector there.

Toyota’s record profit is also based on the increased exploitation of its Japanese workforce, especially poverty-wage temporary workers. Non-regular workers now make up a record 37 percent of Japan’s workforce,

up from less than 20 percent in 1990.

According to a survey published last September by the National Tax Agency, non-regulars on average only earn about \$16,400 a year, roughly one-third of the wage of regular workers, which is about \$45,000. Non-regular workers are also not covered by social security or health insurance, and cannot claim unemployment benefits if retrenched.

Late last month, *Bloomberg* published an article, “Abenomics at Risk as Workers Struggle to Keep Up With Inflation,” which described the stock market bonanza and windfall for the rich produced by the government’s economic policies, while the working class confronts rising living costs amid stagnant or falling wages. The article noted that the pay for the average Japanese worker has fallen 15 percent in the past decade and a half.

Toyota full-time employees have seen their base salaries rise by just \$30 a month in the past 15 years. “One factor helping Toyota keep pay hikes modest is that it, like many Japanese companies, has two tiers of employees,” *Bloomberg* explained. “Permanent workers know that if they press hard for raises, Toyota can hire more people like Matsui [a temp worker]—or shunt jobs overseas.”

After noting that non-regular workers “account for all the jobs created under Abe,” the article focused on Shuzou Matsui, a 28-year-old temp worker at Toyota who earns about \$40,000 a year inspecting paint jobs: “He works in the same factory as full-timers who make about 50 percent more than him. He also doesn’t receive the twice-yearly bonuses that full-timers get. After 10 years of work, he has less than \$1,000 in savings.”

The article continued: “Matsui knows that Toyota’s permanent workers are only modestly better off these

days. One of his friends has been at Toyota for a decade. The worker, who asked not to be identified by name for fear of harassment by management, said he earns less than when he started because of lost bonuses and overtime. Matsui isn't optimistic. When he began at Toyota two years ago, he thought he'd eventually switch into a full-time job. Last year, though, the factory stopped hiring. Now he thinks his days are numbered."

Japanese temp workers at Toyota are hired on six-month contracts that can be repeatedly renewed over three years. Before the company announced the closure of its production operations in Australia, it demanded that the 2,500-strong workforce agree to similar temporary contracts, as part of a package of measures lowering wages and destroying conditions.

In Japan, as in Australia and internationally, the trade unions play a central role in enforcing the destruction of secure jobs, wages and living conditions. *Bloomberg* noted that the Japanese unions "are organized by company and tend to be more conciliatory than similar groups in the US." This is certainly saying something, given the role of the United Auto Workers union in helping the auto companies slash wages in half for new hires, to just \$15 an hour, and eliminate healthcare and other benefits.

"If it's just prices that increase, without wages, there will be a tremendous social cost," said Nobuaki Koga, president of the Japanese Trade Union Confederation, or Rengo, the biggest national-level umbrella labor group, which claims to represent some 6 million members.

Their posturing aside, the unions have long prostrated themselves before employers' demands, a fact underscored by statistics on strikes, which have become nearly extinct. The number of man-days lost to strikes in 2009 was just over 7,000, compared to the post-war record of 15.2 *million* in 1952.

Speaking to Al Jazeera last year, Motoaki Nakaoka, general secretary of the National Trade Union Council (Zenrokyo), the smallest of the three nation-wide union federations, admitted: "In the 1970s, there were almost 6,000 strikes on an average year, but last year [2012] there were only 68. This is an era in which even the labour leaders don't know what it is like to prevail in a strike."

A 2012 report in *Japan Labor Review*, published by a

government-related labor policy think tank, found that "the number of union members with experience of going on strike has declined considerably, so the transmission of the skills for holding a strike is being disrupted."

Like workers around the world, Japanese workers are abandoning the treacherous trade unions. The unionization rate in Japan has fallen from its peak of 55.8 percent in 1949 to 17.8 percent now. Only about 5 percent of non-regular workers are estimated to belong to a union.



To contact the WSWWS and the Socialist Equality Party visit:

wsws.org/contact