

# Surging inflation in Japan leads to growth of inequality

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Japanese workers are being hit hard by rising inflation. As of December, Japan's core inflation had risen to 4 percent—double the Bank of Japan's target rate. In December, the United States' rate was at 6.5 percent while the European Union's rate was at 9.2 percent.

However, unlike other leading economies, the wages of workers in Japan have been stagnant for almost three decades. According to data from the Organization for Economic Co-operation and Development (OECD), annual wages in Japan have stagnated at around ¥4.4 million (\$US38,000) since 1997. Wages in countries like South Korea and Taiwan have overtaken those in Japan, despite the latter's position as the third largest economy in the world.

The yen has also fallen to a 20-year low against the US dollar. Export-driven companies like Toyota have seen their incomes increase as a result of overseas sales, taking in record net profits of ¥2.85 trillion (\$US22.25 billion) in the last fiscal year. Over the same period, 1,323 major companies brought in total net profits of ¥33.5 trillion (\$US257.5 billion), another record.

Adding to the crisis workers face, in December the government announced plans to double military spending to two percent of GDP over the next five years as a response to the US war against Russia in Ukraine and preparations for war with China. The bill will make Japan the third largest military spender in the world.

Furthermore, COVID-19 continues to run rampant in Japan, with runaway cases and related deaths. Big business, however, is demanding workers foot the bill for the downturn in the economy with increased production and no wage increases.

The Japanese government and media have attempted to blame China's previous COVID-19 lockdown

strategy for the instability of the global supply chain and rising consumer prices. However, global inflation has been fuelled by the orgy of speculation on stock exchanges around the world, the US-NATO war against Russia in Ukraine and the criminal let-it-rip COVID policies—all of which have been actively support by the Japanese ruling class.

In Japan, Tokyo's longtime financial policies have been a significant contributing factor. "Abenomics," named for former Prime Minister Shinzo Abe, and the 2013 quantitative easing policy that provides cheap money for businesses, added to Japan's massive debt, the highest of any developed nation at ¥1.28 quadrillion (\$US9.2 trillion), or 266 percent of GDP.

According to Takeshi Niinami, the CEO of Suntory Holdings, "There's huge pressure from society and the government to raise wages, but we need to increase productivity." In other words, big business is demanding the increased exploitation of workers' labor-power, foisting the crisis of capitalism onto the shoulders of workers.

The lower yen has effectively increased the prices of all kinds of basic consumer products while workers' real wages fell last year. According to the Ministry of Health, Labor, and Welfare, in November, real wages fell 3.8 percent compared to the previous year, the biggest drop since May 2014. For workers in rural Japan, who endure even lower wages than those in metropolitan prefectures, the rising cost of oil and gas has especially been a burden.

According to Teikoku Databank, companies raised the prices on more than 20,000 food products in 2022 by an average of more than 13 percent. This trend shows no sign of reversing, in fact, it is predicted to intensify. In a December survey of 46 of the largest consumer product companies in Japan, 59 percent

stated they intend to hike prices this year.

For working people who have been used to stable prices for three decades, sharp rises have produced public concern and anger. The BBC cited one example: “When the price of Japan’s everyday snack—umaibo—which was always priced at 10 yen since its creation 43 years ago—went up by 20 percent, it sent a shockwave through the nation.”

The government has responded by advancing a ¥39 trillion (\$US 264 billion) economic stimulus package in October 2022. Prime Minister Fumio Kishida’s plan, approved by Japan’s corporate elite and the ruling Liberal Democratic Party (LDP), supposedly assists workers struggling with their household bills. However, most of the money went to subsidies for energy companies and incentives for businesses.

This has not stopped Japan’s electricity companies from planned price increases this spring. Seven of the ten largest energy companies in the country have recently applied to the industry ministry to raise the energy bill for households by 30 to 40 percent over the next fiscal year.

One couple interviewed by NHK in Tokyo explained that their electricity bill for December was already 50 percent higher than the year before, while their gas bill was 20 percent higher. Combined with increased prices for gasoline and groceries, which have each grown by ¥20,000 (\$US156), the parents fear they will no longer be able to pay educational expenses for their young daughter.

Japanese workers have voiced their opposition and anger towards these conditions on Twitter. Many were concerned for how the dramatic increase will affect their health in the freezing winter months and the incredible heat of the summer.

“Now electricity bill is gonna increase about 30%? MY GOD how are we supposed to live? It’s not like our paycheck is also gonna increase. Is government telling us we should all die? Are they insane? Like [people] will actually die from this!” writes Chinatsu, an office worker and mother.

Michael, an English teacher and father from Iwate prefecture, wrote, “Got the same news. It’s so friggin immoral to mess with people’s lives like this. And I’m betting the electricity is just the start. Just waiting on gas to come out of their hole too. Soon I’ll be paying more than half my rent again in utilities. No more

snacks for the kids.” In another tweet, he shared a photo of the letter he received from his regional power company warning of a 32.9 percent increase.

The latest round of record-breaking inflation and price hikes only widens the deep social inequality that exists in Japan. Based on 2020 data, Japan’s poverty rate is the second highest among G7 nations and the 9th highest among OECD countries, according to an OECD survey.

The working class in Japan sustains one of the largest economies in the world, but the wealth they produce is only experienced by a few. In Japan, as around the world, the social tensions being fuelled by the COVID-19 pandemic, inflation and the deepening social crisis, will lead to rising levels of social unrest.



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