

Japan's Zenroren

The Japanese Trade Union Confederation, Rengo, "asked Prime Minister Fukuda to cut income tax, increase welfare payment and consider support measures such as distributing the national oil reserve to small and medium enterprises, etc, as emergency measures for people suffering from steep rise of prices of necessities of life." Rengo affiliates and local unions also organized rallies and demonstrations in support of these measures.

The National Confederation of Trade Unions (Zenroren), Japan's more militant labor federation, having experienced a financial crisis in the 1990s does not subscribe to the idea that labor unions should simply accept a tax-funded bailout of the banks. Yoshikazu Odagawa, Secretary General of Zenroren, National Confederation of Trade Unions, issued a statement on behalf of his union that assessed the previous crisis and described the union's response to the current one. It is worth citing at length:

The Japanese economy in 90's experienced 'the lost decade' after the burst of the bubble economy. In this period, the Japanese government repeatedly injected huge amounts of tax money into the banks and initiated mergers and acquisitions among these financial institutions. Other ways of bailing out the banks were to keep low interest rates and to create tax deductions especially for them. As a result, some mega-banks improved. However, the accumulated government deficit has dramatically increased, and they have been attacking the pension and health insurance systems. Big downsizing and government attacks drove the people into grave frustration and poverty.

The banks that had been injected with tax money became crazy for securitizing money and joining the money game, at the same time they became more reluctant to lend money to small business. It is absolutely clear that financial bailout of the 1990's had no impact on improving people's lives.

Japanese banks and security companies are suffering from the current financial crisis, but I want to make it clear from our experience that a taxpayer-funded bailout does not work for people and small businesses.

The current financial crisis that began in the US has had a direct impact on the Japanese working class. Skyrocketing prices of gas, food and raw materials have had a detrimental impact on workers' lives and standards of living, particularly those of low wage workers. There has also been a serious impact on farmers and fisher folk.

Another phenomenon in Japan is deteriorating employment security caused by an increasing number of business bankruptcies. We have also seen increasing bankruptcies among small- and medium-sized enterprises because of bank's reluctance to lend or credit withdrawal. In the first half of 2008, bankruptcies increased by 15%. Japanese auto manufacturers have already begun to reduce 20,000 employees.

Zenroren has set up a special struggle committee to break through the crisis, and campaign for employment security, demanding that the government provide support for workers and small businesses through such measures as tax cuts and financial subsidies. International labor union solidarity must be strengthened to control arrogant speculators and strengthen labor protection. (Translation by Keisuke Fuse.)