

Introducing the Japanese worker, the Japanese peasant, and the Japanese press—followed by a first-hand report from the Far Eastern military front.

JAPAN

Inside *and* Out

A FAR EASTERN
SYMPOSIUM

I. THE JAPANESE WORKER

By COLIN CLARK

From the *Manchester Guardian*, Liberal Daily

THE low average rate of wages in Japan—only a fraction of the average-wage rates in Britain or the United States—has long been well known. But in the opinion of some this is largely accounted for, and its competitive effect in the world market largely neutralized, by the low average productivity of the Japanese worker. A few years ago it was stated (incorrectly) that, although wages in the Japanese textile trades were only a quarter of the British wages, yet the average productivity of the Japanese worker was only a quarter of that of the British worker, and as a result the average labor cost per yard of cloth

was much the same in the two countries.

The first part of this statement, about the average wages, is lamentably true. Whether the second part of the statement is true, or how, in fact, the average productivity of the Japanese worker compares with that of the British worker, is one of the most important questions of the day. A great deal of light can be thrown on this problem by the Japanese official factory statistics for 1932 (published in Britain by the Far Eastern Research Institute for Social Problems). There are a few people to whom Japanese statistics are suspect. But statistical

tests of consistency and, indeed, the very candid returns they give of miserable wages and of high profits make it absurd to suppose that these statistics have been doctored for western consumption.

The first difficulty is to get a proper comparison of prices and exchange rates. The Japanese figures relate to 1932, and the corresponding British figures to 1930. There was a heavy fall in world prices between these two years. Moreover, in 1932 the yen began to be depreciated in terms of sterling. In order to get a basis of comparison, the figures for both countries have been expressed in terms of a standard price level—namely, the average of the three pre-slump years 1927–1929. These may be taken as years of normal price relationship between Japan and the rest of the world. The dislocation of Japan's foreign trade and the depreciation of the yen, which followed the great earthquake of 1923, were over by 1926. By 1927–1929 Japan's trade was developing steadily, but her imports were rising as fast as her exports, and this may be taken as our normal period.

To express the Japanese 1932 figures in terms of 1927–1929 prices, an addition of 39 per cent is made, in accordance with the movement of the Japanese wholesale-price index number. (The retail-price index would give almost the same figure.) To the British figures for 1930 an addition of 7 per cent is made, on the basis of the index figure of the average prices of British manufactured exports. The exchange rate in 1927–1929 averaged 10.43 yen to the pound, and this has been used to convert the Japanese figures into sterling.

An interesting by-product to be ob-

tained from these price statistics is a measurement of the undervaluation of the yen and the degree of 'exchange dumping' thereby made possible. Taking 1927–1929 as our normal period, we find that in 1932 Japanese wholesale prices had fallen 28 per cent below it, while British wholesale prices had fallen 26 per cent and export prices 22 per cent. The real value of the yen on its internal purchasing power in Japan had thus actually risen in terms of sterling from 23 pence in 1927–1929 to 24.3 pence in 1932, but its exchange rate was only 19.3 pence, an undervaluation of 21 per cent.

II

For the present day the figures show an even greater undervaluation. The internal purchasing power of the yen, calculated in the same way, is 21 pence, while its exchange rate recently has averaged only 14.2 pence. During the last few months, however, Japan has found her imports seriously rising in cost, and one may hazard a forecast that the depreciation of the yen will not be carried any further, while in the course of a year or two its internal purchasing power will gradually fall to an equilibrium level. Experience shows us that no country has ever obtained a permanent advantage from exchange depreciation.

What are more permanent are the relative levels of wages and productivity in the two countries. The best comparison of productivity is the figure of net output per worker. The net output of an industry is the value added by manufacture to the raw materials purchased and used. The figure for Britain for all factory industries was £236 per worker per annum

at 1927-1929 prices. For Japan the general average, measured at the same prices, was £212. The Japanese worker has already reached 90 per cent of the British productivity with his present working week. If the length of the working week were the same in the two countries his productivity would be 66 per cent of the British.

III

Wages, taking a single average for men, women, and juveniles and measured on the same standard as before, averaged for factory industries in Britain 13.5 pence per hour (51 shillings 4 pence per week, or £130 per annum). In Japan they averaged only 3.8 pence per hour. Taking into account the much longer working week in Japan (averaging some sixty hours even when many mills are on short time) average annual earnings are about £49.

In other words, the Japanese worker for a productivity per hour of 66 per cent of the British level gets a wage only 28 per cent of the British. For a productivity per annum of 90 per cent of the British level he receives an annual wage of 38 per cent of the British wage. In this country 55 per cent of the net output of industry goes to the payment of wages; in Japan only 23 per cent. On top of these advantages the Japanese exporter enjoys an exchange devaluation of more than 30 per cent.

We must conclude that, even at the absurdly low prices at which Japanese goods are being put on the world's markets, very big profits are being made by Japanese industrialists. Of this good indirect evidence comes from the prices of Japanese industrial se-

curities. The following table gives comparative figures for Britain and Japan. In both countries January, 1930, is taken as 100:—

INDEX NUMBERS OF PRICES OF INDUSTRIAL SECURITIES

| | Japan | Britain |
|--------------------|-------|---------|
| January, 1930..... | 100 | 100 |
| January, 1931..... | 68.9 | 77.5 |
| January, 1932..... | 97.1 | 66.1 |
| January, 1933..... | 168.7 | 76.6 |
| January, 1934..... | 215.1 | 95.2 |

There is evidence here of a tremendous increase in industrial profits in Japan during the last few years, starting, too, from a high level in 1930. Probably a large part of these profits, as in the early days of the Industrial Revolution in this country, is being ploughed back into industry and being used for increased capital equipment.

In the textile industries net output per worker per annum in Japan was 70 per cent of the British figure, as against 90 per cent for industry in general. This difference is completely accounted for, however, by short-time working in the Japanese textile mills. In 1932 their average working week was only an hour or two longer than the average week worked in Britain.

The average productivity of the Japanese textile group is much brought down by the silk-spinning industry, which employs over a third of the textile workers and is still largely conducted on hand-manufacture lines. Otherwise Japanese productivity per worker is practically at the British level, with an actual working week scarcely longer than ours.

The more detailed industrial figures are not available for comparison of net outputs per head, but we can compare gross outputs (i.e., inclusive of the

value of raw materials) per worker per annum. In taking the Japanese figures for cotton goods it must be remembered that the Japanese output contains a larger proportion of coarser goods in which the percentage of raw material costs may be higher:—

GROSS OUTPUT OF TEXTILE TRADES
PER WORKER PER ANNUM

| | Japan £ | Britain £ |
|-----------------------|------------|--------------|
| Cotton spinning..... | 495 ... | 440 |
| Cotton weaving..... | 440 ... | 429 |
| Wool and worsted..... | 502 ... | 532 |
| Knitted goods..... | 379 ... | 400 |
| Silk and rayon..... | 217 ... | 406 |

The Japanese textile trades, as is generally known, are the most economically advanced of Japanese industries. Their size, measured by the value of their output, is about two-thirds of the British group, and they employ over half of Japan's factory workers. Nevertheless, they pay by far the worst wages—only 7.5 sen per hour, as against a general average of 11.8 sen and an average wage of 20.8 sen per hour paid in the engineering industry.

IV

Similar discrepancies exist in this country, but on a much smaller scale. At present prices, the average wage paid by industry is 12.6 pence per hour. For textiles the average is 9.5 pence, and for engineering 13.2 pence. Japanese industry is probably suffering from a shortage of skilled labor, and the much wider wage-differential is the result of this shortage. In Britain, on the other hand, education and mechanical knowledge are so much more widely diffused that the differential has become small.

The proportions of the net output going to wages do not vary much:—

| | Japan | Britain |
|---------------------------|--------|---------|
| All industry..... | 23 ... | 55 |
| Textiles..... | 26 ... | 58 |
| Metals and engineering... | 30 ... | 56 |

The following table gives some other industries between which comparison is possible. It must be borne in mind, of course, that in some cases the coarser quality of the Japanese output will raise the raw-material percentage and hence the gross output per head figure; and possibly in one or two cases the price of the output may be artificially raised in the Japanese home market by means of cartels and tariffs. Figures relating to the sugar industry in both countries, for instance, must be excluded. But generally such artificial effects are as likely to be found in the British figures as in the Japanese.

GROSS OUTPUT PER WORKER PER ANNUM

| | Japan £ | Britain £ |
|----------------------|------------|--------------|
| Pig iron..... | 1,308 | 1,317 |
| Foundries..... | 268 | 348 |
| Electrical goods.... | 649 | 488 |
| Shipbuilding..... | 276 | 502 |
| China..... | 173 | 207 |
| Glass..... | 316 | 368 |
| Cement..... | 1,255 | 776 |
| Rubber..... | 312 | 597 |
| Paper..... | 769 | 753 |
| Wood..... | 348 | 438 |
| Printing..... | 451 | 476 |
| Grain milling..... | 6,460 | 2,815 |

It is interesting to see those industries in which Japan can reach or even surpass the British level of productivity. Japan appears to do best in those that require large units of costly equipment, such as pig iron, cement, and grain milling (profiting here no

doubt from the mistakes of her industrial predecessors). But the high productivity of Japan's electrical industry also gives food for thought. The cheap electric bulbs that are sold here are only one of their products. The industry is largely engaged in

electrifying Japanese factories, which use 4,600 kilowatt-hours per employee per annum against the 1,700 kilowatt-hours used in England. The difference in the amount of electricity consumed is particularly striking in the wood, pottery, and glass trades.

II. THE JAPANESE PEASANT

By K. YOSHINO

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IF JAPAN mobilizes against the Soviet Union, if it needs more than the few divisions that are sufficient to deal with the Chinese generals, will the Japanese peasants obey orders cheerfully?

In our village peasants work in the fields from sunrise, not returning until the evening stars appear in the sky. They spend the whole day bent over their labor. Being undernourished even the strongest of them soon weaken, and most of them die in their forties. They have a sun-scorched, dry, dirt-colored skin, deep lines in their faces, thin stomachs with sharply protruding ribs, and blue splotches under their eyes. Their clothes look like sacks. They walk barefoot, as do their wives and children. They are chary of words and mistrust outsiders. Every poor peasant would get drunk if he had the money, but our peasants never have any extra. They earn so little that they can hardly pay the interest on their debts and prepare for the next harvest. They have stopped eating meat and fish and cannot even afford rice. They live on the roots of plants, a little cooked wheat mash, and turnips boiled in salt water.

More than three-fifths of the agrarian population ekes out a hungry existence in this way. Even the middle peasants are content if they can eat rice and some fish. The agricultural-police officials report that the peasants steal the pet animals of well-to-do people in the towns, running the risk of the severe punishments that are meted out for such a crime. The same police reports also state that the number of robberies is increasing day by day and that in many parts of the country peasants are uprooting the trees in the holy royal forests. The children of the poor peasants are undernourished. The prefect of the northern province states that the schoolchildren in his districts look as if they were all suffering from jaundice. They go to school with empty stomachs and collapse unconscious during the recess periods, with the result that numerous schoolmasters have asked permission to give up recess temporarily.

Last year the price of grain dropped steadily. When the Government embarked on its inflationary policy at the end of 1931, grain cost half as much as it did in 1925, whereas other prices had fallen only one-third. Had every-