

Reality of Wages Should be Given a Fresh Look

This year's *shunto* spring wage negotiations are attracting unprecedented attention, with diverse companies proposing large wage increases. What is attracting interest is whether this will result in a virtuous cycle whereby large hikes in base pay including small and medium-sized enterprises spark an increase in consumption from higher wages, boost corporate profits, and generate funds for further wage increases. However, to determine if wage hikes alone are sufficient or whether other measures should be devised, we looked at the wage trends based on the annual data in the *Monthly Labour Survey* released by the Ministry of Health, Labour and Welfare on February 27, from the standpoint that it is necessary to grasp the actual wage and employment conditions.

First, looking at the transition of the scheduled cash earnings index (see Figure 1), which corresponds to base pay excluding overtime pay and bonuses, this increased for the third consecutive year for both general and part-time workers with year-on-year growth rates of 1.6% and 2.5% last year, respectively. However, the Consumer Price Index (total excluding imputed rent), which is used when calculating real wages, rose 3.8% versus the previous year, so as is widely known the growth in real wages was negative. Also, looking at the level of the scheduled cash earnings index, while this is at the highest level in 30 years for both general and part-time workers, the increases versus the levels 30 years prior were just 15.5% and 15.2% respectively (an annual increase rate of approx. 0.5% for both), so the growth has been limited to a small increase.

Further, looking at last year's level for all employment types, the index remained below the 1998 level, which was the highest in the past 30 years (see Figure 1). As background to this, the percentage of part-time

workers—whose scheduled cash earnings level is far below that of general workers—rose greatly from 14.4% to 32.2% over 30 years. In other words, with the outstanding advance of switching to part-time workers, pay to workers overall has been held down.

Next, the wage increase rate of part-time workers exceeded that for general workers for two consecutive years. Nevertheless, their absolute wage level has remained at around 30% of the wages of general workers over the past 30 years. Also, looking at the hourly wages and total actual working hours of part-time workers (see Figure 2), the hourly wages rose to ¥1,279 last year from increases in the minimum wage and the labor shortage. This constitutes a 25.1% increase since the data for 2011 (¥1,022), which is retroactively comparable. On the other hand, the total actual working hours were 79.3 hours per month, and these have declined by 13.6% from 2012 (91.8 hours per month), which was the highest level since 2011. What demands attention here is that the total monthly cash wages of part-time workers rose to ¥104,567 last year (around ¥1.25 million on an annual income basis). This point and the declining trend in total actual working hours suggest that the number of housewives who work part time and limit their employment to below the annual income “wall” of ¥1.3 million for tax purposes may increase further from now on.

In the *shunto* spring wage negotiations, the focus tends to be on the trend of the base pay increase rate for regular employees, but looking at the above-mentioned data, even if base pay were to be increased at a high rate for several years, that alone would not sufficiently improve the stagnant absolute pay level or the employment structure supported by an increase in part-time workers. In that sense, it is important to base our discussions on the fact that part-time workers who

account for more than 30% of workers are no longer a marginal presence. But in reality, it is undeniable that measures which highlight part-time workers tend to be perfunctory and ineffective. This is symbolized by the fact that it is hard to realize the ideal of equal pay for equal work and the lack of progress in promoting motivated part-time workers to regular employees. The existence of the annual income "wall" which restricts employment is also a major problem, and its rectifica-

tion demands a response that is not superficial. Of course, regarding wage hikes as well, the continuation of wage hikes for part-time workers, which exceed those for general workers, should be sought.

It is essential to face up to how the present employment and wage structure has been shaped, and together with wage hikes, to advance in-depth systems reforms and the revision of corporate practices.

Figure 1: Transition of the Scheduled Cash Earnings Index, etc.

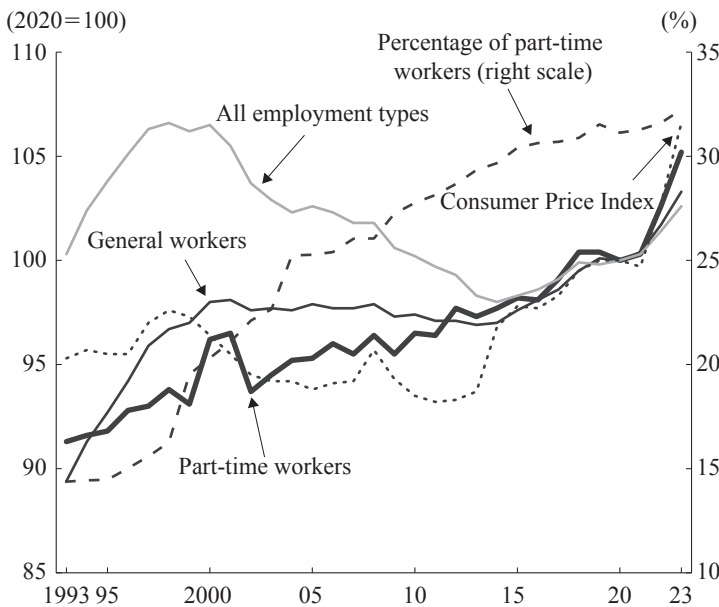
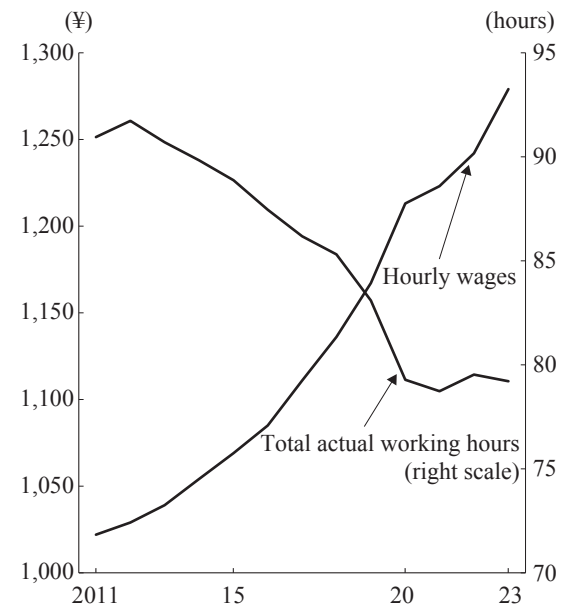


Figure 2: Hourly Wages and Total Actual Working Hours of Part-time Workers



Source: *Final Reports of Monthly Labour Survey for 2023* by Ministry of Health, Labour and Welfare