Postwar Industrial Relations

and the

Origins of Lean Production in Japan

(1945-1973)

By

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Department of History

The University of British Columbia
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Abstract

This thesis examines the evolution of postwar industrial relations in postwar Japan from 1945 to 1973. It analyzes the impact of postwar industrial relations institutions on the origins and development of "lean production" or, as it is otherwise known, the Toyota production system. It uses three case studies, Mitsui Coal’s Miike mine in Kyushu, Suzuki Motors in Hamamatsu, and Moriguchi City Hall as an empirical basis for analysis and constructs a schema of industrial relations institutions that challenges the conventional "three pillars" interpretation (lifetime employment, seniority-based wages, and enterprise unions).

From a historical perspective there were three distinct stages in the evolution of industrial relations. The first, from 1945-1947 was a labour-dominated period during which unions began to develop a distinct factory regime in which they were equal partners with management and could veto layoffs. Employers rejected this regime, however, and led an offensive against the independent union movement. This offensive was relatively successful in weakening labour and overturning the new institutions, but it engendered further antagonism. Thus the 1950s were characterized by instability in labour relations and new institutions had to evolve out of the

From a comparative perspective and in the context of the development of lean production, the author stresses four institutions: tacit and limited job tenure; a performance-based wage system controlled by management; unions with an enterprise (i.e. market) orientation; and joint consultation. These institutions gave Japanese industrial relations their distinctiveness and also help to explain why lean production developed in Japan.

Under the traditional Fordist model, work was broken down into short, repetitive cycles and organized along an assembly line. Employers exerted control by keeping conceptual activities as their mandate and workers were to simply follow instructions. This study found that work itself did not change substantively under lean production but workers participated more in conceptual activities. One of the key reasons for this was that employers in Japan were able to exercise control not only through the division of labour but through the wage system and enterprise unions as well. These mechanisms put discrete limits on the scope of worker innovations. They also limited the benefits workers could expect from the system. Lean production represented a new stage in production, identified as lean, intensified Fordism.
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GLOSSARY

AFL: American Federation of Labor (U.S.).

AJPMUF: All Japan Prefectural and Municipal Union Federation (Zen Nihon Jichi Dantai Rōdō Kumiai or Jichirō).

CIO: Congress of Industrial Organizations (U.S.).

CLRB: Central Labour Relations Board (Chuō Rōdō Iinkai or Churōi).

ICFTU: International Confederation of Free Trade Unions.

ILO: International Labour Organization.

JCL: Japan Confederation of Labour (Dōmei Kaigi and then Dōmei after 1964).

JCU: Japan Coalminers' Union (Nihon Tanko Rodo Kumiai Rengokai or Tanro).

JCP: Japan Communist Party (Nihon Kyōsan Tō).

JFL: Japan Federation of Labour (Dai Nihon Rōdō Sōdōmei or Sōdōmei);

JPC: Japan Productivity Centre (Nihon Seisan Sei Honbu).

JSP: Japan Socialist Party (Nihon Shakai Tō).

JTUC: Japan Trade Union Congress (Zen Nihon Rōdō Kumiai Kaigi or Zenrō).

Keidanren: Federation of Economic Organizations (Nihon Keizai Dantai Renmei).

LRB: Labour Relations Board (Rōdō Iinkai)

MMF: Mitsui Mineworkers' Federation (Mitsui Tankō Rōdō Kumiai Rengōkai or Sankōren).

MSF: Mitsui Staff Federation (Mitsui Tankō Shain Kumiai).

NCTU: National Congress of Industrial Unions (Zen Nihon Sangyō Betsu Rōdō Kumiai Kaigi or Sanbetsu)

NPA: National Personnel Authority (Jinji In)
NRWU: National Railway Workers Union (Kokutetsu Rōdō Kumiai or Kokurō)

Nikkeiren: Nihon Keieisha Dantai Renmei (Japan Federation of Employer Organizations).

OECD: Organization for Economic Co-operation and Development.

SCAP: Supreme Commander of the Allied Powers.

SCUF: Satellite City Union Federation, (Eisei Tōshi Shokuin Rōdō Kumiai Rengō Kai, or Eitōren).

TUC: Trade Union Congress (Britain)

TUL: Trade Union Law (Nihon Rōdō Kumiai Hō)

UAW: United Auto Workers (United States)

WFMCU: Western Federation of Mitsui Coalmine Unions (Nishi Nihon Mitsui Tankō Rōdō Kumiai Rengōkai).

WFTU: World Federation of Trade Unions
Chapter 1

Introduction

I. Issues

This work examines postwar industrial relations and the emergence of a new production model in the 1945-1975 period in Japan. The new production prototype, often referred to as lean or flexible production, Toyotaism or management-by-stress, has become the subject of intense scrutiny and debate as researchers, managers and unions attempt to understand the workings and potential impact of the system. As the diverse names assigned the new production model indicate, no common definition or assessment of the system yet exists. But one thing researchers do agree on is that the new system helped Japan gain an important edge in production quality and efficiency, and on these levels Japan's production regime has replaced the United States as the standard-setter internationally. This has ushered in a new era of learning from Japan, particularly in the fields of industrial relations and production management.

A New Industrial Relations Model?

In 1975, an O.E.C.D. (Organization for Economic Co-operation and Development) mission to Japan concluded that: "Though the Japanese industrial relations system seems remarkably well adapted to the functional needs of a democratic market-economy, the cultural differences between Japan and other industrial countries..."
are such that it is unlikely that any particular feature could be extracted for emulation outside Japan."¹ A Canadian government commissioned report by industrial relations consultant C. Connaghan reached similar conclusions as late as 1982.²

Yet, within the decade, researchers in Canada and abroad began to advocate dramatically contrary conclusions. The 1985 Canadian MacDonald Royal Commission on the Economy concluded: "Commissioners believe there is considerable potential for, and considerable advantages to be gained from, the more widespread use of certain features (such as joint consultation) of the Japanese system in Canada."³ Some researchers in Japan had, at nearly the same time, also noted the change in orientation. As Shimada Haruo put it: "The new focus is on trying to distinguish Japan's own logic of development in industrial relations, with the intent of identifying elements possibly transferable to Western advanced nations. This trend may be described as a 'search for a new general model of industrial relations through Japanese experience.'⁴


⁴. Shimada Haruo, "Japanese Industrial Relations--A New General Model? A Survey of the English-language Literature," in T. Shirai ed., Contemporary Industrial Relations in Japan, (Madison, University of Wisconsin Press, 1983), p. 25. Shimada correctly points out that the change in interpretation is closely related to Japan's economic success and the corresponding decline of the United States. This has implied a decline in what has been hitherto known as the convergence thesis. This thesis, most explicitly developed by Clark Kerr and others, held that as states become modernized the industrial relations systems would become increasingly similar to that of the United States (see G. Bamber & R. Lansbury, "Studying International and Comparative Industrial Relations," Introduction...2
Thus in less than a decade labour relations in Japan jumped from being unique, quaint, and culture-bound to stand as a potential general model--modern, egalitarian, and transferable at the same time! Indeed, the triumph of the New Prometheus--Japan--has had a profound impact on Western perceptions of Japan's social institutions. Is this new interpretation of things Japanese founded on any deeper understanding than earlier perceptions?

**Lean Production: Post-Fordism?**

The trend to emulate Japan extends beyond the sphere of labour relations narrowly defined. More than a decade ago, companies in North America began to introduce quality circles as a panacea for a perceived decline in the rate of productivity improvement. Today, what was once a trend has mushroomed into a full-scale movement to promote production systems developed in Japan's large factories. *Fortune* magazine recently summarized its perception of the advantages to be gained from the "lean/flexible" system and their assessment is reproduced in Figure 1.1.

As the *Fortune* illustration indicates, managers in North America are closely

in their book, *International and Comparative Industrial Relations*, (London, Allen & Unwin, 1987) for details on the origins and transformations in convergence theory. Many researchers have, along with Shimada, breathed a sigh of relief at the decline of the convergence theory. Yet, given Shimada's own conclusions about a 'new general model' one can not escape the nagging feeling that, rather than being a dead letter, the convergence thesis is simply being rerouted towards the new Prometheus.

Many names have been assigned to the model: lean production, innovation-mediated production, management-by-stress, post-Fordism and flexible production are among the most well known.
<table>
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<tr>
<td>Can be profitable making small batches of products</td>
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<td>The product and process form making it are designed concurrently.</td>
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<tr>
<td>The lean inventory turns over fast.</td>
</tr>
<tr>
<td>Suppliers are helped, informed and kept close.</td>
</tr>
<tr>
<td>Engineers search widely for ideas and technology.</td>
</tr>
<tr>
<td>Employees learn several skills, work well in teams.</td>
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<tr>
<td>The company stresses continuous small improvements.</td>
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<td>The customers' orders pull the products through the factory.</td>
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examining the apparent success of Japan's production methods. Academics such as Daniel Roos, director of MIT's prestigious five-year International Motor Vehicle Program, have concluded that lean production will be the wave of the future and that Toyota was the birthplace of this new production model. Others, such as Michael Piore and Charles Sabel, posit that the world is moving towards another industrial revolution based on flexible specialization. The concept of a new mode of

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production has thus inspired futurology of the academic variety but it has also inspired popular versions along the same theme. Consultants such as Tom Peters (*In Search of Excellence*) and Alvin Toffler (*Powershift*) are also clearing the way for a change in production philosophy.8, 9

Support for the concept of a new production paradigm encompasses a diversity seldom seen. Writers in *Fortune Magazine*, for example, have been joined by groups such as the British Communist Party in supporting the new production model.10 Despite interpretive differences, this phalanx of opinion heralds what some contend is a fundamental paradigm shift in production systems to a 'post-Fordist' model.

Central to the post-Fordist thesis is that the Japanese production system, including labour relations, has led us into a new production era. Among the most eloquent and sophisticated advocates of the post-Fordist thesis are Martin Kenney and Richard Florida. They have argued that Japan's innovative production regime "replaces the task fragmentation, functional specialization, mechanization, and assembly-line principles of Fordism with a social organization of production based on work teams, job rotation, learning by doing, flexible production, and integrated production

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complexes."¹¹ Yet, voices of dissent can be detected.

From New Zealand, Katō and Steven launched a scathing critique of the portrayal of Japan as a new stage in capitalist development. According to them, Japanese management represents not a higher form of capitalism but rather more "primitive forms of social control" which they associate with Reaganism and Thatcherism.¹² Others who have criticized the post-Fordist thesis include Dohse, Jurgens & Malsch from Germany; Sheila Rowbotham in Great Britain; Mike Parker and Jane Slaughter in the United States and, most recently, Christian Berggren of Sweden.¹³

Kenney and Florida's latest work, Beyond Mass Production, represents the most thorough and sophisticated articulation of the post-Fordist thesis. They have now dubbed the new production paradigm "innovation-mediated production" which, according to the authors, will define "the future of the advanced capitalist world."¹⁴ Although most of their latest volume examines the transfer and diffusion of the new model, it does contain a substantive chapter that examines the genesis of the system in


Japan.

In *Beyond Mass Production* (Chapter 2, "Beyond Fordism"), the authors have made an effort to provide a historical perspective that links industrial relations to production management:

This chapter outlines such a theory [the dynamics of Japanese capitalism] by exploring the origins, historical determinants, and evolution of innovation-mediated production in Japan. The basic contours of the argument are as follows. The rise of innovation-mediated production in Japan was tied in large measure to the specific constellation of political and economic forces acting on Japan in the immediate postwar years. During this crucial period, intense industrial unrest at the point of production, popular struggle, and class conflict unleashed a set of forces that altered the balance of class power or "class accord," produced a distinct pattern of capital-labor accommodation, and resulted in a dramatic restructuring of work and production organization.15

Key in this early period were the struggles for production control (1946-47) which, according to Kenney and Florida, "essentially, established the roots of the Japanese system of team-based work organization."16 The authors recognize that the early 'labourist' period was superseded by a managerial offensive in 1949, but they contend that "many of the characteristics now interpreted as indicating capital’s control of labor were initially labor demands. Like the postwar accords of the United States and Western European countries, only later were these demands integrated into the logic of capitalist accumulation."17 This postwar accommodation was reflected in the new system of industrial relations that "revolved around guaranteed long-term

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16. Ibid., p. 28.
employment, a seniority-based wage system, and enterprise unionism for the core of the labor force."

I share Kennedy and Florida’s assessment of Japan’s importance and in attempting to present a cohesive portrait of the origins of the system, a portrait that takes into account workers and their struggles, they have provided a thoughtful and reasoned interpretation. It is an interpretation, however, which I do not entirely share. In their effort to portray the new production paradigm as the result of a special accommodation between labour and management, Kenney and Florida are obliged to distort the dynamics of postwar conflict in Japan, and end up relying on what I consider a caricature of the industrial relations system, the alleged three pillars of job tenure, seniority based wages and enterprise unions, to justify their views. On the other hand, Kenney and Florida quite rightly point out that critical studies can easily fall into the trap of portraying Japan’s development as a return to the despotism of coercive capitalism, or of dwelling on the theme of super-exploitation.

The extreme polarization in the debate represents a general difficulty in coming to terms with what I call the paradox of Japan’s production politics: On one level, workers are very much involved in production, work in teams, and rotate jobs; yet, on another level the system maintains a strong bias towards mass production and exploitation. This study acknowledges that both aspects did develop as integral parts of the system and attempts to explore the paradox, not dismiss it.

The research from this study reveals that, indeed, one of the main features of the industrial relations system that evolved in postwar Japan was the extensive control...
employers enjoyed over work and workers. This control has never gone unchallenged and some unions succeeded in modifying the system. They were a minority. In general, the postwar compromise on the level of the shop floor ended up a lop-sided affair with employers enjoying extensive control. This control did not, however, lead to the despotic regimes of early capitalism, although during the 1950s there was that tendency. Instead, the regime evolved into a variant of a Fordist system, similar in its high productivity-high wage formula to Fordist regimes in other countries but with some additional attributes.

However, Japan’s production system retained the stamp of extensive employer control and the hegemonic regime that developed was unique in that it allowed for extensive employee involvement without altering the norms of Fordist production. Instead, the regime shaped the input that workers had in production matters and, I will argue, it undermined workers’ ability to articulate their own independent agenda for the workplace and this, in the end, diminished labour’s capacity to extract the benefits one might have expected from such an efficient system. Thus Japan’s contemporary factory regime could not break with Fordism, and in the automobile industry at least, the assembly line, repetitive and routine jobs, and standardization remained at the heart of the production process. But it was a dynamic system, one that continually renewed itself in response to competitive pressures. I refer to this dynamic system as lean, intensified Fordism and it represents a higher stage in the evolution of capitalist productivity, one that must be studied, and learned from. To do so, however, requires that we return to the origins of lean production, that we

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come to terms with the paradox of Japan's production politics by re-examining the historical relationship between industrial relations and production norms as they evolved in postwar Japan.

II. The Ubiquitous Three Pillars

Contemporary fascination with production in Japan, spreading as rapidly as Japan's automobile assembly plants have moved abroad, has unfortunately tended toward the superficial and the short-sighted. Although there is a new appreciation of Japan's economic strength, our perception of the reasons for that strength remains based on old interpretations. Nowhere is this more true than in the field of industrial relations. The conventional "three pillars" interpretation of Japan's labour-management relations, adopted in a modified form by Kenney and Florida, has tended to perpetuate a stereotype of workers in Japan as loyal employees bound to the company through paternalistic employment practices of cradle-to-grave employment, wages that increase with seniority, and unions that are focused on the enterprise. Although not entirely lacking in substance, this portrait of industrial relations in Japan is more caricature than real. Furthermore, as a generalization it leaves little room for digression. The three pillars typology, in the end, prevents us from exploring the intricate web of Japan's work life and, when integrated as part of the new production model, promotes a vision for workers that, from a comparative perspective, cannot be justified. It is understandable that policy analysts and overseas commentators, when looking to understand the new factory order, would quickly refer to the three
pillars theory of Japan’s industrial relations. That the system is supposedly structured around the three pillars of lifetime employment, seniority-based wages and enterprise unionism has become conventional wisdom. For the past thirty years, it has been offered up as standard fare with few exceptions. And, as we shall see, even recent historiography has been unable to break the iron mould of the three pillars.

James Abegglen was among the first of many scholars and industrial relations specialists to elaborate the three pillars interpretation of Japan’s industrial relations. In his 1958 classic, The Japanese Factory, he postulated that jobs were permanent and that wages were based on seniority. Japanese employers themselves began to promote a similar interpretation to Abegglen. In 1963, Sakurada Takeshi, representing Nikkeiren (Federation of Employer Organizations), used the Japanese term "three golden treasures" to describe the main features of the labour relations system. Since the 1960s, citing the three pillars has become de rigueur for any account of labour relations. Astonishingly, adherence to these features transcends phases of interpretations, academic fields and even the political spectrum. Whether OECD reports or leftish journals in the United States, the three pillars apparently provides support for every interpretive bent.

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19. In Shimada's literature survey he posits that the three pillars terminology is derived from the Japanese term 'three golden treasures'. This is analogous to the three treasures (jewels, a mirror, and a sword) bestowed upon the gods Izanami and Izanagi according to folk legend. Sakurada Takeshi used the same terms in reference to lifetime employment, seniority-based wages and enterprise unionism. On the left, see David Levine's article "Japan's Other Export" in Dollars and Sense, (September, 1990), pp. 17-24.
Of all the works in English based on the three pillars interpretation none has been more influential than that of Ronald Dore, the eminent British sociologist. In his classic work, *British Factory-Japanese Factory*, Dore offered the most sophisticated schema of the three pillars theory as well as a treatise on Japan's labour relations history. He hypothesized that, in the prewar period, Japan's employers possessed a dual character--on the one hand they, like their counterparts in other countries, had a fundamental interest in the market (profits, expansion and efficiency) but that this was blended with Confucian benevolence which gave rise to the prewar "firm as extended family" pattern of industrial organization. Under this construction employers, although authoritarian, were paternalistic, according their employees certain welfare benefits, periodic bonuses, and so forth. Furthermore, employers were convinced of the necessity of working with unions from 1922 on, and were able to shape union-management relations before unions became too strong. Thus Japan, according to this cultural interpretation, was able to avoid the fate of Britain where the early and drawn out process led to acute class conflicts and "the antique inflexibility of her trade union institutions."  

In the postwar period, according to Dore, Japan underwent a social-democratic revolution immediately after the war and employers unquestionably accepted unions and abolished the statuses between staff and manual workers. This gave rise to the postwar "enterprise-as-community" pattern of industrial relations based on the three pillars of lifetime employment, seniority wages and enterprise unionism. As a

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consequence of this "late development" syndrome, industrial relations in Japan have
leapfrogged ahead of Britain on the road to "democratic corporatism."

If anything, Dore's recent publications, Flexible Rigidities (Athlone Press, 1986), and Taking Japan Seriously (Stanford University Press, 1987) reinforce his initial contentions and constitute aggressive advocacy of the Japanese model as he interprets it.21 Due to Japan's Confucian roots, according to Dore, the 'firm-as-community' has given employees an equal if not superior footing with managers and shareholders, enterprise proceeds are fairly divided and decision-making is from the bottom up. In comparative terms, Dore associates his 'firm-as-community' model with Swedish social-democratic institutions and sees in it the future direction of international worklife.22 Although not couched in the same terms, Dore in fact projects a post-Fordist vision of Japan similar to that espoused by Kenney and Florida.

To be fair, in the past decade a number of scholars haven taken issue with the three pillars paradigm or at least cautioned us about its limits. Koike, for example, has directly challenged the concept of permanent employment.23 And, in an extensive survey of English-language literature on Japan's industrial relations,

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21. The full title of Dore's most recent work is Taking Japan Seriously, A Confucian Perspective on Leading Economic Issues (emphasis added)! Dore explicitly re-affirms his adherence to the three pillars paradigm on page 9.

22. Dore's works represent only the sophisticated cutting edge to what has become a deluge of materials that advocate Japanese-style institutions be it in production systems, education or labour relations.

Shimada warned that the three pillars stereotype "tends to overshadow facts that do not conform with it and to discourage alternative interpretations."24 Yet Shimada himself seems to forget his own admonitions when it comes to dealing with one of the pillars, so-called 'enterprise unions.'

For Japanese workers the enterprise union was the only, and most natural, form of organization because their basic common interest as industrial workers had been formulated within an individual enterprise.25

Not only does he continue to uphold the validity of the enterprise union model, he has assailed any critique of enterprise unions:

An interesting example is Galenson (1976). He analyzed the operation of the Japanese labour market and industrial relations system and concluded in effect, that Japanese unions have not generated the strength necessary to represent workers' demands properly or to protect their interests, and that they have failed to secure the workers' due share of the gains from economic growth. A view of this kind apparently assumes that American or Anglo-Saxon trade unionism is almost the sole ideal type and dismisses some differing but important attributes that make Japanese-type unions effective.26

This vicious cycle of pointing out limits only to reinforce them illustrates the underlying persistence of the three pillars typology, not to mention the nationalist pitfalls of comparing and evaluating differing labour relations institutions. Even Andrew Gordon, despite the historical insights in his book, The Evolution of Labour

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Relations in Japan, accepted the three pillars framework, thereby weakening his work’s potential significance. Nevertheless, Gordon’s study constituted a benchmark in English-language scholarship on Japan’s labour history and deserves further comment. Furthermore, Kenney and Florida base much of their analysis of Japan’s industrial relations on Gordon.27

Gordon’s study attempted to discover the nature and origins of industrial relations patterns in Japan through case studies of a number of firms in heavy industry. Its tremendous strength is derived from the fact it traced patterns of industrial relations at these firms over the course of a whole century; it emphasized the role of workers’ struggles in shaping the labour-management relationship; and it refused to be bound by convergence theories. Gordon concluded that there were many aspects of continuity in industrial relations institutions (the bonus system for example) from the pre to the postwar period. He also posited that for men in large enterprises, "the postwar settlement emerges as a far-reaching transformation of the labour relationship."28 Male workers in large enterprises were finally given ‘membership’ into the enterprise community and given the benefits of the three pillars. However, he cautions against attributing too much importance to, or pitting conflict against, culture. Both workers and managers manipulated culture to promote...

27. Andrew Gordon, The Evolution of Labor Relations in Japan: Heavy Industry, 1853-1955, (Cambridge, Harvard University Press, 1985). Kenney and Florida base their interpretation of postwar labour relations in Japan on Gordon although it is not clear if Gordon agrees with the particular spin they have given his study. See their acknowledgment in Beyond Mass Production, p. 27.

their own interests.

Gordon's study had its own specific framework and its limitations. For example, his conclusion that the postwar settlement represented a significant transformation of labour relations was specifically relative to the pre-war and wartime regimes. He also concluded that:

Workers did become part of the organization to a far greater extent than before or during World War II. Although managers rejected their program of control, participation, contractually secure jobs, and explicit livelihood wages, they conceded the status of 'employee,' the respect and security of a monthly wage, and the right to use all facilities to an expanding pool of workers. And they worked out an implicit system of job security and livelihood wages acceptable to most employees. From the perspective of the late twentieth century, this may look like a cheap set of concessions, largely symbolic, often imposed from above, and actually in management interest. But remember how different the situation had been in the 1930s and during the war.29

In other words, Gordon’s conclusions were strictly in relationship to Japan’s domestic evolution. Today, when Japan’s industrial relations and production processes are being cast as a potential model for other countries, such conclusions must be re-assessed from a comparative perspective. In such a light, the weakness of the three pillars theory as a framework of analysis becomes much more apparent.

Although he adopted the three pillars analogy, Gordon, writing a decade ago, was also aware of the potential risks associated with invoking such a typology. Regarding jobs, for example, Gordon concluded that the term permanent employment

or lifetime jobs was misleading. He also acknowledged that wages were contingent on much more than seniority. Yet despite these qualifications he continued to accept the designation of the wage system as seniority-based. Furthermore, Gordon never seriously explored the enterprise union pillar, and by equating enterprise unions with "company unions," perpetuated confusion. The greatest limitation of his work as a basis for understanding postwar Japan, however, is that he really examined postwar developments only in a single chapter. His exclusive emphasis on emphasis on heavy industry also narrowed the scope of his postwar investigation. And the idea that Japan's industrial relations system consolidated between "the late 1940s and the mid-1950s...to endure relatively unchanged for at least three decades," obliges Gordon to omit such institutions as annual bargaining from his narrative and undermined the construction of an appropriate periodization for the postwar era.

The present study, however, challenges the three pillars interpretation of Japan's industrial relations as well as Kenney and Florida's general post-Fordist thesis. Where they stress continuity between the early labour triumphs and the post-1949 period, I found discontinuity and qualitative changes, particularly in the nature of the wage system, union orientation, and union input over job levels. In fact, in defining the contours of postwar industrial relations, this study will fundamentally challenge the conventional wisdom about Japan's industrial relations. It will argue that not only does the three pillar interpretation have limited scope (most

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31. Ibid., p. 3.
commentators now acknowledge that employees enjoying permanent employment status represent less than 30 percent of the work force), but even within the limited confines of large enterprises the three pillars was and remains an inaccurate and inadequate description of the institutions of employer-employee relations.

In re-exploring the history of postwar labour relations, it became clear that the dominant pattern of industrial relations in Japan reflected greater employer domination and, consequentially, greater market influence in shaping workplace values than in other industrialized countries. This was the result of labour’s defeat in intense class struggle in the early postwar period, a defeat which led not to an accommodation of labour’s demands but in fact to their reversal and to long term weakening of labour’s ability to shape the Fordist compromise that later emerged in the 1950s and 1960s. To be sure, some of the features of the later accommodation, such as joint consultation committees, harkened back to the management councils of the 1946-1948 period in which labour had representative equity and exercised a right to veto layoffs. But joint consultation committees were a pale imitation of the former management councils, and given the overall relation of forces between labour and management, did not resemble, for example, the forms of co-determination that emerged in continental Europe in the postwar period.

Instead, the system of industrial relations that emerged reflected the impact of this strong employer influence and undermined workers’ capacity to remove their employment conditions from the competitive market and employer control. Taking one specific area as example, wage determination in Japan’s workplaces became
subject to employer control through an extensive system of regular personnel
evaluations. In other words, instead of wages being calculated on the basis of strict
objective criteria (age or accumulated service or jobs) they became the subject of
unilateral management evaluation of a worker's worth. Other researchers, including
Gordon and Dore, have noted this point, but few have stressed how widespread this
procedure had become and even fewer have understood or analyzed the fundamental
implications of this type of wage determination. Instead we have been indulged with
the constant refrain of the "seniority-based" character of the wage system in Japan.

The ability of employers to manipulate the industrial relations environment to
their advantage gave them some important advantages in maximizing capital
accumulation. I will argue that Japan's Fordism, while allowing for higher wages,
achieved its rapid development partially through a degree of exploitation of labour
greater than in other industrialized countries. As a result of extensive control in the
work place, employers were able to use labour more flexibly than in automobile
plants in North America. But this approach also exacted a harsh toll from the labour
force.

Furthermore, because the industrial relations environment differed from, for
example, that of the United States or Canada, the types of organizational innovations
that occurred in the automobile industry displayed important variations from Fordist
norms in the U.S. I will argue, however, that these variations did not provoke a
fundamental break with Fordist norms of work organization. Instead, what evolved in
the automobile industry at least, was a leaner, more intense version of Fordism. That
the system was more efficient is recognized. That some of the changes were positive and have opened up room for progressive reform is also within the realm of discussion. What is rejected, however, is the proposition that the new production model, whether we dub it "lean," "innovation-mediated," or "post-Fordist" represented a qualitative step forward for labour.

The current debate about the new production paradigm is complex and the lack of a rigorous theoretical approach has compounded the problem. In particular, issues such as the articulation between forms of work organization and specific features of industrial relations, and defining what terms like "Fordism" actually mean, demand clarification.

III. History: Critical and Comparative Approaches

To move beyond the three pillars stereotype, to provide some depth to our understanding of work in Japan, we need to develop a more comprehensive understanding of the postwar history of labour-management relations. Furthermore, it will be helpful to take advantage of recent theoretical insights into labour process and industrial relations under capitalism. And, although this study is not, strictly speaking, a comparative study of two or three countries, it is still necessary to ground the discussion with an explicit, comparative reference point in order to avoid inappropriate assumptions.

The contemporary themes and debates introduced above have shaped the issues...
addressed in this study. But first and foremost this is a historical study of labour relations as they evolved at the point of production. Earlier research into the coal industry in Japan acquainted me with the Miike coalminers in Kyushu and their momentous fight for survival that galvanized the whole country in 1960. The relative absence of strike activity in the post-1960 era, it seemed, was a recent development. I became convinced that no account of contemporary labour-management relations was worth its salt, if it could not document and analyze the role workers and unions played in the postwar period and if it could not explain the tremendous labour-management conflicts that marked the 1945-1960 period.

This, then, is a historical study of industrial relations and production management in the 1945-1973 period. This particular period was chosen because, despite important continuities between the pre- and postwar period, defeat in W.W. II and the American occupation marked the beginning of a new era for Japan in economic, social and political terms. The cutoff is about 1973-75. By this time, Japan had put its own stamp on its development and many of the contemporary features of industrial relations and production management were installed. Furthermore, the 1973-1974 oil crisis marked an important socio-economic watershed which deserves special treatment that this study could not hope to accomplish. Finally, twenty years seemed a minimum of distance necessary to obtain some historical purchase on the often slippery slopes of socio-economic analysis.

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A Crisis of Theory

It is one thing to use history to challenge current assumptions; it is quite another thing, however, to overcome them. I suspect that one of the reasons why the three pillars typology persists, despite numerous recent qualifications and challenges, is because, put simply, there has not been an adequate theoretical framework to construct an alternative, coherent analysis. And so we in the English-speaking world have, for the most part, been left to debate Japan's institutions from the outmoded or limited perspectives of convergence theories, late development, or strategic choice, among others. That a radical framework of analysis has been, until recently, next to non-existent in the English literature on Japan will hardly come as a surprise. And even where it has developed, the radical perspective has not been without its problems.

Braverman did resuscitate an interest in radical analysis of labour process. His work has achieved classic status and inspired sustained research in the specific area of labour process. Unfortunately the same cannot be said for the arena of industrial relations. The Marxist tradition has until recently failed to articulate a cohesive theory that speaks directly to the issue of "industrial relations." In some cases this has gone to the point of even questioning the plausibility of industrial relations as a specific field:

32. For an overview of these perspectives see Chapter 1 of Greg Bamber & Russell Lansbury, *International and Comparative Industrial Relations*, (Sidney, Allen & Unwin, 1987), pp. 3-29.

To argue thus would be to accept the theoretical coherence of 'industrial relations' as an area of analysis: to endorse the material and theoretical autonomy of institutionalized management-union relations. For the same reason, any search for a radical redefinition of 'industrial relations' must be self-defeating.\textsuperscript{34}

This narrow Marxist approach has perpetuated a dichotomy between labour process and industrial relations theory. Marxists study labour process or political economy, academics study industrial relations. Fortunately, the abyss is beginning to disappear as capital globalization stimulates international and comparative studies. These, in turn, are forcing Marxism into the twentieth century. This study suggests that one part of that transition will consist of redefining what is labour process. It is not simply the study of the division of labour, that is, how work is organized.

Regulation theory developed in France, and Burawoy’s theory of production regimes are two key elements that have helped to resuscitate a constructive Marxist critique of capitalist development and can help us better comprehend the dynamics of the labour process.\textsuperscript{35} They constitute the theoretical heart of this thesis. The former has provided a Marxist economic analysis that, by challenging traditional Keynesian economic theory, permits a deeper understanding of Fordism, that is, the regimes of


intensive capital accumulation and the mechanisms that govern them. Burawoy, on the other hand, posited a theory of "relations in production." These relations arise not only from the nature of work organization but also from class conflict and compromise which gives shape to specific production regimes on a sectoral and national scale.

The combination of these two strains in Marxist theory permits, indeed demands, a perspective that embraces both convergence and divergence in understanding capitalist development on an international scale. They will help us understand how industrial relations in postwar Japan facilitated the innovations in production process, yet did so without empowering Japan's workers. To fully understand Japan's system, however, we must first backtrack and, using the insights of theory, explore the origins and mechanics of Fordism as it initially developed.

**Fordism as Labour Process**

The decline of industrial America and the surge of Japanese investment in the form of automobile transplants erected in North America have heightened interest in the study of production management and work organization. The *pierre de touche* in this discussion has been the production system that Henry Ford introduced into his operations with the Model T in 1908-1913. These changes culminated with the introduction of the chassis assembly line production at Ford's Highland Park plant in...
1914. Most commentators today agree that the Ford system was, in its embryonic form, the prototype of modern mass production. It was based upon "deskilling, but also product standardization, the use of interchangeable parts, mechanization, a moving assembly line, and high wages." This latter quote, in fact, represents what we might call the popular or functional definition of Fordism.

What had happened in the automobile industry, in fact, was a revolution in the organization of work based on the capitalist imperatives for ever-increasing efficiency and a technical revolution in steel manufacturing. The development of high grade steel and Ford's insistence on using standard gauges created the possibility for the standardization and interchangeability of parts. Ford's managers used these developments to push the division of labour. According to Ford, time study of the work process revealed, for example, that assembly of pistons and rods for engines with one worker doing the whole process required nine hours of which fours hours were consumed in walking to fetch or move parts. The work was reorganized so that: "Instead of one man performing the whole operation, one man then performed only one-third of the operation--he performed only as much as he could do without shifting his feet." In 1908, just prior to the introduction of the Model T, the average fitter's cycle time--the time between repetition of the same operation--was

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514 minutes. Under the new system, however, Ford re-organized the production process so that workers narrowed their job content into short, repetitive operations until the cycle time was reduced to 2.3 minutes in August, 1913 just prior to the introduction of the assembly line.

The nominal productivity increases were impressive and the new division of labour required Ford to hire thousands of new workers. Realizing the potential productivity gains was not so easy. Co-ordinating production to capture the economies of scale was not easy. Furthermore, the intense pace and routinization of work created new bottlenecks as automobile workers demonstrated their resistance with their feet. Absenteeism and turnover at Ford reached astronomic levels. To address this issue, the automaker introduced in 1914 the five dollar day, a profit sharing/bonus scheme that effectively doubled wages for semi-skilled workers. The only hitch was that Ford workers had to agree to submit to an investigation by Ford’s sociological department. This group conducted home visits to ascertain the moral character of employees. This paternalistic regime only lasted until 1920 at which time the sociological department was dissolved and Ford instead combined the carrot, a year-end bonus system based on skill and length of service, with the proverbial stick—a network of spies to report on slackers and union organizers. A point seldom emphasized, however, is that Ford’s wage system had for the most part...

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41. Ibid., p. 197.
abolished any form of individual or collective production bonus or incentive payment that was tied to overall output. Instead wages were paid on a straight time basis with some adjustment for skill that was incorporated into the wage scale through a classification system tied to specific jobs.42

Ford’s production system was a prototype, and short cycle times, repetitive job routines and detailed operations charts dictated by management and the industrial engineer became legion in the U.S. automobile industry. Little has changed since. Meyer, for example, documented the changes in the Fordist regime within the U.S. auto industry after 1920.43 The two major changes he points to were the introduction of flexible specialization allowing for annual model changes under G.M.’s president, Alfred Sloan, as early as the 1920s, and the advent of extensive automation in the postwar period prompted by union institutionalization of high wages and influence over job assignments. Despite these innovations, Meyers concluded that "Fordism remained a managerial strategy for the control of workers and the reduction of labour costs." For workers, this resulted in a "diluted skills, intensified work, and eliminated possible jobs."44

The Fordist norm for work organization, the type of repetitive and routinized work that developed in the automobile industry was a classic example of what became

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known as "Taylorism." At the same time as Ford was introducing the new form of work organization at Highland Park, others were conducting time and motion studies of the work process in sectors outside the automobile industry. The most famous of these consultants was Frederick Taylor.45

Frederick Taylor and his associates Henry Gantt, Carl Barth and Horace Hathaway were active in the American Society of Mechanical Engineers at the turn of the century. They began to do contract work for employers, scrutinizing the work process of both craft workers and labourers and submitting them to rigorous standards of efficiency.46 The movement grew in scope and in 1911 Taylor and his many associates founded the Society to Promote the Science of Management (renamed the Taylor Society in 1915 upon Taylor’s death). The growth of Taylorism and 'scientific management' signified the elevation of the study of the labour process to a separate discipline in order for employers to gain complete control over how work was organized and to maximize efficiency through exact instruction of detail work.

To be sure, as Braverman indicated in his seminal study of labour process, the long term impact was to reduce the control and power of the craft worker. The continuous redivision of labour in the early 20th century had tremendous reper-

45. Taylor himself acknowledged that Ford developed the repetitive and restricted work procedures independently of Taylor when he congratulated 600 Detroit automobile industry managers for being the "first to install the principles of scientific management without the aid of experts." Stephen Meyer III, The Five Dollar Day: Labor Management and Social Control in the Ford Motor Company, 1908-1921, p. 20.

46. For a mainstream account of Taylor's experiments see Daniel Nelson, Frederick W. Taylor and the Rise of Scientific Management (Madison, University of Wisconsin Press, 1980).
cussions on the composition of work skills. Non craft workers began to predominate in assembly operations and, as David Montgomery points out: "Skilled workers in large enterprises did not disappear, but most of them ceased to be production workers. Their tasks became ancillary--setup, troubleshooting, toolmaking, model making---while the actual production was increasingly carried out by specialized operatives." Clearly, Taylorism and scientific movement had a profound impact on the organization of work, particularly in mass production industries. But for a number of reasons its influence remained partial.

For one thing, Taylorism provoked organized resistance from many union workers. Moulders at the Watertown Arsenals walked out in protest of Taylor's experiments and prompted a congressional investigation of Taylorism. Congress in fact prohibited time studies in government arsenals and navy yards in 1915! The scale and nature of the production process varied according to product and size of mill; this left some room for the skilled worker and restricted the ability of managers to exert control through work organization. Productivity growth called forth huge increases in the number of workers in certain crafts. Furthermore, the redivision of labour also created new forms of crafts and skills over which management had only partial control. And as movements, Taylorism and scientific management...
themselves went through important transformations, particularly after Taylor’s death. Despite these limits, many aspects of scientific management persisted mainly in the modern guise of industrial engineering. Its symbols were, and continue to be, the stop watch, time-and-motion studies, and the detailed operations chart which remained prevalent especially in the automobile industry.

The relevance of this discussion to the work at hand is twofold. First, a number of Japanese industrial engineers such as Ishikawa Kaoru contend that Japanese employers did not adopt Taylorist work methods. As well, a number of Western scholars, such as Kenney and Florida, assert that the Toyota production system (lean production) has broken with the Fordist labour process and reached a new level of post-Fordist development. The evidence from this historical review of labour process in the automobile industry (summarized in Chapter 6) indicates that, up to 1975 at least, Taylorist forms of work organization were alive and well in the automobile industry, as was assembly line production. We discovered, however, significant differences between Fordism as it evolved in Japan and in the United States but none that would lead us to qualify the Toyota system as post-Fordist. The variations, including flexible production and extensive employee involvement through quality circles, were significant and can be attributed to a number of factors. Early postwar standards of skill (handicraft equals best, operative equals worst) which can easily be interpreted to mean that the goal of even modern labour is craft production methods.

circumstances in Japan did not allow for the direct application of mass production techniques as they were being used in U.S. automobile plants, for example. Small batches had to be integrated into a continuous flow process. Furthermore, while employers were enamoured with the mass production system and Taylorism, they did not necessarily embrace the industrial relations practices (the wage system, job descriptions, and so forth) that had evolved under the influence of the U.S. union movement. They were therefore able to use labour more flexibly. As these examples partially illustrate, understanding the distinction between work organization and industrial relations and, at the same time, their inter-relationship is crucial for understanding convergence and diversity in Fordism as it evolved in Japan and other parts of the world.

Fordism and Regulation Theory

French Marxists Michel Aglietta and Alain Lipietz went beyond a functional description of Fordism to articulate a general theory of capitalist regulation based on a historical assessment of the U.S. experience. They made the following points:

1) Fordism embraced and went beyond Taylorism through the use of the semi-automatic assembly line which became a core component of the new labour process. It created a new benchmark for continuous flow operations that required, in the automobile industry at least, the standardized, repetitive cycle of movements over which labour had almost no control;
2) the resulting productivity increases articulated a new relationship between process of production and mode of consumption. In other words, Fordism both created and demanded the development of mass consumption but employers' short-term perspective (anti-labour bias) prevented the establishment of the mass consumption norm until after the depression;

3) the articulation of an independent labour agenda through unions and political parties demanded a new form of relationship between capital and labour. This new relationship was hegemonic, that is, based on the consent of labour to the continuing existence of the regime in return for an independent voice at the workplace.

4) the necessity of mass consumption and stable labour-capitalist relations gave rise to the Fordist state that, to one degree or another, regulated industrial development, socialized a part of the expense of reproducing labour power (through social insurance, schooling, health care and so forth), and created a framework for hegemonic labour-capital relations.

5) in economic terms, mass consumption created a balance between the producer goods and consumer goods sections of the economy (heavy and light industry) and facilitated the passage of capitalist accumulation from an extensive phase (extension of working hours) to an intensive one (accelerated labour process dependent on ever-increasing investment in fixed assets);

6) problems in the labour process remained, including balancing the assembly line (standardizing each work routine to a specified period), negative effects of Introduction...32
routinized work and speed-ups on the labour force, and the potential dangers of creating a workforce with a shared experience.

**Figure 1.2: Regulation Theory and Fordism**

**Fordist labour process:**
- a) parts and products are standardized;
- b) job routines are broken down into routinized cycles;
- c) the assembly line institutionalizes and extends the Fordist labour process;
- d) management retains control over the labour process although control may be restricted by the nature of labour-management relations;
- e) automation is perceived as the main means of improving productivity and reducing labour costs.

**Fordism’s social dimensions:**
- f) mass consumption as a requisite norm;
- g) socialization to some degree of the reproduction of labour power;
- h) a social contract of some sort between organized labour and management that embraces the essentials of Fordism.

**Fordist economic dynamics:**
- i) a relative balance between the producer and consumer sectors of the economy;
- j) a general if segmented increase in wages that is maintained through regular salary increases for organized labour.

Regulation theory offers significant advantages as a labour-based, inclusive and comprehensive framework for understanding capitalist development. It affords the antagonistic wage relationship between labour and capital a centrality which is denied by conventional social sciences and is at times ignored by some state-oriented Marxists. By describing it as inclusive, I mean it acknowledges that labour, employers and the state were all key players in elaborating the specific regulatory mechanisms necessary for capital accumulation. For example, it correctly identifies the historical role of labour’s struggle for a shorter work week as a key determinant in pushing employers to find alternative means of accumulation through extension of...
the division of labour and mechanization.

Regulation theory also illuminates the complex nature of capital accumulation. The locus of regulation can be found not only in the labour process or in the state but also in the modalities that link production and consumption, in the ways in which labour and capital interact at various stages of the valorization of capital. In other words, it allows for the integration of politics and economics at every level.

Regulation theory also adopts the Gramscian notion of hegemony, that is that capitalist control can no longer be exercised by authoritarian means alone and that some sort of deal must be worked out between labour and capital. In other words, wage workers, through their union or shop representatives, must accept many facets of an oppressive industrial order in return for some say over the terms of employment and working conditions. Labour’s concessions and influence are often contained in work rules or collective agreements. Thus, while struggling against exploitation, labour also consents to it, but this consent is derived from a coercive economic system based on private ownership of the means of production. As we shall see, Japan also passed into the Fordist phase of capital accumulation but this did not occur until the 1960s.

Although not always conducted under the rubric of regulation theory, the study of national variations in Fordist regulatory mechanisms has become the focus of an increasing number of studies. Charlotte Yates and Nelson Lichtenstein have helped establish one important point of demarcation in Fordist regimes through their

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respective studies of labour in Canada and the United States.\textsuperscript{51} Their work illuminates how Canada and the United States were unable to pursue the social-democratic route that culminated in the corporatist mediation (labour/business/state) that became the hallmark of Fordism in Sweden, for example. Yates terms this non-corporatist model a "liberal-pluralist" form of regulation in which the regulatory mechanisms are integrated into and diluted by the private market and not universalized by public control through the state. Such insights are suggestive and can help to explain the particular form of Japan's Fordism. They are related to the attempts by Michael Burawoy to develop a theory of production regimes.

\textbf{Burawoy and the Politics of Production}

Regulation theory has directed our attention to the universal aspects of Fordism as an intensive regime of accumulation which demands the creation of the regulatory state. Burawoy on the other hand directs us to examine the variations in the nature of production regimes as they are reproduced at the workplace.

Burawoy begins his thesis by refuting Braverman's proposal that the fundamental aspect of capitalism is its control of the labour process through the division of labour and the concomitant division of conception from execution. While upholding the classic status of Braverman's work as critique, he contends that it cannot stand as a framework for analysis. Braverman misses the essence of capitalist control because

his framework remains within capitalism: "By contrast, Braverman takes his
standpoint from within capitalism, alongside the craft worker--the embodiment of the
unity of conception and execution."\textsuperscript{52} Braverman also fails to capture a relative
notion of capitalist control because he does not articulate a potential alternative model
of worker control. Socialism "is deduced for Braverman by inverting a picture of
capitalism taken from within."\textsuperscript{53} In contrast to Braverman, Burawoy contends:

Capitalism can and did survive under conditions of the unification of conception and execution. Their separation is not at the core of the capitalist labour process per se but is something that emerges and disappears in an uneven fashion as capitalism develops. The craft worker was, and indeed in some places still is, a part of capitalism. Thus, to identify the reunification of conception and execution with socialism is to confuse job control with workers control, relations in production with relations of production. It risks not going far enough and, in the process, mistaking a nostalgia for the past for a nostalgia for the future.\textsuperscript{54}

Burawoy demands that we go beyond Braverman and broaden our understanding of labour process. First we must stop reducing the labour process to the simple question of the division of labour and work organization.\textsuperscript{55} The labour process encompasses both the organization of work and what Burawoy terms the 'relations in production,' that is, the apparatus of production which regulates labour-management relations at the point of production. Thus any examination of the labour process must entail not

\textsuperscript{52} Michael Burawoy, \textit{The Politics of Production}, p. 23.

\textsuperscript{53} Ibid., p. 24.

\textsuperscript{54} Ibid., p. 54.

\textsuperscript{55} Burawoy is at times confusing on this issue, sometimes equating work organization and labour process himself--see \textit{The Politics of Production}, p. 8 versus the definition on page 31.
only how work is organized but the entire scope of employment relations including wage and job determination, hours of work, dispute resolution and so forth.\textsuperscript{56}

Another critical factor is correctly discerning the relationship between labour process and specific factors which might condition it. For example, labour process can be affected by the nature production in specific industries, inter-firm competition, technological developments, labour market conditions, gender and race issues, ideology, not to mention the degree and nature of state intervention.

Taking a broader approach to labour process, and allowing for a multi-factor analysis of variables that might impact on it, allows us to open up and examine the variations in capitalist development over time and space. Burawoy does this for both old capitalism--the regimes of the early industrial period--and for advanced capitalism, the hegemonic regimes.

In his analysis of the former, Burawoy concludes that Marx was incorrect when he implied that capitalism could only give rise to one type of regime--market despotism. Many types of production regimes existed even in the early period of capitalism including the 'company state' (early throstle mills in England); paternalism (Lowell Mills 1830-1860); patriarchy (mule spinning in England); and market despotism (New England mills after 1860).\textsuperscript{57} More relevant to the discussion at hand is Burawoy's characterization of advanced capitalist regimes.

\textsuperscript{56}. Burawoy saw this through his comparison of work at Allied and Jay's. Even though the work process, that is what people did in the machine shops, was organized in a similar manner, the relations in production were quite different.

\textsuperscript{57}. Michael Burawoy, \textit{The Politics of Production}, p. 91.
Burawoy places considerable emphasis on the role of the state in shaping the regimes of production in advanced capitalist countries. Using the development of state welfarism (support for reproduction of labour power, that is, maintenance support that allows workers to live even without employment) and the degree of direct state regulation in production as variables he comes up with a schematization as illustrated in Figure 1.3. This comparative framework is based exclusively on the degree of state intervention and is not, therefore, a comparison of regimes per se which must take into account other factors. Nevertheless, Burawoy’s schematization is interesting in that he poses Japan and Sweden as two opposite poles in relation to state intervention in the labour process. The findings from this study confirm Burawoy’s perspective and refute’s Dore’s association of Japan with Sweden. In trumpeting about the benevolence of Japan’s employers and the progressive aspects of Confucianism, Dore desperately attempts to find a bridging mechanism when in fact the two regimes are quite different!

The last points concerning the theory of variable production regimes are

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<th>Figure 1.3: State Intervention and Factory Regimes</th>
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<td>Degree of Direct State Regulation of Factory Regime</td>
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related to concepts of the state and notions of employer control. The general thrust of Burawoy’s analysis is to combat what he considers to be the under-politicization of production and the over-politicization of the state, that is, theories that stress the state’s "autonomy, dislocating it from its economic foundations."\(^58\) Burawoy sees an organic link between production apparatuses and the state and even goes so far as to suggest that, from a historical perspective at least, the former determine the shape and role of the state. This study confirms this theory and goes a little further. Japan’s politics of production definitely shaped the Fordist regime of the 1960s. The key question from labour’s perspective, however, was (and is) to what degree did the production regime, or the state, allow the separation of the reproduction of labour power from the market and employer control?\(^59\) In simpler terms, to what degree can labour de-commodify itself within the confines of a commodity-based capitalist system. This, I contend, is the index against which we can assess the role of the state and also the particular nature of any given production regime. In Japan, as we shall see, the divisions in the labour movement and the ascent of enterprise unionism weakened labour’s ability to de-commodify itself, both at the level of the state and the workplace.

Notions of capitalist control can neither be reduced to a single dimension nor understood statically. Capitalism can only survive so long as capital is capable of extracting surplus value. For this it needs labour. But because labour resists

\(^{58}\) M. Burawoy, *The Politics of Production*, p. 122.

exploitation, capital would prefer to rid itself of labour or control it absolutely, both of which are impossible. As a result we have the ultimate in love-hate relationships. There are thus both economic and political aspects to the labour process and the essence of capitalist control is, as Burawoy puts it, to secure surplus value while at the same time keeping it hidden. This is an important formulation because it captures both the economic and political moment of capitalist relations. Employers must secure the maximum surplus value possible but at the same time not overly expose the hidden exploitative relationship inherent in the enterprise. This tension was indeed at the heart of production politics in Japan and, using these theoretical insights, this study traces the evolution of the relations in production in Japan (industrial relations) and attempts to articulate the impact of the dominant pattern on the organization of work, particularly in the automobile industry.

IV. A Specific Comparative Framework

Before proceeding to the body of research, I propose to offer a specific spatial reference for comparative purposes. This is necessary for two reasons. First, Fordist theory as we have discussed it has been related mainly to the issue of work organization or to a general theory about capital accumulation. Second, the impact of specific forms of industrial relations can only be fully understood when they are evaluated from a specific, comparative perspective. We need, therefore, a reference point in industrial relations. Indeed, understanding different regimes often requires the destruction not of a single stereotype but a symbiotic set, the thesis and anti-thesis
often associated with different countries. Take for example unions: To many, the unit of Japanese trade unions is the 'enterprise union' while its counterpart is described as an 'industrial union' as supposedly epitomized by national unions in the United States, such as the United Auto Workers (UAW). The juxta-positioning of the two helps to create a competitive dynamic, to attempt to define one or the other as superior. But how quickly we can slide into assumption! Someone counterposes the terms enterprise and industrial union and presto--we have supposedly defined them both! A *priori* deduction at best, the problem is amplified when we juxtapose two entities and associate them with two different countries. The reality is much more complex and both enterprise and industrial unions come in a variety of configurations that defy simplistic comparisons. Thus even before we delve into the history of Japan's production regimes it seems essential to provide a modicum of detail about our comparative frame of reference.

Given the limitations of this work, I have chosen Canada and the United States as the specific points of reference. The reasons for this are fairly obvious and have, I should state, nothing to do with convergence theories. Neither the United States nor Canada is the gold standard! But they will serve as a reference point for a number of reasons. First, it was in these two countries that Fordism as a system first matured. Second, they are the regimes which I know best and the reader and I can avoid inherent assumptions if I state my own perceptions about these regimes. Finally, the choice of the United States seems appropriate given the extraordinary influence Americans attempted to exert on Japan through the Occupation period and the close
economic ties that developed thereafter. In discussing these two countries’ regimes, however, I shall attempt to provide some further international comparisons as well.

**Historical Background**

Kim Moody has argued that the major features of labour-capital relations in the U.S. since W.W. II have been "national pattern bargaining, grievances procedures designed to remove conflict from the shop floor, and bureaucratic unionism." As historical polemic, Moody’s arguments are powerful and extremely useful in explaining some of the weaknesses that have dogged the U.S. labour movement in the past decade. As comparative frame of reference, however, Moody’s analysis requires modification. For the purposes of this study, I contend that the primary features of the industrial relations system in the United States and, to a large extent, in Canada

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include:

> the partial triumph of industrial, as opposed to craft unions, that allowed for the organization of all workers on the basis of 'one shop-one union;'

> a regime of compulsory union recognition in exchange for a bureaucratic/legalistic method of dispute resolution;

> institutionalized collective bargaining on wages and working conditions every one to five years in which single enterprise bargaining is the norm but centralized bargaining in the form of pattern or joint-bargaining also occurs;

> extensive and legalistic collective agreements that have grown up based on a system of industrial jurisprudence in which residual managerial rights predominate (i.e. management controls anything not spelled out in the collective agreement);

> an occupation/classification-based wage system that operated on the principle of "equal pay for equal work" and comparability and under which incentive systems play a secondary role;

> union job controls ("restrictive work practices") including extensive seniority rights, detailed occupational classifications, job descriptions, bumping rights, and so forth, enforceable by shop stewards but subject to bureaucratic grievance procedures in cases of dispute.

This system of contemporary industrial relations in Canada and the United States congealed in the 1935-50 period, although there were important supplementary developments in the 1960s. The Fordist mechanisms of workplace regulation that
developed in the two countries were substantively similar with some notable exceptions. It is difficult to do justice to years of work history in a few pages, even for one country let alone two! But for comparative purposes some of the key points are highlighted in the following pages.

**Industrial Relations: U.S. and Canada**

Henry Ford had revolutionized the labour process with the changes brought about by the re-division of labour and the institutionalization of the changes through the introduction of the assembly line. This restricted the development of craft skills and obliterated individual control over work. At the same time the new form of work organization substantially increased productivity and created the conditions necessary for the incorporation of millions of workers into production. These changes initially occurred in the 1908-1920 period, yet Fordism did not mature at this time. On the whole, employers, including Ford himself, remained dedicated to the open shop and maintained a fundamentally antagonistic attitude towards collective bargaining.62 High wages never became institutionalized and this, among other factors, precipitated the economic crisis that began with the crash of 1929.

The depression brought forth the Roosevelt administration in the United States and it passed the National Recovery Act in 1932 to be followed later by the Wagner Act in 1935. The reforms represented by these two acts constituted a watershed in U.S. regulation of labour relations. They marked the triumph of a new vision of

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industrial relations which, although not supported by a majority of employers by any means, became the standard for decades to come. This new standard provided for compulsory employer recognition of independent unions on the condition they fulfilled certification requirements.

Historical circumstance played an important role in establishing the new regime. Mass production industries had created a new type of working class which traditional craft unionism, as typified by the A.F.L., was unwilling to embrace. The economic backdrop to this legislation was of course the depression and the subsequent political perception that capitalism, left unregulated, was unable to sustain itself. This put employers on the defensive and created the momentum for the election of Roosevelt. But the labour relations component of the New Deal had been forming even prior to Roosevelt's election. As Steve Fraser has shown, even in the 1920s a small minority of employers and consultants (many of them in the Taylor society!) had begun to articulate a new mode of regulation which accorded independent representation for workers through unions and collective bargaining. These people worked with union leaders such as Sidney Hillman of the mens clothing union in elaborating a new labour-management deal. The essence of that deal was an acceptance of scientific management and employer rights tempered by a bureaucratic form of regulation encompassed by a collective agreement.

Capitalism's first failure, the Great Depression, precipitated the meteoric rise
of regulationists within Roosevelt's New Deal administration. But as historians such as Lichtenstein and Brody have documented, it remained tough slogging for the labour movement even after passage of the Wagner Act in 1935 and the establishment of the CIO in 1936-37. Only U.S. entry in W.W. II created the exceptional conditions that allowed the state to actively promote the consolidation of unions and regulate wage and prices. This was the pinnacle of the 'corporatist' wedge within the liberal U.S. state.

The 1946 defeat of Walter Reuther's autoworkers bid for a wage increase without an increase in the price of cars, and the enactment of the regressive Taft-Hartley Act in 1947 marked the end of the wartime regime and the resurgence of conservative business in the postwar era. The failure of the CIO to break with the Democratic Party in 1947-1948 marked the incorporation of progressive unionism into a postwar order based on "alignment with the government in the battalions of the new cold war and exclusion of the Communists from the political arena."64

In Canada's case, legislation similar to the Wagner Act was only introduced in 1944. McKenzie King, leader of the Liberal government, had been long associated with the company union movement and was adamantly opposed to compulsory recognition of unions. It took the Wagner Act in the United States, a 1943 strike movement that surpassed all previous levels of strike activity, and the rise of the social-democratic Co-operative Commonwealth Federation (C.C.F.) to convince King that it was time to embrace the politics of the New Deal, including union recognition.

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Privy Council order 1003 (PC 1003), that more or less embodied the Wagner Act, was enacted in April 1944.

The essence of both pieces of legislation was that employers were, theoretically at least, obliged to recognize and bargain with unions which obtained certification as worker representatives. In return, unions were obliged to agree to include in their collective agreements provisions for dispute resolution which would prevent job action during the life of the agreement. Prior to this, unions existed in a state of limbo. Although many of the master-servant or conspiracy laws that had be-devilled unions in the 19th century had been struck down, employers were not obliged to recognize or bargain with unions. The Wagner Act and PC 1003 changed the political climate, but the labour movements in both Canada and the U.S. had to wage relentless struggles to make use of the new legislation.

Mass production, depression, new labour legislation and war converged to create the context for the partial triumph of industrial unionism that took place in the 1937-50 period. The first upsurge in the organization of the mass production indus-

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65. Two important points of divergence between the U.S. and Canadian examples must be noted. First, in the Canadian instance, provinces exercised almost exclusive jurisdiction over labour relations after 1925. PC 1003 applied to most private sector workers only because the federal government had appropriated much provincial power through federal wartime controls. However, most provincial governments in Canada passed legislation similar to the Wagner act after 1948. They did not necessarily emulate the Taft-Hartley amendments to the Wagner act which occurred in the United States and which weakened many of the provisions of the Wagner Act. This has resulted in a second divergence in the labour-management environment in Canada, namely somewhat easier certification procedures in some Canadian provinces, extensive use of conciliation/mediation prior to strike action, stricter controls on grievance procedures, and relatively stronger union security regulations. For details see Donald Carter, "Collective Bargaining Legislation in Canada," in John Anderson et al, eds, Union Management Relations in Canada, pp. 34-35.
tries began in the 1935-37 period in both the United States and Canada. This early spurt was more dramatic in the United States but was not sustained in either country. W.W. II was a crucial period for union expansion in the United States and to a somewhat lesser degree in Canada. It was only in the early postwar period (1945-48) that Canadian union densities reached the 30 percent plus figures that had already been achieved in the U.S. Union densities reached their peak levels (34-35 percent) around 1955 and then declined over the next decade in both countries. Around 1965, union densities in Canada began to recover and hovered close to the 40 percent level since 1978 whereas in the United States union densities continued to fall.66

The rise of industrial unionism was predicated on a significant shift in union philosophy. Prior to 1935, the predominant form of union had been the craft type, that is, organizations of workers with a defined trade. The shift to organize the non-craft workers in the mass production industries required a new organization, the Congress of Industrial Organizations, because of the hidebound haughtiness of the craft unions (organized in the American Federation of Labour) towards non-craft workers. The rise of industrial unionism was in opposition to craft unionism. It is quite true that many of the unions, including the autoworkers, steelworkers,
rubberworkers, and so forth, were national in scope but then too, many of the craft unions were also national in scope. The essential difference between craft and industrial unionism was the idea that all workers, regardless of craft, should be organized in one union whether it be by industry, enterprise or plant by plant.\(^{67}\) This dynamic is crucial to any understanding of industrial unions in North America and, as we shall see, begins to undercut the organizational dichotomy between industrial and enterprise unions that is so commonly assumed by adherents to the three pillars interpretation of Japan’s industrial relations. This dichotomy is further challenged if we move to the level of collective bargaining.

The unit of bargaining certification issued by labour relations boards in Canada or the United States was usually not a whole industry but rather the plant or enterprise (single company with multiple plants). Nor should industrial unionism be equated with industry-wide bargaining because, with very few exceptions, seldom did industry-wide bargaining ever exist. As a matter of fact, in a Canadian study of bargaining structures in units of 500 employees or more, less than 20 percent of the cases (40 percent of workers) involved multi-employer bargaining in 1965.\(^{68}\) If units of less than 500 employees were included the ratio of multi-employer bargaining dropped even further. In other words, for better or worse, the plant or enterprise remained


the centre of industrial relations in Canada and the United States in the postwar period.

Recognizing the centrality of the plant or enterprise in Canadian/U.S. industrial relations should not blind us, however, to the fact that other forms of bargaining did develop, and although they did not become the standard, they were important. Except for the construction industry there was almost no legal provision for certification of industry-wide bargaining units for either employers or employees in Canada. In one of the most centralized bargaining units, the coastal lumber mills of British Columbia, employers formed a voluntary bargaining council which signed a master agreement with the corresponding union bargaining agents. Even this agreement was supplemented by locally negotiated agreements on plant-level issues. In Canada and the U.S., a well known form of connective bargaining was "pattern bargaining" that evolved in the automobile industry. This practice consisted of choosing one enterprise, Ford, General Motors or Chrysler, as the bargaining target and subsequently pursuing collective bargaining with the target enterprise, up to and including strike action, until a settlement was reached. Similar settlements would then be demanded of the other two major automakers. Pattern bargaining in this case was a form of multi-plant, enterprise level bargaining. Even under pattern bargaining, the agreements struck on the enterprise level (master agreements concerning wages, pensions, and so forth) were supplemented by local agreements regarding working conditions negotiated at the plant level.

A third type of bargaining structure involved co-ordinated bargaining. This
type of bargaining did not culminate in a master agreement. Instead the agreements reached were incorporated in local agreements. It should be stressed, however, that these trends toward centralized bargaining never became the standard and the plant and enterprise remained the organizational centre of collective bargaining and industrial relations.

The outcome of collective bargaining in Canada and the U.S. was the detailed collective agreement which could run into hundreds of pages. This type of collective agreement only developed with the rise of industrial unionism under the legalistic Wagner-type industrial relations system. Many of the early craft contracts were only a few pages long. The detailed collective agreement arose first as a response to residual rights theory, that is, the theory that what was not in the contract remained the prerogative of management and second, in response to the legalistic arbitration process for resolving grievances arising from differing interpretations of the collective agreement.

The detailed collective agreement contains stipulations regarding hundreds of items. Two of specific importance for our purposes are the detailed wage schedules and job control rules. While many variations emerged according to industry and union, on the whole wages were pegged to occupations or job classifications. Incremental steps or a wage ladder often existed, but on the whole unions demanded equal pay for equal work and an end to favouritism in wages. The role of

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69. The job-based wage system, that subsequently gave rise to the often complex classification codes, dates back at least to Ford's 1914 labour relations reform. It probably was institutionalized by the tripartite U.S. wartime regime.
performance evaluations declined and although they continued to exist, they seldom had a major impact on wage determination. Furthermore, in automobile plants, for example, the wage gap between a production worker and a trades person became fairly narrow with the hourly rate only about 20 percent higher for the latter.

Job control rules refer to the web of contract clauses that determined the specific tasks and rights of every employee. Job descriptions determined the content of work and because different jobs had different pay rates, job switching was frowned upon. Seniority became a major factor in determining the outcome of bidding on jobs -- no longer did supervisors determine who would be posted where. Nor could they arbitrarily decide which employees to layoff.\textsuperscript{70} As we shall discuss later, this notion of seniority, as a means of restricting employer discretion by limiting choice to measurable determinants such as length of service, is crucial in understanding why the term "seniority-based wages" is so inappropriate from a comparative perspective in describing Japan's wage system. While managers in U.S. and Canada controlled the labour process in theory, in practice the collective agreement regulated the regime and workers were able to put an indelible, if incomplete, mark on the organization and regulation of work.

Many of the points made above are generalizations and as such are subject to wide variations depending on industry, region and workplace. But on the whole they represent, in my opinion, a valid summary and an explicit starting point for

\textsuperscript{70}. In the 1937 G.M.-U.A.W. agreement, clauses related to seniority constituted 35 percent of the contract, followed by grievance procedure at 30 percent. The contract was still short at this time (186 lines of typescript). For further details see Gersuny & Kaufman, "Seniority and the Moral Economy of U.S. Automobile Workers, 1934-1946."
comparing the practice of industrial relations and production management in Japan with that in the United States and Canada. In particular, the de-centralized form of industrial unions, the rather egalitarian wage system, and the notion of seniority as a counter-weight to employer control are fundamental to any serious, comparative discussion and will be referred to frequently as we proceed through the material.

V. Case Studies

Many scholars would agree that Fordism, as defined by regulation theory is a universal trend among industrialized countries (a form of convergence) although its realization differs according to country and the particular stage of economic development. In the case of Japan, it also adopted the social and economic dimensions of the Fordist paradigm but only after a period of extensive accumulation in the 1950s. The nature of Japan’s hegemonic regime can only be understood by tracing its origins back to the politics of production at the workplace.

Three sites form the core of the primary research conducted for this study: the Miike coalmines (part of the Mitsui Coal group) in Kyushu, Suzuki Motors in Hamamatsu, and Moriguchi City Hall just outside Osaka. These case studies were chosen partly through design and partly through good fortune. Miike was chosen specifically because I had earlier studied the bitter, year-long dispute that occurred there in 1960 and that became a landmark in Japan’s labour history. It seemed that any solid interpretation of postwar period had to capture and explain the nation-wide conflict centred at Miike -- a conflict so broad in scope, so intense and so divergent.
from the images of labour-capital harmony so often conjured up and offered as regular fare for the Western labour relations specialist, that it could not be dismissed simply as an exception that proved the rule. Suzuki

Motors and Moriguchi City Hall became case studies more through fortuitous circumstances than by design. I had, for other reasons, contact with these two enterprises and thus they offered themselves as potential victims of scrutiny. It should be said, however, that together they conformed to one other explicit standard of my research goals, that is, diversity in the production process. Too often labour relations models have been based exclusively on case studies in a single economic sector, thus depriving our reconstruct of the insights from other angles. In that sense, Moriguchi provided a window into the public sector workplace in Japan. Suzuki Motors offered the added attraction of being part of Japan’s automobile industry, a
sector which spawned much of the lean production paradigm being emulated today.

The diversity of labour relations in these three sectors -- the mining, manufacturing, and public sectors -- affords a greater appreciation of the variation in industrial relations that developed and continues to evolve in Japan today.

On the whole, the research at these sites was focused mainly on workers and their unions. This work will hopefully become part of a growing body of scholarship that attempts to examine history "from the bottom up" as Harvey Kaye puts it.\textsuperscript{71}

This tradition has long been upheld in Japan by scholars such as Yamamoto Kiyoshi, Totsuka Hideo, Hyōdō Tsutomu, Hirai Yōichi, Matsuzaki Tadashi and Kawanishi Hirosuke who, in their voluminous works, have stressed the history of workers' struggles in Japan. It is only in the past decade, however, that works in English by such scholars as Andrew Gordon, Joe Moore, E. Patricia Tsurumi and Norma Chalmers have begun to present this more balanced view of labour history or labour-management relations in Japan.\textsuperscript{72} They have, in their particular ways, "brought workers back in," as Gordon puts it.

While the case studies mentioned above form the core of this thesis, it is not...


restricted to them alone but ranges through a series of people, institutions and struggles which I considered important to an understanding of postwar labour-management relations and hence to a different conceptualization of contemporary lean production systems. This has posed certain difficulties in the flow and structure of the narrative, but I believe the result is worth the extra trouble. Thus, apart from the three detailed case studies, the thesis at times discusses more broad-scale events that occurred in the specific periods under discussion. In particular, I have tried to integrate into the discussion the role of peak managerial organizations such as Nikkeiren and labour organizations such as Sōhyō. Given the significance of the automobile industry, an effort was also made to compare Suzuki with Toyota Motors in order to provide a broader perspective on the origins of lean production.

Having said this, however, the reader should be cautioned -- this study remains a very partial reconstruct of the postwar period and has its own limitations. I had hoped to include a case study based in textiles in which the labour force was predominantly female. Predictably, this resolve came too late for extensive field work and as a result, the current work affords only a cursory examination of the politics of gender. Nor is the peripheral work force, the 80 percent or more of employees who work in small and medium businesses examined in detail. Recently, other scholars have accorded this sector their attention but, given its magnitude, it remains woefully under-represented in our schema of production relations in Japan.73

The methodology is basic. I have relied extensively on primary institutional

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73. See N. Chalmers, *Industrial Relations in Japan: The Peripheral Workforce*. Introduction...56
histories by both management and labour for the case studies. This was supplemented by field work carried out at each site during a number of visits to Japan in the 1985-1990 period, including visits to the workplaces where possible and through numerous interviews with rank-and-file workers, union officials and management representatives (see the bibliography for details). These visits also provided me with supplementary, first-hand accounts of important events. In addition, discussions with scholars of Japan's labour history have provided me with some scope and comparative reference points which I found very useful for finding my bearings in a very complex field.
Chapter 2

Testing the Limits: Workers’ Challenge

(1945-1948)

I. Revolution from the Top

When Canadian diplomat Herbert Norman and U.S. foreign service officer John Emmerson headed for a prison on the outskirts of Tokyo in mid-October 1945, they carried with them authorization for the release of political prisoners held by the Japanese government. Effecting the release of two communists jailed for 18 and 19 years respectively, two Korean independence leaders, anti-Fascist intellectuals, and religious leaders was, reported Norman, "the most exciting experience of my life."\(^0\)

This release, authorized by General Douglas MacArthur, Supreme Commander of the Allied Powers (SCAP), symbolized the onset of political revolution in Japan, a revolution whose liberal-democratic outcome was pre-determined because of the American Occupation, but whose dynamics were shaped by fierce class conflict that raged in Japan between 1945-1950.\(^2\) The outcome of this conflict left an indelible imprint on Japan’s workplace regimes as they evolved after the war. This chapter we


\(^2\) In theory SCAP derived its authority from the Far Eastern Commission that had 11 members states that included the Soviet Union. However, the postwar division of the world, worked out among the Allies, allowed the U.S., through SCAP, to dictate policy.
examines the rise of a production regime that was shaped mainly by an insurgent labour movement in 1946-1947.

The political revolution launched by SCAP in the fall of 1945 created propitious conditions for the revival of the labour movement. In a detailed study of American Occupation policymaking, Michael Schaller concluded:

During the initial reformist stage of the Occupation, lasting through early 1947, Washington encouraged SCAP to pursue a program that reflected the most progressive tendencies of the New Deal. Even as American domestic and foreign policy lurched to the Right, MacArthur and his aides remained committed to a reform agenda abhorrent to most of the general's conservative constituency in the United States.3

To be sure the reform agenda had already been diluted by the American government's decision to retain the monarchy and to work through the established Japanese government. Nevertheless, SCAP sponsored political and economic structural changes which would reverberate throughout society.4 On the political level the changes included the proclamation of basic rights in October 1945 that released over 3000 political prisoners; the passage of a Trade Union Law in December the same year; the drafting and passage of a new Constitution in November 1946 that invested sovereignty in the people, embraced a no-war clause, extended the franchise to women, and articulated a Fordist social charter that guaranteed state assistance in


welfare as well as the right to an education, labour rights and gender equality.

SCAP also pursued a punitive course in arresting and trying suspected war criminals (both military and civilian) and by "purging" from public office over 200,000 people who allegedly helped direct Japan’s militarization. On the economic level, the Occupation began to dismantle Japanese industry as reparation payment in kind to Asian countries victimized by Japan. It implemented a trust-busting policy including obligatory stock sales to the public, anti-monopoly laws and an initial attempt to break up large companies. Land reform allowed tenants to purchase their properties and ended absentee landlordism.

The purpose of citing these reforms is neither to tout nor to justify them but rather to sketch the early Occupation landscape. The fact is, the early anti-militarist and democratic tone of the Occupation put the prewar and wartime Japanese elite on the defensive, if not in jail, and left them chafing at the bit of reform. Labour, on the other hand, was liberated--free to organize and to play an independent role within the emerging liberal democratic structures of the day. The state, under the control of the U.S., had set new ground rules for society and for production politics.

The early postwar situation was further complicated, however, by economic dislocation. The political structures may have conformed to an advanced capitalist country, but economically Japan was in turmoil. Although Allied bombing had destroyed only 30 percent of Japan’s industrial capacity, actual production for 1946 was down 70 percent from 1934-1936 levels. Tokyo and Osaka were bombed out with nearly 60 percent of all buildings destroyed. Air attacks had decimated shipping
capacity. Rice production was seriously deteriorating. For city-dwellers starvation was not only possible but imminent. Food shortages, a black market and excessive currency provoked a serious bout of inflation with prices doubling between October 1945 and October 1946. The dislocation was further complicated by what may be termed a capital strike as major business leaders turned their backs on production efforts. Why invest or produce when one might be jailed, purged or otherwise compromised? Economic chaos, political freedom and a defensive capitalist class conspired to radicalize a working class that was in constant flux.

**Labour Law**

Democratic reforms were imminent in the fall of 1945. On labour issues, however, Japan's postwar elite was already one step ahead of MacArthur and, hoping to preempt potential liberal excesses, the Shidehara cabinet had authorized in October the formation of a tripartite commission to draft a trade union law. The labour representatives on this commission were Matsuoka Komakichi and Nishio Suehiro of the pre-war JFL (Japan Federation of Labour, *Nihon Rōdō Sōdōmei*), Mizutani Chōsaburo of the JSP (Japan Socialist Party, *Nihon Shakai Tō*), Koizumi Hidekichi of the Japan Seamans' Union (JSU, *Kaiin Kumiai*). Other members included Mitsui Mining Company director Fukagawa Masao and University of Tokyo legal expert Izutaro Suchiro.⁵

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⁵. Rōdō Shō ed., *Shiryō Rōdō Undō Shi, 1945-1946* [Materials from the History of the Labour Movement], (Tokyo, 1947), p. 689. This yearly series is hereafter abbreviated as SRUS.
The committee quickly drafted labour legislation and on December 22, 1945 the Diet passed the first Trade Union Law in Japan’s history. It contained five sections and one addendum. Section I (Overview) declared that the purpose of the law was to stabilize the economy by elevating the status of workers and guaranteeing their rights to unionize and bargain collectively. Article 2 under this same section defined employees and excluded from union membership employers and their representatives, organizations whose administrative expenses were provided by employees, mutual aid societies and charitable groups, and groups whose main purposes were political or social.

Section II (Unions) provided details of accreditation; unions had to have bylaws which were to be submitted to the appropriate administrative agency (gyōsei kanchō). Any disputes about union certification would be settled by the administrative agency based on a recommendation by the Labour Relations Board. Unions were not liable for damages arising from reasonable actions during disputes. The courts could order a union to be dissolved for illegal activities upon application by the Labour Relations Board.

Section III dealt with collective agreements which were to have a three year limit (Article 20); were to be based on a spirit of improving efficiency and maintaining industrial peace (Article 21); were to be applied to all employees in cases where more than three quarters were under a collective agreement (Article 23); could be applied, at the discretion of the Labour Relations Board, to all workers in a given

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6. This analysis is based on the full text of the law as reprinted in Rōdō Shō, SRUS 1945-1945, pp. 771-774.
industry of a specific region if a majority were already unionized (Article 24). The parties could not resort to job action until after any mediation or arbitration procedures inscribed in the collective agreement had been exhausted (Article 25). Section IV outlined the provisions for Labour Relations Boards which were to be tripartite (employer, union and public representatives on the board) in composition, and were to be established at both the central and regional levels (Article 26).

The passage of the Trade Union Law affected labour relations both directly and indirectly. On the one hand, it made unions legitimate both legally and socially. Furthermore, the creation of the Labour Relations Boards as the administrative agency for the law would itself create specific dynamics for the labour movement which will become evident as we examine the unionization process as it evolved at Miike, Suzuki and Moriguchi.

A Re-Constituted Working Class

When the employees of Suzuki Looms, a textile manufacturer that converted to arms production during the war, gathered at the Hamamatsu head-quarters on the last day of August 1945, there was little rejoicing. Suzuki Michio announced they would all be permanently laid off and thanked them for their years of service. Suzuki’s main facility and headquarters in Hamamatsu, Shizuoka prefecture, had been 95 percent destroyed by American bombing. The glitter of gold was markedly absent from this final handshake for the nearly 2900 regular employees of whom nearly 1300 were women. As for the 800 conscripted workers and 110 Korean prisoners-of-war
that Suzuki had also employed during the war, there is no record. Yet within a few days of laying off all its employees, Suzuki rehired a select few, restarted operations at its Takatsuka facility which remained unscathed, and in the last half of the financial year (Oct. 1945-Mar. 1946), had sales of over 5.7 million yen.

As at Suzuki, there was a shakeout of the work force at the Miike mines in Kyushu. Miike was the largest coal mine in Japan and had been owned and operated by the Mitsui conglomerate since 1888. Over 24,000 miners were working Miike’s shafts at war’s end. But conditions at Miike were so bad, the miners abandoned the coal seams *en masse*. By November 1945, 13,000 miners had abandoned the pits, including 6,000 Chinese, Korean and Caucasian prisoners of war. For these miners, defeat for Japan supposedly implied liberty, but while Caucasian prisoners-of-war were quickly repatriated, Chinese and Korean miners at Miike had to riot before they were able to leave the mines. In many cases, the Occupation policy was to force non-Caucasians to dig coal immediately after the war.

Coal production had been targeted as a priority industry early in the Occupation and as massive numbers of wartime workers abandoned the mines, the

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7. Suzuki also employed over 100 Korean prisoners of war but nothing has been recorded about their fate. See Suzuki Jidōsha Kōgyō, 40-Nen Shi [A History of 40 Years], (Hamamatsu, 1960), p. 86.


10. Ibid., p. 16.

coal operators were hard pressed to stabilize the labour force. Over 12,000 new miners were hired in 1946 but of that number nearly 8,000 quit or were discharged within the year.\textsuperscript{12} By December 1948, the workforce multiplied to reach its postwar peak of 28,960. Of this total, however, only 1,000 had worked at Miike prior to 1932.

By comparison, Moriguchi employees did not experience the severe shakeout in employment that workers at Suzuki and Miike had. Still not incorporated as a city, the few dozen employees in Moriguchi district remained at their post.

\section*{II. Revolution at the Workplace}

The Trade Union Law came into effect on March 31, 1946 by which time the labour movement was already galvanized for action. The pace of organization was frantic and by 1948 over six million workers were in unions. To be sure, some unions were little more than paper organizations, but just as certain there were many unions which were dynamic and member driven. As the labour movement confronted employers, it displayed a heterogenous mix of political proclivities, demands, and tactics, many of which failed to correspond to the norms that the Trade Union Law had hoped to establish. Further confounding the situation was the resistance to unionization displayed by employers. In some cases, workers and unions moved to take control of the workplace as it became increasingly evident that employers found

\begin{footnote}
\textsuperscript{12} Mitsui, \textit{Shiryō: Miike Sōgi}, pp. 16-18.
\end{footnote}
it difficult to break with their past paternalism, and proved intransigent in their reluctance to move into any form of partnership with employees. In this confused and complex clash of interests, workers began to create new forms of workplace regulation.

Miike

At Miike, management attempted to pre-empt the formation of an independent union by creating a company union. Shortly after war's end, Mitsui ordered new elections for Sanpō (the authoritarian wartime labour front) committeemen at each mine site who then elected delegates to a union preparatory committee for each

Figure 2.1: Mitsui's Miike Facilities
(Omura, Kyushu)
site. This process was well underway when miners at the Mikawa shaft (one of three main shafts at Miike, see Figure 2.1) rudely disrupted the process by demanding an immediate 30 percent wage increase, a minimum wage and the eight-hour day. As confrontation brewed, worker representatives undertook to form a single union for Miike miners.

On February 3, 1946, approximately 10,000 miners congregated in an Omuta park to found the Miike union. Also attending the gathering were city notables, management representatives and delegations from other unions. The union announced its main demands: immediate participation in management; abolition of taxes on salaries; large increases in severance pay; adequate money and materials to live on; the dismissal of foremen who stymied the workers will to produce; an end to discrimination between staff and miners; severance pay for workers who quit; and an end to the black market. The company gave each participant 10 yen for pocket money to show its good will toward the union. At this point the staff (shokuin) were not included in the union.

Mitsui’s reply to the union demands was piece-meal; it proposed the formation of a labour-management council in response to the union’s demand for participation in management, but on monetary issues it equivocated. This led to a strike beginning on

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13. Sanpō was the government-initiated and controlled Patriotic Labour Front that was modeled after the German wartime regime. It had committees in every workplace.

14. See Mitsui, Shiryō: Miike Sōgi, pp. 28-29 for details of management’s early attempts to control the union. According to Mitsui’s account, prewar JFL organizers worked at Mikawa and they precipitated the early demands and union formation.

March 9 (the miners at Mikawa struck on Mar. 7). This action against Mitsui invited labour solidarity and on Mar. 4, unions at Tagawa and Yamano joined the Miike union in a joint council (Sanzan Kyōgikai). The miners at these two Mitsui mines partially joined in the strike action. On the other hand, the Miike union decided against occupying the mine and taking over production themselves (seisan kanri or production control) and condemned the Japan Communist Party (JCP) members who appeared at the Mikawa shafts advocating such a takeover for their 'inflammatory attitude'. The strike ended on March 13 with the company making some limited concessions. The co-ordination among the unions at the three Mitsui mines during the March strike led to the creation on May 19 of the WFMCU (Western Federation of Mitsui Coal Unions or Nishi Nihon Mitsui Tankō Rōdō Kumiai Rengōkai), a regional federation of coal miners working at Mitsui's three Kyushu mines.

The following month, the Miike local signed its first collective agreement with Mitsui. The contract was modelled after Section III (Collective Agreements) of the Trade Union Law but in addition gave the union important powers. The union won formal recognition, the closed shop, a clause giving it a virtual veto over layoffs (article 3), the right to equal participation in a management council, and automatic renewal of the collective agreement.17

By this time, however, workers in Japan were facing severe poverty and food


17. The entire contract has only eight clauses and was less than one page in length. It is reprinted in its entirety in Miike Kumiai, Miike Jū Nen, p. 58, appendix.
shortages and the new collective agreement provided little in wage increases. At Miike, miners were going into the mines without having eaten a meal and the regional miners federation, the WFMCU, called for an immediate wage hike. Mitsui gave a one time bonus that averaged 250 yen per employee.18

The regional links developing among Mitsui mineworkers in Kyushu did not stop at the company gates. Although Tagawa and Yamano miners had left a regional federation that had included coalminers from other companies to take up affiliation with Miike, this was not because of some predisposition towards 'enterprise unionism' but rather because of political differences with that regional federation and because of the proximity with other Mitsui miners working in Kyushu.19 In fact, the Mitsui miners in Kyushu became quite active in helping found a 'neutralist' federation of Kyushu coalminers with workers drawn from a number of regional employers.

The impulse for regional and industrial affiliations came from diverse sources. For example, on August 12, the acting director of the Central Labour Relations Board met with leaders of unions in the Omuta region and encouraged them to form industry-wide affiliations.20 The WFMCU took the lead in establishing the Kyushu Federation of Neutral Coalminers' Unions (Kyushu Tankō Rōdō Kumiai Chūritsu Renmei) on October 4. As evident in the name, this federation attempted to avoid political affiliation with either the communist or social-democratic trends in the union

18. Miike Kumiai, Miike Jū-Nen, p. 73.
movement.\textsuperscript{21}

Parallel to this political polarization, an attempt was made to overcome the resultant schisms through the formation of an umbrella group which would allow a united front against the employers. On the regional level this manifested itself in the formation of the Fukuoka Prefectural Council of Coalminers' Unions (Fukuoka-Ken Tankō Rōdō Kumiai Kyōgikai) on October 21 (see Figure 2.2). On the national level, a similar umbrella group loosely affiliating the three trends, the Japan Coalminers' Council (Tankō Rōdō Kumiai Zenkoku Kyōgikai or Tankyō) was established on January 25, 1947.

340,000 miners or 83.4 percent of the coal labour force was represented in this federation which began negotiating with

\begin{figure}
\centering
\begin{tabular}{|c|c|c|}
\hline
\textbf{Local/Enterprise Level} & & \\
\hline
Miike local (Feb., 1946) & -> Western Fed. of Mitsui Coal Unions (May, 1946) & Mitsui Mineworkers Federation (March, 1949) \\
\hline
\textbf{Prefectural} & & \\
\hline
Fukuoka Prefectural Council of Coalminers Unions (October, 1946) & & \\
\hline
\textbf{Kyushu} & & \\
\hline
Kyushu Federation of Neutral Coal Miners' Unions (October, 1946) & & \\
\hline
\textbf{National} & & \\
\hline
Japan Coalminers' Council (January, 1947) & -> Japan Coalminers' Union (JCU) (October, 1947) & \\
\hline
\end{tabular}
\caption{Miike Union's Affiliations}
\end{figure}

\textsuperscript{21} This organization later changed the "Neutral" component of its name to "Democratic" after being criticized for attempting to stake out a middle ground between employers and employees. See Miike Kumiai, Miike Jū-Nen, pp. 74-75.
the national coal employers group immediately. At this time, the union advanced a proposal for a social wage; it demanded a sliding wage that would allow the miners to purchase a daily quota of 2400 calories. The interim agreement signed on March 7 only went half way to meet the demand and all hell broke loose as the left-leaning unions wildcatted in protest. This led to the demise of the regional and national umbrella federations. The right and centre federations consequently consolidated and united to form the JCU (Japan Coalminers’ Union; Nihon Tankō Rōdō Kumiai Dōmei or Tanro) in October 1947 and the left-leaning unions organized the All-Japan Coal Federation (Zen Nihon Sekitan Sangyō Rōdō Kumiai or Zen Sekitan).22

A number of significant points emerge from this brief sketch of union organization and conflict in the coal mines. Miners at Miike evidently wanted an organization that was independent of company control; politics played an important role in the alignment, disintegration and re-alignment of union federations; regardless of political stripe, miners wanted affiliations with other miners across the enterprise, both regionally and nationally. This natural inclination to develop horizontal linkages with other miners was given further impetus by the call from the Labour Relations Board encouraging the formation of cross union linkages. The coal unions also took up the demand for a social wage. In a sense this was hardly surprising. For workers in Japan to accept that wages should be pegged to an almost non-functioning market would have meant starvation in the immediate postwar period. Politics and economics converged, propelling many unions to conceive of workers’ interests independent

from the state of the market.

Suzuki

The tendency towards independent unionism was as spontaneous as it was organized. Suzuki workers also formed a union in early 1946. After having dismissed all its employees at war’s end, the company proceeded to hire back 350 workers. On January 18, these employees turned around and formed the Suzuki Loom Workers Union. Documentation regarding the original union is scanty but according to one source, the inspiration behind the union came from among supervisors.23 This notwithstanding, horizontal affiliations began immediately as the union was one of the founding affiliates of a regional federation, (Eishū Chihō Rōdō Kumiai Kaigi, Eishu Regional Labour Federation, founded on February 25) which undertook to co-ordinate union activities for May Day and to deal with the sharpening food crisis that had begun to grip the country. The president of the Suzuki union, Kawai Kasaku, became a leader of the regional federation.24

As in the coalminers case, the impetus for horizontal links among metalworkers was the Trade Union Law. Promulgated on March 1, 1946, the new law called for the creation of regional labour boards composed of representatives of


employers, labour and the public. The Shizuoka labour office (Shizuoka Ken Rōseika) subsequently pushed for unions to join together to choose prefectural representatives. Thus, on Feb. 6, union representatives from across the prefecture, including Suzuki’s Kawai, gathered at the first meeting of the Preparatory Committee of the Shizuoka Labour Federation (Shizuoka Ken Rōdō Kumiai Rengōkai Junbi Kai). The meeting not only designated labour representatives to the labour board but also began deliberations for a permanent labour federation which would co-ordinate activities for both industrial and regional unions. On March 2, 1946, the Shizuoka Labour Council was founded with Kawai elected as vice-president. The Suzuki union thus developed strong regional links early in 1946. Industry-based affiliations also began in this period. In Shizuoka, unions from the metal industries began meeting in May 1946, and in October the Japan Machine Tools Union-Shizuoka District was founded with the Suzuki-Style Loom Union affiliated as one local.

Management at Suzuki was adamantly opposed to the union’s affiliation to the left-leaning Machine Tool Union and this led to the first postwar confrontation at the plant. In November 1947, the union local demanded that Suzuki conclude a new collective agreement and recognize the new union. Suzuki declined but did begin to ‘consult’ (kyōgi suru) on the issues of wages and year-end bonus. Internal conciliation efforts failed and on January 8, 1948 the union struck for 24 hours. On the same day local union members crashed a meeting between union representatives

25. Ibid., p. 277.
and Suzuki Michio. Barring all exits, the militant unionists forced Suzuki to bargain from 4 p.m. on the 8th until 3:30 the next morning when a tentative agreement was reached. This agreement fell through prior to the official signing on the afternoon of the 9th and the union immediately occupied the plant and entered into production control. Suzuki finally concluded a new wage agreement on January 15, raising the base wage to 3800 yen per month with an average 2,000 yen year-end bonus.

In August 1948, Suzuki agreed to sign a new collective agreement that included provisions for a union shop (Article 4), a union veto over hiring and firing (Article 5) and changes in compensation and personnel (Article 15), as well as the right to automatic renewal of the collective agreement should a new agreement not be concluded prior to the expiration of the existing agreement (Article 22) and equal participation in a managerial council (keiei kyōgikai).27

The nature and achievements of the Suzuki union, with its growing regional and industrial affiliations, its gains in employment security and a strong say at the workplace, were strikingly similar to those of the Miike miners. These similarities cannot be attributed to a common leadership since the two unions were affiliated with different labour federations, both regionally and industrially. Union politics also differed, with the Miike union taking a distinctly neutralist tone while the Suzuki union was moving into the left camp.

In both cases, the unions took on a distinctively independent flavour and

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developed affiliations with workers on both a regional and industrial basis. There was no stopping at the company gates. Early achievements seemed to reflect a spontaneous drive for secure, independent organizations to represent them in dealings with management, for secure jobs and for a say at the workplace. In other words, unions reflected workers’ distrust of the situation and their unwillingness to let employers sort it out. The Trade Union Law and its administrative organs acted as both guide and at times as catalyst, channelling the spontaneous movement into distinct directions.

The Moriguchi City Union

Moriguchi was incorporated as a city in November 1946 through the amalgamation of two local districts. According to the city workers’ union history, the union’s beginnings can be traced to a dispute related to wage discrimination between employees of the two districts. Kiyomizu Yasuji, director of the economics department, led a group of 20 disenchanted employees and confronted city officials over the discrimination in pay. Subsequently, on December 12, Kiyomizu and others met in a local school to found a union to represent all city hall employees (including supervisors and foremen). Little has been recorded about the union’s activities in this early period except that the Moriguchi union did develop horizontal affiliations with

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other public sector unions in the Osaka region, probably in 1948.\textsuperscript{29}

The propensity for horizontal linkages was one of the outstanding characteristics of unions at all three worksites. It was also a distinctive feature for most unions at this time. Part of the reason for this was a spontaneous desire for relations with other unions. Regional and industrial affiliations were given further impetus by the Trade Union Law. Politics also played a role as union activists of various political persuasion attempted to organize on a national scale in an effort to effect change at levels beyond the enterprise.

\textbf{National Labour Federations and the Winter of Discontent}

In this early period, the Miike, Moriguchi and Suzuki local unions had both regional and industrial affiliations, while the Suzuki union was also affiliated with a national labour central. Through its affiliation with the national Machine Tool Union, it became part of the National Congress of Industrial Unions. The first impulse for this labour central had come from the newspaper unions and the Kantō labour federation. On February 20, 1946, they founded the Preparatory Committee for a National Congress of Industrial Unions (NCIU, \textit{Zen Nihon Sangyō Betsu Rōdō Kumiai Kaigi} or Sanbetsu). The heterogeneous but left-leaning NCIU was formally established in the summer of 1946 and the Machine Tool Union affiliated soon after. The more conservative labour central, the Japan Federation of Labour (\textit{Nihon Rōdō}

\textsuperscript{29}. The union's history cites confusing data on this issue but according to the Satellite City Federation, Moriguchi City Hall employees affiliated with it in May 1948.

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Kumiai Sōdōmei or Sōdōmei, was also founded that summer. Although the two centrals reflected prewar divisions between left and right, both centrals were politically diverse. The intense economic crisis accompanied by raging inflation sharpened class distinctions and unions saw themselves on one side, creating favourable conditions for united labour action.

In the fall of 1946, private sector unions mounted a series of wage struggles to counter the effects of raging inflation. This co-ordinated wage offensive was inspired by the formation that summer of the two major union centrals. Encouraged by union victories in the rail and shipping industries earlier in the year, the NCIU called for a co-ordinated wage offensive to begin in October 1946. Workers at Toshiba led the charge, followed by unions in the communications, electrical, printing, power, and a host of other industries. The fall offensive saw a number of unions gaining substantial wage increases but of these struggles the most important was that in the power industry. For the first time, the union in the electrical power industry, Densan (Zen Nihon Denki Sangyō Rōdō Kumiai Kyōgikai), called not only for a wage increase but for a fundamental change in the wage structure. After a series of job actions, including a five-minute power outage, the workers won the Densan wage structure, a 500 yen minimum monthly wage, an industry-wide collective agreement, a seven-hour day, unlimited time-off for union activities, and controls over hiring and

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firing.31

The achievements of the October offensive gave the NCIU an edge over the JFL as the leading labour central in the country. These private sector gains amplified, however, the degree to which workers in the public sector had fallen behind in the fight against inflation. Government workers’ wages remained at about only 60 percent of the private sector level.32 But the conservative Yoshida cabinet refused to discuss any wage increases until it completed an investigation into public sector salaries. Thus out of the October offensive grew a winter catch-up drive by public sector workers.

First off the mark were the employees in the education field, mainly teachers. At a special conference on October 18 they demanded a minimum monthly wage of 600 yen and an end to wage discrimination according to region or gender. Communication workers also demanded a minimum monthly wage but upped the ante to 800 yen per month. Finally, the rail workers, meeting in convention in November, also demanded a base salary scale beginning at 650 yen per month and called for a general strike as a last resort to back up their demands. These three unions joined with civil service employees’ unions to form a joint struggle committee in late November which, by January 1947, represented 2.6 million workers in 13 unions.

The deepening crisis opened a window of opportunity to bridge the gap between the labour centrals, the NCIU and the JFL. While the initiative for the

general strike was clearly with NCIU affiliates, the trade union committee of the Japan Socialist Party (JSP), which supported the JFL, also initiated the formation of a coalition to back the strike movement and joined with the unions in a massive anti-government demonstration on December 17. In Tokyo alone 500,000 demonstrated, while inside the Diet the JSP introduced a motion of non-confidence in the government. This motion was defeated but the unity in action of the labour-side forces illustrated the relatively high degree of solidarity around both the demands for wage increases and the resignation of the Yoshida government. This cohesion was further enhanced with the creation of a broad-based coalition of private sector unions and community groups to support the strike movement. Finally, on January 18, the public sector unions announced their intention to begin an unlimited general strike on February 1.

The burgeoning extra-parliamentary movement threw a scare into Yoshida and SCAP. Yoshida attempted to seduce conservative social-democrats into joining him in a coalition cabinet early in the New Year but these attempts failed. In the meantime, SCAP, through its Labor Division, began to intervene to derail the general strike movement. MacArthur met personally with General Marquat, head of Economic and Scientific Section and the direct supervisor of the Labor Division, and instructed him to meet the union leaders and convince them to call off the strike.

On January 22, Marquat summoned leaders of the unions involved in the general strike plan and ordered them, verbally, to call off the strike. At this point the JFL leaders succumbed and a few days later wrote Marquat informing him that they
would abide by the strike prohibition and, significantly, would also work to stop other unions from striking. The majority of the strike preparatory committee, however, refused to go along with such verbal instructions. On the 30th, Marquat once again summoned strike leaders to his office and ordered them to call off the strike and report to him the following day to explain the concrete measures they had taken to stop it. Marquat refused to issue a written order banning the action, however, and the strike leaders again balked on calling off the strike. On January 31, MacArthur issued a written order banning the strike. Strike leaders were summarily brought to Labor Division, ordered to broadcast an order to union members, escorted by military guard to commercial radio stations where they issued statements recognizing MacArthur's order. Only then were they released from what was effectively military custody. While scattered walkouts still occurred, the general strike was effectively crushed.

The abortive general strike came to symbolize labour's high tide, a line strewn, however, with the debris of recrimination and reprisal. But it would take some time before the union tide could be swept back. As at Suzuki, some sectors of the union movement continued to wage successful local or sectoral struggles into 1948. But on the whole the labour movement had reached its zenith and within 18 months employers, backed by SCAP, would launch a counter-offensive to roll back the tide. In the meantime, however, unions at both the local, regional and national levels had made some impressive gains.
III. Labour's Achievements

Despite the setback of February 1, the labour movement’s accomplishments in the 1945-1947 period were substantial and of a magnitude similar to those of the Congress of Industrial Organizations (CIO) in the 1935-38 period in the United States. The dramatic spread of unionization, the organization of national union centres, and the challenge to management rights all testify to the strength of organized labour. Indeed, the unionization and contract struggles at Miike, Suzuki and Moriguchi were a microcosm of the greater movement and contain a richness and diversity which reflected a burgeoning, heterogeneous workers’ movement in this period. Some of the particular features of this period which merit further attention are union organization, union rights and the Densan wage formula.

Union Organization

Unionization in the 1945-47 period, as Table 2.1 indicates, soared in an unparalleled fashion. The 6.5 million union members represented over 50 percent of the labour force. Of course, as our cases studies reveal--not all unions were of the same ilk. The Moriguchi union was relatively inactive, the Miike union was active but independent of both the NCIU and JFL, and the Suzuki union was active and affiliated with the metalworkers federation which was, in turn, affiliated with the NCIU. Nevertheless, the scale and speed of this organization of the working class in Japan certainly compares with that of workers in the United States and Canada a decade earlier. There are numerous parallels in conjuncture which no doubt
Table 2.1: Union Formation 1945-1948

<table>
<thead>
<tr>
<th>Date</th>
<th>No. of Unions</th>
<th>Union Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug. 1945</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dec. 1945</td>
<td>707</td>
<td>378,481</td>
</tr>
<tr>
<td>June 1946</td>
<td>11,579</td>
<td>3,748,952</td>
</tr>
<tr>
<td>Dec. 1946</td>
<td>17,265</td>
<td>4,849,319</td>
</tr>
<tr>
<td>June 1947</td>
<td>23,323</td>
<td>5,594,699</td>
</tr>
<tr>
<td>Dec. 1947</td>
<td>28,013</td>
<td>6,268,432</td>
</tr>
<tr>
<td>June 1948</td>
<td>33,900</td>
<td>6,533,954</td>
</tr>
</tbody>
</table>


contributed to the rise of unionism in all three countries—economic dislocation and a favourable political situation being among the more important.33

Of particular interest, however, is the organizational basis of the union movement particularly given Shimada and others’ contention that Japanese are by nature predisposed to enterprise unions as opposed to 'industrial' unionism. As we have already established in looking at the United States, the key aspect to industrial unions was that they were organized according to industry as opposed to craft or trade whether it be at the enterprise, regional or national level. In Japan, to the extent the issue of craft unions came up, all groups regardless of affiliation agreed

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33. If one looks at unionization rates in the three countries the most notable feature is that unionization in Canada was delayed by several years and that this delay may be attributable to the fact that the legal framework recognizing union rights (an integral part of the Fordist paradigm) was not established until 1944 with the passage of PC 1004.
that craft unions were not viable in Japan.\textsuperscript{34} But from this point, workers and management parted ways.

The heart of the debate about union organization centres on enterprise versus industrial unions and whether or not Japanese workers were predisposed to vertical relations (with their employer) or horizontal relations (other workers). For this period under study at least, the answer clearly lies with the latter. No matter how one shapes the dynamics, the fact workers organized at all was an implicit critique of employers. Furthermore, in each of our case studies unions did not limit themselves to a single enterprise but actively searched for affiliations with other workers. The solidarity developed within enterprises and spread within the region, often by industry. To the extent that any debate on the issue of organization did take place, it was between the NCIU and JFL.

The NCIU emphasized from its inception the idea that unions should be organized by industrial grouping whereas the JFL tended to stress regional federations across industrial lines. The relative success of the NCIU would seem to indicate that the majority of organized workers agreed with the stress on industrial lines of organization or at least did not object to it. Furthermore, if one looks at the bargaining structure for this period, by the spring of 1947 the bargaining structure was moving away from the enterprise and becoming increasingly centralized. For

\textsuperscript{34} Sakurada Takeshi states that he and Matsuoka Komakichi of the JFL had early on agreed that craft unions were out as a basis for union organization. See Ōtani Ken, \textit{Sakurada Takeshi no Jin to Tetsugaku} [Sakurada Takeshi: His Person and Philosophy], (Tokyo, Nihon Keieisha Dantai Renmei Kōhōbu, 1987), p. Furthermore, the 1945 Trade Union Law was clearly biased against craft unionism.
example, in the first quarter of 1947, 64 contracts covering 1.9 million workers were negotiated in some form of centralized bargaining compared to 881 contracts covering 244,000 workers conducted on an enterprise basis.35

For this period, as exceptional as it might have been, workers and unions were clearly predisposed to working class solidarity that transcended the enterprise. If this was true, as I think it was, Shimada’s contention that workers in postwar Japan were "naturally" predisposed to enterprise unions and spurned industrial or regional affiliations becomes untenable.

**Union Rights**

The fruits of unionization and collective bargaining in this period have been summarized by the Ohara Institute’s *Japan Labour Annual Review* which underscored the following features as being specific to collective agreements in this period:

a) clauses defining working conditions were abstract—wage agreements simply stated that the company guaranteed a 'living wage' and specifics were left to later bargaining; b) personnel matters (hiring and firing) and major managerial decisions required the union’s agreement; c) unions obtained a closed shop or union shop clause; d) union activities were sanctioned during working hours; e) collective agreements often did not contain a 'no strike' clause; f) workers gained the right to participate in management through management councils; g) contracts were automatically and

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indefinitely extended at expiration unless replaced with a newly negotiated agreement.\textsuperscript{36}

These features indicate the extent to which union rights expanded in this period, often at the expense of managerial rights. While workers in both Japan and the United States organized unions as a means of improving their situation, the goals and methods often differed. Two distinct features of the unions’ achievements in this period were the extensive incursion by workers into what had traditionally been considered exclusive managerial rights and the non-legalist tone of collective agreements. Specifically, the veto over hiring and firing and equal participation in managerial councils which, at least potentially, could make decisions on investment, technology and so forth were, to my knowledge, unprecedented achievements for Japanese labour and find no parallel in labour history in the United States or Canada. The absence of no-strike clauses during the life of the collective agreements and the fact detailed wage settlements were also left to negotiation outside the contract are signs that the emerging collective agreements were becoming, what in today’s industrial relations parlance are know as, "living agreements," that is subject to modification before the term expired. What factors gave rise to these particular features of collective agreements?

Objective factors including discredited management, a fractured economy and the ascent of democratization created fertile conditions for the rise of radicalism and the movement for independent unionism. But chance also played a role. For


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example, the U.S/Canadian model of two or three year collective agreements including wage increases clearly could not have coped with the ravages of inflation occurring at this time. Wage agreements were constantly under review and revision and, to add to the dynamic, unions were also using the bonus system, historically reserved mainly for management, as a wedge for further wage increases. Thus collective agreements and wage agreements in many cases became distinct and ended up being negotiated separately.

In some cases, however, the institutions forged in this period reflected a temporary convergence of forces but remained fundamental points of contestation. For example, conservative union forces might articulate a corporatist solution as a hedge against a radical outcome arising from these critical times.

**Production Control and Management Councils**

This was most clear in the dynamics of production control. Workers at Miike had rejected the idea of taking over workplaces in 1946 while workers at Suzuki indulged in it as late as 1948. But it was in the December 1945 to June 1946 period that production control became most prominent. The first worker takeover occurred at the Yomiuri newspaper in the fall of 1945. The Yomiuri occupation culminated in an arbitrated settlement that forced the owner to resign his posts and sell a majority interest to disparate shareholders. More importantly, however, in return for accepting private ownership, employees were accorded almost equal partnership in management.

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of the firm through the establishment of management councils in which both sides had
equal rights. Ironically, as radical as this compromise might appear in comparative
terms, in fact it represented a necessary hedge against the spectre of outright
appropriation that loomed as production control tactics proliferated in the spring of
1946.

It was precisely this spectre that motivated the conservative Shidehara
government to condemn production control in the so-called "four ministry declaration"
of February 1946. This declaration failed to win enthusiastic SCAP support,
however, and the government attempted appeasement by promoting managerial
councils as an alternative to production control. Managerial councils were seen as a
means of overcoming production control and stopping managerial "sabotage"
(withholding capital) and were officially sanctioned in October 1945 and given
substance by the CLRB in its July 17th memorandum calling for managerial
councils. 38

The NCIU, in its November 1946 guidelines for union contracts that
summarized the October offensive, also agreed to the formation of managerial
councils as a means of democratizing the workplace. However, it cautioned its
affiliates that such councils could easily become the site of labour-management
collusion and emphasized the importance of collective bargaining and the collective
agreement as the chief means of guaranteeing union rights. Thus for radically
different reasons—for the government to forestall revolution, for the JFL as a means

of institutionalizing labour-management co-operation, and for the NCIU as a means of
democratizing the workplace--most parties backed managerial councils. It was no
wonder then that such councils proliferated, as indicated by Table 2.2.

At both Miike and Suzuki, managerial councils were established in what
became a national trend. Furthermore, of 2,692 collective agreements signed in the
first half of 1948, 2,171 (or 80.6 percent) contained provisions for such a

<table>
<thead>
<tr>
<th>Industry</th>
<th>Unions-total</th>
<th>Unions with Management Council</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>814</td>
<td>170</td>
<td>20.9</td>
</tr>
<tr>
<td>Mining</td>
<td>1,376</td>
<td>980</td>
<td>71.2</td>
</tr>
<tr>
<td>Construct.</td>
<td>1,854</td>
<td>465</td>
<td>25.1</td>
</tr>
<tr>
<td>Manufact.</td>
<td>13,190</td>
<td>6,980</td>
<td>52.4</td>
</tr>
<tr>
<td>Utilities</td>
<td>747</td>
<td>432</td>
<td>57.8</td>
</tr>
<tr>
<td>Commerce</td>
<td>1,293</td>
<td>522</td>
<td>40.4</td>
</tr>
<tr>
<td>Finance</td>
<td>779</td>
<td>411</td>
<td>52.8</td>
</tr>
<tr>
<td>Transp. &amp; Comm.</td>
<td>4,312</td>
<td>2,285</td>
<td>52.9</td>
</tr>
<tr>
<td>Service</td>
<td>358</td>
<td>111</td>
<td>31.0</td>
</tr>
<tr>
<td>Education</td>
<td>2,882</td>
<td>924</td>
<td>32.1</td>
</tr>
<tr>
<td>Public Ser.</td>
<td>5,928</td>
<td>1,704</td>
<td>28.7</td>
</tr>
<tr>
<td>Other Ind.</td>
<td>367</td>
<td>93</td>
<td>25.3</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>33,900</strong></td>
<td><strong>15,005</strong></td>
<td><strong>44.3</strong></td>
</tr>
</tbody>
</table>

committee. However, the committees met on average less than once a month and how effective they were in ensuring labour rights is questionable. The right to veto in hiring and firing, contained in collective agreements was probably much more important.

The Wage Structure

As discussed in the introduction, the wage or compensation system that evolved in Canada and the United States had a number of peculiar features. The most important transition was from a piece-rate system to a straight time system that occurred in the 1930-45 period. In manufacturing in particular, there was a difference between production workers, who were paid an hourly rate, and front office or staff who were on a weekly or monthly salary. Among production workers, the most important distinction was between trade and production or line workers, the former holding specific 'tickets' or accreditation and receiving higher wages.

But for all production workers, the most important feature of the wage system was that it was based on specific job descriptions within which there evolved steps or grades determined by seniority and/or ability. In general the impact of unionization was to "narrow wage differentials that reflect such factors as skill, education and experience."40

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Unionization also had an impact on wage structure in the 1945-48 period in Japan, but it did not follow the U.S. pattern. Kawanishi Hirosuke asserts that during the previous 80 years of capitalist development the wage system in Japan was almost unilaterally controlled by management. Management attempted to divide and rule by ranking employees according to social status, qualifications, occupation, education, gender and so forth. Furthermore they attempted to break labour solidarity by inculcating workers with the idea that what was good for the company was good for workers. Employees thus competed with workers at other companies and relied on management for their livelihood.

The wage agreement won by electrical utility workers (Densan) in the fall of 1946 changed this pattern and set a precedent for workers in postwar Japan. Up until this point, unions had concentrated on winning a minimum base rate and cost-of-living increases to combat the ravages of inflation, but management control over the system remained intact from the prewar period. In the Densan union, a wage committee devised a new wage system that did away with a large portion of managerial discretion in the wage system. As outlined in Figure 2.3, the only element of the Densan wage system over which management exercised some control was the merit or ability-based pay (nôryoku kyû) and this was not to exceed 20 percent of the total pay package. Furthermore, the union wage committee would have some say in the evaluation of ability. Unions usually looked at the cost-of-living and caloric intake,

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42. Kawanishi Hirosuke, Kigyo Betsu Kumiai no Riron, p. 178.

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housing etc. to determine the minimum wage which was then divided according to the categories. Few unions were able to achieve the full Densan system but the general outlines of the future wage system date from this model.

The Densan wage system is interesting in comparison with the job-attached comparative worth system used in the United States or Canada. No doubt the Densan formula is egalitarian in outlook in that approximately 70 percent of the wage package was based on age, family size, and seniority. It would seem that this formula basically held for regular, male employees only and in that sense institutionalized discrimination against women. Furthermore the elements in the wage categories (age, family size and so forth) could be determined without reference to workers in other industries doing similar work. Perhaps in this indirect sense, the Densan wage

Figure 2.3: The Densan Wage Formula


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formula may have been less effective in developing horizontal linkages between workers than the comparative system in the U.S. or Canada, although such a hypothesis certainly enters the realm of speculation. However, if, as Kim Moody concluded, the comparative worth factor reduced the wage gap between workers in large and small plants in the United States, then the whole issue of comparative wage determination should be considered an important area for further investigation in international industrial relations.\footnote{Kim Moody, \textit{An Injury to All}, p. 25.}

Other forms of compensation, dramatically different from the Densan wage structure, were also under consideration in this early period. In November 1947, the Central Labour Relations Board established a special commission to reform the wage structure for government employees. Its recommendations, examined in detail in the next chapter, included the establishment of an occupation-based, incremental wage scale that closely resembled the compensation system for government workers in the United States. The wage system would be contested by both labour and management and in the end, neither the Densan nor the American system would endure.

\textbf{IV. Shift in Alignments}

The abortive general strike of 1947 constituted a landmark in Japan’s labour history. Why did MacArthur ban the strike? Why had he taken so long to issue a written order to that effect? One might justifiably assume that the conservative general would be anti-labour but this in itself is an insufficient explanation. For these
were exceptional times. This same anti-labour general had also allowed unions substantial power and legal rights. He had even tolerated production control in a number of important cases. In the case of the general strike, however, MacArthur no longer had room to manoeuvre. For one thing, a general strike would have definitely left the impression, particularly internationally where the cold war was gaining steam, that MacArthur had lost control of the situation in Japan. With a delegation of U.S. newspeople visiting Tokyo in January, MacArthur would not tolerate the spectre of a general strike. MacArthur was also under pressure from business and the Yoshida government to resolve the crisis. Adding their voices to the hysteria were the hawks in the Army and in Intelligence.

MacArthur saw the political demands of the strike movement as a communist conspiracy and an affront to the U.S. liberal democratic ideal where public policy and lawmaking were the exclusive reserve of representatives elected every few years. MacArthur hoped to resolve the crisis informally, by having Labor Division persuade the strike leaders to abandon the movement. After Labor Division failed to deliver the goods, however, MacArthur was obliged to issue a formal prohibition order. This also was damaging to MacArthur because a formal prohibition still highlighted the fact that Japan was on the brink of a serious crisis.

In his order banning the general strike, MacArthur implicitly outlined what would become the standard interpretation of labour disputes: "The persons involved in the threatened general strike are but a small minority of the Japanese people. Yet this minority might well plunge the great masses of the people into a disaster not
unlike that produced in the immediate past by the minority which led Japan into the
destruction of war."\textsuperscript{44}

The Labor Division chief, Theodore Cohen, was more explicit in his
correspondence at the time. Writing to Mark Starr, educational director of the
International Ladies’ Garment Workers’ Union, Cohen blasted the Communist Party:

Since you left the Communists have gotten very active in the Japanese unions. They have organized in almost every large union a Youth Action Corps into which they have recruited ex-officers and right extremists. Their people are threatening the union leaders with physical violence in case they are not aggressive enough, are disrupting union meetings and are otherwise raising Hell. This is the crowd which is pretty directly run by Tokuda, Secretary General of the Communist Party, that is behind the general strike threat on 1 February.\textsuperscript{45}

What bothered Cohen in particular was the extra-parliamentary nature of the movement. As he expressed it later: "With no one to govern except on the strike leaders’ sufferance, revolutionary unionism would replace the ballot box and representative democracy. The Occupation’s ’democratization express’ was heading for derailment."\textsuperscript{46}  

\textsuperscript{44} Labor Division, Economic and Scientific Section, "Reports Concerning Activities of the Labor Movement Culminating in the 1 February 1947 General Strike Threat in Japan", p. 6, April 1 1947, Box 2, Folder 2, Valery Burati Papers, The Archives of Labor and Urban Affairs, Walter P. Reuther Library, Wayne State University, Detroit. This collection is hereafter to referred to as \textit{Burati Papers}.

\textsuperscript{45} Ted Cohen to Mark Starr, 7 February 1974, Mark and Helen N. Starr Collection, Archives of Labor and Urban Affairs, Walter P. Reuther Library, Wayne State University, Detroit. Cohen remained remarkably consistent in his views over the years and maintained the myth that the JCP had instigated the general strike in his memoirs edited by Herbert Passim, \textit{Remaking Japan: The American Occupation as New Deal}, (New York, The Free Press, 1987), see p. 278.

\textsuperscript{46} Theodore Cohen, \textit{Remaking Japan: The American Occupation as New Deal}, p. 278.
was the fact that they were unable to control the strike leaders. While JFL leaders had abandoned the strike movement under pressure from Labor Division, militant union leaders--some of whom were communists--refused to buckle until ordered to call off the strike by MacArthur himself. This undermined Labor Division’s stature within SCAP.

MacArthur’s prohibition of the general strike caused much anger and confusion. How could the Occupation—midwife to the union movement’s rebirth—now spurn its offspring? In less than two years the union movement had risen from the ashes of illegality under militarism, organized and innovated, and stood up—only to run smack into the limits of liberal democracy as defined and enforced by an autocratic SCAP. As one historian commented later, "no organization, not even the JCP, was able to utter any criticism of General MacArthur’s prohibition of the general strike. The words were on the tip of the tongue but could go no further in the presence of the Occupation forces who had the authority of the Almighty." In this difficult context, workers and union leaders had to choose: either the Occupation was anti-labour or perhaps—as MacArthur and Labor Division asserted—the strike leaders had taken things one step too far. MacArthur did not leave the choice to chance. Instead SCAP embarked on a campaign to convince public opinion that the general strike threat was a result of communist conspiracy.

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48. Newsweek faithfully reflected the new line. In the February 10, 1947 edition it stated: "The general strike was primarily designed to undermine the conservative Yoshida Cabinet. Working with the Social Democrats and the small Japanese Communist party, labor leaders had hoped
The general strike prohibition of January 31, 1947 marked a turning point in Occupation labour policy. Prior to the general strike threat, Occupation policy had principally been to limit employers’ ability to suppress unions and to support unions as a legitimate force in society. However, after February 1, the principal pillar of labour policy shifted from liberalization to anti-communism. Significantly, militant unionism became identified as communist-inspired and thus the thrust of Occupation labour policy was not only to hound communists but also to restrict militant unionism, communist or not. The change in labour policy, although nuanced at first, can be clearly documented.

First, MacArthur was obliged to shuffle personnel in Labor Division. Theodore Cohen, away in the United States, was removed as chief of Labor Division. Cohen, among others, had been identified by conservative U.S. reporters in Japan as a New Dealer. In his memoirs, Cohen recounts how Roy Howard, head of United Press and the Scripps-Howard newspaper chain, denounced occupation labour policy and Cohen personally in an interview with MacArthur during the general strike to install a pro-labor government although the conservative parties won the last elections." A week later the magazine had concluded: "Moderate leftists now recognized that the strike threat and the fiasco that followed were engineered largely by Communists," Newsweek, (February 17, 1947).

Historians have different views about the beginning of the change in Occupation labour policy. Some assert that the change in policy began in 1946, others see the general strike prohibition as the turning point, while a third school sees the 1948 ban on strikes in the public sector as the key event. For an analysis of these trends, see Yamamoto Kiyoshi, Sengo Kiki ni okeru Rōdō Undō, (Tokyo, Ochanomizu Shōbō, 1978). For a more recent account in English see Endo Koshi, "Reflections on the Turnabout in Labor Relations Policy in Occupied Japan", Annals of the Institute of Social Science, (Tokyo, University of Tokyo), No. 26, 1984.

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MacArthur subsequently replaced Cohen with James Killen, a U.S. labour official who had been scheduled to join Labour Division as an advisor on the recommendation of the American Federation of Labor.51

Suddenly promoted to chief, Killen’s first assignment was to make sure that anti-communism became the main axis of Occupation labour policy, the second clear indication of policy change after the February general strike. With the help of Richard Deverall and Paul Stanchfield, Killen drafted a program for "Counteracting Communist Activities in the Japanese Labour Movement" in May, 1947 which was adopted as general policy the following month.52

According to the new policy, "Communist influence is in many cases disproportionate to the numerical strength of Communists...and it is often exerted and maintained by undemocratic and undesirable means."53 The problem existed at every level of union organization and communists had attempted to prevent a "peaceful settlement of the abortive general strike of 1 February 1947." There was a clear need to support and encourage non-Communist labour groups. Finally, the programme asserted that communists were preventing peaceful settlement of labour


51. For a detailed account of Killen’s background and his role within Labor Division, see Howard Schonberger, Aftermath of War, Chapter 4.

52. The original document is Paul Stanchfield, "Comment and Recommendations for Counteracting Communist Activities in the Labor Movement," May 25, 1947, Economic and Scientific Section, Labor Division, National Archives Depository, Suitland, MD (hereafter referred to as Labor Division Papers), Box 8497. The final version is W.F. Marquat to Chief of Staff, "Program for Counteracting Communist Activities in the Japanese Labour Movement," June 27, 1947, Labor Division Papers, Box 8497.

disputes because they "insist on acceptance of all union demands and emphasize the use of strike tactics as a normal procedure rather than as a last resort." The program recommended restrictive changes in the Trade Union Law, use of labour relations board mediation to resolve labour disputes, and a broad anti-communist education program to encourage unions to purge themselves of communist influence. Closer liaison between Labor Division staff and unions was authorized despite admonitions that the anti-communist program had to be carried out by the unions themselves.

Although changes to the Trade Union Law would not come until 1949, other parts of the programme were implemented immediately. Writing to A.F.L. president William Green in November 1947, Labor Division staffer Richard Deverall could report:

I only recently returned from a trip through Northern Honshu and Hokkaido, during which trip we addressed some 20,000 local labour leaders in 18 major cities of Japan....One of the key points on our speeches up in the North were outright attacks on the principles of Marx-Engels' Leninism, the conclusion being that a good trade unionist could not possibly be a trade [sic, read 'red?'].

Deverall, a former union person and avid anti-communist, confidently predicted the elimination of communist influence by the middle of 1948.

The 'Democratization' Movement (Mindō Undō)

Labor Division's plan to encourage anti-communist groups quickly bore fruit

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and soon consolidated into what became known as the 'democratization movement' (Mindō Undō). The movement actually began within the railway workers' union where anti-communists led by Katō Etsuo established the Railway Workers' Anti-Communist League (Kokutetsu Hankyō Renmei) in the fall of 1947. It only later renamed itself the Democratization League. This group, or at least sections of it, did play an extremely negative role with the rail union when it accepted government layoffs in order to purge the union executive of leftist elements.

However, it is important to note that a second major component of this movement emerged from within the left-wing of the NCIU itself. Hosoya Matsuta, an NCIU official and member of the jcp had led an internal critique of the union central and the party. In essence, his critique accused the union of being strike-happy and the party of attempting to use the union as a transmission belt. When these criticisms were rebuffed, Hosoya created an NCIU Democratization League (Sanbetsu Minshūka Dōmei) in February 1948. The rail and NCIU groups were later joined by the JFL to form a national organization in the summer of 1948.

These developments prompted G-2 (Military Intelligence) to report to Labor Division in March 1948 that: "...anti-communist organizations are springing up in some of the most strongly Communist-dominated of the Japanese labour unions. Though these organizations are as yet weak and lack coordination on a nation-wide basis, there is every indication that the anti-communist trend in labor unions may be

55. This account of the Mindō is based on Takano Minoru, Nihon no Rōdō Undō [Japan's Labour Movement], (Tokyo, Iwanami Shoten, 1958); Zenro 10-Nen Shi [10 Years of the Japan Confederation of Labour], (Tokyo, Zenrō 10-Nen Shi Hensan Iinkai, 1968); and Takemae Eiji, Sengo Rōdō Kaikaku.
expected to increase."56

It should be noted that the movement at this time was not strong, had a heterogenous character and was not directly controlled by Labor Division.

Employers Come Up for Air

Even more indicative of the post-general strike change in labour policy was Labor Division’s assistance to employers. In late 1947, John Harold instructed Paul Jackson to "contact Kanto Employers, Chamber of Commerce and any other Employers Association - to assist or advise them in respect to broad problems of labour relations."57 In early December 1947, Jackson forwarded a check sheet to Killen outlining his program of advice for employers. Titled "Advice to Employers on Fighting Typical Communist Tactics," Jackson suggested that Occupation staff advise employers 1) to refuse to negotiate if unionists packed the negotiating room; 2) to go over the heads of the negotiating committee and contact workers directly (through mass meetings, personal interviews, letters and newspaper ads) about recent contract negotiations; 3) to refuse to negotiate if the union leaders refuse to modify their bargaining position and; 4) to split the union from communist leadership.58

Concretely, Jackson advised the following steps to accomplish the split:

56. Military Intelligence Section, General Staff, "Communist Leadership of National Congress of Industrial Unions," 15 March 1948, Labor Division Papers, Record Group Number 331, Box 8497.

57. Handwritten note from John to Paul, undated, Burati Papers, Box 1, Folder 6; emphasis in original.

58. Jackson to Chief, ESS/LA, "Advice to Employers on Fighting Typical Communist Tactics", Burati Papers, Box 1, File 6.
Where such leadership has brought about a strike, even though management has made the best possible offer under the circumstances and where such offer has not been submitted to the rank-and-file for vote thereon, management may be advised that it can open its plants to any of the workers who wish to return to work on the basis of the last offer made by management. Other workers may be recruited elsewhere, if obtainable. If there is a group within the union that desires to accept the offer of the company and the company ascertains that the group represents a majority, management may conclude a tentative agreement with such group.59

Prior to the prohibition of the general strike, labour policy had been supportive of union formation and informally proscribed reformation of overtly anti-labour employer groups. With the shift in policy however, employers found the space to regroup. As the official history of Nikkeiren (Federation of Employer Organizations) later put it: "What was decisive in changing the situation was MacArthur’s statement banning the general strike."60

With the help of the Kanto Employers’ Association, two employers’ organizations specifically dealing with labour relations began operations in 1947, the Federation of Employers’ Organizations (Keieisha Dantai Rengō-kai or Keiei Rengō) and the Co-ordinating Committee for Employers’ Organization (Keieisha Dantai Renraku Kaigi). Both organizations (formed in May and July, 1947 respectively) brought employers together to discuss strategy, a process that culminated in the formal founding of Nikkeiren (Nihon Keieisha Dantai Renmei) on April 12, 1948


60. Nikkeiren, Nikkeiren Sanju-Nen Shi [Nikkeiren’s Thirty Years], (Tokyo, Nikkeiren, 1981), p. 189.
under the motto, 'Managers: Be Fair and Firm'.

The formation of Nikkeiren constituted a milestone in the resurgence of the conservative trend among employers. It marked the triumph of conservative employers over liberals in labour relations matters, and the beginning of a concerted class attempt to take away the gains labour had made in the 1945-47 period.

Prior to the founding of Nikkeiren, a liberal/corporatist employers' group, the Committee for Economic Development (Keizai Dōyūkai) had achieved some stature among younger, liberal executives who wanted to emulate the Fordist system of the United States or Europe. They gained a 'radical' reputation early in the Occupation when they refused to forthrightly condemn production control. This has led some academics in North America to try and portray the liberal Keizai Dōyūkai as a symbol of a new employer approach to labour relations. However, with the change in Occupation policy after the aborted Feb. 1 general strike, conservative employers became more aggressive and began to challenge the liberal trend within their ranks.

The main issue in the liberal-conservative confrontation was managerial rights. As explained earlier, workers had gained a major role in running enterprises through the creation of management councils in which they had equal representation with managers. Through these councils workers could effectively exercise a veto over

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61 North American academics often incorrectly point to the Keizai Doyūkai as a symbol of enlightened management that came to govern the workplace after the war. As one labour lawyer described it: "Japanese management has never viewed its work force and union representatives with the same negative attitude. The famous 1947 Doy Kai Declaration set the tone of union-management relations when it recognized the essence of a Japanese enterprise to be a coalition of three equals—managers, workers and shareholders," Joseph M. Weiler, "The Japanese Labour Relations System, Lessons for Canada" in W. Craig Ridell ed., Labour-Management Co-operation in Canada, (Toronto, University of Toronto Press, 1986), p. 123.
hiring and firing, investment plans and other crucial facets of what had hitherto been considered managerial prerogatives. The liberal trend among businessman embraced this new situation by calling for a new deal between labour and management. Liberal executives such as Ōtsuka Banjō, a Kansai businessman and president of Yawata Steel Pipe, called for enterprise democratization, tripartite power sharing and a strong separation of managerial and stockholder authority. In July, 1947, a special Keizai Dōyūkai committee headed by Ōtsuka published a research report titled "A Draft Proposal for Democratizing Enterprises--A Modified Capitalist View." This report was a watered down version of Ōtsuka’s views but conservative businessmen remained adamantly opposed even to this version of power-sharing. Indeed, one businessman concluded: "Ōtsuka’s modified capitalism is nothing more than the shrieks of middle-class managers who have lost confidence in face of the intense labour offensive." And the president of Keidanren (Federation of Economic Organizations), the main business lobby, concluded that Dōyūkai was a bastion of communism in this period. Opposition was so great that even the Doyukai’s

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62. Ōtsuka’s original views are contained in the April 1947 issue of Zaikai [Business] under the title, "Economic Democratization and Ways to Achieve It" [Keizai Minshūka to Sono Gutsaisaku]. It is reproduced in full in Hazama Hiroshi ed., Zaikaijin no Rodokan [Business Looks at Labour], (Tokyo, Daiyamondo-Sha, 1970). Ōtsuka basically calls for the formation of works councils but avoids the issue of the union’s role within the councils.


64. See Solomon Levine, "Employers Associations in Japan" in J. Windmuller and A. Gladstone eds., Employers Associations and Industrial Relations, (Oxford, Clarendon Press, 1984), p. 326. Despite these admonitions, the liberal limits of the Dōyūkai were apparent as early as October 1946, when it denounced the National Congress of Industrial Unions in the following terms: "To use a general strike for political struggles is anti-democratic. Labour disputes and workers political activities should reflect this restriction," Keizai Dōyūkai, Keizai Dōyūkai Sanjū-Nen Testing the Limits... 103
executive board refused to endorse Otsuka’s views. The committee report was eventually released as a draft committee proposal but quickly faded into oblivion. As the Keizai Doyukai official history admitted: "That this report should stir up controversy was natural. 'Modified Capitalism' became the symbol of the Doyukai and there was a time when these views were regarded as partially heretical by one section of the zaikai."65

One person who epitomized the conservative business element that was so opposed to the Dōyūkai’s liberalism in postwar Japan was Maeda Hajime. A personnel manager in a Mitsui-related coal mining firm from before the war, Maeda helped establish Nikkeiren and suggested the motto, 'Managers: Be fair and firm’. In his memoirs, Maeda recalled how his prewar fascist associations inured him against the democratization process during the Occupation: "Being one of the founding members of the Kōkoku Dōshikai [a prewar, fascist youth group], I often went on outings with student friends from this group during summer vacations. Since my student days, my views were predisposed in this direction and so I always had difficulty adjusting to democratic thought that was bestowed on us by the Occupation after we lost the war."66

Given the ostensible liberal-democratic slant of the Occupation, Maeda and


other conservative businessmen could not easily revert to their prewar practice of simply having unions outlawed. They recognized they had little choice but to live with unions. Where they did have a choice was in deciding what type of unions they would work with. Early Nikkeiren documents clearly reveal their concern for re-establishing managerial hegemony within the factories. While paying lip service to 'mutual respect for managerial and worker rights', Nikkeiren demanded unions be responsible and allow responsible management in order to achieve industrial peace and improved productivity. The founding statement even contained elements of self-criticism: employers had not stood their ground in the postwar period and this had invited the erosion of managerial rights. To redress the situation, Nikkeiren called for absolute managerial control over all personnel issues, accounting, administration, organization, systems, supervision, production methods, work rules, and even safety. They also called for labour-management councils to be downgraded to consultative bodies.

Nikkeiren was not just a think tank. A few nights after Nikkeiren was established, top managers gathered at Yawata Steel’s Yoyogi villa to discuss with the directors of Tōhō Movies the possibility of making Toho a test case to re-establish managerial rights. Toho had come to symbolize the assent of workers’ control.

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67. These documents include the Nikkeiren founding statement, ‘An Opinion on Securing Managerial Rights’, and ‘A Fundamental Plan for Revising Labour Contracts.’ These documents were all elaborated in April-May, 1948 and are summarized in Nikkeiren, Nikkeiren Sanjū-Nen Shi, pp. 200-208.

68. The meeting at the Yawata villa is described in two reliable sources: Ōtani Ken, Sakurada Takeshi no Jin to Tetsugaku, p. 132 and Nikkeiren Sanjū-Nen Shi, p. 721.
As Maeda explained it:

Take the example of the union in the Tōhō struggle--when the current vice-president, Mabuchi Norikazu, left the Labour Relations Board to become an executive with Tōhō, he couldn't believe the internal memoranda. If the union president's stamp was not in the appropriate column, nothing could be decided regarding personnel--hiring, firing, transfers--nothing...Thus recovering managerial rights was the main preoccupation of managers.\(^69\)

Soon after this clandestine meeting, Nikkeiren published its "Guaranteeing Managerial Rights--Our View," in which it committed the organization to support Tōhō managers in their fight for concessions from the union.\(^70\) In August, the Tōhō battle came to a head when the company obtained a court injunction forbidding the occupation of the production studios by about 1000 workers and their supporters. Soon after, 1800 police supported by U.S. tanks and warplanes routed the workers. As Sakurada Takeshi's biographer later put it: "The special significance of Tōhō is that this was the first time the Occupation army had directly and publicly intervened where labour had gone too far and this gave police the determination to exercise their authority in cases of inappropriate strikes or where managerial rights had been violated."\(^71\) With the defeat of the Tōhō union, conservative employers had scored a significant victory.

\(^69\) Maeda Hajime, "Nikkeiren ni Ikita Nijûnen" (Tōshō Ichidai--Ka), Bessatsu Chūō Kōron, Keiei Mondai, (Vol. 8 No. 3, Fall 1964), p. 355.

\(^70\) Under the 1947 contract at Tōhō, workers recognized managers' ultimate responsibility over hiring and firing but this was mitigated by clauses which required the company to obtain the union's consent for each case. For contract details as well as information on the Tohō struggle see Tōhō Sōgi (1948) Shiryō, (Tokyo, Tokyo Daigaku Shakai Kagaku Kenkyūjo, 1986) and Tōhō Sōgi (1948) Shiryo (Sono Ni), (Tokyo, Tokyo Daigaku Shakai Kagaku Kenkyūjo, 1989).

\(^71\) Otani Ken, Sakurada Takeshi, p. 133.
-one that would pave the way for a major managerial offensive in 1949.

**Commentary**

Circumstances in the immediate postwar period in Japan were no doubt exceptional. Employers were on the defensive, the economy was in shambles, and the Occupation was in the process of imposing a liberal-democratic regime. Labour organized in this period, at an incredible pace, and began to articulate its own vision of the workplace, a vision that put into question the sanctity of managerial rights. Labour interpreted democracy literally, and saw itself playing an independent and as important a role as management in the postwar enterprise. Employers would have none of it. At best, the Keizai Dōyūkai articulated a tri-partite approach (workers, managers and shareholders) that refused to give recognition to unions and left employers with the final say. But even this was too radical for most employers who yearned to retain autocratic control in the workplace. A revolution was occurring in Japan but it was not the social-democratic revolution that Ronald Dore has posited. It was a liberal-democratic revolution in political institutions and a union-led revolution in the workplace. Employers reluctantly supported the former but wanted nothing to do with the latter.
Chapter 3

The Japan-U.S. Business Alliance: Capital Retaliates

(1948-1951)

The period from February 1, 1947 to the summer of 1948 constituted a transition period from labour’s high tide to the onset of the ebb. By the summer/fall of 1948 Japan’s employers would begin to mount an offensive which, over the next three years, would push back labour and re-establish managerial prerogatives in the workplace. The Japanese government, under instructions from SCAP, wrenched collective bargaining and strike rights from most public sector employees in the summer of 1948. Capital in Japan then followed up with a co-ordinated and planned offensive against the labour movement; an offensive that was endorsed by big business in the United States and which SCAP also supported. This renewed U.S.-Japan business alliance had been forged the previous year after business circles in the United States became alarmed at the spectre of workers’ power generated by the threatened February 1 general strike and the scope of Occupation reforms.1 And as the cold war heated up in 1949 only to break out in a hot war in Korea, this offensive culminated in an ugly spasm of unmitigated repression.

1. Howard Schonberger has meticulously documented the forging of this alliance in his recent work Aftermath of War (Kent, Kent University Press, 1989).
In this chapter we will document the causes and scope of the anti-labour offensive and, in the process, show how labour achievements from the earlier period would be eliminated or transmogrified into pale imitations of the past whose shape harkened back to the early days of radical reform, but whose substance reflected the resurgence of managerial control. The managerial offensive of this period had a lasting impact on the framework for labour-management relations as it would evolve in the 1950s and 1960s.

I. Public Sector Attacked

Despite MacArthur’s prohibition of the February general strike and the resurrection of managerial prerogatives through Nikkeiren, the workers’ movement retained substantial vigour into 1948. Public sector unions in particular pressed demands for wage increases and civil service reform in late 1947 and early 1948. Their demands were a contributing factor in the March 1948 downfall of the JSP-led coalition government that had been in power since May 1947.2

SCAP at this time was taking a hard line against strikes. Disputes in coal, electricity and communications had been halted by Occupation fiat in the spring. The Ashida-led coalition cabinet that succeeded the JSP-led Katayama cabinet in May 1948, was determined to bite the bullet and rein in labour.3 Its conservative faction

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2. For an account of this period see *Nihon Shakai Tō Shi*, pp. 58-60. In English, see Miriam Farley, *Japan’s Labor Problems*, pp. 172-183.

3. In discussions with Under Secretary of the Army William Draper in March 1948, Ashida clearly indicated he wanted labour restrained through changes in the labour laws. See Howard Schonberger, *Aftermath of Capital Retaliates...* 109
conspired with bureaucrats in SCAP’s government section to have MacArthur issue an
order directing the Ashida cabinet to rescind the public sector’s right to bargain and
strike. On July 22, 1948, MacArthur did exactly that, creating an uproar within the
labour movement. This was followed by Cabinet Order 201 which prohibited all
public sector strike action and ordered an end to CLRB attempts to mediate in public
sector disputes. Specific laws were subsequently passed in December 1948 and in
1950 that formally deprived all public sector workers of the right to strike, and most
from bargaining collectively. Table 3.1 illustrates the impact of the 1948 measures
and subsequent legislation on the legal framework for collective bargaining.

The restrictions on union rights in the public sector came about because of a
convergence of opinion between Japanese officials in the Ashida government and
SCAP officials in the Government Section on the one hand, and a desire by Mac-
Arthur to send a strong message to labour that he would not brook work stoppages in
the public realm. SCAP’s Labour Division opposed the scope of the changes, but
James Killen, the head of Labour Division, was overruled by MacArthur after a
dramatic showdown on the issue in June 1948. Killen subsequently resigned. An

\[\text{War, p. 186.}\]

\[\text{4. For details on the conspiracy, see Takemae Eiji, Sengō Rôdô Kaikaku, pp. 230-231.}\]

\[\text{5. The crackdown on the public sector and the overwhelming use of force during the Tōhō dispute in August would seem to make summer 1948 the decisive period when what I call the period of re-alignment ends and the managerial offensive takes shape. However, the coalition government (especially with the left-leaning Katō Kanju as Labour Minister) was not the most effective vehicle for a concerted attack on labour. This problem was resolved in October.}\]

\[\text{6. For an inside account of the showdown see Theodore Cohen, Remaking Japan, pp. 390-392.}\]
important factor that is often overlooked in this discussion is that the union rights accorded public sector workers in Japan clearly exceeded those of their counterparts in the United States or Canada, for whom striking continued to be prohibited in the main. Thus, in MacArthur’s eyes, his summer actions simply re-

| Table 3.1: Union Members by Labour Law Jurisdiction |
|----------------|----------------|----------------|----------------|----------------|
| Total           | Trade Union Law | Crown Corp. Labour Relations Law | National Civil Servants Law | Regional Civil Servants Law |
| 5,686,774       | 3,815,144       | 463,795         | 511,031         | 896,804         |

Notes:
1) These statistics are from 1950. Most of the union members covered by the T.U. Law were in the private sector. Those under the CCLRL were mainly railway workers.
2) The TUL allowed the right to unionize, bargain and strike. The CCLRL allowed the right to unionize and bargain. The National and Regional Civil Servants Laws allowed for unionization but denied the right to bargain for a collective agreement.


addressed what appeared to be an imbalance caused by excesses from the early postwar reforms.

Besides the prohibition of union rights another development was occurring within the public sector in this period which would also have long term implications for Fordism in Japan. The outline of a new wage and classification system, one dramatically different in structure from the Densan system was being constructed in the civil service.
Through Government Section, Blain Hoover -- Chairman of the Civil Service Assembly of the United States and Canada, played an instrumental role in reforming Japan's civil service. Not only was he responsible for insisting that Government Section repeal the right to strike for civil servants, he also advised that Japan adopt the American system of occupational classifications for civil servants. This system, while reflecting inherent biases regarding gender and replete with bureaucratic pitfalls for labour, did reflect an attempt to implement the principle of equal pay for equal work by endeavouring to evaluate the actual work that employees performed. Thus as early as 1947, when the National Public Service Law was enacted by the JSP-led coalition government, the legislation adopted the principle that jobs should be classified and weighed against each other through standardized evaluation of job content (responsibility, duress, and so forth). At the same time as the job classification scheme was being introduced, the government and CLRB were attempting to initiate major changes in the wage structure for civil servants.

After the prohibition of the February general strike, the JSP-led Katayama cabinet came to power and referred demands for wage increases to CLRB mediation. Reporting back in November 1947, the CLRB recommended government employees receive a special inflation bonus worth 2.8 months salary and that a special commis-

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8. Jinji In ed., Jinji Gyōsei Nijū Nen no Ayumi, p. 71. The fact that the official number of job classifications peaked at 449 in January 1952--while Japan was still under occupation--and thereafter declined is an indication that job classifications were largely a result of U.S. influence. For statistics on the job classifications see Ibid., pp. 86-87.
sion be formed to reform the wage structure. Of all the unions in the government sector, only the rail union (NRWU) accepted the CLRB recommendations and it was the lone union to sit with the government and CLRB on the special wage commission. The upshot of the wage reform package, introduced in May 1948 and amended some months later, was:

a) the abolition of the four employee levels (officials, employees, daily-paid, and monthly-paid workers) and establishment of two wage scales -- one standard and one daily-paid;

b) the establishment of the principle that employees would be paid on the basis of the quantity and quality of their work;

c) the adoption of a 15 tier classification scale with 6-10 incremental steps in each;

d) the creation of five such scales for particular government sectors (general, taxation, police, railways).

This compensation system was very close to the American model. A key feature of this model was that employees had to pass a performance evaluation in order to move up the incremental wage scale. The issue of how to measure performance was the locus for an important divergence in approach between the U.S. and Japanese systems.

In 1949, Andō Tamao began work for the Efficiency Bureau of the National

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10. Ibid., pp. 220-221.
Personnel Authority which administered the new wage system for government workers. He recalled that U.S. Occupation officials stressed the difficulty in objectively measuring performance and that even when it was possible it should be limited to measuring work performance. Andō could not accept the American position:

For my part, well -- as you can see how we translated "Jinji Kōsa Ka" as the Employee Evaluation Section, not the Service Rating Section, we stressed that it wasn’t enough to base our evaluation simply on employee work performance and that if we didn’t plan to also fairly measure such things as character, ability and aptitude the evaluations would be useless in deciding such things as assignments and transfers. I said the purpose of the so-called personnel evaluations was about character and, compared to the U.S. performance evaluation which had a history of only 50 years, my country’s [practice of] personnel evaluations actually date back over 1200 years ago to the idea of 'evaluating' [kō] found in the regulations of the Taiho legal code.11

Whether one classifies Andō’s musings as the expression of tradition or simple rationalization, the fact remains that by this time even the Americans had come to recognize the difficulties evaluating performance. Managers such as Andō did not see the difficulties and went so far as to add character assessment to the work rating. In any case, the idea of using personnel evaluations clearly had struck a resonant chord among some officials. The idea of establishing a hierarchical wage and promotion ladder based on pseudo-scientific measurements that could be bureaucratically controlled was a system that would take hold and in fact expand into the private sector over the next few years. It represented a challenge to the Densan wage system which attempted to strictly limit employer discretion in assigning wages.

II. The Employer Offensive (1948-50)

The appointment of Yoshida Shigeru to form a new cabinet in October 1948, after the Ashida coalition government fell due to scandal, signalled the onset of an employer offensive which would significantly alter labour relations in Japan. If 1946-47 represented the high tide of union power, then 1948 represented a transition period. The next two years, 1949-50, can only be regarded as a co-ordinated employer/government offensive against labour. We will first examine the contents and effects of this managerial offensive through a case study at Suzuki. This is followed by a broader examination of the 1949-50 layoffs and strikes that characterized this period. This is succeeded by an examination of the timing and nature of the 1949 reform of the Trade Union Law. The section concludes with an synopsis of the intent and basis of the managerial offensive.

The Suzuki Lockout

A surge in loom demand in 1948 sustained relatively tranquil labour relations at Suzuki after the turmoil early in the year. In the second half of 1949, however, sales began to drop off dramatically. At the same time Suzuki came under intense pressure from its banks to retrench and regain managerial control in the workplace -- control that had been weakened because of union gains discussed in the previous chapter.

On Nov. 23, 1949 the company submitted what it considered a "reconstruc-
tion" proposal to the union. The proposals, although vague at first, included demands for major wage cuts and personnel reductions among other things. The next day Suzuki officially demanded a 35 percent wage reduction. This marked the beginning of a dispute that would escalate into a major confrontation between Suzuki and its employees. Suzuki explained its decision to embark on this collision course with the union this way:

The origins of our decision (reconstruction through personnel consolidation) can be traced to the fact that both domestic and overseas orders had dropped sharply, and profits stagnated leading to a surplus in personnel; but our banks forced our hand telling us: "you must deal with redundant personnel, eliminate radical elements from the union, reduce the scope of operations and restart your operations on a healthy basis or we cannot lend you money". With this they also refused to discount our note. 12

The instructions Suzuki had received from its bank were not simply a result of a tight money policy; they reflected an escalation in the attempt by the highest echelons of big business to purge the unions of an adversarial approach to labour relations.

At Suzuki, the union responded to the company’s proposal with a counter-plan to deal with the ostensible economic aspects of the crisis. The union proposal contained major concessions including a proposal to reduce wages by 20 percent for regular employees and 35 percent for managers. The company declined this offer and instead began to solicit "volunteer retirees" (kibo taikshokusha). By December 15, 54 employees had decided to accept early retirement.

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The company continued to press in the management council for further concessions from union representatives during January. It also informed the union that if a new collective agreement was not in place by January 20, it would consider the existing collective agreement void (1949 amendments to the Trade Union Law banned the perpetual duration clause for contracts). On January 26 the union received company notification that the collective agreement had expired but remained optimistic that a new contract would be worked out. By February, however, the union began to lose confidence in a negotiated settlement and issued an emergency notice to its members warning them of impending layoffs.

Discussions in the management council ended at this time and collective bargaining began. In some senses this was a formality because the same people were still meeting. However, collective bargaining represented an escalation in the conflict because the contradictions were now public and an informal agreement to end the dispute became impossible.

On March 10 the company unilaterally reduced the base wage rate from 9,000 to 7,000 yen per month and one week later announced it would layoff 282 employees of its own choosing.\textsuperscript{13} Severance pay was set at 30-40,000 yen. The union responded with a 24 hour strike on March 22. On April 11, Suzuki broke off collective bargaining and on April 12 it sent by registered mail layoff notices to the 282 employees. On the 17th, the union members occupied the plant and began

production control. The layoff notices were returned to Suzuki on April 21 at which point the company applied for a temporary injunction banning the laid off employees from entering the plant.

On May 15, the Japan Metalworkers Union declared a 24-hour general strike to protest layoffs at Hitachi, at Toshiba, as well as at Suzuki. On this day the workers barged into the executive offices and tried to force Suzuki Michio and others to restart collective bargaining. During the confrontation, the workers attempted to hoist Suzuki's chair into the air at which point a scuffle occurred; Suzuki fell and lay prostrate. Ten minutes later he got up and left under his own steam without any hindrance from union members. He reported to a local hospital where he was told he was not seriously injured. Suzuki reported the incident to the police and on May 21, 14 union activists including the local's executive were arrested. The day after the arrests Suzuki locked out its employees. On June 8, the Shizuoka Regional Labour Relations Board (LRB) offered to mediate the dispute and the two parties accepted this proposal.

As the confrontation escalated dissension grew within the local and on June 8-9, union members opposed to the local's militant tactics met to form a breakaway union. On June 10 the second union was founded and quickly gained 132 adherents.

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According to the original union the new union members visited each members residence and told them: "Even if you are not one of those laid off this time, if you stick with the Metalworkers the next time there are layoffs you’ll definitely get the boot. If you join the second union now you’ll be o.k." The breakaway union obtained an old building from the company to use as its headquarters and an all out war between the factions began.

On June 21, a U.S. officer, responsible for labour affairs in the Civil Affairs Section of the Kanto Division of the Occupation Forces, visited the Suzuki factory, ordered all the workers to assemble in front of the factory gates and proceeded to lecture them on the importance of maintaining production and keeping the peace. Inspired by the speech, members of the breakaway union breached the picket lines and entered the factory. Fearing further violence, mediators and prefectural officials pressured Suzuki to get the dissident workers to withdraw from the factory grounds and Suzuki in the end complied with these requests.

The regional LRB stepped up its mediation efforts and on June 25 submitted its proposals to resolve the dispute. Among other things, the LRB recommended that the number of layoffs stand but that the company allow some leeway in who was to be laid off. That is, if certain volunteers stepped forward then others who had been designated for layoff could remain. This compromise proposal was based on the union contention that the company was attempting to break the union, and therefore

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guilty of an unfair labour practice because it had designated the majority of the union executive to be laid off.

The company responded to the effect that in the end analysis it would determine who was to be laid off, thus rejecting any possibility that union leaders might retain their jobs. The union, for its part, demanded that all layoffs be carried out through attrition or voluntary early retirement. Mediation continued until July 5 at which time discussions broke off. Later the same day, Suzuki concluded an agreement with the breakaway union based on the mediation proposals but eliminating those clauses which allowed for some possibility of the original union executive retaining their jobs. With a memorandum of agreement with the breakaway union in place, Suzuki decided to lift the lock-out and thereby served notice that it was prepared to have its new union break the strike.18

The LRB mediators, fearing new clashes if the breakaway union members attempted to cross the picket lines to start working, made one final effort at settlement. On the key issues of jobs, it proposed reducing the number of workers to be laid off by 20. The company accepted this new proposal because it maintained control of who was to be laid off. The union was in a difficult position. Workers could sense the changing relation of forces through the intervention of the military, the police, and the company’s support for the breakaway union, and an increasing number had shifted allegiance to the breakaway union. In a dramatic general meeting on July 8, over 300 members of the original union met to vote on the mediator’s

proposal. The outcome: 212 for, 111 against. Suzuki re-opened its doors on July 10 and, with the full support of management, the breakaway union gradually gained exclusive jurisdiction at the plant. Needless to say, the new union had no affiliation with the Japan Metalworkers Union and from 1950 on, followed a policy of close co-operation with the company.

The 1950 strike at Suzuki has not been investigated by researchers in Japan. Nevertheless, this strike constitutes a microcosm of the changing relation of forces in labour-management relations in the 1948-50 period. To fully grasp the significance of the Suzuki experience, it is necessary to situate it within the general experience of the period.

**Layoffs: Scope and Motivations**

Table 3.2 illustrates the scope of layoffs in the private sector that occurred in this period. Major corporations, including Mitsui, Toshiba, Hitachi, Toyota, and Yamaha among others, laid off thousands of their employees in the 1949-50 period. Nor were the layoffs restricted to the private sector.

In May 1949, the Yoshida government introduced a legislative package to reduce employment in the public sector. The package called for the National Railways to dismiss about 90,000 workers, and for reductions in the civil service at all levels. While the layoffs in rail were massive and hotly contested, real job cuts among employees in regional governments were not on the same scale because the

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19. Ibid., p. 33.

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Table 3.2: Private Sector Layoffs, 1949

<table>
<thead>
<tr>
<th>MONTH</th>
<th>NO. OF ENTERPRISES</th>
<th>NO. OF LAYOFFS</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>218</td>
<td>7,480</td>
</tr>
<tr>
<td>March</td>
<td>479</td>
<td>15,349</td>
</tr>
<tr>
<td>April</td>
<td>513</td>
<td>26,295</td>
</tr>
<tr>
<td>May</td>
<td>833</td>
<td>31,911</td>
</tr>
<tr>
<td>June</td>
<td>941</td>
<td>40,840</td>
</tr>
<tr>
<td>July</td>
<td>1,241</td>
<td>99,629</td>
</tr>
<tr>
<td>August</td>
<td>1,330</td>
<td>73,546</td>
</tr>
<tr>
<td>September</td>
<td>1,071</td>
<td>44,264</td>
</tr>
<tr>
<td>October</td>
<td>748</td>
<td>33,552</td>
</tr>
<tr>
<td>November</td>
<td>645</td>
<td>32,468</td>
</tr>
<tr>
<td>December</td>
<td>795</td>
<td>30,132</td>
</tr>
<tr>
<td>TOTALS</td>
<td>8,814</td>
<td>435,466</td>
</tr>
</tbody>
</table>

Note: The statistics are for less than one year and are not complete. They do give some idea, however, of the scope of layoffs.

Source: Rodo Shô, Shiryô Rodô Undô Shôwa 24 Nen, p. 86.

prefectural and city authorities had already been reducing staff levels. In fact, many of the layoffs constituted paper savings although the new standards did imply lower job levels in the long run. Table 3.3 shows the effects of layoffs in the civil service at the regional level. Moriguchi, one of our case studies, was not affected by the layoffs that occurred in this period.

Recognition of the relatively limited scope of the layoffs among regional government employees should not blind us to the pain suffered by the 20,000 who were given the sack. Nor should it lead us to underestimate the importance of...
analyzing the nature of these layoffs. Many scholars regard the layoffs in this period as simply an economic function of the Dodge line, a policy of fiscal retrenchment imposed by the United States on the Japanese government in 1949. However, the

table3.3: Employment Adjustment Standards for Regional Public Sector

<table>
<thead>
<tr>
<th></th>
<th>Prefectural</th>
<th>Five Metros</th>
<th>Cities</th>
<th>Town/Village</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous Employment Standard</td>
<td>293,786</td>
<td>77,566</td>
<td>95,461</td>
<td>206,022</td>
<td>672,835</td>
</tr>
<tr>
<td>Reduction</td>
<td>52,881</td>
<td>11,635</td>
<td>9,546</td>
<td>10,301</td>
<td>84,363</td>
</tr>
<tr>
<td>New Employment Stand.</td>
<td>240,705</td>
<td>65,931</td>
<td>85,915</td>
<td>198,721</td>
<td>588,473</td>
</tr>
<tr>
<td>Actual Layoffs</td>
<td>9,443</td>
<td>3,568</td>
<td>5,324</td>
<td>4,120</td>
<td>19,455</td>
</tr>
</tbody>
</table>


evidence from the Suzuki case study and related materials suggests that the layoffs that occurred in this period were more than simply a case of temporary dislocation due to government fiscal policy.

The directive that Suzuki received from its bank clearly indicated that one objective of the layoffs was to eliminate what it called radical elements from the union. In the Toshiba dispute this was clearly one of the objectives as well, as Occupation documents make clear and as Joe Moore has documented in his study of Capital Retaliates...123
the Toshiba dispute. In the public sector, the layoffs explicitly targeted union activists and/or communists. According to one study of layoffs at 69 prefectural, metropolitan and city or town bargaining units, at 54 of the sites the layoffs included executive members of the union. In light of these indications, one is hard pressed to avoid the conclusion that the 1949 layoffs had as a major objective the purge of militant unionists. When linked to other political events at this time, and put in the context of the realignment of U.S. and Japanese business interests, it becomes blindingly clear that the management offensive of 1949-50 was, in the main, a political act on the part of Japanese capital. It certainly had the blessing of U.S. business and SCAP, but Japan’s employers needed little coaching on how to tame an unruly labour force; they had a half century of practice and their anti-labour bias was as home grown as miso soup. Further evidence for this perspective comes from the history of Nikkeiren policy proposals leading up to the 1949 assault on labour.

20. Valery Burati, a former C.I.O. staffer, joined Labor Division in late 1948 and quickly became involved in the Toshiba dispute. In a report to his superiors he explained that the existing collective agreement gave the union "almost managerial authority." Labor Division's plan was to have Toshiba management revoke the collective agreement and renegotiate a new agreement with a second union. See Val Burati to Chief, Labor Relations and Education Branch, "Strike in Tokyo Shibaura Electric Company", 15 March 1949, Economic and Scientific Section, Labor Division, National Archives Depository, Suitland, MD (hereafter referred to as Labor Division Papers), Box 8477, pp. 1-2.


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Trade Union Law (TUL) Reform

A key ingredient in Suzuki’s successful attempt to restructure as well as break its militant union was its ability to layoff employees at its own discretion. However, the 1948 collective agreement (Section 2, Clause 5) explicitly prohibited layoffs unless agreed to by the union. In order to get around this major problem, Suzuki served notice that it was refusing to renew the collective agreement. This in itself was a violation of Section 5, Clauses 22-24 which provided for automatic renewal of the contract (perpetual duration) until a new collective agreement was in place. According to this latter clause, the terms and conditions of the collective agreement would remain in place until such time as a new collective agreement was signed. However, in May 1949, the conservative Yoshida government had revised the Trade Union Law and prohibited perpetual duration clauses in collective agreements. Suzuki was thus able to take advantage of the new law, revoke the collective agreement and thereby void the clauses which prohibited layoffs.

The correlation between the revisions to the TUL and Suzuki’s revocation of the collective agreement six months later is far from coincidental. In fact, employers had begun to plan for changes in the TUL shortly after MacArthur had authorized the government to attack public sector unions by lifting their right to collectively bargain and to strike in July 1948. Nikkeiren, for example, had secretly formulated its demands for changes in the TUL on September 7, 1948 and submitted them for Labor Division scrutiny on October 27.22

In essence, their proposals closely followed their June position paper ("On Revising Existing Collective Agreements"). In introducing its reform package Nikkeiren summarized its perspective on the labour-relations scene: "A few far left elements, who have a political blueprint for Japan’s labour movement but who have no democratic union consciousness or experience, have repeatedly taken control of the country, pushed the economy into chaos while ignoring the economic well being of the people." It recommended: 1)banning strikes that endangered the economy including general strikes, political strikes, sympathy strikes, production control, etc.; 2)widening exclusion provisions to prohibit managers and others (including even health and safety personnel) from union membership; 3)cessation of subsidy for union activities; 4)restriction of collective bargaining to economic issues and restricting the bargaining unit to enterprise units; 5)invalidating the closed or union shop; 6)reinforcing management’s right to fire for cause; 7)clarifying unfair labour practices and making each party liable for these actions; 8)obliging unions to submit decisions regarding dispute actions, for example, to a secret ballot at general meetings; 9)inserting a peace clause (similar to a no strike clause), collective bargaining procedures and establishing a grievance committee within collective agreements; 10)dividing the labour relations board function into two separate divisions -- one for arbitration and one for mediation.

The resurrection of a Yoshida-led government by SCAP in October 1948 was

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a direct signal of the imminent changes in Occupation policy -- economic and otherwise. Nikkeiren moved quickly to take advantage of the situation by lobbying the new administration. In a memorandum submitted to major governmental departments on October 20, the employers’ association called for: a) wage stabilization; b) reinforcing workers’ sense of duty by establishing work rules and policies which would promote a productivity-based wage system; c) measures to cope with unemployment produced by inevitable rationalization programs in both the public (gyōsei seiri) and private (kigyō seibi) sectors; d) reform of labour laws to bring radical unions into line; e) educational measures to democratize unions and to promote managerial and technical skills; f) creation of a social welfare system.25 Clearly this plan for wage restrictions, and layoffs (rationalization) predates the Dodge directive of December 1948.

Yoshida heeded Nikkeiren’s call for government intervention and immediately began to exert pressure on militant unionism through administrative fiat. In October, for example, the Labour Ministry issued an internal memorandum which stated that banning communists from unions or union positions was legal.26 This was followed by other minor changes and then on December 22, the Ministry issued a major internal memorandum to prefectural authorities. Titled "A Circular from the Deputy Minister for the Promotion of Democratic Unions and Democratic Labour Relations", the circular called for close supervision of individual unions by the civilian authorities.


in conjunction with the corresponding Military Civil Affairs officials in order to break militant unions. Concretely, the circular outlined changes the government would require in union bylaws and collective agreements. The latter included the following provisions: 1) strengthening managerial rights; 2) restricting the scope of collective agreements, i.e. excluding all managers from its provisions; 3) halting union activities on company time and payment of union officers; 4) spelling out provisions of the collective agreement in detail; 5) establishing grievance committees; 6) inserting if possible no strike clauses for the duration of the collective agreement or, minimally, inserting a clause to peacefully resolve disputes during the term of the agreement; 7) no payment of salaries during work stoppages; 8) an end to perpetual duration clauses.

It was this memorandum which authorized the dispatch of a U.S. officer from the Military Civil Affairs section in Shizuoka to intervene in the Suzuki dispute.

This December 22 memorandum was an administrative precursor to the actual reform of the Trade Union Law that took place six month later. The complex process
leading to revision has been minutely examined by Takemae Eiji. A series of initiatives to reform the Trade Union Law, each reflecting the nuances of the respective sources, had surfaced during the previous two years.

The first impulse for revision had come from reformers such as State Department staffer Phillip Sullivan who, as early as 1946, had called for revision of the Trade Union Law (TUL) because it allowed for too much government interference and gave management too much leeway to interfere in union affairs. This first call for revision was, in the main, a call for further democratization albeit based on the American model of labour regulation. The second impulse for revision came in the anti-communist plans of Labor Division of May-June 1947. This plan called for amendments in the TUL to provide for stricter internal union functioning through revision of union constitutional and bylaw provisions because, according to Labor Division’s post general strike analysis, communists were able to control the unions from the top using bureaucratic manipulation. As Takemae has demonstrated, however, any plans to amend the TUL were postponed under Killen’s tenure as chief of labour division. However, MacArthur’s decision to attack public sector employees’ union rights in July 1948, Killen’s subsequent resignation, and the resurrection of the Yoshida government led to a major review of the TUL within both SCAP and the


Ministry of Labour.

A first draft of proposed amendments was circulated within Labor Division on October 1. On October 28, Nikkeiren submitted its own recommendations for revision (first adopted on Sept. 7) to Labor Division. At the end of 1948, Labor Division instructed the Japanese government to set up a commission to oversee the revision process and on Feb. 14 a draft bill was made public. Up until this point, labour had no input whatsoever into the revision process. Public hearing into the revisions took place that spring but despite protests by labour groups of all political hues, the revisions to the TUL passed the Diet in May. The revisions resulted in the prohibition of all perpetual duration clauses, weakened unions protection under the civil codes if involved in any violence, and forced unions alone to abide by stringent rules of secrecy in strike votes and internal elections. By this time, however, the management offensive was already in full swing.

Meeting of Business Minds: Japan and U.S.

Given the series of related events in this fateful period, it seems reasonable to conclude that the management offensive was planned, articulated and carried out in the main by the Japanese business elite with the support of the government and the Occupation forces. The key locus of control for this offensive resided in the banking community and Nikkeiren. As was demonstrated in the Suzuki example, the banks

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Nikkeiren's recommendations for revising the T.U.L. are reprinted in Takemae Biji, Sengō Rōdo Kaikaku, pp. 408-412. Interestingly, Nikkeiren makes no mention of this document in its own official history.
controlled the levers of finance. However, they could not accomplish their objectives without the support of the Japanese government and SCAP.

This was why the 'reverse course' in Occupation policy was so significant. Howard Schonberger has meticulously documented the process that led to the change in Occupation policy. While the Occupation had its own conservative ideologues, such as intelligence chief Charles Willoughby, their views on the whole did not predominate as Occupation policy. The initial period reflected the proposals of democratic reformers. By early 1947, however, conservative policymakers and businessmen such as Newsweek's foreign affairs editor Harvey Kern and Wall Street lawyer James Lee Kauffman, assailed Occupation policy for being pro-labour and anti-business. They successfully organized a Japan lobby whose opinions began to make inroads among U.S. government officials such as William Draper, Under Secretary of the Army and James Forrestal, Defence Secretary, both of whom came from the Wall Street law firm, Dillon, Read & Co.

One of the key moments in this process was the March 1948 meetings between Draper and then Prime Minister Ashida Hitoshi. Ashida, while still in a coalition government with the Socialist Party, railed against workers and unions and asserted that industrial recovery in Japan depended on "better control over labour, revision of the occupation's liberal labor laws," and appeals to "labour to asking greater moderation in its demands." Accompanying Draper on this visit was an Economic

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34. Chapters 5, 6, and 7 in Schonberger's book *Aftermath of War*, carefully document the roles of Harry Kern, William Draper and Joseph Dodge in the change in Occupation policy.

Mission of American businessmen led by Percy Johnston, chairman of the Chemical Bank and Trust Co. of New York and a close friend of MacArthur who had handled the general’s investments. While Draper met with Ashida, the businessmen met with Japanese business leaders, including the purged Asano Ryōgyō and Tōshiba president and Keidanren chairman, Ishikawa Ichiro who impressed upon the U.S. tycoons the need for a change in Occupation policy. The Johnston report of April 1948, calling for a curtailment of a program to deconcentrate the zaibatsu (conglomerates), signalled the new meeting of the minds of the business elites in Japan and the United States. This meeting of the minds was engineered by Draper who had told Ashida that balancing the government budget was the key to dealing with labour and inflation. Draper then informed MacArthur, prior to returning to the United States, that he would recommend Joseph Dodge, the Detroit banker who devised Germany’s currency stabilization program, be sent to Japan to assure that an austerity program was implemented. Draper faced numerous obstacles in getting U.S. government approval for the anti-labour austerity program (it was finally obtained in December 1948 and Dodge subsequently arrived in February 1949) but in Japan, businessmen and the Yoshida government were already beginning to implement the new agenda.

This pan-Pacific meeting of business minds allowed Nikkeiren to play a key role in policy formation after its founding in April 1948. As the business community’s major lobby group on labour issues, it was able to bring the government and SCAP onside for crucial aspects of the offensive, particularly authorizing the assault on collective bargaining. Nikkeiren itself summarized the events in this period in the Capital Retaliates...132
On December 23, 1948, the government, through the Ministry of Labour, clarified that it would promote democratic labour-management relations and nurture democratic unions through administrative means. On December 23, 1948 it published a memorandum, "Concerning the Promotion of Democratic Trade Unions and Democratic Labour Relations." As part of "leadership methods" it takes up the issue of revising union bylaws and collective agreements and, regarding collective agreements it puts forward eight new measures. Many of these measures were similar to the new direction Nikkeiren was advocating. This broad current would be tied to the application of the revised Trade Union Law beginning on June 10, 1949.36

Of course, the business elite was searching for new forms of regulation and often turned to U.S. forms for inspiration, as in the case of its demand for grievance committees. But at its heart, the offensive was aimed first and foremost at regaining managerial control in the workplace and thus unions that had challenged that control were the main target in the attack. And, precisely because the new forms of labour control, including vetoes over hiring and firing, equal representation on management councils, perpetual duration clauses, and so forth, differed from the U.S. form of regulation, the assault on these forms was endorsed even by Labour Division types who were not completely committed to support of SCAP's anti-labour policies.37

The end result was that the form of regulation appeared to conform to U.S. norms but in fact, as employers gained increasing control, the substance of labour relations was developing in ways which would weaken labour's ability to counter managerial


37. For an example of the complexities involved in understanding individual roles in this period, see John Price, "Valery Burati and the Formation of Sōhyō during the U.S. Occupation of Japan," Pacific Affairs, Vol. 64 No. 2 (Summer, 1991), pp. 208-225.
power.

III. The Effects on the Labour Movement

In the United States the great unionization wave led by the CIO was only able to finally consolidate itself during World War II, after union leaders had proven themselves willing to work with capital in accomplishing the war objectives of the government. In Japan, the labour movement never had that luxury. After a scant two or three years of relatively favourable conditions, the union movement faced an assault on a scale that has no equivalent in the United States or Canada. Ranged against the new Japanese unions were the forces not only of capital but also of the state, the latter under the control of both the conservative Japanese government and a belligerent United States determined to stamp out any resistance to its plans to integrate Japan into its Asian empire as a beachhead against communism. The labour movement in Japan lost the great battle of 1949 and despite valiant attempts at revival later, management would set the agenda for labour relations.

Contracts: Revision and Revocation

If the Tōshiba contract struggle that broke out in February 1949 marked an initial managerial sortie into contract revocation, the revision of the trade union law in June heralded a wholesale onslaught against those collective agreements that enshrined many of labour’s gains of the immediate postwar period. In the June 2 edition of Nikkeiren Times a column titled "Automatic Renewal No Longer Recognized -- Stage
Set for Revising Contracts" sounded a clarion call for a general offensive against labour: "However, once the revised law regulations are at last promulgated the power derived from the law will be used extensively. So whether one likes it or not, we should consider that the time has come for a decisive battle to revise collective agreements." According to the article, the law reform would permit employers to a) expand the number of occupations that could be excluded from the union; b) weaken the closed shop or union shop system; c) restrict their financial contributions to unions and to eliminate union activities during work hours; d) stop automatic renewal of contracts. Nikkeiren’s focus on collective agreement revision reflected a legalistic approach that corresponded with general labour orientation under the Occupation. But there were many variations on this theme and in some cases employers simply got rid of unions and/or collective agreements altogether.

Under the guidance of the government and Labor Division, major industrial federations including the Japan Federation of Iron and Steel Employers, the Communications Industry Employers, the Federation of Private Railway Employers, and the Association of Cotton Spinning Employers, drafted model collective agreements between February and April, 1949 to be used by their constituent members. These models followed the revised Tōshiba contract that the employer had succeeded in

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40. For further information on these model contracts, see Ōhara Shakai Mondai Kenkyūjō, Nihon Rōdō Nenkan 1951, (Tokyo, Jiji Tsūshin Sha, 1951), pp. 366-367.
forcing on the union during the dispute in this period.

These proposed collective agreements were the legal edge to the employers' offensive and led, for the most part, to a vitiation of workers' hard-won rights. However, employers used varied means to accomplish this. At Miike, for example, Mitsui served notice that it would not renew the contract set to expire on April 30, 1949 because the Mitsui miners were opposed to the company's proposal to layoff miners. The company used the 'no contract period' to implement its rationalization program.41 As with the Suzuki and Toshiba agreements, the Miike contract had contained a 'no-layoff without consent' clause as well as a perpetual duration clause. Local negotiations were held at Miike from April 13-19 at which time company negotiators revealed their demands. According to the union they included: eliminating the word 'democratic' from the phrase 'the purpose of this agreement is to aid in the democratic development of the company' from the introduction of the union's contract language; elimination of the union shop clauses; company control over eligibility for union membership; reduction of the management council to a consultative body; introduction of a complicated grievance procedure.42

Negotiations were put on hold in the May-June period and then were further complicated by the All-Japan union's demand for joint bargaining for the Kyushu and Hokkaido districts. The company refused this proposal for enterprise-wide bargaining and regional negotiations restarted in July, 1949 with Mitsui's three Kyushu mine

42. Miike Kumiai, Miike Jü Nen, p. 179.
Managers negotiating with Western Federation leaders. However, negotiations ended in a deadlock and Mitsui miners remained without a formal contract until December 1951. In the interim labour-management relations were resolved on the basis of a series of memorandums of agreements. The 1951 contract incorporated these memoranda in what the union officially considered not a bad collective agreement for the time.43

If the final contract at Mitsui was, in the union’s opinion, not bad, such was not the case for the majority of contracts signed after June 1949. According to the Labour Ministry’s account of that period, revised contracts were signed at 26 major companies after the revised Trade Union Law was put into effect in June 1949.44 According to the same report these contracts were longer than earlier contracts with over 100 clauses and represented a substantial victory for management in each case.

Even more significant than these contracts, however, were the contracts which were not renewed at all. This was what had happened at Suzuki. As Table 3.4 indicates, in the one year period between June 1949 and May 1950, the number of unions with collective agreements fell from 14,099 to 7,655 and the number of union members covered by collective agreements fell by over one-half (3.77 million to 1.83 million)!45 This gave rise to the ‘No Contract Era’ (mu kyōyaku jidai) from 1949 to 1951. By May of 1951, 2.2 million of 4.1 million total union members (54 percent)

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43. Ibid., p. 738.


Table 3.4: Contract Coverage 1948-1950

<table>
<thead>
<tr>
<th>Year</th>
<th>Unions with a Contract</th>
<th>Total Unions</th>
<th>%</th>
<th>Union Members Covered</th>
<th>Total Union Members</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948</td>
<td>12,484</td>
<td>33,900</td>
<td>37</td>
<td>3,152,806</td>
<td>6,533,954</td>
<td>48</td>
</tr>
<tr>
<td>1949</td>
<td>14,099</td>
<td>34,688</td>
<td>41</td>
<td>3,744,763</td>
<td>6,655,483</td>
<td>56</td>
</tr>
<tr>
<td>1950</td>
<td>7,655</td>
<td>29,144</td>
<td>26</td>
<td>1,831,335</td>
<td>5,773,908</td>
<td>32</td>
</tr>
</tbody>
</table>


were still without collective agreements. Indeed, the Suzuki workers who returned to work in July 1950 returned under a memorandum of agreement but without a formal contract. For them, the 'No Contract Era' lasted until 1967 -- only then was Suzuki willing to formally institutionalize the labour-management relationship.

**Unions: Decline and Splits**

Workers did not "lay down and roll over" in the face of the employers onslaught. As evidenced by the Suzuki strike, workers resisted the layoffs and the attempt to purge their unions. Employers, however, had a host of tactics by which they could regain control over production and, for that matter, the country. First, they used layoffs as a means to purge unions of advocates of adversarial unionism, communist-led or not; second, they used anti-communism to fire union militants; third, where workers resisted the layoffs or witch-hunts, management sponsored or

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supported breakaway unions. And, finally, in many cases, employers simply got rid of unions altogether. Table 3.5 illustrates the drastic reduction in both the number of unions and union membership that occurred in the 1949-51 period. More significant for the future of labour-management relations however, were the splits within unions, both local and national, which occurred in this period. As early as the fall of 1947, democratization cells had been formed in a host of unions. For most of 1948 they were unsuccessful in gaining much influence within national unions but as the 1949 employers' offensive took its toll, the democratization movement came to the fore. While no political monolith, the democratization movement was united on the basis of anti-communism and, as the employers' offensive developed, unions began to split in right-left factions or be taken over by anti-communists. Major unions federations began to disaffiliate from the NCIU and this led to its rapid decline as Japan's national union centre by 1950.

The Suzuki strike in 1950 was one example of how a dual union emerged on the local level. Its birth was a result of a coercive process. The union clearly had a large degree of support at the beginning of the dispute, that is, in the November,
1949 to April 1950 period. The formation of the second union in May represented internal cleavages within the union but the victory of the second union was mainly the result of coercion. The arrest of union leaders, the intervention by the U.S. Army, the lockout and resulting monetary hardship, the threats of job loss if workers stuck with the first union, not to mention the general anti-left social tenor constructed by the Occupation, all contributed to the defeat of the original union.

The Suzuki experience was not uncommon in Japan in this period. Fujita Wakao, one of Japan’s most noted labour scholars, conducted a survey of the formation of dual unions in the 1946-52 period in which he concluded that dual unions represented cleavages among a segmented workforce but that the origin of the contradictions was the attempt by management to control the production process.47

Many of the splits that occurred on the local level were precipitated by the 1949 managerial offensive. However, the Mindō movement that began in 1947 had already signalled a political cleavage that, in the new circumstances, would end up in a general rupture within the working class movement.

As explained earlier, the Moriguchi union was affiliated with a regional organization, the Federation of Satellite Cities which regrouped city hall employees in the greater Osaka area, as well as to a national organization, the All Japan Prefectural and Municipal Union Federation (Jichi Rō). Splits within the regional and national federations began in August 1948 after MacArthur had banned strikes and collective bargaining for government and crown corporation employees. On August 18, 11

members of the national executive announced the formation of the Renovation Society (Sasshin Dōshikai) in Tokyo newspapers. The statement explained: "Unions, without a doubt, should serve the interests of all affiliated union members and not serve a specific person or political party. Using the union as the milieu for implementing their own political beliefs, a small number of leaders have brought this union to the brink of disaster with their endless destructive agitation and senseless theorizing which they have persisted with while disregarding the realities around them. Their crimes should be strictly examined and they should be censured in the spirit of an eye for an eye."⁴⁸

This conservative faction gained substantial support but was unable to overturn the left’s influence. In October, an attempt to censure the left-wing dominated struggle committee was defeated in the executive by a vote of 71-55. The conservative faction eventually split forming a rival federation (Jichi Rōkyō) on November 28, 1949. Of 230,000 union members in 1949, the rival federation garnered 150,000 by 1953, leaving the original union with 50,000 members. 30,000 members withdrew from the original union but did not join the rival federation. On the regional level, the Federation of Satellite City Employees also split along lines similar to those at the level of the national federation. The Moriguchi union affiliated with the conservative factions on both the regional and national level.⁴⁹

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Splits or takeovers by conservative union leaders were commonplace in this period but enterprise unionism did not gain complete control. In the coal mining industry, the left-leaning coal union dissolved to join with the heterogeneous JCU in March 1949. This also testified to the weakness of the left-wing but amalgamation at least afforded the possibility of future united action.

Perhaps the most important example of union splits was in the railway union. The conservative anti-communist caucus in the union took advantage of the layoff of 90,000 railway workers in July 1949 (part of the government’s austerity program) to take over the union. Among those laid off were 17 members of the Central Struggle Committee. Usurping the exclusive right of the struggle committee to call special executive meetings, the president of the union, Katō Etsuo, a conservative Mindō leader and favourite of Labor Division, called a special meeting of the union executive that excluded those who had been fired. This led to the formation of a conservative railway union executive. Thus, the railway union did not split per se but the left wing was purged through government layoffs and with the collaboration of the Mindō leaders. At last, Mindō leaders had attained a leading role within the trade union movement. But it was a nefarious triumph -- management’s offensive had robbed the union movement of the fruits of earlier victories.

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50. For a full account see Tanrō, Tanrō Jū-Nen Shi, pp. 230-234.

51. This account of the struggle in the rail union is taken from Shiryō Rōdō Undō Shi, Shōwa 24 Nen, p. 383.

Capital Retaliates...142
From the NCIU to Sohyo

Prior to leading the coup within the railway workers' union, Katō Etsūō had been nominated by Labor Division to represent Japanese labour at the 32nd General Assembly of the ILO (International Labour Organization) in the summer of 1949. Using this ILO meeting as a forum, U.S. labour leaders were preparing the terrain for the formation of a new international trade union federation. A few months earlier, in January 1949, the American CIO (Congress of Industrial Organizations) and the British TUC (Trade Union Congress) broke from the existing international federation, the WFTU (World Federation of Trade Unions) over the Marshall plan. This split in the WFTU was a direct result of cold war machinations.

Sponsoring Katō to attend the 32nd ILO convention was a brilliant move, killing two birds with one stone. On the one hand, it lent conservative union forces in Japan tremendous legitimacy, and on the international level, Katō gave backing to the proposal for a new, U.S.-sponsored, international labour federation. Katō attended the backroom meetings to prepare for the new federation as well as the regular ILO sessions. Out of the backroom dealings came the call for a new, anti-communist international labour federation (later named the ICFTU) to be created at a founding session in London in late November 1949.

52. For details of the split within the WFTU and the formation of the ICFTU, see John P. Windmuller, American Labor and the International Labor Movement 1940 to 1953, (Ithaca, Cornell University, 1954) and Ronald Radosh, American Labor and United States Foreign Policy, (New York, Random House, 1969).

The politics involved in the founding of a new world labour federation became closely intertwined with Japan’s domestic labour scene and the eventual formation of Sōhyō in 1950. Kato attempted to use his Occupation-sponsored role internationally to unite the non-communist Japanese union movement around the issue of affiliation with the ICFTU.

Parallel or even prior to these developments on the international

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<thead>
<tr>
<th>Table 3.6: National Union Affiliations, 1948-1951</th>
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<tr>
<td></td>
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<tr>
<td>NCIU</td>
</tr>
<tr>
<td>JFL</td>
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<tr>
<td>Unaffiliated</td>
</tr>
<tr>
<td>National Unions</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Sōhyō</td>
</tr>
</tbody>
</table>

Note: Sohyo was formed in July, 1950 while other figures were for June, thus there is some overlap in affiliation figures.
Source: Ohara Shaken, Nihon Rödō Nenkan, 1953 Nenban, p. 73.

scene, employers and breakaway unions had done everything in their power to weaken the largest union federation in Japan, the NCIU. Table 3.6 traces the decline of the NCIU and the rise of Sōhyō in its place in 1950. As at Suzuki, the employers’ offensive was a main factor in the decline of the NCIU. But another important player was the democratization or mindō movement. In the summer of 1949, however, the mindo movement itself, while gaining strength at the expense of the JCP, was increasingly divided. While some non-communist union leftists had resisted the
employers anti-labour offensive, many others had refused to follow the JCP’s political orientation and had ended up splitting with them. But important cleavages remained among the non-communist unionists. These divisions were most clearly articulated by factional lines within the JSP. A series of events -- the involvement of Nishio Suehiro, a conservative JSP Diet member, in the Shōwa Denkō scandal in late 1948, the secession of one section of the JSP’s left wing to form the Labour-Farmer Party in December, and the abysmal JSP election performance in January 1949 -- converged to galvanize the left-wing of the party into action. At the JSP convention in April, left social-democrats made substantial policy and leadership gains. To some extent, these divisions were based on personal power politics. However, there were also substantive policy issues at stake, issues which would erupt to split the JSP completely in 1951.

The growing division within the JSP led to serious breaches within the non-communist labour movement. For example, conservative union leaders such as Matsuoka Komakichi (JFL) and leaders of the Railway mindō group helped sponsor the creation of the Independent Youth League (Dokuritsu Seinen Dōmei) within the JSP in July 1949. Under the leadership of ex-communist Nabeyama Sadachicka, this group hoped to counter the growing strength of left unionists such as Takano, Hosoya and others.

In the wake of these divisions, it is perhaps not surprising, that the initiative for a new labour federation to replace the NCIU came from unions less involved in the factional infighting. Unity proposals first surfaced among leaders of non-affiliated
unions such as the JCU (Tanrō), seamen (Kaiin), private rail (Shitetsu) and others who created a discussion group, the Rōdō Kumiai Kenkyukai (Rōken) in July 1949.54

Labor Division was also directly involved in the emerging plans for a new national union federation. The chief liaison officer between SCAP and trade unions was Valery Burati, a former CIO official who began work with Labor Division in late 1948. A liberal, Burati was informed and supportive of emerging plans for a new, national labour federation including what he termed 'progressive' elements in the JFL. In a report prepared for the Labor Relations Branch in August 1949, Burati alerted Labor Division:

The most significant development, however, is still in the formative stage. Under the leadership of Muto, those progressive, anti-Communist elements represented in Sanbetsu, Sodomei and the large independent group of unions are now in the process of organizing a committee which will guide the formation of a new federation of industrial organizations. Only unions which are committed to democratic principles and which declare themselves specifically in opposition to the World Federation of Trade Unions will be admitted.55

Through SCAP efforts, this trend towards non-communist unity first coalesced around affiliation to the ICFTU. On September 2, the U.S. Army, State and Labour Departments wired SCAP to recommend that a Japanese delegation be allowed to attend the founding convention in London. This prompted a review of SCAP policy, since overseas labour delegations had been forbidden with the sole exceptions of


sending labour representatives as observers to ILO meetings. Burati made the initial policy review noting the emerging trend towards an anti-communist union federation within Japan:

This new federation, if present plans are successful, will be established by January 1950 and will include the great bulk of the Japanese labour movement independent of both the extreme left and extreme right. Unions and their leaders will be judged by their declared alliance with either the new Free World Trade Union Organization or the old World Federation of Trade Unions.56

Burati recommended that SCAP permit a Japanese delegation to attend the London conference in order to further align Japanese labour with the international anti-communist program.

While the review proceeded, Katō Etsuõ helped establish the Committee to Promote Affiliation with the ICFTU in early September. After SCAP gave the go ahead to send a delegation (funded by SCAP and escorted by Robert Amis, the new chief of Labor Division), unions in the Committee nominated five delegates to go to London. Matsuoka Komakichi, the conservative leader of the JFL was among the five nominated but Burati, through Labor Division, vetoed his nomination because he considered Matsuoka too pro-company. Matsuoka wrote to AFL president William Green prior to the London Conference to complain about Burati and Amis’ action.57


A JFL delegation visited Burati on December 2 to inquire why Labor Division had scuttled Matsuoka’s participation as part of the Japanese contingent to go to London. According to the transcript of this meeting, Burati tried to play down the affair but when pushed, cited Matsuoka’s backing of the Independent Youth League at the JFL’S 4th Convention as evidence that Matsuoka represented the old guard. "However, I must say as I remember, the convention, to use one example, opposed the Youth League and as I remember it, Mr. Matsuoka was in favor of the Youth league. Therefore, it would seem there is some difference between the new policy and the old and that Mr. Matsuoka is not representative of the new policy." In fact, Burati had received numerous reports about the activities of the Independent Youth League and its association with rabid anti-communist figures such as former communist leader, Nabeyama Sadachika. According to Labor Division Advisor Meijiro Hara:

With regards the character of the Independent Youth League, repeated appraisals have been made in our past reports that clarified personality and political motives of the league leader Nabeyama as well as the league’s rightist political design. Ex-communist Nabeyama is a close associate of Nishio and Matsuoka, the noted old-timers and political bosses within the Socialist right-wingers. He develops a most positive attack on the Communists, and is in close relationship to Nikkeiren (Japan Operators Association).59

Thus even SCAP attempts to bring anti-communist unions together through affiliation

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58. A. Faires (Burati’s stenographer), "Report of Conference with JFL Delegation in Mr. Burati’s Office," 2 December 1949, Labor Division Papers, (Box 8478), p. 3.

with the ICFTU were subject to factionalism. While the movement for affiliation with the ICFTU and the drive for a new national federation moved along parallel tracks they remained distinct because of domestic factional struggles. Thus the formal proposal to begin a new federation was first tabled in October within the non-affiliated unions discussion group (Rōken). It was decided then that the new federation could not limit itself only to unions that had affiliated to the ICFTU. The private railways union (Shitetsu) would be the sponsoring organization. Private sector affiliates held formal discussions on November 1 and a broad unity conference was slated for November 14. The JFL held its 4th annual convention in early November at which time it decided to join in the unity conference.

Thirty representatives from 19 unions (including the JFL and the New CIU) met on November 14 and preparations for the new federation were officially launched. On Nov. 21 the group was officially designated the Preparatory Committee for Unity of Japan Trade Unions (Zenkoku Rōdō Kumiai Tōitsu Junbikai) and subcommittees were established to prepare a constitution, bylaws, a budget and an action plan. At this point, however, differences cropped up. For example, affiliation with the ICFTU was not made compulsory in the constitution or bylaws as had been foreseen. Instead, promotion of the international body was relegated to a part of

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60. Zenrō, Zenro 10 Nen Shi, p. 48-49.

61. In the Sohyo account of its own formation, at the Nov. 1 meeting called to discuss the Rōken proposal it was specifically stated that a new federation could not limit itself to unions affiliated to the ICFTU. See Sōhyō, Sōhyō 10 Nen Shi [Sōhyō: Ten Years], (Tokyo, Rōdō Junpō Sha, 1963), pp. 167-173.

the action plan. As well, changes were made to the draft constitution which, according to some later critics of Sohyo, left it open to class struggle politics. Delegates to the preparatory conference to found Sohyo held March 11, 1950 debated the basic plan, constitution and action plan for the new organization. However, since these documents already embraced important compromises and were only drafts to be adopted at the founding convention set for July, major conflicts were avoided with one exception -- the New CIU group (led by Hosoya) announced that it would not participate in Sohyo because it was SCAP-controlled! The New CIU group later reversed this view and participated in the founding meetings only to withdraw later.

Thus after a year of factional infighting, Sōhyō finally came into being. Although it had been originally caste as a conservative, anti-communist labour federation, the re-emergence of centre forces (neither communist nor conservative but aligned with the left wing of the JSP) made Sōhyō a volatile force that, as events unfolded, would become increasingly militant and a thorn in the side of the United States.

IV. Anti-Communism and the Korean War

The last two years of the Occupation witnessed a virulent spasm of anti-communist witchhunts as well as Japan’s integration into the U.S. Pacific sphere of influence, a fate sealed with the outbreak of the Korean War in June 1950. Paradoxically, anti-democratic repression and integration into the U.S. orbit provoked a split

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63. Ibid., p. 49.

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in the centre-right union coalition that SCAP had so arduously promoted. Sōhyō, originally intended as the organizational epitome of the Occupation’s anti-communist labour policy, reared up to bite the hand that had fed it.

U.S.-Soviet tensions escalated dramatically in late 1949 and early 1950. On January 6, the Cominform issued a critique of the JCP for pursuing a strategy of peaceful revolution. This was accepted and the party prepared for further confrontation with the Occupation. It was not long in coming. During the spring of 1950, SCAP and the Japanese government increased their surveillance and scrutiny of the JCP. On May 3, MacArthur publicly postulated that the Party might lose its constitutional rights. Using a scuffle between demonstrators and GIs on May 30 as a pretext, SCAP directed the purge (powers originally intended to be used against war criminals) of the JCP central committee and the Red Flag editorial board on June 6 and 7 respectively. The outbreak of the Korean war on June 25 led to an escalation of repression. On July 24, SCAP ordered the firing of suspected communists in the media followed by a general purge of suspected communists in important industries on August 10. On August 30, SCAP ordered the dissolution of the All-Japan Federation of Workers (Zenrōren), a loosely organized national labour federation that included left and right factions of the labour movement.

Nikkeiren went quickly to work to take advantage of the situation. On October 2 it published a "Guide for Expelling the Red Elements" in which it gave detailed instruction on how to carry out the purge. Maeda Hajime recalled: "At work at Nikkeiren, every day was a busy one because of the

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red purge. Documents from SCAP files indicate that G-2, SCAP's intelligent unit was feeding employers information on who precisely was to be fired. Corporations then filed with SCAP standard reports on how the witchhunt was carried out at their respective worksites. Nikkeiren acted as a clearing house for information and advised employers how best to implement the firings.

Mitsui, for its part, tabled detailed criteria for its witchhunt to the Mitsui Union Federation on October 12. The union opposed Mitsui's proposals because the criteria were too broad and open to abuse. After three days of negotiations, however, the union agreed to the layoff of "communists who obstruct the normal operations of the plant, or others who do the same." As a result 197 miners were fired and 8 took early retirement. Table 3.7 highlights the scope of firings in the private and public sectors. It should be remembered, however, that a major purge of the public sector had already taken place in 1949, and even the private sector statistics understate the extent of the firings since they reflected only official reports.

In hindsight the Miike union recognized the problems with the union's position

<table>
<thead>
<tr>
<th>Table 3.7: Firings in Private and Public Sector during Red Purge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector</td>
</tr>
<tr>
<td>Ministries/Corporations</td>
</tr>
<tr>
<td>14</td>
</tr>
<tr>
<td>Source: Rōdō Shō, SRUS 25 Nen, p. 1078.</td>
</tr>
</tbody>
</table>

64. Maeda Hajime, "Tōshō Ichidai,", p. 358.
and in its official history shows how the company used the witchhunt to rid itself of militant workers. The situation at the time was complex, however. As early as July, 1950, Mitsui had indicated that it intended to rationalize its operations through major layoffs. Many workers no doubt hoped that the layoff of suspected communists would forestall their own walk out the door. As well, union leaders were not unhappy to see the end of activists critical of their stewardship. But another factor that must be understood, not as rationalization but as situation, to avoid facile condemnations, was the culture of the period. Japan was in a de facto state of war with North Korea, the conservative elite was consolidating its control under the protection of the Occupation, and Communists thus became convenient targets.

Layoffs hit Miike the following month in the form of "voluntary retirement." But as the union explained, there was little voluntary about it and those that the company wanted out were soon made aware of their imminent retirement. Between September and December, 4,612 workers were laid off, many of whom were workers with disabilities.66 These workers are not part of the official statistics cited in Table 3.7.

Suzuki management did not participate in the fall witchhunt because defeat of the Suzuki union in the 1950 strike and the subsequent firing of over 200 employees eliminated the union activists and Communists. The witchhunt hit the public sector in November with over 1100 employees at prefectural and national offices fired under section 78 of the public service law. There were fewer firings at the local level and

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existing documentation indicates that Moriguchi and other cities escaped this particular phase of the pogrom.67

**Labour and International Affairs**

The most important political issue for the labour movement during this final phase of the Occupation was the issue of peace and Japan’s future role in the world. The Korean war accelerated Japan’s integration into the U.S.’s Pacific sphere and this, in turn, augmented political tensions among socialists.

The JSP had elaborated its international relations platform as early as December 1949 when it called for a comprehensive peace treaty (including China and the Soviet Union) and neutrality for Japan. However, serious debate on international issues climaxed at the party’s January 1951 congress after the outbreak of the Korean War when the JSP was rife with factionalism. Delegates handed a resounding blow to the right wing when they defeated, by a margin of 342 to 81, a motion proposing a partial peace treaty (excluding China and the Soviet Union) and integration into the Western camp.68 The defeated motion had been introduced by Nishio Suehiro, one of the leaders of the right wing of the JSP. Convention delegates then proceeded to adopt the left-wing’s four peace principles -- adoption of an overall peace treaty, neutrality, opposition to foreign bases and no rearmament.

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The left-right split over international relations precipitated an end to social democratic unity over a host of other issues. At Sōhyō’s March 1951 convention, delegates adopted the left’s four peace principles and furthermore defeated a resolution to affiliate en bloc to the International Confederation of Free Trade Unions (ICFTU). Takanō Minoru, a part of the left faction within the JFL, was elected general secretary. Shortly thereafter, the JFL, in which Takano played a leading role, voted to dissolve and join Sōhyō.

A sharp struggle also broke out within the Railway Workers union. At its June 1951 convention, the right wing led by Hoshika Kaname accused those promoting the peace program of being a "fifth column for the Communist Party." The left wing responded with an appeal to dissolve the 'democratization league' which was supported by a majority of league supporters in a meeting that took place a day before the convention opened. At the convention itself, the left wing under the leadership of Iwai Akira, gained a majority within the union executive.

The right faction responded by further splitting. On October 12, it organized a regional conference in Hamamatsu to found the "Federation for the Defence of the Railway Workers Union Shizuoka Regional Organization." Attending were not only Katō and Hoshika but also Mitamura Shiro and other former communists who had been playing an important role in organizing right-wing youth groups within the JSP to counter the growing strength of the left. This group, in fact, became a principal link between Nikkeirein and the right wing of the union movement as it evolved in this

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period and, as we shall see, right up until the 1960s.

After helping to implement the anti-Communist witch-hunt in the fall of 1950, Nikkeiren attempted to sustain its coercive strategy through the "Workshop Defence Movement." Ostensibly to counteract communist re-infiltration into factories, the movement was mainly used for anti-communist indoctrination and for strengthening the right wing trend within the union movements. Nikkeiren directly employed Mitamura Shirō and other former communists in this movement and published their views regularly in the Nikkeiren Taimusu, the organization’s weekly paper. The Railway Workers union accused the new right-wing 'Federation' of being controlled by Mitamura and other 'external forces'.

Prior to the split in the Railway union, the JCU had actually experienced the transformation from a centre-right coalition to a centre-left coalition in 1949. A united national union federation existed briefly in 1947 but had soon split, with the business union and social-democratic faction uniting to form the JCU (Tanrō) in 1947. In March, 1949, the left-leaning federation withdrew from Zenrören and subsequently joined the JCU. Then, the social-democratic, pro-JFL coal unions (Nikkō) split from the united Coalminers’ Union after they objected to amendments to their proposal to

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70. For details of this movement see Rōdō Shō ed., Shiryō Rōdō Undō Shi Shōwa 26, (Tokyo, Rōdō Shō, 1953), p. 716-724. If anything this account underestimates the importance of the movement. In its own history of the 1960 Miike strike, the Mitsui Coal Co. points out that Labour Ministry’s history (cited above) erred when it stated the workshop defence movement came to an end in April 1951 and that the movement continued at Mitsui until late 1952 at least. See Mitsui, Shiryō: Miike Sōgī, p. 113.
join in building a new national centre.\textsuperscript{71}

The Miike local, through the Mitsui Federation, played a key role in opposing the Nikkō faction. At the May 1949 JCU convention, the Miike delegate declared:

Every since the February 1 struggle...they've been clamouring about the Congress’ self-criticism, and we looked forward to the outcome that such a self-criticism might bring. Our expectations, however, were betrayed and for the past year and a half we have looked upon the NCIU’s struggles from the depths of our despair....Based on an analysis of the union movement, it appears that labour is moving in a direction that rejects both the far left and the far right...and as the lessons from our struggles show, the union movement is coming to realize that, even within the economic domain, it requires a powerful political agenda. There is no question that we must promote the basic principles of the working class and develop ties of support and co-operation with the party of an active movement that aims [to build] a socialist society based on a class stand. I think there are two views about whether or not we have such a party today.\textsuperscript{72}

As mentioned previously, the initiative for founding Sōhyō came from unions such as the Coalminers and Private Railway Workers who attempted to chart a course between the JCP and the old line social-democratic factions.

The split between the non-communist left and the corporatist social-democratic factions became an unbridgeable chasm in 1951 with the founding of two opposing co-ordinating bodies: the Democratic Labour Movement Study Group (Minshu Rōdō Undō Kenkyūkai or Minrōken for short) representing the right and the Worker Comrades Society (Rōdosha Dōshikai, also known as the Suiyōkai or Wednesday

\textsuperscript{71}. For a full account of these developments, see Tanrō, Tanrō Jū Nen Shi, pp. 270-277.

\textsuperscript{72}. Miike Kumiai, Miike Jū Nen, p. 189.
Group). Over the next decade, these groups would profoundly influence the future course of the labour movement.

Commentary

Two significant points emerge from this chapter. First, by examining the internal dynamics of labour-management relations in Japan we found that the anti-labour offensive of this period was not, in the main, a function of U.S. intervention through SCAP or the Dodge reforms. Rather the reverse course and the Dodge line represented the culmination of inter-action between the Japanese and U.S. business elites who had come to agree that labour costs had to be cut and the labour movement had to be tamed. Nor was the offensive mainly a function of the Cold War although certainly it was part of the story. The fact was, big business in both Japan and the United States quickly put World War II behind them in order to deal with labour.

The second significant feature was that the labour movement was defeated in this offensive. Not only did tens of thousands of union activists lose their jobs, many local unions were split and new, market-oriented enterprise unions established. Contracts were revised or done away with, the labour code was gutted and the major national union federation, the NCIU was obliterated in the process. The scale of the setback should not be underestimated. What would industrial relations in the United States look like today if, for example, the Wagner Act had not been upheld by the

73. Details of the split in the union movement and the formation of the opposing groups can be found in Rōdō Shō, SRUS Showa 26 Nen, p. 742-750.
Supreme Court, if there had been no collaborative labour-management effort in World War II and, instead, big business had attacked the new industrial unions and succeeded in destroying the CIO?

Given the scale of the assault in Japan, it seems ironic that Kenney and Florida would conclude: "The undermining of the radical forces made it easier to integrate many worker gains into the evolving framework of capitalist accumulation." The evidence from this study does not support such a contention. To a large extent, the gains of the earlier period were extinguished or seriously jeopardized. The new production regime was built on the ashes of the old. That story is told in the following chapters.

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Chapter 4

Forms and Substance of

Labour-Management Relations (1951-1955)

Through the anti-labour offensive of 1949-50, many employers had regained substantial control within the workplace. Many militant unions had been broken, communist and non-communist activists had been fired, collective agreements had been revoked or revised to assure managerial authority, and the changes in the public service and trade union laws regulating collective bargaining had been dramatically amended in favour of management.

Paradoxically, though, the employers’ offensive and Japan’s imminent independence obliged the labour movement to reassess the rather meek profile it had assumed during the management offensive. On both the national and local levels, a number of important unions began to re-assert their independence and to challenge the employers’ agenda for labour-management relations.

There did not exist, at this time, a defined system of labour-management relations. Workers and managers alike inherited a hodgepodge of institutions that had evolved under the Occupation but that now bore the scars of the managerial offensive. Much of the dynamic of this period revolves around the attempt to redefine these
institutions with labour and management jockeying to gain maximum advantage. In those cases in which management had or gained the upper hand, specific institutions such as the compensation system developed in a certain direction. Where independent unionism maintained or gained a strong base, institutions took on a different flavour.

It was not only the relation of forces that determined the outcome, however. Labour-management relations in distinct economic sectors reflected patterns of relations in production that differed. The production regime in the coal mining industry differed from that in automobile production, textiles differed from public service. Thus the specificity of production regimes also added an important dynamic to the conflict over evolving institutions.

For different reasons we find that neither Nikkeiren, for example, nor Sōhyō were able to shape the workplace regime exactly as they hoped. Instead what emerged was a diverse set of labour-relations institutions but with some elements of convergence beginning to emerge. But even then, one had to be careful in making assumptions about apparent similarities. For example, at both Miike and Suzuki, labour-management councils became institutional features but the actual role of the councils differed because of the different strengths and orientation of the unions.

Employers, for their part, did not pursue a central plan in their approach to labour relations. Initially, Nikkeiren advocated largely American-style labour relations institutions including formal grievance mechanisms and a wage structure based on job classifications. It gradually relented from this arbitrary insistence as it
realized that the labour relations institutions being forged at the point of production were equally workable.

One constant, however, was the employers’ unending devotion to managerial control within the workplace. As in the Occupation period, Nikkeiren persisted in its efforts to break any union that posed a threat to managerial prerogatives on the shop floor. The bitter confrontation at Nissan in 1953, and the 1954 Muroran dispute in the steel industry were important instances of Nikkeiren machinations on this level. On the other hand, challenged by women strikers in the Omi textile dispute, some Nikkeiren leaders realized that the overtly anti-democratic, paternalistic regime that had dominated in the textile industry was no longer viable and put pressure on textile employers to give in to the strikers at Omi.

Independent unionism bounced back beginning at the national level with Sōhyō’s turn to the left on international affairs in 1951-52. On the local level, some unions continued to defend part of the gains of the workers’ control period (1946-1947) while others attempted to carve out some space within the emerging regime. In both cases, these unions accepted an adversarial perspective of labour relations and promoted militancy on both economic and political issues. However, there were also important divisions within the various groups that supported independent unionism and this diversity was reflected in the change in Sōhyō leadership in 1954-55. These factors also weighed heavily in the history of labour-management relations.
The independent orientation adopted by some unions in the early 1950s had a direct impact on labour relations, particularly the forms of wage bargaining that consolidated in the last part of the decade. The new forms of connective or pattern bargaining that emerged did not, however, challenge managerial rights as had the adversarial trend in the immediate postwar period. Nevertheless, the resurrection of adversarial unionism in the 1950s provoked a conservative backlash within the national labour movement. Differences in attitudes towards wages, strikes, and political action culminated in an organizational schism in 1954 that would persist, albeit in altered forms, until 1989 when Sōhyō dissolved. Emerging from the 1954 split, the conservative union federation -- the Japan Trade Union Congress (Zenrō Kaigi) -- would constantly undermine the independent union trend and for this role won the grudging approval of even Nikkeiren.

I. Nikkeiren and the Managerial Arena

The 1949-50 employers’ offensive had allowed managers in many large corporations to regain control over production and re-establish the primacy of managerial rights. This altered temper of the times was acknowledged in 1950 by Yamamoto Sengo, a Mitsui Coal director and head of Nikkeiren’s Labour Management Committee:

The fact that management of labour in our enterprises has experienced a long period of confusion over the past three or four years was to some extent unavoidable. The origins of this
In the early 1950s, conservatives within Nikkeiren continued to advance the theory of exclusive managerial rights and to intervene aggressively in labor-management relations to enforce this premise. While upholding managerial prerogatives, some managers such as Yamamoto, however, attempted to find an appropriate institutional formula which would permit the evolution of a stable union-management relationship.

These two trends were not fundamentally contradictory but reflected subtle differences in approaches. Conservative managers and organizations such as Nikkeiren were mainly concerned with purging the unions of adversarial elements (initially identified mainly as communists), and establishing despotic managerial authority within the workplace. Others, such as Yamamoto and the Keizai Dōyūkai, on the other hand, directed their energies towards institutionalizing a collaborative

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2. This evaluation of Nikkeiren's role is confirmed by other scholars. See Ōtake Hideo, "The Zaikai under the Occupation" in R. Ward & Y. Sakamoto eds., Democratizing Japan: The Allied Occupation, (Honolulu, University of Hawaii Press, 1987).

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labour-management relationship with those unions that accepted the narrow role assigned them by management, that is, as a consultative mechanism.

The difference in approach may well have reflected that contradictory essence of capitalism -- the need to at once secure and obscure the appropriation of surplus value. Roughly speaking, the authoritarian trend represented the "secure" side which, in the concrete, historical, national circumstances of postwar Japan, was interpreted as meaning the exercise of nearly absolute managerial control on the shop floor. Forms of job control, which grew in the United States under totally different circumstances, were not to be tolerated. Coercion was the *forté* of this trend. The downside was that the heavy hand tended to expose and sharpen class differences and in the long term could undermine employers' control.

Modern managers such as Yamamoto represented the complementary yet contradictory component, the obscure side of the equation. They accepted and actively supported the coercive managerial response to the workers' challenge to management rights but saw this as a short-term expedient. They concerned themselves more with the long term and searched for structural means to develop a collaborative relationship with unions but (and this was an important but) they accepted the conservative premise that adversarial unionism on the shop floor was beyond the pale.
Employers Debate Labour Relations Institutions

As part of the 1949 managerial offensive, Nikkeiren had advocated the abolition of managerial councils (keiei kyōgikai) because, in its opinion, they had been part-and-parcel of the erosion of managerial rights that had occurred in 1946-47. As Chair of Nikkeiren's subcommittee on Institutions for Regulating Labour Management Relations, Yamamoto Sengo explained Nikkeiren's rationale at the time: "The management councils strayed from their original purposes and became a place where [labour] meddled and unduly interfered with managerial rights." The councils had also become the site for negotiations and grievance resolution and had generally created confusion, said Yamamoto, and therefore had to re-evaluated. In the meantime, Nikkeiren recommended the establishment of three institutions -- collective bargaining, grievance resolution through a grievance committee, and a production committee to deal with production issues, as a three channel institutional formula for conducting labour relations. This position was also advocated by the Labour Ministry in a directive issued on July 6, 1949.

By the following year, however, Nikkeiren had re-evaluated its position regarding the management councils. In its May 1950 statement, "An Opinion

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regarding the New Labour Management," Nikkeiren advocated the inclusion of an institutional form of co-operation within collective agreements. It was not to be a forum for collective bargaining, nor a grievance committee but an organ which would permit "a mutual exchange of ideas and proposals" with a view to "creating a peaceful and co-operative work place". Nikkeiren cautioned that such an institution must not be allowed to disturb discipline on the shop floor and that its decisions had to be implemented through normal supervisory structures. Nikkeiren thus envisaged transforming the postwar management committees through which labour, during its ascendancy, had achieved an equal voice with management over traditional managerial rights, into consultative organs with no power or authority.

A second element in Nikkeiren's perspective on institutional reform was its proposal for wage determination. This issue surfaced repeatedly in management and governmental literature during the early 1950s as employers and officials attempted to counter labour's claim for a social wage, that is, a wage that reflected the right to a decent livelihood and reflected social conditions. The most important employer initiative regarding the wage system was the proposal for a classification system advocated by Yamamoto in 1950. According to this proposal, modern labour management could no longer be based simply on past practice and tradition -- mass

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production demanded new scientifically determined standards. The most important of these was the introduction of a classification system whereby standards for personnel would be inserted into the work content. By classifying the jobs performed by individuals, employers could achieve high efficiency and, theoretically at least, pay higher wages.\(^8\) This was classic Fordist theory combined with the American system of industrial relations.

The Labour Ministry took up the substance of Yamamoto’s proposals and conducted an educational campaign about a scientific wage system in 1952. A 1953 Nikkeiren report complained bitterly, however, that unions and many companies were ignoring the new proposals, that large companies were agreeing to too large wage increases and a wage gap was emerging between workers in small and medium size industries.\(^9\) Furthermore, the employers’ association moaned, wages were not being inscribed as part of collective agreements and instead negotiations were constantly taking place over wages, summer bonuses, winter bonuses, special allowances and this was causing an increase in disputes. Some unions, stated the report, had even gone so far as to recommend that wages not be included as part of the collective agreements so that unions could renegotiate wages as often as necessary!

\(^8\) Yamamoto Sengo, "Shin Rōmu Kanri ni Kan suru Kenkai" in Jū Nen no Ayumi, p. 149.

Clearly, Nikkeiren had only a limited amount of control over the process and labour-management institutions evolved mainly from the workplace. Two distinct features that emerged in this period were labour-management councils and the classification system of wage determination. The former would prove to be an enduring institution, while the latter would not.

**Labour-Management Councils (Rōshi Kyōgikai)**

The trend towards the institutionalization of labour-management councils as opposed to grievance or production committees as originally advocated by Nikkeiren can be documented both statistically and through our case studies. As Tables 4.1 and 4.2 illustrate, although grievance committees were established they often remained essentially paper institutions with little function. Although nearly half of the representative sample reported the existence of grievance committees, of those nearly 80 percent had never met! The reason for this is, in one sense, obvious: What gave life to such committees in the U.S. or Canada was the formal grievance procedure, prescribed by law, and which required stages of labour-management discussions up to binding arbitration to resolve such disputes. This mechanism had never been inscribed within the regulatory system in Japan.
What had existed in terms of institutionalized labour-management bodies were the management councils from the workers’ control period in which labour had equal representation with management. The management councils, theoretically at least, could deal with anything and everything including investment decisions and grievances. But, with the exception of the production control movement, unions had seldom developed the potential of these councils. The power of the unions in this early period rested not in the management councils but rather in the support they had among workers and the collective agreement clauses which gave them a veto over hiring and firing.

In a sense, then, the downgrading of the management councils into labour-management consultative committees was not as great a plunge as it appeared to be. Union and management representatives continued to meet; that they should hold these meetings as a labour-management council reflected for many unions the new reality of industrial relations. It is only in a comparative framework that such councils appear more significant.

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A labour-management council operated at Suzuki in the early 1950s despite the fact there was no formal collective agreement in place. For the most part it operated as a mechanism in which management transmitted its positions to the union on wages and other issues. At Miike, a labour-management contract was inscribed as part of the collective agreement but it was not a transmission belt for management. Instead it became the meeting ground for negotiations over anything and everything. The two modes of operation constituted an important distinction in that they indicated labour-management councils took on the characteristics that the parties imparted to them.

What was significant from a comparative perspective was that neither labour or management rushed to adopt the two-track system of grievance resolution (based on a collective agreement) and intermittent collective bargaining for a detailed

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collective agreement that had become the norm in Canada and the United States. Instead, different patterns of labour relations arose.

In many instances collective bargaining (usually translated as dantai kōshō but this term literally translates as group bargaining) began to take on two quite distinct meanings. A single collective bargaining session was formally convoked to sign an agreement as the concluding step after a process of consultation; or collective bargaining was invoked because the process of consultation had broken down and serious confrontation seemed inevitable. In either case, collective bargaining took on an air of formality even though the actual circumstances in discussions were dramatically different.

Consultations on the other hand were being construed as the non-formal phase of discussion and took place in the labour-management committee. It is only when inserted within the framework of a general collaborative labour-management system that labour-management committees take on a specific ideological perspective.

**Wage Fixing, Classifications and Seniority**

The ban on government workers’ strikes and collective bargaining made the public sector, for the most part, an arena where the government and Nikkeiren controlled the wage-determining mechanism. Base wages were fixed by government decree and released in an annual report by the National Personnel Authority (Jinji In). Table 4.3 indicates the results of this process from 1948 to 1955. In the 1946-48
period, government workers had attempted to win cost-of-living bonuses, another source of the contemporary bonus system, but this was discontinued in the 1948-50 period.

As mentioned above, Nikkeiren promoted a wage system based on job

<table>
<thead>
<tr>
<th>Year</th>
<th>NPA Wage Recommendation</th>
<th>NPA Bonus Recommendation</th>
<th>Government Wage Decree</th>
<th>Government Bonus Decree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948</td>
<td>6,307</td>
<td>-</td>
<td>6,307</td>
<td>-</td>
</tr>
<tr>
<td>1949</td>
<td>7,877</td>
<td>-</td>
<td>no increase</td>
<td>-</td>
</tr>
<tr>
<td>1950</td>
<td>8,058</td>
<td>-</td>
<td>7,981</td>
<td>-</td>
</tr>
<tr>
<td>1951</td>
<td>11,263</td>
<td>1 month’s pay</td>
<td>10,062</td>
<td>.8 month’s pay (Dec.)</td>
</tr>
<tr>
<td>1952</td>
<td>13,515</td>
<td>1 month’s pay plus diligence allowance of .5 month’s pay.</td>
<td>12,820</td>
<td>as proposed</td>
</tr>
<tr>
<td>1953</td>
<td>15,480</td>
<td>increase bonus by .5 month’s pay</td>
<td>15,483</td>
<td>bonus up by .25 month’s and diligence allowance up by .25 month’s</td>
</tr>
<tr>
<td>1954</td>
<td>No Recommendations</td>
<td>No change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>-</td>
<td>.25 month’s increase in bonus and diligence allowances.</td>
<td>-</td>
<td>bonus up by .25 month’s pay.</td>
</tr>
</tbody>
</table>


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classifications in the early 1950s. At Miike and Suzuki job classifications did exist to some degree and had some bearing on wage rates. But it was in the public sector where job classifications became the main factor in wage determination if only for a short period. As described in Chapter 3, a classification based wage system was introduced for government employees in May 1948. It was this system that some Nikkeiren leaders envisaged as the basis for the future wage system in Japan.

For a short period, it appeared that this might indeed be the case, particularly in the public sector. In November 1950 there were 151 job classification for government workers. By January 1952 this number had increased to 449. At this time however, the National Personnel Authority decided to move away from job classification as a basis for wage determination and introduced regular performance evaluations (kimmu hyōtei) which, in 1953, became integrated with promotion up the incremental wage scale. Testing of performance evaluation methods, based on American models, had begun as early as 1948 within the national civil service but only became institutionalized in the 1950-51 period and only came to play a key role in the wage system in the 1953-58 period. However, Japan’s historians of the civil

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11. Details on performance evaluations used for national government employees are contained in Chapter 8 of Jinji In, Jinji Gyōsei Nijūnen no Ayumi, pp. 292-302. The relationship of performance evaluations to the wage system is described in some detail on page 228. In 1953, the performance evaluations were first used as a means of winning accelerated promotion up the wage scale. Their role later expanded and this is explained in the next chapter. I have given only sketchy details of the process here, but it deserves much more extensive treatment in the future.

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service describe the performance evaluation developed in the early 1950s as "the motive force behind the promotion of performance evaluations for private enterprises and for regional public enterprises." In this, Japan's employers seem to agree;

Nikkeiren summed up the wage-determining mechanism in this period:

Japanese-style, nenkō labour control, based on the two pillars of lifetime employment and nenkō wages (if one adds enterprise unions it includes three elements), was re-established during the 1949-54 period, after coming out of the chaotic period in the immediate postwar days. Accompanying the influx of American methods of business administration, the classification system was promoted for personnel in 1949-50. The use of the classification-based wage system began in the public sector and existed even in the private but it did not necessarily take root. In the early 1950s a general compensation package (a base wage salary) came to predominate. Moreover, at the same time job performance evaluations were introduced for national civil servants in 1952, and in the private sector a system of personnel evaluations [jinji kōka] began. By mid-decade, a system of regular incremental increases based on assessments was added, creating the framework of yearly personnel administration. This system of annual personnel administration consolidated in the 1955-59 period with progress in the re-investigation of personnel evaluations.

The importance of these descriptions cannot be overemphasized. Here we have employers describing, more or less accurately in my opinion, an evolving wage mechanism in which yearly assessments of personnel began to play a substantial role in wage increases. This was in dramatic contrast to the unionized sector in the United States or Canada where labour had successfully attempted to reduce the managerial-

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controlled aspect of wage increases by making, for the most part, even incremental increases contingent on length of service or seniority. In other words, where an incremental wage grid existed in Canada or the U.S., an employee usually moved up it automatically every pre-determined period unless it involved reclassification in which case a skills test may have been required. In that sense, the wage system in Canada and the U.S. was based both on occupation/classification and seniority. Yet, and I emphasize yet, it is the Japanese system that is described as the "seniority-based wage system". Here we confront a classic example of cross-cultural miscommunication. The term "seniority-based wage system" is a translation of the Japanese term nenkō joretsu chinkin seidō. Nenkō can indeed be translated as "seniority" but their is also a second valid meaning which is "yearly work" (nen no kō) and we could also get, therefore, as a legitimate translation the annual ranking wage system or some such variant. In any case, from a comparative perspective, it seems patently clear that the term "seniority-based" as a functional description of the wage system in Japan must be categorically rejected. In English, and certainly within the language of industrial relations, seniority has a very specific connotation and that is accumulated years service with no allowance for performance or any other factors. To persist in using this English term to describe the Japanese system is to persist in sowing confusion.
Managerial Workplace Control

While managers debated the merits and demerits of wage systems and labour management councils, they had already agreed on one point -- the sanctity of managerial rights. At certain factories, however, employer control remained tentative despite the 1949-1950 offensive and the subsequent workshop defence movement.

One such company where managerial control remained shaky was Nissan, the automotive manufacturer.¹⁴ Like other major manufacturers, Nissan had managed to push through rationalization plans in 1949-50 but the cost was a radicalization of the union. Under the leadership of Masuda Tetsuo, the Nissan chapter of the automobile workers union (Zen Nihon Jidosha Sangyō Rōdō Kumiai or Zenji for short) developed a sophisticated shop committee system from 1950 on. Committee members were elected at a ratio of one committee person for approximately every 10 union members. These committees had, by almost every account, become extremely powerful and acted as an alternative pole of reference for employees.¹⁵ They were able to convene union meetings during work hours and could, at a moment’s notice, mobilize the membership to exert pressure on the company. This strength, the union’s affiliation with Sōhyō in October 1952, and its opposition to Nissan’s Korean War contracts attracted media attention as well as the attention of Nikkeiren.

¹⁴ This sketch of Nissan labour relations is based on accounts in Nikkeiren, Nikkeiren Sanjū Nen Shi, Sōhyō, Sōhyō Jū Nen Shi, Maeda Hajime, "Nikkeiren ni Ikita Nijū Nen (Tōshō Ichidai-Ka)," in Bessatsu Chūō Kōron, Keiei Mondai, (Vol. 8 No. 3, Fall 1964) and Michael Cusumano, The Japanese Automobile Industry, (Cambridge, Harvard University Press, 1985).

¹⁵ Nikkeiren, Nikkeiren Sanjū Nen Shi, p. 280.
The 1953 battle at Nissan began ostensibly as a wage dispute but quickly escalated into a pitched battle over the union’s existence. In early June, Nissan dismissed the union’s demands for wage hikes and two weeks later countered with demands for concessions, particularly concerning union meetings during work hours and the exclusion of section chiefs from the union. On August 5, Nissan locked out its employees and constructed elaborate barricades to pre-empt any attempts at production control. This led to clashes at the company gates and Nissan conspired with city officials to have a number of union leaders, including Masuda, arrested for instigating violence. On August 21, Nissan’s president, Kawamata Katsuji, fired Masuda and six other union officials for violating company regulations. Maeda Hajime recalled the incident:

pondered the idea of firing these guys [Masuda Tetsuo and other union leaders] for a number of days. An advocate of quick and resolute decisions on firings myself, I urged Kawamata to make the move. In these cases if you fire the leaders you either irritate and create confusion or they simply disappear, floating up from the company and dispersing like grass without roots. I believed it would be the latter.16

Despite Maeda’s predictions, Nissan workers did not become confused; nor did Masuda disappear. Instead union members and leaders continued the fight against the lockout. Three days after the firings, union members voted 5,230 to 650 to continue

the struggle and a non-confidence motion in the executive also failed a few days later. At this point Nissan conspired to create a second union, just as had happened in the 1950 Suzuki struggle. Using funds provided by the Industrial Bank, Nissan offered employees who joined the new union 60 percent of their regular pay. Dissident employees who, as early as 1949 had studied with the right-wing Institute for World Democracy, sponsored by Nabeyama and other rabid anti-communists, constituted the core of the breakaway union. With their strike pay diminishing and finding it impossible to make ends meet, workers gradually went over to the new union. The first union, facing bankruptcy and dwindling support, was forced to concede defeat in late September. With strong Nikkeiren support, Nissan had won.

Maeda Hajime summed up the lessons from the Nissan struggle this way:

First, reckless out-of-line demands such as a minimum wage of 10,000 yen for an 18 year old or severance pay of ten million yen for 30 years service will never gain public support. Second, when the character of a dispute [changes and] is no longer an economic one about wages but is about demands based on wage principles motivated largely by political factors -- demands such as implementing a minimum wage system, equal wages for workers doing similar job regardless of the company, or equal pay for women -- then resolving the dispute becomes extremely difficult. Third, management will never accept so-called production control tactics whereby unions, taking advantage of the principle that union activities may be carried out during work hours, repeatedly carry out actions such as unspecified union meetings during work hours and still demand to be paid. Fourth, destructive and violent actions

carried out as dispute tactics invite organizational splits and will only end in the self-destruction of the organization itself.\textsuperscript{18}

Considerable evidence has been amassed to indicate that Nikkeiren and the hawkish faction of the Nissan executives conspired from about 1950 on to break the Nissan union.\textsuperscript{19} The economic recession that accompanied the armistice in Korea afforded an appropriate opportunity for Nissan to make its move. Given this evidence and given Nikkeiren's role at Tōhō, at Tōshiba, and its co-ordinating role during the 1950 witchhunt, such an assertion seems more than justifiable.

Labour's defeat at Nissan reverberated throughout the union movement. Not only had the most powerful union in the automobile industry been broken, the national federation of automobile workers went bankrupt. From this point on, the centre of gravity of union organization in the automobile industry shifted to the enterprise. In certain companies, such as Nissan, this meant the scab union became the only organization for workers, although many would say it was more a voice for the company. At others, such as Toyota, there was no scab union but the union was taken over by a conservative leadership. In any case, labour's defeat at Nissan meant Sōhyō lost not only the Nissan union as an affiliate but also a whole industrial union in the private sector.

\textsuperscript{18} As quoted in Nikkeiren, \textit{Nikkeiren Sanjū Nen Shi}, p. 287.

\textsuperscript{19} See Michael Cusumano, \textit{The Japanese Automobile Industry}, Chapter three. Cusumano conducted extensive interviews with Nissan executives as well as Maeda Hajime of Nikkeiren.

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The Nissan scenario was repeated in 1954 at the Muroran works of the Japan Steel Corporation (Nikko Muroran). In this case the company attempted to break the Muroran local because it actively opposed layoffs. The union attitude ran counter to two Nikkeiren dictates -- that employment levels were an exclusive managerial issue and that unions had no right to agitate on the shop floor against company policy. However, the company failed to force through the layoffs even after locking out its employees. A breakaway union was then formed and affiliated with the newly formed Japan Trade Union Congress (JTUC). With support from the Seamans' Union and JTUC, the breakaway union worked with the company to break the strike and restart operations.

As illustrated in the previous examples, the union-busting role played by Nikkeiren represented an attempt to set limits on the labour relations equation. Unions that advocated adversarial unionism and attempted to institutionalize such practices through an active presence on the shop floor invited retaliation on the part of Nikkeiren. In that sense, one should never underestimate the role of coercion as an agenda-setting constraint in the evolution of labour relations in Japan, particularly in the 1950s.

A second phenomenon of significance was the use of breakaway unions to undermine labour. The regulatory regime in Japan allowed for the formation of dual

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20. This account of the Muroran dispute is taken from Nikkeiren, Nikkeiren Sanjuu Nen Shi, Sôhyô, Sôhyô Juu Nen Shi, and Zenrò, Zenrò Juu Nen Shi. Labour-Management Relations (1951-55)...181
unions even during disputes, a practice that was not unheard of in the United States but which was more tightly regulated under the unfair labour practices sections of the labour codes in the United States and Canada.

II. Resurgence of Independent Unionism

In the first half of the 1950s employers continued to extend management control by breaking unions that challenged their control on the shop floor. But in certain sectors this was not possible as independent unionism resurfaced to challenge management’s agenda for the workplace. This section attempts to trace the rise and impact of adversarial unionism as it evolved in specific workplaces in the early 1950s.

Miike

The 1950s was a turbulent period for coalminers. The JCU had, on the political level, moved to the left during the 1949-50 upheavals with over half of the national executive, including the president, Mutō, affiliating with the left wing of the JSP. At Miike as well, large numbers of miners joined the JSP at this time. The Marxist, class-struggle bent of the JSP in this period impacted on labour relations. Not only did the Coalminers union play an important role in making Sōhyō a more militant force, but at the local level, some miners also began to take union matters into their own hands.
At Miike, the local union had rejected a 1949 Mitsui-wide agreement which was supposed to involve 1266 layoffs at the Miike shafts. Through local negotiations the layoffs were reduced to 336. While the central and local unions had gone along with the 1949-50 Red Purge, by 1951 many unions actively opposed governmental measures including further retrograde revisions of the TUL and the passage of the Subversive Activity Prevention Law.

Rank and file disenchantment grew after a series of disappointing wage agreements in the winter of 1950 and early 1951. During the latter dispute, Miike miners had struck for 11 days. In this context, Miike miners were more than open to the class struggle orientation that the local executive tabled in June 1951. According to the local union’s Action Plan, "as organized labour, we will comply with the resolutions of higher organizations such as Tanrō and Sōhyō but as a mining local, in order to achieve a deepening and enlarging of democracy and for the well-being of our members, we must resolutely undertake, in particular, educational activities to heighten class consciousness as well as struggles to improve our well-being."21 On the educational level the plan called for: regular, weekly labour lectures or research seminars for members of the executive; monthly lectures or research seminars for committee members and rank-and-file union members; organization of a women’s association affiliated with the union; purchase of a newscar and film equipment; and uniform activities on the part of the education, editing and political departments in

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order to reinforce education. Regarding improving members livelihood, the union called for wage increases, conclusion of a collective agreement, and an end to supervisors’ harassment, among other things.

Sōhyō, at its second regular convention in March 1951 had called on unions to push for progressive collective agreements. At its convention that May, the JCU also took up this call and recommended its affiliates sign collective agreements which allowed for participation in management and a say in personnel matters. The Mitsui Miners’ Federation decided to split off negotiations for a new collective agreement from wage negotiations and in the early summer conducted an educational campaign among the rank-and-file over collective agreement demands. A strike vote was taken in early August with 87 percent voting in favour of strike action if the company failed to conclude a collective agreement. After a series of strike threats, the two parties signed the first collective agreement in three years. A key feature of the agreement was the establishment of a labour-management council to resolve grievances that arose during the contract period.

The Coal Operators Association had refused to engage in any form of industry-wide bargaining since 1948, but the JCU resolved to establish connective bargaining for wage increases in the fall of 1951. To that end, the locals of eight major coal companies notified the Coal Operators Association that they had relinquished their

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23. Ibid., p. 258.

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bargaining rights to the JCU and that all further discussions should be held with the central union. The coal companies refused this request but after the union threatened strike action a deal was struck by which the Coal Operators Association agreed to negotiate a wage agreement with the JCU but on the condition that formal collective bargaining would take place at the local level. The coal companies conceded that two members from the master bargaining committee would be allowed to sit in on the local negotiations.24

After protracted negotiations and mediation efforts, not to mention six days of strike action, the major companies signed an agreement on November 10 giving underground miners a daily base rate of 550 yen and above-ground miners 350 yen.25

During this period, the coalminers became involved in the Sōhyō-led struggle against retrograde revisions of the trade union laws. As early as December 1950 the government had begun to look into further revisions of the trade union laws. In May 1951, the government announced that it had appointed an advisory group to look into revisions of all laws brought in during the Occupation in light of the San Francisco Peace Treaty and the imminent end of the occupation. Sōhyō established the Committee to Fight Revision of the Trade Union Laws (Rōto) in August. On the 29th of that month, the government announced its intention to introduce bills in parliament

25. Ibid., p. 264.
to protect public security, restrict demonstrations and ban general strikes among other things. These bills were delayed by hearings and shelved with the end of the winter 1951 session of the Diet.

The issue re-emerged, however, in the spring of 1952 when the government introduced a bill to curb "subversive activities". Sohyō again took up the cause and on April 18 over one million workers took various job actions to protest the bill. Miike miners along with coalminers in other regions took part in this job action. Coalminers’ participation in earlier job action on April 12 had been scuttled by the head of the JCU, however. This came back to haunt Mutō and his faction at the JCU convention (April 23-27) when delegates pushed through a vote of non-confidence in the executive. Mutō was forced to resign and a new executive was elected.

The government eventually pushed through amended versions of some of these bills despite continued job action by Sohyō affiliates. Nevertheless, the 1952 political action campaign had established Sōhyō as a potent force to be contended with and precipitated the demise of the Mutō faction within the JCU.

The militant trend was further reinforced at the local level with the establishment of regional union branches within the company housing compounds surrounding the Miike mines. These regional branches commenced in early 1952 and through them, workers and their families articulated demands related to housing and community life. These demands were then taken up within the labour-management councils at each mine.
The Miike local faced two other challenges in this period -- the company’s 'workshop defence movement' and Mitsui opposition to the creation of a pro-union womens' association. Mitsui's workshop defence movement was aimed at: stopping communist infiltration of the worksite and eliminating those who might obstruct production; stabilizing labour relations; establishing control on the worksites; fostering a spirit of appreciation and respect for the mines and encouraging production through employee education and training; protecting valuable or dangerous equipment. To this end the company had already held a number of week-long retreats where a number of hand-picked employees ingested a series of anti-communist diatribes from the notorious former communists such as Nabeyama Sadachika and Sanō Manabu. The Miike local registered its opposition to this type of indoctrination as did other Mitsui locals and their opposition led to the demise of the workshop defence movement some months later.

The Miike local also pushed ahead at this time with its plan to foster a pro-union womens' association in the company residences. The company attempted to block this by refusing to allow its facilities to be used by pro-union women. It was in this context that the local union attempted to organize its residential branches as a counter to company control.

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27. Ibid., p. 118.

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At its 5th regular convention in May 1952, the JCU decided to push for master bargaining over summer bonuses. According to the Miike local, this was the first time that a union had systematized its bonus demand. According to the JCU resolution the summer bonus constituted "a form of delayed wage payment, a distribution of profits, and a traditional custom" which the union had every right to institutionalize.28

The fact that unions, including unions with an adversarial orientation such as at Miike, were demanding bonuses is significant. In this period, Nikkeiren and its affiliates were pushing hard to keep the base wage low. Unions attempted to overcome management intransigence by using custom as a wedge. In the past bonuses had been mainly reserved for supervisory personnel but in the postwar democratic context unions argued that if they were to be treated fairly they had as much right to a bonus as anyone else. Thus instead of having protracted disputes over wages agreements, unions argued for constant re-negotiation for bonuses. It was exactly this type of practice that drove some managers in Nikkeiren crazy. As we shall see, employers tended to acquiesce to demands for bonuses because they did not raise the base wage and, because such payments were one time affairs, they could theoretically be revoked in the future. Unions, however, assured that bonuses, once granted, were negotiated for each summer and winter and as the bonus system became institutionalized employers lost the ability to easily revoke a bonus payment.

The 63 Day Strike.

In 1952, Sōhyō recommended its 'market basket' formula for calculating wage demands. According to this formula, wage demands would reflect the real cost of living based upon the actual costs workers encountered in their everyday lives. This formula did not, however, address the issue of the emerging wage structure other than to stress that affiliates should obtain as much of the wage demand in automatic increases. The market-basket formula was taken up by the JCU in its wage negotiations that began in the summer. It called for a base rate of 1060 yen for underground and 560 for above-ground miners. The Operators Association agreed to central negotiations in this round of wage bargaining: "It is believed that this attitude on the part of the Operators Association was due to its fear that, with separate negotiations, the weaker companies might fall prey to the JCU's pressure tactics."29

This is an important point because it illustrates how the relation of forces played an important part in determining forms of collective bargaining. Whipsawing -- playing off one company or one union against the others -- is a way in which either side can take advantage of divisions on the other side. As in the coal industry case cited above, the demand for or acquiescence to centralized bargaining can reflect weakness not strength.

As events transpired, negotiations went nowhere and on October 26 the JCU commenced rotating strikes which then escalated into a full scale walkout by the end


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of the month. 282,000 miners joined tens of thousands of electrical utilities' employees on the picket lines in the two largest strikes in Japan's labour history. Management refused to budge, however, and the disputes escalated. Power blackouts occurred and the JCU threatened to pull out safety personnel from the mines. The government tabled back to work legislation in mid-December and the strike was broken. Over 10 million worker days were lost in the course of the strikes. The wage issues were resolved through binding arbitration (through the LRB) with the final settlement giving coal miners a seven percent wage increase and a signing bonus of 5,000 yen.\(^\text{30}\)

The 63 day coal strike had ended in defeat for the coal miners and, as we shall explore later in this work, had important repercussions in the labour movement as a whole. But at Miike, the union had actually become stronger through the struggle. In the course of the strike, the union's regional committees had come to life, playing a central role in organizing sustenance for the miners and their families. Women's associations had overcome company interference and become firmly established. By 1953 the union had developed strong organizational roots as Table 4.4 indicates.

This strong organizational base played a key role in the next major struggle Mitsui miners faced in the fall of 1953. With the armistice in Korea signed that year,

\[^{30}\text{Miike Kumiai, Miike Jū Nen Shi, p. 323.}\]

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Japan went into an economic recession and the coal industry was hit with major layoffs.31

<table>
<thead>
<tr>
<th>Table 4.4: Organizational Strength of Miike Local, 1953</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Workshop Councils</strong></td>
</tr>
<tr>
<td>Unit: 21, 38, 46, 48, 20, 6</td>
</tr>
<tr>
<td>Member: 3415, 2789, 5619, 2414, 1320, 1527</td>
</tr>
<tr>
<td>Executive: 344, 304, 598, 315, 170, 219</td>
</tr>
<tr>
<td><strong>Regional Councils</strong></td>
</tr>
<tr>
<td>Unit: 14, 17, 22, 5, 7, 3</td>
</tr>
<tr>
<td>Member: 1880, 2255, 3662, 1120, 653, 462</td>
</tr>
<tr>
<td>Executive: 208, 119, 370, 76, 60, 39</td>
</tr>
<tr>
<td><strong>Womens’ Associations</strong></td>
</tr>
<tr>
<td>Unit: 13, 13, 20, 6, 3, 3</td>
</tr>
<tr>
<td>Member: 1234, 1386, 2709, 510, 294, 303</td>
</tr>
<tr>
<td>Executive: 188, 140, 367, 74, 42, 39</td>
</tr>
</tbody>
</table>

Note: Rank-and-file elected representatives to the workshop and regional council executives at an approximate ratio of 1 delegate for every 15 members.

At 11 a.m. August 7, Mitsui management presented union representatives with their management plan for coping with the recession. It called for 5,738 workers to be laid off at its six mines in Japan including over 2,000 at Miike. The company

31. By the end of 1953, 48,417 miners out of a total of 688,249 had been laid off. Miike Kumiai, Miike Ju Nen Shi, p. 368.
called for collective bargaining to determine the criteria for layoffs. The union refused this but got the company to agree to enter into negotiations over the company's management plan and personnel issues.

The Mitsui Union Federation had anticipated layoffs and had been preparing to take on the company. On August 7, miners at Miike began sit-down strikes at each of the work-sites. On the 9th, 25,000 miners and their families participated in demonstrations at 31 sites in the residential areas. On the 13th, union members began a mass sit-down at the Omuta rail station, an action which continued until August 19. Meanwhile, negotiations stalled and on August 25 Mitsui tabled a new proposal which it threatened to implement unilaterally. The new proposal reduced the number of layoffs from 5,738 to 4,563 and called for voluntary retirees (early retirement) to come forward between August 27-29 after which it would announce layoffs and firings of those who refused to go along with the layoffs.

Of the 4,563 miners Mitsui hoped to discharge, only 22 percent came forward to take the early retirement package. The Miike local issued a boycott notice (no verbal or other communication permitted) against 175 management personnel to meet the challenge of unilateral layoff notices which would be delivered beginning on August 30. On August 31, the Miike local organized a huge demonstration of 30,000 workers and their families that moved from an Omuta park to city hall and then to company headquarters. In the mines themselves, the workers organized slowdowns,
sit-downs and rotating strike actions which dramatically reduced coal production throughout September.

The union attempted to win over public opinion and miners from Miike went to Mitsui’s Tokyo headquarters. In one dramatic instance, miners occupied the boardroom and one worker heaved himself onto a table -- "give me my leg back" he told the startled onlookers. A twenty-one year veteran of the mines, Kurihara Fukumatsu lost his leg in a work-related accident in 1950. He had been one of a number of injured workers that the company was trying to lay off.\(^{32}\)

At other mines similar layoffs had proceeded and the Mitsui Miners Federation found itself battling Mitsui on its own although it did have the nominal support of the JCU. Despite this drawback, the miners at the six Mitsui mines battled on into October. At this time a new challenge, this time from within the union, surfaced at Miike. The company had publicly stated that a movement for a breakaway union was growing, and in September the local Minrōren group (a conservative union caucus) published a leaflet with the headline "Who Will Put an End to the Anti-Layoff Fight at Mitsui Coal?" It accused the union executive of misusing funds, prolonging a useless struggle and trying to delay elections.\(^{33}\) In fact the union executive had wanted to delay elections but it failed to garner the requisite support. The reasoning behind the attempt to delay elections was that candidates opposing the struggle would

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\(^{32}\) Miike Kumiai, Miike Jū Nen Shi, p. 420.

\(^{33}\) Ibid., p. 430.

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make substantial gains and that union dissension would undermine the struggle. However, results of the October 22 election indicated firm support for the local and central union executives.  

This proved to be a decisive blow for the company and finally, on October 27, Mitsui conceded defeat and 1,185 miners who had refused to accept the layoffs were reinstated in their positions. At Miike 408 miners accepted early retirement while 311 were reinstated.

The Mitsui miners went on to win further battles in 1954 and 1955. In 1954, the Miike local forced Mitsui to abolish the prefect system (sewagata seidō) in the residential areas. This ended Mitsui control of what effectively had been a company town. Local actions also were used to improve mining safety standards the same year.

Coal Rationalization

In 1955, the government announced new measures to rationalize the coal industry. The government hoped to eliminate less productive mines and through mechanization increase productivity and lower the price of coal. Concretely the plan called for the elimination of thousands of jobs in the coal industry. The JCU and the Mitsui Miners’ Federation opposed this rationalization program with a political action.

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34. 15 of 18 national executive members were re-elected and 24 of 31 on the local level. See Miike Kumiai, Miike Jū Nen Shi, p. 432.

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plan. Once the related bills passed the Diet, however, the fight switched to the local
level where the JCU hoped to win long-term employment guarantees as an antidote to
the rationalization program.

The fight against the rationalization plan called for a change in tactics. In
April 1954, the Mitsui miners union had called for the right to participation in
management. In 1955, the new call was not for participation in management but
rather for the socialization of management, that is, making management socially
accountable. This took the form of a protracted 143-day struggle to alter the manage-
ment plan that Mitsui had presented the miners’ federation in a series of meetings in
the last two weeks of June. Mitsui’s 10-year rationalization plan called for an
increase in productivity from 13 to 18 tonnes per worker/month, a halt to all hiring
except for graduates from the mining school, a reduction in personnel of 9,500
through attrition, and transfer of personnel from Bibai to Ashibetsu and from Yamano
to Tagawa in line with changes in mine outputs.35

On August 6, the Mitsui Miners’ Federation executive met to determine its
response to the rationalization program. It called for a struggle to maintain full
employment, to oblige the company to specify the details and responsibility for each
part of its plan, and then to wage a struggle at the base to modify the plan. As the
miners’ bulletin put it: "This is an issue that will not be resolved simply through
negotiations by the struggle committee; we can only be victorious in struggle when

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35. Miike Kumiai, Miike Jû Nen, p. 539.

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this becomes a mass struggle through first the elaboration of concrete demands at the worksite and in the mines."\textsuperscript{36}

This strategy was implemented, for example, by forcing the company to explain why it was contracting out work in the machine shop when port workers could have taken up the slack. After forcing the company to explain its position, port workers formulated and submitted demands to their foremen and obliged Mitsui to provide them with work. Similar demands were formulated at every level and then centralized into a bargaining platform.

Bargaining over specific demands took place at the worksite, at each mine and at the central level. Negotiations continued into October without resolution. On October 29, the union called for rotating strikes to begin on October 31. Mitsui at this point decided to accept the union’s demands and on November 5, a memorandum of agreement was signed. It included the following points:

- that full employment of miners as the union had stressed would be the prime factor in the ten year plan;

- that the union would be consulted about the implementation of the plan and that any internal transfers would be based on improving and not worsening working conditions;

- that new recruits other than from the mining school could be hired and that workers would be replaced as they left the mines;

\textsuperscript{36}. Miike Kumiai, Miike Jū Nen, p. 547.
-that children of widows of deceased miners or the poor would be given priority in hiring on the union’s recommendation;

-that children of those close to retiring or the infirm could replace their parents.  

Thus as early as 1955 the Miike union was able to force the employer to put job guarantees in writing with clear stipulations regarding hiring protocols. Nikkeiren, as we shall see, was virulently opposed to this type of agreement because employment levels were supposedly to be determined exclusively by management.

Another unique aspect of the Mitsui union, particularly in the Miike local, was the anti-bureaucratic slant taken in their approach to struggles, and their ability to institutionalize a shop floor perspective through their branch organizations and union constitution. As each new stage in the struggle developed, this bias towards contestation in turn aided in developing a shop-floor based struggle on other matters at hand. Having noted, however the substantive specificity of the Mitsui case, it can also be said that the adversarial stance taken by the Mitsui miners’ and their union was not unique to miners.

**The Moriguchi City Union**

There is general agreement among labour historians in Japan that the Miike

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local and the JCU generally represented a key component of the adversarial current within the labour movement. But was it simply an exception that proved the general rule of a workforce that, in exchange for employee beneficence, was compliant, docile and loyal? Substantial evidence exists that indicates independent unionism was as spontaneous as it was political.

At Moriguchi City Hall, the union remained relatively innocuous and under the control of white collar supervisors who, according to the union’s own history, "did little once the annual convention was over." However, in the spring of 1951, younger workers took the initiative to form youth and women’s bureaus. Initially these bureaus mainly engaged in organizing social activities but when the Satellite City Federation decided to organize the workers at the Hirakata City Hall, members of the bureaus actively helped in the organization effort. In 1954 they contested the incumbent slate in union elections and called for an end to company unionism. Confronted with this message in posters and leaflets distributed in the city hall, the incumbent leadership withdrew from the elections. At the annual convention in June 1954, the new leadership initiated changes in the union bylaws and drafted an action program that emphasized the necessity of solidarity and a persistent fight against reactionary powers in order to improve working conditions.

On the national level as well, the issues that had split the All Japan Prefectural and Municipal Union Federation receded after independence and the two national organizations moved towards unity once again in 1952-53. A formal unity convention was held in snow-bound Matsue city in January 1954. One of the conditions for unity that both organizations had accepted was affiliation with Sōhyō. This was approved at the January convention and Sōhyō accepted the 230,000-member federation as an affiliate in February.

The Moriguchi union was not, at this point, a strong proponent of independent unionism but its affiliation to Sōhyō was indicative the union members were open to change. When Miike miners confronted management at Mitsui in 1960, Moriguchi unionists would be at their side.

Spontaneous Adversarialism

1954 constituted a watershed in spontaneous union struggles. Among the most famous of the struggles in this period was the strike that occurred at the Omi Silk mills. Employing 13,000, Omi Silk was one of the major textile enterprises in postwar Japan. The plant was unionized but the union was basically a company association. On May 25, 1954, 20 employees formed a new union and affiliated with the Federation of Textile Workers (Zensen Domei). New union locals sprang up in the other Omi plants and on June 2, the new union submitted a list of 22 demands to the company. The workers, most of whom lived in company housing, demanded an
end to invasion of privacy, the freedom to marry, freedom of movement to and from dormitories, and so forth. This strike, one that deserves much more attention, represented a rebellion against the patriarchal factory regime of the prewar and wartime days. The restrictions on the employees, mostly women, continued even into the 1950s and, in the context of the postwar liberal-democratic reforms, represented to some degree an anachronism.

The workers struck on June 4 after the company refused their demands. The company attempted to use its control over dormitories to exert pressure on the women. They also scabbed the operation and violence occurred on the picket lines. The union persisted and finally won union recognition after a 107-day strike and subsequently won a first contract later that fall.

By taking militant action, the Omi women were the architects of their own victory. Nikkeiren was actively involved in supporting the Omi management but as the women challenged the patriarchal order, some Nikkeiren leaders recognized that they were backing a loser and ordered Maeda Hajime to instruct Omi management to settle.

The strike at Omi illustrates how workers in certain sectors spontaneously gravitate towards adversarialism. Employees perceived their work situations as being among the worst within their comparative framework and saw union organization and confrontation as a means of improving their work conditions. This process would repeat itself in different industrial sectors and continue later in the decade.

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Needless to say, managers were not pleased by the turn of events. Just when they thought they had things under control, disputes in new sectors broke out. As Maeda Hajime put it: "Around 1955 labour battles had changed quite a bit. In places where you wouldn’t think struggles would occur, such as in banks, investment houses, hospitals and schools, struggles began to break out."³⁹

These struggles included certification and first contract battles at investment dealers in Osaka, Tokyo, Nagoya, Kobe, Kyoto, Hiroshima, Fukuoka, Niigata; strikes for wage increases in regional banks; and the fight against 17,000 layoffs at U.S. military installations.

Without further research it is difficult to discern the exact impact these struggles had on the evolving institutions of labour relations. But returning to the examples of Miike and Omi Silk, it appears that the success workers and their unions had in these struggles may have been related to the fact that the specific work regimes in these two sectors retained a strong bias towards the paternalist regimes of the pre-war period. Such regimes, with their manner of overt control through company residences and so forth, were incongruous with the new, liberal-democratic social norms of postwar Japan. Thus, employer control became starkly transparent leading to spontaneous resistance among employees and support for independent unionism. This also could help to explain the fact that at both Miike and Omi, there were

serious divisions among managers about the future course of labour relations. And, it may well be that Ronald Dore’s contention that Japan went through a social-democratic revolution after the war is simply a misreading of this very real transition from a paternal to a more open regime. However, one would be foolish to assume that all struggles that took place in this period were simply the result of a transition from a paternalistic regime. Many of the struggle were rooted in economic circumstance as much as anything else.

In any event, spontaneous struggles did give sustenance to Sōhyō’s militant orientation. This orientation came under attack, however, from within the union movement itself in this period.

III. Sōhyō: Splits and Shuntō

The resuscitation of independent, militant unionism in the 1951-55 period led to further splits within the labour movement. As mentioned previously, the democratization movement had already fractured into left and right with the left wing promoting political unionism and an independent foreign policy for Japan. The rise of the left wing to the leadership of Sōhyō in 1951 created ongoing tensions as struggles unfolded. The policy differences centred on a series of issues that included international policy, strikes and wage policy, and political campaigns.

Sōhyō maintained the independent foreign policy position that had been tentatively adopted at its second convention in July 1951. It opposed a peace treaty...
that excluded China and the Soviet Union, it opposed rearmament, and it refused en bloc affiliation with the ICFTU. This prompted the ICFTU executive to openly criticize Sōhyō for taking the path of the old NCIU at its New York meeting in December 1952. This critique provided the right wing of the union movement with further ammunition and they continued to press their case that affiliation to the ICFTU was the *sina qua non* of a bona fide non-communist union. Moreover, Sōhyō’s decision to send representatives to attend May Day celebrations in Beijing in 1953 and to enter into discussions with the Chinese union movement further enraged the right wing.

Sōhyō and Minrōken, the conservative union caucus, differed also on their outlook towards wage policy. Whereas Sōhyō, in its 1952 wage policy, emphasized aggressive wage demands and linked these to the political fight against rearmament, Minrōren emphasized the necessity to take into account the profitability of specific industries and the national economy when formulating wage demands.

Sōhyō’s 1951-52 political campaign against revisions in the trade union laws and the subversive activities prevention bill also jarred Minrōken affiliates who abhorred direct extra-parliamentary action by unionists. And after Mutō withdrew JCU from the struggle in an attempt to compromise with the government over the subversive activities bill, Mutō and the JCU executive were recalled by the next JCU executive.

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41. Ibid., p. 6.

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convention. Although Mutō had nominally joined the left socialists he retained close contact with Matsuoka and Katō and his waning influence within the JCU and his replacement as chairman of Sōhyō at the 1952 convention signalled the decline of this middle faction.

The final straw in the factional dispute was the outbreak of the JCU/power workers strike in late 1952. In a public statement issued December 25, 1952, four unions including the Textile Workers Union (Zensen Domei) and the Seamans’ Union (Zen Nikkai) blasted Sōhyō for ignoring economic limits, for engaging in political struggles and for generally being a dupe of the communists. The right wing coalesced in a new coalition in February 1953 and then, after the seamans’ union and textile workers union split from Sōhyō, a new central labour federation -- the Japan Trade Union Congress (Zenrō Kaigi) was established in April 1954.

The Rise of Shuntō

The cleavages in the union movement did not end with the formation of JTUC. Within the left wing of the union movement new tensions arose that had important repercussions for labour relations in postwar Japan. In 1953, Ōta Kaoru -- the leader of the Chemical Workers Union (Gōkarōren) began to challenge Sōhyō’s secretary general Takanō Minoru’s strategic orientation. This differences first emerged over foreign relations strategy. Takano preferred a united front (the peace force) against U.S. imperialism while Ōta began to take up the new idea of a non-aligned movement.
as elucidated by Yugoslavia and India’s Nehru. As events evolved, however, this debate became less important.

The breach in left solidarity broke wide open in late 1953 after Takanō and Ōta ended up on opposite sides of a strategic debate within the Socialist Association (Shakai Shugi Kyokai). This Socialist Association wielded strong influence within the JSP Left as well as within the union movement and a number of its leaders had been called on to write a new program for the party. Sakisaka Itsurō penned the majority draft which called for a one-stage revolution with the labour movement comprising the main force, but Shimizu Shinzō, another prominent intellectual with extensive union contacts, dissented and wrote a private draft that called for a democratic revolution by a broad united front to be followed by a socialist stage.42 Takano lined up with the latter while Ōta aligned himself with Sakisaka. Takano and Shimizu left the Socialist Association and this split was reproduced within the Workers Association (Rōdō Dōshikai), a leadership caucus which had hitherto been able to exercise effective leadership within Sōhyō.

Within Sōhyō itself, however, the debate took on a different form. Strategies for socialist revolution were not on the union agenda. But what fundamentally galled Ōta and his ally, Iwai Akira of the railway workers union, was the fact that Takano had begun to ally himself with JCP activists in promoting the peace program. In doing so Takano had undermined the anti-communist basis of Sōhyō unity and, in


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Ōta’s opinion, provided ammunition to the right wing. Within Sōhyō, however, Ōta chose to do battle with Takano on the issue of wage struggles and their relative importance. At the Chemical Workers Union convention in March 1954, Ōta attacked Takano: "The Sōhyō leadership is in a hurry to take up political campaigns but is indifferent towards struggles that are important for workers to advance."44

At Sōhyō’s 5th convention in July 1954, Ōta contested Takano for the secretary general position but lost 140 to 107. Excluded from the higher echelons of the Sōhyō leadership, Ōta persisted in organizing a united front around wage demands and in December 1954, five unions -- Chemical Workers Union, the JCU, Private Railworkers Union, Power Workers, and the Pulp and Paper Workers Union -- joined in a united front to press for wage increases. Takano and the Sōhyō leadership could not simply stand by; when Ōta indicated he was open to enlarging the united front, Sōhyō approved participation in the initiative. Three other unions joined what officially became known as the Spring Wage Increases Joint Struggle Council (Shunki Chin Age Kyōtō Kaigi). However, Ōta retained effective leadership over the council -- its offices were located in the Chemical Workers Union and its secretary was from the same union.

The first Spring Wage Offensive (or Shuntō as it became known in Japan) was an attempt to develop a union united front through the articulation of joint demands

43. This analysis is based on Közuma Yoshiaki, Shuntō, p. 11.

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and through co-ordinated action tactics. The unions wage demand for 1954 varied somewhat but averaged about 1500-2000 yen increase per month. Regional meetings were to be held, and then the unions were to escalate job action in three stages from late March to late April. However, there were no joint negotiations and, in fact, the structure of negotiations was different in each industry. For example, in the private rail industry the operators association insisted on centralized bargaining for a master agreement while the union demanded a regional bargaining structure. In coal, the JCU demanded patterned bargaining which the operators opposed but were later forced to concede after the JCU threatened strike action and after the CLRB mediated.45

The results of this first co-ordinated wage offensive were relatively meagre. Of the eight participating unions, only the Chemical Workers Union made substantial wage gains although all of the unions made some slight improvements. On May 18, the Spring Wage Increases Joint Struggle Council published an evaluation of its 1955 activities prior to dissolving. The main points were:

- that job actions had been too limited and that other unions had not joined the offensive largely because the action plan had been developed too late;

- the action plan had not been linked to the general elections which occurred during the program;

that regional actions had occurred in the industrial centre but little activity had occurred in the large metropolitan areas. Future plans would have to include demands that reflected other unions interests;

-the program was unable to break with a 'top-down' approach and the struggle was not embraced by the rank-and-file.\(^46\)

Despite the weaknesses, the spring offensive strategy did gain support particularly because of the gains made by Ōta's Chemical Workers' Union. At Sōhyō's 6th convention in July 1955, Iwai Akira of the JNR union challenged Takano for the secretary general position. Iwai won on the first ballot 128 to 123 but because neither candidate obtained the required majority a run off was scheduled. Takano, however, withdrew at this point on the recommendation of his union and Iwai thus became the new secretary general. Ōta became a vice-chair.\(^47\)

The ascent of the Ōta/Iwai faction in Sōhyō was generally viewed as an indication of the rise of economic unionism as opposed to the political orientation promoted by Takano. While there is some truth to this, Sōhyō remained a federation with limited powers over its affiliates. While the spring wage offensive would become institutionalized, Sōhyo could not ignore the needs of its affiliates in the

\(^{46}\) Sōhyō, Sōhyō Jū Nen Shi, pp. 469-471.

\(^{47}\) Közuma Yoshiaki, Shuntō, p. 18.
public sector. Many of these unions were denied the right to strike and bargain collectively. Furthermore, the conservative government that continued in power through the 1950s pursued political policies (support for U.S. bases, attempts to reinforce police powers, revision of trade union laws) which obliged Sōhyō to remain directly involved in a series of extra-parliamentary struggles. It was precisely the political and social orientation of Sōhyō that infuriated not only employers but also the conservative wing of the union movement. Thus, even if we accept the contention that the ascent of the Ōta/Iwai faction represented a strengthening of economic unionism, given Japan’s own specific dynamics, this should not be equated with the rise of conservative 'business unionism' in the United States in the 1950s.

Commentary

The most significant characteristic of this period was the resurgent labour movement and the challenge it represented for employers. After having laid low during the great offensive of 1949-1950, independent unionists once again re-asserted themselves within the labour movement. The basis for this revival was workers’ spontaneous attempts to assert their rights at the workplace. In some cases, such as at Nissan, workers had retained their independent bent won during the Occupation. Nikkeiren attempted to set them straight and this set the stage for the 1953 conflict. This was true to some extent for Miike workers and other miners. The Mitsui Miners’ Federation and Omi Silk workers won important victories in 1953 as they
confronted the anachronistic paternal regimes at their workplaces. And other workers spontaneously aspired to improve their lot and turned to unions to help them in their struggles.

That independent unionism began to re-establish itself there can be little doubt. However, the strength of this current should not be exaggerated. Employers undermined it at every turn and enterprise unions became endemic in certain strategic industries such as automobile production. The enterprise union trend, with its base among the breakaway enterprise unions and the conservative section of the labour movement also gained some strength.

Nor should it be forgotten that union members, whether in independent unions or those of the enterprise bent, remained a minority of the work force. Union membership slowly increased after the rout of 1949-50 but by 1955 it still had not reached 1949 levels as evidenced in Table 4.5. Employment, on the other hand, had increased and as a result, the ratio of organized workers continued to decline as a percentage of the work force. With union membership concentrated in the monopoly sector, workers in small industry held less bargaining power and the effects of the dual industrial structure soon became apparent.

Conflict and diversity remained paramount in this period but some features that would become part of the dominant industrial relations culture had

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Table 4.5: Union Members as Percentage of Employed, 1949-1955

<table>
<thead>
<tr>
<th>Year</th>
<th>Employed</th>
<th>Union Members</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949</td>
<td>11,930,000</td>
<td>6,655,483</td>
<td>55.8</td>
</tr>
<tr>
<td>1950</td>
<td>12,510,000</td>
<td>5,773,908</td>
<td>46.2</td>
</tr>
<tr>
<td>1951</td>
<td>13,360,000</td>
<td>5,686,774</td>
<td>42.6</td>
</tr>
<tr>
<td>1952</td>
<td>14,210,000</td>
<td>5,719,560</td>
<td>40.3</td>
</tr>
<tr>
<td>1953</td>
<td>14,470,000</td>
<td>5,842,678</td>
<td>40.4</td>
</tr>
<tr>
<td>1954</td>
<td>15,340,000</td>
<td>5,986,168</td>
<td>39.0</td>
</tr>
<tr>
<td>1955</td>
<td>15,780,000</td>
<td>6,166,348</td>
<td>39.1</td>
</tr>
</tbody>
</table>


begun to emerge. As will become evident in later chapters, the spring wage offensive became institutionalized and annual bargaining over the base wage remains the contemporary norm. This, combined with negotiations at least once a year and often twice for bonus payments in winter and summer, meant that in the private sector wages were being negotiated often three times per year. This was a very Japan-specific feature of the wage mechanism.

Another significant feature of the period was the development of regular summer and winter bonuses. As explained above, it was for the most part unions which pushed for bonuses. They were able to use custom as a wedge against wage restraint. Finally we note the transition from a job-based classification system to the increasing use of personnel assessments as a major factor in determining one’s...
position in the wage grid. All of these factors were fundamental in shaping the wage system which began to take on its contemporary form in this period. This wage system, which I shall call an annual, performance-based incremental wage system, and the labour-management councils, were two important structural innovations of this period. They were the result of continuing contestation in industrial relations.
Chapter 5

A System Emerges:

Tensions, Limits and Challenges (1955-1959)

The confrontation and tension within class relations that developed in the first part of the decade continued in the 1955-1960 period. Japan had not yet made the transition to a hegemonic regime although certain structural features of a the postwar compromise were beginning to take shape. The problem was that employers, under the leadership of Nikkeiren, persevered in a low wage policy and in their hard line approach to independent unions. But this only served to sustain the resurgence of independent unionism that had re-emerged with Sōhyō’s adversarial approach after 1951. Workers continued support for unions diverted employers in what otherwise might have turned into a rush to the precipice of market despotism. The popularity and consolidation of Shuntō, although modest in its achievements, sent employers an important if unwelcome message; many workers saw that they maintained interests that not only were independent of, but were often in conflict with the interests of employers. The union movement pushed for and won some wage increases but even these gains were offset by a general lengthening of the work week during this period. Although Japan had entered its period of high speed growth, life was not becoming much easier for workers. This constituted the economic basis for continuing conflict
between employers and workers.

Thus tension and instability continued to characterize this period; yet, from within the turbulence, important institutional features of postwar industrial relations in Japan began to emerge. On the one hand, key ingredients of the wage-fixing mechanism became systemic. These features included a form of annual connective bargaining (the Spring Offensive) as well as regular, negotiated bonus payments which constituted an ever larger proportion of the annual wage. These gains, mainly won through concerted labour action, were offset to a substantial degree through the institutionalization of the performance-based, incremental wage system in both the private and public sectors. The performance-based incentive formula, utterly under management's control, undermined the base-wage increases achieved through collective bargaining. A final institutional feature of the emerging compensation system was a persistently lower wage paid to women compared to men. Finally, in 1955, some employers began to embrace the idea that layoffs should be avoided if possible and the germs of Japan-specific job tenure patterns, although strictly limited, began to take root.

The features discussed above arose out of conflict and compromise but they increasingly became institutional features of the postwar system of industrial relations, assented to by both labour and management, at times begrudgingly and often only tacitly. Unions and employers might argue about the size of the bonus but not whether there should be one. Managers might have hoped for a two or three year wage agreement but they accepted the annual system and the slight disruptions caused
by job actions connected with Shuntō. Elements necessary to the consolidation of a
hegemonic system were indeed emerging.

But on another level, independent unionism continued to challenge the sanctity
of the market. From within this trend emerged a major challenge to the evolving
hegemonic pattern. This was the workshop struggle movement that began in the
Miike local union but soon spread and began to exert considerable influence among
Sōhyō affiliates. With its focus on workshop activism led by an independent union
that challenged management control at the workplace, this movement quickly attracted
Nikkeiren's attention. Nikkeiren perceived the workshop struggle movement as a
renewed challenge to managerial rights and, as in the past, it began to conspire to
 crush the threat.

In many instances, the employers and government were aided and abetted in
their approach to labour relations by the conservative Japan Trade Union Congress
(JTUC) and its affiliates who apparently found more in common with employers than
they did with the independent approach advocated by Sōhyō. This affinity of interests
was clearly articulated when the JTUC joined the Japan Productivity Centre (Nihon
Seisan Sei Honbu) immediately after its founding in 1955. While this emerging
entente remained secondary in the period under discussion it did represent a harbinger
of what would become a new social contract between labour and management in the
1960s.
I. Signs and Sources of Conflict

Signs of a stabilizing pattern of labour-management relations were beginning to show in the late 1950s but on the whole the worker-employer relationship remained tenuous and marked by conflict. This rather chronic instability was rooted in the pattern of economic development that marked the 1950s. In terms of industrial development, the thrust of government policy in the 1950s had been to give priority to heavy industry, particularly steel and shipbuilding. This reflected a bias for the producer goods sector of the economy. Shipbuilding in particular became key. It was the end user of the developing steel industry and was at the same time export-oriented. In other words, it became one of the main links to the international marketplace. Given this thrust, employer organizations were able to make polemical mileage from their argument that keeping wages down was necessary in order to assure international competitiveness. It was no wonder then, that employers persisted in taking such a hard line stance in dealing with unions. Nor was it surprising that real wages did not increase much in this period particularly if one factored in the lengthening of the work week that took place between 1952-1957 (see Table 5.2).¹ Symbolic of employer intransigence was the zero percent offers table by Japan’s major steel companies in 1957 and 1959 which provoked strikes in the steel industry.

¹ Yamamoto Kiyoshi estimated that the annual rate of wage increases in large enterprises actually declined from 13.8 percent in the 1951-1954 period to 5.4 percent in the 1955-1959 period before increasing to about 10 percent for the 1960-1973 period. See Yamamoto Kiyoshi, Nihon no Chingin, Rōdō Jikan [Wages and Work Hours in Japan], (Tokyo, Tokyo Daigaku Shuppan Kai, 1982), p. 114.
to no avail. In other words, the dominant economic vision in the 1950s did not leave much room for workers or unions since the consumption side of the economy remained generally undervalued. This was the economic background that gave rise to the complex and diverse patterns of industrial relations in this period.

Sōhyō and Shuntō

The ascent of the Ota-Iwai faction in Sōhyō in 1955 and the central role that Sōhyō played in the labour movement (see Table 5.1) gave further impetus to the

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Union Members</th>
<th>Sōhyō</th>
<th>Japan Trade Union Congress</th>
<th>Fed. of Neutral Unions</th>
<th>Unaffiliated/Other</th>
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</thead>
<tbody>
<tr>
<td>'54</td>
<td>5,986,168</td>
<td>3,003,127</td>
<td>595,091</td>
<td>----</td>
<td>n.a.</td>
</tr>
<tr>
<td>'55</td>
<td>6,116,348</td>
<td>3,093,513</td>
<td>624,251</td>
<td>----</td>
<td>n.a.</td>
</tr>
<tr>
<td>'56</td>
<td>6,340,357</td>
<td>3,137,551</td>
<td>661,965</td>
<td>----</td>
<td>n.a.</td>
</tr>
<tr>
<td>'57</td>
<td>6,762,601</td>
<td>3,410,228</td>
<td>782,459</td>
<td>1,029,011</td>
<td>1,554,275</td>
</tr>
<tr>
<td>'58</td>
<td>6,984,032</td>
<td>3,548,921</td>
<td>796,455</td>
<td>1,027,143</td>
<td>1,652,773</td>
</tr>
<tr>
<td>'59</td>
<td>7,211,401</td>
<td>3,666,357</td>
<td>826,642</td>
<td>1,082,511</td>
<td>1,690,367</td>
</tr>
</tbody>
</table>


2. See Kawanishi Hīrōsuke, Kiguō Betsu Kumiai no Riron, pp. 126-132 for details on this struggle. It was at this time that the steel industry began its practice of issuing a ‘one and only offer’ (ippatsu kaitō).
strategy of the Spring Offensive. In 1956, over 3 million workers took part in the action plan, the first led and fully supported by Sōhyō. Many non-affiliated unions also took part including the large Electrical Workers Federation. Furthermore, public sector workers for the first time declared their intention to join with their counterparts in the private sector in the spring activities which included formulation of joint demands (2,000 yen across the board was the standard for 1956) and a co-ordinated action plan including work to rule, on site meetings, and strikes. The strength of the snowballing movement prompted Ōta to declare that the scale of the 1956 campaign would surpass that of the planned Feb. 1, 1947 general strike that had been prohibited under the Occupation. While perhaps carried away by the momentum of the moment, Ōta’s historical analogy shocked the powers that be and signalled the final split with the mindō tradition that had grown up in the wake of the aborted 1947 movement.

Needless to say, employers were not exactly enamoured with the turn of events. Nikkeiren responded to the Spring Offensive in unequivocal if somewhat predictable terms:

This wage offensive is in the end based on the wage demands of the unions in the big plants as well as the wages of the civil service and crown corporations which are clearly above those in the private sector. The resulting price increases from the latter will no doubt fuel inflation. We hope the government will take a firm stand and we also have no choice but to be resolute if we are to put Japan’s economy on a solid footing. In particular, the fact that Sōhyō has stated that: ‘Wages are decided not on

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2. Sōhyō membership remained stable at about 50 percent of total unionized workers in this period. The rate of JTUC membership increased slightly more than Sōhyō, reflecting the inroads it was making, but the latter still had over four times the membership of JTUC.
economic climate but on the basis of the relation of forces,’ and the fact it has on its own rejected productivity improvement can only lead us to conclude that this struggle is in essence a political struggle or class struggle parading in the guise of economic demands.4

JTUC joined employers in their attack on the Spring Offensive. The conservative wing of the union movement had, in the wake of the 1952 coalminers and power workers strike, clearly articulated that in their view wage demands should reflect the actual state of the economy. This explicit acceptance of the market as the determining factor in wage increases marked a fundamental departure from independent unionism and the conception that wages should be socially determined. Furthermore, JTUC’s participation in the employer-initiated Japan Productivity Centre (Nihon Seisan Sei Honbu) in 1955, and Sōhyō’s opposition to it, clearly delineated the divisions in the workers’ movement.

For its part, Sōhyō’s rejection of the productivity movement was closely tied to its desire to overcome the limits of enterprise-by-enterprise bargaining through the Spring Offensive. And despite the opposition from employers and JTUC, Shuntō thrived to become a central component of industrial relations in postwar Japan. In this early period a number of important trends emerged:

-the issue of the right to strike and bargain collectively for the public sector became a central goal of the union movement after the government fired or disciplined 888 JNR employees including top union leaders for participating job actions during the 1957 Spring Offensive. A similar battle occurred in 1958 between

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4. As cited in Sōhyō, Shuntō, p. 29.

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the post office and its employees;

-the spring offensive (peaking with job actions in March-April) brought collective bargaining into sequential alignment. Even in 1957, for example, the iron and steel and shipbuilding unions were still negotiating their annual wage agreements in the fall, outside of the Shuntō framework. However, by the end of the decade, Shuntō became the vortex for union demands around which most unions, even those not affiliated with Sōhyō, began to orient themselves;

-connective bargaining (cross enterprise or cross industry union linkages) did develop to some extent but not in the same form as in the United States, for example, where unions gained some control over the labour market by establishing standard rates based on job classifications within an industry with only small deviations based on enterprise size, etc. Pattern bargaining then developed as a means of maximizing subsequent wage increases which were then transmitted, more or less, through the industry as a whole. With the Shuntō, pattern bargaining also emerged -- in 1958, for example, the private rail unions were considered the best bet to set a positive wage increase pattern for other unions in other industries. This role for private rail unions as the "lead off batter" was then codified when the Central Labour Relations Board used their settlements as a benchmark for mediated settlements in other sectors.5

Shuntō’s legacy was to institutionalize the annual nature of collective

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bargaining and to co-ordinate to some degree collective bargaining demands and pressure tactics. It also provided a bridge between private and public sector unions. However, the collective bargaining process remained focused for the most part at the enterprise level although by the mid-1960s sectoral level consultations did take place with increasing frequency.

**Conflict Continues**

Shuntō did not in itself engender conflict, although it did serve to focus some aspects of the conflict. However, struggles between workers and employers often took place at the enterprise or sectoral level. One significant feature of the period was a decline in the average duration of strikes or job actions. However, the number of incidents of job action and the number of workers involved continued to increase right into the 1960s. This was another indication that the postwar system remained unconsolidated during this period. Wages and job security were often the key issues involved in these battles. But union security continued to be an important focal point.

One of the most important of these battles occurred in 1957 at the Ōji paper mill. The formation of a breakaway union in the course of a wage struggle led to a protracted and bitter battle in which Nikkeiren was once again intimately involved.

The contention that conflict continued to play a significant role in this period is further reinforced by perceptions of managers such as Nikkeiren's Maeda Hajime who recalled with some chagrin that just when employers thought they had things under

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control, new disputes erupted: "Around 1955 labour battles had changed quite a bit. In places where you wouldn't think struggles would occur, such as in banks, investment dealers, hospitals and schools, struggles began to break out." In fact, workers were increasingly turning to unions as a means of achieving the gains that they wanted and that the expanding economy could have delivered but did not. In fact, the opposite was occurring.

Table 5.2: Average Monthly Hours Worked By Industry, 1952-1958.

<table>
<thead>
<tr>
<th>Year</th>
<th>Mining</th>
<th>Textiles</th>
<th>Transportation Equipment</th>
<th>All Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>183.9</td>
<td>193.1</td>
<td>197.2</td>
<td>194.4</td>
</tr>
<tr>
<td>1953</td>
<td>191.5</td>
<td>196.2</td>
<td>197.0</td>
<td>196.7</td>
</tr>
<tr>
<td>1954</td>
<td>190.2</td>
<td>196.7</td>
<td>192.9</td>
<td>195.9</td>
</tr>
<tr>
<td>1955</td>
<td>191.3</td>
<td>198.8</td>
<td>197.9</td>
<td>198.0</td>
</tr>
<tr>
<td>1956</td>
<td>193.8</td>
<td>204.1</td>
<td>208.9</td>
<td>204.4</td>
</tr>
<tr>
<td>1957</td>
<td>194.5</td>
<td>203.2</td>
<td>207.3</td>
<td>202.9</td>
</tr>
<tr>
<td>1958</td>
<td>191.6</td>
<td>201.6</td>
<td>199.7</td>
<td>201.4</td>
</tr>
</tbody>
</table>


Table 5.2 illustrates how the numbers of hours worked per month actually increased in mining and manufacturing between 1952-1957. Although the figures began to decline in 1958, workers were still working longer in 1958 than they had in 1952. Of course, the expanding economy provided jobs and most workers were thankful to be employed, but jobs alone did not suffice if they did not deliver wages...
that reflected higher productivity levels as well as better working conditions. The rate of wage increases remained low even for workers in large enterprises but another important feature of the period was the wage drift occurring between workers in large and small enterprises. Table 5.3 illustrates the extent of the wage gap as it had evolved in the 1950-1956 period. In 1950, workers in medium sized enterprises made 83.1 percent of the wages received by workers employed in large enterprises but by 1956 they were making only 72.1 percent of the respective wage. The exact same trend can be noted for employees in the small enterprises employing 30-99 workers.

The expanding economy and improved productivity did not in themselves lead to improved wages and working conditions, especially in any relative sense. In

<table>
<thead>
<tr>
<th>Year</th>
<th>Over 500 Employees</th>
<th>100-499 Employees</th>
<th>30-99 Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>100</td>
<td>83.1</td>
<td>67.3</td>
</tr>
<tr>
<td>1951</td>
<td>100</td>
<td>79.5</td>
<td>61.7</td>
</tr>
<tr>
<td>1952</td>
<td>100</td>
<td>79.1</td>
<td>58.8</td>
</tr>
<tr>
<td>1953</td>
<td>100</td>
<td>79.3</td>
<td>59.8</td>
</tr>
<tr>
<td>1954</td>
<td>100</td>
<td>77.6</td>
<td>59.9</td>
</tr>
<tr>
<td>1955</td>
<td>100</td>
<td>74.3</td>
<td>58.8</td>
</tr>
<tr>
<td>1956</td>
<td>100</td>
<td>72.1</td>
<td>56.1</td>
</tr>
</tbody>
</table>

Note: Based on all cash payments to employees.
Japan, as in other countries, workers had to fight to improve their lot. Although Maeda Hajime may have been surprised about the spread of conflicts into non-traditional sectors, from a comparative or historical framework it was not surprising that workers in Japan increasingly turned to unions to help improve their lot. The silk workers in the northern province of Yamagata is one example of this trend.

The Yamago Silk Workers

Kamiyama is a small town in Yamagata prefecture in northwest Japan. In March 1957, the 300 mainly female employees of a small silk reeling plant in the town, Yamago Industries, decided that they needed a union. Wages were below the industry average, already among the lowest of any industry. Part of employees' wages were paid in the form of a meal allowance which was then deducted at source. The company then retained 300 yen per month from the meal allowance in a compulsory savings scheme. Workers could not draw on the savings unless they explained to the plant superintendent what the money would be used for.

Union talk had been around for a while. One employee had already been fired the previous year for advocating a union. What really precipitated the union drive, however, was the company's decision to automate in 1957 and the subsequent layoff of 16 young women on Feb. 20. Rumour had it that over 100 employees would be permanently laid off when the automatic silk reeling machines were fully operational. Shortly after the first layoffs, employees contacted the prefectural labour federation.

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7. This account is based on Yamago Rodo Kumiai, Teikō no Seitō Rōdō Sha [The Defiant Silk Workers], (Tokyo, Seni Rōren Tōhoku Shibu, 1977).
(Yamagata Ken Rōhyō) and the Federation of Silk Workers. On February 23, the union president arrived in Kamiyama and the organization drive was on.

According to the union’s account, the company’s strategy was not to openly oppose the union but to attempt to block affiliation with the Federation of Silk Workers or other regional councils. At the founding meeting of the union, male employees with close links to management attempted to control the meeting and block affiliation. Despite these efforts, members voted 206 to 119 for affiliation. Two of the three executive officers elected were male.

Two lines clearly emerged regarding the union immediately upon its foundation. The executive worked closely with the company, helped establish a joint disciplinary committee, and refused to liaise with Federation of Silk Workers representatives despite the pro-affiliation vote. The company also brought in Nikkeiren’s Sakurada Takeshi to meet with union officials and this resulted in the signing of a no-strike agreement.

These activities provoked the rank-and-file, and a group of young women began meeting with Federation officials to devise a counter-plan. In response the company brought in a number of parents on March 19 to convince the young women to stop agitating. Instead of intimidating the workers, however, this tactic inflamed the situation and workers spontaneously refused to return to work until later in the afternoon. The activists circulated a petition calling for a special general meeting and a recall of their executive and gathered 198 signatures. The Federation representative submitted the request to the executive on March 26 but they refused to comply. That
evening 160 employees gathered to found a second union and articulated a set of demands. These included an immediate wage increase, a severance pay package, an end to compulsory savings deductions, on-site union facilities, reform of the dormitory system to allow employee control and freedom of movement, and improvements in food provisions, among other things.

The company refused to enter into negotiations and, on the pretext of undertaking boiler repairs, effectively locked out the employees. The company cut off all services to the dormitories and attempted to force the women back to their homes and thereby break the union. The union responded by accusing the company of abusing the employees' human rights and, through the mediation of local police, obliged the company to keep the dormitories open. City officials and the local Labour Relations Board (LRB) intervened in the dispute and on May 5 the lockout was lifted. The union did not win any contractual benefits but it had survived the attempt to break it and come out of the struggle intact and with strong support on the shop floor.

The two unions existed for a number of years but eventually even the company union was obliged to take up some of the demands of its members and in 1960, the two unions amalgamated while retaining their affiliation with the Federation of Silk Workers.

The Yamago silk workers' story was part of the growing trend towards unionization that occurred in the late 1950s. Unions, I would contend, were perceived as a necessary means to achieve a decent living even in an expanding...
economy. In that sense, conflict remained very much at the heart of the labour-management relationship even during this period.

But the tribulations of the Yamago workers to win and maintain a union also illustrated the difficult task union organizers faced. Unions were cognizant of the convergence of interest between themselves, hoping to increase their membership and expand the scope of unions, and unorganized workers who wanted to improve their livelihood. Thus in Sōhyō, for example, regional labour councils began organizational drives beginning in 1956 to strengthen the unionization movement. This culminated in a central organization campaign adopted by the fall 1959 Sōhyō convention and the dispatch of 263 full-time organizers into the field. The campaign coincided with the spontaneous upsurge in unionization of workers in small industry.

As Table 5.4 illustrates, the average membership of new union locals was only about 50-60 workers. The Yamago workers, with the help of the Textile Workers Federation, did succeed in unionizing, but their case proved to be the exception. Sōhyō’s organizational campaign peaked in 1961 and declined thereafter. Employer intransigence and the structural problems of organizing and maintaining small units were prohibitive.

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8. For details and analysis of the organizational drive see Nihon Rōdō Kumiai Sō Hyōgi Kai, ed., Orugu, (Tokyo, Rōdō Kyōiku Sentā, 1976). Organizing the unorganized was a central but not exclusive task of these union officials.
<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Unions</th>
<th>No. of Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956</td>
<td>922</td>
<td>46,061</td>
</tr>
<tr>
<td>1957</td>
<td>1,076</td>
<td>48,061</td>
</tr>
<tr>
<td>1958</td>
<td>817</td>
<td>39,359</td>
</tr>
<tr>
<td>1959</td>
<td>1,126</td>
<td>59,844</td>
</tr>
<tr>
<td>1960</td>
<td>1,252</td>
<td>73,329</td>
</tr>
<tr>
<td>1961</td>
<td>1,705</td>
<td>102,982</td>
</tr>
<tr>
<td>1962</td>
<td>1,202</td>
<td>75,455</td>
</tr>
<tr>
<td>1963</td>
<td>1,076</td>
<td>68,722</td>
</tr>
</tbody>
</table>


Nikkeiren had in the early 1950s remarked on the growing wage gap between workers in large factories and those in smaller ones. The development of the dual economy and the segmented labour market vindicated their perception but their policy for correcting the problem was diametrically opposed to that of labour. Nikkeiren’s solution was to reduce the wage gap by holding down wages even in the large enterprises, not to help workers in the small enterprises improve their wages. The intervention of Nikkeiren’s Sakurada on behalf of the company at Yamago further illustrated this point. In fact, one could make a strong argument that Nikkeiren, even as late as 1960, with its hard line stance against independent unions and its low-wage policy was inclined to move towards a form of market despotism. But the conflict provoked by this approach forced employers and policymakers to look for alternative visions of development.

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The Japan Productivity Centre (JPC)

The origins and role of the JPC will be taken up in more detail in later chapters. However, it should be noted that the initiative for the creation of the JPC came from the U.S. State Department in late 1953 as part of the military security agreement.\(^9\) The main employers' groups, Keidanren and Nikkeiren initially were not particularly interested in a productivity program. However, it struck a respondent chord with Gōshi Kōhei of the Keizai Dōyūkai (Committee of Economic Development). Gōshi had visited Europe in 1953 and returned impressed with labour-management programs particularly in Germany. Gōshi prodded the Keizai Dōyūkai, a group already more inclined to corporatist planning, to seize the initiative and it subsequently called a conference of the other employers groups -- Nikkeiren, Keidanren, and Nissho (Japan Chamber of Commerce) -- to plan for a nation-wide productivity movement. This resulted in the formation of the Japan Productivity Centre on March 1, 1955. Under the direction of the government and Gōshi Kyōhei, the new centre called for labour participation to make the movement tripartite -- labour, management and academia. Sōhyō refused. At its February general council meeting it criticized the productivity plan as an offshoot of the U.S.-Japan military pact which, under the guise of labour-management co-operation and productivity improvement, would result in labour intensification and wage controls.\(^10\)

JTUC (and its biggest affiliate the JFL) did not agree with Sōhyō. Leaders of

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\(^9\) The story of the formation of the JCP is found in Nihon Seisan Sei Honbu, Seisan Sei Undō 30 Nen Shi, (Tokyo, Nihon Seisan Sei Honbu, 1985).

\(^{10}\) Sōhyō, Sohyo Jū Nen Shi, p. 477.
the Seamans Union and the JFL attended early sessions of the JPC directors as
observers and both organizations subsequently developed positions supporting the
JPC. For the next 18 months a debate raged over the productivity issue. The
most noteworthy polemic was between Nakayama Ichirō, an academic and director of
the JPC (and former head of the Labour Relations Board) and Horie Masaki, a left-
wing socialist.

As a result of Sōhyō’s critique and the subsequent debate, the Japan
Productivity Centre adopted its now famous three principles of productivity. These
included a management commitment to enhance job security, a labour-management
commitment to improve productivity at the enterprise level, and a commitment that
the rewards of productivity improvements should be split between management,
labour and consumers.

The JPC and its vision for productivity improvement would have a profound
impact over the long term. In this early period, however, it did not represent the
dominant trends among either management or labour. Keidanren and Nikkeiren were
reluctant participants and Sōhyō refused to be drawn in to the movement. Its
founding was a harbinger of future developments but in the meantime, labour and
management continued in a mode of confrontation. Even within this mode, however,
new features of industrial relations were beginning to take shape, particularly within
the unionized sector.

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11. See Nihon Seisan Sei Honbu, Seisan Sei Undō 30 Nen Shi, pp. 154-
168.
II. New Standards in Industrial Relations

Within the tumult of this period specific features of industrial relations began to emerge as dominant trends. This was particularly the case regarding forms of collective bargaining and the compensation system. Let us examine these trends as they developed within the cases studied.

Miike

Collective bargaining in the coal industry during this period was carried out on three levels. Sectoral bargaining over the annual wage increase was carried out by the JCU as part of the Spring offensive. The coal companies took a hard line in bargaining, beginning with a lockout in 1956. Subsequent wage increases were generally below the levels won by other unions in this period.¹²

Furthermore, because there was no master agreements, the general standard wage increase agreed to at the block bargaining sessions was only a guideline and formal wage agreements were concluded at the enterprise level. This led to discrepancies in actual wages because in coal mining the piecework system based on job classification remained the dominant pattern. According to Mitsui statistics, the average wage at Miike was higher because the wage for underground miners was based entirely on output (there was no fixed base wage) which continually climbed

during this period.\textsuperscript{13}

Thus even after the general wage increase was set at the sectoral and enterprise level, because of the output-based wage system, multiple classifications and the struggle orientation of the Miike local, wage negotiations eventually ended up on the worksite, where specific work groups negotiated with foremen or supervisors over the details of the piece-rate to be applied to their specific job category. Struggles over setting the rate became part-and-parcel of the compensation system at Miike and to some extent in other coal mines. This was an exception, as we shall see, to the general trend in compensation systems.

In this period the JCU had more success negotiating summer and winter bonuses than it did in improving base rates. Table 5.5 illustrates the results of

\textbf{Table 5.5: Bonus Agreements negotiated by JCU and Major Coal Operators, 1956-1958.}

<table>
<thead>
<tr>
<th></th>
<th>Union Demand</th>
<th>Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1956</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summer</td>
<td>10,300</td>
<td>10,250</td>
</tr>
<tr>
<td>Winter</td>
<td>14,500</td>
<td>14,450</td>
</tr>
<tr>
<td><strong>1957</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summer</td>
<td>22,700</td>
<td>20,500</td>
</tr>
<tr>
<td>Winter</td>
<td>25,000</td>
<td>23,500</td>
</tr>
<tr>
<td><strong>1958</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summer</td>
<td>n.a.</td>
<td>21,000</td>
</tr>
<tr>
<td>Winter</td>
<td>26,000</td>
<td>22,000</td>
</tr>
</tbody>
</table>


\textsuperscript{13} Mitsui, Shiry\textsuperscript{6} Miike S\textsuperscript{6}gi, p. 429.
sectoral negotiations over bonuses which were almost always accepted by individual enterprises. By the winter of 1958 the coal industry had gone into recession and the bonus was less than in winter 1957 but only slightly so. Despite its interpretation that bonuses were a function of corporate profitability, companies found it difficult to make any substantial cuts in the bonus.

As was mentioned earlier, the union actively pushed for higher bonuses and at Miike the bonus came to represent an increasingly large proportion of the compensation package. This was a common trend for the period although at Miike and other coal mines, the piece-rate system tended to dilute the actual importance of the bonus.

**Moriguchi City**

Government fiscal restraint in 1954 and 1955 prompted local governments to implement restraint programs in this period. In many areas this involved layoffs (26,000 regular employees in 31 prefectures) as well as cuts in overtime payments and other allowances. According to the Satellite City Federation, those most affected by the cutbacks were older workers and married women who were forced to quit their jobs. At Moriguchi, there were no major layoffs but pay raises were delayed and travel allowances were reduced.

Employees at Moriguchi increasingly focused on bonuses (see Table 5.6) as

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the means to improve their livelihood. While the union was prohibited from signing a collective agreement, it circumvented this restriction by negotiating separately on specific issues. Demands were formulated at the Satellite City Federation level which then submitted these demands to the council of local mayors (shi chō kai). Negotiations continued at this level until a general agreement was reached informally at which points bargaining switched to the local level. If problems arose, officials from the Satellite City Federation would join local negotiations although this was

<table>
<thead>
<tr>
<th>Year</th>
<th>Summer</th>
<th>Winter</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>1 month (mth)</td>
<td>1.5 mths + .2 mths + 3,000 yen</td>
</tr>
<tr>
<td>1956</td>
<td>1 mth</td>
<td>2 mths</td>
</tr>
<tr>
<td>1957</td>
<td>1 mth + 2,000 yen</td>
<td>2 mths + .15 mths</td>
</tr>
<tr>
<td>1958</td>
<td>1 mth + 2,000 yen + alpha</td>
<td>2.15 + 3,000 yen + 1,000 yen</td>
</tr>
<tr>
<td>1959</td>
<td>1.15 mths + 3,000</td>
<td>2.15 mths + 3,000</td>
</tr>
</tbody>
</table>

Note: 1.5 mths = a one time cash payment equivalent to 1.5 months regular salary.
Source: Moriguchi Shi Shoku Rō Sanjū Go Nen Shi, p. 144.
often a last resort.\textsuperscript{16} From 1957 on, the union did occasionally adopt militant tactics including sit-ins and work to rule.\textsuperscript{17} As a result, according to the union, bonuses at Moriguchi exceeded those recommended by the National Personnel Authority.

In 1957, the Moriguchi union, in concert with the Satellite City Federation, negotiated seriously for the first time for a general wage increase. On May 24, the SCF established a wage policy committee to take up the issue. The Moriguchi union’s demands included an across-the-board increase of 2,000 yen/month with the starting wage for a high school graduate of 6,900 yen/month. Regional negotiations between the SCF and the mayors’ council ended in the following general agreement: a 6.2 percent general increase with a minimum guaranteed increase of 1,000 yen/month. Negotiations, as in the case of bonuses, then switched to the local level at which time the union and city management agreed to an across-the-board 830 yen/month increase plus an immediate jump to the next highest increment with a corresponding wage increase.\textsuperscript{18} At the same time, the union negotiated an end to discrimination against outside workers (\textit{gengyoin}, manual workers who were classified as day labourers), resulting in their re-classification as regular employees (albeit on a separate scale, a source of contention later) with large increases in pay. As the union history succinctly stated: "Having received tens of thousands of yen, there were even

\textsuperscript{16} According to the Moriguchi union history, city officials as well as local union officials were reluctant to allow this type of participation.

\textsuperscript{17} In this case work to rule meant everyone left the city hall together after work. While perhaps tame in comparative terms, in the context of the time--when overtime was considered de rigueur--such an action was confrontational indeed!

\textsuperscript{18} Moriguchi Kumiai, \textit{Moriguchi Shi Shoku Rō Sanjū Nen Shi}, p. 145.

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some who bought a television which at the time was still quite a luxury for a worker." The union also gained permanent status for cafeteria workers who, until this period, had been classified as part-timers.

Union members did not confine their activities only to local issues; in line with Sōhyō’s aggressive political stances, they became active in the anti-nuclear movement which really gained momentum in Japan after the Bikini atoll nuclear tests in 1954. As well, the Moriguchi union participated in the organization drive of Sanyō Electric workers which had been initiated by the electrical workers union (Denki Rōren). Sanyō’s headquarters were located in Moriguchi and one of its main factories was nearby.

As in the case at Miike, bonuses at Moriguchi came to represent a proportionately larger component of the compensation package, rising from the equivalent of 2.5 months wages to 3.3 over the course of four years. Unlike Miike, however, in the 1954-57 period, performance evaluations came to play an important role in the annual wage increase at Moriguchi. Elaborate wage grids were established and making it up to the next wage increment depended on a positive rating by one’s supervisor. This trend began with national government workers and became the standard for local government employees in this period. It would be challenged by the union in the early 1970s.

Negotiations over bonuses and wages became annualized. However, although the Moriguchi union did take part in the annual Shuntō, annual wage negotiations

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were delayed at the local level because of the emerging pattern for establishing wage rates for government employees. This pattern began with the National Personnel Authority investigating spring settlements in the private sector, subsequently issuing a wage recommendation for national government employees which then became the guideline for regional authorities in proposing wage levels for local government employees. The process of wage determination for local government workers such as those at Moriguchi often concluded in the fall as opposed to the spring for private sector settlements.

As in the coal industry, bargaining was multi-tiered with negotiations taking place regionally and then descending to the enterprise level for final determination. However, negotiations were concluded at the enterprise level and did not descend to the actual workplace.

Suzuki: Looms to Motors

Suzuki’s initial sortie into mo-ped production in the early 1950s had proven successful and in 1954 the company changed its name to Suzuki Motor Co., Ltd. The union at Suzuki subsequently changed its name to the Suzuki Motor Co. Union. Suzuki began research into the prospects of automobile production and in January 1954 it imported three European cars. Within a year, Suzuki had developed its own automobile prototype -- the Suzuki Light.20

Research and development for auto production continued but Suzuki

concentrated on motorcycle production in the 1950s. In 1957 it opened its first motorcycle assembly plant and by 1958 it began mass production with the installation of an automated assembly line that August. In the 1959-60 period it finally shifted to full scale automobile production.\textsuperscript{21} Diversified operations and the introduction of mass assembly led to constant increases in employment at Suzuki. The 1955 roster of 711 employees had increased to 1,361 by 1960, about 15 percent of whom were women.\textsuperscript{22}

Collective bargaining at Suzuki centred on the enterprise. The Suzuki union had no affiliations with other unions in the automobile sector. During this period the focus of collective bargaining was on compensation and working hours. Table 5.7 gives a general overview of the trends in wage increases in this period. In 1955, the summer-winter bonus system was institutionalized as Table 5.8 indicates. These tables highlight a number of important tendencies of the time. Wages were initially pegged according to educational level at the time of hiring with significant differences between the starting wages of high school and university graduates. Wage increases were subsequently based on the annual increase negotiated between the union and management and an incremental increase that a supervisor might assign. Incremental increases during most of this period were haphazard.

\textsuperscript{21} Suzuki, 50 Nen Shi, p. 440.

\textsuperscript{22} These statistics are from Ni Jū Go Nen Shi, p. 250. Exact statistics on gender ratios were not available but according to union figures, 103 of 742 employees were female in 1955.
The introduction of automatic transfer equipment and mass-assembly line production in the 1957-61 period prompted Suzuki to carry out a thorough transformation of their compensation system. Up until this time, institutional discrimination between staff (shokuin) and production workers (kōin) had continued, with white collar workers being paid on a monthly basis while blue collar workers were paid at a daily rate. Blue collar workers faced discrimination in salaries, promotions, transfers and employment opportunities. According to Suzuki’s own account: "These differences in rank among even permanent employees were a problem in terms of unifying the company’s thinking and ran counter to building a
system of united cooperation. It was an issue which called for rapid reform."²³ The story of those reforms is integrally related to the theme of scientific management and is fully discussed as a case study later in this study. However, one point is important in the context of emerging patterns of industrial relations. The 1959-1960 reforms included the institutionalization of performance evaluations as a major component of annual wage determination. Thus by 1960, performance evaluations had become

standard features in the compensation systems at both Moriguchi and Suzuki.

A second feature discernible in the Table 5.7 was the institutional wage discrimination against women. Although the amount was not substantial it did reflect the lower value managers assigned to women's work, particularly given the fact that wages for new hires were not pegged to specific job classifications. While wages were initially set as the same level in 1955, the discriminatory rate began the following year and fifteen years later the original 192 yen difference had grown to 2,000 yen.

Table 5.8 illustrates the dramatic increase in the role of bonuses as part of the compensation package at Suzuki. In the 1955 ratification vote for the summer bonus only 58 percent voted in favour of the settlement and rank-and-file discontent over the low bonuses prompted the union to issue an "emergency declaration" during negotiations for the winter bonus the following year. Rank-and-file disenchantment focused on the bonus levels and this issue was addressed in semi-annual negotiations. The 1955 summer and winter combined bonuses equalled 1.8 months salary, less than national government employees (2.25 months) and Moriguchi workers who received 2.5 months salary in bonuses the same year. By 1959, however, Suzuki employees had more than doubled the size of the bonuses, receiving the equivalent of 4.4 months wages in semi-annual instalments. They far exceeded Moriguchi employees who received the equivalent of 3.3 months wages in bonuses in 1959.

Reliance on excessive, compulsory overtime became a major problem in this period but the union's power to contain the extension of the work day was limited.
Until 1958, the standard work week was six eight-hour days Monday to Saturday. That year, Suzuki agreed to end the Saturday shift at 3 p.m. making for a 46.5 hour work week. A 1960 agreement initiated by the union allowed for compulsory overtime of a maximum four hours per day, 40 hours per month. Sunday overtime was restricted to half the Sundays in any given month. Theoretically, an employee could be limited to only two days off a month!

Based on the above examination of general trends and the three case studies, one can detect some emerging patterns of industrial relations, particularly in relationship to the compensation system, collective bargaining and union organization.

**Compensation**

Yearly springtime bargaining and job action became the institutionalized norm for determining increases in the base rate in the private sector. Often unions engaged in pattern bargaining by industry, with the private railway unions for example, setting the pace in settlements. For the most part, however, the deals struck in centralized bargaining remained general and the exact wage increase for any given year was determined by local circumstance. For example, a general percentage increase for coalminers was determined through national sectoral bargaining. This increase was then used as a guide for negotiations at the enterprise level. In the case of coalminers, wages for underground miners remained based on piece rates and job classifications. Thus the general wage increase was renegotiated on the local and even workplace level. Although not formally a part of the spring offensive, Suzuki
also followed the annual pattern but negotiations were confined strictly to the enterprise.

In the public sector, the National Personnel Authority determined annual wage increases for national public employees based on the patterns set in private industry. For regional and municipal public sector workers, consultations based on the national pattern took place between a regional federation and the council of mayors to determine the general wage increase. This general agreement then acted as a guideline for local settlements. Because government workers, apart from employees of crown corporations, did not have the right to strike or to bargain collectively, the agreements reached were informal memoranda.

Thus in two of the three case studies, the collective bargaining process for the annual wage increase was multi-tiered and involved more than one enterprise. Suzuki, with its single-tiered, enterprise focus was the exception. The diversity evident in the structure of collective bargaining also existed in terms of union organization.

The persistence of annual, sector and/or regional bargaining reflected the fact that many unions continued to maintain broader affiliations, whether on the regional or industrial level, and that continued to play an important role in labour relations in Japan during this period. According to Table 5.9, about half of all local unions (19,829) remained independent of any affiliation, whereas the other half (19,474) were amalgamated unions that, in other words, maintained affiliations with other unions.
Table 5.9: Forms of Union Organization, 1959.

<table>
<thead>
<tr>
<th>Ind. Locals</th>
<th>Locals (Branches) of Amalgamated Unions</th>
<th>Federations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Enterprise-based</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Industry-based</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Craft-based</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Region-based</td>
</tr>
<tr>
<td>19,829</td>
<td>19,474</td>
<td>683</td>
</tr>
<tr>
<td></td>
<td></td>
<td>836</td>
</tr>
<tr>
<td></td>
<td></td>
<td>147</td>
</tr>
<tr>
<td></td>
<td></td>
<td>766</td>
</tr>
</tbody>
</table>


unions through federations. Suzuki’s union, for example, fitted into the former category, the Miike and Moriguchi locals into the latter. The Suzuki union itself would later affiliate with a newly constituted autoworkers federation which would take part in sectoral level consultations over wages. This was not the case in 1959, however.

In 1959, of the various types of union organizations, 683 of nearly 2500 federations were enterprise based -- the Mitsui Mineworkers Federation fitted in this category but, at the same time, it was also affiliated with an industrial federation, the JCU. The Moriguchi union was part of both an industrial federation, the AJMPWU (Jichirō) and a regional federation, the SCF.

Diversity in union organization was the pattern in Japan as it was for union organizations in Canada or the United States. The organizational bias of Japan’s unions may have been weighted towards the enterprise but the difference was quantitative not qualitative. Thus, we must go beyond organizational issues if we
want to understand the real nature of enterprise unions.

On the other hand, the compensation system in Japan was indeed developing some distinct features. No single bargaining system existed for all sectors but a number of trends were becoming clear. First, yearly bargaining or consultations were fixing a general wage increase (base-up). But this wage increase was a general figure based on a statistical average which hid the discrepancy in individual wages that developed over time.

At Moriguchi and at Suzuki, a second trend was also emerging -- yearly incremental increases up a wage grid either supplemented or began to determine the extent of any individual employees' return from the annual base up. Performance evaluations, controlled by management, became the determining factor in deciding the extent of incremental increases. The trend towards a performance-based, incremental wage system evident at Suzuki and Moriguchi in this period was not accidental. In fact, the 1955-1960 period constituted a period of consolidation for this type of compensation scheme.

For example, in 1957 one of the most important political battles in postwar Japan erupted over the issue of personnel evaluations. As discussed earlier, government workers were subject to regular efficiency ratings as prescribed by the public service laws. However, this provision had never been applied to teachers who were under the control of prefectural school boards. When prefectural governments' began to incur deficits in the 1954-55 period, the Ministry of Education suggested that prefectures begin annual performance evaluation of teachers and accord incremental
wage increases only to those teachers with top ratings.\textsuperscript{24} The Ministry subsequently ordered this system institutionalized in all prefectures provoking a three year running battle with the Japan Teachers' Union. Despite teachers objections, the prefectural governments, in the end, implemented the ranking system. This struggle was well known in Japan and was documented by Benjamin Duke in his work on the teachers union. What is less well known, however, is the fact that employers in the private sector were resorting increasingly to this same system to contain their wage costs and as a tool of personnel administration.

Employers, especially in the monopoly sector, turned to regular employee evaluations (\textit{jinji kōka}) as a means of internal stratification. According to the 1959 edition of the Labour Ministry's White Paper on Labour: "During the inflationary postwar period, wage increases occurred through an increase in the base rate but in the last few years, the proportion of wage increases based on incremental steps has increased."\textsuperscript{25} Citing a National Personnel Authority study of wage in the private sector, the annual report concluded that regular incremental wage increases, rather than an increase in base rates, were the most important factor in increasing firms annual wage outlay. As to the substance of how workers received the increments, the report indicated that only seven percent of firms allotted the incremental increases automatically, that is on the basis of accumulated service or seniority as defined in the U.S. or Canada. The majority of firms used some form of personnel evaluation to


\textsuperscript{25} \textit{Rōdō Hakusho 1959 Nen Ban}, p. 137.
determine the incremental increase.

The Ohara Institute for Social Research's 1959 annual report also noted the
trend towards the incremental system and the proliferation of personnel evaluations.
Citing a study by the Kansai Employers Association in which half of the enterprises
surveyed used personnel evaluations, the report concluded: "[This system] plays an
important role in proscribing the labour movement because through it workers are
under constant surveillance."26

Another element of the emerging compensation system was the escalating
proportion that the semi-annual bonuses constituted in the overall compensation
scheme. In both the public and private sectors, twice annual bonus payments
represented a greater proportion of the compensation package than in the past. As the
case studies illustrated, unions pushed for this because many employers were more
willing to acquiesce on bonuses than on increasing base rates, believing that bonus
payments were more flexible and might be reduced in bad times. Thus most unions
were negotiating or consulting over wage or bonus increases at least twice and often
three times a year, a practice that Nikkeiren had admonished employers about in the
early 1950s.

A final aspect of the compensation system was the institutionalized
discrimination in wages for women. This was blatant in the Suzuki case but was even
more serious through streaming women out of the workforce or into low-paying job
ghettos. This occurred at Moriguchi and would be contested by the union in the early

26. Ōhara Shakai Mondai Kenkyū Jō, Nihon Rōdō Nenkan, 1959 Nen Ban,
(Tokyo, Tōyō Keizai Shimpō Sha, 1959), p. 383.
1970s. As indicated in Table 5.10, women’s wages as a proportion of male wages were even less in 1958 than they were in 1948, regardless of factory size.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Wage Males</th>
<th>Average Wage Females</th>
<th>Female/Male Ratio %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948</td>
<td>5,456</td>
<td>2,363</td>
<td>43.3</td>
</tr>
<tr>
<td>1949</td>
<td>9,345</td>
<td>4,077</td>
<td>43.6</td>
</tr>
<tr>
<td>1952</td>
<td>15,008</td>
<td>6,392</td>
<td>42.6</td>
</tr>
<tr>
<td>1953</td>
<td>17,115</td>
<td>7,087</td>
<td>41.4</td>
</tr>
<tr>
<td>1954</td>
<td>18,014</td>
<td>7,600</td>
<td>42.2</td>
</tr>
<tr>
<td>1955</td>
<td>18,455</td>
<td>7,718</td>
<td>41.8</td>
</tr>
<tr>
<td>1956</td>
<td>20,419</td>
<td>8,257</td>
<td>40.4</td>
</tr>
<tr>
<td>1957</td>
<td>21,278</td>
<td>8,487</td>
<td>39.9</td>
</tr>
<tr>
<td>1958</td>
<td>20,935</td>
<td>8,390</td>
<td>40.1</td>
</tr>
</tbody>
</table>

Note: Data for 1950-51 were unavailable.

III. Miike Challenges Managerial Rights

As demonstrated in the previous sections, both tension and consolidation were present in class relations during the 1955-1960 period. Conflict remained extensive and intense in a number of areas. At the same time, however, a number of industrial relations practices began to consolidate and, over time, would eventually become important components of the dominant pattern in industrial relations.
But another important feature of this period was the worksite struggle movement which originated with the Miike local of the Mitsui Miners Federation. This movement spread to other unions, particularly those affiliated with Sohyō, and because it challenged managerial rights at the workplace it constituted a divergent path from the emerging trends in industrial relations. In historical terms, it represented the last fundamental challenge to the extensive managerial rights employers had gained in previous battles.

The Miike local (16,000 members) of the Mitsui Miners Federation had won a signal victory in the 1953 struggle against layoffs. Not only had this achievement won it a pre-eminent spot in the labour movement, it had invigorated union members to take on further battles. With the blessing of the local's leadership, rank-and-file union members began to take union functions into their own hands. This culminated in a running battle for control of the workplace as workers came to realize that working conditions were inextricably tied to the production process. Hirai Yōichi, a contemporary authority on the Miike union, captured the flow of what has become known as the workshop struggle movement (*shokuba tōsō*). His work is reproduced in Table 5.11.

The workshop struggle movement at Miike blossomed after the miners' 1953 victory over layoffs. Local divisions began to initiate small struggles over specific worksite issues. Normally, these issues would have gone up through

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Union Slogans</td>
<td>Defend the Organization</td>
<td>Showdown at the point of production</td>
</tr>
<tr>
<td>Demands</td>
<td>Standardization of working conditions at all workplaces</td>
<td>An end to management control</td>
</tr>
<tr>
<td>Form of Struggle</td>
<td>Selective Strikes</td>
<td>Local job action</td>
</tr>
<tr>
<td>Workshop Action</td>
<td>Getting signed memos on issues</td>
<td>1,000 local demands</td>
</tr>
<tr>
<td>Company Response</td>
<td>Appeasement</td>
<td>Control of Job Assignments/Prod. Standards</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enforcing workplace order</td>
</tr>
</tbody>
</table>


the labour relations bureaucracy as grievances, but with the 1953 victory under their collective belts, local divisions demanded that grievances be resolved on the spot and were willing to back up these demands with local actions. Because of the relation of forces, on-site supervisors were obliged to resolve these issues by signing a chit authorizing the change in working conditions or work rules. Thus this type of action became known as 'chit-struggles' (*memo tōsō*) and began to occur often in the 1954-1955 period.

However, the gains made through this process depended largely on the
divisional level of organization and militancy, the role in the production process, and so forth. As the Miike local put it, "there were those worksites that fought and those that didn't and the resulting imbalance began to be apparent." This problem, and the fear that the company would attempt to take advantage of the differences, prompted the local to establish a special committee to investigate divisional conditions and to develop a plan to standardize work conditions throughout the Miike mines. This constituted the first organizational measure in preparation for the 1956 struggle to standardize worksite conditions (shokuba totatsu tōsō).

This standardization struggle was articulated as the first phase in that year's national spring offensive. According to the national schedule, coalminers were set to begin partial strikes as of March 19. The Miike local decided to organize its standardization struggle in stages leading up to the March 19 strike date. The first stage called for articulation of divisional demands by Feb. 21. The interesting point concerning these demands was that they were not new demands but rather demands that had already been won by other divisions. These had been centralized through a committee and then submitted to each worksite or division to decide which they wanted to adopt as their specific demands. In the second stage, demands were to be submitted to company supervisors on Feb. 25. The six divisions articulated a total of 892 demands of which 435 were satisfactorily resolved through work site negotiations on February 27-28.28

27. Miike Kumiai, Miike 20 Nen, p. 110.
The third stage began on March 1, when work site delegations met with mine directors. At this point, however, negotiations stalled and on March 5, the union called for rotating strikes at the various work sites. Prior to this, the union had assigned the 'three rights' (to bargain, to strike, and to conclude agreements) to divisional and work site section leaders. With the onset of rotating strikes, the company contested this delegation of rights to the lower levels, accused the miners of illegal wildcats and announced it would deduct wages because of the decrease in output. At this point, the focus of contention had switched from the specific issues to the right of the lower union bodies to negotiate and call strikes.29 The company demanded an end to all job actions as a precondition to reopening negotiations. This the union refused.

On March 16, Mitsui locked out the miners and three days later the other major coal operators implemented a general lockout of coal miners after negotiations over the spring wage agreement fell apart. The wage issues went to mediation and an agreement was reached on March 31. The general lockout was lifted on April 2. Mitsui also lifted the lockout at all its mines except Miike. The union insisted on resolving the outstanding issues. However, at this point, the Mitsui Miners Federation began to exert pressure on Miike to allow it to take over the three rights. Worried about Mitsui attempts to split the miners federation, the Miike local acceded. The Federation established a schedule for sympathy strikes in the other Mitsui mines and began negotiations with the company. An agreement was finally reached on

April 16. The main points included: peaceful resolution of outstanding issues; wages for the March 5-15 period would be cut according to the fall in production; the respective parties’ positions on the three rights was noted; 80 percent of the lost wages would be repaid if the lost production was made up in the next six months. The Miike local accepted this agreement but it caused severe dissension among the miners.

Despite the setback, the workshop struggle movement continued at Miike. From 1957 on, Miike workers, particularly the underground miners, continued to press for work site reform. At the Mikawa mine, for example, the workers began to take over control of work assignments. Wage rates varied between jobs and because rates were based on production levels, miners could easily wind up competing for those jobs which paid higher rates. This competition could be manipulated to speed up or intensify work with a subsequent decrease in miner solidarity. In order to avoid this the workers elected a delegate to take over job assignments. Workers were rotated through different jobs and wages were thus equalized for all the miners in the group.

The introduction of mechanized cutting equipment at Miike in 1958 offered a further opportunity for militant miners to appropriate control of production. They did this by setting the distance the double jib cutters would move in one shift. Mitsui

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attempted to halt this practice and when workers resisted it fired three union activists in September 1959. This dispute was one of a series that culminated in the 1960 lockout.

The Miike union local had, through the 1956 harmonization struggle, become the standard bearer for the workshop struggle movement. Among Sōhyō affiliates the ideas embodied in this movement (mass struggles, strong union structures on the shop floor, workers’ control) became a focal point for debate, and to some extent, action. After the 1956 harmonization struggle, Sōhyō established a new commission to investigate and develop an organizational plan. The commission was headed by Shimizu Shinzō, a former Steelworkers union official on the left wing of the JSP.33 For two years, the commission travelled around Japan investigating the structures and practices of postwar unions. A draft organization plan, penned by Shimizu, was submitted to Sōhyō’s 1958 convention.

Shimizu’s draft plan (a two hundred page document) covered a whole range of issues, but it began by emphasizing the importance of the workshop struggle movement. Shimizu himself recollected that the plan contained two fundamental ideas which he felt remained valid. The first was that labour had to have influence in the private and public sectors but also among workers in small enterprises. The second was that union activities had to focus on the point of production where workers had

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33. Shimizu’s draft plan and his reminiscences of its elaboration are contained in Rōdō Kyoiku Senta ed., Sōhyō Soshiki Kōryō to Gendai Rōdō Undō, (Tokyo, Rōdō Kyoiku Senta, 1980).

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first hand experience with capital. The Shimizu draft both encouraged and reflected an upsurge among Sōhyō affiliates of the Miike model of workshop struggle. However, as Sōhyō’s first director of organization later recalled, "the draft contained points which appealed to a large number of unions and activists and prompted many unions to draft their own plans. However, there were many points which were hard to implement given the state of a large number of unions. Then, instead of being adopted as convention policy, it was simply accepted as a document to promote a broad debate." 

Nevertheless, the workshop struggle movement was taken up in a number of unions and, once again, employers responded by emphasizing the primacy of management rights. In his address to Nikkeiren’s 1958 fall convention, Maeda Hajime sharply criticized the worksite struggle trend: "Beginning with the Coalminers Union as well as the Private Railway Workers Union, a large number of federations are loyally implementing the directive on shop floor struggle. Already in one company over one thousand grievances have been submitted at one work site and the foremen are going crazy."

In the same speech, Maeda attacked Sōhyō for radicalism and attributed this unwelcome phenomena to four factors: communist infiltration; the syndicalism of Takano; the presence in Sōhyō of public sector unions which tended to be more _

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34. Rōdō Kyoiku Senta ed., _Sohyo Soshiki Köryō to Gendai Rōdō Undō_, p. 15.
35. Ibid., p. 3.

A System Emerges...255
political than private sector unions; and the influence of the radical Labour-Farmer political trend among academics and cultural types within Sōhyō. At the same time, however, Maeda praised JTUC for its reasonable approach to labour relations.

The rapid expansion of the worksite struggle movement and the centrality of the Miike union's role as the harbinger of the movement would become a key factor in the decision by Nikkeiren to attack and disembowel the Mitsui Miners Federation when economic conditions deteriorated in 1959-60.

Commentary

Both ongoing conflict and structural stabilization were hallmarks of class relations in Japan in the 1950s. Escalating support for Shuntō placed workers toe-to-toe against Nikkeiren's low wage policy every spring. The by-product of this confrontation was that semi-annual bonuses came to play a more significant role in the compensation system. Employers, despite substantial opposition from unions, succeeded in further undermining base rate increases through the use of performance evaluations and incremental raises which they controlled. And employers continued to go after independent unions, as symbolized by the Oji Paper dispute in 1958 which led, once again, to a split in the union and the founding of an enterprise union. And from within the independent union movement emerged a renewed challenge to managerial rights in the shape of the workshop struggle movement, spearheaded by the Miike union. Continuing contestation and consolidation in industrial relations


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were the hallmarks of this period. Understanding that both aspects -- conflict and compromise -- existed, in fact were integrally related, allows us to penetrate the inner dynamics of the emerging system that would, in the 1960s, consolidate into Japan’s specific form of hegemony.

The next two chapters constitute a pause in the chronological narrative to allow for a more in-depth analysis of the 1960 Miike confrontation and the development of lean production at Suzuki and Toyota. Chapter 8 recommences the chronology by examining the hegemonic regime as it consolidated during the high growth period of the 1960s.
Chapter 6
The Politics of Production in
the Automobile Industry:
Lean, Intensified Fordism (LIF)

The patterns of industrial relations described in the previous chapters acted as midwife to the birth of the lean, flexible production system that is today heralded as the next generation in production management. In this chapter, we will examine the genesis and characteristics of the new production paradigm as it developed at Suzuki and at Toyota, the prototype of the regime.

While the sequence in the evolution of the Suzuki and Toyota regimes differed, I will attempt to show that in both cases the pre-conditions for the creation of the regimes were the same. Those conditions were: the existence of an enterprise union that endorsed strong managerial control on the shop floor and accepted a performance-based wage system and; an attempt to apply traditional mass production techniques when markets were limited. The inter-action of these variables culminated in the rise of what I term the lean, intensified Fordist (LIF) regime.

The LIF regime marked another stage in the evolution of Fordism, but it did not represent a rupture with most Fordist norms. In that sense, this study constitutes an explicit critique of the position of Kenney and Florida who, in their early work, postulated a post-Fordist interpretation of Japan’s advanced production systems:
We contend that the social organization of production in Japan has reached a level of development that is postfordist, and we refer to this new and unique social organization of production as 'postfordist' Japan. Postfordist production replaces the task fragmentation, functional specialization, mechanization, and assembly-line principles of fordism with a social organization of production based on work teams, job rotation, learning by doing, flexible production and integrated production complexes.1

In their recent volume, Beyond Mass Production, the authors shift their analytical framework somewhat but fundamentally maintain, in my opinion, their original perspective and even go further, criticizing Dohse, Burawoy, and Parker and Slaughter (who reject the post-Fordist theory) for a "narrow focus on super-exploitation [that] misses the critical organizational innovations that have propelled Japanese industry to the forefront of global capitalism and have led to dramatic increases in living standards for Japanese workers."2 The authors contend that new forms of work organization, including teamwork, multi-skilling and worker participation are far more significant than "issues related to labor costs or comparative levels of exploitation. The social organization of Japanese production is not simply a better or more advanced version of fordism; it is a distinct alternative to it."3 Unfortunately, the authors tend to counterpose what indeed may be positive features of the new produc-


tion paradigm to the negative features, and to dismiss the latter. The approach taken in this chapter will be to try and strike some sort of balance, to recognize and assess the differences both positive and negative.

A historical review of the production and labour process as they evolved at Suzuki and Toyota reveals that, while indeed there were many innovations in the production system, at its heart the system retained a fundamental Fordist bias for mass, assembly-line production, task fragmentation, and short cycle times. A significant departure from U.S. or Canadian plants, however, was the degree to which workers were incorporated into the system through employee involvement programs and, to some extent, such programs led to a partial breakdown in the classical, Taylorist division of labour into conception and execution. This development and other innovations in production methods did indeed give rise to a new production paradigm. However, and this is an important but, the new production prototype did not lead to any fundamental changes in the nature of jobs and work on the assembly line. Moreover, and this point continually eludes Kenney and Florida, the functioning of the system was based to some extent on an intensification of labour. The ostensible manifestations of this intensification were long work hours, speedups, and unwanted job transfers, all of which elicited worker resistance and created friction in the workplace.

The first part of this chapter traces the genesis of many facets of this production system at Suzuki Motors. The second part compares the system as it evolved at Suzuki with the evolution of production management at other automobile producers,
particularly at Toyota. The third section looks at how various management organi-
izations, including the Japan Productivity Centre and the Japan Union of Scientists and
Engineers (Nihon Kagaku Gijitsu Renmei), that contributed to articulating and
propagating various components of LIF.

I. The Suzuki Regime

In February 1957, the aging founder of Suzuki, Suzuki Michio, retired and
was replaced as president by his son-in-law, Suzuki Shunzō. The younger Suzuki
represented a new breed of manager. On March 1, the new chief convoked a general
meeting of all employees to announce his management orientation. Tops on his list of
five points was the modernization of management methods and a clarification of
responsibilities. He also stressed the necessity of improving morale, correctly
distributing profits, clarifying the difference between business and personal matters,
and instituting a system of rewards and punishments.4

At a meeting of departmental and section heads a year later, Suzuki summed
up the progress he perceived since beginning his stewardship. Managerial reform had
been necessary, he stated, because some people still clung to the mistaken belief that
the company was a clan. This perception had to be corrected: "The company is a
public institution in society," he told his front line managers.5

Over the course of the year, much progress had been made in instilling

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4. Suzuki Jidōsha Kōgyō Sha Shi Hensan Iinkai, 50 Nen Shi, (Hamana


Lean, Intensified Fordism...261
modern organizational methods and rationalizing production. But, he warned his staff, further efforts would be needed. "If we don’t adopt management methods suitable to the organization of mass production, we will lose to the competition."6

Suzuki stated that there had been less disruption than anticipated in supervisory and personnel matters, and that important progress had been made in installing a proper ethic based on the centrality of work and 'everyone in their proper place'. However, some managers had not made their charges work hard enough and he urged them to reflect on the fact that those managers who failed to study and exert themselves would become an impediment to the company’s development.

That the younger Suzuki represented the new breed of 'rational' managers imbued with the desire to modernize production management there is little doubt. He had been on one of the first delegations to study American management methods organized by the Japan Productivity Centre beginning in 1955.

After becoming president in 1957, Suzuki made concrete changes in the organizational mode of his corporation, a mode hitherto strongly marked by informal and personal methods of organization. First, he created an executive board to run the day-to-day affairs of the company. The executive board reported only to the board of directors and was made up of the president, senior and regular managing directors. In March 1957, Suzuki proposed a planning department reporting directly to the executive board. The planning department became the nerve centre of the company and was responsible for overseeing the 'managerial revolution.' Sub-committees for

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Lean, Intensified Fordism...262
design and production were created within the planning department and in December, a third committee to plan for the introduction of quality control was also established.\textsuperscript{7} To round out the management structure, department heads joined managing directors in a planning conference. This was mainly a consultative forum that met irregularly to discuss Suzuki’s overall plans and issues relates to its implementation. It reported to the executive board. In 1958, the small personnel committee was expanded into a full-scale section to oversee human resource management.

\textbf{Mass Production}

The reforms that began at the top of the corporate hierarchy in 1957 began to be felt at the lower echelons as Suzuki moved into mass, assembly-line production in 1958. In terms of product development, the new management proceeded to put its main emphasis on motorcycle production while at the same time beginning development of small vehicle production. Thus the first assembly line at Suzuki was introduced in the motorcycle production facility in August 1958. Simultaneously, Suzuki began to fully Taylorize its operations. Suzuki’s own chronicle unabashedly reported:

As a result, the skills and types of jobs were restricted to a limited number of occupations such as pilot vehicle production, pattern makers, custom tool and equipment fabricators, as well as welding, fitting, and press operations. In many cases, operations such as assembly and machine processing required substantial amounts of labour, but not skills, and so standardized work operations were implemented.

Work operations were minutely analyzed using work factors

\textsuperscript{7}. Suzuki, \emph{50 Nen Shi}, p. 54.

Lean, Intensified Fordism...263
and the time, labour and routines for the labour process and operations were standardized.

For example, in order to assemble a designated part in a few seconds while the line flowed by, workers on the motorcycle assembly line were subject to a severe mode of production that did not allow even the slightest of margins. This sort of thing is standard everywhere in the automobile industry but it underscored the necessity of reforming our system of labour management.\(^8\)

In order to install assembly-line production, Suzuki created a job analysis committee in 1957 that undertook the work of delineating the standards for specific jobs. Part of the committee's task was also to assign job descriptions (shokumu kijutsu sho) for every employee but, according to the company history, constant expansion led to confusion and job descriptions were never institutionalized, although standard operation routines were.\(^9\) From a comparative perspective this was an important development. Adopting standard operation routines meant that assembly line jobs would become similar to those in the United States. However, the absence of job descriptions for workers meant that Suzuki employees had no specific job assignment or classification and could be rotated or transferred relatively easily.

In order to respond to expanding production targets, Suzuki began to enlarge its facilities and increase employment. In 1960, for example, Suzuki produced 150,000 motorcycles compared to 5,824 four-wheel vehicles. However, Suzuki had clearly identified automobile production for strategic expansion. In 1959, a typhoon destroyed some of the main plant facilities and construction of a new plant for vehicle production began immediately. But even this new facility was not enough to accom-

\(^8\) Suzuki, 50 Nen Shi, pp. 440-441.

\(^9\) Ibid., p.443.

Lean, Intensified Fordism...264
moderate the anticipated expansion of vehicle production and in early 1961 Suzuki began work on a new factory. The company also began to actively recruit new employees to staff its new facilities. Employment jumped from 880 in 1957 to over 2,000 in 1962.10

**From a Status to a Performance-Based Wage System**

Expanded markets, mass production and the influx of new employees put into question the haphazard labour relations practices of the past. Suzuki characterized the system up to this time as remaining an individual status-based system (*mibun seidō*). Permanent Suzuki employees (*shain*) had been broadly classified into two categories. Office, technical and managerial personnel constituted the white-collar staff (*shokuin*) while production workers were classified as simple labourers (*kōin*). Staff members were paid monthly while labourers were still on a daily wage system. According to Suzuki, "prior to the introduction of the performance-based system, the wage structure included a base-wage determined by length of service, a bonus system based on output and a series of special allowances."11

Production workers faced substantial discrimination in salaries, promotions, transfers and employment opportunities. According to the company history: "These differences in rank, even among permanent employees, was a problem in terms of unifying the company’s thinking and ran counter to building a system of united

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cooperation. It was an issue which called for rapid reform. "

The first step Suzuki took in abolishing divisions between white and blue collar workers was to put all employees onto a monthly salary beginning in 1959. In the following year the company introduced a major reform, a uniform, performance-based incremental salary system. All employees were classified into office, technical and production streams and then ranked on a scale in grades 20 through 1. An employee’s starting rank was fixed according to education level and promotion up the ladder was thereafter based mainly on yearly evaluation’s by one’s supervisor. These performance evaluations were then submitted to the evaluation screening committee, composed of division managers.

Thus at Suzuki, the wage package became based on two major components, the base wage and the merit supplement. On the surface it would appear that the performance-evaluation would only affect the latter component, the merit supplement. In fact, however, the base wage was determined by ability, age, length of service and performance evaluation while the merit supplement was based exclusively on the performance evaluation. Thus, after the reforms of 1960, annual wage increases negotiated between the union and Suzuki management were neither across-the-board nor percentage increases. In other words, only a small percentage of the increase was automatic and an increasing proportion of the pay raise depended on the performance evaluations. In negotiations, the union pushed for maximization of the ‘base-up’, in

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12. Ibid., p. 442.

13. Upon reflection, the union’s leaders at the time considered that Suzuki was among the first in the region to make this progressive step. See Suzuki Kumiai, 25 Nen Shi, p. 245.

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other words maximizing the basic raise for all, while the company insisted on maximizing its discretionary control over assignment of wage increases.\textsuperscript{14}

With the introduction of the performance system the productivity-based wage supplement system was gradually phased out. One part of the supplement, a production allowance was folded into the grades. The second component of the wage supplement, a group-based productivity allowance was altered to a company-wide system. In other words, workers received a small productivity allowance based on the performance of the company as a whole. Even this wage supplement was eliminated a few years later.

The adoption of a uniform performance system did nothing to end gender-based wage discrimination (see Chapter 4). Starting wages for female employees continued to be pegged at lower rates than males with equivalent educational levels.

Onoda Itsuhiko, secretary of the Suzuki union at the time, recalled that Suzuki management also attempted at this time to introduce the Scanlon plan to calculate summer and winter bonus rates.\textsuperscript{15} The Scanlon plan was a profit-sharing scheme developed by a former Steelworker, Joseph Scanlon and endorsed by the United Steelworkers of America in the 1950s.\textsuperscript{16} While later discarded, Suzuki's attempt to

\textsuperscript{14}. It was not possible to obtain historical documentation on the evolution of the relative weight of the components of the wage system. According to officials of Suzuki, however, of the 8500 yen average monthly increase negotiated for 1988, only 2610 was automatic or part of the 'base-up'. Nearly 70 percent (5890 yen) was based on performance evaluations or managerial discretion.

\textsuperscript{15}. See the roundtable discussion in Suzuki Kumiai, 25 Nen Shi, p. 245.

introduce the plan indicates that management was studying American management
techniques.

The transformation of the wage system at Suzuki from one based on length-of-
service and status, to a uniform performance-based system (also called a merit or
incentive system in North American industrial relations parlance) was not an accident.
As demonstrated in chapters 3 and 4, many large plants had instituted a similar per-
formance-based evaluation system in the 1950s. Based on this evidence, one might
reasonably infer that, contrary to the assertions of the three pillars theorists, the
central component of Japan’s wage system particularly in the large manufacturing
facilities was by 1960 no longer length-of-service or seniority but rather performance.

The centrality of the evaluation scheme in the wage system is such that it
requires further comment. The fact that an employee’s career development, wages,
and bonuses became largely dependent on favourable evaluations by one’s supervisors
has fundamental implications for the nature of workplace culture. Management
naturally viewed digression from its standards and values in a negative light. The fact
that management could punish non-conformity through negative performance evalu-
ations that resulted in lower wages was a powerful weapon against an adversarial
workplace culture. It does not take too much stretching of the imagination to realize
that worker participation in management, in non-remunerated quality circle activities
after-hours for example, may have had less to do with some innate Japanese quality of
loyalty or devotion to one’s company than it did to scoring well on the next perform-
ance evaluation.

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A second implication to the performance-based system was how it undermines employee support for unions. Whatever general wage increase may be negotiated by the union, its transmission to the individual worker was directly mediated by the performance-evaluation. Thus the strong link between one’s pay cheque and the union-negotiated pay raise, as is found in the automobile industry in North America for example, is broken.

The management revolution that accompanied the assembly line and mass production methods at Suzuki brought about modern management structures, standardized job routines and the performance-based incremental wage standard. None of these developments were unique in themselves. Central planning departments and routinized jobs were legion in the U.S. automobile industry and even the performance-based wage system was not unknown. Having said this, however, two Japan-specific features should be noted.

First, job descriptions and classifications were never institutionalized. Nor should it be assumed that they should have been. Classifications and job descriptions were very much part of the specific U.S./Canadian regime and were closely associated with wage determination. The fact that job descriptions and strict wage classifications were not adopted in Japan does not, however, mean that standardized jobs, job routines and cycle times did not exist. It simply meant that a specific person and wage were not attached to the job.

A second difference was the fact that Suzuki’s performance-based wage structure, while not unusual in large factories in Japan, had increasingly been spurned by Lean, Intensified Fordism...269
organized labour in the United States and Canada.\textsuperscript{17} As we shall see, the absence of job control unionism in Japan’s factories combined with the performance-base remuneration system would be two crucial factors that permitted managers in Japan to constantly change the production system and maximize employee involvement.

\textbf{Production Management and Employee Involvement}

At the same time Suzuki moved to introduce mass, assembly line production and to transform its labour relations system, it also began to implement a quality improvement program. The embryo of the program was a suggestion system introduced by the planning department and personnel section in 1958. This program faltered early on, however, and the number of suggestions actually declined from 236 in 1958 to 124 in 1959.\textsuperscript{18} Rectification of the suggestion system only occurred later as part of the quality movement that gripped the company in the 1960-64 period.

As mentioned previously, a quality control committee had been established within the planning department in 1957. At the time, this committee limited its activities to traditional quality assurance through inspection, sampling and statistical verification. With expansion in the late 1950s, Suzuki attempted to develop a more systematic training program for its new recruits and also for its supervisory personnel. As part of this program Suzuki sponsored in-house courses on statistical quality control sponsored by the Japan Union of Scientists and Engineers (JUSE--Nihon


\textsuperscript{18} Suzuki, \textit{50 Nen Shi}, p. 447.
Kagaku Gijitsu Renmei or Nikkagiren) in 1960-61. In April 1960 a quality control section was established within the manufacturing division. That fall Suzuki designated November as quality improvement month. To this point, however, quality improvement measures remained piece-meal and technically oriented towards enforcing standardization in engineering, operations and inspection.19

In this same period, however, Suzuki Shunzō became a convert to the quality movement. In January 1962, he issued a "Presidential Circular Concerning the Promotion of Total Quality Control."20 The circular emphasized the importance of quality control and the necessity for all employees to thoroughly embrace the ideology of quality. As part of the new program, regulations concerning the supervision of work rules and implementing job standards were established and propagated throughout the company. A two-year education program was designed around an in-house journal (Our Quality Control--Watashitachi no Hinshitsu Kanri) and a slide show both of which were used in meetings with every employee. The company carried out company-wide quality audits three times in this period.

The 1962 circular marked the transformation of statistical quality control from a technical engineering method of sampling into an employee involvement program with strong ideological dimensions. The quality control committee under the planning division was upgraded at this time to full departmental status. As part of its quality plan it called for the adoption of a company motto that would provide the basis for

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20. Ibid., p. 326.
the quality movement and serve as a means of initiating the ever-enlarging number of new recruits to the Suzuki way. Suzuki’s vision was most clearly articulated in the company motto, adopted on March 16, 1962 as part of the quality program. The motto included three parts:

1) Taking a consumer viewpoint, make products with value;
2) Through united co-operation, build a fresh company;
3) Work for improvement of the self, let’s always progress with determination.21

In the explanatory note accompanying the motto, management articulated its concept of employee involvement:

The 'scientific approach’ to management and 'democratization’ constitute the [company’s] foundation...Employees must go all out in accomplishing their work and at the same time, by correctly discerning the organization’s horizontal relationships and through united co-operation, work to build a company (workplace) that has fresh appeal and that continues to develop...

The human potential is limitless but the development of that potential is completely dependent on one’s own effort and responsibility. The realization of one’s maximum potential as an employee, as a human being, must wait for self-improvement through endless effort and study...

However, it is the responsibility of the manager concerned to evoke [in each employee] the consciousness and desire appropriate for members of an organization. We must emphasize that crack human resources are built through effort and leadership.22

Thus what appeared as innocuous slogans in fact contained strong messages that both reflected and shaped the workplace culture at the time. Democratization, a powerful

anti-zaibatsu demand of the labour and popular movements in the early postwar
demand, had now been appropriated by management. Workers, hitherto viewed as
little more than beasts of burden, were now acknowledged as members of the firm, a
status formerly accorded only white-collar workers. But even this nominal status was
not without strings. Workers were assigned the responsibility of maximizing their
potential and desire. Supervisors were accorded the role of making sure this hap-
pened. In this context, the performance-based wage system represented a powerful
tool in management’s arsenal of incentives.

The year 1963 was a watershed year for the quality movement at Suzuki.
Supervisory personnel were all given 15 hours of training in quality methods and then
all employees received a 10-hour course. Employees in other departments were put
through the latter course as well. By the end of the year, 1,384 employees had
attended quality seminars. According to Suzuki, it was at this point that the quality
movement reached critical mass--workers began to spontaneously form quality circles
after work hours to improve production methods.

A closer reading of the documentation reveals, however, that quality circles
were neither spontaneous nor worker-led. In fact, it was lead-hands (hanchō) and
foremen who began to meet after hours. These meetings were fully supported by
upper management and then used as a wedge for forming broader groups.

Any thoughts of non-participation among the faint-hearted evaporated when, in
November, 1963, Suzuki Shunzō announced that the company would apply to win the
coveted Deming Prize for quality control. To win the Deming Prize, the company

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had to go through a gruelling audit of its entire operations to ensure they conformed to the highest standards of quality control. As the Suzuki history put it, "over the next year, the whole company exerted itself until blood literally stained the floors." 23 Despite these efforts, however, the Deming Prize eluded the company and the auditors reserved judgement on Suzuki's quality performance. The auditors encouraged Suzuki to continue its efforts and to be re-assessed the following year but this offer was declined. Although the company attempted to put the best light on this setback, the quality movement ran into problems at this time.

According to the company: "Beginning about 1965, activities in the circles became formalistic. Upon investigation it was learned that the main reason was that we had relied too much on the autonomous nature of the groups-- group supervisors or leaders were not paying enough attention to the work." 24 Koguri Tadaō, a manager in the main plant production section put it in even blunter terms:

"When looking for the reasons for stagnation of the circle movement, examination revealed that the major problems were that everything was being left up to the workers themselves, the guidance and concern of the control supervisors had deteriorated considerably, and the circle movement was not being viewed in the right way." 25

The solution Suzuki seized upon was to introduce a formal evaluation system for quality circle meetings. Each circle was required to submit a written report at the

beginning of each month. This report records the following:

- number of suggestions;
- frequency of circle meetings;
- attendance rate;
- monetary savings and rank of suggestions;
- amendments to operation standards;
- reports given at conferences;
- published reports;
- violations of production standards;\(^{26}\)

Each category was assigned a point value and the results tallied and used in awarding yearly prizes. But this report was kept on file and was also used in the regular performance evaluations since the names of all members of the groups are submitted with the form. Furthermore, personal self-evaluation forms could also be submitted along with the circle report. Formalizing the reporting mechanism not only created a competitive environment between groups but integrated quality circle participation into the performance-based wage and promotion system.

Suzuki pointed to the evaluation system as the key in reforming its quality program. According to the company, employees were more conscious of quality and uphold production standards without direct supervision. The number of quality circles expanded from 125 in 1966 to 282 by the end of 1969. That year, Inoguchi Tadayoshi, a lead hand and quality circle leader from Suzuki, mounted the podium at the 5th annual national quality awards ceremony to receive the FQC (Quality Control for Foremen) prize from J.M. Juran, a U.S. expert on quality with a large following in Japan. The bitter memory of failure to win the Deming prize in 1964 was washed

\(^{26}\) The assessment form is contained in Koguri Tadao, "Providing Incentives to the QC Circle through an Evaluation System," p. 170.

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away in the sea of applause for the Suzuki employee.

Clearly, the transformation of statistical quality control from an engineering statistical sampling method for inspectors to a shopfloor method of employee participation occurred at Suzuki. Questions remain, however, particularly regarding the spontaneous nature of the circle movement. The fact that foremen and lead hands played the dominant role as circle leaders, and that reports on employee participation in circles were integrated into the performance-based evaluation system indicated the emergence of a top-down incentive system that compelled employee participation. In that sense, I can only concur with Michael Cusumano who stated: "Yet, the cases of Nissan and Toyota also suggest that stereotypes of decision making in Japanese firms as being 'from the bottom up,' that is with initiatives rising upward from the lower ranks of the company, rather than 'top down,' need review."27

Other Aspects of the Production System

To this point I have attempted to outline the sequential relationship between Suzuki's adoption of mass production (a reaction to growth and perceived potential for expansion), the adoption of 'scientific' management techniques, many of which were based on traditional U.S. industrial engineering, and its adoption of the performance-based wage and promotion system that was prevalent in Japan at the time. The combination of these factors created the basis for the specific regime at Suzuki, a Taylorist regime but one different from similar regimes in the United States in that


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management retained even more leverage over its workforce. This leverage was based on two essential ingredients—union acceptance of almost exclusive managerial control over the production process and worker acquiescence obtained through the performance-based wage and promotion system. The importance of this leverage was demonstrated in the evolution of the quality program at Suzuki.

Of course the specific production regime at Suzuki contained other elements besides those discussed above. For example, beginning in 1962 Suzuki management took an avid interest in value analysis. First developed by U.S. engineers in the late 1940s, value analysis as an engineering method was introduced to Japan in 1960. Suzuki began to study it in 1962. In 1963, Suzuki managers participated in a nine-day seminar on value analysis sponsored by the Japan Management Association (Nihon Nōritsu Kyōkai) and the Institute of Industrial Management (Sangyo Nōritsu Tanki Daigaku). The intensive course included worksite visits to factories already implementing value analysis techniques including a visit to a Hitachi plant.28 Not long after, Suzuki implemented a value analysis program in which it trained management and workers alike to respect the value formula $V = \frac{F}{C}$ (Value = function or capacity divided by cost). This formula was used mainly as a cost-cutting guide particularly for suggestions made through the quality circle program.

Suzuki also developed its own methods of parts delivery and inventory control. This first involved the development of a central production plan from which was derived a parts ordering and delivery schedule. Gradually this process was duplicated

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at levels increasingly closer to the shop floor and this resulted in a modified *kanban* system that closely resembled the Toyota innovation whereby assembly instructions (and parts re-ordering) followed vehicles throughout the production process.

As production volumes increased, Suzuki attempted to minimize inventories and maintain constant flow through production levelling. It divided the production lines in two, one based on predicted volume production (using a 3-month cycle) and a second line tailored to custom orders. These two lines, while conceptually distinct, were integrated into a continuous flow process on the single assembly line.

As well, Suzuki developed a highly co-ordinated network of sub-contractors or suppliers. The Suzuki supplier network was first formalized in 1956 with the founding of the Suzuki Supplier Co-operative Union (*Suzuki Kyőryoku Kyōdō Kumia*) that included 45 businesses. Representatives from these companies met regularly with Suzuki management to iron out production-related issues. Gradually, Suzuki provided financing and training for many of these companies. The number of companies in the Suzuki co-operative network increased to 67 by 1970. Beginning in 1966, network members met on the 20th of every month with officials from Suzuki’s finance, production engineering and quality control departments.

In 1961, Suzuki took advantage of a government incentive program for small and medium sized businesses to develop an industrial park for its suppliers. It hand-picked 20 sub-contractors who were willing to move to the new site and then fronted

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the money for them to purchase space in the industrial park. From this point on, Suzuki directly influenced the management of these enterprises. In order to avoid undue reliance on any one firm, Suzuki maintained at least two suppliers for all major parts.

These features—the supplier system and sub-contracting, inventory control, value engineering and production levelling—along with the performance-based wage system, the quality movement, standardization and so forth are all part of what I have termed a lean, intensified Fordist regime at Suzuki. It grew out of the cross fertilization of Taylorism with enterprise unionism that ceded management not only complete control of the labour process but also gave it tremendous leverage over employees through the performance-based wage system.

The regime that developed at Suzuki was one variant of lean, intensified Fordism. However, the prototype regime evolved first at Toyota, from whom Suzuki learned much, particularly through the network of sub-contractors. To better understand the evolution of this type of intensified Fordist regime and, in particular, to grasp how the absence of job control unionism was a requisite pre-condition for its ascent, it is necessary to examine the Toyota example.

II. Lean, Intensified Fordism: Toyota

Of all the automobile producers in Japan, Toyota has become the most famous for its version of the lean, flexible Fordist regime. Ogawa Eiji, a professor of economics at Nagoya University studied the Toyota system in the 1970s. In his assess-
ment of the Toyota system, Ōgawa emphasizes the following features:

a) supermarket-style demand-pull processing;

b) small-lot production and transport;

c) automated quality checking;

d) education regarding constant waste reduction;

e) conservative automation measures;

f) the "kan-ban" system of production and inventory control;

g) visual control systems ("andon");

h) autonomous management;31

Ogawa summarizes the system: "A simple management mechanism, visual management and voluntary participation by workers are among the ingredients of this format. Waste should be excluded at the source, a concept foreign to the conventional management."32 Ogawa's own critique of the system, however, highlights some important contradictions in this evaluation. The author emphasizes: "In terms of self-management, management authority is delegated extensively to supervisors and foremen, but not line workers." Furthermore, the organizational values lead to expulsion of those who did not fit in. Concretely this meant at Toyota, according to Ogawa, that "workers having value gaps, ill health, and weak minds became drop-
This analytical observation by a production economist is backed up through popular accounts such as that by Kamata Satoshi and Akamatsu Tokushi. These accounts testified that Toyota line workers were put under severe stress through the process of constant rationalization, expanding job tasks, routinization of standard work movements, and long work hours. This led to high accident rates, elevated drop-out rate among temporary employees and, in a number of cases, suicide. These accounts are not inconsistent with Ogawa’s observations and oblige us to seriously question the claims of autonomous workers’ participation with the implicit message that ‘what is good for Toyota is good for Toyota workers.’

History of the Toyota System

Analyzing historically the relationship between Toyota’s labour relations and its production management, one cannot help but be struck by the similarities with a number of features in the Suzuki experience. The transformation of an adversarial union into an enterprise labour organization, the introduction of the performance-based wage system, and the development of the quality movement bear marked similarities. I would contend that they constituted essential elements in the evolution

33. Ibid., p. 130.

34. Akamatsu Tokushi, Toyota Zankoku Monogatari [The Cruel Story of Toyota], (Tokyo, Eru Shuppansha, 1982); Kamata Satoshi, Jidōsha zetsubō Kojō: aru Kisetsu Ko no Nikki [The Automobile Factory of Despair: Diary of a Seasonal Worker], (Tokyo, Gendai Shuppan Kai, 1973). The latter was translated and published in English as Japan in the Passing Lane, (New York, Pantheon, 1982).

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of the lean production regime.

In the immediate postwar period, Toyota, like many other companies, attempted to switch from military to civilian production. Unlike Suzuki, Toyota had already begun producing four-wheel vehicles in the prewar and wartime period. On September 25, GHQ authorized production of trucks for civilian production and Toyota restarted operations, building 82 trucks in that month. Wartime production levels had been as high as 2,066 units in one month. Workers at Toyota founded their union on January 19, 1946. Workers at Nissan and Isuzu Motors also formed unions in the same period. Instead of creating an industrial federations, the unions chose instead to affiliate individually with the militant NCIU. As the JCP influence grew within the NCIU, the Toyota union in particular decided to withdraw from the militant federation. It encouraged the Nissan union to do the same and the two unions sponsored the creation of the JAWU (Japan Automobile Workers Union or Zen Nihon Jidōsha Sangyō Rōdō Kumiai, Zenji for short) in April 1947.

Despite their disaffiliation from the NCIU, the Toyota and Nissan unions remained relatively adversarial. Both unions actively fought the automakers attempts to cut salaries and layoff employees as part of the 1949 employers' offensive. At Toyota, the union compromised by allowing for a 10 percent cut in wages in return

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for a written guarantee that Toyota would not resort to layoffs.\textsuperscript{37} As events transpired, Toyota reneged on this agreement.

In January 1950, the Bank of Japan informed Toyota that it would not continue to finance the company unless it agreed to the following terms:

a) allowed the creation of an independent sales corporation to handle Toyota marketing;

b) restricted production to quotas assigned by the sales division;

c) accepted a limit of 400 million yen for restructuring;

d) laid off redundant employees.\textsuperscript{38}

Toyota agreed to these terms. It raised the issue of a new sales company with the union within the management council in early 1950. The union agreed to the separation as long as the company agreed to give the union certification and the same contract as existed at Toyota. By the spring, Toyota was failing to pay its workers their full salaries and it became evident that the company was contemplating layoffs despite the iron-clad written assurances against such layoffs. On April 7, the union informed Toyota management that it would begin job action. Negotiations within the management council were terminated and collective bargaining began. On April 22, Toyota tabled an adjustment package that called for plant closures and the voluntary retirement of 1600 employees. The union rejected this proposal and in early May

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{37} Toyota, \textit{Sōzō Kagiri Naku}, p. 217.
\item \textsuperscript{38} Toyota, \textit{Sōzō Kagiri Naku}, p. 219. It was also the banks that demanded Suzuki layoff hundreds of employees in 1949. Further research into their role during the 1949 crisis is necessary to fully understand the pivotal position finance capital played in this period.
\end{itemize}
\end{footnotesize}
applied to the courts for an order prohibiting layoffs based on a clause in the collective agreement (as opposed to the memorandum of agreement containing the early wage cut--no layoff tradeoff) that obliged the company to obtain union approval before laying off any worker.39

According to Toyota’s account of this episode, company lawyer’s advised management in a late night meeting that because the contract had not been properly signed it could be invalidated and thus void the union veto over layoffs. Toyoda Eiji piped up at this point, stating that to use this legal technicality as an out would result in employees losing faith in the company.40 Instead, the company simply sent out layoff notices and, in response to the union’s legal challenge, ventured the opinion that the contract had expired!41

Toyota employees carried out job-site actions to protest the layoffs and in May only 304 trucks came off the line compared to 619 the previous month. Toyoda Kiichirō, Toyota president, decided radical action was necessary and he made the largely symbolic gesture of resigning as company president to take responsibility for the crisis. Meanwhile, the company pressed ahead with its forced recruitment of early retirees and by June 7 it had garnered 1,760 employees. The union had lost the battle to maintain jobs. On June 10 it accepted the company’s adjustment program

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39. This clause was common to many contracts in the 1946-49 period when the labour movement was on the rise.
40. Toyota, Sōzō Kagiri Naku, p. 229.
41. Because of the changes in the trade union law, contracts could no longer be automatically renewed. Toyota used this option, as had Suzuki, to break the contract instead of using narrow legal technicalities.

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(including the closure of two facilities bringing the unemployed tally to 2146) and switched its bargaining focus to assuring workers would not be deducted pay for on-the-job protests actions and to winning rehiring rights for those laid off.

In 1953, both the Nissan and Toyota unions underwent fundamental changes after they were defeated in a struggle to win a reformed wage system. That year, the autoworkers’ union federation demanded a guaranteed base rate with incremental increases to be based solely on age. Of the two unions, the Nissan unit was the stronger and the company conspired with Nikkeiren to break the original union and create a new enterprise union. At Toyota, the company also took a hard line, refusing any wage increases and docking workers pay when they took part in on-the-job protests.

Unlike the situation at Nissan, however, the company was able to transform the union from the inside. During the 1953 confrontation Hayashida Senkyō, head of the engineering department at the main assembly plant, was singled out for recognition of his efforts in helping to turn the union around and in making sure there would be no repeat of the 1950 struggle. The company-directed plan to housebreak its union had begun much earlier, however. According to Toyota:

During this period, general affairs director Yamamoto Masao and the auditing section chief Yamamoto Yoshiaki, devoted single-minded efforts to the transformation of labour relations. In April 1951, their efforts bore fruit with the establishment of a group based mainly among graduates of the technical training school (the

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43. Toyota, *Sōzō Kagiri Naku*, p. 308.
predecessor of the Toyota Industrial Training Institute). Through the labour strife that had occurred, these people had come to realize that they were the ones who could make the company better. Realizing that everything depended on people, and painfully aware of the necessity to develop a meeting of the minds through direct contact with employees, Yamamoto and others were out meeting every night with groups they had formed around [employees'] workplace, educational affiliations, or place of origin. On holidays they would participate in softball tournaments.44

It was out of this attempt to overcome adversarial unionism and transform its labour relations that Toyota's 'humanism' was born. "The idea of having this type of people at the centre of things, having their hot blood pulse through the management structure, and having their knowledge reflected in management later spread to our suppliers, sales offices and regional companies. Moreover, efforts continued to spread the concept of human relations into politics, government and business."45

The defeats at Nissan and Toyota in 1953 led to the demise of the autoworkers' union federation in 1954. The Toyota union rejected any further industrial affiliations and, at its 1955 convention, adopted the slogan, "the two wheels of progress are stability in workers' livelihood and the development of the industry and enterprise." A few months later, Toyota union representatives joined an overseas study mission to the United States sponsored by the Japan Productivity Centre. This, according to Toyota, "was another indication of the rebirth of the union."46

The 1949-53 period marks the transition between adversarial unionism and

44. Toyota, Sōzō Kagiri Naku, p. 309.
45. Ibid., pp. 309-310.
46. Toyota, Sōzō Kagiri Naku, p. 309.
enterprise unionism at Toyota. By 1953 enterprise unionism had clearly gained the upper hand with important repercussions. For one, the new union abandoned the old demands for minimum wage guarantees and an aged-based incremental system. In its place, the union accepted a performance-based wage system similar to the one that Suzuki adopted in 1960. At both Toyota and Nissan, worker control at the shop floor level declined although the union at Nissan developed its own particular features. At Toyota, management had a clear field to develop the intensified Fordist methods that later became synonymous with the Toyota production system.

Making the Link: The Rise of Toyotaism

The rise of Toyota production methods coincided with the decline of adversarialism. Ōno Taiichi, the Toyota engineer credited as the leader in the development of the Toyota production system, provides further evidence for linking enterprise unionism with intensified Fordism. In his treatise on production, Ōno described the process of deskilling that took place at Toyota in the late 1940s–early 1950s:

It is never easy to break the machine-shop tradition in which operators are fixed to jobs, for example, lathe operators to lathe work and welders to welding work. It worked in Japan only because we were willing to do it. The Toyota production system began when I challenged the old system.

With the outbreak of the Korean War in June 1950, Japanese industry recovered its vigour. Riding this wave of

47. The exact date Toyota introduced the performance-based system is not clear. Cusumano dates it from 1960. However, according to materials from Toyota Motor Sales, personnel evaluations were first introduced there in 1953 and "American-style training methods were introduced in 1955 with the implementation of programs such as TWI (training for workplace supervisors) and MTP (management training programs)." Toyota Jidōsha Hanbai Kabushiki Kaisha, Sekai e no Avumi [A World Ahead], (Nagoya, 1980), p. 235.
growth, the automobile industry also expanded. At Toyota, it was a busy and hectic year, beginning in April with a three-month labor dispute over manpower reduction, followed by President Toyoda Kiichirō’s assuming responsibility for the strike and resigning. After this, the Korean War broke out.

Although there were special wartime demands, we were far from mass production. We were still producing small quantities of many models.

At this time, I was manager of the machine shop at the Koromo plant. As an experiment, I arranged the various machines in the sequence of machining processes. This was a radical change from the conventional system in which a large quantity of the same part was machined in one process and then forwarded to the next process.

In 1947, we arranged machines in parallel lines or in an L-shape and tried having one worker operate three or four machines along the processing route. We encountered strong resistance among the production workers, however, even though there was no increase in work or hours. Our craftsmen did not like the new arrangements requiring them to function as multi-skilled operators.48

In his study of Toyota, Cusumano interviewed Ōno and confirmed this version of events. Through work reorganization and technical innovation (the appropriation of the craft workers skill and assigning it to machines) one worker was operating up to 17 machines at Toyota by 1953 although the average was between five and ten in the 1950s.49 Even more fascinating was that Ōno recognized how union opposition to his schemes could have blocked his experiments. Ōno told Cusumano, "Had I faced the Japan National Railways union or an American union I might have been mur-

48. Ōno Taiichi, _Toyota Production System_, pp. 10-11. The interesting point in Ōno’s observations is that, despite the lack of a craft union Toyota craft workers apparently displayed opposition to ‘multi-skilling’.


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Ono’s dramatic speculation regarding his own fate only serves to emphasize the significance he attached to the absence of independent unions.\textsuperscript{51}

Based on Ono’s own accounts and Cusumano’s work, it seems reasonable to conclude that the classic Taylorist division of work into conception and execution, with engineers doing the conceiving and machinists executing the orders was part-and-parcel of the emergence of Toyota’s system.

Even innovations such as flexible manufacturing, just-in-time and \textit{kanban} were not so much deviations from Taylorism as they were ways of implementing Taylorist work methods when production volumes were relatively low. As Ono described the system:

Kanban is a tool for realizing just-in-time. For this tool to work fairly well, the production processes must be managed to flow as much as possible. This is really the basic condition. Other important conditions are levelling productions as much as possible and always working in accordance with standard work methods.

Ono began the process of standardizing work methods at Toyota during W.W. II.

"Skilled workers were being transferred from the production plant to the battlefield and more and more machines were gradually being operated by inexperienced men and women. This naturally increased the need for standard work methods."\textsuperscript{52}

\begin{flushright}
\textsuperscript{50} Michael Cusumano, \textit{The Japanese Automobile Industry}, p. 306.
\textsuperscript{51} The historical insights Ono affords us deserve further comment and research. It is clear that, despite the absence of craft unions in Japan, machinists at Toyota had embraced the principle of ‘one machine-one machinist’ that was so highly valued and guarded by machinists’ unions in Great Britain, the U.S. and Canada. Whether the union at Toyota failed to protect this tradition because it lacked a craft perspective or because adversarialism was declining is not clear.
\textsuperscript{52} Ono Taiichi, \textit{The Toyota Production System}, p. 21.
\end{flushright}
According to Ōno, the standard work sheet detailed cycle time, work sequence as well as standard inventory and this had changed little over the past 40 years. "I have always said that it should take only three days to train new workers in proper work procedures." As Cusumano points out, the standard work methods employed by Ōno were developed through classical Taylorist methods such as time-and-motion studies.

Finally, a word should be said about the fundamental anti-labour bias of the Toyota system. According to Ōno, the Toyota production system views "economy in terms of manpower reduction and cost reduction. The relationship between these two elements is clearer if we consider a manpower reduction policy as a means of realizing cost reduction, the most critical condition for a business’s survival and growth." Ōno traces this propensity to reduce the workforce from the Toyota’s experience with the 1950 layoffs and labour dispute. "Immediately after its settlement, the Korean War broke out and brought special demands. We met these demands with just enough people and still increased production. This experience was valuable and, since then, we have been producing the same quantity as other companies but with 20 to 30 percent fewer workers." Automation, in this context, must be labour-saving in the sense of reducing the labour force: "But if it is simply used to allow someone to take it easy, it is too costly."

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53. Ibid., p. 22.
55. Ōno, Toyota Production System, p. 53.
56. Ibid., p. 68.
Toyota’s Quality Program

In 1960 Nissan won the coveted Deming Prize for quality control. This inspired Toyota to begin its own formal quality program in 1961. Even prior to this, however, Toyota managers had studied quality theory. Managers such as Ōno resisted adopting traditional quality programs that emphasized the establishment of extensive sampling and inspection departments. Keeping staffing levels to an absolute minimum was essential and thus from early on, quality assurance was integrated into line responsibilities to some extent.

Under the 1961 quality program, Toyota began to promote quality circles but, as with Suzuki’s program, the circles initially tended to languish. In the 1968-1971 period, however, a major overhaul occurred. The employee suggestion program and circle activities were merged: "Like QC circle attendance, the practice [suggestions, ed.] stopped being voluntary after the 1960s; managers set quotas, kept records of who submitted suggestions and used these data when determining bonuses. Staff superiors also gave out awards for suggestions and criticized workers who failed to contribute their share."57 Workers at Toyota, as at Suzuki, were obliged to conform to performance standards that were not of their own making. By 1971, Toyota had nearly 2500 circles functioning compared to only 169 in 1967.58

Based on information provided by Toyota, Cusumano estimated that 65 percent of circle activity was directed at quality, control procedures, costs and efficiency

58. Ibid., p. 336.

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while 35 percent was aimed at safety and equipment maintenance. Workers received instruction in the use of Pareto diagrams, cause-and-effect diagrams, check sheets, histograms, dispersion and control charts and graphs. These were standard tools promoted in most of Japan’s quality programs.

Sequence or periodization is an important tool in historical analysis. In both the Toyota and Suzuki examples, many aspects of the production system including traditional Fordist methods of assembly line production, standardization of job routines and so forth, developed prior to 1965. Ōno Taichi himself documented that his innovations were resisted by Toyota workers. Yet, extensive employee involvement through the quality movement developed mainly after 1965. Given this sequence, it seems reasonable to hypothesize that the quality movement, rather than being principally a vehicle for workers’ aspirations, was in fact a mechanism for transferring management values as articulated by the lean, intensive regime into the minds and hearts of production workers. Of course, the process was multi-dimensional and the quality circles had to allow some leeway for spontaneous worker input. But the early difficulties in the quality circle movement at both Suzuki and Toyota indicated that workers had little enthusiasm for internalizing their own exploitation. Thus control mechanisms, particularly the performance-based wage and bonus system and the enterprise union, were essential to the smooth functioning of the system.

Commentary

This overview of the evolving relationship between production methods and Lean, Intensified Fordism...292
labour relations at Suzuki and Toyota leads me to postulate that, instead of deviating from Fordist mechanisms, the automobile manufacturers in Japan adapted them to the specific conditions they faced in the 1950s and 1960s. This led to a new stage of production methods, one that I have called lean, intensified Fordism. Two specific features of the period left an indelible impression on the systems. First, the poverty of production (small markets, limited resources, high fixed costs) obliged Suzuki and Toyota, for example, to adapt mass production methods to small batch production. This led to the flexible manufacturing techniques (just-in-time, kanban, quick line and equipment changes and so forth) that many management scholars have pointed to as the wave of the future. But the intent and result of these innovations was to achieve mass production, not end run it. Production levelling attempted to integrate the multitude of product variations into a single production process and thereby gain the inherent advantage from the economies of continuous, assembly-line production. The general trend in mass production, be it in automobile factories in Japan or in North America, is to attempt to move towards a state of continuous flow.

Stephen Meyers has correctly pointed out that Fordism is in a state of constant revision: "The classic Fordist paradigm existed for less than the decade after the mid-1910s; a more flexible Sloanist variation quickly superseded it in the mid-1920s."59 In a sense, the Toyota system is another stage in the evolution of the Fordist regime. The specificity of this variation is its advanced flexibility and the institutionalization

of the appropriation of workers' knowledge through employee involvement programs. If Ōno Taichi put less emphasis on automation in the Toyota system it was because he had the opportunity to use labour flexibly and was unencumbered by the web of work rules that obliged automakers in the U.S. to turn to automation as a panacea for production. In Japan, however, extended managerial control over workers and the labour process, buttressed by enterprise unionism, a coercive wage system, and motivational educational campaigns allowed Toyota and Suzuki to develop highly efficient production systems.

But, and critical to the argument of this thesis, these systems hardly disposed with Fordist methods of exploitation. Work remained dictated by the standard work sheet with detailed instructions on cycle times, work movements and job standards. The time-and-motion expert and industrial engineer remained an integral part of the production complex. What was different, however, was that workers were obliged to participate in the constant modification of the labour process instead of being excluded and potentially subverting changes. The top-down nature of the quality movement at Suzuki, with foremen and lead hands playing the dominant role, highlighted the limits of worker autonomy in the Japanese automobile industry.

To summarize, the regimes that emerged at Suzuki and Toyota were examples of lean, intensified Fordism. The specific features of the regime were:

1) Flexible mass production: the ability to integrate diverse product lines into a continuous flow, assembly-line production process based on technical innovations including quick die changes, kanban system of direction and so forth;

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2) Stratified production complexes: a tiered production complex with the production of parts and some assembly largely sub-contracted to non-union suppliers. A strong dichotomy between the core and peripheral work forces;

3) Modified Taylorist labour process: Jobs and job routines were standardized, cycle times for routines were short, and the work boring and repetitive as in traditional automobile plants. However, the lack of job descriptions as part of a union contract gave management the ability to rotate workers through different boring and repetitive jobs. Furthermore, workers became involved to some extent in work design as explained below;

4) Continuous Waste Elimination: a critical feature of lean, intensified Fordism was the articulation of the necessity to eliminate waste (muda) through continual modification (kaizen) of the production process. "Idle time" was identified as waste and this led to the intensification of labour. It also led to the creation of the just-in-time aspects of parts delivery.

5) Employee Involvement: through the quality movement workers, particularly in the core work force, were expected to embrace the values of lean, intensified Fordism and apply them through the process of continual improvement.

These were the key elements that gave rise to the lean, intensified Fordism regime as it evolved in the 1945-73 period. But this modified version of Fordism could not have evolved without elaborate control mechanisms that were part-and-parcel of the production regime. The performance-based wage and bonus system, the enterprise union and job tenure for the core work force (a facet of the hegemonic Lean, Intensified Fordism...295
regime discussed in more detail in the next chapter) were essential to the development of lean, intensified Fordism.

III. Institutional Support for Lean, Intensified Fordism

The contention that production systems in Japan retain essential Fordist characteristics is reinforced if one looks at specific institutions that contributed to the rise of the lean Fordist regimes in Japan. As demonstrated in the Suzuki and Toyota examples, the Japan Productivity Centre and the Japan Union of Scientists and Engineers played an instrumental role in helping Suzuki develop its production management and labour relations systems. These organizations merit further study to fully grasp the development and specificity of lean production regimes in Japan.

The Japan Productivity Centre

As outlined in previous chapters, Nikkeiren--the major employers’ federation concerned with labour relations in the 1950s--pursued its attempt to break adversarial unionism with vigour right up to the 1960 Miike strike. Its conservative, authoritarian character is this period is conspicuous and increasingly well documented.60

In this same period, however, a number of influential groups began to focus on productivity issues as a key ingredient for industrial reconstruction and reintegration of Japan into the world economy. The first of these groups was the

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Industrial Rationalization Council (Sangyō Gōrika Shingikai) that had been created by cabinet order as a consultative organ to MITI in September 1949. This council was mainly preoccupied with increasing industrial efficiency through cost reductions (including labour) and mechanization. However, it also studied the productivity movement that was being promoted in Europe as part of the Marshall plan and, in 1951, it recommended the establishment of a productivity centre within Japan.61 This proposal fell on deaf ears at the time.

A second source in the establishment of a productivity movement was the United States government. As part of the European recovery program administered by the Economic Cooperation Administration, productivity centres had been established in a host of European countries.62 In late 1953, American embassy officials approached Ishikawa Ichirō, chairman of the powerful Federation of Economic Organizations, with a proposal to establish a technical exchange program between the U.S. and Japan with the objective of improving the latter’s productivity levels.63 Ishikawa was unenthusiastic.

At this point the third source of the productivity movement appeared on the scene. After the unsuccessful meeting with Ishikawa, American embassy officials turned to the Committee for Economic Development (CED, Keizai Dōyūkai) for help.


The CED, unlike other management organizations, was not a federation of autonomous organizations but acted more as a think-tank for younger managers who were affiliated on an individual basis. Its orientation, as outlined in its program for 1953, was to a) promote a planned economy (rejecting classical liberal economic theory) in order to achieve balanced economic growth; b) help put a stop to the intense class conflict between labour and management and; c) continue to promote scientific management of enterprises.64 At its 6th convention held in November 1953, CED delegates adopted a nine point action program for the economy, including three points regarding labour. Delegates called for managers to recognize that workers were participants in production and that, without their co-operation, lowering production costs would be impossible; that even firms with high labour productivity should not grant across-the-board wage hikes until higher productivity was stable; that managers should not be overly concerned about layoffs from rationalization; and that the government should provide relief for those laid off.65 If anything, the CED represented a certain liberal trend among managers.

A key figure in the CED was Gōshi Köhei, a member of the prewar Takahashi Economic Institute. Just prior to meeting with U.S. embassy officials in late 1953, Gōshi had returned from a visit to Europe and came away impressed with the labour relations scene he had surveyed, particularly in Germany. He attributed the successful revival of the German economy not to labour participation in management but

64. Ibid., pp. 29-30.
rather to three factors: a national predisposition to work for the country's prosperity; workers and unions were economist and did not engage in political struggles; and management had come to respect the unions because, even in the direst of circumstances, they worked for economic reconstruction.66 These "blood ties" were the key to the labour-management cooperation in Germany, according to Gōshi.

Receptive to U.S. suggestions of a technical linkage to promote productivity, Gōshi and the CED vigorously lobbied other management organizations and on March 5, 1954, the four major management organizations (Committee for Economic Development, Federation of Employer Organizations [Nikkeiren], Federation of Economic Associations [Keidanren] and the Japan Chamber of Commerce) reached an agreement in principle to embark on a productivity improvement project. In September both MITI and the cabinet gave their support to the project promising financial and material support. A permanent liaison office was created that included government officials and representatives of the Japan Productivity Centre. Furthermore, the cabinet document stated that "the Japan Productivity Centre would carry out its concrete activities based on the program decided by the liaison office."67

With the assurance of government support, the JPC was formally established in February 1955. Its leadership was mainly from management but academics such as Nakayama Ichirō also played a prominent role from its inception. Its activities were to include:

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67. Ibid., p. 103.

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1) promoting a domestic exchange of knowledge, experience and technology;
2) promoting an exchange of knowledge, experience and technology overseas;
3) research and investigation;
4) education and training regarding scientific management and other means of improving productivity;
5) introducing and popularizing productivity-improving technology;
6) gathering and popularizing literature and research materials;
7) provide consultation and leadership for management;
8) public relations;
9) publication of research and literature;
10) supporting organization of the productivity movement;
11) other activities necessary to accomplish the goals of the organization.68

In the planning stages, labour had not been formally approached to participate in the JPC but tentative feelers had been put out. As early as February 1955, Sōhyō had announced its refusal to participate. Its opposition was based on the fact that part of the funding for the JPC was to be provided under the terms of the Japan-U.S. Mutual Security Agreement. Furthermore, it saw the JPC as providing a rationale for layoffs and low wages. On the other hand, representatives of the seamans’ union and the JFL (Sodomei) participated as observers at the second directors’ meeting.

The JPC-government liaison council met in May and, in response to Sōhyō criticism, clarified the goals of the productivity movement by establishing three principles:

1) Improving productivity will eventually increase employment. Regarding temporary surplus personnel, however, the government and private sector, taking into account national economic factors, must outline measures such as job transfers and so

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forth which will prevent unemployment to the extent possible.

2) Regarding concrete methods to improve productivity, labour and management should co-operate, study and consult regarding these measures based on the actual conditions in each enterprise.

3) The fruits of improved productivity should be fairly distributed among management, labour and consumers taking into account the actual state of the economy.

Not long after, the conservative side of the labour movement, including the seamans' union, the JFL and the JTUC announced their willingness to participate in or co-operate with the JPC.

The establishment and operations of the JPC are significant for a proper understanding of Fordism as it developed in Japan. On one hand, it embodied Japan's 'new deal' entente between management and conservative labour that has become the hallmark of the labour relations system in many large workplaces. This pact was based on the productivity pie theory--labour and management should co-operate to increase the size of the pie--and then consult over its division. In exchange for unions accepting a largely consultative role, managers would attempt to minimize the disruption caused by layoffs due to rationalization.

At the same time, however, the content of JPC educational programs for managers reflected a fundamental adherence to the principles of 'scientific management' first espoused by Taylor and later refined by others. The application of modern management in Japan's workplaces gave rise, however, to a different version of the Lean, Intensified Fordism...301
Fordist workplace than that in the United States or Canada.

JPC activities included dispatching study missions abroad (mainly to the U.S.), holding management seminars, publishing news and research on productivity, and generally spreading the productivity gospel. Göshi Kōhei, reflecting on JPC activities in its first 15 years, boiled its activities down to two points: "One lies in management education and the other extends to the modernisation of labour-management relations." Göshi’s characterization of the content of JPC management education is important:

The curricula were mostly difficult for the participants to digest, but there was no denying that the American approach to problems, American thinking, American concepts on modern management and American management philosophy deeply impressed the participants. This stirred their interest in modern management methods and techniques.

Noda Nobuo, another prominent leader in the JPC, also emphasized the importance of the American role as "a leader with respect to business management." He pointed out how Japan’s managers absorbed the works of Peter Drucker and W.E. Deming and the important role played by such works as Top Management and Control by Holden, Fish and Smith and Standard Oil Co., California: Management Guide. "Japan," stated Noda, "while preserving those of her own traditions which should be preserved, has unhesitatingly adopted the good concepts and methods of the United


As for modern labour-management relations, the JPC mainly emphasized joint consultation as a means of resolving labour-management contradictions. This was not an original concept. Indeed, as described in earlier chapters, management had always attempted to circumvent job control unionism in which independent unions spoke for workers on the shop floor and negotiated their working conditions through collective bargaining. The dilution of the union role in management councils and the transformation of these councils into consultative organs had been occurring throughout the 1950s. What the JPC did, however, was to anoint this consultative formula with the blessing of management and to attempt to institutionalize it on various levels. In the next chapter, we shall see how successful the JPC was and how these arrangements influenced the labour movement.

The Japan Union of Scientists and Engineers (JUSE)

Another key organization that played a significant role in developing the lean workplace regimes was JUSE. Once again we find a postwar organization wholeheartedly adopting American management technology and then, in attempting to apply this technology to the workplace in Japan, modifying and developing it to the point that it appears in an altered form. Is this new form a fundamental departure from the old?

Quality control as a concept originated in the United States with the onset of

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mass production. Visual controls were no longer sufficient to assure standards when huge volumes were involved. Walter Shewhart, an engineer with Bell Laboratories designed a statistical control chart and sampling methods to verify quality standards and the technique spread in the 1930s.

Statistical quality control (SQC) was introduced into Japan by the U.S. Occupation. The army was concerned with the poor state of the telecommunications industry and introduced SQC at the major electrical manufacturer, Nihon Denki in 1948. In 1949, the Japan Management Association, the Japan Standards Association and the Japan Union of Scientists and Engineers (JUSE) conducted research and education on statistical quality control. These three organizations all played an important role in introducing Fordism to Japan but in quality control, the latter came to play the predominant role.

JUSE was established in 1946 by scientists and engineers many of whom formerly had been part of the prewar Greater Japan Engineering Association, an organization dissolved by the Occupation. In 1949 JUSE established a quality control research group and began to conduct educational seminars on quality issues. JUSE invited prominent U.S. experts on quality control, including W.E. Deming and J.M.

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Juran, to lecture in Japan. In 1951, JUSE established the Deming Prize which was awarded annually to the enterprise with the best quality control program.

JUSE convinced Japan’s national radio broadcaster to carry QC lectures on its shortwave programs. This later expanded into regular radio and television programs. The 1960-62 period was a watershed in the quality control movement in Japan. Quality control evolved from being a method of statistical sampling used by engineers into an employee involvement program with the express aim of introducing management techniques into the work process. In 1960, JUSE published a two-volume QC manual for foremen in an attempt to bring quality control to the shop floor. The drive to entrench quality control at the workplace accelerated in 1962 with the publication of a monthly journal *Genba to QC* (The Shop and QC). In the inaugural issue of this journal, JUSE called for the establishment of quality circles at the shopfloor level. At the same time, JUSE began organizing annual QC conferences for foremen. In 1963 JUSE established the QC Circle Headquarters at its offices which then expanded in 1964 to nine regional offices.

Ishikawa Kaoru was one of the prime movers behind JUSE’s quality control programs. The son of Ishikawa Ichirō (the founder of JUSE and later president of Keidanren), Ishikawa junior graduated from and taught at the University of Tokyo after the war. He joined JUSE’s quality control research group in 1949 and over the next two decades he became Japan’s foremost consultant on quality control. He wrote extensively on the history of the movement and his works, as well as the case materials presented in this chapter and other secondary sources, provide a basis for Lean, Intensified Fordism...305
beginning a serious discussion on the significance of the quality movement.

Proponents of the post-Fordist and flexible specialization theories point to small group activity such as occurs in quality circles as example of worker participation and learning by doing--hallmarks of the end of, or an alternative to Fordism. Almost all sources recognize that quality control systems originated in the United States. How did the two systems diverge and what are the specific differences? How spontaneous or autonomous are small group activities and, probably most important of all, what do workers learn in quality circles?

Ishikawa Kaoru points to six features that distinguish quality control in Japan from that in the U.S. The six points include:

1) Company wide quality control; full participation in quality control.
2) Education and training in quality control.
3) Quality circle activities.
4) QC audits (Deming prize and presidential audits).
5) Use of statistical methods.
6) Nation-wide promotion of quality control.\(^{73}\)

These points highlight the integrated and systemic approach to quality control in Japan, particularly the attempt to bring quality control activities to the shop floor. They do not, however, explain the requisite conditions that allowed these features to emerge, nor do they speak directly to how the movement developed or what specific differences there were in the content of quality reform.

Although Ishikawa contends that the quality circle is a form of voluntary, autonomous worker participation, the Suzuki case study and Ishikawa's own con-

\(^{73}\). Ishikawa Kaoru, *Nihon teki Hinshitsu Kanri*, pp. 52-53.

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clusion tend to contradict this contention. As indicated in the Suzuki materials, worker enthusiasm for circles quickly wore thin and after the attempt at the Deming prize, closer supervision over circles was required. Only after circle activities were integrated into the performance evaluation system did they consolidate. Ishikawa points out that circles were first directed at foremen as a place to study and apply quality control techniques. This process was one of setting norms which workers, in the absence of any alternative, were obliged to follow. Furthermore, total participation of workers was clearly identified as the goal of the groups. Thus, no matter to what degree participation was described as 'voluntary' in fact norms were being established in which workers had little input. Thus, contrary to Ishikawa's emphasis on voluntarism, another QC expert in Japan described the essence of the QC movement there in radically different terms:

In the firm, there is the saying that subordinates listen only to the person who conducts the evaluation to establish bonus payments. That is exactly the way it works. Whatever the top people are thinking regulates what the firm's employees do. So, even though we're often told that Japanese companies work from the bottom up, when QC activities are begun, they must begin from the top down. If you look for the reason, the fact is that QC demands extra work on top of the normal, everyday work.74

Even Ishikawa alludes to the rigid hierarchical managerial structure as a reason why the QC movement had to have a strong top down component: "In Japan the vertical line authority relationship is too strong for staff members such as QC specialists to

have much voice in the operation of each separate division."75 One does not have to extrapolate much to posit that quality control circles may well be an extension of managerial control rather than a form of worker autonomy.

Examination of the content and scope of the quality control movement lends further evidence to this claim. Despite his critique of Taylor, Ishikawa refers to Taylor’s concept of control as the basis for the quality movement:

Dr. Taylor used to describe control with these words, ‘plan--do--see.’ What does the word ‘see’ mean? To Japanese middle school students, it simply means to look at, and that does not convey Taylor’s meaning. So we have rephrased it as follows: ‘plan--do--check--action (PDCA).’76

According to Ishikawa, planning is exclusively a management function: "Unless policies are determined, no goal can be established. These policies must be determined by top management."77 One of the key methods to implement the policies is standardization, another management function and characteristic of Taylorism.

According to Ishikawa, "the task of establishing standardization or setting up regulations should be done in order to delegate authority to subordinates. They key to success is to standardize aggressively those things which are plainly understandable and to let a subordinate handle them."78

The relative importance of QC circles is also secondary to the overall move-

75. Ishikawa Kaoru, Nihon teki Hinshitsu Kanri, p. 128. I have used Lu’s translation here.

76. Ishikawa Kaoru, Nihon teki Hinshitsu Kanri, pp. 82-83. Lu’s translation.

77. Ibid., p. 83.

78. Ibid., p. 90.

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ment which is predominantly management controlled. The tools given the circles—Pareto diagrams, cause-and-effect diagrams, stratification, check sheets, histograms, scatter diagrams and graphs and control charts all indicate that management attempted to limit the content of quality circle activity to strictly traditional industrial engineering methods.

Given the evidence, emphasizing managerial control and bias in the content of QC activities seems justified. However, as Kumazawa Makoto has noted, struggle can and has taken place in the circles. Using evidence from the steel industry, Kumazawa notes five specific types of circle activities—improving skills and knowledge; improving safety and eliminating hard jobs; reducing downtime and defects; improving efficiency; and eliminating labour. From the author’s perspective, the former categories represent areas in which improvement can benefit workers and even contribute to solidarity on the shop floor. Although I might argue the circle framework and management control of the disposition of innovative ideas strictly limited the scope of struggle, the point remains well taken.

Quality circles and the quality movement in Japan clearly diverged from one aspect of Taylorism, that is, the necessity for management to keep all aspects of production planning in its hands. However, judging by the content, the activities of quality circles did not lead to new forms of work organization but rather ended up extending managerial control and methods onto the shop floor. To be sure, workers in circles did take up the non-traditional task of analyzing their own work. But they


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did so within a strict framework that was determined by management and thus the content of their brain work, while helpful in constantly revising standards, may have ended up reinforcing the structure that controlled them.

Commentary

Ishikawa Kaoru contends that Japan’s quality control evolved out of a rejection of Taylorism. According to Ishikawa: "The Taylor system ignores the latent potential of workers, ignores the human element and, in treating workers like machines, invites workers to react against work." Ishikawa’s critique appears to resemble that of Braverman and re-enforces the post-Fordist theory that Japan has ruptured with classical Taylorism. But another plausible explanation is that the critique of Taylorism up to this point has perhaps missed the mark and that what we witnessed in Japan in the 1960s was not an end to Taylorism, but its development and evolution in differing circumstances. In light of the material presented in this study and the introductory discussion about Taylorism and Fordism, I would contend that Japan’s employers, in the automobile industry at least, did depart from Taylor’s ideas in some respects. In other respects, however, they adopted and re-enforced Taylor’s perspective. The net effect, however, was to reproduce on the whole the type of jobs and job routines that were conventional in the U.S. automobile industry and, moreover, led to the intensification of labour that was partially responsible for the high productivity of the Toyota system.

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80. Ishikawa Kaoru, Nihon teki Hinshitsu Kanri, p. 35.
If, for example, we take David Montgomery's functional definition of Taylorism we find an analytical framework shorn of some of the ideological baggage that was specific to the emergence of Taylorism in the context of turn of the century America. Thus Taylorism becomes:

1) centralized planning and routing of the successive phases in fabrication, 2) systematic analysis of each distinct operation, 3) detailed instruction and supervision of each worker in the performance of that worker's discrete task, and 4) wage payments carefully designed to induce each worker to follow those instructions.  

If one excepts this definition then what becomes clear is that the difference under the Toyota system is not what is done but rather who does it! Furthermore, one could argue, in fact, that the wage system in Japan, with its pay for individual performance, corresponded more closely to general Taylorist principles than did the wage system that evolved in postwar automobile plants in the United States or Canada, where compensation was no longer directly tied to performance.

But for many, such a definition will not suffice. What of worker participation, job rotations, and worker input into the production process? Surely, the boundaries of Taylorism have been ruptured. To respond to these legitimate queries, it seems necessary to review Braverman's notion that employer control of the labour process is derived primarily through forms of work organization, that is, through the separation of conception from execution in the labour process and managerial control of the former.

In general terms, worker participation schemes under the lean regimes, such as


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at Suzuki, did not challenge nor erode managerial control. If anything that control was being continuously renewed. Small group activities constituted the institutionalization of the appropriation of workers' knowledge with little indication of a revolution in production methods. Standardization of job routines and cycle times continued and were strictly adhered to, even though workers occasionally moved from job to job. We should not forget that Suzuki historians themselves pointed to the gruelling convergence of assembly line production methods.

However, one must accept the fact that lean, intensified Fordist regimes began, if only partially, to break down the traditional, iron-clad division between conception and execution so ingrained in the U.S. and Canada. Taken in isolation, this was a progressive historical development, long overdue. But as long as the boundaries of conceptual activities remained within management guidelines, worker participation in quality or continuous improvement activities did not and could not fundamentally alter the regime. Although such activities led to constant innovation in the production process and improved efficiency, they never led to the worker-friendly changes that were undertaken, for example, in Volvo's Kalmar and Uddevalla plants in the 1970s and 1980s and which led to a fundamental breach with the assembly line, repetitive job routines, short cycle times and so forth. If management in Japan relinquished partial control over conceptual activities, it compensated for this by exerting control in ways that differed from American Fordist norms. Those alternative methods included the entente regarding productivity and management rights that

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they enjoyed with enterprise unions and the performance-based compensation system. In that sense, employers maintained control although in ways that departed somewhat from Taylor’s prescription. But such was to be expected. Japan’s quality movement and the movement for scientific management took place at different times in different circumstances. It would have been difficult for Taylor to have conceived of integrated workers into his system of control because he faced and understood the craft union tradition of autonomy from management. He was also surrounded by the nascent, independent union movement that was challenging managerial control. Japan in the 1960s was quite different. Employers had, by this time, won almost complete control over the shop floor, and the hegemonic regime that evolved allowed management to actually integrate workers into its production system. Conversely, however, it was no accident that quality circles arose only in the 1960s even though Japan’s quality movement began in the late 1940s. History allows us to perceive the contingent nature of lean, intensified Fordism. Employer control of the workplace remained tentative and unconsolidated even in the 1950s and thus the circle movement could only make its start later, after the consolidation of the hegemonic regime. As will be illustrated in the next chapter, 1960 was a decisive year in labour relations and marked the transition towards consolidation of hegemony, the essential condition for the rise of lean, intensified Fordism.
Chapter 7

Miike 1960:

The Limits of Coercion

In 1960, workers and employers in Japan confronted one another in what was arguably the most intense single labour-management conflict in postwar Japan -- the Miike coal mine dispute. The bitter struggle pitted 15,000 miners at the Miike coal shafts in Kyushu against the large Mitsui Coal enterprise, one of the jewels in the Mitsui conglomerate’s crown. The issue appeared at first to be impending layoffs in the coal fields caused by the energy revolution. It soon became apparent, however, that Mitsui and Nikkeiren were out to destroy the Miike local union, among the most militant in Japan and renowned for its control in the workplace.

One miner was killed and hundreds seriously injured after the company attempted to reopen the mine with scab labour. The JCU and Sōhyō mobilized thousands of supporters who travelled the length of the country to bolster the Miike picket lines. Going to the Kyushu mine became both a labour pilgrimage and an adventure in combat. At one point over 10,000 police stood cheek-to-jowl with 20,000 picketers. Class struggle was indeed alive and, if the Miike experience is any indication, even thriving as late as 1960.

The intensity, scope and length of the Miike dispute have elevated this confrontation to a central position in historical accounts in Japan about the evolution
of labour-management relations. In Nikkeiren's own official history, for example, the year 1960 is characterized as "an epoch-making time for the postwar labour movement with the 1960 anti-security treaty battle and the Miike struggle at the centre." Indeed, any serious account of postwar labour-management relations cannot avoid coming to grips with this tumultuous episode in industrial conflict.

This chapter examines the genesis of the dispute, the events that led to the isolation of the Miike local within its own union federation, the escalation of the dispute into a national confrontation, and the agony of ultimate defeat for the original miners' union. In the concluding commentary I attempt to explore the nature of some of the contradictions among managers involved in the dispute, the mechanisms of layoff procedures, and the lessons drawn by the labour movement coming out of the Miike battle.

I. Prelude to Confrontation: Production Politics and the Energy Crisis

Economics and politics were inextricably linked as factors precipitating the Miike confrontation. The political elements -- the militancy of the Miike miners, their ability to control some aspects of the work process, and the example they had become for the labour movement during the 1950s -- have been described in the previous chapter. The antipathy for Miike-style unionism as expressed by Nikkeiren has also been noted.

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By late 1958, however, Nikkeiren had become more aggressive towards the Miike miners. It began to use the Nikkeiren Times to openly criticize both Mitsui Coal and Mitsubishi Coal for the long-term employment guarantees they had signed with their respective unions. Ironically, a former U.S. union official working in Japan, Benjamin Martin, repeated Nikkeiren's criticism in a scathing attack on the Miike union published in an unprecedented full-page feature article in the English-language daily The Japan Times in September. As events unfolded, the political antagonism between Nikkeiren and the coalminers' union would determine the specific character of the 1960 dispute. Nikkeiren could not accept the fact that Mitsui Coal had negotiated a long-term employment agreement with the Miike union and considered the nascent workshop struggle movement a threat to employers everywhere.

The initial events that precipitated the confrontation, however, were largely economic. An economic recession and a decline in the price of imported oil in 1958 created problems for the previously protected coal industry. In 1955 the government had imposed oil tariffs and restricted construction of oil converters to protect the domestic coal industry. The government had also demanded the industry rationalize,

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2. *Japan Times*, September 1, 1958. Martin accused the union of ultra-leftism and using the negotiating process for political gains. Sakisaka Itsurō, the noted scholar and supporter of the Miike union, actually dates the beginning of the attack on the Miike local from the publication of this article. According to Sakisaka, Martin visited Miike in 1958 but never met or spoke with any of the Miike union's officials. Martin left Japan in 1960 and became a United States Information Agency field officer in Chile in 1961. He went on to become a senior State Department labour analyst.

3. Economic policy, however, was politically determined. For a more detailed discussion on coal policy, see Chapter 8.
concentrate production in large, efficient mines and become competitive with oil as an energy source.

The results in the 1955-58 period, however, were the opposite of what had been envisaged. Coal operators attempted to take advantage of rising coal prices in the wake of the 1956 Suez crisis. Mines in fact proliferated, prices rose and coal companies pocketed substantial profits. Between 1955 and 1957, the price of regular thermal coal (Tokyo, CIF) jumped nearly 20 percent from 5,537 to 6,436 yen per ton. Profits for 18 major coal companies rose from an aggregate 4.5 billion yen in 1955 to 12.4 billion in 1957.\(^4\)

With the onset of a short recession in late 1957, coal stockpiles began to rise but coal companies attempted to keep prices high, sparking an outcry from major coal consumers including the steel, electric power, shipping and rail industries. In August 1958, these latter groups formed the Federation to Oppose Crude and Heavy Oil Tariffs (Genjūyū Kanzei Hantai Dōmei) in a bid to lobby for importation of cheap oil. By the fall of 1958, coal operators were under heavy pressure for reductions in coal prices and this prompted them to consider serious rationalization measures including large scale layoffs of miners.

At the same time, however, coal operators insisted on continued protection from oil imports. The Federation of Economic Organizations (Keizai Dantai Rengō Kai or Keidanran for short) intervened at this point to mediate the dispute between


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coal producers and consumers. It formed a discussion group of the concerned parties in the fall of 1958. Deliberations continued for over a year but coal operators were no match against consumer industries, particularly the steel industry which had come to occupy a strategic position within Japan's industrial structure by this time. In late 1959, the government was obliged to reverse its energy policy and allow major oil imports. Even prior to this, however, the coal companies came under intense pressure for price reductions. They reacted by introducing serious rationalization measures which would have a dramatic impact on employment (the discussion of coal policy is further developed in Chapter 8).

**Red Ink at Miike**

Mitsui Coal announced losses of almost two billion yen for the first half of 1958 despite two profitable years in the preceding period. In September the company took the extraordinary measures of cutting executive and staff salaries and then refused to pay its workers full year-end bonuses that had been negotiated as part of the master agreement between the JCU and the Coal Operations Association that fall (the anticipated average 22,000 yen bonus was cut to 14,000). By this point reporters had caught scent of the impending crisis in the coal industry. In early October, the *Asahi* newspaper published a major article anticipating Mitsui's plans to deal with its losses. The Miike local responded by publishing its own assessment of the situation: "The company, from experience in previous struggles, will no doubt come up with new tactics. Recent labour battles have been plagued by organizational splits due to
the formation of second unions so we believe the company’s main strategy will be to divide our organization and split the fight.\(^5\)

The company formally tabled its "first company reconstruction proposal" (dai ichiji kigyo saiken’an) on January 19, 1959. The proposal included the following measures:

- increasing productivity by strengthening managerial control and discipline at the worksites;

- halting recruitment of miners as stipulated in previous memoranda of agreements;

- reducing expenditures by postponing or cancelling construction projects for housing, a hospital, baths, daycare, sewers, and roads;

- implementing reductions in labour-related expenses by cutting overtime;

- if necessary, reducing the workforce by 6,000 through ‘voluntary retirement’ (kibō taishokusha bōshū).\(^6\)

Both the Mitsui Miners Federation (MMF) and the Mitsui Staff Federation (MSF) rejected the company proposals. Instead they resolved to struggle together against any deterioration in working conditions, to defend democratization of the workplace and residential areas, and to oppose layoffs. The two unions established a joint action committee in mid-February with the express objective of avoiding any splits in the face of the Mitsui proposals.

\(^5\) Mitsui, Shiryō: Miike Sōgi, p. 439.

\(^6\) For the complete proposal see Mitsui, Shiryō: Miike Sōgi, pp. 442-448.
On the national level, the JCU attempted to link the fight against layoffs with that spring's wage negotiations: "The 1959 spring wage offensive is integrally related with resolving the fight against Mitsui’s rationalization measures. These are not separate struggles and must be fought as one." After a series of short work stoppages in March, the JCU launched an all-out strike over wages and the Mitsui layoffs on March 23.

The CLRB (Central Labour Relations Board) intervened at this point with an offer to mediate the wage issue. The JCU accepted the offer of mediation but added a stipulation that no wage agreement would be accepted until the Mitsui negotiations were satisfactorily concluded. The CLRB brought forward its wage proposal on March 31. Negotiations between Mitsui Coal and the two Mitsui unions (MMF and MSF) as well as the JCU began at this time.

On April 6, the two parties reached a deal whereby the unions would accept voluntary retirements and reductions in welfare expenditures and Mitsui would withdraw its proposals to impose workplace control and cutback on overtime. In retrospect, this compromise constituted a key concession on the part of the JCU that would reverberate throughout the coal fields and undermine any basis for common action by coalminers. By accepting the voluntary retirements at Mitsui, the JCU had provided an opening through which other major companies soon poured. The Mitsubishi, Sumitomo, Furukawa and Yubetsu coal companies submitted voluntary layoff proposals to their respective unions one month after the April 6 agreement.

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Most unions accepted these proposals, as had the Miike union, but there was a key difference. Because of its militant tradition, the Miike local could undermine the layoffs by advising its members not to come forward to take early retirement but this was not the case in the other mines. As a result, the employers’ attack would come to focus on the Mitsui miners particularly in the Miike mine. Nor did the compromise stop Mitsui from trying to reimpose managerial discipline in the Miike mines -- ten days after initialising the April 6 agreement, Mitsui fired the head of the Mikawa workshop council for allegedly impeding production.8

Mitsui recruited voluntary retirees at its six mines through May and June. The company’s goal was to get 6,000 miners to retire but only 1,324 stepped forward to take the severance package. Staff, on the other hand, came forward in droves -- 586 accepted early retirement, 26 more than Mitsui had called for. The company estimated the low level of voluntary retirees among its miners would mean its savings over a six-month period would amount to only 862 million yen, far short of the 2.3 billion it had projected.

**Contradictions among Managers**

The inability of Mitsui to quickly implement its rationalization program combined with escalating pressure for price reductions from coal consumers created a new set of circumstances and brought new players into the fray. In this sense, the fight at Miike contains interesting lessons in the dynamics of class alignment.

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After the failure of the April 6 agreement, powerful business leaders such as the president of Mitsui Bank, Satō Kiichirō, and Nikkeiren’s Maeda Hajime began to intervene directly in the Miike dispute. As mentioned previously, as early as 1958 Nikkeiren had singled out the Miike union as a hot spot that required immediate attention. This position was reiterated at Nikkeiren’s two regular conventions in April and October 1959. At the latter meeting Maeda warned: "There are some mines where women and youth groups are extremely strong and in these places we can’t guarantee major incidents will not occur which could quickly escalate into social unrest if things are not handled properly."9

Nikkeiren intervention at Miike brought it into conflict with Mitsui Coal’s head of personnel, Yamamoto Sengo. Essentially the dispute boiled down to important tactical issues -- Satō and Maeda wanted to open a frontal assault against the Miike local while Yamamoto hoped to use informal mechanisms to purge Miike of its militant union. In his memoirs Maeda Hajime described his view of the Miike local in the following terms:

There were two kinds of poisons that were eating at the roots of Mitsui Mining. One was the power of the union in the mines--they were so strong they could defy foremen’s orders. The other was the influence the union had in the company residences--they were strong enough to eliminate company influence. Labour relations at Miike generally were unstable due to syndicalist ideas and action, and it was hopeless to expect a return to sound management without resolving this problem."10

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Yamamoto later expounded on the factional fracas in a round-table discussion for Nikkeiren’s official history:

Well, in the end analysis it became, as Ota Kaoru put it, a general confrontation between capital and labour, but we had no such intention. We thought we had to resolve the disputes that arose by ourselves. We worked with the view that one way or another we had to stop the haemorrhaging on both sides and resolve the situation peacefully and quickly. Then, well this is linked to Nikkeiren’s motto, ’managers: be strong and fair’ you see. My feeling was that we were entrusted with an industry which, as I had been told by Sakurada, was essential and therefore a national institution and so workers and employers had to get together and put the industry before anything else. [The union] fought over issues it thought important I guess, but if the company went under then the union members would lose their livelihood and so this was the basis for my actions. But this issue of being a public institution was a little weird within the company. One thing was that we couldn’t unite within the company. Then Nikkeiren, and this was proper education mind you, brainwashed managers. The idea that managers had to purge the insolent types--like those from the red purge--the type who obstructed production or business was pushed pretty thoroughly. Take my experience for example. The type like Sato Kiichiro who was head of Mitsui Bank at the time. I think he was a one of those very influential leaders through his close relationship with Keidanren and Nikkeiren. To us executive types he used to tell us in no uncertain terms that ’you’d better get rid of those rotten apples quick’.....As far as the dispute went the fundamental issue became the firing of 300 production obstructionists but I never agreed and considered it an issue of layoffs due to economic reasons."11

As events unfolded, Yamamoto’s position became increasingly tenuous and the Sato/Maeda line of attack won the support of a majority of Mitsui directors including the president of Mitsui Coal, Kuriki Kan. Nikkeiren’s own historians described the dynamics thus: "...the view that it was necessary to avoid a showdown with the Miike union held sway within the company at the beginning. However, once the plan


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for a showdown was decided on, the anti-agreement view triumphed with president Kuriki leading the way. This was due, among other things, to the fact that the other coal operators had readied an unprecedented system of support and co-operation.12

As stockpiles of coal increased in late 1958, the government moved to have coal operators cut back production. It imposed an overall 20 percent cut in production levels and assigned specific quotas to the major mining companies that were to begin May 1, 1959 and continue for six months. At the same time, oil prices continued to drop. In early April, Keidanren’s group studying energy policy met and announced that, while a thorough review of energy policy was necessary, it expected the coal operators to take immediate measures to rationalize over the interim. After mulling over the situation during the summer, coal operators met with labour representatives in September and informed them that they expected to lay off 100,000 of the 180,000 miners working for the 18 largest coal companies.

The structural impact of the coal crisis elevated the Mitsui situation to a central place in the ruling class’s policy considerations. This was much in evidence at Nikkeiren’s October meeting. The chairman of the Federation of Automobile Employers rose to present an emergency resolution on the coal crisis which concluded: "To us this is not an issue which can be resolved by the coal industry alone. It will have important repercussions on every industrial sector and we believe Nikkeiren must go all out and extend a helping hand and through concrete measures

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work to bring about a fundamental resolution." Various factions of business interests, including the strategic steel and automobile sectors, had issued a mandate for Nikkeiren to bring about a speedy resolution of the coal crisis. In the fall of 1959, Maeda and Satō Kiichirō used this mandate to increase the pressure on Mitsui Coal and force it to take on the Miike union.

In July Satō turned the screws a notch tighter, cutting off any further funds to cover Mitsui Coal’s operating expenses. Summer bonuses went unpaid and the union rebuffed a Mitsui Coal offer to pay the deferred wages in instalments. Mitsui implemented the plan despite the union’s opposition. In September, the coal operators met to discuss aide to Mitsui Coal in the event of a work stoppage. The presidents of the major coal companies resolved not to take advantage of any such incident to steal Mitsui customers and promised Mitsui to provide coal shipments to cover its orders.

**Hard Line Wins Out**

At the MMF’s convention in July 1959, the executive submitted a proposal to deal with the layoffs. The proposal was a compromise that would allow Mitsui to recruit voluntary retirees while the union would refrain from obstructing production increases. This option was basically an attempt to cut a deal with Yamamoto that would prevent a full-scale assault against the union. It was predicated on the view

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that Mitsui Coal would, in return, not resort to designated layoffs or firings (shime kaikō). The MMF vowed to wage an all-out battle if Mitsui Coal did resort to designated discharges. Delegates from the Miike local of the MMF disputed this approach, however. They asserted that layoffs were imminent and interpreted the rationalization program as basically a political struggle with itself and the JCU as the targets. The final compromise was a vague resolution to fight the company and, if the central struggle committee judged it feasible, to defeat the layoffs.

With pressure from Nikkeiren intensifying, Yamamoto attempted to avoid an all-out battle by submitting a second reconstruction proposal to the union. The proposal was tougher than the first, called for 4,580 layoffs with set criteria for deciding who would be laid off. These criteria included:

1) those whose job was not essential for family support;  
2) those unsuitable for work;  
3) those considered unsuitable for collective life;  
4) those in poor health;  
5) those over 52;  
6) those under 25;  
7) those with less than five years continuous service.\textsuperscript{15}

Each Mitsui mine had a quota of retirees (Miike was expected to lay off 2,210) and those the company felt fit the criteria would be 'advised to retire' (taishoku kankoku). The second reconstruction plan also contained provisions for Mitsui to cut back on social benefits, overtime, and safety expenditures. The plan also called for splitting off the machine shop from the Mitsui Coal operations.

The second bill traced a very fine line indeed. The traditional approach to

\textsuperscript{15} Mitsui, Shiryo: Miike Sōgi, p. 484.

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layoffs was to make a general appeal for voluntary retirees and then resort to 'shoulder tapping' (kata tatakī) to get rid of unwanted employees. Concretely, an employee’s supervisor or mentor would have an informal chat with the prospective worker, advising him/her that retirement would be best. This was the essence of the April 6 agreement. The strong Miike union presence on the shop floor, however, prevented this strategy from working. Thus for practical purposes and to appease Nikkeiren, Yamamoto had formulated strict criteria for deciding who would be laid off.

While Yamamoto continued to insist that this was not an attempt to break the union, the Miike local and the MMF saw things differently. Discussions on the second reconstruction proposal broke down on September 10. The JCU struggle committee called for rotating strikes at Miike and at two other mines beginning September 16, and for escalating limited strikes as 14 major coal companies beginning October 1. The MMF reasserted its determination to reject designated discharges. It promised to guarantee the livelihood of those who refused advice to retire and called on union members to prepare for a company-inspired attempt to create a scab union.

In early October the JCU held its 23rd convention in Tokyo. By this point it was apparent that 100,000 or more jobs were on the line. Delegates demanded a halt to the rationalization program and called for continued protection from cheap oil imports. However, the JCU had already gone on record as supporting voluntary retirements as an acceptable form of layoffs both at Mitsui and at Mitsubishi mines. Thus delegates left the convention with a mixed bag -- resolutions calling for a
general strike, shopfloor actions and united class action tempered with the knowledge that at the individual mines, deals were already being cut that would allow the layoffs to proceed. This confusion would undermine the possibility for united action and eventually lead to the isolation of the Miike local of the MMF.

Discussions between Mitsui Coal and the MMF broke off on October 7 and Mitsui began unilaterally to implement its second reconstruction proposal. At Miike the union’s strength in the mines precluded 'shoulder tapping’ so the company resorted to dropping leaflets from airplanes calling on miners who met the retirement criteria to step forward. At its other mines, the company was able to exert direct pressure. The MMF, however, maintained its opposition to the forced retirements and backed up its opposition with a notice that those who accepted the notice would be subject to union disciplinary procedures. Mitsui reached its layoff objectives only at the Tagawa and Yamano mines, while at the others it fell far short, recruiting less than one-third of its target. Only 142 miners accepted retirement at Miike, far below the 2,210 volunteers it had been designated.\(^\text{16}\) However, Mitsui was able to convince machine shop workers to split from the Miike local. At this point, the staff union also applied to the JCU for leave to settle with Mitsui.

Negotiations resumed briefly on November 10 but quickly broke down. At this point the CLRB again attempted to mediate. On November 21, CLRB chairman Nakayama Ichirō tabled a seven-point plan that called for labour-management cooperation in raising production, 'voluntary retirements' without company pressure or

\(^{16}\) Mitsui, Shiryō: Miike Sōgi, p. 518.
union interference, and further discussions if the retirement quotas were not met. By this time the Yamamoto faction within Mitsui Coal had lost control to the hard-line faction led by Kuriki and backed by Nikkeiren. On November 25, Mitsui Coal formally rejected the Nakayama mediation proposal as a basis for resolving the dispute at Miike, although it indicated it would apply the mediation guidelines at its other mines.\(^\text{17}\)

The historical record shows that Maeda Hajime and Satō Kiichirō were intimately involved in ensuring Mitsui Coal rejected the mediation proposal for Miike. Maeda recalled his fight with Yamamoto Sengo over the mediation proposal:

"He [Yamamoto] probably thought that my opposition to the Nakayama mediation proposal was a big stumbling block so he came to my office at Nikkeiren to give me an earful. In essence he said, 'The problems at Mitsui Mining have to be resolved by the company itself. Interfering statements from the outside by third parties such as Nikkeiren are only causing problems so please stop.' But it was just at that time that Ota Kaoru first made his statement that the Miike dispute was a fight between general labour and general capital. The issue had gotten to the point where it was now a social, no, even a national issue.\(^\text{18}\)

Maeda and Satō had used their influence to convince the majority of Mitsui Coal directors that a showdown with the Miike local was inevitable.\(^\text{19}\) Mitsui Coal president Kuriki informed the various parties that the problem at Miike was not one simply of numbers but of 'quality' and that 300 'production obstructionists' had to be

\(^{17}\) Mitsui, Shiryō: Miike Sōgi, p. 529.


\(^{19}\) For an analysis of the factions within Mitsui Coal see Hirai Yōichi and Yamamoto Kiyoshi, "Mitsui Miike Tankō Sōgi ni Tsuite" in Shakai Kagaku Kenkyū, Vol. 40 No. 3 (September 1988), pp. 138-140.

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included in the layoffs. Of course these obstructionists were, from the union's point of view, its shopfloor organizers and activists who constituted the very heart of the union. Having clearly elucidated the company's objective, Mitsui Coal could not turn back from a head-on confrontation with the Miike miners.

While CLRB mediation was going on, Sōhyō held its 13th special convention. The coalminers' struggle and opposition to the proposed renewal of the Japan-U.S. Mutual Security Treaty (Ampō) were central issues at the convention. Delegates resolved to support the JCU financially by implementing a special levy of 300 yen per affiliated member by April 1960. Sōhyō leaders, including Ōta Kaoru and Iwai Akira, visited Miike on December 2 and pledged one billion yen in financial support. This visit was followed by a delegation of 32 leaders from many of Japan's largest unions who brought with them 75 million yen in cash. They assured the Miike local that they would raise another 1.8 billion yen in loans if necessary.

The same day that Ōta and Iwai visited Miike, Mitsui Coal mailed redundancy notices to 1492 Miike miners. Included in the list were 670 union activists of whom 370 were union officials and 300 shopfloor activists. In the following days, the Miike union responded by organizing general meetings in the regional and workplace councils that culminated in a 24-hour general strike on December 8 (the 17th strike since the state of rotating strikes that fall). On the day of the strike, the union organized a large demonstration which, even according to company documents,

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attracted at least 30,000 miners, family members and supporters. Thousands cheered as the layoff notices were burned along with effigies of Mitsui president Kuriki.

Of 1492 workers mailed notices, 214 accepted the notices while 1,279 declined. On December 10, Mitsui Coal mailed final notices to those who had declined the invitation to retire; failure to accept the severance package by December 15 would result in the miners being fired. On December 15, Mitsui discharged 1,202 miners including over 600 union activists. Of those fired 120 were JSP members and 31 JCP members. The Miike local continued its tactics of slowdowns and rotating strikes and on January 7, 1960 it ordered its members to begin a disobedience campaign to protest the firings.

Mitsui Coal, with the backing of other coal operators, the Mitsui Bank, and Nikkeiren, had decided the time was ripe to destroy the militant Miike union. The company had not forgotten its bitter defeat at the hands of the Miike local in 1953. Its resolve had hardened over the years as the Miike miners had won further victories. The impending coal crisis had opened a window of opportunity. On January 25, Mitsui Coal locked out all the miners at its Miike facilities except at the port. The union responded in kind, embarking on an all-out strike including the port facilities. A war had begun.

II. Phase One: Isolation and Division

In invoking the lockout at Miike and not at its other mines, Mitsui Coal and

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21. Sakisaka Itsurō, Miike Nikki, p. 117.
Nikkeiren revealed their true intentions -- isolate the Miike local and crush it. By doing so they hoped to kill two birds with one stone: prevent a fightback against the imminent rationalization in the coal industry and root out a source of adversarial unionism that had begun to spread in other unions through the workshop struggle movement.

The fact that Mitsui moved to lockout its employees in January clearly indicates that it felt it had successfully isolated the Miike local union. As the battle developed, Mitsui attempted to split the Miike local and thereby get rid of what it considered the rotten apple in its union barrel once and for all. As events unfolded this latter task proved more difficult than Mitsui had anticipated. It was one thing to get the apple out the barrel, quite another to crush it.

At first, the Miike local and the JCU seemed to underestimate the problems in the dispute. At the JCU convention in February, delegates resolved to provide further financial backing for the Miike local. Members of affiliates would be assessed an additional 600 yen checkoff (1,000 yen for MMF local members). On February 26, the JCU'S struggle committee even came to the unlikely conclusion that conditions were turning in the miners’ favour. According to directive 194, JCU members were to prepare for a strike because various factors were converging that would provide an opportune time for industrial actions. These factors included a decrease in coal stockpiles, an upsurge in the mass movement against the security treaty, and increasing momentum in Spring Offensive activities.22 The committee resolved to

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call an all-out coalminers' strike at the earliest possible moment.

In the meantime, however, divisions within union ranks began to make themselves felt. On March 3, the Mitsui Staff Federation (MSF) communicated to the JCU struggle committee its refusal to pay the 600 yen per member assessment to support the Miike miners. One week later this fissure in union solidarity cracked wide open when opposition forces in the Miike local presented the executive officers with a petition calling for a special general meeting of the local executive to consider ways of quickly ending the dispute. Out of 254 members of the executive, 96 had signed the petition. Local officials had no choice but to accede to the request and a special executive meeting was set for March 15.

On the day of the meeting, thousands of miners and supporters from both sides gathered at the meeting hall. The dissident faction submitted a four-point proposal calling for an end to the strike and re-opening of negotiations; acceptance of voluntary retirement by those dismissed, with the company to help find new jobs and cover interim living expenses; legal redress for those who disagree with retirement; and a general poll of the membership on their proposal. A majority of the executive refused this request and the opposition left the hall.

On March 17, the opposition convened a special meeting at which time they founded the "New Miike Mineworkers Union" (Miike Tankō Shin Rōdō Kumiai). They immediately communicated with Mitsui Coal and cited an initial membership roster of 3,076 or about 20 percent of the workforce. The company immediately recognized the new union and negotiations between the two parties led to a March 24

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agreement to start up production. All the issues in the dispute were left to future deliberations, the old contract was recognized and the lockout lifted.

That Mitsui Coal was intimately involved in the attempt to split the union there seems to be little doubt. To avoid the appearance of direct involvement that might result in legal action, however, Mitsui called on the services of professional union-busters such as Mitamura Shirō. According to union sources, dissident elements in the Miike local attended special lectures and schools organized by Mitamura. Just prior to the creation of the second union, 280 miners attended a 'labour university short course' in Fukuoka on March 12-13 sponsored by Mitamura. Mitamura himself was closely aligned with other far-right factions such as Nabeyama Sadachika that had been involved in breaking the Nissan union in 1953. While the evidence remains circumstantial, union claims that Mitsui used Mitamura to organize the breakaway union seem valid in light of the fact that Mitsui Coal itself admits using Mitamura to organize anti-communist 'lectures' in the early 1950s.

In any event, the split in the Miike union had dire consequences. The day after the split occurred the Mitsui Coal staff union (MSF) announced its intention to secede from the JCU and resolved to support the breakaway union at Miike. The JCU responded by issuing directive 203 that called for a general strike to begin in all coal mines on April 5 with the MMF going out earlier on April 1. This proposal met with stiff opposition within other locals of the MMF. At a meeting of the MMF

struggle committee on March 26-27, the union decided that it was unable to implement directive 203. The Miike local, isolated within its own union, faced disaster. Although the strike would continue for another five months, the union's ability to exert economic pressure through concerted solidarity was thoroughly undermined.

In contrast to the divisions within the union movement, management solidified its ranks in the early period. In the months leading up to the lockout, Satō Kiichirō and Nikkeiren had set up an elaborate support network for Mitsui Coal. This network played a key role in minimizing the potential economic impact of a shutdown at Miike. It should be pointed out, however, that this network could succeed only to the extent that workers allowed.

By cutting off operating funds to Mitsui Coal in the summer of 1959, Satō Kiichiro had played an instrumental role in forcing a showdown at the Miike mines. Once Mitsui Coal resolved to lock-out its employees, however, Satō was more than willing to turn on the financial taps. Using his position as president of Mitsui Bank, Satō helped form a consortium of eight banks to underwrite the costs of the melee. Over the course of the struggle these banks provided Mitsui Coal with 6.9 billion yen in funds in three instalments.25

Coal operators, meanwhile, attempted to sabotage the JCU's attempt to raise strike funds among its affiliates by refusing to include the special Miike levy as part

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of regular dues checkoff. At the same time, the other coal companies provided coal to Mitsui Coal customers. Table 7.1 indicates how Mitsui was able to use the financing and support of other companies to replace coal normally shipped from Miike. Noteworthy is the fact that throughout the course of the struggle, Mitsui was able to cover nearly half of the normal Miike shipments from its other mines and through market purchases. The fact that miners at Mitsui’s other coal mines remained on the job after Mitsui locked out the Miike miners seriously undermined the Miike union. Ironically, this breach occurred within an enterprise-based federation where, if anywhere, union solidarity was supposed to exist.

| Table 7.1: Replacement Coal Supplies by Source  
(July 1959-August 1960, unit=tons) |
<table>
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<tr>
<td>Replacement coal secured by Mitsui Coal.</td>
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<tr>
<td>Replacement coal secured by Major Coal Operators.</td>
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<td></td>
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<tr>
<td>Imports</td>
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<td></td>
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<tr>
<td>Kyushu Power</td>
</tr>
<tr>
<td>Total</td>
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Source: Mitsui, Shiryō: Miike Sōgi, p. 551.

26. Ibid., p. 357.
In his assessment of the Miike struggle, Shimizu Shinzō underscored a number of points which led to the isolation of the Miike local. He noted that adversarial unionism had developed unequally within locals of the MMF. Indicative of this was the 1956 harmonization struggle at which time the Miike local had gone on strike alone. This in itself did not isolate the Miike local but the actions at the time highlighted the potential divisions within the enterprise federation. More serious, however, was the fact the Miike activists were perceived by other locals as being somewhat arrogant. Instead of overcoming these problems in the period leading up to the lockout, the Miike local failed to develop closer links with other locals or to build its own solidarity network at the rank-and-file level. Furthermore, the local was late off the mark in building a regional solidarity network within the Omuta region where the Miike mine was located. Mitsui Coal, on the other hand, moved quickly to use its influence to build a citizens group in the area that provided substantial support for the company during the course of the struggle. Shimizu also points out to the weakness of the JCU in not developing the anti-rationalization struggle as a mass political movement for the nationalization of the coal mines in 1959. The absence of such a movement meant that coalminers’ struggles could be isolated at the enterprise level where coal companies could easily exploit sectional differences among coalminers.

These points all appear valid but another factor, important in comparative terms, was the informal mechanisms that determined layoff procedures. Employers’

attitudes towards layoffs were beginning to change. They continued to maintain that employment levels were purely management determined but, as the JPC three productivity principles adopted in 1955 reflected, large corporations in Japan were urged to avoid layoffs as a first resort in the case of economic downturns. Furthermore, early retirement was the preferred route if job reductions were necessary. While this had some obvious advantages for core workers, it had the disadvantage of allowing management wide discretion in deciding who was to be laid off. Early retirement was supposedly at the employee’s discretion but, as we have seen, management could use 'shoulder tapping' as an informal means to coerce unwanted employees to retire. A strong union, such as at Miike, could use its influence as a counterweight to management pressure. But without such a counterweight, management maintained tremendous power in deciding who would be laid off. Once the MMF and the JCU had agreed to allow voluntary retirements, it undermined any further possible basis of unity among coalminers.

In North America, on the other hand, employers resorted to layoffs as a quick remedy to economic distress. However, management was also obliged to strictly observe seniority provisions regarding layoffs. Seniority provisions severely limited employer discretion in deciding who was to be laid off and this provided union activists with a strong measure of protection from employer repression. In other words, it would have been extremely difficult for a unionized American firm, for example, to use layoffs as the chief means to terminate union activists.

In some ways, the struggle at Miike reflected the fact that the production
regime in some parts of the coal industry had begun to defy the emerging orthodoxy regarding job tenure. First, the Miike miners had won, it should be recalled, a written ten-year, job security agreement in 1955 that Mitsui wanted to tear up. Second, defending the agreement implied defying Mitsui’s attempt to resort to early retirement as a layoff mechanism. This in turn blocked Mitsui Coal from using informal means for forcing through layoffs. Mitsui thus attempted to set out strict criteria for deciding who was to be laid off and then, when this failed, resorted to naming names. In pursuing these actions, Mitsui exposed its basic intent -- to break the Miike union.

III. Phase Two: Breakaway Union

Having adroitly used the early retirement convention to undermine the potential for solidarity between the Miike local and other unions, Mitsui Coal had succeeded in splitting the Miike local. The JCU was left reeling from the split and from its inability to implement its own directives. Immediately after rescinding the strike order, the JCU applied to the CLRB to have it mediate both the Miike dispute and wage negotiations for all coalminers. With the momentum in its favour, however, Mitsui Coal declined to enter into any further mediation, and so informed the CLRB chairman on March 28. Despite Mitsui’s intransigence, the CLRB announced its intention to mediate but only on the condition that the wage issue be dealt with separately from the Miike dispute. Once again, by de-linking the wage dispute from Miike, another opportunity for united action on the part of coalminers
had been undermined.

The same day it declined the invitation to enter into mediation, Mitsui Coal attempted to restart operations using members of the breakaway union as strike breakers. This led to vicious clashes on the picket lines. In the early morning of March 28, 1500 miners attempted to charge the picket lines at the Mikawa shafts. They clashed with hundreds of miners and supporters of the Miike local who were determined to keep the mines out of operation. Over 100 people were injured in the confrontation. The evening headlines of the daily Asahi shrieked -- "Unions Clash at Mitsui Miike." That evening Mitsui applied for and received from the Fukuoka District Court an injunction prohibiting the first union from entering the Miike mines and forbidding it to interfere with breakaway union members trying to get to the mines.

The Miike local contested the injunction, accusing Mitsui Coal of unfair labour practices for sponsoring the breakaway union, for negotiating with it and for lifting the lockout. The picket lines remained and on March 29, a pro-company goon squad attacked picketers at the gates to the Mikawa shafts. Kubo Kiyoshi, a union picketer was stabbed during the encounter and died shortly after. Miike made national headlines again.

Kubo's tragic death provoked widespread sympathy for the Miike local union and raised the confrontation to the heady plane of national politics. The Asahi editorialized: "Even in the Diet criticism is being raised and the question asked, why

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did the company insist on restarting production when blood was surely going to be spilled. Even the bloody incident between the two unions on March 28 could have been avoided if the company had not attempted to start up again.\(^{29}\)

Thousands of mourners gathered in memorial services for the murdered striker in the following days but, despite the adverse publicity, Mitsui Coal refused to include itself in the CLRB mediation efforts then underway. The JCU and Sōhyō, however, took part in the mediation process and in a meeting with the CLRB on March 30, Sohyō leaders Ōta and Iwai declared:

1) By setting up a second union and employing goon squads the company is trying to destroy the first union. We won't yield and will fight to the end. The death of Kubo has reinforced the unity of workers there. Sohyo also intends to step up the fight at Miike and will send in further reinforcements.
2) The company shows no remorse regarding the recent incidents. If it insists on re-opening the mine the bloodletting can’t be avoided. In order to avoid this worst-case scenario we expect a mediation proposal based on an impartial CLRB analysis.
3) to condone the firing of the 1200 workers is to legitimize future firings due to technological change. Moreover it is a complete denial of workers’ rights and submission to the current policy of making the union movement a hand-maiden to capitalists.\(^{30}\)

The CLRB released its mediation report in early April. The recommendation for a wage agreement for coalminers was released first and called for a 395 yen per month wage increase. This was accepted by both the coal operators and the JCU. The recommendations regarding the Miike dispute were tabled the following day. They called for Mitsui to rescind the December designated dismissals; those named to

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\(^{29}\) Asahi Shirnbun, March 31, 1960, p. 2.

\(^{30}\) As cited in Miike Kumiai, Miike 20 Nen Shi, pp. 368-369.
accept early retirement; Mitsui to pay an additional 10,000 yen severance allowance; and for the company to help find laid off employees new work and to consider rehiring them once the company was back on its feet.31

Acceptance of the mediation proposals would have meant defeat for the Miike local. Nevertheless, it is quite likely that the MMF and even the JCU would have reluctantly accepted the deal had it not been for the death of Kubō a few weeks earlier. The stakes had indeed gone up.

The CLRB proposals were to be submitted to the JCU’s 25th convention beginning on April 8. However, with the JCU struggle committee deadlocked over the proposals, the convention was delayed a day. Immediately after it opened, the convention recessed as various factions jockeyed for position. The MMF threatened to disaffiliate if the convention failed to ratify the proposals. The Miike local, whose executive had unanimously rejected the mediation report, sent its own delegation that pleaded for the JCU also to reject the report. Sōhyō’s chairman, Ōta Kaoru, opened the JCU convention and called on delegates to support the Miike local and reject CLRB chairman’s report. Sōhyō’s general council met twice in emergency meetings just prior to and during the JCU convention at which time new measures of support were adopted including a further 150 million yen in financial aide. After intense and painful debate, the JCU delegates voted to reject the Kobayashi report on April 17. The MMF walked out of the convention in disgust and on April 18, the Miike local withdrew from the enterprise federation. As the Miike union later summarized: "The

period from the formation of the breakaway union and the failure of JCU directive 203 to the rejection of the Kobayashi report caused qualitative changes in the nature of the Miike fight. It transformed a JCU dispute into a Sōhyō battle and brought about a new phase in the struggle.  

IV. Phase Three: Nation-Wide Mobilization

Sympathy over Kubō’s death and Sōhyō support breathed new life into the Miike local. At the mine itself, the confrontation centred on control of the central hopper through which all coal had to pass prior to being loaded for shipment. Members of the second union were mining coal, albeit at a reduced rate, but as long as picketers kept the hopper from operating no coal could get out.

On April 20, picketers and strikebreakers clashed at the hopper and a number of people were injured. This was followed by a major incident on May 12 when police charged 2,000 picketers at the hopper. 180 workers sustained injuries in that violent encounter. Meanwhile, the town of Omuta was in a state of siege as townspeople aligned themselves with either the company or the union.

As the confrontation continued, thousands of supporters flowed into the town to bolster the union’s picket lines. In March, Sōhyō had called for the establishment of Miike support committees (Miike o Mamoru Kai) on a regional and industry-wide basis. Hundreds of such committees were established in all regions of Japan. They raised funds to support the strikers and hired buses to send down supporters to help

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32 Miike Kumiai, Miike 20 Nen Shi, p. 345.

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on the picket lines. A typical sojourn of union supporters to the Miike front would last five or six days, during which each activist lived in billets or tents and spent endless hours bolstering picket lines or performing support services.

In an extraordinary measure, Sōhyō opted to hold its 14th convention in Ōmuta from June 8-9, the first time it had been held outside of Tokyo. This followed by the JCU’s 26th convention that was held in the Kyushu city of Fukuoka from June 13-14. While somewhat symbolic, the unions’ convening of their annual conventions near Miike served notice that Miike was not simply a regional struggle but was considered a national political struggle, on the same scale as the anti-security treaty struggle then in progress.

Tables 7.2 and 7.3 give some indication of the scale of mobilization of supporters who travelled to Miike in solidarity with the local union. Coalminers and

<table>
<thead>
<tr>
<th>Table 7.2: Nation-wide Mobilization to Support the Miike Union</th>
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<tr>
<td>Period</td>
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<tr>
<td>3.17-4.20</td>
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<tr>
<td>4.21-5.20</td>
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<tr>
<td>5.21-6.20</td>
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<td>6.21-7.16</td>
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<td>7.17-7.25</td>
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<tr>
<td>7.26-8.20</td>
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<td>8.21-</td>
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<td>Totals</td>
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members of Sōhyō affiliates constituted the largest bloc of supporters.

As Table 7.2 indicates, the Miike local overcame its isolation within its own federation, the MMF, through the mobilization efforts of the JCU and Sōhyō. Clearly, the scale of mobilization among coalminers indicated that, if the layoff issue had been handled differently, there existed a great potential for waging a joint struggle by coalminers. As events evolved, however, coalminers lost the option to wage a joint struggle and thus their opposition to coalmine rationalization became concretized through mobilization to support the Miike miners.

The other base of support was among Sōhyō affiliates. A more detailed breakdown of the union affiliation of Sōhyō-dispatched supporters is provided in Table 7.3. The degree of mobilization was extraordinary but the basis of support

<table>
<thead>
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<th>Table 7.3: Sōhyō’s Miike Supporters by Affiliation</th>
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<tr>
<td>Affiliation</td>
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<tr>
<td>Postal Union</td>
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<tr>
<td>Railway Union</td>
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<tr>
<td>Telecom. Union</td>
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<tr>
<td>Others</td>
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<tr>
<td>Sub-totals</td>
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<td>Private Sector</td>
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<tr>
<td>Independent</td>
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<tr>
<td>Regional (labour council)</td>
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<td>Other</td>
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<td>Totals</td>
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differed from that of coalminers. To workers outside the coal industry, the Miike local union had become a symbol of the enduring tradition of independent unionism. As Shimizu points out, many union activists perceived defending the Miike local from Mitsui attack as a defense of independent unionism and their own right to carry on union activities at their workplace. This perspective was closely linked to the popularity of the workshop struggle movement in the late 1950s which Miike had come to symbolize.

Precisely because of the nature of the Miike struggle, the rival conservative union federation, JTUC (Japanese Trade Union Congress), actively intervened to undermine the Miike union. It is not clear whether JTUC conspired with Mitamura and other ultra-conservative groups in setting up the breakaway union that March. In any event, JTUC actively supported it once it was formed. Not only did it send organizers to help the rival union, it actively campaigned against support for the original Miike union both domestically and internationally.

International support for the Miike miners came from both the International Mineworkers Federation and the International Confederation of Free Trade Unions (ICFTU), as well as from the older World Federation of Trade Unions (WFTU). Representatives of the latter two organizations visited Miike in May and June respectively. The ICFTU, at the request of the JCU, agreed to donate $10,000 out of its International Solidarity Fund to the JCU in support of the Miike union. This

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33. Shimizu, "Mitsui Miike Sōgi," p. 511. Shimizu also points out that one reason the Sohyō leadership went all out to support the Miike local was that the leadership in Sōhyō and the Miike local shared a common bond through their membership in the Shakai Shūgi Kyōkai (Socialist Society), a left faction within the JSP led by Sakisaka Itsurō.
decision met with a stern rebuke from the JTUC and the Seamans Union. The JTUC secretary-general, Wada Haruo, wrote to ICFTU executive member Walter Reuther (president of the United Auto Workers in the U.S.) and others complaining about the ICFTU decision. While too long to reproduce in its entirety, the five-page letter constituted a diatribe against the Miike local union. According to Wada: "The serious situation into which the dispute at Miike has plunged may partly be attributed to the employers’ loose, easy-going way, but the union is [in] a position of bearing more than a half of the responsibility for it." The letter accused the Miike local, the JCU and Sōhyō of refusing to go along with rationalization of the coal mining industry and improving productivity. Such a policy, Wada insisted, would harm the coal industry which was "in urgent need of levelling down the costs by means of rationalization and increasing productivity so as to increase the competitive power in relation to oil." Wada supported the breakaway union as a return to democratic unionism:

It is a deplorable fact that in the Japanese trade union movement the trade union democracy can by no means be established without the process of splitting and the formation of rival unions. But we must borne [sic] in mind and be well aware that, due to inexperience, this deplorable fact exists in the Japanese trade union movement.

In conclusion, Wada warned Reuther that continued support for the Miike local would

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34. Haruo Wada to Mr. W. Reuther, dated 22nd June, 1960. Papers of the UAW Washington Office, International Affairs Department, 1956-62, Box 106, Folder 22, Archives of Labor History and Urban Affairs, Wayne State University, Detroit (hereafter referred to as UAW Washington, IAD papers).

35. Ibid., p. 2.

36. Ibid., p. 3.

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seriously jeopardize the ICFTU's standing in Japan and that "a danger might arise of eventually bringing to naught all organizations and activities belonging to the ICFTU in Japan."

The JTUC also published a 9-page paper in English that it distributed to overseas unions that further explained its position of support for the breakaway union. In this document, JTUC accuses the militants of attempting to incite revolution through the strike: "[The Miike union and wives' association] were all completely spell-bound by a delusion of Marxism and were convinced that to bring to ruin the Miike colliery is a way leading to revolution of the Japanese economy."37 The breakaway union, on the other hand, was "challenged with furious hostility and violence, but, refusing to accept the challenge, it concluded an agreement with the employers and completed their preparedness for resuming production." The JTUC also accused the Miike local of "provoking clashes with police officers."

Despite these attempts to undermine the Miike miners' struggle, international support remained solid. However, JTUC's conservative position and its support for what, in the eyes of many, was a scab union did prompt Reuther and others in the ICFTU to attempt to reconcile the bitter factionalism in Japan's union movement in the early 1960s, an issue which will be dealt with in the following chapters.

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V. Phase Four: Summer Showdown

The Miike dispute reached fever pitch in the summer. Pitched battles were fought on the seas, as the Miike local attempted to prevent Mitsui from bringing in strikebreakers and supplies to its island collieries near Kyushu. Responding to a Mitsui petition, the Fukuoka District Court meanwhile placed the area around the Mikawa hopper under the direct legal control of the courts. Armed with this special writ, Mitsui hoped to use the courts and police to completely eject the Miike strikers and their supporters from the hopper area. A bloody climax was in the works.

Sōhyō and the JCU responded to this latest crisis, mobilizing 10,000 union activists to defend the picket line around the hopper. They also called for a mass demonstration on July 17. Tensions reached a boiling point on that day as 20,000 unionists picketing the Mikawa hopper stood cheek-to-jowl with 10,000 police in full riot gear. Not far away, 100,000 Miike supporters gathered in a huge support rally. This mobilization led to a standoff but Mitsui insisted that the riot squad enforce its injunction before the court order expired on July 21, just as a quarter century earlier General Motors had demanded National Guard troops roust the Flint sit-down strikers in 1937. In both cases the state declined to deploy its forces against such an organized force of workers, but the results were radically different.

On July 15, the Kishi cabinet resigned after having pushed through ratification of the security treaty. Kishi’s replacement was Ikeda Hayato. Ikeda, a former finance minister and head of MITI, was inclined to try and diffuse the Miike time bomb. According to Sakurada Takeshi’s biographer, Sakurada influenced Ikeda to

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appoint Ishida Hirohide as labour minister. On the evening of the 18th, Ishida worked with ministry officials and outlined three conditions or principles upon which the Miike dispute would be resolved: avoiding bloodshed, respect for the law, re-submission of the dispute to the CLRB for binding mediation.

The Miike local, the JCU and Sohyō accepted this fateful proposal but, as in the past, Mitsui Coal was reluctant to relinquish its control over the dispute. At this point, Ikeda, Sakurada and Ishida stepped in. In an early morning breakfast meeting on July 20, Ikeda joined Sakurada and other powerful business leaders as well as officials from Mitsui Coal convened to discuss the dispute. Details of what exactly transpired at that meeting are not available but, judging from later events, it appears the business leaders convinced Mitsui Coal to refrain from demanding enforcement of its injunction in return for an informal but powerful guarantee that the CLRB mediation would vindicate the company’s position of purging the Miike local.

This meeting was followed by another at Mitsui headquarters. Attending were Ishida, Sakurada, Satō Kiichiro, other Nikkeiren officials (including possibly Maeda Hajime), Keidanren vice-president Uemura Kogoro, the head of the Japan Chamber of Commerce as well as Mitsui Coal officials. There, the details of the compromise were flushed out and Mitsui Coal subsequently announced that it would go along with mediation.

Picketers at the Miike mine were happy, knowing that Mitsui Coal had been obliged to give up on forcing implementation of its injunction. On the other hand,


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unease was also present. What would mediation deliver?

On August 10, the CLRB came down with its ruling which included the following points:

-the designated layoffs appeared unavoidable and it was impossible at that stage to deal with each individual case to establish whether the layoff was justifiable;
-workshop struggles had gotten out of hand and blame was attached to both the company and the union;
-violence had gotten out of hand and was unacceptable;
-the company should rescind its designated layoffs but those named should voluntarily retire;
-those retiring and those named would receive 20 and 50 thousand yen respectively;
-those laid off could appeal their cases to the labour board or the courts;
-the government and company would work to find those laid off new jobs;
-the company and unions would form a committee to work out details to restart production and the company would not discriminate between the new and old unions.39

Mitsui accepted the proposals with minor qualifications but, because the proposal permitted the layoff of union militants and relegated any further challenges to legal recourse only, the Miike local rejected the mediation proposal. However, the Miike local could not make the decision to reject the proposal and prolong the

39. A copy of the mediation proposal is contained in Mitusi, Shiryö: Miike Sôgî, pp. 710-711.
lockout/strike on its own. The issue would be thrashed out at the JCU’s 27th convention to begin in Tokyo on August 18.

The JCU was in an impossible position and delegates soon found themselves in a deadlock. The convention adjourned temporarily as deliberations moved into the back rooms. Both rank-and-file delegates and union officials agreed that the Kobayashi proposals were unacceptable. Indeed, had a vote on the mediation package been taken, it probably would have been rejected. However, top union leaders felt that the tide had turned and that, even if delegates rejected the proposal, the union movement would be unable to mount the necessary campaign to sustain the fight at Miike. However, instead of facing this question squarely, union officials manoeuvred to shift the debate to the future struggle against rationalization. In the wee hours of September 3-4, union officials drafted a general proposal:

a) the JCU reaffirmed its plan to oppose the rationalization program and its determination to halt the layoff of 110,000 miners, using force if necessary;

b) workshop struggle would be institutionalized under the direction of the appropriate union body;

c) the union would demand the government and companies implement unemployment relief and re-employment measures and, until the dispute was resolved, the union would support the Miike struggle and implement a JCU united strike. It authorized the central struggle to call the strike at the appropriate time. This proposal became the conditions in a conditional acceptance of the mediators report.

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40. As cited in Miike Kumiai, Miike 20 Nen Shi, p. 444.

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The JCU convention reconvened in plenary session at 1:35 p.m. on September 6 and, after some preliminary skirmishes, the convention voted unanimously to endorse the three-point proposal. It was, in effect, acceptance of the mediator’s report. An Asahi journalist captured the agony of the historic moment:

"When the CLRB mediation proposal was adopted, the 60 people from the Miike local who were crammed into the back of the JCU convention remained silent, neither clapping nor speaking. They appeared stupefied. Among the miners’ wives with their white headbands, a few women cried. A number of motorcycle riders, of about ten or so who had come up to the convention in khaki suits and white helmets, struggled to take off white jerseys inscribed in bold letters "Reject the Mediation Proposal". Most of the Miike wives are in tears or are wiping their faces with handkerchiefs. It wasn’t unexpected but as one terminal in a long, bitter struggle—and having to swallow 1,200 dismissals—the disappointment went deep. Looking at those faces even I feel tears on the way. Later in the hallway wives hugged each other, crying. "Stop crying now, it’s not a time for tears," Sakisaka Itsuro softly chides them, his own eyes red with emotion. At that the wives burst out, tears rolling down their cheeks. The CLRB proposal was adopted amid Miike’s tears of grief."

Two hundred and twenty six days after Mitsui locked out its miners, the struggle had come to an end. Following the JCU vote, the Miike local had little choice but to go along with the mediation proposal. It took months, however, to work out a return-to-work protocol and thus miners from the original Miike local only re-entered the mines on December 1, 1960. The original union survived, scarred but resolute, and it continued an ongoing struggle to preserve its autonomy. Thirty years

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41. Asahi Shimbun, September 6, 1960 as quoted in Miike Kumiai, Miike 20 Nen Shi, pp. 445-446.
later, the original union still existed but it only represented a fraction of the remaining Miike miners.

VI. Commentary

The intensity and scale of the Miike dispute challenges traditional periodization of industrial relations in Japan. Most conventional histories tend to portray industrial relations as harmonious and stable by 1955 or so. But the Miike dispute, and the extensive involvement of tens of thousands of workers from other unions, indicates that stability was tenuous at best. In fact, the dispute at Miike exposed sharp cleavages within society in the late 1950s. This was partially due to the fact that employers, as represented by Nikkeiren, continued to rely on coercion to undermine independent unions in many instances. Furthermore, employers continued to take a hard line in wage negotiations, particularly in terms of base rate increases, as evidenced in the strikes in the steel industry in 1957 and 1959. Government workers chafed under the continued restrictions of their right to strike and bargain collectively. These factors all contributed to ongoing resentment among workers for their employers and created a strong base for Sōhyō which continued to occupy centre stage in industrial relations despite attempts by JTUC to undermine it. And Sōhyō continued to emphasize that unions should maintain their independence from employers, develop intra-union bonds of solidarity, and undertake adversarial actions.

if necessary to win their demands.

However, in the 1955-60 period, employers continued to win some important battles including the Oji Paper dispute in 1958, the steel strikes in 1957 and 1959 and, finally, the great coal battle at Miike in 1960. Employers remained intransigent and they were often directly aided by enterprise unionism as the Miike dispute showed. Labour’s internal divisions seriously undermined workers’ ability to resist employers and the subsequent defeats further weakened the independent union current within Sōhyō. But the problem was that these battles did little to encourage an entente between employers and employees. Instead they engendered resentment and hostility because employers consistently had to revert to coercion to win their points.

The Miike battle was of such a scale that the highest echelons of the ruling elite came to realize that a continuation of Nikkeiren’s aggressive tactics was not always in the best long-term interests of the system. In that sense, the Miike dispute marked a subjective recognition of the need to move from a coercive to a hegemonic regime.

If the Miike experience underscored the limits to coercion, it also pointed to some important insights about the nature of job tenure. Nikkeiren did not approve of written job security agreements such as the one that existed at Miike in the 1950s. Such an agreement, in Nikkeiren’s view, was an infringement on managerial rights. Thus, the evolving managerial commitment to job tenure was often tacit. It was also contingent on the health of any given sector. In an immediate sense, the employers’ victory in the Miike dispute gave the green light to the government and the coal operators to begin the massive rationalization and virtual elimination of coal mining as
an industry in Japan. The postwar employment record in coal was one of disappearing jobs and deteriorating working conditions. However, the turmoil that arose also taught management that it should tread softly when jobs were at stake. The post-Miike coal story, the development of high-growth industries, and the consolidation of Japan’s market hegemony are discussed and analyzed in the next chapter.
Chapter 8

High Speed Growth

and

Unequal Development

Most accounts of Japan’s postwar history agree on one point: 1960 marked a watershed in socio-economic affairs. The social unrest of that year was rooted in opposition to renewal of the security treaty with the United States, and labour and community opposition to the attempt to break the Miike union. It led to massive popular demonstrations involving millions of people and, in the course of confrontation, to the deaths of activists and the eventual resignation of the prime minister, Kishi Nobusuke. The social upheaval of 1960 wrote an indelible chapter in Japan’s postwar development and acted as midwife to the birth of Japan’s hegemonic regime. It was at this historical conjuncture that Ikeda Hayato came to the fore as the new leader of the Liberal Democratic Party. Ikeda assumed the mantle of government in the summer of 1960, during the heat of the Miike dispute, and his ascent to power symbolized elite recognition of the need for a more sophisticated approach to labour
and the triumph of a Fordist vision of development.¹

Prior to 1960, the main thrust of economic development had been based on linking the Japanese economy to the world marketplace by making export development in heavy industry the benchmark for economic growth.² Capital accumulation to fund the technological and infrastructural aspects of this strategy occurred through a low-wage policy and extension of the work week for all sectors of the workforce, although workers in the smaller enterprises were most adversely affected.

In pursuit of their objectives, employers in strategic sectors hammered unions displaying signs of independence or militancy. The upshot of this process was the reinforcement of managerial control that was displayed in the performance-based wage system and in almost exclusive managerial rights in the workplace (the absence of union job rules). Unions in many worksites were crushed or forced to abandon adversarialism and became sounding boards or consultative bodies. Employers, for their part, displayed a propensity towards retention of a core workforce and an abhorrence for the open labour market.

In terms of capital accumulation and international competitiveness, however,

¹. Not much has been written in English about Ikeda. For a brief account of his career see Chalmers Johnson, MITI and the Japanese Miracle, (Stanford, Stanford University Press, 1982).

². The emphasis on heavy industry began with the priority production plan in the late 1940s and continued in the 1950s through government financial support for capital construction in steel and shipbuilding. By the end of the decade, steel and ship exports were worth almost double that of textiles, hitherto the leading export commodity. See Table 17, in Nihon Boeki Kenkyū Kai, Sengo Nihon no Boeki 20 Nen Shi, (Tokyo, Tsusho Sangyo Chōsa Kai, 1967), p. 36. For details on the capitalization and rationalization of heavy industry, see Yutaka Kosai, The Era of High Speed Growth, (Tokyo, University of Tokyo Press, 1986), pp. 80-92.
the economic strategy had worked. By the end of the 1950s, Japan’s overseas steel shipments alone had reached 34 percent of all exports. Yet, when Toyota began producing its first domestic car in 1955 it had been unable to purchase the necessary fine-grade steel for the roof and hood domestically and had to import it from the United States. The producer and consumer-based sectors of the economy remained unlinked from a Fordist perspective. Furthermore, the export orientation alone left Japan vulnerable to downturns in the world economy and the strategy of rapid, extensive accumulation left little room for accommodation of domestic wage demands, demands that were becoming more vociferous through the organization of labour’s spring offensive after 1955. Social tensions continued to escalate until they ignited in the 1960 Miike conflagration and the security treaty struggle. Ikeda’s subsequent ascent to power reflected a recognition in the political elite of the need to avoid a repetition of the Miike debacle and the necessity for some form of social contract for Japan.

Ikeda had made his reputation as an economic planner and in the 1950s played an important role in shaping some of the most important government-sponsored institutional mechanisms for capital accumulation including the Japan Development Bank and the Fiscal Investment and Loan Plan. The latter allowed people to open tax-free savings accounts in the post office that, as incomes grew, became a major source of investment finance.

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After taking office in 1960, Ikeda announced his famous income-doubling policy. This policy represented the adoption of classic Fordist policy — the attempt to link the producer goods sector with the consumer goods sector by increasing domestic consumption. Ikeda took his message directly to employers. He addressed the 1961 Keidanren convention and told employers that it was time to loosen the purse strings somewhat. Wage hikes, he declared, had not in a single instance surpassed productivity increases in the previous decade and therefore increased wage levels could be justified.5

Ikeda’s commitment to economic expansion through increased domestic consumption represented an attempt to establish some balance among different economic sectors and to defuse potentially dangerous social tensions. While conscious of the need to release these tensions through consumerism, Ikeda’s commitment to domestic expansion was inspired not by latent egalitarianism or pro-labour sentiments but rather by a nationalist appreciation of the mechanisms of Fordism: Japan had to balance its export-oriented sectors with domestic expansion in order to continue to improve its international position.6 Thus state intervention was directed mainly at helping to maximize accumulation through policies and institutions that promoted industrial rationalization, small business development, and finance. Only secondarily did the


6. This transition is illustrated best by the drop in plant and equipment investment in iron and steel production. Nearly 148 billion yen was invested in 1960, but a year later this figure had declined to 36 billion and in 1962 only 10 billion was invested. See Yutaka Kosai, The Era of High Speed Growth, p. 115.
state intervene to help support the reproduction of labour power through welfare policy, and its intervention on labour issues avoided tampering with the modalities of the production regime as it had evolved at the workplace during the 1949-1960 period.⁷

Regardless of the motivation, Ikeda's policies stimulated domestic growth, Japan's economy continued its rapid expansion and this eventually created shortages in the labour market. One effect of such shortages was that employers in smaller firms were obliged to raise their wages relative to those in the large enterprises in order to obtain workers. The growing wage gap between those in small and large enterprises temporarily abated only to re-emerge in the 1970s.⁸ As the decade of growth unfolded, hegemony was achieved on a number of levels. The JSP began to articulate a gradualist program of moderate reform and Sōhyō was unable to develop an alternative program. Even Sōhyō affiliates began to embrace the politics of productivity and became involved in the programs of the Japan Productivity Centre. Key conservative unions shed the most obvious and discredited aspects of their sectarianism and created an opening for bringing over other unions through the creation of the International Metalworkers Federation, Japan Council in 1964.


⁸ There is some debate about the scale of the gap but all sources confirm the general trend towards convergence in the 1960-73 period and a growing wage gap later. For a conservative estimate of wage gap trends see Japan Institute of Labour, Japanese Working Life Profile, Statistical Aspects, (Tokyo, Japan Institute of Labour, 1989), pp. 30-31.

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But the regime that emerged in the 1960s could not escape the stamp of market despotism and extensive employer control that was the hallmark of the earlier period. Thus, even though economic growth accelerated, labour’s position within the hegemonic regime remained somewhat tenuous. Expansion created problems for workers, even for those in the large plants in strategic sectors. And even though expansion dominated, it was also accompanied by decline in a number of important industries. This chapter follows the ups and downs of this period as it unfolded at the workplace. We first look at the growth in the automobile industry using the Suzuki case study. This is followed by an analysis of developments in the coal industry and the public sector, and concludes with a summary for the period.

I. Uneven Development: Ascent of the Automotive Industry

If the 1920s represented the heyday of the machine that changed the United States, the 1960s represented a similar benchmark for Japan’s domestic automobile industry. In 1958, the industry produced less than 200,000 vehicles but by 1970 vehicle production, directed almost exclusively to the domestic market, surpassed the four million mark. The automobile industry in the United States went through the same leap into mass production in the 1910-1922 period. A fundamental difference in the process, however, was that Japan’s automakers had already put in place the elements of the lean, flexible Fordist regime by the early 1960s as described in Chapter 6. Thus as production expanded, Japan’s automakers were finally able to


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take advantage of the economies of scope and scale on a level unprecedented in the history of vehicle manufacturing.

As summarized in Chapter 6, the specific characteristics of the LIF regime were:

   a) a Taylorized division of labour based on interchangeable parts, standardized jobs and job routines;
   b) mass, assembly-line production that could quickly accommodate changes in product lines;
   c) an integrated but highly stratified production complex with a small core workforce;
   d) managerial hegemony over production matters contingent on support from a 'production-first' union, a performance-based pay and promotion system, and a relative absence of job rules;
   e) institutionalized access to workers' knowledge through team production units integrating quality and productivity improvement programs;
   f) an ongoing but qualified commitment to automation.

During the period of expansion, the fundamental characteristics of the system did not change. However, expansion did require an enlargement of the core workforce and fine tuning of some of the other elements of the system.

**Suzuki Motors**

The evolution of production at Suzuki Motors reflected this general trend towards expansion in the 1960s. Table 8.1 shows the dramatic production increases at Suzuki in the 1959-1969 period. Motorcycles remained the mainstay of Suzuki business in the 1960s. Moreover, motorcycle exports particularly to Southeast Asia increased in importance throughout the decade. The domestic market for commercial and passenger vehicles developed quickly
Table 8.1: Fixed Assets and Production Levels, Suzuki Motors (1959-1969)

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed Assets (billion yen)</th>
<th>Motorcycle Units</th>
<th>Vehicle Units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Domestic/Exports</td>
<td></td>
</tr>
<tr>
<td>1959</td>
<td>.927</td>
<td>66,906</td>
<td>737</td>
</tr>
<tr>
<td>1960</td>
<td>1.45</td>
<td>146,189</td>
<td>2,834</td>
</tr>
<tr>
<td>1961</td>
<td>2.47</td>
<td>158,740</td>
<td>6,867</td>
</tr>
<tr>
<td>1962</td>
<td>2.69</td>
<td>165,579</td>
<td>15,245</td>
</tr>
<tr>
<td>1963</td>
<td>4.96</td>
<td>270,985</td>
<td>29,421</td>
</tr>
<tr>
<td>1964</td>
<td>6.39</td>
<td>380,338</td>
<td>71,163</td>
</tr>
<tr>
<td>1965</td>
<td>6.71</td>
<td>334,364</td>
<td>98,800</td>
</tr>
<tr>
<td>1966</td>
<td>8.36</td>
<td>447,472</td>
<td>170,332</td>
</tr>
<tr>
<td>1967</td>
<td>11.65</td>
<td>402,541</td>
<td>124,562</td>
</tr>
<tr>
<td>1968</td>
<td>16.21</td>
<td>366,610</td>
<td>92,869</td>
</tr>
<tr>
<td>1969</td>
<td>19.68</td>
<td>400,617</td>
<td>---</td>
</tr>
</tbody>
</table>

Source: Suzuki Jidōsha, 50 Nen Shi, pp. 510-512

in the latter part of the decade. However, four-wheeled vehicle exports remained marginal and did not exceed 700 units per year until after 1967.

Suzuki opened new plants in this period and absorbed Nikkō Sangyō (Toyokawa Works) in 1971. Prior to the amalgamation, Nikkō Sangyō had assembled light commercial vehicles under contract to Suzuki. Table 8.2 highlights the domestic expansion of plant and equipment. In the 1960s, Suzuki also began to build overseas assembly plants particularly for re-assembling knock-down units.

The heavy investment in new plant and equipment in the 1960s was dedicated
Table 8.2: Suzuki Plant Expansion, 1960-1971.

<table>
<thead>
<tr>
<th>Plant</th>
<th>Year</th>
<th>Location</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters</td>
<td>1921</td>
<td>Takatsuka, Shizuoka</td>
<td>Head office, machining, motorcycle engines.</td>
</tr>
<tr>
<td>Iwata</td>
<td>1967</td>
<td>Iwata, Shizuoka</td>
<td>Commercial vehicles</td>
</tr>
<tr>
<td>Otsuka</td>
<td>1969</td>
<td>Ogasa, Shizuoka</td>
<td>Aluminum castings</td>
</tr>
<tr>
<td>Kosai</td>
<td>1970</td>
<td>Iwata, Shizuoka</td>
<td>Assembly of passenger cars and light vans</td>
</tr>
<tr>
<td>Toyokawa</td>
<td>1961</td>
<td>Toyokawa, Aichi</td>
<td>Motorcycle assembly</td>
</tr>
<tr>
<td>Toyama</td>
<td>1969</td>
<td>Ōyabe, Toyama</td>
<td>Motorcycle assembly</td>
</tr>
</tbody>
</table>

Source: Suzuki Motors, 50 Nen Shi.

to increasing production capacity to keep pace with the expanding domestic and export markets. As in the case of many large manufacturing companies, Suzuki hired new graduates (high school, junior and technical college and university levels) each April. As the economy expanded the labour market tightened in the Shizuoka area and Suzuki’s decision to build its new motorcycle assembly plant in Tōyama in western Japan reflected its desire to tap new regional sources of labour. Table 8.3 charts the growth in employment at Suzuki in the 1959-1974 period.

Employment opportunities expanded dramatically at Suzuki’s main plants until the 1973 recession, after which jobs were cut, mainly through attrition. Besides increased employment, Suzuki workers also began to see some improvements in compensation and the length of the work week.

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<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
<th>Net Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959</td>
<td>1,253</td>
<td>+136</td>
<td>12.2</td>
</tr>
<tr>
<td>1960</td>
<td>1,361</td>
<td>+108</td>
<td>8.6</td>
</tr>
<tr>
<td>1961</td>
<td>1,549</td>
<td>+188</td>
<td>13.8</td>
</tr>
<tr>
<td>1962</td>
<td>2,053</td>
<td>+504</td>
<td>32.5</td>
</tr>
<tr>
<td>1963</td>
<td>2,536</td>
<td>+483</td>
<td>23.5</td>
</tr>
<tr>
<td>1964</td>
<td>2,850</td>
<td>+314</td>
<td>12.3</td>
</tr>
<tr>
<td>1965</td>
<td>3,480</td>
<td>+630</td>
<td>22.1</td>
</tr>
<tr>
<td>1966</td>
<td>3,619</td>
<td>+139</td>
<td>4.0</td>
</tr>
<tr>
<td>1967</td>
<td>3,810</td>
<td>+191</td>
<td>5.3</td>
</tr>
<tr>
<td>1968</td>
<td>4,266</td>
<td>+456</td>
<td>12.0</td>
</tr>
<tr>
<td>1969</td>
<td>5,331</td>
<td>+1,065</td>
<td>25.0</td>
</tr>
<tr>
<td>1970</td>
<td>6,542</td>
<td>+1,209</td>
<td>22.7</td>
</tr>
<tr>
<td>1971</td>
<td>7,956</td>
<td>+1,414</td>
<td>21.6</td>
</tr>
<tr>
<td>1972</td>
<td>9,485</td>
<td>+1,529</td>
<td>19.2</td>
</tr>
<tr>
<td>1973</td>
<td>9,121</td>
<td>-364</td>
<td>-3.8</td>
</tr>
<tr>
<td>1974</td>
<td>8,875</td>
<td>-246</td>
<td>-2.7</td>
</tr>
</tbody>
</table>


Wages

The incentive wage structure was slightly altered during the expansion period. In 1967, Suzuki eliminated all production-based bonuses and at the same time introduced an eight-step incremental scale for each of the 20 pay grades. The result was a wage grid with 160 steps. Movement through the grid remained a function of regular performance evaluations.

Another change occurred in 1969 at which time Suzuki introduced a small
allowance for particular jobs. This did not alter the basic pay structure, however, and the base rate and incremental level (both influenced by the performance evaluation) remained the two substantial components of the wage system. As the automotive industry expanded, Suzuki employees pressed for wage increases as part of the Spring offensive. The result was a gradual rise in nominal and real wages, a trend that

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Wage</th>
<th>Starting Wage Male</th>
<th>Starting Wage Male High School Grad.</th>
<th>Average Wage Increase</th>
<th>Average Bonus (Yearly basis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>22,862</td>
<td>9,582</td>
<td>15,570</td>
<td>1,740</td>
<td>119,528</td>
</tr>
<tr>
<td>1961</td>
<td>25,877</td>
<td>10,670</td>
<td>17,580</td>
<td>2,550</td>
<td>141,184</td>
</tr>
<tr>
<td>1962</td>
<td>25,346</td>
<td>12,103</td>
<td>19,268</td>
<td>2,500</td>
<td>121,289</td>
</tr>
<tr>
<td>1963</td>
<td>26,468</td>
<td>14,150</td>
<td>20,260</td>
<td>3,000</td>
<td>150,000</td>
</tr>
<tr>
<td>1964</td>
<td>30,425</td>
<td>15,025</td>
<td>21,620</td>
<td>3,500</td>
<td>160,000</td>
</tr>
<tr>
<td>1965</td>
<td>34,471</td>
<td>16,195</td>
<td>22,210</td>
<td>3,000</td>
<td>147,000</td>
</tr>
<tr>
<td>1966</td>
<td>38,194</td>
<td>16,785</td>
<td>23,380</td>
<td>3,100</td>
<td>159,000</td>
</tr>
<tr>
<td>1967</td>
<td>38,409</td>
<td>18,000</td>
<td>25,000</td>
<td>3,830</td>
<td>170,000</td>
</tr>
<tr>
<td>1968</td>
<td>41,495</td>
<td>20,000</td>
<td>29,000</td>
<td>4,927</td>
<td>184,000</td>
</tr>
<tr>
<td>1969</td>
<td>39,046</td>
<td>24,500</td>
<td>34,000</td>
<td>7,050</td>
<td>213,000</td>
</tr>
<tr>
<td>1970</td>
<td>46,221</td>
<td>28,000</td>
<td>38,000</td>
<td>8,700</td>
<td>255,000</td>
</tr>
<tr>
<td>1971</td>
<td>54,901</td>
<td>34,000</td>
<td>43,000</td>
<td>8,700</td>
<td>272,000</td>
</tr>
<tr>
<td>1972</td>
<td>64,398</td>
<td>41,000</td>
<td>51,000</td>
<td>9,900</td>
<td>312,000</td>
</tr>
<tr>
<td>1973</td>
<td>78,867</td>
<td>50,000</td>
<td>62,000</td>
<td>14,250</td>
<td>405,000</td>
</tr>
<tr>
<td>1974</td>
<td>103,611</td>
<td>66,000</td>
<td>81,500</td>
<td>24,500</td>
<td>515,500</td>
</tr>
</tbody>
</table>

accelerated in the 1969-1974 period as indicated in Table 8.4.

By the early 1960s the bonus component of the wage package had reached its postwar peak, equal to about five months wages or almost 30 percent of yearly wages. Wage and bonus increases in this period reflected a standard formula of matching inflation plus a productivity increase. This formula was also followed in the automobile industry in the U.S. during the same period. Another significant trend was that starting rates increased at a faster pace, reflecting the increasing difficulty in recruiting as the labour market tightened particularly in the late 1960s. At the same time, gender discrimination at Suzuki defied the equal pay for equal work formula. The gap between starting rates for female and male high school grads increased from about 300 yen per month in 1960 to 3,000 in 1972.

Problems of Growth

Even as wages improved, workers faced serious problems in the workplace. The length of the work day, transfers, health and safety and shiftwork were all thorns in workers’ sides that created challenges for the consultative model of labour-management relations. At times worker frustration could not be contained, at which point the consultative model broke down and the enterprise union resorted either to repression or job action.

The Suzuki union considered the long work week its major problem and in 1961 it launched a major campaign to win the 40-hour work week over a three year
That year, the work week was reduced to 44.5 hours and then to 43 and 42 hours in 1962 and 1963 respectively. These decreases reflected a reduction in Saturday work hours from 6.5 to 4 hours. All employees continued working at least half a day every Saturday until 1964. But in 1964 the union’s campaign stalled in the face of management intransigence. As part of the reduction to a 42-hour week, Suzuki had agreed to begin experimenting with alternating half-day Saturday shifts. In other words, employees would get a full weekend off every second week. On Sept. 30, however, management advised the union that it would not continue with the experiment in alternating weekends off. The union issued a protest and began formal negotiations with the company but was unable to win its demand. It never resorted to job action to back its position. As a concession the company did increase annual vacations by four days. For the next ten years, until 1972, Suzuki employees did a daily shift of seven hours 35 minutes and went into work every Saturday for another half-day, not including overtime. As we shall explore in more detail in the summary to this chapter, that the union was unable to win the 40-hour week at this time was an indication of the weakness of enterprise unionism, a weakness that left Japan’s workers tied to the treadmill of production longer than workers in any other industrialized country.

Another major irritant that developed in this period, particularly in the late 1960s, was transfers. In 1969, the company moved to increase its market share and transferred over 1,000 employees to dealerships across the country from which they

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went out door-to-door to drum up new business. Transfers also took place as the new plants came on stream in the 1969-71 period. As Suzuki rationalized its operations, workers had to accept permanent or temporary transfers to the new plants. As the union's Takatsuka local put it: "Problems relating to the transfer of union members occurred as the company grew and we had numerous shop-floor and local executive meetings to negotiate with the company over work conditions and job placement for the transferees."11

Furthermore, transfers were used to balance production in response to market changes. For example, in 1972 demand for autos dropped while demand for motorcycles and commercial vehicles picked up. Suzuki consequently shifted personnel from Kosai to Takatsuka and from Takatsuka to Iwata. The Kosai local recalled: "All sorts of problems, including transfers to other plants and extensions of transfers, occurred as we switched to a regular shift at the beginning of the year because of the decline in compact cars."12 The festering problem burst into the open in summer 1973 when a number of workers went to court to demand a stop to the transfers. Not only unsuccessful in this, the employees also ran into problems with the union. The Takatsuka local described its version of events: "In July, a number of union members who had been ordered to transfer took on the company applying for an interim injunction against the transfers on the basis that they constituted an unfair labour practice. The local made an effort to include the said workers in collective bargain-

12. Ibid., p. 215.
ing but [dissident] elements who attempted to split the union appeared."

The dissident workers’ version of events remains to be told. What was clear, however, was that management’s use of labour as a flexible component of the production system met with resistance from workers.

Safety was another issue in this period. In 1970 a worker was killed in the press section of the Kosai plant just after start up. Major accidents also occurred in the Iwata plant in the 1972-73 period and the union cited the company for 375 safety violations in 1973 alone. A fire erupted in the paint shop of the Kosai plant in February 1973. These accidents led to a major campaign to improve safety standards under the direction of the health and safety committees which, according to labour law, were joint labour-management committees.

The extended work week continued to be a thorn in workers’ sides. In 1972 the company finally agreed to reinstate the program for alternate Saturdays off but even then some workers were excluded from the program. For example, at the Iwata plant employees were unable to implement the plan as scheduled in May that year because they were too busy keeping up with new orders for light commercial vehicles! The Toyama local also cites the work week as the principal problem in 1972. Finally in 1974, 12 years after the union has first called for a 40-hour work week, the company conceded the five-day, 40-hour week. Part of the motivation

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15. Ibid., p. 197.

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which led Suzuki to concede on this issue was the company's desire to get its employees to accommodate Suzuki's increasing demands for shiftwork.

As mentioned above, the union had provisionally agreed to allow shiftwork in 1969, but the issue was constantly being re-negotiated as new plants opened or as workers protested against the new system. Suzuki, in a desperate attempt to resolve the issue once and for all, tried to make its offer for the 1973 summer bonus contingent on full employee compliance regarding shiftwork. Much to its surprise, the union responded by calling a two-hour work stoppage in all the plants. As the machines ground to a halt, employees gathered in courtyards of every plant to hear union officials explain how the company was unjustly trying to link the two issues. In the end the union gave in, however, and by summer 1973 most plants were operating with two shifts.

The 1969-73 expansion also brought changes in the organization of the Suzuki union. In 1970 the union began to establish local branches in each plant and two years later it sponsored the founding of a federation of unions in Suzuki-affiliated subcontractors, the Suzuki Jidōsha Kanren Rōdō Kumiai Rengōkai or Suzuki Rōren for short (Federation of Suzuki Automobile Affiliated Unions). However, these new affiliates represented only a very small proportion of the workers employed in Suzuki sub-contracting firms.

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Suzuki and the Automobile Sector

Because of Suzuki’s mixed motorcycle, auto and truck product line it is not possible to make exact comparisons of productivity with other vehicle manufacturers such as Nissan or Toyota. What can be said with reasonable certainty, however, is that the expansion that Suzuki experienced in this period was a general trend. As Table 8.5 indicates, automobile production finally came of age in the 1960s and the main market was domestic sales. Even as late as 1970, 80 percent of all automobiles produced were sold internally. After the 1973-74 recession, however, exports accelerated at a rapid pace and by 1980, 54 percent of all vehicles produced were sold overseas.

As at Suzuki, the rapid expansion of production led to increased employment opportunities at the major automobile manufacturers such as Nissan and Toyota. Table 8.6 indicates the scale of employment growth at the two major car producers. Employment at both automakers increased four-fold in the 1960-70 period, a scale

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Units</th>
<th>Domestic Sales</th>
<th>Exports</th>
<th>Export Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>481,551</td>
<td>407,963</td>
<td>38,809</td>
<td>8.1</td>
</tr>
<tr>
<td>1965</td>
<td>1,875,614</td>
<td>1,661,856</td>
<td>194,168</td>
<td>10.4</td>
</tr>
<tr>
<td>1970</td>
<td>5,289,157</td>
<td>4,097,361</td>
<td>1,086,776</td>
<td>20.5</td>
</tr>
<tr>
<td>1973</td>
<td>7,082,757</td>
<td>4,912,142</td>
<td>2,067,556</td>
<td>29.2</td>
</tr>
</tbody>
</table>

Table 8.6: Vehicle Production and Employment at Toyota and Nissan (1960-1975)

<table>
<thead>
<tr>
<th>Year</th>
<th>Toyota Vehicles</th>
<th>Toyota Employees</th>
<th>Nissan Vehicles</th>
<th>Nissan Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>149,694</td>
<td>10,091</td>
<td>129,893</td>
<td>11,008</td>
</tr>
<tr>
<td>1965</td>
<td>480,897</td>
<td>24,758</td>
<td>352,514</td>
<td>25,422</td>
</tr>
<tr>
<td>1970</td>
<td>1,592,888</td>
<td>41,720</td>
<td>1,421,142</td>
<td>46,986</td>
</tr>
<tr>
<td>1975</td>
<td>2,463,623</td>
<td>49,090</td>
<td>2,111,957</td>
<td>51,654</td>
</tr>
</tbody>
</table>


Slightly less than at Suzuki where employment increased five times in the same period.

Wages at Nissan and Toyota increased at an even faster rate than at Suzuki although all three producers loosened the purse strings in accordance with the Fordist imperative (articulated in Ikeda’s income doubling plan) to increase the purchasing power of workers in order to create the mass market necessary for mass production. Living standards in Japan began to rise but from the vantage point of international competitiveness, Japan retained an important edge because of its comparatively low labour costs. During the 1961-1971 period, for example, wages at Suzuki (including bonuses) rose from $104 per month (Canadian) to $215 per month. The equivalent figures for Canadian transportation equipment workers was $380 to $692.

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17 According to Cusumano, in 1983 the average monthly wages at Toyota were 283,000 yen, at Nissan 255,000, and at Suzuki, 236,000. *The Japanese Automobile Industry*, p. 170.
per month. In other words, Suzuki's wage bill per employee was about 27 percent of that of an automaker in Canada in 1961 and about 31 percent in 1971. Relatively inexpensive wage costs were an important factor in Japan gaining an edge in the export market during the early 1970s. This advantage diminished later, however, as wages rose substantially in Japan in the 1972-75 period. Even more important was the appreciation of the yen after 1971 which seriously reduced Japan's wage advantage.

The significance of the ascent of Japan's domestic automobile industry only becomes clear, however, in comparative perspective. What was most dramatic was the phenomenal rise in productivity in this period. Table 8.7 gives a rough idea of the scale of nominal productivity increases: While G.M. and Ford appeared to stand still, productivity at Nissan and Toyota went up by more than 300 percent.

<table>
<thead>
<tr>
<th>Table 8.7: A Japan-U.S. Comparison of Nominal Productivity, 1960-1975 (Unit: Vehicles per Employee)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G.M. (Worldwide)</td>
</tr>
<tr>
<td>Ford (U.S.)</td>
</tr>
<tr>
<td>Chrysler (worldwide)</td>
</tr>
<tr>
<td>Nissan</td>
</tr>
<tr>
<td>Toyota</td>
</tr>
</tbody>
</table>


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18. Canadian figures are from Statistics Canada, Employment, Earnings and Hours as cited in Wood and Kumar eds., The Current Industrial Relations Scene in Canada 1978 (Kingston, Queens University, 1979), p. 460. The exchange rate was 360 yen per Canadian dollar.
But as Cusumano points out, it would be truly miraculous if Japan's autoworkers were four or five times more productive than American workers. And in fact they were not.

The extremely high productivity levels mask the elaborate sub-contracting structure which was responsible for about 70 percent of the manufacturing costs for cars sold under the Nissan, Toyota and even the Suzuki brand label. If one takes the ensemble of the production complex in both countries, Japan's productivity advantage drops from the nominal four or five times more productive, to a factor of about 50 percent more productive. But even a 50 percent productivity advantage is lethal in terms of international competitiveness.

Cusumano concluded that the primary pulses that made automobile manufacturing in Japan more productive were: extensive sub-contracting; the need to adapt mass production techniques to a small domestic market (rapid machine set-up and mixed assembly); and extensive and innovative use of quality control processes. The conditions that permitted the emergence of lean, flexible manufacturing were, according to Cusumano, "company unions" and protection against imports. My findings re-enforce Cusumano's with certain further clarifications. The incentive-based wage system, although slightly modified in the 1960s, provided the economic basis for employers retaining substantial control over the labour force.

As described in previous chapters, essential elements of the new production

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20. Ibid., pp. 377-381.
regime, including flexible manufacturing and work practices, the performance-based wage system and enterprise unionism had evolved in the 1950s. In the 1960s, the most notable development internal to the regime itself was the rapid spread of the quality circle movement. Suzuki, Toyota and Nissan institutionalized quality circles as part of the production process although many of the meeting were held after hours and workers were seldom compensated for the time spent in these meetings.

Despite the great strides in productivity and wage increases, life in the factory was no paradise. At Toyota, capacity utilization rates ran consistently over 100 percent. As Kamata Satoshi documented in Japan in the Passing Lane and as the Suzuki workers’ own struggles indicated, workers were subjected to unwanted transfers, speed-up, stress, and extensive overtime. While there were important distinctions among the regimes at Suzuki, Nissan and Toyota, including differences in the functioning of the enterprise unions at each company, all three automakers shared many of the features of the LIF regime. Lean, intensified manufacturing helped raise efficiency and productivity levels but this did not always translate into an improvement in the quality of life for automobile workers.

II. Uneven Development: The Decline of Coal

On December 1, 1960 thousands of Miike miners walked into the coal shafts to dig coal together for the first time in 312 days. The work process may have obliged them to work collectively but their souls remained the prey of divided loyalties. Mitsui Coal, backed by the government, the CLRB, and the scab union,
succeeded in purging its workforce of hundreds of union activists. The 1960 defeat marked the onset of continuous discrimination against and decline of the original adversarial union. Deprived of a united voice in the workplace, Miike miners saw further jobs cut and witnessed their wages and working conditions decline dramatically relative to workers in other major industries. Safety conditions, which the original union had so assiduously helped to improve, deteriorated to the point where, within three years of the return to work, Miike miners would be beset by a catastrophe on a scale unprecedented even within the dangerous mining industry.

The fate of the Miike miners in the 1960s was that of other coalminers, simply writ large. The problems that hounded Miike also dogged the industry as a whole. Between 1960 and 1973, 600 mines would close, over 200,000 miners lost their jobs, families were uprooted, and the coal industry became a major challenge in damage control for the ruling elite. The 1960s may well have been an era of high-speed growth for Japan, but such a term masks the fact that industries like coal, and to a lesser extent textiles, also declined with serious repercussions.

Of course, scholars in and out of Japan have not overlooked the decline of the coal industry. Paradoxically, their accounts of decline often obfuscate even more effectively than unilateral terms such as 'high-speed growth.' For example, in his study of crown corporations, Chalmers Johnson concluded that miners’ high wages and proclivity to strike caused the coal industry to lose its competitive advantage.\(^{21}\) In other words, labour was responsible for the industry’s decline. Similar accounts

are also found among scholarly works by economic historians in Japan such as Arisawa Hiromi.\textsuperscript{22}

For others the decline of the coal industry in the 1960s represents the epitome of successful management of declining industry. Ezra Vogel concluded:

The adjustment was painful, and the pain not over even two decades later. Yet considering the problems involved, Japan’s success -- in speed of adjustment to market forces, positive cooperation of many groups of people, and maintenance of a healthy society -- was as striking in its way as the creation of competitive shipbuilding and machine tool industries.\textsuperscript{23}

To Charles McMillan, a specialist in business administration and former advisor to a Canadian prime minister Brian Mulroney, the government’s management of the coal industry represented a "costly but ruthless recognition of comparative disadvantage in the industrial structure."\textsuperscript{24} These accounts of the decline of the coal industry reflect an anti-labour bias or a glorification of Japanese government and business ability to deal with structural change. A more balanced account reveals a radically different picture of decline.

\section*{Failure of Industrial Policy}

Substantive state intervention in the coal industry in the post-occupation period


dates from 1955 at which time the government decided to protect the coal industry and minimize oil imports. In August 1955, the Hatoyama government passed the Coal Industry Rationalization Special Measures Law. The law called for a mine buyback program, price-fixing mechanisms, a provision for cartels to implement production quotas if necessary, preferential treatment for efficient mines and the establishment of the Coal Industry Advisory Council attached to MITI to regulate the industry. The council was composed of representatives from the coal industry, consumers, as well as academics, but had no labour representation. It was chaired by Uemura Kōgorō, vice-president of the Federation of Economic Organizations and head of its fuel policy committee.

The objective of the government’s rationalization program was to reduce the number of mines, concentrate production in the more efficient mines, and reduce the price of coal for consuming industries. But in the first three years of the program these objectives were utterly abandoned. With the Suez crisis in 1956, demand for coal was increased and MITI turned a blind eye as coal operators made a shambles of the rationalization plan. Small mines actually increased as did their share of production. Prices increased and the top 18 coal operators showed a margin of 12 billion yen in operating profits for 1957 alone! The Japan Development Bank commented: "It is ironic that the Rationalization Special Measures Law, immediately after its implementation, was unable to play much of a role due to the upturn in the coal
industry."

The boom in the coal industry in 1955-1957 created a production frenzy in which MITI as well as coal operators became embroiled. As late as August 1958, MITI itself predicted that coal production would reach 69 million tons by 1967 and that reductions in personnel, if necessary at all, could be achieved through attrition. It was under these circumstances that both Mitsui and Mitsubishi conceded union demands for written long-term job guarantees for their miners in 1958.

Yet, one year later, the Coal Industry Advisory Council penned a dramatic about-turn. It demanded a 1200 yen reduction in coal prices, a production limit of 55 million tons, the layoff of 93,000 miners and a reduction in the number of operating mines. These goals, even harsher than those established in 1955, were adopted as government policy in early 1960. What caused this dramatic reversal?

As noted above, many scholars have pointed the finger at labour costs or strikes, while others have portrayed the energy revolution as inevitable because of coal’s price disadvantage compared to oil. Neither of these positions is particularly convincing. Wages in the coal industry were about 70-80 percent of those in the gas or electrical industry in the 1957-58 period. Steelworkers were making 29,000 yen per month in 1958 compared to 24,500 for coalminers. Nor had high wages

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impeded the coal operators ability to make substantial profits in earlier periods.

As for coal’s competitiveness with regard to oil, it is true that the per calorie price of coal was higher than oil but this had always been the case in postwar Japan. The fact is the gap in price between coal and oil had gone down during the 1950s. In 1952, coal cost 0.24 yen per calorie more than oil but in 1955 it was only 0.10-0.12 more expensive.\(^{28}\) If one were to make a case for competitive disadvantage, coal should have been phased out in 1952 not 1960!

The real reasons for the shift in energy policy can be traced to changes in Japan’s industrial structure. Whereas in the early 1950s the coal industry was a powerful force, by the late 1950s steel had emerged as the key pillar in the export-oriented sector of Japan’s development strategy. Steel production had increased from 3.1 million metric tons in 1949 to 16.6 million in 1959. Even more importantly, steel as well as ships were Japan’s leading edge into export markets. To maintain and improve their competitive positions, steel producers demanded a cut in energy costs. Thus when coal operators made the fatal mistaking of attempting to maintain coal prices (and staggering profit levels) after oil prices began to drop in 1958, the steel industry pounced. They formed a powerful coal consumer lobby group and demanded an end to government protection of the coal industry. Their’s was the voice that Uemura Kōgorō, the Coal Advisory Council and MITI would listen to in 1959-1960.

An additional element in the structural changes was the government position in the late 1950s. Foreign currency reserves had more than doubled between 1955 and

\(^{28}\) See Mitsui Közan, Shiryo: Miike Sōgi, p. 434.

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1960 thanks in large measure to the steel and steel-related exports. Japan could thus afford the increased outlay of foreign currency for oil imports. Furthermore, with the economic growth in the latter half of the 1950s, the government was less concerned about reliance on oil imports controlled by U.S. transnationals. Thus, what had seemed impossible in 1958 became the reality of 1960. Resource-poor Japan began to abandon its coal fields, a process which would devastate mining communities.

It was at this conjuncture that the Miike lockout/strike occurred. The defeat of the Miike local, the JCU’s largest affiliate, and the decision by other locals to negotiate the terms of layoffs rather than attempt to halt them, severely hampered further efforts by the JCU to block the Ikeda government’s plans to limit coal production and phase in oil as a substitute energy source.

In order to prevent complete chaos in energy policy, Uemura Kōgorō had been working behind the scenes to assure a stable transition from coal to oil. In June 1961, the Federation of Economic Organizations announced an agreement whereby the steel and electric power industries would contract for 13 and 20 million tons of coal annually to 1967, thus ensuring a reduced but stable market for coal while permitting an increase in oil imports. At the same time, however, MITI directed its Coalfields General Development Survey Commission to halt all exploration for new thermal coal deposits.29 This reflected the government’s long term plan to eventually phase out coal as an energy source.

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In September 1961 hundreds of miners marched through the streets of Tokyo in their work gear to protest the layoffs hitting the coal fields. The JCU subsequently decided to begin a general strike on April 5, 1963, if the government did not reverse its energy policy. Under attack by the JSP in the Diet, the Ikeda government could not ignore the crisis and Ikeda agreed to meet JCU and industry representatives on April 5. The following day the government announced the formation of a coal fact-finding commission to investigate conditions in the industry and to make recommendations for government policy. As part of the deal, the JCU withdrew its plans for a general strike and coal operators were obliged to refrain from any further layoffs until the commission reported its findings.

The commission tabled its report on October 13, 1962. It upheld the reduced production target of 55 million tons per year and called for further rationalization of the industry which it estimated would result in a further 75,000 layoffs. Coal prices would be cut by a further 1,200 yen per ton. Despite JCU protests, the Ikeda government adopted the recommendations in November. The JCU attempted to block this move by calling for a general strike on December 14. Although major work stoppages did occur, a general strike did not. The wind had been taken out of the formerly powerful JCU sails.

Government attempts to plan decline ran into severe problems in the 1963-1964 period. The goal of coal policy was to maintain production levels at 55 million tons, cut the workforce and thereby lower coal prices. The only way to accomplish this in a short period was to attack labour. Layoffs were accompanied by speed-ups...
in the mines, wage cuts and a serious deterioration in working conditions, the details of which will be provided in the next section. Suffice it to say, miners saw the writing on the wall and a mood of abandoning ship, as government reports called it, spread through the coal fields. MITI had estimated that the mine labour force would be reduced by 38,000 miners in 1963 but over 28,000 miners had already quit or been laid off by the summer. In an ironic twist of events, a labour shortage developed in the coal mining industry.

This prompted the government to re-activate the coal industry commission to find out what was going on. The commission tabled its report in December 1964 and recommended reducing coal production to 52 million tons annually, increasing coal prices and subsidizing interest rates on capital investment. The government adopted the new recommendations in early 1965. Within 10 short years government policy had gone through four flip-flops. The 1955 rationalization plan, the 1958 expansion at any price plans, the 1960 rationalization plans and then the revised 1964 plans made a mockery of "planned decline".

The years that followed witnessed a litany of government 'last words' on coal policy. In 1966, 1968 and 1972, the Coal Industry Advisory Council was called upon to provide advice on government policy as the industry lurched from crisis to crisis. Each report was adopted with minor amendments by the government. The essence of the recommendations was a continual downward revision of production

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levels (from 52 million in 1964 to 20 million in 1972) and heavy subsidization for companies closing mines. Subsidy funds were provided through a 12 percent tariff slapped on imported oil, ten percent of which went into a special coal account.

The effect of the substantial government subsidies for closures were such that coal operators bailed out *en masse* and mine closures proliferated so that by 1972 only 75 mines were operating employing about 34,000 miners. The scale of closures is demonstrated in Table 8.8. Over the 12 year period, the government spent about 59

<table>
<thead>
<tr>
<th>Year</th>
<th>Mines</th>
<th>Production (million tons)</th>
<th>Miners ('000s)</th>
<th>Productivity (tons/miner/mth)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>682</td>
<td>52.6</td>
<td>244</td>
<td>18.0</td>
</tr>
<tr>
<td>1961</td>
<td>662</td>
<td>55.4</td>
<td>213</td>
<td>21.7</td>
</tr>
<tr>
<td>1962</td>
<td>608</td>
<td>53.6</td>
<td>179</td>
<td>24.9</td>
</tr>
<tr>
<td>1963</td>
<td>436</td>
<td>51.1</td>
<td>136</td>
<td>31.3</td>
</tr>
<tr>
<td>1964</td>
<td>322</td>
<td>50.8</td>
<td>116</td>
<td>36.4</td>
</tr>
<tr>
<td>1965</td>
<td>287</td>
<td>50.1</td>
<td>110</td>
<td>38.1</td>
</tr>
<tr>
<td>1966</td>
<td>239</td>
<td>50.6</td>
<td>104</td>
<td>40.3</td>
</tr>
<tr>
<td>1967</td>
<td>205</td>
<td>47.1</td>
<td>92</td>
<td>42.7</td>
</tr>
<tr>
<td>1968</td>
<td>168</td>
<td>46.3</td>
<td>80</td>
<td>47.9</td>
</tr>
<tr>
<td>1969</td>
<td>159</td>
<td>43.6</td>
<td>65</td>
<td>55.8</td>
</tr>
<tr>
<td>1970</td>
<td>102</td>
<td>38.3</td>
<td>52</td>
<td>61.0</td>
</tr>
<tr>
<td>1971</td>
<td>93</td>
<td>31.7</td>
<td>41</td>
<td>63.4</td>
</tr>
<tr>
<td>1972</td>
<td>77</td>
<td>26.9</td>
<td>34</td>
<td>66.0</td>
</tr>
<tr>
<td>1973</td>
<td>57</td>
<td>20.9</td>
<td>25</td>
<td>68.2</td>
</tr>
</tbody>
</table>

billion yen for relief measures for the unemployed. Direct subsidies to coal operators amounted to 260 billion yen for the same period.

The transition from coal to oil as Japan’s primary energy source was neither efficient nor particularly well managed. What it did do, however, was provide massive subsidies to coal companies who used a part of these funds to diversify into other operations. Miners, however, were left holding the bag.

The Effects on Miners

The chaotic decline of the coal industry played havoc with the lives of miners and their families. Over 200,000 jobs were lost in a decade, a tragic indictment of the popular myth of permanent employment in Japan. For those who remained in the pits things were little better, as coalminers wages fell, working conditions deteriorated, and mine explosions became endemic to the point of national scandal.

Table 8.9 illustrates the scale of layoffs in the major coal mining corporations. Seventy-one percent of all mining jobs were eliminated in the major companies in this decade. But this only captures the net job loss. It is estimated that between 1959 and

<table>
<thead>
<tr>
<th>Year</th>
<th>Miners</th>
<th>Office</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>190,686 (100)</td>
<td>23,363 (100)</td>
<td>214,049 (100)</td>
</tr>
<tr>
<td>1968</td>
<td>55,521 (29)</td>
<td>8,536 (37)</td>
<td>65,057 (30)</td>
</tr>
<tr>
<td>Net loss</td>
<td>135,165 (71)</td>
<td>14,827 (63)</td>
<td>149,992 (70)</td>
</tr>
</tbody>
</table>

Note: Figures in bracket are percentages of base year, 1958.
Source: Mitsubishi Mining & Cement Corporation, Mitsubishi Kōgyō Sha Shi [History of Mitsubishi Mining and Cement], (Tokyo, 1976), p. 608.
1968, the coal industry hired nearly 300,000 people while nearly 500,000 were laid off during the same period. The mines had become a revolving door as miners wandered from site to site looking for work only to be laid off again.

The crisis in the mining industry clearly defined the limits of job tenure. Furthermore, structural decline undermined other methods of coping with unemployment, that is, internal transfers and transfers to subsidiary companies. According to Labour Ministry statistics, 181,450 miners registered as job seekers between 1962 and 1970 of which fewer than 30,000 (about 16 percent) found alternative employment through their employers. Government employment offices placed about 116,000 while over 30,000 resorted to their own devices to find gainful employment.

The scale of displacement and union protests obliged the government to provide special unemployment relief measures. In 1959 the Unemployed Mineworkers Extraordinary Measures Law provided some minimal relief through job placement programs, make-work projects and special job training programs. This was followed by a consolidation of employment promotion measures under the authority the Employment Promotion Corporation in 1961. In 1963, the government instituted a pass book system (teicho seido) for coalminers. Effective for three years once issued, it obviated the necessity for miners to re-register for unemployment benefits each time they were laid off. Miners simply showed their pass book to re-enter the employment programs. Benefits for unemployed coalminers were set at a

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maximum of 450 yen per day, about one-third of their previous wages.

Better than nothing perhaps, but the relief measures were little more than a band-aid over festering social upheaval that ravaged miners and their families. This was brought home to people across the country when the media picked up on a letter from a miner’s daughter to then prime minister Satō Eisaku. Known as "A letter of Tears to Prime Minister Sato: Stop the Toyosato Mine Closing," the letter, although somewhat long for quotation captures the tenor of the times:

Aug. 1, 1965

To Prime Minister Sato:

I am a girl in the 6th grade at Toyosato Elementary School in Akahira, Hokkaido. Our school is the one where the kids from the Toyosato mine go that’s been in the papers and on TV everyday. In class though we don’t really know what’s going on we worry and we’re always talking about it.

Thinking about it, I came up with the idea of asking you, Japan’s most important person -- the prime minister -- so that the coal mine won’t go under. I asked my Dad but he only laughed and said, 'Forget it, even if you wrote it he wouldn’t bother reading a letter from a kid.' But I didn’t give up -- I heard a Diet member was coming to Toyosato so I’m writing this letter with the idea that he’ll be able to get it to you. When my Dad and the other workers get together you hear them talking about the 'proposal' a lot. According to Dad, if things happen as they’re written in that, thousands of people working in the mines will be left out and the Toyosato mine will be finished.

My teacher says that when the mine near where he taught before went under, a lot of people took up and went to Tokyo or Kawasaki. Some of them came back to the mine though because their new jobs didn’t work out or their back pay ran out. I couldn’t help thinking -- digging coal is what mine people do best.

My Mom and Dad, everyone says they don’t want to leave the mine. I heard my Dad came here in 1946. I worry whether he can do anything different after doing a job he’s done so long. He’s 51 so I also worry whether anyone else would hire my Dad. It’s not just my Dad, everyone will have trouble. It seems the shopkeepers in Toyosato don’t know what they’d do if the mine goes under. And good friends will be separated forever. The nice
school where I and my brother and sisters studied will go too I guess. The town where I was born will completely change. A lot of unhappy things will happen. Please help stop the mine from closing, help my Dad keep working just like now. Please help.

Kikuita Kogawa

The letter did in fact get to the prime minister who responded promptly saying he would not abandon the mines and that the girl should reassure her parents. Six months later the Toyosato mine closed.

The fate of those miners who retained their jobs in this tumultuous period was not much better than those who lost them. Wage increases in the mining industry continually fell short compared to gains made in other sectors. For example, the wage increases in 1960 and 1961 -- 395 and 1,341 yen per month increase respectively -- were the lowest increases out of 25 industries surveyed by the Federation of Employers’ Associations (Nikkeiren). Bonuses also ranked among the lowest of those negotiated in the same period, with the summer and winter bonuses amounting to only one-half of the average for 16 major industries. This at a time when productivity was soaring with labour output in the coal mines nearly tripling between 1959 and 1968. By 1964, worker productivity in Japan’s coal industry had surpassed that of Belgium, France, West Germany and England. Given the short period under consideration, it is difficult to attribute the leaps in productivity to mechanization. The bulk of the increases were the result of an intensification of labour or speedups.

As cited in Rōdō Shō, Tankō Rishoku Sha Taisaku Jūnen Shi, p. 301.


Rōdō Shō, Tankō Rishoku Sha Taisaku Jūnen Shi, p. 351.

High Speed Growth...
and, while coal producers no doubt thought they were finally getting their money's worth, in the end the production-first mentality led to tragedy.

The afternoon shift was already on the job in the Mikawa colliery at Miike on that fateful day -- Nov. 9, 1963. The coal dust in the mine was pretty bad but living with it was a miner's lot. But at around 3:10 that afternoon, somewhere, somehow a spark ignited a pocket of gas and the dust disappeared, consumed in a thunderous explosion. Underground miners from the afternoon shift, and those exiting from the day shift but who had not yet reached the surface were trapped, forever. The final toll -- 458 miners dead and 800 injured.

Substantial documentation exists that ties the explosion to speedups and the subsequent deterioration in safety conditions that accompanied the rationalization program at Miike after the lockout in 1960. John G. Roberts in his book *Mitsui* charged that Mitsui Coal cut back on maintenance and safety personnel as part of the stringency program and that the water-spray system to damp down coal dust was poorly maintained.36 After investigating the tragedy, the Fukuoka prosecutors office decided in 1966 that there was not a clear basis to press criminal charges against Mitsui. However, survivors of the disaster sued Mitsui because of carbon monoxide poisoning they suffered at the time. In 1974, the Fukuoka District Court found Mitsui guilty of "ignoring safety and failing to fulfil its responsibility to prevent mine

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accidents" and awarded the plaintiffs substantial compensation.37

Miike was not the only mine to suffer tragedy linked to the massive rationalization plan. Even mainstream sources, such as the elite Japan Development Bank, were forced to at least acknowledge the human costs: "Going to excessive links to ensure coal production when there was a shortage of manpower, mine disasters multiplied with 61 lives lost at Yuchō mine, 30 at Izutō, and 237 at the Yamato mine."38 These three disasters all occurred in 1965. The government's own figures indicate that the rationalization program and speedups were directly related to the mine tragedies. While in every other industry, the accident rate declined on average by 40 percent between 1959 and 1969, in the coal industry the accident rate actually increased by 50 percent: "One can hardly say that the rapid increase in productivity had nothing to do with the mine disasters," was the way one labour department bureaucrat obliquely put it.39

That labour suffered the consequences of chaotic and often poorly managed industrial decline seems beyond question in light of the above. Economists' attempts to portray this as a consequence of poor competitiveness, that is, coal's inability to compete with oil, tells us very little. As I have attempted to demonstrate, the decline of the coal industry was a political choice, just as the protection of the rice industry,


despite its non-competitiveness with foreign imports, was and still is a political choice. Politicians could have argued, as they had in the past, that preserving Japan’s coal industry was a national trust just as preserving the rice industry was. But this did not happen. Coalminers were not as important electorally for the LDP as rice farmers. Under pressure from the steel industry, the business community opted to abandon the coalminers while giving the coal companies extensive subsidies. The LDP was more than willing to accede to this strategy. Just as rice consumers had little input into the decision to protect rice, miners and other workers had little input into the decision to abandon coal, because these decisions were made within the highest echelons of big business and government. Neither conservative nor independent unions had much influence at these levels.

The tale of industrial decline also occurred in textiles, and later in steel and shipbuilding. Competitiveness proved to be a transient phenomenon and there was no guarantee of employment in the medium to long term. And even within competitive industries, world class sectors such as the automotive industry displayed important problems that further put into question the concept that what was good for the company was good for the employee.

III. The Public Sector: Moriguchi City

The 1960s witnessed the transformation of Moriguchi from a medium-sized, rural town into a bustling suburb of Osaka. As industry grew, so too did the population. Land formerly devoted to farming was gobbled up by residential and industrial
construction. Table 8.10 gives some indication of the scale of growth. Between 1957 and 1967, the number of farming families declined by 32 percent. Of the farmland sold or leased in the 1957-1967 period, 50 percent went to residential construction, 21 percent for used as industrial sites and 23 percent was dedicated for warehouses, parking lots and so forth. Only six percent was designated for public use. In 1956, national highway one was built through Moriguchi making the city an attractive site for investment. Between 1957 and 1972 the population nearly doubled.

<table>
<thead>
<tr>
<th>Year</th>
<th>Households</th>
<th>Population</th>
<th>Businesses</th>
<th>Factories</th>
<th>City Employees</th>
</tr>
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<td>5,379</td>
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<td>1969</td>
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<td>184,259</td>
<td>10,036</td>
<td>1,792</td>
<td>1,519</td>
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</table>

Source: Moriguchi Shisei Yōran, Moriguchi Shi Tōkei Sho, as cited in Moriguchi Shi Shokuin Rōdō Kumiai, Moriguchi Shi Shokurō Sanjū Go Nen Shi [Thirty-Five Year History of Moriguchi City Employees’ Union], p. 223.

The urbanization of Moriguchi exerted tremendous pressure for increased city services. Between 1960 and 1969 employment at city hall nearly doubled (555 to 1,087), and then increased by another 500 in the three years that followed. As in many large plants, new hires were recruited each April. Increasing the workforce implied hiring for new posts and also replacing retiring workers. Thus in the expansive years, the city was hiring as many as 250 new employees each April.
The larger workforce and expanding services prompted the city hall to reorganize its management structures. In 1958, for example, the city operated with 13 sections and 23 departments. Ten years later, the city operated with five divisions including: general affairs, civil affairs, health and sanitation, construction and engineering or waterworks. The mayor’s office exercised supervision over the divisions. The 13 autonomous sections of 1958 had expanded to 23 operating under the divisions and the number of departments jumped from 23 to 55 in this period.

According to the union’s history, the 1961-1968 period represented a decline in union influence. Unionists of the Satellite City Federation to which the Moriguchi union had been affiliated, came under attack after the federation pushed wage struggles in the earlier 1959-61 period. Three union leaders at Sakai city hall, for example, were sacked in 1962 and 12 executive members were suspended for six months for their role in the wage dispute. At Moriguchi, management attempted to co-opt the union leadership by offering them managerial positions. The management hierarchy at city hall was amplified with 11 posts (from assistant team leader to division head) created, each with some supervisory functions.

In the 1962 local union elections at Moriguchi, only four candidates ran for eight executive positions and none of the officers positions were filled. The 1963 local annual meeting failed to even achieve quorum and the youth and women’s division dissolved because of non-participation.

Union atrophy at the local level was accompanied by a rightward swing within the All Japan Prefectural and Municipal Union Federation (AJPMUF). The Satellite
City Federation, an autonomous regional block whose affiliates were also members of the national AJPMUF, was the focus of attack. In August 1964, the AJPMUF annual convention resolved to exclude the SCF supposedly because it wanted to rationalize its organization and have only one regional body for each prefecture. Behind this organizational shakeout, however, an important political agenda was being carried out. The leadership of the AJPMUF basically wanted to wrest control of the Osaka area by getting rid of the JCP-influenced Satellite City Federation. It demanded that all its Osaka area locals affiliate with the prefectural headquarters. Some locals were reluctant to abandon the SCF, but eventually most did including the Moriguchi union.

The decline in local union activism led, according to the Moriguchi union, to a change in the relation of forces and a relative decline in wages and working conditions at Moriguchi. Wage levels at Moriguchi had exceeded national civil servants wages and private sector wages in the Osaka region in the 1962-1963 period, but thereafter declined to below the latter in the 1964-1968 period. After 1965, neither the mayor nor his assistants even bothered to make an appearance during collective bargaining.

The decline in adversarialism in union-management relations at Moriguchi began to turn around as activists emerged from among new recruits hired in the late 1960s. These activists joined with female employees and outside workers to form a revitalized core of union militancy.

Over 200 women worked for the city, many of them concentrated in the city-

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operated nursery schools and kindergartens. Women from the seven nurseries first became active in the union by organizing a discussion group which created the impetus for the creation of a union women’s committee in 1969. The committee’s first plan outlines some of their grievances:

In the main facility, women are still required to come in early and fix tea or clean up. Cooks, who often suffer work related injuries such as burns, are not given any sort of danger allowance. School employees always have to do overtime whenever there is a staff meeting and they are often asked to work until noon on Saturdays. At the kindergartens, there are a lot of charges and never enough time to keep an eye on all the children. Even at the nurseries there is not enough time to have lunch. In these circumstances even the few women’s rights that have been recognized by statute are not observed. For example, even though most women know that menstrual leave is necessary, given the circumstances they know they can’t take it and have given up.41

In 1972, the women’s committee, through the union, sent Mayor Kizaki a manifesto on childcare. They first demanded that children be respected as people, that they be valued as members of society, and that they be brought up in a proper environment. Concretely they called for:

1) clarifying the role of nursery supervisors and assuring at least one roving nursery attendant for each nursery and two for those with children still nursing;
2) guaranteed breaks;
3) a room for breaks;
4) one attendant and cook for each nursery and a second cook for nursery with children still nursing;
5) recognition of childcare work as a distinct trade and appropriate change in rank;
6) provision of a special allowance;
7) recognition of past experience with adjustments for those currently working;

8) fixing child-supervisor ratios and limiting the number of children in each nursery;
9) provision of appropriate work clothes (t-shirts for summer, sweaters in winter, ballet shoes for footwear) instead of office wear.42

After discussions with personnel, the city agreed to a number of the women's demands (including special allowances) and the women's committee lost no time publicizing their gains in their in-house newsletter Women's Committee News. In the same year, the women's committee, in its own name, presented specific demands around maternity leave to personnel. The women asked for paid leave for checkups during pregnancy, eight weeks leave prior to and a further eight weeks after birth, and for maternity replacements while on leave.

Two years after women became active, a new youth bureau was established within the union. Any male union member under 30 could join the bureau which, according to its regulations, would work to build "fighting unity," provide a lieu for study, develop workers' culture, fight for peace and democracy and, in conjunction with the women's committee, build a militant union movement.43 In September, 1971 the youth bureau presented the personnel department with a list of 28 demands. It pushed on the issue of overnight guard duty and eventually obliged personnel to abolish the practice of having new hires stay overnight at city hall to guard the premises.44 The youth bureau also began to openly criticize the local executive for

43. Ibid., pp. 237-238.
44. Ibid., p. 241.
its lack of effective leadership in mobilizing the membership around the 1972 summer bonus.

The third component in the fight to rejuvenate the local were the non-regular employees, particularly the outside manual workers. In 1959 the local had been able to convert 70 percent of the jobs into regular positions but there still remained a substantial number of casual positions. Furthermore, even the regular outside workers faced renewed discrimination when the city adopted a separate, lower pay scale for them. This pay scale was modelled after one the National Personnel Authority had introduced for national civil servants in 1963. Faced with this type of discrimination, manual workers in the waterworks department decided to split from the Moriguchi union in 1966. Other outside workers also began to caucus and discussed forming a separate union. After discussions with the national and local unions, however, an entente was reached in 1969 whereby the outside workers gained a permanent representative as a table officer and the local would also allot funds to allow outside workers to organize. The outside workers maintained a permanent caucus, the Outside Workers Conference (Gengyō Hyōgi Kai) which also began to submit its own demands to the personnel department.45

1973: Watershed Year

Both political and economic factors sparked the resurgence of independent union activism at Moriguchi city hall. On the one hand, women and

outside workers clearly saw themselves as disadvantaged within the system. Their demands and organization had spontaneous roots. At the same time, the JCP gained considerable support among younger employees and helped to organize the youth bureau. The three groups converged to reinvigorate the union as a vehicle for their aspirations. Another aspect to the emerging dynamic of confrontation was the problem of inflation that accompanied high growth which, by the early 1970s, was beginning to seriously undermine wage increases won in the earlier period.

The bubblings of confrontation that had appeared in 1969-1972 boiled over in 1973. That year, the local union took an active role in the annual spring offensive. Even more significantly, the local union articulated its own demands which it pressed through local job actions including a work stoppage.

The year began with the local union submitting its wage proposals to the spring offensive co-ordination committee. In late March, the local met and articulated its specific demands which were submitted to the personnel office on March 29. Wage demands included:

1) increasing the starting wage for high school graduates to a minimum of 62,000 yen per month (128,000 for an employee with 17 years seniority);

2) adoption of the National Civil Service Administrative Wage Scale (I) excluding grades seven and eight (the low end grades);

3) implementation of regular, incremental steps up the pay scale based exclusively on seniority;

4) abolition of the Administrative Wage Scale (II) (a lower wage scale previ-
ously used for outside workers) and integration of those workers classified under the old scale into Wage Scale I.46

In articulating these demands, the Moriguchi union was fundamentally challenging the performance-based wage system which had led to inequality in wages and had so divided union members. The accumulated inconsistencies in how annual wage increases were allotted to individuals through the performance-based or individual merit system had led to a situation illustrated in Table 8.11. As demonstrated in this table, while union members wages clearly did increase with seniority (or age, a functional equivalent) they did so unequally. This provides further evidence to back the argument that it is quite inappropriate to describe the system as a seniority or age-based system when clearly performance evaluations and other factors led to fundamental differences in salaries received by individuals.

Negotiations over local demands did not take place until the fall because the local and prefectural civil service employees wage negotiations were conducted only after the National Personnel Authority issued its annual report in late summer. In the meantime, Moriguchi city employees engaged in limited local job actions as part of the spring offensive. The main demands of the national spring offensive were wage increases, the right to strike for the public sector, a reduction in work hours, and pensions. The Civil Service Joint Struggle Committee and the AJPMUF had decided to participate in the national days of action which had been called for April 17 (60 minute work stoppage) and April 27 (half-day general strike). At the local level, the

46. Moriguchi Kumiai, Moriguchi Shi Shokurō Sanjū Go Nen Shi, p. 262.
<table>
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<th>Wage\Age</th>
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</tbody>
</table>


Moriguchi union executive called on its members to book off for one hour on April 17 and decided to set up picket lines during the one hour. Over 1,000 employees took part in the work stoppage -- instead of reporting to work they gathered in early
morning meetings at the community centre just across the street from city hall. Buoyed by this successful job action, the local executive called for all-out participation in the half-day general strike planned for the morning of April 27. Despite intimidation by city officials, well over half the employees gathered at the community centre in what amounted to the first successful general strike at Moriguchi city hall.

The April 27 action was the last in the spring offensive after which labour relations settled down to await the publication of the National Personnel Authority’s (NPA) summer wage recommendations. The NPA’s annual report was directed only at civil servants on the national level and even then it was subject to cabinet and Diet approval. Its recommendations nevertheless acted as a benchmark for wage negotiations for the whole of the public sector.

On August 9, the NPA released its 1973 report that called for a 15.39 percent wage increase (14,493 yen average increase for national civil servants). Shortly after, the Osaka prefectural headquarters of AJPMUF held an representative council meeting to discuss the wage strategy for the fall. It called for wage agreements to be in place by September (through bylaw changes) and for retroactive pay to be disbursed by October. The regional union called for a 60 minute walkout on September 13 to back up wage demands if necessary.

At this point, dissension appeared within the local executive over the bottom line in collective bargaining. Executive members with their base among women, youth or the outside workers wanted to focus on local demands, including the abolition of the discriminatory wage scale (II), automatic progression up the wage

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scale, and a standard minimum starting wage regardless of occupation. At the end of August, the caucuses began a campaign at the workplace to popularize these local demands.

Collective bargaining began on September 3 at which time Moriguchi city officials announced they would attempt to meet the wage standards set out in the NPA recommendations but were unwilling to discuss the local demands. On September 7, the local polled its members regarding the September 13 walkout. The job action received ratification but only by a 55 percent majority. While the margin of majority support was slim, it still indicated substantial support for militant unionism particularly since all job actions in the civil service were illegal under existing labour laws. If the public sector had the right to strike, one can reasonably speculate that the 55 percent majority would have been considerably larger.

From September 8-19, local union activists stepped up worksite activities. Union members wore headbands to work, meetings and demonstrations were held at lunchtime and after work. On September 13, union picketers closed the city hall in the morning and hundreds of union members gathered at the community centre where union leaders gave them an update on negotiations and local representatives of the JSP and JCP delivered messages of support.

Negotiations became tense as union members began to congregate outside the meeting rooms. During breaks the members would swarm into the meeting hall in what appeared to be a reincarnation of the mass negotiations of the 1940s. Finally, on September 19, collective bargaining resumed with hundreds of union members
standing vigil outside the meeting room. The city officials caved in and agreed to a)
uniform starting wage of 60,400 yen; b) automatic progression up the wage scale;
c) abolition of the discriminatory wage scale (II) and coverage of all employees under
wage scale (I). All of these changes would be retroactive to April 1, 1973. The
wage scale was amended and is reproduced in Table 8.12.

<p>| Table 8.12: Moriguchi City Employees Wage Scale (April 1, 1973) |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|</p>
<table>
<thead>
<tr>
<th>Set</th>
<th>Grade 1</th>
<th>Grade 2</th>
<th>Grade 3</th>
<th>Grade 4</th>
<th>Grade 5</th>
<th>Grade 6</th>
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</tbody>
</table>

Note: St stands for step. In other words there were six grades with multiple steps in
each grade.

Source: Moriguchi Shi Shokouh Shinkokai, Dai 30 Kai Moriguchi Shi Shokouh Kumiai Teiki
Taikai, Hokoku, Shiryō Shū 1974 [Report and Materials to the 30th Regular Convention of
the Moriguchi City Employees Union, 1974], (Moriguchi, 1974).
The victory in the 1973 wage battle led to wholesale changes in the local executive in elections that followed. Opposition candidates, representing the reform forces (women, youth and outside workers), swept the slate leaving only the former president and treasurer to maintain their positions by acclamation.47

In October, the local union regrouped and called for further struggle over outstanding issues from the last round of collective bargaining, for the winter bonus and for a supplementary wage increase. Collective bargaining resumed on November 13, initially over the winter bonus. The union called for a winter bonus equal to four months wages plus 40,000 yen across the board. Also it had demanded an end to bonus additions based on the performance evaluations (kinben teatte or diligence allowance). Under pressure from the union, the personnel department disclosed the results of the diligence allowance on 1973 summer bonuses. According to this information diligence allowances had affected summer bonuses in the following way:

- 22 people had received a supplemental 0.15 months pay
- 99 people had received a supplement of 0.12 months pay
- 128 people received an additional 0.08 months bonus
- 258 people received a supplement of 0.04 months pay.48

This meant that more than 50 percent of all employees had received no diligence allowance at all, a fact not happily received by those workers who felt they had performed at least satisfactorily. In the early morning of October 20, the two

47. Moriguchi Kumiai, Moriguchi Shi Shokurō Sanjū Nen Shi, p. 275.
48. Ibid., p. 287.
sides finally reached an agreement: the winter bonus would be equal to 3.16 months salary plus 21,000 yen pro-rated, plus an across-the-board lump sum of 2,000 yen. The diligence allowance was abolished and part-time and temporary employees were also to be paid a winter bonus.

The struggles that occurred at Moriguchi in the early 1970s and the subsequent changes -- the revision of the compensation system and the enfranchisement of women, outside workers and part-time and casual workers -- were significant. They become dramatic if one compares them to the developments, for example, in the automobile industry which also went through a period of growth at this time.

Compared to workers at Suzuki, for example, Moriguchi employees had few rights. They did not have the right to strike and their right to collectively bargain was severely restricted. One might have expected, therefore, fewer gains at the workplace. But the opposite occurred. Moriguchi workers, it could be argued, saw as many if not more improvements than did workers at Suzuki. What was the source of this discrepancy? One reason was that management was not as tough at Moriguchi as it was at Suzuki. But that was only part of the reason. The other part was the nature of the union itself.

I would argue that the Suzuki and Moriguchi unions were, on an organizational level, both enterprise unions. But in one case this restricted the scope of union action and in the other it did not. The source of the difference with the Suzuki union was not organizational, for at this level the Moriguchi union was very similar in
its local character to the union at Suzuki. The difference was mainly in the orientation of the union. Despite the legal impediments, the Moriguchi union succeeded in mobilizing workers to fight for themselves. The union, whatever its problems, based itself among those who wanted change. It developed a concrete agenda reflecting an egalitarianism that the majority of workers supported. And it did not let itself be bound by the fetters of constraint and consultation that seemed so ingrained at Suzuki. In a word, it articulated a workers’ agenda independent of that of the employer. The Moriguchi union was, however, the exception that proved the rule of enterprise unionism as a political formation.

IV. Consolidation of Hegemony

The onset of high-speed growth and the expansion of the domestic market created the basis for the consolidation of Japan’s Fordist regime. The decade had opened with Ikeda Hayato’s attempt to defuse class tensions through policy innovations in the area of incomes and social security. As mentioned earlier, however, Ikeda’s ascent to power marked a significant shift in economic development policy. The extended regime of accumulation based on long work hours and low wages had been used to subsidize, both through profit-taking and the taxation system, the rapid development of heavy industry. The new policies, supported both by Ikeda and his successor Satō Eisaku, led to a decline in government support for basic industry.
through its Fiscal Investment and Loan Program. More support was forthcoming, however, for residential land development and road building. Welfare expenditures also increased but, as we shall see, remained relatively low in a comparative sense.

That road building and land development became central to state intervention was consistent with the need to develop the Fordist consumption norm based on the automobile and housing. Road construction also reinforced the distribution infrastructure and, as Calder points out, represented a form of political patronage in Japan’s countryside. These factors help explain how, by 1977, road densities in Japan were more than double that of Britain and nearly double that of West Germany. Government support for commodity production and circulation became central in this period. On the other hand, support for basic human needs remained tentative at best.

Although residential construction boomed, basic sewage and water treatment programs remained woefully inadequate. As for support for the reproduction of labour power, as in welfare programs, Calder concluded: "Even by the late 1960s, the Japanese government’s welfare expenditures were only one-half the share of GNP of those in the United States and one-third the levels in France and West Germany." It was precisely because of such trends that Burawoy concluded that Japan was quite different from Sweden in terms of labour’s ability to reproduce itself independently of the market.

In a pathbreaking study of the modern welfare state, Gosta Esping-Andersen

49. Ratio of credit afforded basic industry declined from 13.6 percent of total expenditures in 1960 to 5.7 percent in 1970. See Table 4.2 in Calder, Crisis and Compensation, p. 164.

classified the character of the welfare states by assessing the impact of three political
trends -- conservative, liberal, and socialist.\textsuperscript{51} In his assessment, Japan's strongest
feature was its liberal orientation, its weakest was the socialist trend, and it scored in
the medium range in terms of conservatism. Japan’s liberal orientation and its weak
socialist tradition (relative to Europe) helps to explain why Japan developed the type
of minimalist Fordist support for labour that it did. I will argue that these same
factors, particularly labour's weakness, were determinant in shaping the workplace
regime and led to relatively weak returns even to organized labour during the hyper-
growth period.

\textbf{Consolidation of Enterprise Unionism}

Union membership increased until it reached 12.6 million in 1975 (34.4
percent of the workforce), but it could not breach this level. As a result of limited
unionization rates and increases in the labour force, the actual unionization densities
continued to decline in the era of high growth as they have, with few exceptions,
throughout the postwar period. This was one indication of the institutional weakness
of labour in Japan. Another was the triumph of enterprise unionism.

During the high growth period, Sōhyō continued to act as a centre for indepen-
dent unionism, but industrial relations practices, particularly in the large, private

\textsuperscript{51}. Gosta Esping-Andersen, \textit{The Three Worlds of Welfare Capitalism},
p. 74. The author defines conservatism as the ideology of pre-capital-
list elites of which paternalism and corporatism were variations;
liberalism was the ideology of nascent capitalism with its stress on
individualism, free markets, and electoralism; and socialism was an
anti-capitalist ideology that stressed egalitarianism.

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enterprises, increasingly conformed to the enterprise model, and even some unions affiliated to Sōhyō had to conform to these standards. In exchange for union acceptance of the performance-based wage system and limited union input in regulation of the workplace, workers received some job security and annual wage increases. This 'deal' had evolved at the workplace level in the 1950s and although there were important exceptions, it did become the norm or pattern-setter. In the post-Miike period there was another element added to the pattern, the gradual expansion of joint consultation. On both the local and national levels, joint consultation as an alternative to collective bargaining began to flourish and this process culminated in the establishment of labour-management consultative organs even on the sectoral level, particularly in the private sector (including mining, textiles, iron and steel, machinery and metal, shipbuilding, automobiles, and so forth). A full assessment of joint consultation remains to be done but it may well be that, as Pempel and Tsunekawa concluded, the system in Japan reflected a form of corporatist intermediation with little input from labour and thus differed substantively from the forms of co-determination that developed in Europe.

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53. See T.J. Pempel & Keiichi Tsunekawa, "Corporatism without Labor? The Japanese Anomaly," in P. Schmitter & G. Lehmbuch, Trends Toward Corporatist Intermediation, (London, Sage Publications, 1979). Pempel and Tsunekawa underestimated the development of joint consultation and, furthermore, attributed the weakness of Japanese labour to enterprise unions as an organizational form. Nevertheless, there general observation, that unions in Japan did not exercise the clout of European unions, was accurate. There is also some evidence indicating workers were not at all satisfied with this form of representation. See High Speed Growth...
Further evidence that the hegemonic regime was undermining Sōhyō’s independent orientation comes from the productivity movement. Despite Sōhyō’s early critique of this movement and the Japan Productivity Centre, some of its affiliates began to participate in the activities of the Centre as early as 1960. Thus the line of demarcation between independent and enterprise unions at the level of the workplace began to blur. Sōhyō’s focus shifted away from the workplace and its major role became political, pushing for trade union rights on the national level, particularly for the public sector, helping to mobilize for the anti-Vietnam war movement, and building support for the JSP at election time.

Enterprise unions, on the other hand, attempted to refurbish their image, tarnished somewhat after the attempt by JTUC to undermine the Miike miners, and began to develop a higher profile. In 1962, the conservative Japan Trade Union Congress (JTUC) was re-organized and renamed the Japan Confederation of Labour (JCL, or Dōmei-Kaigi in Japanese). This was followed by a subsequent re-organization into Dōmei (also known as JCL) in 1964. Private sector unions in metal-related industries united in a loose federation, the International Metalworkers Federation, Japan Council (IMF-JC, or Kokusai Kinzoku Rōren Nihon Kyōgi Kai) in 1964. By the 1970s, most unions, including those in the JCL, had aligned their annual negotiations to coincide with Shuntō, but the JCL continued to organize independently and


For background see Nihon Seisan Sei Honbu, Seisan Sei Undō 30 Nen Shi, pp. 289-302.

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refused to integrate its spring bargaining efforts with those of Sōhyō.

The divisions in the trade union movement were reproduced within the socialist parties. Old divisions, such as those between the JSP and JCP, continued, only to be further exacerbated by splits within the JSP itself. In 1959-1960, a conservative faction of the JSP split off to form the Democratic Socialist Party which obtained the support of the Japan Confederation of Labour (Dōmei). These political divisions further eroded the possibility for articulating a coherent labour program.

Outcomes

There is no doubt that the standard of living improved for many workers in Japan during the high growth period. Employment and wages increased, and the length of the work week began to decline. Such developments reflected the imperatives of a Fordist regime of accumulation. At issue, then, is not whether living standards improved. In the context of the current debate regarding the suitability of lean, intensified Fordism becoming a world model, certainly one key question was how the labour movement positioned itself to strengthen its own role and how capable it was of taking advantage of productivity improvements.

In the early 1980s, Yamamoto Kiyoshi examined this issue in some detail from a comparative perspective and for the specific period under question.55 Table 8.13 illustrates real wage growth, productivity and labour’s share of productivity in four

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55. Yamamoto Kiyoshi, Nihon no Chingin, Rōdō Jikan [Wages and Work Hours in Japan], (Tokyo, Tokyo Daigaku Shuppan Kai, 1982).
countries for the period 1952-1970. These figures are rough approximations but do afford us some perspective on labour's return from productivity increases. Annual wage increases in Japan and Germany increased on average at a much higher rate than in the United States and Great Britain. However, because Japan's productivity increases were much higher than even West Germany's, labour's relative share in Japan actually declined relative to other countries. Such figures are not surprising. Dore made a similar discovery about labour's returns from his comparative study of electrical works in Great Britain and Japan.56

In terms of the shorter work week as well, Japan began to fall behind. As the Suzuki documentation indicated, workers did not win the 40 hour work week until 1972 and even then its implementation was often delayed. In West Germany, I.G.


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Metal, the union representing transportation workers, demanded the 40 hour week as early as 1955, and finally won this demand in the early 1960s, although its implementation was delayed until 1967. In larger enterprises in Japan, the 40 hour week did become the nominal standard in the 1970s but overtime and economic dualism combined to put Japan’s workers at the bottom of the heap in terms of actual hours worked. Prolonged work hours, speedups, and transfers, important components in the flexible production regime, all acted to undermine the gains from the contractual shorter work week and from enhanced job security. For the peripheral workforce, particularly women, the situation was even more difficult.

In retrospect, even in the high growth period enterprise unionism’s march forward was not producing the rewards for workers that one might have expected. Some might argue that the sacrifices constituted a form of "short-term pain for long-term gain." But as events unfolded, however, labour in Japan continued to chafe and the triumph of market unionism constituted somewhat of a pyrrhic victory. Thirty years after the rise of the hegemonic regime, when Japan’s triumph in the world market was evident to all, even the Japan automobile workers’ union would be forced to concede: "The automobile industry for example, is bogged down of triple suffer-


58. In 1980, the average work week in Japan was 43.4 hours compared to 37.0 for West Germany. See Fujimoto Takeshi, Kokusai Hikaku, Nihon no Rōdō Jōken, (Tokyo, Shin Nihon Shuppan Sha, 1984), p. 74.

59. Japan had the worst record among industrialized countries in terms of women’s wages as a proportion of men’s. This was true for all sectors and for the entire postwar period. Ibid., p. 140.

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ings: the employees are exhausted; the companies make only little profit; and the automobile industry is always bashed from abroad." The union's advisor, Shimada Haruo, echoed this refrain: "Workers have lost out due to long working hours, which are unimaginable for workers in advanced countries." Shimada also recognized that unions had somewhere gone amiss: "Trade unions cooperated in this desperate competition for a share. Working hard, they lost their vision about for whom and what growth should be achieved." 


61 Ibid., pp. 31-35. Shimada today is less inclined to see enterprise unions in a positive light. He still tends to see the issues from an organizational perspective (Japan's enterprise unions are unique) but he has at least recognized that they have problems that go beyond organizational issues. He postulates that they have become captive to an 'industrial culture.' "And, second, they are mentally restricted by the narrow scope of enterprise-level labor-management relations." See Shimada Haruo, "Japan's Industrial Culture and Labor-Management Relations," in Kumon and Rosovsky eds., The Political Economy of Japan, Volume 3: Cultural and Social Dynamics, (Stanford, Stanford University Press, 1992), pp. 267-291.

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Chapter 9

Conclusion

This study was prompted by my perception that it was necessary to re-emphasize the scope of diversity in workplace industrial relations and to re-assess the significance of conflict in the evolution of Japan’s postwar regime. Earlier research on the 1960 Miike coal conflict, and the virtual omission of this dispute in English-language literature, convinced me that a history project with a cross-sectoral and dispute-centred approach was necessary to rectify certain misconceptions emanating from contemporary portraits of Japan’s labour relations. These preoccupations led me to examine case studies from different economic sectors and to use the insights from these studies to reassess the general trajectory of labour-management relations in the postwar era.

Miike was an obvious choice for one case study -- it demanded explanation. The search for case studies in other sectors of the economy led to the inclusion of Moriguchi city hall and Suzuki Motors. As the research proceeded it became evident that the selection of a case study in the automobile industry led straight into the contemporary debate about Japan’s production methods. As a result, it became necessary to search for a theoretical framework that would allow me to correctly discern the connections between industrial relations and production management within an international comparative framework that avoided the pitfalls of traditional...
convergence theory and the equally difficult problem of exceptionalism.

The research results lead to a general conclusion that Japan neither became a Sweden of the East as Dore would have us believe, nor a revolutionary post-Fordist paradigm for the future as Kenney and Florida assert. That is not to say, however, that lean production will not become a world model. The high standards of efficiency and quality control that are synonymous with lean production guarantee that it will be emulated in many quarters. Yet, it is ironic that as many corporations in the West move to adopt many aspects of the lean regime, in Japan, automobile manufacturers including Toyota are moving to reform both the technical and labour-related aspects of the system precisely because it has become common knowledge that work in the assembly plants is too gruelling.1

The hegemonic regime that emerged from the crucible of postwar conflict and compromise was a workplace in which the reproduction of labour power was closely tied to the market and subject to extensive employer control. This gave employers the ability to use workers 'flexibly.' Flexibility for the employer, however, often meant sacrifice for workers. This was one of the key conditions for the rise of lean production or what I call lean, intensified Fordism. Neither repetitive work routines nor the assembly line disappeared in Japan's modern automobile factory, but the system became tighter and work more intense. The significant difference with traditional Fordist practices was that in automobile factories in Japan, coercion and

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consent were subtly blended to oblige workers to embrace to some extent the norms of capital accumulation. This led to high levels of efficiency and quality but these standards were exacted through an intensification of labour. Furthermore, the returns to workers were not necessarily commensurate with the costs. Kenney and Florida may argue that this is beside the point -- that they are not concerned with outcomes, with "the normative question of whether this model is 'better' or 'worse' than fordism or other Western economic arrangements." There is a reason Kenney and Florida avoid the normative. In fact, the increasing body of information about the, comparatively speaking, poor labour standards in Japan forced them to acknowledge the defects. But they raised these problems only to dismiss them in their search for "an objective theory of the Japanese production system." In their quest for the objective they are obliged to eliminate workers and conflict, or reduce them to naught, thereby eliminating the tension from the system, robbing it of its dynamic character. In the end, their work constitutes an immense effort in economic determinism, glorifying a system they believe will define the future of the advanced capitalist world. In so doing, they misperceive the nature of Fordism, a regime based not only on economics but on politics, on consent as well as coercion.

**Pieces of the Puzzle**

This general conclusion, however, risks overshadowing what I believe are a

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3. Ibid., p. 10.
number of significant, specific findings that surfaced in the course of this study. The historical approach to labour-management relations highlights the fairly intense conflict that played a major role in shaping the postwar system of industrial relations. This pattern of conflict prevailed not only at Miike but also at Suzuki and Moriguchi; furthermore, this pattern was not limited to any one period. For Suzuki it was the 1946-50 period, for Miike the 1950-60 period and for Moriguchi the 1970-73 period. In each case, these periods of conflict were fundamental in shaping later patterns of labour-relations, for better or for worse. What is the significance of this observation? Simply stated, the shape of contemporary labour-relations cannot be understood except in historical context that affords conflict its due regard. From this perspective, one can conclude that many Japanese workers resorted to confrontation as one way in which they were able to win some co-operation from employers and improve their working lives.

To be sure, conflict often seemed to end in defeat or victory. But regardless of the short-term outcome, the long-term impact usually reflected a compromise in class terms. In comparative terms, confrontation declined as Japan’s Fordist regime consolidated. But even when periods of intense confrontation receded, conflict continued albeit in diluted and varied forms and over different issues. Today, Suzuki unionists continue to haggle with management over what share of the yearly wage increase should be automatic and what share should be accorded employees based on supervisors’ evaluations of employee performance. This issue was resolved for Moriguchi employees in the 1970s. Struggle continued but the nature, scope and foci
of conflict reflected industrial relations regimes that differed. The general pattern and
stages of contestation and compromise in the postwar period to 1974 are summarized
in the next section of this chapter (I. Postwar History and Class Conflict).

On the theoretical level, Japan’s experience, as reflected in this study,
confirmed that Fordism evolved as an integral part of the manufacturing system (at
least in the automobile industry) and, I would argue, as a socio-economic pattern.
Here convergence rears its persistent head. Workers in Japan benefited greatly from
the transition to the Fordist regime, through higher wages and expanding employment
opportunities. However, the quality of life remained a serious issue as higher
individual wages could not by themselves overcome the structural problems related to
high land costs and a relatively weak social infrastructure.

At the same time, however, the research also validates to some degree
Burawoy’s theory of variation in production regimes. His proposition that appar-
atuces regulating work life can differ independently of the form of work organization
or the degree of competitiveness provided a theoretical framework for understanding
diversity, both across Japan’s economic sectors and in national systems. Further-
more, distinguishing the apparatus of production (industrial relations) allows us to
isolate and categorize specific characteristics which can enhance our understanding of
the overall production regime when we re-examine it from an integrated perspective.
In simpler terms, a better understanding of the part allows a fuller understanding of
the whole.

Burawoy correctly noted that labour laws adopted during the Occupation bore

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a close resemblance to U.S. labour law that led to contract unionism with the extensive bureaucratic machinery to resolve disputes over grievances, job standards, classifications, job-bidding and so forth. He also accurately perceived that the legal provisions of the law became disassociated from the actual production regime(s) that evolved in Japan. For that reason, Burawoy posited that the state played a relatively weak role in regulating labour-management relations in the work place compared to the United States (see Figure 1.3, Chapter 1). That is why, in Japan’s case, it was so important to examine the workplace.

What Burawoy was unable to do was to correctly identify the specific nature of the multiple regimes that evolved through the praxis of labour relations in Japan’s workplaces. This process of identification has, I hope, been facilitated with the material presented in these case studies. By dissociating, for purposes of analysis, the relations in production from the means and rate of capital accumulation, it was possible to discern the distinctive patterns by sector and the specific role played by workers and unions in structuring the system. I elaborate on the specific regimes in the second section of this summary (II. The Workplace Regimes: Case Studies).

Having documented diversity in production, the research has also allowed us to identify cross-sectoral patterns which make it possible to clarify the issue of a dominant or predominant paradigm in industrial relations. Conventional interpretations generally start from the supposition that the three pillars of lifetime employment, enterprise unions and seniority-based wages constitute the core of the industrial relations system, particularly in the large, private corporations. This study confirms

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the existence of a normative pattern in labour relations, but it challenges the dominant interpretation of the paradigm’s major features and offers an alternative explanation which is explained fully in section III, (Japan’s Hegemonic Despotism). The core conclusions are summarized below.

Enterprise unions did indeed develop in Japan. However, it was not primarily their organizational feature (along enterprise lines (kigyo betsu), that distinguished them -- in fact, from an organizational perspective they are similar to unions in Canada and the United States. What really distinguishes them and why the term "enterprise union" remains appropriate is because such unions have aligned their values, have aligned their orientation with that of enterprise management. The wage system that evolved was also distinctive but it is inappropriate to designate it a seniority-based system when a large proportion of yearly wage increases was predicated on performance appraisals. Large corporations did display a propensity to minimize layoffs as a quick reaction to cyclical market downturns but their commitment to full employment remained tacit. The employment system generally promoted the necessity for workers to remain with one employer. However, job tenure was restricted mainly to male employees in large enterprises and remained contingent on structural factors, including reliance on an extensive sub-contracting system (a large peripheral workforce with poorer wages and working conditions) and market performance. When the market changed, as in the coal industry, jobs were no longer secure. Finally, the dominant forum for resolution of labour-management issues was not the bargaining table, but rather the labour-management committee or consultative forum.

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Thus, joint consultation might be included in the list of specific features which characterized the dominant pattern of union-management relations in Japan.

On the surface some may consider these clarifications a simple modification of the dominant three pillars stereotype. But a major thrust of this work has been to show that features of the dominant paradigm, such as the performance-based, incentive wage system increased managerial control. Thus the accelerated rate of capital accumulation may well have come at the expense of employees. In simpler terms, workers paid dearly for jobs. In fact, as I elaborate in further detail later in this chapter this new perspective represents a wholesale revision of the dominant interpretation about the industrial relations system in Japan.

The recognition of a dominant industrial relations paradigm does not, in my opinion, contradict or go beyond Burawoy’s theory of differing production regimes. It simply means that a particular regime may be widespread and/or have significant impact as a normative model. Nor is it really novel to signal that the dominant apparatus of production has contributed to economic development. Many have pointed to Japan’s apparently harmonious system of labour relations as an important factor in its economic growth. There is some truth in this assertion to the extent that the industrial relations system did allow an accelerated rate of capital accumulation. Workers benefited from this growth through relatively low rates of unemployment. However, one may well argue that labour’s return on its investment in growth was not as high as one might assume.

In section IV (International Comparisons), I summarize the differences and

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similarities in the industrial relations patterns of Japan and the U.S. and Canada. In comparative, historical terms Japan’s industrial relations practices were not so unique as some would have us believe. Take for example the merit or incentive wage scale, or the extensive use of performance evaluations for determining wage increases. Those that compiled the history of Japan’s civil service point out how the position/classification-based wage system that was first used in the postwar civil service, originated in Chicago at the turn of the century. This position-classification system quickly fell into disfavour in Japan and was replaced with incentive-based wage grids and performance evaluations. These features were also well known in the United States and Canada but they had fallen into disuse or disfavour. Again, if we include a historical perspective, many features of Japan’s system of industrial relations are simply on a different time track than the system of the United States or Canada. This is not to argue that Japan was less or more advanced on some historically determined path of industrial relations. For example, today performance-based wage systems are coming back into favour in both the United States and Canada and so one might argue that Japan is leading the pack. Nor does it deny that Japan’s union-management relations gave rise to specific features, such as the developed bonus system, that are unique to Japan. In my opinion, industrial relations systems are historically and nationally contingent and their measures are their effectiveness in regulating accumulation and decommodifying labour power.

What came as somewhat of a revelation in this study was the documentation

\[4.\] Jinji In, Jinji Gyösei Nijü Nen no Ayumi, p. 71.

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from the automobile industry indicating that industrial relations had directly contributed to important modifications of the Fordist production regime. These modifications are synthesized in section V (Lean, Intensified Fordism). Here we return to some theoretical issues. Fordism developed in Japan but, because economic circumstances and the relations in production differed, a new stage of Fordism evolved. While this new stage, that I refer to as lean, intensified Fordism, did not alter the Fordist regime in any fundamental sense, it did lead to a new stage in production prototypes, identified today as the Toyota production method, management by stress and so forth. Managers and engineers in Japan’s automobile industry studied and hoped to emulate the Fordist production mode. In that sense there was a strong element of convergence in labour process, that is, the institutionalization of repetitive job routines, assembly line production, and so forth. They also adopted and creatively applied Deming’s and Juran’s views on statistical quality control.

However, the poverty of production levels in the 1950s obliged the automakers to innovate and to realize economies of scale or a continuous flow model by maximizing the capacity of the production process to integrate differing assembly patterns (varied options and models or economy of scope as it is often designated today). In this they were aided by the apparatus of production that gave managers strong control over the disposition of labour. These two factors, the poverty of production and the pattern of industrial relations, were key in the evolution of the Toyota system of production which later reached efficiency and quality levels that were significantly higher than those in the United States.

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To be sure some autoworkers in Japan enjoyed benefits from this growth but the ledger’s balance from a labour perspective is not so clear. For many of the gains of the system were predicated on an intense pace of work, dislocation in home life, long work hours, low overtime rates and so forth. Furthermore, the indirect negative effects, the extreme dualism in the workforce and the growing inequality between those in the labour force core and periphery must also be added into the equation. Labour in the peripheral work force was not the target of this study but clearly it faced harsher conditions than workers in the core. And, from an international perspective, the eventual decline of automobile industries in other countries (and the subsequent loss of jobs) must also be factored in. By the mid-1970s it was clear Japan’s automobile industry was on the way to winning the competitive game. Whether workers at Suzuki or Toyota also won is an issue which demands further scrutiny.

I end this introductory note with a few comments on history and culture. On the whole I have emphasized structure in this chronicle, perhaps to the chagrin and horror of some. For the issue of culture has figured prominently not only in recent studies of Japan but also within North American labour history. If I have been disinclined in this narrative to pursue the cultural dimensions it is because I felt it necessary to stress the evolution of the mechanics of industrial relations. There has been too much distortion of how Japan’s labour-management system worked and

where it came from, particularly from a comparative perspective. In correcting the record I do not mean to imply that culture had little role in labour relations or that the prewar experience did not influence the postwar. The cultural chapter of Japan’s postwar labour history remains to be developed, even for the case studies examined here. My hope is that this study will help eliminate some of the impediments to a serious debate on historical and cultural issues in the postwar era.

I. Postwar History and Class Conflict

From the regulationist analysis developed in this study, I believe Japan’s postwar labour history can be divided into the following periods: The 1945-1948 period was one in which labour was in its ascendancy and union-articulated, indigenous forms of regulation were developing at the workplace; the 1948-1951 period was a period of reaction during which employers’ took the offensive, the main purpose of which was to destroy the new forms of regulation that had evolved at the workplace and to eliminate, replace or transform the unions that had inspired these reforms; the 1951-60 period was a formative period during which the contemporary norms of regulation were being established at the workplace -- norms which bore the stamp of employer authoritarianism but which also reflected fairly intense struggle and a resurgent but divided union movement; the 1960-73 period represented the consolidation of Japan’s regime of market hegemony. Let us look more closely at this periodization.

In the 1945-52 period, the state was under the control of SCAP although other
forces, including the Japanese government, had important influence over some aspects of state dealings. In the immediate postwar period, legislation related to labour including the Trade Union Law, the Labour Adjustment Law, and Employment Standards, was passed. On the one hand, these laws constituted a triumph for workers because for the first time unions, collective bargaining and strikes became legal. But these reforms were very much stamped with the markings of the American production regime or even exceeded it as in the case of awarding government workers full rights (including the right to strike) and did not necessarily correspond directly with the aspirations of workers who, in the 1946-48 period, were only beginning to articulate their own vision of the workplace.

The workers’ vision of the new regime has been partially re-constructed through an analysis of the demands that emerged and the achievements won in the 1946-48 period. They included independent unions, the demand for parity in management councils (co-determination), a union veto over hiring and firing, perpetual duration of collective agreements and a social wage tied to the age of an employee. These demands were stamped with the impression of the times -- extreme economic dislocation meant that workers had little concern for how layoffs were to be carried out -- to be without a job at all meant extreme deprivation and invoked the spectre of starvation. Thus the unions asserted the right to veto layoffs. As a result Japanese unions avoided the modalities of negotiating terms of displacement and displayed little attachment to seniority (last hired, first fired) as a means of regulating the displacement process that had developed in the United States or Canada. The union veto was
abolished in the employer offensive, however, and in the absence of any other means of regulation, employers were able to use their power over hiring and firing as a means of eliminating union activists. This was demonstrated most clearly in the Miike dispute of 1960.

State regulation of labour-management relations protected labour only in so far as labour understood its rights and could manipulate the system to maximize outcomes. But there was a chasm separating the aspirations of workers in Japan and the potential rights accorded them under the labour laws. Why workers were unable to have their aspirations articulated and enshrined through labour legislation enters the realm of speculation to some degree, but it may be worthwhile to explore this issue briefly.

Political and economic factors were of crucial importance. First, there was no political party that was able to articulate the new labour-inspired forms of regulation. Of the two political parties linked to labour, the JCP was not pre-disposed to promoting legalistic reforms -- it was preoccupied with the rupture, that is, the overthrow of the existing government or with simply realizing the immediate needs of workers, such as increased wages. Structural reform through legislation was not a pre-occupation. Nor was this a concern of the Japan Socialist Party which at the time was under the control of the right wing of the party, which in turn was affiliated with the right wing of the labour movement. For these factions the main problem was containing the radicalism of the labour movement and maintaining good relations with the Occupation. Even when the JSP was in power in 1947-48, it was mainly concerned
with taming the labour movement, in particular reducing the potential drain on government finances caused by vociferous demands by government workers for higher wages.

Finally, the Occupation itself stood as an immutable barrier to structural reform -- Labor Division's antipathy to the radical agenda of workers was consistent and crossed political lines. The prohibition of workers control at the Yomiuri newspaper in 1946, the banning of political strikes in 1947, and the abhorrence of labour's incursion into "managerial rights" as expressed even by progressive labour bureaucrats such as Valery Burati testify to the intransigence of the Occupation regime to structural reform. It was to be the American way or no way.

The second factor inhibiting structural reform was the economic situation in Japan. Economic dislocation and employers' early capital strike (hoarding and refusing to release capital) spawned many of the radical labour demands, but these same factors worked against a process of structural reform. The United States played a key role not only in elaborating the specific features of the new state but also in maintaining Japan economically through food imports, special procurements, and so forth.

Nevertheless, the period 1945-1947 must be recognized as a distinct phase of postwar history during which the labour movement, in all its spontaneity and political diversity, played a significant role in what was essentially a struggle for power in the workplace. In retrospect, the conditions clearly did not exist for workers' power, but that, in my opinion, is not the essential issue. What was tragic was that many aspects

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of the workers' agenda (including co-determination) were lost in the ensuing conflict even though the labour code was not altered in any fundamental sense.

In the end, any prospects for enshrining the labour vision of the new regime came to an abrupt halt when the Occupation and Japanese government shifted gears in 1947-1948. This was a period of realignment of class forces. Employers reorganized and the labour movement split into antagonistic camps. The aborted general strike of February 1947, the severe restrictions on the rights of public sector workers to strike and bargain collectively imposed in the summer of 1948, the formation of Nikkeiren and the Tōhō dispute later in the year were key turning points indicating the shift in the balance of forces.

While carrying out its capital strike, the business community in Japan sought and successfully re-established direct links with the business community in the United States. This unholy alliance created the momentum for the reestablishment of capitalist control and the undermining of early Occupation reforms. The reforging of international business links culminated in the Dodge plan and labour code reforms in 1949, both of which signalled the onset of an intense, government-sanctioned employer offensive against labour. Let there be no mistake -- there was acute labour resistance to the resurgence of managerial control as demonstrated in the struggles at Toho, Suzuki, Hitachi, Toshiba, and many other workplaces in the 1949-50 period. But autocratic state intervention had tilted the balance of forces in favour of management and prewar divisions in the labour movement quickly re-surfaced leaving the nascent union movement easy prey. The writing was on the wall and workers could

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read it; hence the relatively quick decline in support for the hitherto powerful NCIU. This reversal had a lasting and substantive impact on the nature of the workplace in Japan. The decline of labour and the resurgence of managerial control, sanctioned and supported by the state, was of a magnitude that far exceeded the difficulties faced by the postwar labour movement in any other industrialized country.

Employers were successful in their pursuit of control but in their ruthless assault they undermined any possibility for significant labour-management co-operation. In fact, the effect of their assault was once again to radicalize labour, and the 1951-1960 period was marked by instability and constant class conflict. Sōhyō’s founding, and its subsequent transformation into the dominant and militant union central, symbolized the ongoing tensions in labour-management relations. Employers continued to resort to coercion against independent unions and workers spontaneously gravitated to unions for protection. Despite economic growth, wages were not rising much and the work week continued to be extended. As unstable as the general environment was, new forms of regulation were being worked out at the workplace. Many of these mechanisms, including the wage system, internalized the stamp of extensive employer control. But the forms of regulation also reflected the influence of peak organizations such as Sōhyō or employers’ organizations. The founding of the Japan Productivity Centre in 1955, for example, marked the recognition by some employers of the necessity to move from excessive coercion to hegemony.

But this goal remained elusive; class relations were strained throughout the 1950s only to explode into national conflicts in 1960. The battle at Miike and the

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anti-Security Treaty struggle that year marked a turning point in Japan’s development. The Miike miners lost their struggle. They had strong popular support but exceptional circumstances undermined support from other coalminers and they lacked the necessary backing from enterprise unions in key industrial sectors. Sōhyō’s acceptance of defeat at Miike was especially significant. That experience forced Sōhyō’s leaders to recognize labour’s own limits, imposed by shifts in economic structure and by the encroachment of enterprise unionism. They increasingly adopted a pragmatism that would, in the end, lead to the triumph of enterprise unionism and to Sōhyō’s own dissolution in 1989. But employers also learned through the 1960 experience. While Mitsui wanted to use brute force against the Miike miners and their supporters, cooler political heads prevailed. Overt coercion would have undermined the hegemonic role envisaged for the maturing state.

The post-Miike period from 1960-1974 witnessed the state playing an increasingly important, albeit indirect, role. Politicians berated employers for their hard-line attitudes, and the new prime minister, Ikeda, called for the doubling of incomes over the decade. Economic policy switched from being centred on leading edge export sectors, such as shipbuilding, to the consumer goods sector, allowing the essential linking of the consumer and producer areas of the economy. The expanding economy created the conditions necessary for improved living standards generally. Real wages began to increase, the labour market tightened and the growing wage gap between the core and peripheral work forces declined slightly. But the extent of improvements was limited by enterprise unionism. These limits were not so apparent at the time,
but as the world moved into the 1980s, Japan’s enterprises clearly emerged victorious in the global competitive battle. Workers, however, did not come out on top. The popular saying "keizai taikoku, seikatsu shokoku" (powerful economy, impoverished life) reflected the imbalances created by a Fordist system that had scrimped on improvements in social infrastructure and had chained workers to the treadmill of productivity with little independent voice.

II. The Workplace Regimes: Case Studies

In the course of this study, we examined in some detail the production apparatuses in three workplaces -- the Miike coal mine, the Suzuki automobile plants, and Moriguchi city hall. There were important similarities and distinctions among these work sites. What were they and what shaped the diversity in these regimes?

Moriguchi

Suzuki and Miike were in the private sector while Moriguchi was in the public sector. Thus the applicable labour laws governing the regimes were completely different. The public service labour laws prohibited government workers, even on the local level, to conclude collective agreements or to strike. In this way, the government assured the public sector, in matters such as wages for example, remained constrained to a level below that of the private sector. These were indeed impediments to some forms of union action. But these very impediments obliged the union to carve out particular areas of contestation. Paradoxically perhaps, the local union at

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Moriguchi appeared to thrive over the course of time, developed its independence and even carved out arenas of contestations, specifically in gaining automatic movement up the incentive wage grid.

How did this happen? Even though the Moriguchi union had few regulatory rights it flourished by incorporating the energies of younger workers, manual workers and women who, under the system as it evolved in the 1950s and 1960s, faced discrimination in wages, bonuses, and so forth. To the extent that workers perceived discrimination, the basis for independent union action existed. This discrimination existed at Moriguchi on a number of levels. Old status distinctions continued, particularly those between office staff and manual labourers and between male and female work. While some might interpret this in a cultural way, that is, the workers yearned to have full membership in the community, the fact is that the material basis for the desire for change was rooted in the desire for equality and discrimination that workers faced.

Thus, even though the Moriguchi union was precluded from signing collective agreements and from striking, it did begin to demand negotiations or consultations around specific issues including the yearly wage agreement. The process of wage determination for local government employees was and continues to be multi-tiered. First, the National Personnel Authority decided on the annual average increase; then the local personnel board issued its recommendations; these were subsequently taken to the regional mayors council where the average wage increase is fixed for the region. However, there was some leeway in applying this average to local situations.

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and it is precisely in this niche that the Moriguchi union developed its own role.

No doubt the fact that the union came under the influence of the Japan Communist Party was also important. The JCP did not adhere to the politics of collaboration inherent in enterprise unionism. JCP adherents in the city hall union were willing to give play to the aspirations of groups of workers within their jurisdiction and to channel these aspirations into confrontation. On the other side of the equation, management at city hall may have been more flexible than employers in the private sector. Mayors, after all, were accountable to the electorate, not to the market. Furthermore, management of labour relations at the city hall were less developed than the personnel departments of larger enterprises. Again, precisely because many of the functions of the regulatory regime had been statutorily expropriated, the personnel department at Moriguchi appeared to be under-developed. Faced with a strong and organized union presence, management was happy to make some concessions which may well not have been tolerated in the private sector.

An oft-asserted claim about unions in Japan is that public sector unions were more political because of their lack of rights. No doubt there was some truth to this and for many years public sector unions, many of which were in Sōhyō, did continue to lobby and organize to win the same rights as their brothers and sisters in the private sector. It would seem, however, that the lack of union rights transmitted itself not only into political action but also into innovative reform of the regulatory system at the local level. Moriguchi workers’ victory in de-linking yearly wage increases from supervisors’ evaluations (allowing for automatic rise up the incremental wage
ladder) was a small but significant change in the system. It was one example, but I suspect there may have been many others in the public sector. The regimes at Nippon Telegraph and Telephone and Japan National Railways (until they were privatized in the late 1980s) are two examples that come immediately to mind and that bear further investigation. In other words, the political regimes of production may be substantially different in the public sector not only because of state regulatory measures such as the restrictions on collective bargaining but also because independent unions continued to exist and in coping with their situations transformed the specific politics of the production regimes in the public sector.

Miike

The Miike story is an altogether different one. An independent union, a regime bearing many of the markings of pre-modern industrial relations including a piece-rate wage system and extensive company control of public life, and a declining industry combined to create the conditions for intense conflict.

The independence displayed by the Miike union was founded on two pillars. The first was political; the leadership of the union was very much a part of the left-wing of the labour and socialist movements and it carried out educational activities that clearly identified the interests of miners as separate to those of the mine management. But the form of wage negotiation also made an important contribution to energizing the rank-and-file. Even though average wage increases were negotiated at the industry and enterprise level, negotiations over specific job rates took place in the

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mines. It is little wonder that the Miike union never attempted to modify the wage system. As both Burawoy reported in his study of Jay’s and Allied machine shops, and Tolliday and Zeitlin concluded in their study of automobile plants in Britain, when wage discussions descend to the shop floor they tend to provide a dynamic focus for rank-and-file action. At Miike, as at Jay’s, production output and the compensation system were closely aligned.

The union successfully overturned the paternal regime that permeated the workers lives. Miike was a company town (part of the city of Omuta) with Mitsui controlling the miners debts and their housing. The Miike union put an end to this regime and began to carve out another that included substantial union control over the production process. The Miike union began to stand out and attracted the attention of top Mitsui management and Nikkeiren.

In 1958 imminent structural changes in the market, a united capitalist class and a divided working class conspired to break the Miike union. The terrain of Japan’s labour history is littered with the skeletons of independent unions. Their shadows, in the form of enterprise unions, are often all that remain.

No objective observer can fail to accept that the original Miike union represented the aspirations of a majority of its members. The before and after pictures of the Miike story are a tragic reminder that a union’s acquiescence to the push for efficiency can have terrible consequences for workers. Would not the 457 miners

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who died in the 1963 mine explosion still be alive today if the original Miike union had maintained its base in the mines?

It seems unlikely that there is any union in Japan that embodies the characteristics of the Miike union and it is therefore not very useful to speculate on a specific apparatus of production. There are probably a number, however, that resemble the Moriguchi union in that they maintain their independence and try to carve out niches of contention within the constraints of the system. Given that we have only been able to discuss the Moriguchi example, however, it would again appear futile to try and generalize about a specific apparatus of production for the public sector. Such a generalization would assume that similar trends developed in other workplaces. While such may have been the case, it seems more likely that what we may find in Japan’s public sector is more variations in the types of production regimes.

In the end analysis, neither Miike nor Moriguchi appeared to represent the prototype of the generic production regime in Japan. The Suzuki case study provided more insights into what I would consider the normative regime that is most often found in large, private enterprises.

**Suzuki**

The contemporary union at Suzuki traced its origins to the destruction of an independent union during the great managerial offensive of 1949-50. Many other enterprise unions came into being, through dual unions or purges of the union, from the same era or afterwards. Hitachi, Toshiba, Toyota, Nissan are just a few.
After 1950, the Suzuki union accepted managerial control in the workplace and accepted the credo that what was good for the company was good for the workers. Its role was not to challenge management but to act as a sounding board, to play a consultative role. Concretely, this meant that it limited its role to discussions over the division of spoils but even this became largely a ritual by the 1960s as the formula for yearly wage increases was similar to one used in the U.S., inflation plus an annual improvement factor. A second facet of the union’s role was to act as a warning whistle, to sound the alarm when the company had pushed workers to the limits. When Suzuki began transferring workers helter-skelter in the early 1970s, the union intervened to sign a memorandum of agreement that would limit transfers to a six-month maximum. It also alerted the company to the problems of the extended work week, and gradual reform began.

The Suzuki union accepted the performance-based, incremental wage system even though this fundamentally weakened the union’s impact in the workplace. Yearly increases for individual workers became dependent not on the ability of the union to extract concessions from the company but on supervisors’ evaluation of individual work performance. The union may have haggled over the proportions of the wage increases which were contingent on performance evaluations, but the basic structure was never challenged.

At certain levels there were signs that the union began to be informally integrated as a component of management. The chairman of Suzuki was a former leader of the breakaway union from 1950. And when workers in one Suzuki plant...
attempted to mount a legal challenge to transfers, the union recounted how they eventually left Suzuki employment. Further research is necessary but the idea that enterprise unions become integrated with management is hardly novel. Yamamoto Kiyoshi has documented this process in his work on Toshiba. However, the very nature of enterprise unions, not to mention the secrecy of private corporations, makes this type of documentation on any serious scale problematic. Nevertheless, the close ties between enterprise unions and employers deserve further scrutiny.

III. Japan’s Market Hegemony

The concepts of despotic and hegemonic regimes play an important role in Burawoy’s and many others’ perspective on class relations under modern capitalism. The despotic regime existed in 19th century England and was based on the super-exploitation of labour -- what Aglietta and the regulation theorists would term a regime of extended accumulation. This regime was not viable in the long term because it eventually spawned intense conflict which, in turn, created a growing awareness on the part of the working class that it was disenfranchised. Furthermore, the despotic regime’s economic viability was also in doubt because of the continual crises of overproduction -- the poverty of the masses created serious problems of realization of surplus value. In general terms the despotic regime created the condition for its own transformation.

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Hegemonic regimes came to replace despotic ones. The concept of hegemony in this case is the Gramscian notion of incorporation, that the regimes would allow for deal-making on a grand scale and that contained in the bargain between labour and capital was consent on both sides, although this consent never excluded coercion. Workers through their unions consented to be managed and employers consented to some union restrictions on their right to manage. Symbolic of these grand deals were the 1928 collective bargaining acts and 1938 Saltsjobaden Accord in Sweden, the 1935 Wagner Act in the United States and the 1944 wartime legislation, PC 1003 in Canada.

Question: When did Japan transform from its despotic to its hegemonic phase and what is the symbol of that transformation?

Some might point to the 1946 labour code, others to the 1955 founding of the Japan Productivity Centre and the three principles of productivity. But neither of these perspectives are very satisfactory. The labour code could have symbolized the emergence of a hegemonic regime, but it was drafted in exceptional times when the postwar labour movement was not yet able to articulate its own agenda. And while the productivity movement did represent a certain consensus, in 1955 it really only reflected an agreement between the conservative section of the labour movement and employers. Even then, Nikkeiren persevered in its hard-line approach to labour relations right into the 1960s.

Japan, it would seem, did represent an exception to the general pattern of evolution from despotism to hegemony. From a comparative perspective, Japan’s
exceptionalism was due to historical circumstance more than anything else. It was not so much late development but rather the nature and relation of class forces at the time of the labour-management deal that seems to dictate the specificity of the regime. In Japan's case, the ravages of war spawned intense class polarization with little room for reconciliation and the state was under the control of a foreign power, in this case the United States. This class polarization dated from the 1920s when employers, like their counterparts in the United States, rejected any form of class entente. Japan then moved towards absolutism and war, further repressing labour as an independent force. There was little sentiment for reconciliation after defeat.

Instead, the state-endorsed initial period of liberal reform was one that allowed for union ascendency; but the same state also stood as a fundamental structural barrier to the formation of an alternative, indigenous regime. This period, labour's high tide, was soon followed by a period of reaction which employers used to sweep away the labour reforms and to reimpose managerial rights in almost every arena. This anti-labour offensive indelibly stamped the postwar regime with some of the rather despotic features discussed in this study. But there were also hegemonic features (job tenure based on convention and the bonus system, for example) that, as time passed, became part-and-parcel of the postwar regime.

Burawoy proposes that the hegemonic regimes in the United States and Britain are today in the process of transformation to what he calls a form of hegemonic despotism: "The new despotism is not the resurrection of the old; it is not the arbitrary tyranny of the overseer over individual workers (although this happens too)."
The new despotism is the 'rational' tyranny of capital mobility over the collective worker." In other words, we are witnessing the third wave in production regimes: the first was the coercive and arbitrary regimes (of which market despotism was one form) of early industrialism; the second wave were the hegemonic regimes of Fordism; the third wave is a form of neo-Fordism in which consent must give way to commitment. Commitment to capitalist values, such as productivity improvement and competitiveness, was never an explicit part of the hegemonic regime. Except perhaps in Japan.

Japan’s transition from despotic to hegemonic regime was partially aborted and this gave rise to what might be termed market hegemony. In a sense it represents both the past and the future. To be sure, there are despotic features to this type of regime but that is not its main characteristic. The most significant feature of the neo-Fordist regime is that the market principles of Fordist societies have been explicitly embraced both ideologically and structurally within the production regime. Workers must subordinate their own perspective to that of the enterprise and its values which reflect the imperatives of market capitalism.

The mechanisms and features of this market hegemony are described in some detail below. The description is that of the generic regime and although I draw on examples from the case studies and others, one should remember that the features are

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9. I explicitly rejected the terminology "hegemonic despotism" because it seems to imply a return to coercion. While there are coercive aspects to the lean system, including the form of compensation, the key aspect is that workers must commit to the values of production, in this case, market values.

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that of the ideal or generic regime and not of any one specific workplace.

**Enterprise Unions**

Analyzing and comparing the historical background of unions at Miike, Suzuki and Moriguchi give us a basis for evaluating some contemporary assertions about Japan’s unions. Two important assertions about Japan’s industrial relations, articulated by Ronald Dore and Shimada Haruo among others (see Introduction), are that management was pre-disposed to working with unions because of the late development effect and that unions in Japan somehow naturally developed into enterprise unions, that is, unions based in the firm as opposed to industry-wide or craft organizations. The historical record extracted from an analysis of the three case studies fails to support such assertions.

Management at Suzuki, for example was adamantly opposed to recognizing the Suzuki union in 1948 and, furthermore, rejected the union’s call for collective bargaining even though it was legally obliged to engage in negotiations. When miners at Miike first began their move towards creation of an independent union, Mitsui proposed a labour-management committee as an alternative to the workers’ formation of an independent union. These acts by management were not those of a class that had reconciled itself to workers organizing themselves into independent organizations.

Furthermore, management attempts at Suzuki and Miike to subvert independent unions throughout the 1946-1960 period seem incontestable. Nor, based on the evidence from other cases, were the situations at Miike and Suzuki exceptional.
Aided and abetted by Nikkeiren, employers at Toyota, Hitachi, Nissan, Toshiba, Oji Paper, and a myriad of other enterprises did everything they could to purge the unions of independent unionists.

Of course, given the rise of the labour movement and the new liberal democratic slant of the Occupation, employers could not openly advocate an end to unions, although in many cases during the 1949-51 period that was exactly what they accomplished. In most cases, however, they either created alternative, compliant unions that were used to break strikes (as in the Miike and Suzuki examples) or purged the existing unions of independent unionists.

This campaign was at first waged as an anti-communist crusade under the auspices of the Occupation but it persisted throughout the 1950s. In the process, employers, through powerful organizations such as Nikkeiren, displayed an overt hostility to any union that contested managerial control or attempted to articulate an independent agenda for the workers they represented. In my opinion it is time to put away Dore’s non-historical caricature of Japan’s employers reconciling themselves to unions.¹ Nikkeiren was a "union-buster" par excellence. In this they differed little from their counterparts in the United States or Canada. Different historical circumstances, however, gave rise to different regimes. The fact that employers in Japan were willing to live with enterprise unions says more about enterprise union than it

¹. That militant unions should regard Nikkeiren with hostility is normal. But the fact that managers such as Mitsui Coal’s Yamamoto and even small employers saw Nikkeiren as anti-labour should remove any residual doubt about the ‘paternal’ nature of big business. As one small employer put it: “During the previous period of conflict and strikes, from 1957 until then, the early 1970s, the people from Nikkeiren told me workers are the enemy.” As cited in Chalmers, Industrial Relations in Japan, p. 149.
does about Nikkeiren’s pro-union proclivities.

This raises the second major issue, that is, that Japan’s workers were predisposed to forming unions at the workplace, that unions were thus enterprise-based, and that they generally shunned horizontal affiliations with other union locals. Once again the evidence from our case studies seems to contradict such an assertion, particularly for the formative period of the union movement. The original unions in all three of our case studies worked to establish either regional or industrial affiliations from the start. To be sure, close ties also evolved among workers at the three Mitsui mines in Kyushu but these local affiliations were not counterposed to regional and industrial affiliations.

Many factors contributed to the horizontal linkages. In some cases the CLRB directly intervened and promoted industrial and regional affiliations as a means of gaining consensual labour representation on regional labour relations boards. In other cases, such as at Suzuki, unions came together to organize around simple things such as celebrating May Day but then went on to organize further activities. To be sure, national labour organizations also played a role as they campaigned to gain affiliates either on a regional or industrial basis. And finally, as workers and unions found themselves in struggles with employers, they spontaneously aspired to develop links of solidarity. Thus, from a historical perspective, the theory that workers somehow naturally embraced enterprise unions does not hold much water.

After the 1949 management offensive, however, employers attempted to limit outside influences and to proscribe the scope of the enterprise unions which had
replaced, in many instances, independent unions. But even here the natural drift was
toward establishment of union affiliations on the local, regional and national level.
The formation of the Japan Autoworkers Union, and the establishment of wage
consultations at the industrial and national levels reflect a natural drift towards cross-
enterprise affiliations. To be sure, power resides at the enterprise union level and
collective bargaining is focused there. But is this organizational characteristic really
the distinguishing feature of Japan's industrial relations that advocates of the three
pillars would have us believe? In section IV (International Comparisons), I indicate
how, in comparative terms, the theory of enterprise unions as an organizational phe-
nomenon does not stand up to scrutiny.

If the organizational dimension of Japan's unions were not quite so unique as
our advocates of enterprise unions would have us believe, does this mean then that we
should reject the notion of enterprise unions as being a distinct characteristic of
Japan's industrial relations? Based on this study I think we would be best served not
by totally rejecting the theory of enterprise unions but rather by redefining what
enterprise unions were and probably continue to be.

Based on the evidence amassed in this study, I would suggest an alternative
characterization of enterprise unions. They are unions that:

a) were formed (either through purge or creation of a dual union) in
order to break an independent union and had substantial employer support;

b) accepted managerial control of the workplace and identified with the
goals and values of management;

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c) embraced the profit principle and subordinated union demands to the wellbeing of the enterprise and the national economy in exchange for a consultative role over wages and some working conditions;

d) subsequently became integrated into the management structure through informal organizations, duplication of steward/foremen functions, and through the use of the union as a stepping stone to management positions;

e) avoided the organization of pressure tactics (job actions) especially those that had political overtones;

f) generally tried to repress any opposition to company or union policies among workers.

Such a definition captures what I believe was the historical significance of such unions. It defines them not primarily as an organizational phenomenon but as a socio-economic formation arising from class conflict. It is in essence a discussion of cause and effect. In other words, the organizational bias towards the firm was a function of the market orientation of enterprise unions, and indeed of management. This orientation arose from historical circumstance and real choices made by some union leaders. It did not arise, in the main, from some cultural pre-disposition to loyalty to the firm inherent in Japanese workers, although such ideological factors may have played a role in certain circumstances.

In a historical perspective, such a characterization would appear justified given that many of the enterprise unions were founded precisely for political reasons. Employers and some workers were adamantly opposed to independent, adversarial...
unions such as the NCIU in the 1946-49 period. Does this mean that enterprise unions became simply a hollow shell and were completely dominated by management? The answer to that is both yes and no. Enterprise unions embraced certain management values that, while allowing them some legitimacy within the close circle of the enterprise community, limited their room to manoeuvre. Thus, instead of playing a role as a dedicated channel for articulating and fighting for worker aspirations, they became a mediator, a sounding board for management and, in certain cases, a warning whistle against excessive exploitation. This role was the best case scenario.

Enterprise unions also had their dark side. One of the essential roles of the enterprise union was to maintain stability, and this meant that internal, worker opposition to enterprise unions had to be quickly eliminated. This is because close links with management rendered enterprise unions extremely vulnerable to being exposed. Debates over issues quickly escalate into discussions of the very nature of the regime and any challenge thus poses a threat to the very viability of the system. There is a distinctly corporatist bias to the enterprise as community model and dissension is treated as an external virus that needs to be expelled from the corpus.

Finally, the reader should be reminded that we are talking about enterprise unions as an abstract notion. There are many variations on the theme. As Totsuka et al remind us, the unions at Nissan and Toyota evolved into distinct variations of enterprise unions with important differences including the extent of union organization.

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on the shop floor, among others.\textsuperscript{11} I would argue, however, that both the unions at Nissan and Toyota, like the Suzuki union, continued to share fundamental characteristics, including the commitment to profits and productivity first and a penchant for attacking dissent within their own ranks. A third shared feature is the commitment to a wage system which allows management considerable ability to control workers and pit one against the other in the fight for survival in the corporate hierarchy.

**The Performance-based Wage and Bonus System**

The dominant wage system in Japan has a number of notable features including annual or semi-annual performance reviews that determine one's status on an incentive wage grid; bonus payments that by 1975 provided four to six months salary in two annual instalments (summer and winter); consultation-negotiations two or three time annually -- once to determine the annual increase in the base wage and once or twice to determine the size of bonus payments; a wage hierarchy based on performance, that is, new recruits are posted low on the wage grid but, to the extent they receive favourable performance evaluations, they are able to climb the wage grid to the point where top wages pay three to five times that of the starting rate.

The postwar determinants of this system are interlaced with the dynamics of class conflict in the 1945-1960 period. In the early postwar period, managerial theorists favoured an American-style, occupation-based wage system. Indeed, during

\begin{footnote}[3]{See Tōtsuka Hideo \& Hyōdō Tsutomu eds., Rōshi Kankei no Tenkan to Senkaku [Transition and Choice in Industrial Relations], (Tokyo, Nihon Hyōron Sha, 1991).}

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the Occupation, the government introduced an occupation-based, wage classification system for government employees. However, as the Occupation drew to a close, the government gradually abandoned this system and replaced it with a performance-based, incentive wage system.

In the early postwar years, the private sector pursued its own course with the labour movement leading the way. Labour early formulated its theory of a social wage, that is, one that allowed workers to eat, something that could not be taken for granted in the 1946-48 period where the spectre of starvation was very real. This concept was further developed by the Dentsu wage formula (see Fig. 2.3) that articulated what Kawanishi Hirosuke has called an egalitarian approach to salary determination. It proposed a base wage composed of a livelihood guarantee (principle and family) constituting 80 percent of the base wage, with accumulated service (seniority) and ability making up the remaining twenty percent. In order to balance potential employer favouritism, the union was prepared to intervene through negotiations over the issue of ability of any given individual. The union’s wage committee feared that competition between workers for higher wages, with the employer playing the role of arbiter, would negatively impact on union solidarity.

History justified their trepidation.

The rollback period of 1948-50 gave employers the upper hand in the relation of forces with labour. As egalitarian as it may have seemed at the time, the Dentsu wage formula’s concessions over payment for ability gave employers the ability to exploit this aspect of the wage determination mechanism. Employers began to make
extensive use of performance evaluations in both the public and private sectors. In the 1950s, performance evaluations began to determine an ever-increasing proportion of annual wage increases and the proportion of wages determined by age declined. Thus, when Suzuki made wholesale renovations in its labour relations system in 1960, it adopted the performance-based, incremental system that by this time had become a dominant pattern at least within the automobile industry. The significance of this type of wage determination should not be underestimated. Not only did it give employers a strategic weapon for inducing conformity, it reinforced competitiveness among workers (individuals competed for wages and promotion), and thereby undermined potential worker solidarity derived from joint action for joint benefits.

There are other important facets to the wage system that evolved in the postwar period. The bonus system is of particular significance. Some commentators point to employers' historical benevolence as the source of the modern bonus system. But it would appear that this system may have more to do with labour than employers. Gordon goes so far as to assert that most unions were bargaining for semi-annual bonuses as early as 1946. At Miike, however, the union contends that its attempt in 1947 to negotiate regular bonus increases was among the first. Furthermore the union perceived the bonus payment as a form of delayed wage payment, a way to share in profits, and also as a tradition that labour had every right to share in. A more contemporary source may also have been the one-time wage increases demanded and won by unions in the inflationary 1946-48 period. Such demands may also have contributed to the momentum that prompted unions to institutionalize the
demand for bonus payments.

No matter how the historical record resolves the issue of which unions started demanding bonuses first, based on the material from the case studies it can be concluded, I believe, that the modern bonus system took its contemporary form and significance only in the late 1950s after continued bargaining by unions brought the bonus payment up to about 25-35 percent of total wage compensation. Bargaining continued over the size of the bonus but by the early 1960s it had come to represent, at least in large enterprises, four to six months wages paid in two instalments, summer and winter. From 1960 to 1975 the system consolidated and remains in effect to this day. As with any negotiable item, management attempted to reduce the size of the bonus, but because it had become an acquired right and systemic, it was difficult to do that although it did happen at Miike. Miike, however, was the exception that proves the rule that bonuses are difficult to cut. For example, many mortgage contracts came to contain clauses for fixed balloon payments in summer and winter that coincided with bonus payments. Any major shift in the bonus system would have had serious repercussions for the financial system.12

The bonus system was extremely significant both for labour and for the historical development of the national economy. Labour clearly perceived the bonus

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12. Gordon also makes this assessment. See The Evolution of Labor Relations in Japan: Heavy Industry, p. 61. The bonus appears to have been institutionalized to some extent even in the small business sector. As one supervisor from that sector summarized it: "The amount of bonuses, as with wage increases, depends on our President, but if business is poor, even in the red, the enterprise must pay this bonus. The President needs the confidence of the workers. He is well aware of this discipline." As cited in Norma Chalmers, Industrial Relations in Japan: The Peripheral Workforce, p. 143.
system as a form of delayed wages or, in other terms, a form of compulsory savings. Given that bonus payments represent from 25-35 percent of the total wage bill, in a comparative perspective, employers profited directly from the interest saved on the amount of bonus retained. In other words, employers made money off the interest that the bonus money paid as it accumulated, interest that labour would have received if the money was paid up front with regular monthly wages. The accumulated interest on the bonus of one worker was not huge, but when totalled for thousands of employees and then multiplied again by the thousands of employers, this became a substantial sum of money. Of course such a view is laden with comparative values. The fact is that unions negotiated or consulted over the size of the bonus payments and workers in Japan worried not that the monies are not paid up front but rather what size the bonus would be. In that sense, the bonus system was very much part of the hegemonic regime in Japan.

Another facet of the bonus system was the contribution it made to accelerated capital accumulation. In his study of the high growth period from 1955 through the 1960s, Nakamura Takafusa concluded that the bonus wage system was the most important factor that contributed to the high savings rate during this period. Only history allows us to remember that unions pushed for this system over, it should not be forgotten, the shrieks of Nikkeirei officials who in the 1950s bemoaned the continual negotiations over wage and bonus payments.

The performance-based wage mechanism and the bonus are two key facets to


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the compensation system in Japan. But there are other significant features, including wage discrimination, annual wage negotiations, and exclusions from the system. Let us look briefly at some of these features.

Despite the best intentions of Occupation and government officials who drafted article 4 on equal pay in the employment standards legislation in 1947, female workers in both the private and public sector faced blatant discrimination in wages. In the case of Suzuki, the company and union quite openly advertised the wage discrimination -- as late as 1975, the wage grid specifically designated a different starting wage for high school and junior college graduated based solely on their gender. At Miike, discrimination in wages appeared mainly through occupational wage ghettos; women worked above ground and thus received substantially lower piece work rates than underground miners who were exclusively male. At Moriguchi, too, wage discrimination took place through streaming of women into specific jobs; cook aides in schools or daycares, and so forth. In the latter instance, the union, to its credit, did work with women members to convert many casual positions into regular ones, allowing women to gain the attendant benefits, including some job security, regular bonuses and so forth. But wage discrimination based on gender continued to be an important part of the wage system right into the 1970s and Japan's record on equal pay for women became the worst in the industrialized world.¹⁴

Japanese women, supported by feminist groups, have increasingly challenged some of


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the discriminatory policies. In many cases, unions found themselves defending male privileges which they had both negotiated, or in the case of informal discrimination, had helped perpetuate.

Another aspect of the wage system is the annual spring offensive or annual consultation/negotiations over base rate increases. The postwar genesis of this practice is clearly labour-based -- under Sōhyō’s Ōta and Iwai the practice of annual wage and benefit bargaining became institutionalized. This occurred in the 1955-1960 period with most major unions aligning the expiry date of wage agreements to the spring. It should be noted, however, that the impact of Shuntō was mainly coordinating demands and job actions, as well as aligning the timing of the bargaining/consultation process. Actual negotiations/consultation remained at the industry and enterprise level. Its significance is mainly in institutionalizing the annual nature of the consultations over wages and some working conditions.

A final point regarding wage determination is the fact that national and local government workers are excluded from the dominant enterprise pattern. They do not have the right to bargain collectively for their wages. Wage levels are largely determined by the government based on recommendations from national and local 'personnel' agencies. In practice, these agencies have used as their standard the wage settlements in large, private-sector firms and thus government workers have to some

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extent seen real wages rise at a faster rate than those in the small sub-contracting firms.

**Job Tenure and Seniority**

Did permanent employment exist in Japan by 1975?

The case studies present a mixed record. Moriguchi and Suzuki saw employment grow throughout the 1950-73 period. However, the impact of the oil crisis at Suzuki led to a slight decrease in employment levels in 1973-74 with very slight increases thereafter. Moriguchi was less affected by the oil crisis and employment grew steadily, if modestly into the 1980s.

Miike was, of course, the exception and the 1960 dispute came to symbolize the onset of structural decline of Japan’s coal industry. The onset of structural decline was as much political as economic; prodded by the steel industry and Keidanren, the government decided to liberalize oil imports and to end its protection of coal as a strategic industry. The ragged and disruptive decline had a devastating impact on coalminers -- two hundred thousand were laid off in a decade. Less than two in ten found alternative employment through adjustment programs offered by their employer. The few coalminers that remained were subjected to speedups and a deadly deterioration in safety condition. This was the legacy of the mismanagement of coal industry decline.

Clearly, job tenure or security of employment depended first and foremost on whether any given economic sector was in strategic ascent or decline. And for that

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there were no guarantees. The coal industry was the first economic sector to witness decline and employment loss, but it was later followed in the 1970s by textiles, steel and shipbuilding. Unequal development implied that what went up eventually came down. Thus, from a historical perspective, the concept of firms operating on a basis of 'permanent employment' was restricted by structural factors. The Miike story also helped to see the tacit nature of the job security convention. Long-term job security agreements had been signed in the coal industry but such agreements were looked upon with consternation by Nikkeiren. Such explicit agreements interfered with managerial rights, the specific right to set employment levels in this case. Thus the job security facet of the hegemonic regime arose as convention.

Our three case studies, however, do not constitute a representative cohort of enterprises in Japan. They are examples of large enterprises which employed roughly 15 percent of workers in Japan. The vast majority of employees in Japan worked for small and medium size enterprises in which, it is generally conceded, there is even less security of tenure than in large enterprises. These three factors: tacit commitment to jobs, unequal development (and eventual decline) and Japan's extreme dual structure strictly determine the nature and scope of employment tenure. Having recognized these two limiting factors, it is also important to note that Japan's managerial class did articulate a specific commitment to maximize job security and minimize layoffs.

The Japan Productivity Centre first articulated a managerial commitment to minimizing short-term layoffs in its 1955 statement on productivity: "Regarding
temporary surplus personnel, however, the government and private sector, taking into
account national economic factors, must outline measures such as job transfers and so
forth which will prevent unemployment to the extent possible." This statement was in
direct response to Sōhyō’s criticism that the productivity movement would become a
massive campaign of rationalization with labour being the ultimate victim through a
loss of jobs. In that sense, there was definitely a hegemonic tone to the JPC’s paper
commitment to prevent unemployment. One consequence of the evolving
wage/employment paradigm may have been that employers in large enterprises
realized that the creation of permanent positions involved a relative long-term
commitment to the labour force. This may have been instrumental in attempting to
keep the labour force in the enterprise as small as possible. Thus, the commitment to
job tenure may have directly contributed to the creation of an extended dual structure
as well as to the intensive Toyota production system. In that sense, Sōhyō’s fears that
the JPC’s program would lead to rationalization and job loss were well founded but
not quite in the way the critique was articulated. It was not so much that jobs were
lost in the high growth period but rather the job growth was relatively restricted in the
large enterprise sector, particularly after the 1973 period.16

The 1960 confrontation at Miike reinforced the perception that eliminating jobs

16. As David Friedman points out, by 1977 less than 30 percent of
the manufacturing workforce in Japan was employed in large enterprises
compared to 60 percent in the United States. See David Friedman, The
Between 1972 and 1981, employment in large enterprises dropped from 21.6
percent of the total workforce to 18.6 percent. See Norma Chalmers,
Industrial Relations in Japan, p. 50. These statistics probably
underestimate the shift because Chalmers uses government documents in
which large enterprises are defined as employing 300 or more.

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was extremely costly for employers. Evidence presented by Gordon and others indicates that employers justifiably feared layoffs would lead to prolonged disputes, the expense of which might exceed the costs involved in transferring employees.\footnote{Andrew Gordon, The Evolution of Labor Relations in Japan, pp. 386-411. Gordon also cites extensively from Yamamoto Kiyoshi, Nihon Rōdō Shijō no Kōzo [Structure of the Japanese Labour Market], (Tokyo, Tokyo Daigaku Shuppan Kai, 1967).}

The evidence from Suzuki confirms that some employers did indeed attempt to avoid short-term layoffs through job transfers -- both internal (from production to sales) and external (from Suzuki facilities to sub-contractors). However, disputes over transfers at Suzuki (see Chapter 8) illustrated that workers perceived such policies as a harsh price to pay for their job security because of the disruption to work and family life.

But there are other factors which also influenced employers’ commitment to jobs. The incentive, performance-based wage system directly contributed to the employment paradigm. Because the wage gap between new hires (usually recent school graduates from all levels) and top wages was dramatic (equivalent today to a starting rate of $8 per hour and a top rate of $40 when bonuses are included) the wage system was not only an incentive to stay (to leave would usually mean starting at a lower level on the wage grid at a different firm) but it also created the expectation that one could stay! Permanent layoffs, or even longer temporary ones, would have destroyed the internal logic of the wage system. This is one of the keys to understanding why layoffs were so bitterly contested in Japan.

Another important limit to the employment pattern is the general trend to exclude women from permanent posts. At Miike women were excluded from
underground mining and at Suzuki only a small minority of production workers were women. At Moriguchi, women were seldom employed in career track jobs particularly within city hall departments. The pattern at city hall was to employ women in adjunct, clerical positions and require them to retire after marriage or after becoming pregnant. Where women worked in day cares and so forth, they had to fight to win regular status. The patterns in the case study confirm the general discrimination patterns found in other studies. An important footnote is that unions often conspired directly with employers to restrict employment opportunities for women.

**Joint Consultation**

By the 1970s, one of the fundamental features in Japan’s union-management relations was the system of joint consultation. Employers’ success in attacking independent unionism during their 1948-50 offensive resulted in conservative unions making two concessions which were fundamental to the shaping of the postwar union-management relationship. The first was the ceding of extensive managerial rights in the workplace and the second was the explicit acceptance of the linkage of enterprise productivity/profitability to labour returns. These political developments and the subsequent consolidation of the wage and employment structure left little of substance for unions and employers to resolve. The new system could make little use of collective bargaining as it was defined in the United States or Canada. In fact, what evolved was a system of consultation between the parties to resolve most issues (through the labour-management committees) and the re-definition (perhaps applied

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definition would be a more appropriate term) of collective bargaining as either an exceptional state of irresolvable differences between the two sides or a pro forma meeting to formally adopt the agreements reached through joint consultation. In other words, the onset of collective bargaining signalled a breakdown in the normal pattern of consultation and, unless a compromise was reached, confrontation appeared imminent. Or, a one-shot session of collective bargaining signalled the conclusion to the joint consultation process.

The system of joint consultation developed first at the workplace and later spread to the regional and industry-wide levels. As the system consolidated, even Sōhyō affiliates became incorporated into the process, particularly in the private sector.

IV. Some Comparative Assessments

Figure 9.1 is my summary of the dominant features of union-management relations of Japan compared to the dominant features of the U.S./Canadian model. The most important differences relate to union politics, wages and job tenure.

Union Organization and Collective Bargaining

Comparative studies of international industrial relations lend further credence to the contention that Japan’s enterprise unions owe their distinction not to any unique organizational characteristics but rather to their specific political orientation.
Figures 9.2 and 9.3 give some comparative data on the relationship between union centralization (Figure 9.2) and union densities and the level of bargaining (national, industry or region, or enterprise or workplace based). As these figures illustrate, if anything bargaining in Japan is more centralized than in Canada or the United States, although all three countries are found at one extreme. These figures are further

**Figure 9.1: Comparison of Postwar Labour Relations, Japan - U.S./Canada**

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Canada/U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal Framework</strong></td>
<td>Labor code was hegemonic and modelled on U.S. Some European influence (sectoral extension of contracts).</td>
<td>Hegemonic (union recog/no strike) with bureaucratic/legalistic dispute resolution mechanism.</td>
</tr>
<tr>
<td><strong>Union Structure</strong></td>
<td>Varied, mainly decentralized but with important affiliations.</td>
<td>Varied, mainly decentralized but with important centralized components.</td>
</tr>
<tr>
<td><strong>Collective Bargaining</strong></td>
<td><strong>Contracts</strong> Split between general agreements and memoranda.</td>
<td>Single, comprehensive agreements--continual extension of employee rights and delimiting of employer prerogatives. &quot;If its not in the contract its not worth much.&quot;</td>
</tr>
<tr>
<td></td>
<td><strong>Process</strong> Joint Consultation</td>
<td>Formal positions submitted at bargaining table.</td>
</tr>
<tr>
<td></td>
<td><strong>Frequency</strong> Yearly</td>
<td>Every 2-3 years.</td>
</tr>
<tr>
<td></td>
<td><strong>Centralization</strong> Centralized joint consultation, enterprise agreements.</td>
<td>Mixed, dominant form remains enterprise level agreements.</td>
</tr>
<tr>
<td><strong>Wage System</strong></td>
<td>Performance-based, extensive increments and institutionalized bonuses.</td>
<td>Comparative worth, some occupational but limited incremental differences.</td>
</tr>
<tr>
<td><strong>Internal Job Market</strong></td>
<td>Employer controlled.</td>
<td>Employer discretion limited by union regulation.</td>
</tr>
</tbody>
</table>
Figure 9.2: Union Centralization and Level of Bargaining


Figure 9.3: Unionization Rates and Level of Bargaining

supported by studies of Canadian collective bargaining which indicate that 72 percent of all employees in large firms are covered by collective agreements negotiated with a single employer. In other words the purported industrial union model under which all unionized employees in a single industry negotiate together is, even in the United States and Canada, the exception rather than the rule. Some might argue that the contemporary decentralized model is the result of a decline in industrial unionism. There is some truth to that assertion but even leaders of the CIO at its inception were cognizant of the need for a multi-level approach to organizing. The AFL minority report on organizing, which was defeated at the 1935 convention and led to the eventual creation of the CIO, refers to organizing workers along "industrial and plant," or "industrial and enterprise" lines. In historical perspective the industrial union ideal specifically embraced the concept of organizing along enterprise lines and thus the motto of the industrial union movement was "one shop-one union" or, in modern day union parlance, "wall-to-wall."

The historical documentation from the case studies and the above evidence from comparative international studies, leads me to reject the theory of Japanese enterprise unions as an organizational breed apart. Not only did unions in Japan have

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substantial horizontal linkages historically, but the structure of collective bargaining became markedly similar to that in the United States and Canada. This conclusion challenges the assumption that Japan's workers have a natural affinity or are culturally predisposed to vertical linkages. I would argue that the hegemonic regime, including the political orientation of enterprise unions and the performance-based wage system, provided the structural incentive for workers' attitudes of loyalty to the firm and so forth. Removing such a system from the restrictive bindings of cultural pre-determination elevates the issues into the realm of human interaction. History as I see it vindicates such socio-economic positioning of enterprise unions.

To put this in perspective, however, one must also define more clearly what is meant by independent unions. Fundamentally, independent unions attempt to remove labour from the despotism of the market, that is they try to promote the separation of the reproduction of labour power from the process of production or from performance in the workplace. Of course, on a theoretical level a complete separation is impossible -- the ability of labour power to reproduce will always be tied to the general socio-economic circumstances in which it finds itself. However, an independent union conceives of its members not as economic adjutants but rather as citizens with political and economic rights which should not be subordinated to profit and the marketplace. Unfortunately, after having fought for and won their independence in the 1935-50 period, some unions in Canada and the United States began to take their independence for granted and have become prime targets for the new, market hegemony. Thus, in their pure forms, independent unions and enterprise unions

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represent two poles on a disjointed spectrum. The enterprise union represents the politics of market pragmatism constantly tempered by the aspirations of workers for independence, while independent unions represent the politics of social idealism constantly tempered by the realities of the market.

The Wage System

The mechanisms of wage determination reflect the different historical experiences of the two countries. Put briefly, the US/Canadian wage structure probably combines two traditions. The first, upheld by craft unions was the ideal of similar rates of pay for specific trades (occupations) with apprentices earning an incremental proportion of the journeyman’s rate based on accumulated service. Taylorism, mass production and unionization presented a new challenge to the system which was transformed in the 1935-50 period into an elaborate matrix of comparative worth based on occupation, classifications and detailed job descriptions. In the process two other distinct features emerged, women’s work (clerical job classifications, for example) was consistently undervalued and it became more complex (although still possible) for management to manipulate the system because unions could challenge the mode of regulation.

In Japan, on the other hand, unions never pushed for an occupational or job-based system. Instead, the relatively egalitarian Dentsu model eventually evolved into the performance-based incremental system described in the previous section.
V. Postwar Industrial Relations and Lean, Intensified Fordism

In undertaking this study, I made extensive use of Burawoy’s postulate that production regimes might vary independent of the effects of competitive factors or workers’ control, or lack thereof, of the labour process. The subsequent issue was, once we established the existence of workplace regulation as an independent entity, how might it affect the larger picture of the production process.

Advocates of the post-Fordist thesis contend that production regime in Japan’s automobile industry has gone beyond Taylorism and that part of the reason for this was a social contract in industrial relations. In fact, most commentators discern correctly that there is an important relationship between the industrial relations system and Toyota production philosophy. I will argue, however, that the post-Fordist advocates have misunderstood the internal, historic dynamics of industrial relations and, furthermore, that they have also incorrectly imputed a progressiveness to the Toyota system that one is hard pressed to document.

To prove that the Toyota system was able to develop a high productivity, worker-friendly environment one must be able to document the transfer mechanism for worker aspirations. There are, in Japan’s specific case, three possible mechanisms -- paternal employers able to understand workers aspirations, the enterprise unions or, workers themselves through employee involvement programs. None of these three possibilities stands the test of historical scrutiny.

Paternal Employers: In examining the employers role in industrial relations and production management in the 1945-1975 period one is hard-pressed to find much
benevolence at work. Employers' rejection of the Dōyūkai's proposal for a workplace partnership in 1947-48, Nikkeiren's vigorous articulation of almost absolute managerial rights, the vicious anti-labour offensive 1949-50, its persistent attacks against independent unions culminating in the Miike debacle of 1960 all point to a class of employers determined to impose its control in the workplace. If there was any "fatherly" role it was that of establishing law and order in the family and making sure the children understood who was boss. By 1955 some employers realized that this trenchant and antagonistic approach threatened to unmask employers and de-stabilize the system. Conducting open class warfare tends to provoke further warfare. Thus, there arose the concerted attempt to articulate a new labour-management partnership through the establishment of the Japan Productivity Centre in 1955. This was not a serious attempt to strike a deal with labour (labour had no input in its conception), but it did articulate the necessity for employers to stabilize the system particularly through developing a stable workforce based on long-term job tenure.

More research on the activities and role of the JPC is required, but I would content that it was mainly a vehicle for promoting existing industrial relations and production management features rather than promoting innovations such as those proposed by the Dōyūkai in 1947. In the workplace, imposing and maintaining classic Taylorist control remained the name of the game even into the 1960s. One could argue that the Toyota production regime, or Suzuki's for that matter, evolved as an exception to the general trends. The evidence, however, points in the other direction, that is, as employers, Toyota and Suzuki conducted themselves in accordance with the general

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anti-labour tenor of the times. The theory and practice of Ōno Taichi, the engineer who spearheaded the production innovations at Toyota, displayed a clear anti-labour bias and a penchant for Taylorism. Indeed, important organizations including the Japan Union of Scientists and Engineers actively promoted scientific management. In other words, one is hard pressed to sustain the argument that employer paternalism acted as the transfer mechanism for worker aspirations.

**Enterprise Unions:** Perhaps the enterprise union acted as the transfer mechanism necessary for employee requirements? In some cases the enterprise union did act as a check on management’s attempts to extend the work day or to transfer at will employees to other work sites. But such activities, the brighter side of enterprise unions, were constantly restricted by the historical niche afforded such unions. In most cases, enterprise unions came into being as a mechanism to displace an independent union. Employers tolerate them only so long as the union accepted and enforced extensive managerial rights in the workplace and to the degree the union places top priority on productivity improvements. This led to the integration of enterprise unions into the structure of control at the workplace. This integration was not total, although at times it appeared to become that. Nevertheless, the ability of the enterprise union to act as conduit for challenge and change at the workplace was extremely limited.

**Employee Involvement:** On a theoretical level at least, a third potentially effective mechanism for integrating workers’ needs into the production regime could have been direct participation by workers themselves through employee involvement programs at
the workplace. Indeed, employee involvement through quality circles in Japan has become the material of legends. But history once again confounds us. As demonstrated in Chapter 6, the most significant features of the Toyota system evolved in the 1950s or, in the case of Suzuki, in the 1955-65 period. Extensive employee involvement programs only developed in the late 1960s. Although employee involvement has in itself become one of the significant features of the system, other features including kaizen and the elimination of waste were established by industrial engineers such as Ōno Taiichi well before the quality circle movement had even been thought of! Furthermore, the evidence reviewed in this study suggests that employee participation programs, in the automobile industry at least, were strongly influenced by management.

It is difficult, then, to make the case that employer paternalism, enterprise unions or employee involvement programs served as an effective mechanism for transferring workers' aspirations and values into the system. In fact, I would argue that there was no effective mechanism that allowed the free articulation and promotion of workers' aspirations. This does not mean that there was absolutely no struggle or no change. At each of the levels, among employers, in the union and even in quality circles, debate and discussion about worker issues did take place. This was supplemented by pressures from the labour market and the state. These factors, the nature of Japan's hegemonic regime, and general social pressures have led to positive institutions including job tenure and high wages. And there is, as Christian Berggrand noted, a nominal egalitarianism within the enterprise -- everyone, managers and
line workers alike, are expected to conform to the norms and when sacrifices are necessary, managers must make the first move. Furthermore, the concept of continual improvement could, if freed from the shackles of market standards, be used as a means for shop floor reform.

Unfortunately the system that was installed was not predisposed to major worker-oriented innovations. On the whole, workers' rights were not a "big ticket" item on the corporate agenda in Japan. Building an efficient production machine that could compete domestically and internationally was, and Japan was very effective at it. It gave birth to a new phase in production management, one that I believe should be correctly identified as a new stage in production regimes -- lean, intensified Fordism.

In real life the system works as a comprehensive, integrated process. For purposes of analysis, however, we can distinguish the significant features of lean, intensified Fordism as:

(1) Flexible Mass Production: The Suzuki and Toyota production complexes did not abolish the assembly line nor have they adopted traditional batch production techniques. What they did do was develop a sophisticated process whereby multiple variations of vehicles could be integrated into a continuous flow, assembly-line production process. This was accomplished through production levelling, kanban, accelerated technical flexibility and other mechanisms. As Stephen Meyer pointed

out, G.M. began this process in the 1920s. I would argue that the changes instituted under lean, intensified Fordism mark a qualitative leap in flexible integration. Contrary to post-Fordist theory, however, the changes did not eliminate the assembly line. For that one would have to look to the experiments at Volvo's Kalmar and Uddevalla plants in Sweden in the 1990s which effectively did eliminate the assembly line. Furthermore, the idea of flexibility was also applied to labour (mobile work force) and in the case of Suzuki at least, the system of transfers and aid was resisted by employees and became a source of contention in the system.

(2) Stratified production complexes: The production complexes at Suzuki and Toyota are notable for the small number of regular employees and the large number of workers employed by sub-contractors. With expansion in the 1960s, the number of workers in the major assembly plants did increase but remained proportionately smaller than their counterparts in the Big Three. In other words, much of the value-added work is done by workers in sub-contractors and this is a crucial feature of the production complex. A small core workforce and an extended peripheral work force cuts labour costs substantially but requires extra efforts in co-ordination from the central firm.

(3) Modified Taylorist Labour Process: Toyota and Suzuki both adopted classic Taylorist approaches to the work process. Jobs and job routines were standardized, cycle times for routines were short, and the work boring and repetitive as in traditional automobile plants. This was true for the assembly line and in the machine

shops as well. What Toyota and Suzuki did not adopt, and this is not a value judgement, was the job classification and description system that became institutionalized in the United States and Canada. Confusion arises when we equate Taylorism with job descriptions, as does Ishikawa (see Chapter 6). Job descriptions do reflect Taylorism in the United States but clearly one can do away with job descriptions or classifications and still have standardized job routines or boring and repetitive jobs. Thus, in its essence the work process retains its Taylorist bias. However, there have been modifications which relate to the next two specific features of the system.

(4) Continuous Waste Elimination: One of the most important aspects of the latest stage of Fordism was the articulation of the concept of kaizen (continuous change) with the express objective of eliminating waste (muda) in the system. Waste is defined as excess labour and/or resources. The concept can have certain benign or even positive applications (reducing oil consumption, for example) but if used to compress work cycle times and eliminate rest periods, it poses potential negative effects in the form of speedup and constant stress on the job. Furthermore, in the context of kaizen, productivity improvements were defined as maintaining or increasing output (size or variety) with the same or smaller numbers of employees.

(5) Employee Involvement: Extensive suggestion programs, quality circle activities and work teams (han) became vehicles for workers to continuously develop the system. In a theoretical sense, these forums could have constituted a means for workers to articulate their own views and agenda. However, as the evidence presented in Chapter 6 suggested, management was able to control these forums by
controlling the agenda-setting mechanisms. Such mechanisms included using team leaders and foreman to direct the groups; setting strict criteria for the types of acceptable suggestions; education in company values (including kaizen and muda) and the use of tools (Pareto charts and diagrams, and so forth) that facilitated the types of changes the company wanted; using peer pressure and incentive programs to direct the suggestion systems into efficiency exercises; and integrating employees’ participation into the regular performance evaluations. These sophisticated mechanisms resulted in either obligatory but resented participation or, internalization of oppression in which workers become converts to the system. In either case management was able to relegate duties formerly performed exclusively by industrial engineers to workers themselves. Workers began to undertake their own studies of job routines and to redefine standards according to company values. Control was exercised not through the study and appropriation of workers’ knowledge by management (as in the classic Taylorist regime so eloquently critiqued by Braverman) but by getting workers (through a subtle blend of coercion and consent) to commit to management values. Herein lies one of the reasons why I believe the Toyota system represents a higher stage of Fordism. It has begun to break down the iron clad division between conception and execution albeit in a limited and controlled fashion. In doing so it brought to the fore the necessity of openly defining the values and standards upon which the system operates. Worker participation in functions that under traditional Fordism were the exclusive prerogative of management only occurred because of the sophisticated control mechanisms that obliged workers to commit to management values.
Thus, in my opinion, the control mechanisms were just as important to the functioning, indeed to the very existence, of the system as were the five items mentioned above. The control mechanisms were the system of job tenure, enterprise unions, and the performance-based wage system described in some detail above. The circle is complete and the relationship between the apparatus of production and the work organization begins to emerge. To the extent that employers can control labour through the industrial relations system, they can loosen the control exercised through the division of labour or work organization. The two components of the labour process, the production apparatus and work organization are dependent on one another and the specific variations in industrial relations were one of the key reasons why the labour process evolved into the lean, intensified Fordist variant the way it did in Japan.

On a grander scale, the Toyota system has ushered in a new era. The first great turning point in the politics of production was the transition from regimes of coercion to regimes of consent that occurred mainly in Europe, the United States and Canada in the 1925-50 period. Japan, for specific historical reasons, forged its own era of consent after employers gained the upper hand over labour. What emerged was a form of market hegemony that created a new stage of Fordism, the era of commitment. In doing so it surpassed the previous stage and put the issue of values and standards on the agenda for the rest of the world. In the past, world production standards largely conformed to the standards set by the most efficient regime. For most of the 20th Century, industrialists from around the world pilgrimaged to study...
the brash American Plan, the high productivity processes symbolized by Henry Ford and Frederick Taylor that created the conditions for the specific hegemonic regime that later emerged with the Wagner Act. In the 21st Century, will the world conform to the new standards? The control mechanisms are not in place and to recreate them will cause tremendous upheaval. Yet, non-conformance will threaten the stability of the world system because it is dependent on the triumph of ever increasing productivity. From coercion to consent to commitment. The battle for the hearts and minds of workers has been ushered onto centre stage. The challenge of consciousness has arrived on a world scale.
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Kubota Takeshi: Former vice-president of Miike local union (July 2, 1987).


Michiyama Fusahito: Former Miike activist (March 19, 1990)

Nishimura Yasunori,: Moriguchi union activist, former leader of outside workers, retired and chair of the Moriguchi Retirees Club (October 14, 1988; March 9, 1990).


Sugita Tomoji: Long-time member of Suzuki union executive, current president (October 11, 1988).

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