LABOUR FORCE AND WELFARE IN JAPAN: THE POST WAR TRANSFORMATION

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This is to certify that the dissertation entitled **"Labour Force and Welfare in Japan: The Post War Transformation"** submitted by **A.P William Wordsworth** in partial fulfilment for the award of the Degree of **Master of Philosophy** is his own work based on primary and secondary sources. This dissertation has not been submitted for the award of any other degree of this university or else where. It may be placed before the examiners for evaluation.

Dr. H. S. Prabhakar
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Chairperson

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Preface

Japanese management practices, industrial relations and educational programs were praised as the most advanced and endorsed as worth emulating by others. Against the background of gradual decline of American hegemony in international economy and visible ascendancy of Japanese economic performance also there occurred some injection of Japanese corporate elements into western economic system. Often, this argument endorsed transferable, transplantable and therefore transcultural attitudes of Japanese society.

The theoratical framework of Japan analysis has fluctuated between two poles: particularistic characterisation and universalistic generalisations. To be selective in writing a dissertation the wide ranging aspects of Japanese society such as general occupation, education, gender – have been a challenge in presenting a balanced proportional discussion has been a challenge.

The view that Japan comprises an extremely uniform culture continues to be both dominant and pervasive albeit such views have been challenged in 1980s and 1990s. Still, the competing multicultural paradigm that highlights the internal variation and stratification of Japanese society remains peripheral . Though being shaken, yet the continuing dominance of the group model of Japanese society maintains that Japanese are primarily loyal to their groups and uniquely oriented towards their consensual integration. Japanese groupism is uniquely high, strong and productive in comparison with other countries. Whether Japanese behave in groups on the basis of voluntary commitment or under the constraint of ideological manipulation is not clear. Nevertheless, by underscoring the importance of these debatable issues, a modest attempt is made in this dissertation to explain the historicity of Japanese labour movement, current trend, labour welfare, government policies for the ageing labour and challenges ahead both for the corporations and the government as well. The focus is on Post War-II Japanese economic reconstruction, growth, stability and recession period.

Acknowledgement

During the course of this dissertation, many people gave me valuable insights and support. I would like to acknowledge them all. At the outset, I wish to express my deep sense of gratitude to Prof. K.V.Kesavan, Chairperson of Centre for East Asian studies. I extend my heartfelt thanks to my respected Supervisor, Dr. H. S. Prabhakar for his valuable guidance, constant encouragement and support in offering his scholastic assistance towards the successful completion of this work.

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In the process of preparing this dissertation besides consultation of both primary and secondary sources, visit to the following web sites were greatly useful and therefore their utility is being acknowledged:

http://www.yomiuri.co.jp,
http://www.mainichi.co.jp,
http://www.nni.nikkei.co.jp,
http://www.japanecho.com,
http://www.mol.go.jp,
http://www.miti.go.jp,
http://www.mhw.go.jp,
http://www.stat.go.jp,
http://www.epa.go.jp,
http: // www.jil.go.jp.

Not withstanding the space limit and in order only to recognize the importance of the earlier works to the underlying theme there has been included a small select review section of theme literature review in the introduction chapter. However, I own up all the errors – typological or otherwise.

A.P William Wordsworth

Introduction

The general condition of Japanese labour can be studied in the concept of Japanese employment system which has been the dominant model for understanding labour relations. The three main pillars of Japanese system-lifetime employment, seniority wage promotion and enterprise unionism significantly played a vital role in the last 50 years. The majority opinion of the scholars, especially the westerners holds that the so-called three pillars are behind the rapid growth of Japanese economy[1].

The extensive company based welfarism might also be considered an integral part of the Japanese system. Although, the employment system has its main roots in pre-war and war time practices it assumed present form and became familiar from the early 1950s and was firmly established under high growth conditions from 1955 through to the 1970s and can be said to have unique style of its own. The similar kind of practices existed in European countries and the USA, but the Japanese way of demonstrating the economic growth proved to be very successful.

The lifetime employment and seniority wage system are normative assumptions mutually shared by management and worker rather than a set of objective rules and practices. Owing to a variety of reasons, Japan has suffered economic set-back at times, a major effect during the 1990s, these unique practices appear to have endured in Japan, which are flexible and vague enough to be adjusted with present changing socio-economic environment. However, strong social norms and legal precedents bring pressure on firms to protect livelihood. The OECD report on Japanese industrial relations highlighted the so-called three pillars of Japanese industrial relations and the second report of 1977 which added a fourth pillar to 'Japan's

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[1] Shirai Tashiro, (ed,) *contemporary Industrial Relations in Japan*, Koke, Kozo 'International labour Market: workers in large firms, p. 29

social norms' emphasis on vertical social relationship, the commitment to consensus oriented decision-making and the value placed on the enterprise as corporate body with equal involvement of all employees.

The ministry of labour report 1987 mentions that only one fifth of workers had been offered jobs for life and hence lifetime employment is not absolute even in large and prosperous companies, the middle and older age people are encouraged to go for early retirement[2].

The attachment towards lifetime employment and permanent stay in one company has recently been declining. Most of the workers, especially youngsters are aware that the company life and personal life are not same[3]. The existence of enterprise consciousness among the employees placing company interests ahead of unions has been a positive factor in Japanese economic development experience[4].

The Japanese form of unionism is seen as having contributed significantly to the improvement of the working conditions and living standards of the ordinary employee[5]. The representation of strength and powerful unions ensure the longevity of an employee's tenure in a corporation. Thus the workers obtain access to the highest parts of the wage profile[6]. The *shunto*, wage struggle or spring wage offensive has been a key factor in the factory, which uses means including mass participation of blue-collar workers[7]. However, the enterprise

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2 Makiko Yamada, *Japan's Top management from the inside*, Studies in modern Japanese Economy, Macmillan press Ltd. London, 1998,p.78.

3 Koichi, fuchino, '*Wage Earners Changing Attitudes*,' Japan ECHO. vol. ix special issue 1988, p.20.

4 ibid. p. 21.

5 Vogel, *Japan as No: 1*, 1979, also the same view has been expressed in the writings of the OECD (1973) Reischauers, The Japanese (1979), Koike (1977) and Shirai (1979 and 1980)

6 Bernard Eccleston, *State and Society in Post-War Japan*, Cambridge, United Kingdom, 1989, p. 82.

7 Tabata Hirokuni, *Industrial Relations and Union Movement* (ed,) Banno Junji, The Political Economy of Japanese society vol.1, The State or The Market? Oxford University press 1997, p. 92 & 159.

unionism has been the focus of attention in determining whether Japanese Industrial Relations practices are basically beneficial or exploitative of workers.

During the late 1980s, Japan enjoyed tremendous economic prosperity. The steady growth and labour shortages pushed up the income and helped break down barriers to women in a member of business and professional fields. Also, there was a great deal of discussion about placing more emphasis on improving the quality of life and reducing long working hours became major policy issue. The bursted boom followed by deep recession called popularly *Heisei* recession is lasting from 1990 till date. The value of Yen surged [US $ 1 = Yen 107 as of July 2000.] and raised fear that high wage and its cost structure threatened economic welfare. As a result, the entire national feeling and efforts have shifted towards concern for protecting competitiveness and jobs. Even so, the unemployment rate continued to rise, and reached nearly 5.0%. Apparently, the labour market has been in depression for the last six years[8]. The rapidly aging of the population is one of Japan's most pressing economic concerns having ramification almost on all policy aspects. The greying workers are adversely affecting the prospects of the firm and economy. To avoid the pay raise in-respect of number of years of service, the lay-offs and forceful retirement are continuing. Notwithstanding the traffic of the old age workers slashed from pay role, the chances for the youngsters inclusive of baby boomers are not very bright. The rapidly decreasing birth rate and the longevity of the aged population plagues both economy and society the demographic shift towards fewer children caused the task of caring the elder difficult. Due to the increasing higher education women too joined in the work force significantly. The trend of marrying later in life and the spiraling costs of having children and leading more nuclear families, caring the elderly do not

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[8] Kazuo Sato, *The Transformation of the Japanese Economy* (ed.,) An East Gate Publication, M.E, Sharp, Inc, New York, 1999, p. 86.

go together. People are turning from material prosperity to personal fulfillment. Although the government has experimented with various pension schemes, the benefits have not percolated to the elderly people sufficiently. The policy of extending the retirement age to 60 and to re-employ them till the age of 65 and beyond their skill and strength mearly remained a provision but has been unrealised. However, up coming silver human resource centers, medical care system with co-payment made by elders counseling and home nursing have strong bearing and the welfare schemes.

Amid the economic maturing and globalization, birth rate is shrinking, also the population is aging and work culture have drastically been changing.

The labour force participation of elderly are high because they display great eagerness to work. However, the demand for the elder workers is not high as in the case of the youth. In reality elderly employed by larger companies is lower in proportion to the elderly employed by small and medium size firms. The rate of elderly employment in large companies has though dropped but still remains above 60% when they move from their early 50s to their late 50s.

In order to sustain the vitality of society, it is most important to consolidate the environment where elderly people want to work to meet their diverse needs and give full play to their abilities. It is important to secure employment opportunities for the older people, particularly those in their early 60s through promotion of continued employment schemes until 65 and full rooting of the mandatory retirement age at 60.

There have been some good publications on Japanese Labor management relations in the last few years. It is impossible to review all of them here. But some most relevant works to the present theme have been surveyed to show the continuity of the work. This also

highlights newer area available for study and research in broader theme of Japanese management relations.

Carlmosk, wrote **Competition and cooperation in Japanese labour markets,** in which he begins by claiming that the postwar Japanese labour market is simultaneously, deeply segmented and deeply integrated (p.3). For him analysis of this paradoxes is the key to understanding the labour market in Japan. He shows the integrated nature of the Japanese labour market by utilizing various data. As opposed to still conventional views that Japanese workers are divided by strong business and suffer from dualism in the labour market, this book makes it clear that Japanese workers have been enjoying 'egalitarian' benefits. The overall male and standard male workers age-wage profit have flattened over the period 1954-1985 (p.173) is an appropriate corrective to the orthodox view on Japanese labour.

To emphasize the segmented nature of Japanese labour Carlmosk gives the example of hierarchical rank and specialization of education system to supply pool of labour. And in demand side mosk explains the categorized **spot market** and differences in lifetime employment. The author claims that segmentation on both demand and supply side is mutually supportive and efficiently linked.

In so far as the collective bargaining is concerned the author emphasizes divisiveness on the labour side. The conflict of interests between senior workers and new entrants under the large-firms-type labour contract, enterprise unionism, ideological competition within the labour movement, and inter-sectoral divisions all divide labour and keep wage increases lower then productivity. But in low growth sectors the author finds wage increases are more sensitive and substantial integrated outcome, despite segmentation. Mosk attributes standardization to *Shunto* negotiations. He argued that *Shunto*, serves, 'as a vehicle for public debate over the socially

acceptable norms of fairness in the distributional and effort related rules of the efficiency wage system as well as vehicle of debate over the average socially acceptable wage hike for the employed labour force as a whole'. (p.197).

The change of a life time employment patterns among Japan's management elite by John. C, Beck, Martha, N. Beck, 1994 marks another important work in this area. Both the authors John and Martha examine the lifetime employment prospects for Japan's present and future managerial elite, a group they define as, college graduate males who are likely to be employed in the managerial track position in elite companies. (p.261).

The authors used interviews with business managers, university seniors in Tokyo, over 100 job changers, analysis of data on job changing obtained from Recruit Research Company and Japanese media reports on *Chutosaiyo* (mid-career hiring) once a five year period is over. The authors attempt is to describe Japanese permanent employment as a fluid phenomenon that changes and adopts over time and differing economic situations. In the process they provide an understanding of the system that itself is mere adaptable, more congrvent with actual circumstances and hence mere theoretically and practically useful than some other western analyses (p.22) .

To the pertinent question as to why the lifetime employment system has lasted as long as it has, they argue that family resistance can be a powerful disincentive for a man to change companies, and can be utilized by the worker's current employer to further attune him to the firm. The social pressures from the family sphere and from the employer for 'company loyalty' are portrayed through a number of impressive examples. The authors also deal with the issue of the aging population and IT driven projects.

The authors conclude by arguing convincingly that mid-career hiring will reach a new plateau in Japan, higher than in the past but

not there by signalling the complete demise of the lifetime employment system.

Industrial Relations in Japan: The peripheral work force by Norma J. Chalmers (1989) shows how despite the large proportion of workers in small and medium-sized enterprises, the particular nature of their industrial relations practices has received much less attention than have those in large firms. Norma J. Chalmers has provides a modest counter weight by concentrating her attention upon labour-man agreement relations as they affect those employees and on non-regular employees in larger firms. This book contains four inter-related parts like Industrial relations concept and prior analyses of Japan's industrial relations as first chapter, the second chapter consists of three descriptive sections on workers in small and medium sized firms, non-regular workers in large firms, and sub contract labour. Third is a series of five case studies and the final one discusses unionization and communication between managers and workers. The major strength of this book is that a great deal of institutional managerial style has been brought together in one place and series of five case studies.

After a brief discussion the author presents an analysis that emphasizes the relative power of workers and mangers and concepts of segmented labour markets. In her judgement, Japanese workers in the peripheral sector would have been better off if over the years they have had more labour power. Regarding this judgement she found Walter Galenson as an ally [9].

According to Norma Chalmers, 99% of small and medium firms are subcontractors. (p.110). Yet her estimation is different from Hugh Patrick and Thomas P. Rohlen. Her view of sub contracting appears to be rather pessimistic.

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[9] Walter Galensin,*The Japanese Labour market*,in Hugh Patrick and Henry Rosovsky, eds., Asia's New giant, Washington Brookings. 1976, p. 587-672.

Author's analysis of the states of peripheral workers is focussed on the general concept of segmented labour markets, defined as the core and periphery.

But she does not link historically the segmented labour market as dual labour market [10].

Unfair employment opportunities for women, part-timers, and older workers play an important role in Chalmer's view of sub contracting, and indeed of the entire peripheral work force. Her view, consistent with her perspectives concerning relative power and exploitation of peripheral workers, is that the differences are rooted in the nature of industrial structures and the type of workers women, older men, etc. who are employed in peripheral sector. (p. 53, 122)

The strength of the book is that it provides a good institutional description of certain aspects of Industrial relations, and the weakness in that it is largely a snap shot of the peripheral work force and a discussion of the forces that have caused its evolution.

How policies change: Japanese government and aging society by John Creighton Campbell in 1992 covers most of the post war period, from a time in which there were virtually no special policies for the elderly through the policy expansion when pensions were created and enlarged and medical care was made available for the elderly, through there was retrenchment and consolidation brought on by administrative reform. Thus Campbell initiated with studying policy toward the elderly. He constructed this chronicle from all varieties of sources, and to focuses most of the crucial policy changes in pensions, health series for the elderly, employment in persons, health services for the elderly, employment for the

10. Hugh T. Patrick Thomas P. Rohlen, *Small-scale family enterprises*, in Kozo yamura and Yasukichi Yasuba. Eds., The political economy of Japan, vol.1. The Domestic transformation. Published in 1987, p.78.

prematurely retired or poor elderly and small progrm intended to provide increase, activities, besides and employment converts to the elderly.

After decanting the history of national pension and employee pension reforms in 1960s, based on the principle that benefits for an elderly couple from either system should be the same, Campbell states that "an elementary knowledge of pension demonstrates why benefit levels in two such different systems should not be equalized, (p.93) without further clarification.

Compbell posits as important are artifatual, cognitive, political, or ineritical for the policy change, the relationship between 'ideas' and 'energy' causes a particular kind of decision making process which causes policy. He does not make enough out of these four types of factors.

Campbell's findings about policy types offer interesting points of differences from other studies of policy proposals and making. Although he agrees with Kent Calder's argument that the conservative regime copes with challenges by compensating crucial interest groups, he suspects that compensation in response to perceived crisis is probably going on in between Calder's crisis period too, and asserts that LDP is not the only agent that takes the initiative Ministry of Health and Welfare Bureaucrats usually do policies for the elderly (p. 179-80).

Though Campbell heartily agrees with the findings of Frank Uphill and Susan Phases, which both conclude that Japanese elities have and destructive method of marginalizing inter-group conflict in the issue areas they examined, he could find no notions destructiveness in policies for the elderly. Those not elderly at one time will eventually turn so at another, and therefore unique national style of coping with conflict between intransigent opponents need not apply. Thus, apart from an obsession with making both really

available to elderly, Campbell says that the Japanese go through several processes and arrive at policies very similar to what the other industrialised countries are already doing.

Japan's Guest workers: Issues and Public polices, by Haruo Shimada: Translated by Roger Northridge, in 1994, is yet another important work. Haruo Shimada, a leading Japanese economist rightly dooderates of economic analysis and emphasis the importance of non-economic cultural, social political ramifications of foreign participation in Japanese labour market.

The first part of this book deals with the basic but important data on foreign workers. Labour shortage for demanding, dirty and dangerous jobs rose in the 1980s. Though Japanese Immigration laws prevent foreigners entering Japan for low-skill, low-wage jobs, many illegal aliens do overstay their visa permit.

Shimada considers the social consequences of immigration more important than the economic ones. Foreign labour would earn less than the native labour, eventually forming an 'underclass' in Japanese society, leading to social strife.

As a solution in part of the book, Shimada proposes a work and learn programme, as a medium-term solution and integration as a long-term policy for all foreign residents of Japan (part 3) . Shimada clearly explains the organizations, administration, resources, costs, benefits and other aspects of his the proposed programme.

The best policy he argues, would be to guarantee foreign workers and their families the same basic human rights as citizens and make sure they do not suffer discrimination in work or living conditions, under the law or social customs (p. 157) Shimada argues that foreign workers must be atleast guaranteed seven basic human rights: workers accident compensation, unemployment compensation, medical security, the right to education, not to be discriminated

against in housing, the right to a pension and the right to vote in local election (p. 161-174). Japan is duty bound to guarantee these rights by UN conventions, international treaties, the Japanese constitution and laws and above all a common sense of fairness.

A small beginning was made during great Osaka-Kobe earth quake, January 17,1995, which killed more then 5800 and rendered 250,000 homeless-. A large Korean community in kobe, usually segregated and discriminated, extended aid and assistance to the Japanese victims. By contrast, during the Great Tokyo Earth quake of 1923, there was massacre, arson, looting of Koreans by the Japanese army.

Another equally import out work is: **Japanese Workers in Protest: Ethnography of consciousness and experience**. By Christina L. Turner. Published in 1995. In the days of economic slowdown in Japan when lowered exportations are more the rule than the expectation, what blue-collar workers can expect to win through protest at the work place is a crucial point of concern. To avoid bankruptcy, can workers negotiate to run a company under their own control and can the rank and file create a 'tiny socialism? (p.146) Turner peeps into the minds of factory workers who struggle with such questions and who; with understandable anguish decide with different degrees of resistance as well as acceptance to learn the way of protest in another world view. The consciousness of these workers is characterized more by a series of competing motivations and attitudes than by consistencies." (p. 182) Turner recognizes the tensions, contradictions, and complexities involved among the workers.

The two typical small to medium sized firms, described in Turners ethnography declared bankruptcy and in both cases there were charges of unfair labor practices. Turners task included assembly work at Union camera factory, her ethnographic task here is

to provide sequential snapshots of accommodation and contestation in factory worker's daily lives. In Universal shoe factory her ethnographic task is to walk the reader through the steps in which protest consciousness emerges among the rank and file Turner's consciousness emerges among the rank and file. Turner's work deals with the process of discovering how the teaching and learning of protest take place and how it is acted out after challenge and reinterpretation, it is more ethnography of becoming in a processual sense than it is of being in a state of finality. Turner herself recognizes that it becomes necessary to see how actions inform thoughts and how ideas and feelings influence decision where journeys are unknown (p. 238). The situations demand the ethnographer's sensitivity to both sensation and reason.

Coles seminal work with male blue-collar workers in a die-cast plant and in an auto crafts factory taught, among other valuable reasons, that in factory worker's view of the world there are two sides: expressive and instructional, to *giri* obligations[11]. More recently, in Kondo's study a breaking experimental ethnography of part-time women workers in a confectionery factory where multiple identifies emerge in shifting matrices of powers[12]. Roberts presents graphs on women workers in a government factory to reveal the intricacies of the 'M-curve' in womens full-time labour force participation's and what factory women must endure to remain in the labour force until retirement[13].

Over the years scholars of Japanese employer employees relationship have become increasingly aware of the discontent among Japanese workers. In Turners' work one can appreciate the *honne* (true feelings) expressed in the form of protest. This book deals not

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11 Robert E. Cole, *Japanese Blue-collar: The changing Tradition,* Berkely: University of California Press 1971, p .70.

12 Dorinne K. Kondo, *Crafting Selves: Power, Gender, and Discourses of Identify in a Japanese work place,* Chicago, University of Chicago Press 1990, p.65.

13 Gldna S. Roberts, *Staying on the line: Blude-collar women in contemporary Japan*, Honolulu, University of Hawai Press, 1994, p.15.

only about how people conceptualize their place of work, but also about how they view the democratic foundations of wider Japanese society and how these perceptions help shape their work ideology. Turners's conclusions that intellectual life and daily life are not about great clashes but rather about small, daily clashes that create a more human society (p. 245-55). This study advances the knowledge of how a preciously neglected area of concern, the formation and emergence of a worker consciousness, has the potential to shape the restructuring of industry in Japan in general.

The book, **Staying on the Line: Blue collar women in contemporary Japan**: by Glenda. S. Roberts(1994) is based on participant observation and in-depth interviews paint a lively picture of the work and family lives, of a group of married women working as permanent full-time employees in a major garment manufactures: *Azumi* in the *Kansai* region.

In the first part, the author describes the daily challenges and dilemmas facing these women on the factory floor. Also these blue-collar women have to deal with the tension between the traditional gender ideology which regards their role primarily as mothers and their desire for employment. There are still many harsh work rules and factory discipline in Japan. The female labour turnout rate at the feature was 30% each year. The majority of the author's respondents had worked for 10 years, some for 25 years. Though, the author does not clearly explain, one gets the impression that some women stayed because of economic necessity, others where as work due to sub-economic reasons.

However, it is interesting to note that despite the harsh working conditions and the lack of opportunities for career growth, women do not show signs of discontent. What is reflected is the commitment to a work ethic to maintain quality standards in their work.

But the author does not succeed in analyzing the sense of contentment of these women workers. Does it replicate the management's success in inculcating a strong sense of work ethic even among the most humble workers? Or is it because of the working conditions? No answer to such intriguing questions are available in this book.

The author also takes up the issue could one make a career out of a factory job at Azumi? For this she takes up the work history of 4 Azumi women, who after long years, progressed to first-line supervisory jobs. She attributes their success to supportive family situations and the determination to "assign right job right worker" childcare facility provided (p.104) But this career achievement is not on par with male colleagues. However, there is a total lack of assertiveness and quality consciousness among the Azumi women.

The author ignores issues relating to gender politics ingrained into the Japanese economic system. She tends to suggest that the cultural construction of gender will continue to shape the Japanese economic system. (p. 173) in the year to come.

Distinctive Features of Japanese Industrial Relations

Chapter - I

Distinctive Features of Japanese Industrial Relations

The Japanese labour management relations from the dawn of Japanese industrialization to the recent recession have evolved based on the basis of three unique system seniority order wages, long-term, stable employment and the co-operative enterprise union. One of the factor frequently referred to as the most marked characteristic of labour-management relations in Japan is the relative absence of conflict between employer and worker in all phases of Industrial relations, or in other words, the extremely intimate harmonious relationship between employers and their workers or union members.[1] The three systems are mutually inter dependent and cannot be under stood in isolation[2].

James Abegglen, calls the unique and different Japanese employment system in as 'paradoxical system' that was organized from the social traditions of those ethnic people and at the same time the product of recent economic history[3]. The Japanese labour system provides, Japanese employers with a vital advantage in that they can under take expensive training progress confident that they will enjoy a good return on their investment[4].

The graded-wage system was adopted by Japanese industry during the first stage of industrialization that is: from 1870 to 1890. Because of

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1 Ichiro Nakayama, *The Modernization of Industrial Relations in Japan*, Japan Institute of Labour, The changing patterns of Industrial Relations, 1965.p.86-87.

2 Eamonn Fingleton, *Blind Side: Why Japan is Still on Track to Overtake The US by the year 2000*, Button-wood press, Hanghton Mifflin co., Boston, New York, 1995, p. 205.

3 Abegglen, James, C., *Management and Worker: The Japanese Solution*, Tokyo Sophia University in co-operation with Kodansha International Ltd., 1973, p. 25.

4 Eamonn Fingleton, *Blind Side: Why Japan is Still on Track to Overtake The US by the year 2000*, Button-wood press, Hanghton Mifflin co., Boston, New York, 1995, p. 290.

the governments' bottom down orientation of industrial policy, where emphasis was on the introduction of modern, high technology industries from the West such as rail and shipbuilding, it was difficult for industry to secure an experienced work force.

It was therefore necessary for employers to systematically train labour from within. The graded-wage system proved to be well suited for the industrialized labour market. In this sense the seniority wage system still remains the graded-wage system. During the early period of industrialization, especially in the heavy industry, the employers used various techniques to retain the labour from leaving the firm. The result was that a number of workers who accepted their terms of employment as per the demand of their employers and stayed within a single firm expanded steadily. Thus, the long term stable employment gradually took root as the life time employment in the period of high growth. In 1950s government surveys on wages emphasized not only on the relationship between age and pay but also on the relationship between wage and length of continuous service. On the other hand, the 1950s was a period of mass dismissals that arose from the armistice of the Korean war (1950-1953) and subsequent decrease in `special procurement' demand. Besides, conversion of Japanese energy strategy from coal to oil also led to mass-dismissals in the Coal mining industry.

Although long term employment has its main roots in pre-war and war time practices, it basically took it's present form only in the late 1950s and was firmly established in the high growth period to summarize a system of long-term employment. At this time, a labour dispute that arose in many industrial trade unions in October 1946, resulted in the birth of the 'industrial wage system'. The most basic feature of this wage system was the establishment of a minimum wage for each age group. After the proclamation of the Labour Union Act, a

large number of trade unions were organized. Such labour organizations after the war came to be called enterprise unions. Therefore, thus the 1950s may be considered a period of germination for 'contemporary' Japanese labour-employer relations. The term 'contemporary' refers to the change in the determining factors of the seniority wage system and the formation of a trend towards co-operative enterprise unionization based on the fundamental rights of the labour. The whole system of consultation, social participation, informal training, incentives and motivations which exists in the individual enterprise make an ad-hoc process of skill acquisition highly effective.[5]

According to an analysis of the seniority order system during the age of high-rate economic growth from 1960 to 1973, the wages of blue-collar men were based on both the standard of living factors as well as the length of continuous service factor, where as those of white-collar men were based primarily on age. Wage of both white and blue-collar women were based on length of service alone. It was in this period of high-rate economic growth that the long-term employment stability system began to root.

After the 1973 oil shock, 'ability-based management' came to be practiced within the seniority order wage system where in more and more weight age was assigned to ability factor. Although the oil shock caused reconstruction and mass-dismissals to occur, these adjustments were only temporary and were followed by the rapid re-establishment of the long term employment stability system in each industry. This was the period in which the trend towards co-operative enterprise unionization took charge of the labour movement accompanied by the rapid introduction of QC-(Quality Control) circle. One of the important condition of this acceptance was the loss of the unions ability to regulate

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5 OECD, *Manpower Policy in Japan, OECD*, Paris 1973, P.138.

the workplace environment[6]. In this sense, there was a possibility that the spread of the co-operative enterprise union would lead to a loss of morale and a deterioration in the workers sense of purpose-both on the job and outside as well.

The stability appear to be more favourable to the workers even at the time of recession[7]. Having to confront the recession of the early 1990s a large firms seem to favour the maintenance of the lifetime employment system, co-operative enterprise unions, and QC-circle, but seek to disband and reconstruct the seniority order wage system through reinforcement of ability based system.

The practice of setting wages according to length of service is actually another aspect of lifetime employment and reflects the assumption that employment is a long-term arrangement. A workers' starting salary is determined on the basis of age and academic background, and it is likely to be comparatively low. Each year the workers' salary will rise according to a fixed scale, so that it increases in line with the length of service. This process normally continues until the worker reaches the age of around 55. The wages are not normally set according to the workers' particular job, the same scales generally apply across the board for major categories of employees. This facilitates the redeployment and transfer of employees and works with the lifetime employment system to reduce employees resistance to the introduction of new technology[8]. The system of seniority-based wages is rational also in the sense that skills can be expected to increase along with length of

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6 Yutaka Nishinarita, *An Over View of Japanese Labour-Employer Relations From the 1870s to The 1990s*, Hototsubashi Journal of Economics, Japan Publications Trading co., Ltd, Kunitachi, Tokyo Japan vol. 36, NO.1, 1995, 17-20.

7 Katsumi, Yakabe, *Labour Relations in Japan: Fundamental Characteristics, International Society for Educational and Formation*, Inc., Japan 1974, p.22-25.

8 ....., *The Setting: Labour in Japan*, About Japan Series, Foreign Press Center, Japan 1993, p. 11.

service. It is also an effective means of encouraging long-term employment.

The life time employment can be more accurately career-long employment. Under this system, a company hiring a worker accepts an obligation to do everything in its power and jurisdiction to keep that worker in its service even during the recession[9]. The purpose is to provide continuous employment up to the retirement age, except under the most extraordinary circumstances. This commitment is not spelled out in labour contracts but exists on the basis of an understanding between labour and management. The life-time employment system is a highly effective means of promoting close identification of the employees with the company and can contribute to a firm's ability to expand itself. This prevailing notion that the system applies only to workers at the large corporations and in the public sector and not those who work for smaller companies. Since the practice has no contractual basis, it is virtually impossible to determine how many workers are covered by it.

Workers in the private sector in Japan generally identify closely with the company they work for. Shortly after the World War-II and more Japanese unions were very radical, but in 1950s particularly after the oil shock of 1973 they started to co-operate more closely with government to keep the workers. While this brought the economic benefit to the country, it also reduced the mobilizing power of the union and their political role.

Japanese enterprises have long been seen as promoters of learning and training. The ways that their personnel policies affect the willingness to teach and learn are well known, i.e. through the life time security of tenure, a wage system which links pay to cumulative performance rather

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9 Ibid., p.10.

than immediate job functions and a promotion system which, while rewarding performance, is constrained by seniority so that juniors are not readily promoted above seniors.[10]

The employee sees the company as his primary source of self-identification, and makes is the effort to serve the company to the best of his ability, which imparts most of the meaning to his life. The union representing the employee tends to be an enterprise union or a company union, which further reinforces the employees loyalty to his company. After World War-II, despite the efforts to guide the nascent movement along purely economic lines, the union organizers achieved quick success. Within 4 years of the end of hostilities, trade union membership reached 6.65 million, a rate of growth unequalled before or thereafter.[11] The Japanese worker is devoted to his company and spirit of self-sacrifice, a loyalty which was fostered and maintained by Japan's traditional patterns of industrial relations and cultural ethos. Employer assumes the role of father of the enterprise family and the employee as his children. The relationship includes not only the economic relationship of give and take but also the relationship of sentiment, friendship and kindness. Therefore, Japanese enterprise unions are expected to negotiate with the employer only within the limits of this amicable atmosphere created by the enterprise family.[12]

Neverthless, according to Gullsain[13], `The Japanese employer does not think of the relationship between himself and some one he has employed simply in terms of labour contract. As seen in the lord-retainer pattern typifying the bulk of relationship in Japanese society, the lord

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10 R. P. Dore M. Sako : *How The Japanese Learn to Work* London, Routledge, 1989, p.80.

11 Solomon B. Levine, *Industrial Relation in Post War Japan*, University of Illinois Press, 1958, Chapter I.

12 Tadaghi Hanami, *The Characteristics of Labour Disputes and Their Settlements in Japan*, in Japan Institute of Labour, Social and Cultural Background of Labour Management Relations in Asian Countries, 1971, p.213.

13 Robert Gullsain (French Journalist) (Tr) Troisiene Grand 1969 Paris : Editions du seuil.

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(employer) demands unswerving fealty from the retainer (employee) but repays this loyalty by making every effort to ensure that the employee gets has every facility he needs to lead a decent life. At times, the employer will even sacrifice his own wellbeing to provide for his employee, and society at large considers such people exemplary employers. During and immediately after World War-II the unionization of white-collar employees has been attributed to the relative decline in their earnings and to their identification with blue-collar workers in the quest for political democracy.[14] The social prestige of blue-collar, workers has continued to be higher than that of white-collar, and their opportunities for promotion have been relatively easy.[15]

The striking quantitative incomes and qualitative enhancement that enabled Japan to leapfrog into one of the worlds leading industrial nation, and this astonishing success has often been but Vogel[16] attributes it is not to a mystical group loyalty embedded in the Japanese character but to the fact that Japanese management practices provide workers with a sense of belonging and pride in their work.

Japan's labour union organizations are three-layered-consisting of the 'independent union' are the mainstream as enterprise unions at the lowest level, 'industry level organizations' and 'national centres'. The

enterprise union remains the basic unit for organization. Most of industry-level organizations do not satisfactorily function as industry level bodies. They are unable to adequately survey their members, to formulate industrial policy or to unionize the labour force. Many are understaffed and inadequately financed.

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14 Mikyo Sumiya, *Contemporary Arrangements*, in Okochi,Karsh, and Levine (ed) Workers and Employers in Japan p.59.

15 Hideaki Okamoto, *Management and Their Organization*, in Okochi, Karshi and Levine (ed.) Workers and Employers in Japan, p.182, Masumi Truda, Personnel Administration in Ibid, p.400.

16 Ezra F. Vogel, *Japan as Number One: Lessons for America* Cambridge, Mass : Harvard University Press, 1979, p.18.

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Before 1945, owing to legal disabilities, government repression, and structural features of Japanese society, industrial workers as a socio-economic group failed to articulate their demands to the political system. Only after defeat in World War-II could industrial workers organize for political purpose. At first they prospered under artificial conditions created by the American occupation, which sought to guarantee the political viability of a strong labour movement. But as soon as the movement acquired some vigor, Occupation Authorities began to regulate it and to reduce its power. Occupation policies then drove labour unions into firm alliance with Japan's socialist and communist parties, stamping the labour movement with an opposing political character.

In the late 1950s and the 1960s, specialists significantly enhanced under standing of post war Japanese union and their activities. Numerous works appeared that provide readers with a comprehensive portrait of labour unions in the national setting.[17] Sociologists have produced excellent complementary works depicting labour relations at the factory of enterprise level.[18]

The Democratic Socialist Party (DSP) was created by a split in the Japan Socialist Party (JSP) in 1960. Thereafter, the relationship between labour union and political parties was characterised by the on-going confrontation between two blocs, with the *Sohyo* (General Council of trade unions of Japan) JSP bloc and the *Domei* (Japanese confederation

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17 Representative are : Alice H. Cerok, *An Introduction to Japanese Trade Unionism* (Ithaca N.Y : Cornell University Press, 1966): Solomon B. Levine, Industrial Relations in Post War Japan (Urbana, Il: Univ. of Illinois's Press1956); Kazushi Ohkawa, Bernard Karsh, and Solomon B. Levine, eds.) Workers and Employers in Japan : The Japanese Employment System (Princeton, N.J. : Princeton University Press 1974) and Koji Tiara, Economic Development and The Labour Market in Japan (New York and London : Columbia University Press, 1970).

18 Robert E. Cole, *Japanese Blue Collar: The Changing Tradition* (Berkeley, Los Angeles, and London : The University of California Press, 1971)and Ronald Dore, British Factory-Japanese Factory; The origins of National Diversity in Industrial Relations (Berkeley and Los Angeles : University of California Press 1973).

of labour) DSP bloc. The formation of *Rengo (Japanese Trade Union Confederation)* in 1989 brought together many of the unions in *Sohyo* and *Domei*. As a result, the two national centers were dissolved. However, that did not lead to unification on the political front. Rather, it brought about a conflict between the political parties in *Rengo*. In the July 1993 General election, the LDP lost its majority in the Lower House, that led to the formation of the *Hosokawa* coalition government, in which *Rengo* played a major role in creating the coalition.

Over the decade from 1983 to 1993, the number of physically disabled in the work-force increased 9.5 %. The number of the mentally retarded in full time employment jumped 68.8%. The government and private business enterprises are obliged to employ enough disabled persons to constitute 1.9% to 2.0% and 1.6% respectively. Special provisions are provided to promote the employment of severely disabled persons. The law allows such persons working a short week, (between 22 and 33 hours) to be continued in the employer's number of disabled whom it fully employs. Major revisions were made when the law was revised in 1997, to include the mentally retarded in calculating the employment rate and to make the mentally retarded employed persons who work short hours eligible for subsidies. In future, employment policy for the disabled will focus on substantiating the support system in order to shift such persons from welfare employment to general employment and vice versa as necessary.[19]

Japanese educational system provides a foundation of basic skills, which is then build upon by employers through intensive off-and on-the-job training. Most employees have few company or industry-specific skills on entry and although some initial training is provided through vocation

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[19] Nobuo Matshi, *Quota System for Hiring the Disabled*, Japan Labour Bulletin, Japan Institute of Labour vol.37, no.5. May 1998, p. 6.

and training schools. The bulk of vocational training and skills development is provided and financed primarily by employers. The system has produced a highly skilled work force that is very adaptable to change[20]. Much of the training that workers receive comes from informally on the job the institutions that support the training structure in Japan maintain long standing links between employers and schools. By giving initial general skills from school level itself the Japanese employers are then able to add more specific skills, knowing that their employees have the capacity to take on a wider range of assignment and responsibility.

The so-called Japanese model now faces serious challenges as increasing labour market pressures and financial stringency push for greater labour mobility and towards a more short-term investment strategy. Increasingly companies are using temporary "dispatch" workers to gain more flexibility. Other weaknesses are that training is more limited in the service sector which is now growing faster and those who are excluded from the initial labour market system, mainly women and workers in smaller firms, are not provided with the same routes to skill acquisition.

The ministry of labour has set new guidelines in respect to mental disorders and suicides due to work related fatigue which are covered by Worker's Accident Compensation Insurance. On September 14th of 1999 the ministry officially notified the labour standards bureaus and labour standards bureaus and labour standards inspection offices across the country about the changes the new standards. The new standards incorporate a new set of classifications in line with those promoted by the World Health Organization (WHO). The standards extend the cope of

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[20] World Employment Report. 1998-99, *Employability in the Global Economy How Training Matters*, International Labour Office, Geneva, p. 69.

worker's compensation to all types of mental disorders. As for suicides due to over work only cases where workers killed themselves while of unsound mind caused by depression qualified for compensation under the old guidelines. However, the new standards will allow for compensation when suicides are committed in a state of mind, where the worker normally judgement has been impaired as a result of their duties at work. Now the labour standards inspection officious are authorized to swiftly assess and judge each case in accordance with a table for evaluating the degree of stress and with a flow-chart enabling offices to make efficient decision[21].

Two bills to amend the Employment Security Law of 1947 "ESL" and the Worker Dispatching Law of 1985 ("WDL") were passed by the Japanese Diet as of June 30, 1999, these revisions, taking effect in 1999, denote a drastic modification of the Japanese labour market regulations. Labour market regulation were one of the major targets of the on going Japanese government's programm de-regulation policy[22]

Under the ESL of 1947, employment placement services were, in principle, monopolized by the State, i.e. by public employment security offices private employment placement businesses were generally prohibited and exceptionally allowed for 29 permissible occupations designated by the Enforcement Ordinance of the ESL with a permit from the Labour Minister.

The general prohibition on private fee-charging placement services was de-facto lifted by the revision of the ESL Ordinance (not ESL itself) in 1997. Though the current ESL of 1947 ostensibly maintains the

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21 Public Policy, *New Standards for Workers Accident Compensation Insurance for Mental Disorder and Work-Related Suicides*. Japan Labour Bulletin, Japan Institute of Labour, vol. 38, no. 11, November 1999, p. 5-6.

22 Takashi Araki, *Changing Japanese Labour Law in Light of Deregulation Drives: A Comparative Analysis*, Japan Labour Bulletin, Japan Institute of Labour, vol. 35, No. 5, 1997, p. 4-5.

general prohibition on private placement services, the 1997 revision of the ESL Ordinance regards all occupations as permissible except for those specifically prohibited occupations by the Ordinance. Therefore, as far as deregulation of the scope of permissible occupations is concerned, the 1999 revision of the ESL is confirmatory rather than creative in nature.

However, it is important that the 1999 revision of the ESL has manifestly recognized a change of the basic idea of the Law. Under the revised ESL, private employment services shall function not as a supplementary service to but as a coexisting mechanism with the public placement service for the proper and swift adjustment of the supply and demand in the Japanese labour market (Art.1, ESL of 1999). Public and private placement services are to cooperate with each other in order to attain the proper and swift adjustment of the supply and demand of labour force (Art. 5-2, ESL of 1999).

Until 1985, worker dispatching businesses (temporary work business) sending their workers to a client company to conduct work under the direction of the client company was prohibited under the ESL of 1947 as one form of the labour supply business. In practice, however, underground or legally questionable dispatching businesses spread under the guise of contract work which is differentiated from the labour supply business. In order to properly regulate these businesses and to provide legal protection for dispatch workers, the Worker Dispatching Law of 1985 (WDL) was enacted.[23]

Business circles criticized that the present restriction of allowable work to 16 types of designated work was too narrow and did not match real situations in practice. As a result of such criticism, the governments

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[23] Takashi Araki, *Characteristics of Regulations on Dispatched work (Temporary Work) in Japan*, Labour Bulletin, Japan Institute of Labour, vol. 33, No. 8 1994, p 3-4.

deregulation plan listed the WDL as one of the primary targets in labour laws.

Several deregulatory measures had been already taken. First, in 1994 when the Older Persons Employment Stabilization Law was amended, the general occupational restriction on worker dispatch was lifted for those older than 60 and only listed activities were prohibited (Negative list system: port transport services, construction, guard services and production services).

Secondly, 1996 amendment of the Child Care and Family Care Leave Law lifted restrictions on activities when a worker is dispatched to replace a worker who takes child or family care leave on the condition that the dispatched period is not longer than one year (Art. 40-2, the Child Care and Family Care Leave Law).

Thirdly, in 1996 a Cabinet Order added 10 new allowable activities and widened these activities as allowed under the current WDL of 1999. Government is adding expenditure to encourage labour mobility in order to cope with increasing unemployment while maintaining traditional employment securing policy.

The revised WDL generally treats dispatched worker as a temporary work force to meet temporary demand of less than one year. Currently dispatch workers enjoy a considerably higher wage level than part-timers because the dispatching business was confined to jobs requiring special skills and knowledge.[24]

A significant contribution of the postwar reform was a reduction in the number of working hours. In the pre war period, a twelve-hour

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[24] Takashi Araki, The *1999 Revision of Employment Security Law and Worker Dispatching Law: Drastic Reforms of Japanese Labour Market Regulations*, Japan Labour Bulletin, Japan Institute of Labour, vol. 38, No. 9, September 1999, p. 6-7.

workday was common. The total working hours per year was more than 2100 until 1980s. Around 1965 the policy to achieve 1800 total working hours and introduce the five-day workweek policy was a adopted. However, the amendment of labour standards law of 1907 was enacted in response to the growing international expectation, to introduce the 40 hours maximum weekly working principle. In the mid of 1990s, the work hours has been achieved as 1900 hours. The 40 hour weekly system was enforced gradually until April 1, 1997, when regardless of size or types of the enterprise were required to observe this maximum limit of the regular work week[25].

Starting in April 1997, the statutory 40-hour workweek, a product of a 1987 revision to the Labour Standards Law (LSL), was fully implemented, and in line with this, postponement of the application of the 40-hour workweek for small and medium-sized enterprise was discontinued.[26]

But the average worker regular working hours during 1997 stood at 1,748 and the total average working hours, including overtime and rest day-work, stood at 1,896[27].

On December 11, 1997 the Central Labour Standards Council (an advisory panel to the Minister of Labour which is headed by Professor Tadashi Hanami, of Sophia University) passed its review of laws concerning working hours and labour contracts to the Minister of Labour. The council had been studying the overtime work system the

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25 ....., *Focus on Japan's Labour Policies (2): Working Hours*, Japan Labour Bulletin, Japan Institute of Labour, vol. 38, no.2, February, 1999, p.15.

26 Public Policy, *40-Hour Work Week Fully Implemented on April 1 1997*, Japan Labour Bulletin, Japan Institute of Labour, vol. 36, No. 6. June, 1997, 5-6.

27 ....., *Focus on Japan's Labour Policies (2): Working Hours*, Japan Labour Bulletin, Japan Institute of Labour, vol. 38, no.2, February, 1999, p. 15.

discretionary work system, the flexible working hours system, and the upper limit of the labour contract period.

The Council proposes that the standard guideline for annual overtime of 360 hours be given legal standing as a ministerial ordinance. Labour unions had called for the upper limit of overtime to be set a 150 hours a year. Management, however, took the view that it is not appropriate to have an upper limit subject to panel regulations. In the light of this view, it simply sought to provide some guidelines for setting the upper limit. And it would start to study the possibility of raising the penalty rate for overtime and for work on holidays.

The Council recommended an expansion of the categories of work which would be eligible for the discretionary work scheme. Presently, 11 occupations, including lawyers, are eligible for the discretionary setting of a specific work loads to a particular frame of time. The recommendation is that those engaged only in "jobs which are difficult to supervise in a concrete manner in planning and designing division at head offices" also be allowed to work on a discretionary basis, and that a labour-management committee to be established within companies to decide on which jobs will be eligible for the discretionary work scheme.

On the flexible working hours system, the upper limit of flexible hours will be relaxed to allow workers to work up to 10 hours in a day and 52 hours in a week. The proposal also recommends ways and means to enable mid-career person and retirees to work flexibly, while still assigning them holidays.

The upper limit of the labour contract period will be extended to three years from the current one year, but will be limited only to the employment of those with "sophisticated knowledge" and to "older employees".

In line with the recommended revisions, the Council proposed a strengthening of protective measures for workers. Under the labour Standards Law, the provisions calling for a "clear statement of working conditions" have so far focused on wage related matters. The Council recommends other aspects that employers to make their rules of employment and the contents of labour management agreements available to all employees.[28]

Workers are authorized to take paid holidays upto 14.4 days in 1980, and 17.2 days in 1995, but the number of actual days taken was 8.8 days in 1980 and 9.5 days in 1995. Though a few large Japanese firms started to force their employees to take one week off by closing their offices and factories in the summer, apparently Japanese workers are still willing to exercise their legal rights in this regard[29]. Despite this *Rego's* report showing that more than half of Japanese workers, "find difficult to take leave"[30]. As Cole remarks : ` when workers choose, not to take their allotted vacations, this is seen as demonstrating their loyalty to the company. Dore confirms that many workers do not take all their day off. Clark remarks,`only the more junior people took off their full holiday allowance, or anything like it...The moral pressure on some one in the standard ranks, and even an ordinary worker, to waive his holiday allowance was very great.[31]

The Equal Employment Opportunity Law (EEOL) was revised on June 18, 1997 and became effective on April 1 1999. It details the employer's obligation to pay due attention to preventing sexual

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28 Public Policy, *Council Proposes Overhaul of the Labour Standards Law*, Japan Labour Bulletin, Japan Institute of Labour, vol. 37, No. 2, February 1998, p.6.

29 Kazuo Sato, *The Transformation of the Japanese Economy*, An East Gate copy right, M.E. Sharp Inc , CN New York, 1999, p.81.

30 Social and Labour Bulletin, No.2, June 1992. International labour Organization, Geneva, p. 189.

31 Cole *Japanese Blue-Collar* p.36, Dore *British Factory Japanese Factor*, p.188, Clark, 'Social Relations in a Japanese Company' p.214.

harassment in the workplace, and enterprises have started to deal with the issue:

(1) to clearly state the measures it was taking to prevent sexual harassment in the workplace, and to promote knowledge of the measures among employees;

(2) to establish a grievance and counseling center within the enterprise as a means of preventing the occurrence of such harassment; and

(3) to ascertain the facts in a speedy and satisfactory manner, and to take appropriate steps when harassment has occurred.

Enterprises have come up with a variety of measures such as mentioning the company policy in work rules and establishing educational programs. Many companies have set up a counselling center in their personnel sections. Others are utilizing their existing grievance committee, while still others have contracted with outside agencies to offer their employees professional counselling.[32]

In Japan the delay in employment adjustment, together with caution in shedding middle ranking managers, held back the spread of IT (Information Technology). The estimated drop in the demand for labour owing to the introduction of IT between 1990 and 1997 was 1.94 million people in Japan. On the other hand roughly 1.72 million jobs in Japan created by the introduction of IT.[33]

The Public Employment Service, was set up under the Employment Placement Law in 1921. In 1947, the Ministry of Labour was founded and the Employment Security Law was enacted.

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32 Human Resources Management, *Measures to Prevent Sexual Harassment in the Work Place*, Japan Labour Bulletin, Japan Institute of Labour, vol. 38, No. 8, August 1999, p.3.

33 ....., *Tackling Economic Recovery: Economic Survey of Japan for 1999*, Japan Labour Bulletin Japan Institute of Labour, vol. 38, No. 10, October 1999, p.6.

The Employment Security Law did not actually get any job offers from enterprises for students, the law was revised in 1949 so that job placement of students about to graduate could be carried out by the public employment security offices in conjunction with schools. These educational institutions became responsible for collecting job offers from enterprises.

This cooperative relationship between schools and employment security services has been categorized into three types by law: (1) where public employment security offices take the initiative (Article 25-2); (2) where the school, when necessary, takes responsibility for a part of the duties of the public employment security office (Article 25-3); and (3) where the school, as an independent job placement organization, mediates between the students and the enterprises offering employment (Article 33-2). In accordance with this, all universities have a free job placement service (Article 33-2).

The School Education Law, enacted and implemented in 1947, defines the way vocational counseling at school should be given. The law states that education at junior high and high schools should aim "to have students acquire the fundamental knowledge and skills required to work in society", "to get them to make decisions as to their future course matched to their own personalities" and so on. At each school, there is a career counsel, which includes teachers from each grade and subject. This department is responsible for giving advice on higher education and employment to the students. In the Japanese university graduate labour market, the supply and demand for labour is adjusted via the job-seeking activities and unrestricted recruitment.

On June 15, 1999, "a basic law designed to promote a gender-equal society". According to this law both men and women are given equal chances to participate in activities in all fields was enacted.

On the present situation of working woman in 1998, returning to work after having children, it is said that Japanese women typically quit their jobs for child birth and child rearing and work again after children grow older. Actual pattern of women is that they work in office as regular employee after graduating from school but when they are re-employed in their mid 30's they work as part-time or temporary workers in manufacturing and service fields. When re-employed, 70% of them mostly in their 30s and 40s prefer part time jobs. Where as woman with high education and skill seek full time job in educational, technical and professional fields.

The results of the survey on women workers employment in management were realized by the Ministry of Labour on August 5,1999. The survey covered 6,055 private enterprise with 30 or more regular employees at their head office. The situation as of January 1999, the survey found that 7.1% of companies had female general manager (*Bucho*), 20.1 companies had female managers (*Kacho*) and 39.6% had female assistant manger (*Kakaricho*)[34].

The difficulties of seeking job is the shortage of corporations with an employment system which enables female workers to balance their work with family responsibilities and lack of facilities to care for children and aged.[35] In the immediate future, however, the situation for women works is not expected to improve greatly as the restricting of Japanese corporations and deregulation processes are going on and new opportunities are not expanding except in IT sector.

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34 ....., *Women in Managerial Post,* Japan Labour Bulletin, Japan Institute of Labour, vol. 38, No.11, November 1999, p.4

35 Government of Japan, *White Paper on Working Women in 1998*, Ministry of Labour, Japan January, 1999, p.48.

Development of Labour Movement in Japan

Chapter - II

Development of Labour Movement in Japan

The history of labour relationship in Japan can be studied in different stages from 1850 to 1950. However the failure of the early union movement in 1900 constitutes a frontier era in Japanese factory life. Until the middle of the 19th century Japanese economy was predominantly agrarian, lacking many large factories which were set up only towards the end of the century. Almost in each enterprise the owners or managers attempted to control and restrain the activities of hundreds of workers. These owners or managers also had little experience in guiding them and this lead to difficulties at the workplace. The control they wielded over labour was indirect i.e: through labour bosses like called in Japanese *Oyakata.* The labour and employers dealt with each other as adversaries due to different objectives.

In the Japanese shipyard, factories and steel mills, the industrial relations underwent changes from time to time. The timing of Industrial growth, the actions of bureaucrats, strategic business choices, and perhaps most important but least understood, the attitudes and activities of the workers themselves, all combined to push this labour relations in a clear, distinctive direction.

The unions were organized at company level. Labour relations evolved into a set of practices concerning the place of worker in the company, job security, wages, non-wage benefits including welfare benefits and union organization. It evolved often through the troubled interaction of workers with managers and bureaucrats. This chapter describes the process of development of labour movement, the conflict

and compromises in its goals and activities through the interaction of these three groups.

A distinct working-class organizational style and set of attitudes is apparent in the activities and demands of workers in the early years of labour-movement in Japan. On balance, however, the arrangement of factory life was through a method of trial and error. The improvisation did not appear to many contemporary Japanese scholars to be as significant and different from that emerging in Europe or USA.

The law and new powerful labour unions brought about fundamental changes in the structure of labour relations in the first postwar decade. The unions demand for rights and benefits had also been raised by earlier generation of workers, and by some bureaucrats during the war .

At the beginning workers position was rather weak to have influenced management policies, and they credited management with an almost 'exclusive monopoly on tradition', which enabled it to legitimize the practice of permanent employment by consciously remodeling tradition. Even when the workers did enter the picture, they were portrayed either as an abstraction in the labour market, or as docile and diligent products of a comprehensive campaign of social engineering. Even though the Japanese workers were assertive participants in the factory, their ideas and actions had remained unachieved for long time.

Certain significant changes in labour management relationship came around the turn of the 20th century, as economic and technological advances generated pressure for more effective organization of work. The management articulated a coherent ideology of labour control, best characterized as *'paternalism'*, and they adopted important policies of more direct intervention, in part to give this philosophy greater

substance. The procedures that were accordingly implemented for the recruitment, training, and supervision of the work force and for binding the workers firmly to the enterprise, have been described as 'Industrial' or corporate paternalism.[1]

But between 1917 and 1921 their efforts faced a serious challenge. The Russo-Japanese war paved the way for a tremendous growth of labour movement and even after World War-I the growth went on. The skilled workers succeeded in actualising some of their interests against employers at times, repudiating the paternal ideology and structure of control directly. That their demand was for more systematic and favourable treatment within the existing hierarchy of the firm proved to be more significant in the long run.

The light industries provided some direction to labour relations. The small-scale sector which had employed more than 60% of industrial labour before World War-II was a source of diversity as well as pressure which affected practices in large factories also. Despite a more rapid turn to direct control in the largest firms, and a faster response to labour unions in the 1920s, the similarity in lines of conflict and outcome suggests that similar labour relations prevailed throughout Japan in most large factories employing mainly males.

The five key factories which figure most dominantly in the early years of industrialization, were launched in Tokyo. These included the Ishikawajima Shipyard and Shibaura Engineering Works. Similar factories tended to cluster in this area and working communities grew up around these companies. As heavy industries expanded in the late 19th and early 20th centuries major enterprises were founded in the area

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1. Michael Yoshino uses *The Term Industrial Paternalism in Japan's Managerial System, Corporate Paternalism* is Suggested by R.P. Dore British factory-Japanese factory, p. 96.

running from Tokyo South West along the coast to Yokohama and beyond, i.e., the Southern Pacific belt of the Japanese archipelago. Labour unions often attempted to unite workers from more than one factory for such activities, creating conflict in the minds of workers and managers.

European advisors in government-ran shipyards, arsenals, or railroad yards trained the first native industrial wage labourers. But the workers still behaved much like fellow artisans in indigenous crafts and the advent of Western industry did not bring any immediate sharp social discontinuity. In 1855 Japanese learnt the art of shipbuilding from Russians at Heda and also learned the new Western shipbuilding techniques. Similarly Dutch and French instructors also trained them in the art of shipbuilding.

In this way foreign technicians trained mobile pool of workers who gradually spread throughout the country. The men took their skills to other newer and similar factories and emerged as leaders of a working class. These men became central figures in private industry. Despite the novelty of foreign techniques the majority of workers in the larger factories of the 19th century practiced skills with indigenous roots and a good number of them were retrained artisans[2]. This continuity in personnel and craft practices was of truly critical importance. It resulted in the spread of the social practices of pre-industrial artisan society to workers in heavy industry.

The most important social relationship in the indigenous artisan tradition, in Japan as well as in Europe, were those between master, (*Oyakata*) journeymen (*Wakate/ Watari Shokunin*) and apprentice

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2 Tetsuo Nakaoka, "*Initiation or Self-Reliance: A Lesson from the Early History of Modern Japanese Iron or Manufacturing Technology,* cf. Andrew, Gordon the Evolution of Labour Relations in Japan, Heavy Industry 1853-1855, p. 19.

(*Totei/Deshi*). Customary practice of Tokugawa Japan had directed the urban craft guilders to apprenticeships lasting for a period of 6 or 7 years. These people were bound by custom and oral contract to stay for the full term. Once the term was over the apprentice became a journeyman and was free to stay with the master or move to any other employer, however, the journeyman were expected to serve the master for an additional period of 6 months to one year. Eventually, a fortunate journeyman inherited his master's position or received backing which allowed him to set up shop on his own[3].

The practice of journeying from one master to another was allowed among the urban licensed artists. A special relationship continued between a journeyman and his original master who had a customary right to 'recall' his former apprentice in times of labour shortage; but mobility was the norm. The footloose traveller (Wateri Shokko) of Meiji period, who moved with alacrity between factories and shipyards, and the journeymen dreaming of one day owning their own shops were following time-honored customs. The other feature of the artisan society which later influenced industrial labour was the absence of inter-urban guild workers. The masters and journeymen formed separate associations within the guild responsible for regulating entry into the trade and setting wages. Nevertheless they met periodically to negotiate wage rates, until the beginning of modern industry and their negotiations did not reproduce the journeymen organization. The guild artisans who were available as models, supplied the need of *samurai* customs in coastal towns but had not been supple enough to cope with the changed economic conditions and were unable to move beyond the cities to capture the growing market in the countryside untill the late *Tokugawa*

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[3] Sumiya Mikio , *Kunren Shi*. cf. Andrew, Gordon the Evolution of Labour Relations in Japan, Heavy Industry 1853-1855, p. 27.

period. Instead, as the economy grew, unlicensed artisans, serving the rural market, increased in number.

As urban craftsmen did not transform or expand their organization, they lost control over their crafts. Apprentices were able to break their contracts and become free to obtain employment elsewhere as journeymen. As apprenticeship became an increasingly uncertain commitment, masters devoted less energy to training and viewed the apprentices as source of cheap labour. Abuse of apprenticeship led to a further increase in the number of unlicensed artisans, depressing the value of journeymen labour. The distinction between licensed journeymen traveling to polish their skills with several masters, and less skilled, unlicensed wage labourers also moving in search of work was blurred[4].

The workers trained in the new industrial establishments also behaved like unregulated apprentices and journeymen. The traditional artisans brought not only skills but also their unregulated mobility and their aspirations into modern industry. They were disregarded for frequent job changes, movement from small to large factory and back, and desire for independence. Despite being trained by foreign technicians the workers resorted to the pre-industrial practices. The factories built in these decades faced the formidable task of breaking these men into the pace of industrial production; and union organizers also had difficulty in promoting labour movements in such communities.

During the Meiji period, the nation was remarkable for its hetrogenity in various ways, the behavior and attitude of industrial labourers in shipyards and factories distinguished them clearly from other more affluent and better educated urban dwellers as well as from

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[4] Ibid., p 36.

the village rich and poor. The industrial labourers were part of a larger category that included not only the workers from large and heavy industries, but also the working poor, whose members included artisans in traditional crafts, unskilled outdoor labourers and rickshawpullers, who were still part of "lower class society" in the contemporary phase, and who by no means defined a labour aristocracy through their lifestyle. Eventhough the wages of the workers rose in the war years, their real wages dropped due to an upward escalation of prices of urban commodities notably rice[5]. The abundance of cheap unskilled labour was not suitable to serve a rapidly expanding heavy industrial sector.[6]

Unsteady income and harsh conditions of work set them apart from respectable, educated society. Average skilled workers who put in 10 hours a day plus overtime could expect to take home between 30 to 60 Sen (100 Sen = 1 Yen) each day at the turn of the century.

Yokoyama Gennosuke, a pioneering observer of Japan's, lower classes estimated that 60 to 70 % of Tokyo's machinists could hardly support their families and he painted a grim picture of a life marked by incessant domestic quarrels and indifference to the education of children. Other surveys also support this view. Even a better-paid worker could barely afford food, clothing, and a cramped dirty shelter.

A reporter from *Mainichi Shimbun*, wrote a paper on labour problems, paid a visit to the Shibaura Engineering Works in September 1895, and reported that "many of the workers are stationed quite close to the fire, swing large hammers and were blackened, or reddened". He

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5 Kazo Yamamura, *'The Japanese Economy 1911-1930: Concentration, conflicts and crises'*, in shilberman and Harootunian, Japan in crisis, p.301.

6 Mikio Sumiya, *'The emergence of modern Japan.* Also cf. Koji Taira, *Factory legislation and management modernization during Japans Industrialization*, 1886-1916, Business history review (Spring 1970)p.85-86.

concluded matter-of-fact by that, even if the hours were relatively shorter, the work was harder than that faced by most people! One needed skill and strength to last for even an hour. In 1899 it was estimated that the average working life of an adult male lasted only from 22 to 24. Besides poverty and blackened faces set these men apart from their betters and marked a gap between them and their managers. Japanese workforce in this era was neither keen on taking orders nor enthusiastically committed to their jobs, and persuading them to submit to the discipline of factory labour was not an easy task. It was far from accomplished by the turn of the century. The decided lack of diligence observed among the Japanese workers of this era is especially worth nothing because, standard explanations for the 'successful modernization' of the Japanese economy point of diligent labour as a factor[7].

It has been suggested that the spread of rural industry in the late Tokugawa years created a pool of lay labourers ready to join the modern industrial force[8]. But many observations of worker's behaviour in Meiji years contradict these generalizations.

A Dutch advisor at Nagasaki Iron works D.de Graeff van Polsbroek, expressed frustration over the lack of discipline among workers in an 1864 memorandum addressed to *bakufu* officials. Another advisor from the same country, Kattendyke, complained that workers lacked patience and prudence and were unreceptive to rules or discipline[9].

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7 For example, Henry Resolvsky, Capital Formation in Japan, 1868-1940, P. 104, sees "The well-known Willingness of the Japanese worker to be diligent and accurate," as a factor giving Meiji and 20th century Japan an "unusually god labour force," which contributed to economic growth"

8 Thomas smith, *Agrarian origins of Modern Japan*, pp. 122-123, 201, 211-213. cf, Andrew, p.85. Gordon the Evolution of labour relations in Japan, Heavy industry 1853-1855.

9 Nakanishi, "Nihon ni Okeru Jukogyo," pp 45,90, cf, Andrew Gordon. ..., p.77.

The typical worker of 19th Century has been described as a hard drinking, fighting, gambling type with no care for saving for the future[10]. Workers desire for independence usually outran the ability to achieve it. Workers also wanted respect from those in the mainstream of society. This spirit informed the activities of the iron workers union, and even after this union failed, efforts to gain respect continued. A community spirit also surfaced within the work place in the form of customary practice of mutual aid if a worker had to quit or was fired.

Work in such factories were indeed dangerous. Workers often faced illness or injury. A mutual aid fund was therefore set up, which was an important turning point in the case of the iron workers union of 1897 through 1900. Workers felt the need for such assistance, and some Ishikawajima companies also responded by establishing mutual-aid societies. Most factories were located in the Tokyo-Yokohama and Osaka-Kobe-Kyoto Industrial belts. More than half of those workers were young females who entered the textile factories on short-term labour contracts.[11]

Enforcing discipline was a major problem since men in heavy industry moved frequently between factories or from large factories to small ones and back. Turnover in the textile industry was even greater, but the 'mobility' of the textile workers, usually teenage girls committed for only a short time to factory work often took the form of escape from a heavily guarded dormitory. It was similar in the case of apprentices or trainees also. Many trainees under contract ran away from their

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10 Katayma Sen, Rodo Sekai, 1897, C.F, Andrew Gorden, *The Evolution of Labour Relation in Japan: Heavy Industry, 1853-1955*, p. 29

11 William Lakwood, *The Economic Development of Japan : Growth and Structural Change* (Princeton, 1954), p.485. and for the study of female labour in textile industry, ef. Gary Sexonhouse, 'Country Girls and Communication Among Competitors in the Japanese Cotton-Spinning Industry' in Hugh Patrick, ed., Japanese Industrialization and its Social Consequences Berkeley, 1976, p.97-125.

contractor, often even before one third of the training had been completed [12].

Such behaviour induced the firms to take steps beyond with holding of apprentice pay to retain skilled workers. They offered long-term contracts to a few select skilled men, and groups of owners formed anti-poaching associations whose members agreed not to raid one another for talent. The Yokusuka navel yard created a hierarchical pay scale in part to encourage workers to stay and rise within the company, however, these polices were ineffective.[13] In 1890s, although the owners had been employing various means to keep labour in place and entice workers elsewhere to come to their factory. They were still troubled with spontaneous job-switching as well as poaching. Inducements to stay failed in part because most workers did not move from job to job uneasily in search of higher wages. But mobility was a central part of the 'proper' work carrier. The custom of travelling predated the high demand for skilled labour of the late 19th century.

Standing between the traveller and technical supervisor or manager frustrated at his mobility was the senior members of working-class society of late 19th century, called by the traditional term for master, *Oyakata. Oyakata* were a varied lot. Some owned small machine shops or shipyards, some were independent labour bosses who contracted the service of their charges to various large companies, some were labour bosses providing men exclusively for a particular large factory. *Oyakata* labour bosses, recruited, trained under their personal

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12 Yoki Yama, *Nihon no Kaso Shakai*, p. 237; rodo Sekai 4/1/1898, p.5. c.f. Andrew, Gordon the Evolution of labour relations in Japan, Heavy industry 1853-1855, p. 112.

13 Taira Koji, '*Factory Legislation and Management Moderation During Japans Industrialization, 1886-1916*, Business History Review Spring , 1970, p.85-86.

supervisions, unskilled workers who were attached to them, through personal ties as *Kokata* (child-figure)[14]

Oyakata of all types were important. They exercised some control over wage payment to the workers, either through distribution of contract fees or by setting the rate at which the company was to pay each worker. The *Oyakata* could hire and fire apprentices/labourers, served to some extent as employers, either hiring their own apprentices and subordinate labourers or making hiring decision. They had some responsibilities for the training of apprentices or new workers. The *Oyakatas* occupied a position of greater or lesser independence between the company and the rest of the workers.

Many activists in the Meiji labour movement were described as *Oyakata* in the 1902 Shokkojijo Survey. The Independent operators trained their own apprentices whom they lodged and fed at their homes and led to work in a group. They paid the apprentice his wage which had been received from the company, while keeping a portion for themselves. *Oyakatas* in direct employment of a company were given no clear responsibility for apprentice training, and so with nothing to gain from the trainees, they were enthusiastic teachers. By the early 1900s *Oyakatas* more closely associated with particular companies gradually increased in number, while the fully independent labour lost ground. Yokohama Gennosuke reports that, while the Independent *Oyakata* had been quite strong in Tokyo around 1895, in 1905 he was part of a vanishing breed. Yet their status and relationship with enterprise was never uniform; their decline was slow. The government factory report of 1904 stated that *Oyakatas* were still active in major shipyards and other

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[14] Dore, *British Factory-Japanese Factory*, Chapter 14,'The origins of the Japanese Employment System.

large machine factories[15]. Even in the early 20th century managers could not ignore the men, for their skill, experience and judgement to organize the work process and actually get the job done.

The technical superiors just above *Oyakata* in rank had replaced the foreign advisors of earlier decades but lacked their qualifications. Except very few school-educated technicians most of them were ineffective and their responsibility was in fact, given over to the workers. Though, the managers and the technicians were not experienced and skilled enough to rule over the workers, the *Oyakata* enjoyed the monopoly power of controlling the labourers.

Tomoku, also a kind of labour boss with authority of firing and hiring workers, existed simultaneously with the *Oyakata*. In this form of indirect labour management, Tomuka preformed a rôle quite similar to *Oyakata*. The company did formally intervene between *Tomoku* and worker by setting scales of day wages for regular workers, and kept one day pay back every month that was returned only after the completion of the term of the worker. In a similar way managers resolved to create a more systematic, direct mode of labour supervision. A few enterprises began this effort in the 19th century itself. Some established a scale of day wages and ranks, some tried to bypass the *Oyakata* system and signed with selected men long-term contracts on an individual basis. Others entered into contract with individuals for a given job, offered semi-annual bonuses equivalent to one months wages to workers who had good records. Finally, they also adopted forced savings plans, deducting money from wages as if to keep the individual workers almost a hostage.

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15 Sumiya Mikio, *Nihon Chin Rodo no Shiteki Kenkya*, P. 8, Quotes the 1904 Summery of Factory Reports.

Despite efforts to change the indirect, style, and limits placed on the *Oyakata*, the strategy remained a common approach only in heavy industry in 19th century. It seldom drew workers into closer relationship with the company.

The offer of promotion up a ladder of ranks and pay did not induce the workers to stay; they continued to travel. Partially the problem lay with implementation. Many companies after stipulating pay raises at regular intervals in their work rules, failed to bring it into force for all. Only a portion of the work force received a rise in any given year or half year[16]. Then, too, inferior workers, able to curry favour with the foremen, could gain arbitrary raises while a better but out-of-favour worker could easily be bypassed. In bad time firms reduced pay or suspended increases for all workers to reduce costs and trimmed the work force by driving men away. To the extent that it came at all, promotion up a ladder of ranks and pay levels was an unreliable reward for a minority of skilled workers[17].

Mikio Sumiya observes, "in the very small businesses, where working and business conditions are poor, the authoritative family pattern (eg: master-servant relations) prevailed and neither paternalistic industrial relations nor the lifetime employment nor length of service system existed.[18]"

The day wage in this period was only a part of total income, and raises were inconsistent rewards for a minority of skilled men. Yet, by the end of World War-II the regular seniority wage increase was nearly uniform in heavy industry and other sectors of Japanese economy, and

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16 Dore, R.P, *British Factory- Japanese Factory*, P. 100-101, Cole, Japanese Blue-Collar, p. 103.

17 Ibid, p. 108 and 109.

18 Mikio Sumiya, *The Emergence of Modern Japan*, in Okochi, Karsh, and Levine (ed) workers and employers in Japan : The Japanese Employment relations system, Tokyo 1973, p.46-47.

by 1980s Western observers were acclaiming it as one key to Japanese managerial success in building attachment to the firm. Application of this idea in factory setting came at a few government and private enterprises in the early decades of Japanese industrialization.

The regular raise was a response to day-to-day problems of slowing turnover and eliciting consistent, or diligent service from the travelling worker. By the turn of the century companies increasingly imposed their own wage structures on *Oyakata* and the indirect control structure was beginning to crumble. The vulnerability of the *Oyakata* trained on the job and unable to keep up with the introduction of more sophisticated technology from abroad which began in 1890, made possible the effort by the early 1900s to replace the *Oyakata* with foremen integrated into a company control structure. After Japan's defeat in WW II, Industrial paternalism became synonymous with labour relations in Japan.[19]

The first move to create some kind of labour union in Meiji era came towards the end of the 1890, and resulted in the establishment of the *Rodo Kumiai Keiseikai* (Association for the Formation of labour unions) in 1897 after the *Shokko Giykai* (Knights of labour) by *Takano Fusataro* and *Katayama sen* modeled after the American Federation of Labour (AFL)[20]. This movement was short lived between 1897 and 1900. Their organization brought together three craft unions: the printers union, the railway engineers union, and the iron workers union. Despite its initial success however, the *Keiseikai* went into sudden decline soon after the enactment of the Public Peace Police Law in 1900, which provided for several severe restrictions on labour union activities. Within

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19 Kazuo Okochi, *The Characteristics of Labour-Management Relations in Japan'*, Journal of social and political ideas in Japan, III.3 (December 1965)p.47. Solomon Levine, 'Labour markets and collective Bargaining in Japan', in William Lockwood, The State and Economic enterprises.

20 Iwao Ayusawa, *A History of Labour in Modern Japan*, Hondulu, 1996, Chapter.II.

the union they failed to sustain, even before the PPL-1900 (public police peace law 1900) placed a major legal barrier on union activities, active membership in the most successful group.

Despite the institutional failure, the Meiji labour movement revealed a pattern of organizational behaviour and worker consciousness that has been enduring for decades; and even today it is exerting certain impact on the labour movement and labour relations in Japan. The craft unions specifically sought more rapid promotions, the semi-annual pay raises and bonuses offered to white-collar officials and technicians and reforms of the compensatory savings plan. The Meiji-era workers were neither respected nor well treated on par with white-collar workers. Despite the dismantling of the rigid Tokugawa class structure which had sanctioned discrimination by status. While the working–class society remained more or less unto itself, company managers resisted efforts to intervene in the work place. The customs derived from pre-industrial past, posed a challenge to union organizers and mangers alike. Managers found difficulty in controlling men placed in the category of the working poor *(Kaso Shakai).* The ineffective labour control and ill disciplined factory workers, drained profits and the turn of the century machinization and specialization undertook to devise a new structure of more direct control of work. Hence the policy of direct control began with the efforts to limit *Oyakata* by drawing them into the company as privileged foremen who would control their subordinates but follow the management directions. Training progrmmes were also part of the attempt to draw skilled workers to a more direct and dependent relationship with the firm . Training schools offered an affordable alternative. These programmes sought to cultivate a core group of committed workers.

Articulation of paternal ideology was another step designed in part to encourage workers. The capitalist managerial idea of paternalism *(onjo shugi)* orginated as a means of justifying political as well as economic power for those who had it. A few `management modernizers' tried to prove the validity of paternalism (*onjo shugi*) by improving factory conditions in the hope that the workers would accept this ideal relationship with their employer.[21] The idea of paternalism was more a practical necessity rather than a 'normative value' because its purpose was to resist the introduction of the factory law (initiated in 1890 and passed in 1911) by the government which would impose institutional control on owner and manager too. It was also indicative of the gradually emerging institutional structure of labour cultivation and control. Due to its advocates defending paternalism as a progressive and feasible concept drawing its essence from the traditional norms of behviour in Japan, the Agriculture and Commerce Ministry introduced a rather weak, Factory Law in 1916 which was not designed to protect the interest of the workers.

The language and ideology of paternalism did not impress working men of this era for good reasons; the early glorification of beautiful customs of paternal care had little grounding in actual practice. Infact, precisely because of labour displeasure with this dissonance, managers began to give substance to what had been empty statements of the paternal ideology, and make of paternalism a more potent ideology and policy of control in later years. After Japan's defeat in World War-II, Industrial paternalism became synonymous with labour relations in Japan.[22]

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21 Taira Koji, *Factory legislation and management moderation during Japans industrialization*, 1886-1916, Business history Review Spring 1970, p.85-86.

22 Kazuo Okochi, The characteristics of labour-management Relations in Japan', Journal of social and political ideas in Japan, III.3 (December 1965)p.47. Solomon Levine, `Labour markets and collective Bargaining in Japan', in William Lockwood, The State and Economic enterprises. P. 60.

Managers were expected to facilitate the growth of a healthy industrial society. They took steps to encourage longer tenure and foster among regular workers a sense that the company belonged to them also. By changing the informal practices into systematic welfare programme at Shibaura the labour policy between 1900 and 1910 followed three basic goals: greater control over the work process, more efficient labour, and cultivation of foremen who identified themselves with the company.

Complementary to the assertion of direct control of the work places Shibaura and several other enterprises began to sponsor formal vocational training programmes and even general education for men who entered the factory. The company implemented education programmes in the hope that men given the benefits of free training would remain to constitute a small future corps of skilled workers and foremen. The general pay increase would depend upon the academic record of the trainee.

Regarding short stay of workers and shortage of skilled labour Shibaura believed that skilled workers were indispensable. Since workers at the time generally had low levels of education, skill and character and were in great need of reform, the company sought to cultivate high-quality foremen.

Heavy industrial-sector leaders like Mitsui and Mitsubishi, felt assured that time-honoured 'beautiful custom' (*bifu*) of obedience and loyalty from below when matched by sympathetic understanding from above would suffice to solve problems such as resistance to factory discipline, low morale, and poor health. A law, on the other hand, would legally sanction the interest of workers, thereby undermining the emotional basic of old, integrated social order, and stimulating conflict. However, most of them had come to accept factory legislation as inevitable. In several developments lay behind this major shift is opinion.

An unprecedented wave of strikes and labour disputes in heavy industry in 1906 and 1907, strengthened the government's position that, 'beautiful customs', by themselves were an inadequate guarantee of healthy industrial development.

The factory law passed in 1911, accepted 'warm Japanese social customs or the beautiful customs of master servant relations on family, on a spirit of 'sacrifice and compassion', as the basis for smooth development of Japanese industry. It was regarded as a key factor to solving the social problem of industrialization and control of the factory. Bureaucrats had also approved this as a vital partner to legislation. Nevertheless the law was more of a gesture than action though its provisions did require some changes.

Nevertheless, the multifaceted drive to control labour directly evolved through a continuous dialectic of management-labour interaction. The policies, training programmes and ideology to some extent modeled the factory labour force but workers were not simply malleable objects. They greeted the new departures from the practices of early 1900s with a mix of acceptance and resistance, which in turn sharpened the labour relationship.

A wave of unrest broke across Japan's mines, arsenals, and shipyards following the Russo-Japanese war and reached a peak in 1907. Overtime work ended as the war boom subsided, and higher prices diminished real income. Further, while bread-and-butter issues precipitated most of the strikes, hostility to the assertion of direct control over production often also fueled them. Despite several similar disputes elsewhere protesting the switch to direct control in the early 1900s, significant number of workers accepted the changes.

The managers did not always manage to draw all foreman securely into the firm, having convinced them to identify their fates more with the firm than with their subordinates and pull them out of the ranks of working-class society into the lower middle or managerial class. Preferential treatment, bonuses, wage increases or company benefits introduced new tensions into the relationship of foremen with workers and company both. The work process still expected the foremen to exercise much independent judgement and authority, it still placed a premium on skill acquired through long experience. The leadership of foremen played a central role in the early *Yuaikai* labour movement. These men were still workers, with considerable authority, willing to lead others in action against the company.

Suzuki Bunji, a dedicated social reformer and self-styled champion of Japanese labour founded a friendly society, the *Yuaikai*, at a meeting of 13 members in the year 1912. By 1916, the *Yuaikai* adhering to a vision of gradual social reform and labour unionism within the existing political and economic order, had grown into a stable national organization of about 1500 members. While Suzuki insisted in these years that the *Yuaikai* was an organization for social reform not socialism, he also insisted upon the need for workers to `awaken' and assert themselves as full-fledged members of society. While the early *Yuaikai* did not advocate social revolution it did promote worker's 'self-revolution' and class-consciousness. It did not champion strikes, but it did work to cultivate among workers a sense of community and the strength that unity would bring.[23]

Originally *Yuaikai's* goals as `mutual aid in friendship and cooperation', the cultivation of enlightenment, virtue, and labour skills

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[23] Stephen Large, *The rise of Labour in Japan : The Yuaikai*, pp x 11,22, 34-36,41,43. Andrew, Gordon the Evolution of labour relations in Japan, Heavy industry 1853-1855, p. 37.

among the workers and raising their status through sound programmes depending upon the strength of cooperation'. But beneath this rather bland exterior, the friendly society made the development and promotion of labour unions its primary mission.[24]

Managers at Shibaura were typical in viewing these *Yuaikai* locals with serious concern in large part because of the prominence of the union members within the factory. After the sustained attempt of the early 1900s to encourage skilled workers, especially foremen, to identify with the company, Shibaura managers faced an unpleasant possibility.

On 1st June 1915 exactly after 3 months since *Yuaikai* had been founded, Shibaura announced a wholesale renovation of its personnel policy. It introduced a revised set of factory regulations including 16 chapters and 137 articles covering all aspects of work. The company also revised education policy and with significant attention to worker education within the firm. The curriculum emphasized 'character and personality development' as well as technical education. Perhaps the most important innovation was the foremen's council *(kumichokai).* The foremen, considered as worker's representatives began to meet monthly with company officials. The discussion included pay as well as work duties, aid and treatment of workers. Shibaura quickly responded to the emergence of a working-class organization transcending the company framework, hoping to nip this vague future threat in the bud by extending the scope of its paternalism and allowing some participation through the foremen council. The World War-I boom brought with it tremendous competition for skilled workers and resulted in high turnover. The training schools of very early 20th century were significant

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[24] Stephen large, *The Rise of labour in Japan : The Yuaikai*, 1912-1919 (Tokyo 1972,p.11-12 and a brief article Stephen Large, The Japanese Labour movement, 1912-1919: Suzuki Bunji and the Yuaikai', Journal of Asian Studies vol.24, no.3 (May 1970)p.559-579. P. 37.

precursors to the practice of training labour which in later years proliferated and covered a broad range of workers. Industrial paternalism on application of many techniques employed by management to check the growth of labour unions. They used oblique approach to the neutralization of the unions in their factories. It was especially significant that where unions had already penetrated factories, employers tried to bend them into an enterprise union (*Kigyobetsu kumiai*) mold.[25]

The Yokohama Dock company's style was consistent from the 1890s through mid 1920s. The Yokosen either ignored or repressed labour activity, exhibiting none of the captive instinct so evident either at Mitsubishi or Shibaura. In response, the dock workers vigorously criticized both the absence of substantial paternalism and the arbitrary nature of labour control, winning chances as they did so. In August 1916, Yuaikai contingent at the Dock Company demonstrated to the rest of the work force that, organized labour could take effective action on a wide range of issues.

Finally, that the factory workers organized by the Yuaikai raised these demands and won most of them indicates that the imposition of new forms of direct control and training, justified by an ideology of paternal care at the very least, could not proceed without reference to worker demands or desires. The nature of labour relationship at Shibaura in 1915 differed from that at Yokohama in 1916, but the spirit of the demands at Yokohama Dock was similar to that of the 1915 reforms at Shibaura and the underlying tensions were the same. Workers had pushed the management, either directly or indirectly, to modify employment practices, including the nascent seniority wage and the treatment of foremen. In the economic confusion caused by Japan's

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[25] Mikio Sumiya, *The Emergence of Modern Japan* in Okochi, Karsh and Levine, (ed) Workers and Employers in Japan The Japanese Employment Relations System (Tokyo 1973) p.46.

military defeat and the rapidly progressing inflation that followed, all workers faced difficulties in making a living, therefore, in an effort to protect their livelihood and to oppose employers who were unable or unwilling to confirm to reconstruction policies, they organised labour unions. With the destruction of the value system that supported the old social order and because of the critical living conditions-lack of food, clothing, housing-most union members became sympathetic toward radical union policies, although it is questionable to what extent they agreed with the political ideologies of the union movement.[26]

In the surge of dispute and union activities that began in 1917, the initiative in the factories passed to the workers, and for the first time, a genuine sense of crisis spread among Japan's managerial elite.

A complex of international and domestic changes combined to render inadequate the labour management policies developed in the decade prior to the World War-I. The War stimulated unprecedented industrial expansion in Japan, but the boom of 1917 to 1921 also brought shortages and soaring inflation. In addition, the Russian revolution, the victory of the Democratic Allies and the creation of International Labour Organization (ILO) together generated a favourable climate for labour organization. There has been little interfirm mobility in most of the modern sector, at least in big firms. This arrangement seems to have been rather effectively policed by employer understandings not to poach regular employees of another firm or hire such former employees.[27]

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[26] Mikio Sumiya, *Contemporary Arrangments : An Overview*, in Okochi, Karsh, and Levine (ed), Workers and employers in Japan, p.57.

[27] OECD, *Manpower policy in Japan*, OECD Paris, 1973.p.98.

The inflation made union activity necessary and attractive, the labour shortage and the desire of owners to avoid costly strikes made it often successful. These twin economic and political effects of World War-I brought two related sets of `labour problems' to light. First, the old labour problems still remained unsolved despite the policies of direct control, periodic pay raises, paternalism, and company education, second, a new meaning 'working-class' emerged as a new problem. As George Totten observes, 'only in two or three instances did a company agree to collective bargaining, but merely to the extent of being willing to listen when the unions wanted to raise a question. The cause for defeat arose from management's extreme distaste for dealing with any labour organizations and from the workers inexperience in negotiating with management.[28]

The labour force and working-class problems reached a peak in 1921. Undisciplined and independent minded workers troubled the managers since the 19th century to get their rights through various types of organizational structure. An increasing number of educated young workers, if not promoted rapidly, quit and often moved from factory to factory. Old uneducated labourers were no better, they were rough and unteachable men who relied only on past experiences. *Kobayashi* who was manager at Shebuara fumed that, "Teaching them anything is like trying to teach a cat to chant the *nembutsu*".

In 1916, the dramatic increase in labour disputes attracted and impressed the *Yuaikai* and *Suzuki Bunji*. By 1921 labour unions, not only the *Yuaikai* by then renamed *sodomei*, but also many other independent or semi affiliated labour unions were taking a lead in strike

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[28] George Totten, *Collective Bargaining and Works Councils as Innovations in Industrial Relations in Japan During the 1920s* in R.P. Dore, ed., Aspects of Social Changes in Modern Japan (Princeton, 1967),p.210.

activities, eventhough such actions were considered illegal, and there was a drastic slump in the economy beginning in the spring of 1920, strikers became decisively more militant than the old cautious leadership. After the war, despite the efforts to guide the nascent movement along purely economic lines, the union organizers achieved quick success. Within four years of the end of hostilities, trade union membership reached 6.65 million, a rate of growth unequalled before or since.[29]

The 'old guard' leaders were hard pressed to respond to the more assertive rank and file, and at the same time to deal with a group of radical intellectual union activists attempting to push the organizations in new direction. This pressure transformed the *Yuaikai* from a friendly society to an open supporter of labour unions. In 1917 the more radical youngmen at *Yauikai* head-quarters affirmed strongly the right of workers to strike.

In autumn of 1919 a controversial national convention formally inaugurated a new age of assertive unionism. The group changed its name, replacing Yuaikai with the name *Dai Nihon Rodo Sodomei Yuaikai* (Friendly Society Greater Japan Federation of Labour). Eventually, the terms 'Greater' and 'Friendly Society' were abandoned as too imperialistic and moderate respectively and finally *Sodomi* (Japan federation of labour) was born.

Against this background, a flowering of labour organizations took place between 1919 and 1921, both within and outside the *Sodomei-Yuaikai* structure. These organizations varied from moderate mutual societies to aggressive local or factory unions. Their leaders were

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[29] Solomon B. Levine, *Industrial Relation in Post War Japan*, University of Illinois Press, 1958, Chapter I. p . 18.

constantly involved in moves towards mergers and larger regional federations but continually thwarted by ideological rivalry.

Shibaura managers in 1919 sponsored a company union to counter the still growing *Yuaikai-Sodomei*. The 'yellow unions' ironically changed colours and led a controversial strike in 1920, but the *Yaikai sodomei* refused to support it. In the wake of this disastrous display of factionalism, *Shibaura* workers were unable to build a united front until late 1921, when they created a single independent company wide union.

The *Shibaura* labour union, which emerged, was a solid group and remained a significant force until late 1920s. In similar fashion, workers at Ishikawajima and Yokohama Dock Company built strong unions on a foundation of workshop organization between 1919 and 1921.

The shipbuilding strikes of Summer and Fall 1921 marked the most profound labour upheaval to shake the nation until 1946. In the wake of these and other disputes, managers moved adroitly to separate workers from their unions, and by the end of the 1920s organized labour in big business was on the defensive, if not defeated. Despite the weakness of organized workers in big firms, the labour problem continued to loom large in the policy calculation by the bureaucrats and businessmen who sought to mobilize the nation for war in the 1930s.

In the 1920s the state influenced the labour movement most in its decisions on when not to act; it came to quietly tolerate moderate labour activity, in an application of the carrot-and-stick (*ame to muchi*) theory of social control. Repression of the left wing of the socialist and labour movements continued as before. In the 1930s, in contrast, advocates of extensive social and economic controls, including control of labour, came to dominate the bureaucracy and state moved towards widespread intervention in labour matters.

Home Ministry, especially the relatively Liberal Social Bureau created in 1922, pushed for abolition of article 17 of PPL-1900 which advocated unrestrained repression to deal with the social movement and enactment of labour union law and labour dispute arbitration law. While the Imperial Diet abolished article 17, already more or less dead in 1925, it never approved a labour union law. It did pass arbitration law in 1926. Shifting government policy gave workers the defacto right to strike for economic ends by the mid-1920s. But the Justice Ministry was able to apply a new anti-violence law to many incidents emerging out of labour disputes, and informal mediation by the Police Bureau of Home Ministry was generally unfavourable to workers in 1920s. Union activities never gained legal protection. Union activities and strikers remained extremely vulnerable. With jobs scarce and employers exchanging information on labour activists, the decision to lead or join a strike, or even to become involved in a union, meant grave risk for the worker and his family. Strikes of the 1920s were serious affairs, especially when compared to the predictable and relatively safe spring offensives of the 1970s or 1980s.

The political impact of the more tolerant policy initiated in 1920s was real. The social democrats and *sodomei* gained a de-facto legitimacy as the voice of labour. Kato komei's government in 1924 implicitly recognized organized labour by allowing unions to choose the Japanese worker representative to the I.L.O. each year.

Factory Law Revision of 1923 and Health Insurance Law of 1922 were passed and took effect from 1926 and 1927 respectively. The new factory law raised the minimum sums for death benefits, injury compensation, and sick pay. It forced companies to offer ill or injured workers 60% pay for six months and 40% thereafter instead of 50% pay for three months and 33% thereafter. Health Insurance Law protected

workers in cases of illness and injury on or off the job and applied to all enterprises covered by the factory law.

The *sodomei* made progress at NKK (*Nippon Kokan*) in the mid-1926s. The *Yuaikai* had gained a foothold there in the 1910s and the *sodomei* built on this base to recruit 1000 members from the 2000 workers at the company by early 1926. The company response to the sodomei advance was low-key but adroit, a model of "soft" but determined union-busting. While *sodomei* was strong, NKK appears to have avoided an open challenge, preferring to chip away slowly at the union strength. With high attraction of workers, and thus union members, close attention to new hiring was effective. From 1926 to 1931 the union membership gradually declined. The reason for this was that labour disputes proved short-lived. By this time the company felt able to move decisively against the union, when a dispute over a pay cut took place and the union continued to decline the offer made by the company. The series of anti-union measures taken at this juncture had a detrimental effect on union activity. Screening and checking of new workers put an end to union growth. The relatively unskilled steel workers, mainly migrants of rural origin, were not initially interested in the labour movement and had no energy left at the end of the day to find out more about it. Immigrant steelworkers in America were also difficult to organize.

Unlike many passive company unions in Japan, the *'Koaikai'* at Urago dock was not organized by the management. Regular workers, frustrated at their lack of influence, founded it in 1921 as an independent organization. Initial goals were the raising of worker consciousness skills, morale and status through united action, and promotion of mutual aid activities. It gradually expanded both membership and activities. In May 1922 it began to operate a cooperative

store to serve the worker better. The management recognized the *Koaikai* informally as the labour representative in negotiations over working conditions. It provided a means for the workers to express their discontent and the company made sufficient minor concessions to give the union a measure of legitimacy. The *Koaikai* also served company interests by working to prevent the expression or penetration of more radical ideas. The problems raised were as minor as better food in the dining hall or the supply of lockers for workers.

The *Hyogikai* also attempted to gain supporters at Uraga from the *Yuaikai* era. While the *Koaikai* actively sought to prevent the influence of 'communist' elements with fair success at the main shipyard, by the Summer of 1926 out of 132 workers 100 were members of *Hyogikai.* Neither was the *Koaikai* fully successful in mobilizing all its members gradually, the union leaders drew closer to the company and lost touch with low-level regular worker. In 1925 the union gave more power to workshop representatives so as to involve rank and file workers more directly. A steady under current of tension and calls for more aggressive union action persisted for several years.

One factor that helped the *Koaikai* retain its position was the decision to join hands with Yokohama dock companies *Koshinkai* as the first step in creation of a regional alliance of ship building workers. The *Buso Renmei* (Buso Federation) was launched in May 1925, and, while its concrete achievements were limited at first, it bolstered union leaders at a time of internal conflict.

Yokohama Dock company from 1916 through 1922, would secretly create an 'information', section charged with infiltrating worker headquarters to glean whatever information it could. In December 1921, the company formed a second group, the Machine Technicians alliance (*Zoki Giko Rengokai*), with some what better results. The group spoke of

restoring peace and modernization in the work place while raising workers status. Yet, in an apparent bow to democratic ideology the union also referred to 'securing workers rights'.

To the dismay of dock company managers after just two months, the leaders of this 'yellow union' concluded that, to gain those rights, particularly job security they would have to join hands with their ostensible enemy, the ship-builders union. Alliance leaders therefore approached the ship-builders union with an offer of joint action, accepted on condition that the machine alliance join the *sodomei* and adopt a more aggressive programme with a new union, the 'Yokohama Shipbuilder and Machinist Federation'.

Koshinkai a union in its' first year, followed company order at Dock company. All company workers belonged to this union, and gradually discontent with the weakness of the union spread among them. The *Koshinkai* began to act in concert with Uragas *koaikai*, forming the Buso federation, and it joined many Yokohama unions in 1926.

Tensions within the union continued even after the new developments but the labours still protested. The union divided into two camps, the foremen and regular workers, which became a source of weakness. The annual convention in the Spring of 1927 gained some developments in addition, the union gained control of health-insurance union. Throughout these years of the union's transition and gradual shift to the left, the company sought to keep the union under control by negotiating wide range of issues, handling the *koshinkai* as Urga had dealt with its *Koaikai*. Even though *Koshinkai* negotiated over severance pay, temporary workers issue, a major wage struggle in 1923 it bargained without success for a no-firing promise. The attempt to enact stable work-place order failed utterly with the outbreak of 1929 strike. *Koshinkai* found itself isolated in the expanded *Buso* federation, and this

did much to weaken the union. *Koaikai* and *Koshiakai* unions welcomed Ishikawajima's '*Jikyokai*' into the federation. Although the *Koshinkai* and *Jikyokai* could agree on certain anti-capitalist positions, *Koshinkai* was not ready to support patriotic declarations and not ready to back a "movement to build an industrial nation" or to overcome present crisis through hard work and sacrifice. So in 1931 *Koshinkai* was ousted from the federation by the *Jikyokai* and *Koaikai*, and rejoined after converting to the nationalist principles of the 'Japanist' labour movement in 1933. This interlude of ideological confusion and conversion fatally weakened the *koshinkai*. Finally *Koshinkai* dissolved when Mitsubishi Heavy Industries bought the Dock Company in 1935.

The labour relationship at both Ishikawajima and Shibaura were distinctly more contentious than at NKK, Uraga, or even Yokosen. A persistent spirit of radicalism infused worker activity, and managers required more than simple company unions to combat this.

At Shibaura, both anarchist and communist labour unions enjoyed substantial support, and unions of one sort or another were active from 1913 to 1931. While the company did not officially invite or even recognize the organized labour, it did destroy these unions primarily through its own policies. The government oppression and union 'factionalism' were two major obstacles to labour success at Shibaura and other companies workers were unable to create a community of their own interest at enterprise level. Unions built upon workshop did not transcend the particular factory and the workers were divided among themselves.

Government played a major role to eliminate union strength, *Hyogikai* labour federation was outlawed on 28th April 1928 as a communist organization. Only after the failure of unionism, Shibaura

founded a *Nogi* society branch and moral education group in early 1930s to promote the nationalist sentiment.

Ishikawajima used the anti-union unionism of the ultra nationalist labour movement to bring stability to the shipyard. The *'Koro'* union advocated a self-described socialist programme and affiliated with the *Hyogikai* federation, in Ishikawajima in 1921. By the end of 1924 *Koro* had received platform to include a declaration that, "we will resist absolutely the violent oppression of the capitalist class with courageous actions". *Koro's* radicalism naturally troubled management. Its initial goal was to expand its organization beyond the confines of Ishikawajima. In early 1925 *Koro* union had six local unions outside the shipyard. *Saito Tadatoshi*, a committed Marxist played major role in creation of new branches of *Koro,* organized industrial union in the keihin region in affiliation with *Hyogiki*. After several months of negotiations *Koro*, the *Kanto* iron workers union (*Kanto Tekko Kumiai*) and watch makers union joined to form the Kanto metal workers union (*Kanto Kinzoku Kumiai*) in 1925. Koro protested Ishikawajima's policy. Antogonism between union members and strike breakers continued throughout this time. In the disputes of 1921, 1922, 1924, and 1926, all of which disrupted normal operations to quite an extent, the union raised a host of smaller issues which were settled through negotiations.

Kamino, a skilled machinist and a typical traveler visited Europe and observed the colonial discrimination towards Asians. The trip convinced him especially in *Shanghai* that, 'workers of the world would never unite because differences of race and nationality were far too basic'. He returned to Japan an ardent nationalist. He wrote, "there cannot be morality in the world without nations". By the time of 1921 strike, *Kamino* was a fierce opponent of all labour union movement, which he saw as a betrayal of the nation. To spread his ideas, he was

able to regroup his followers into one of the first factory based 'nogi societies', after a set-back of his technical study group in late 1923 at Toyokawacho. The *Nogi* society stood for the remembrance of General *Nogi*, (fought and committed suicide) a hero of Russo-Japanese war, when his 'lord' emperor of Meiji died. *Kamino* tried to imbibe the Japanese industries with a national consciousness and devotion to the *Kokutai* (National Polity) while building a non-union spirit among men of industry (*Sangyojin*). At Ishikawajima, despite the high-powered backing *Nogi* society could not win over the majority. *Koro* of course did all in its power to resist the *Nogi* society.

In 1926, *Kamino* founded the *Jikyokai* labour union to root out socialism, with Nogi society members at its core. *Jikyokai was* strongly supported by certain military associations, an efficiency study group and a factory discussion council. Koro protested all these developments and eventually it was defeated. *Kamino's* self styled 'Japanism' (*Nihon Shugi*) involved more than anti-communism.

In 1926 several top *Hyogikai* including *Nishiyama* who succeeded *Kamino* leaders from Ishikawajima succumbed to the union's ideological appeal or some other inducement, signing on with the 'Japanist' movement in an apparently sudden conversion which dealt *Koro* a strong blow and is still a puzzle to historians. To explore *Jikyokai* views with alliance of patriotic workers, the first concrete sign of the desire for a broader base was participation in the 'Buro federation' in 1929. Within a year *Jikyokai* pushed aside the Yokohama docks *Koshinkai* and took control of the federation, turning into a leading edge of the Japanist labour movement. The ideology of the *Jikyokai* and Japanese labour movement include anti-capitalist and anti-big business overtones. While *Kamino* praised *Matsumura* of Ishikawajima as an exceptional capitalist, he denounced as unpatriotic parasites the 'bad capitalists'. Under

Jikyokai guidance the buro federation in 1930 became the Japan ship-builders labour federation (*Nihon Zosen Rodo Renomi*) in an effort to broaden its state. This organization in turn participated in founding the Japan Industrial Labour Club (*Nihon Sangyo Rodo Kurabu*) in 1933, a group created to oppose the *sodomei's* moderate Japan labour club (*Nihon Rodo Kurabu*). Seeking to organize a broad national movement of 'patriotic workers', the industrial club set an ambitious long-term goal which was to culminate in the elimination of conflict from capitalist society. The *Jikyokai* was the largest single union in that period. This movement of *'Japanist'* labour union had its beginning at Ishikawajima in 1920s and eventually become an important source of support and concrete ideas for the *sanpo* movement of the late 1930s.

Direct confrontation of leftist unions by ultra-nationalist group was not common in inter war Japan. The company had to make a determined, cautious, and systematic effort while moderate company union could serve to promote stability. But the tensions within (*Koaikai*) the union led to an aggressive push from lower-level workers that culminated in a major strike. A more settled labour relationship did not emerge until the 1930s despite the introduction of several company-led unions. The labour unions were operated by company's key employees. As a result, the union is not free to function independently of company policy but rather might be described as `cohesive' with the company.[30]

By 1931 all five companies had eliminated unions. The sustained offensive against union penetration of large companies led managers to express a measure of respect for workers, and through creation of factory councils they won the allegiance of enough workers to overcome organized labour, attributes *Hyodo Tsutomu*. In the end Hyodo asserts,

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30 Masumi Truda, *Personnel Administration at the Industrial Plant Level*, in Okochi, Karsh, and Levine (ed), workers and Employers in Japan p.423-424.

management successfully removed union activists from large enterprises and created a fairly stable new system (*taisei*), and the distinctive pattern of new Japanese labour relation emerged through the 'factory-council system' and, the charges of unfair labour practices by an employer can be brought to governmental labour relation's commissions was set-up.[31]

The use of the factory councils to cope with labour antagonism was clearly a part of managerial strategy. Forty-eight shipyards, arsenals, steelmakers, machine and metal working factories, including most of the very largest firms in the country did introduce factory councils between 1919 and 1928, where as at least 35 heavy industrial firms with over 500 employees nation wide did not form councils over this period. The councils or their equivalents were not static. They represented no simple, one-short solution to the labour problem. These institutions developed a variety of ways especially after the government raised workers expectations in 1924 by recognizing moderate labour unions. But the workers position in these government enterprises put long hours at less pay, with fewer fever benefits, than their *Zaibatsu* counterparts, and the *sodomei* successfully began to organize workers at these places in 1924. The *sodomai* appears to be something less than independent unions, but something above the factory councils. Despite their moderation the state felt compelled to dissolve them by the 1936 Fall.

The factory councils or functionally similar organizations were the key part of the strategy of managers to approach labour problems in 1920s compared to earlier attempts and the occasionally spoke of offering greater respect to workers. Under war time conditions workers fared badly in almost every field, suffering increasing shortages: reduction in real wages, and lengthening of the work day. The normal

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31 Toru Anizumi *The Legal Framework : Past and Present*, in Okochi, Karsh and Levine (ed) Workers and Employers in Japan, p. 129-130.

difficulties of life for workers degenerated into cruel deprivation and harsh exploitation. As the government conscripted all able-bodied skilled male workers for military service, women, men unfit for military service, the young and elderly and even Koreans and Chinese were provided as replacements.[32] The period during World War-I and even after Great Depression the managers succeeded to arbitrate disputes and tensions generated by the workers. Not only the councils alone, but repression of radical unions, encouragement of nationalist ideology, and a constant vigilant watch over worker ideas and behaviour were needed to maintain order in the factories of inter war Japan.

The *sanpo* movement which began in 1936 included the far-right using of labour movement, centered on Ishikawajima's *Jikyokai*, the *Kyochokai* and Home and Welfare Ministry's police bureau. Prof. *Okochi Kazuo* has described *Sanpo* (Sangyo Hokokukai, Patriotic Industrial Association) units were organized in every workshop by the military clique, right wing bureaucrats, and great war industrialists, with the collaboration of right-wing labour leaders, using coercive methods on the lines of the *Nazi* labour front. The object of the organization was to compel the workers to submit unconditionally to forced labour, over work and low wage in war time.[33] In the absence of unions or other worker's bodies only the factory councils represented them for discussion and to prevent disputes. The labour unions were operated by company's key employees. As a result, the union was not free to function independently of the company policy but rather might be described as 'cohesive' with the company.[34] Since this solution was advocated by right-wing

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32 Suchairo, *Japanese Trade Unionism : Past and Present* Tokyo,1950.p.145-147; Cohen, Japan's Economy, p.287-293; cf. Joe Moor.

33 Okochi Kazuo, *Labour in Modern Japan*, Economic series 18, Commerce and Business Administration, Science Council of Japan Tokyo, 1958,p.67,cf. Joe Moore, Japanese workers and struggle for power, 1945-1947. University of Wisconsin Press, England 1983.

34 Masumi Truda, *Personnel Administration at the Industrial plant level*, in Okochi, Karsh, and Levine (ed), Workers and Employers in Japan p.423-424.

kyochokai as well as many prefectural police departments, it led to creation of the *sanpo* federation (*Sangyo Kokoku Renemi*) openly supported by Home's Welfare Ministry in 1938. In 1940, this group was supported by the *Sanpo* Association (*Sangyo Hokokukai*) an official government ministry under welfare ministry. The business spokesmen determined to resist any such encroachment, and throughout the transition from movement to federation to government run association, they were able to keep the *sanpo* factory council powerless.

The head of the enterprise being the head of local *sanpo* association, the organization gave employers a means to keep a watchful eye on workers and gave an ideological justification for their efforts to tighten factory discipline and increase workloads.[35]

Between 1939 and early 1942 the state issued regulations to reduce the raising turnover. Some what more significant, a set of regulations focused on wages and company welfare. A harmonious worker-management relationship has also been described as a wartime legacy derived from the *sanpo* labour organization. Although its creators conceived *sanpo* as the antithesis of labour union, it may have encouraged the growth of moderate company unions after World War II. The respect for workers as servants of the nation performing valued tasks, and the call for equality and a better relationship between worker and staff, were parts of the *sanpo* ideology. *Sanpo* was not nearly a propaganda organization. In a few crucial areas, government labour policy had an observable impact on the aspirations of workers and on management strategy. This, in turn, impacted on the structure of labour relations. It altered some existing practices fundamentally.

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[35] Robert A scalapino *Labour and Economic Development in Japan,* (ed.) Walter Galenson, John Wiley and Sons, New York 1959.p.114-116 Cf. Joe Moor.

The largest of the Japanese labour federation was *Sohyo* (General Council of Trade Unions of Japan), which had 36% of union membership in 1973, a substantial majority of its membership is in the public sector of the ten largest national unions in the private sector only three are affiliated with it.

The second largest federation is *Domei* (Japanese Confederation of Labour). Its share of union membership was almost 19% in 1973. 90% of its members were in private sector and its numbers among its affiliates four of the 10 largest unions. In the private sector only three are affiliated with it.

The third federation, *Churitsuroren* (Federation of Independent Labour Unions) with 11% of union membership, was confined almost entirely to the private sector. Three of the ten largest national unions in private sector were affiliated to it.

A fourth federation, *Shinsanbetsu* (National Federation of Industrial Organizations) had less than 1% of union membership in 1972.

Sohyo backs the Japanese socialist party (JSP), the largest of the opposition parties in Diet in 1972. *Domei* committed to the support of the Japanese Democratic Socialist Party (JDSP). *Churitsuroren* is politically neutral as are most of the non-affiliated enterprise unions. *Domei* is firmly dedicated to collective bargaining and labour-management co-operation as means of improving the workers life while *Sohyo* regards political action through government as the most productive means.[36]

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[36] Hugh Patrick, Henry Rosovsky, *Asia's New Giant How the Japanese Economy works*, The Brookings Institutions, Washington, D.C., 1976. P. 45.

Heisei Recession and its Impact on Labour Welfare

Chapter – III

Heisei Recession and its Impact on Labour Welfare

The Japanese economy which entered into recessionary phase remained deep in it through the 1990s. This prolonged recession had its own impact on the Welfare pollicies. In fact Japan has not suffered any serious threat immediately due to the high-rate of savings for a long period, and could manage only escape impact for a short period. Even so, the long lasting recession with negative growth in economy almost for a decade has put the people, business and the government into an uneasy situation. In a long term perspective the overall economic scenario looks gloomy. People of this society are not satisfied with the contemporary state and the state is becoming extremely problematic for the rulers[1].

The labour force too was greatly affected by the recessionary effects. The increasing unemployment, forceful early retirement, minimised affluent care, reduced company benefits, restructuring, temporary hiring and firing, shifting of production facilities to overseas, lay-off, personnel retrenchment mid carrier resignation, changes of employment etc. has put the workers of all categories into much hardship. The corporate order based on lifetime employment and seniority wage promotion is disappearing fast[2].

The president of Toshiba corporation, Nishimuro Taizo spoke, 'The life time employment gives a very negative impression because it is so identified with seniority based system. But the long-term stability of employment system, the companies undoubtfully cannot survive if they

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1 Watanabe Osamu, *The Weakness of the Contemporary Japanese State* (tr). Rikki Kersten, in Banno Junji, The Political Economy of Japanese Society vol. 1, The State or the Market, Oxford University Press, 1997, p. 161

2 Ito Shuichi, *The Changing Corporate Climate in Japan*, Journal of Japanese Trade and Industry, vol. 19, No.2 (110th Issue), March / April, 2000, p.31

stick to the age-based pay rise system. Companies must shift their wage system to one based on merit and results'[3].

Amidst this, the natural phenomenon of the aging population has its own spell. Increasing part time female labourers and young labourers and the foreign workers are also experiencing similar conditions. Companies once played an important role in determining workers living standards. But this roll has gradually weakened, hence, the people are now beginning to worry about living security, the job-linked society based on production has disappeared. This chapter deals with the bubble economy aftermath of recession and its effect on labour welfare. Japan's economic system, which was re-established after World War-II, achieved remarkable success. Nevertheless, the system has proved to be incapable of coping with the new environment of the 1990s which saw the growth rate fall abruptly. Excluding the initial two years of 1990 and 1991, the average growth rate over the seven-year period was 1.1 percent, the lowest among the G8 (formally G7) countries[4]. In particular, the 1990s had two recessions, named after the new imperial era called *Heisei* recession. The first one started from February 1991 and ends on October 1993, ran thirty-two months, the Second longest postwar recession. During this recession, the growth rate was low but was never negative. The second recession, started in March 1997, the growth rate has been consecutively negative from 1997. In 1998 the growth rate was as low as –2.8%, the first negative since the oil-shock (growth rate 0.6%). As reported for EPA (Economic Planning Agency) the growth rate for year 1999 was 0.5%. So the 1990s proved to be a least successful, decade over the last half century. Posan Adam describing this scenario states, "the stagnation of Japanese among in the 1990s was anything but

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3 Ibid.. p. 33.

4 Kazuo Sato, *The Transformation of The Japanese Economy*, (ed.). An East gate book, M.E. Sharp Inc, New York, 1999, P.85.

inevitable, and it was misguided austerity and financial laissez-faire...not a lack of return on investment or political deadlock that caused it[5].

To explain the background of the bubble economy in Japan, the *Plaza Accord* played a vital role. In an effort to curb the sharp appreciation of the yen following the *Plaza Accord* in September 1985, the Bank of Japan (BOJ) lowered its discount rate to a historic low (from 9% in 1980 to 2.5% in 1987) triggering a surfeit of money, that led to speculation. The rise in land prices has spread to regional cities suggesting the surfeit of money that had fueled the increase in land price in that period remains unchanged until 1991. A long period of success and a subsequent period of introspection, dismissing for the most part out side influences led to confuse asset inflation with real economic growth. A Japanese economist attributed a full 72% of the rise in stock prices between 1985 and 1987 to the real estate boom[6].

The easy credit combined with rising confidence in the assumed destiny of the Japanese economy, led to an unfortunate sense of over confidence. Borrowers undertook increasingly uncertain project, encouraged by low interest rate belief that their loans would inevitably be rescheduled owing to the widely-held view that land price were incapable of falling, banks did not take the trouble carefully to evaluate the raising of loans, given the exported appreciation of the underlying real estate. The urban land index for the six largest cities (1990=100) rose from 35.1 in September 1985 to 105.1 in September 1990[7].

The main bank had become an increasingly aggressive lender. This was an unforeseen effects of the initial stages of financial deregulation,

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5 Posan, Adam, *Restoring Japan's economic growth*, Institute for International Economic, Washington, 1998, p.46.

6 Bill Sterling, Merrill Lynch, *Shaky Ground: Say Sayonra to the Great Boom in Japanese Real Estate* Barron's August 27,1990, p.17.

7 Yukio Noguchi, *Land Problem in Japan*, Hitotsubashi Journal of Economics. The Hitotsubashi Academy, Kunitachi, Tokyo, vol.31, No.2, 1990, P. 73-86.

coupled with the success of corporate Japan. The main banks turned elsewhere for lending purposes, given the ability of large corporations to tap credit markets directly (through commercial paper) or the attraction of selling shares in a rising market. For example Sumitomo, Fuji, the Industrial Bank of Japan (IBJ) Shoveled Vast amounts of credit at the flimsiest of ventures, often managed by *Yakuza*, the Japanese under world[8].

Thus much of the capital that underwrote the expansion of Japanese productive capacity in 1985 onwards was made possible through a process of asset inflation in the securities, banking and property markets that the Japanese economy have labeled the "bubble economy". The speculative bubbles from when the price of those assets become inflated for above their basic value and the profits they are expected to generate. Where bubbles exist, the aggregate capital gains and loss on land and stock transactions become unusually large. The combination of low interests, partial financial deregulation, a rising Tokyo stock market and rapid increase in property values, allowed Japanese business to raise capital for expansion on extremely favourable terms.

The 1987 deals of land and stock resulted in massive capital gains of yen 489 trillion – 40% higher than Japan's nominal GNP. After 1990, however these very assets generated huge capital losses: Yen 207 trillion in 1992. The swelling of bubbles made both companies and individuals richer. Corporations themselves saw that money could be made quickly and easily through speculation rather than solid investment. Companies sold their additional shares in their own companies' inorder to buy other corporate shares. Lack of accountability enabled such blatant

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8 Taggart R. Murphy, *The Weight of The Yen: How Danial Imperils Americans' Future and Ruins an Alliance*, WW Norton & Co., Inc., New York, 1996, p. 196.

malpractice. Such maneuvering was made more attractive as firms tended heavily to discount the demands for a reasonable return on their own equity. Net financial assets held by households exceeded Yen 13000 million, and were also being invested in the market.

Fear that the bubble had expanded beyond the capacity of the real economy to sustain it prompted the Bank of Japan to initiate a high interest rate policy in 1990. It has raised the discount rate rapidly from 2.5% in 1989 to 6.2% in mid – 1990 and maintained that level nearly for a year. The attempts made to curb excessive speculation resulted in inevitable price collapses. In the Japanese stock market, Tokyo *Nikkei* wider average began to fall after witnessing a record high of 38,915 at the end of 1989, which rose from 7,041 in August 1982. The *Nikkei* index average plummeted to 14,309 in August 1992, representing a fall of 63.2%. This drop was even more dramatic than the drop of 44.2% registered during the securities depression of 1972[9]. The asset inflation implies an underlying miscalculation of risk. By 1992, visibly known that, the Japanese economy was in full recession and faced a minimum of two years of financial and industrial restructuring to work through the implication of what had occurred. Where the Japanese economy had sustained a weak recovery since the economic after the recession. The effect of wealth during bubble period not only promoted the increased consumption but also led to a sharp rise in the canceling of savings into these speculative ventures. This of course compounded the severity of the fall. Another factor that exacerbated the resulting crash is that the Bank of International settlement (BIS) now required every banks to have atleast 8% of 'capital to asset ratio' to make loans by the end of march 1993. The regulations allowed banks to add only 45% of unrealized

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9 Fumiko kon-ya, *The Rise and fall of Bubble Economy: An Analysis of the Performance and Structure of the Japanese Stock Market*, (ed,) Mitsuaki Okabe, The Structure of the Japanese Economy: Change on the Domestic and International front 1995. P. 243.

capital gains from stock to the total valuation of their equity capital. A rapidly diminishing capital base heavily constrained the bank's ability to lend. Hence it became increasingly reluctant to lend to the companies. The underlying weakness in the banking sector ultimately limited the recovery and by 1997 pushed the Japanese economy into its worst condition.

Japanese business - both financial institutions and general companies – have not seriously grappled with the fundamental task of disposing of the 'negative assets' left behind after the collapse of the bubble. As a result, the Japanese economy has plunged into unprecedented difficulties, dragged down by the three unfavourable factors that showed up successively in 1997.

1. The government raised the consumption tax from 3% to 5% in April 1997, and discontinued income tax cuts that had been implemented ahead of the increase of the consumption tax. These measures have had deflationary effects on the economy.
2. Economic crisis in Asian nations kept the successive Japanese business operations into a tight corner in those countries.
3. Some major financial institutions collapsed under the heavy weight of the bad assets left behind after the collapse of the bubble economy.

The Japanese financial institutions were largely protected by the government from having to compete with new entrants. The lack of competition led to reckless lending to unrestricted levels. There was no check on the growth of bad loans.

Some of the local financial institutions had already gone bankrupt. However, in1997,collapse of major financial institution (Sanyo Securities

Co., Hokkaido Takushoku Bank and Yamaichi Securities co, became insolvent) created a shock wave[10].

The economic system tore apart as massive bad loans among Japanese financial institutions sparked fears of a financial system melt down. A credit crunch took hold. Industrial activities grew sluggish, causing consumers to tighten their purse string as they worried about jobs. This fact threw Japanese consumers into a psychological quagmire, leading to a steep fall in consumption. This in turn cooled off corporate enthusiasm about capital spending, resulting in a gradual fall in capital expenditure.

Further, in 1998 BIS introduced the capital-to-asset restrictions, resulting financial institutions to slash their assets. Thus the corporate sentiment was dampened further. Hence, the collapse of public confidence, in the financial system, sent the Japanese economy into a vicious circle. A decline in the Nikkei stock average from 17000, in March 1998 to below 13000 in October explained unrealized losses. The weakened main banks - corporate relationship has facilitated mergers and acquisitions and competitive pressures allied to a partial de-regulation and the serious recession has forced to open the distribution system.

In April 1998 as 'Big-Bang' financial deregulation measures availed the banks were strapped with bad loans and unable to expand their business for the most part. They used most of their profits to write-off bad loans and expand loan-loss reserves. Hence, they could not expand their performance sufficiently to tackle business opportunities created by 'Big-Bang'.

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10 Nabuo Oneda *Big Bang Changing Japan Financial World*, (ed.) Japan Economic Almanac 1999, Nikkei weekly, Nihon Keizai Shimbun, inc., 1999, p.21.

The Economic Planning Agency of Japan recently released its Economic Survey of Japan. The survey analyzes the failure of the Japanese-style economic system to respond to the collapse of the bubble economy. The delays in making structural adjustments that should have been carried out immediately after the collapse of the bubble and suggests that business enterprises should push forward with positive restricting measures to cut back on employment levels, on plant and facilities expenditures, and on debt.

Bank of Japan's Short-term Economic Survey of Enterprises (tankan) labour's share in Japan's enterprises was around 60 percent until the bubble years, but then rose sharply during the recession after the bubble's collapse, and settled at over 70 percent in 1998. The survey attributes the high labour share to the delay in adjusting employment levels after the collapse of the bubble. The Yen has fell sharply as its economy suffered through 1997 and 1998, from a high of about 112 Yen to the dollar to a low of about 147 Yen - a depreciation of more than 30% after quick strengthening in late 1998 than yen has steadily, although moderately weakened in 1999[11].

The state of the Japanese labour market has changed. It is expected that Japan will have labour shortage because of a continuously declining birth rate. The structure of workforce also changing .The previous pyramid shaped labour force structure with more younger and fewer older workers is adopting a barrel shape with fewer younger and more older workers because of prolonged longevity and a declining birth rate.

Eventhough, the lifetime employment contribute a stability of employment in large companies, mid carriers resignations and changes of employment occur even in million large companies. The separation

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[11] Macintyre, Andrew, *Can Japan Ever Take Leadership: The View from Indonesia*, Working Paper No. 57, Japan Policy Research Institute. May 1999, p.21.

rate for those with shorter than 3 years service is usually 30% to 50%, and older workers are dismissed at the time of recession. Thus, the statistics suggests that only about 20% of all employees work for one company from immediately after graduation until reaching retirement age, who are called 'standard workers'[12].

The traditional image of weak and homogeneous workers who need the governments' mandatory and universal intervention is fading and a new type of worker who is more independent, individualized and with various orientations is emerging. Currently more than half of the Japanese work force are white-collar workers. Employees including male full-time workers, especially in the younger generation, have become more individualistic and private life-oriented. The expected labour shortage caused by a continuously declining birth rate regimes more utilization of female and older workers, which inevitably causes diversification of the work force.

The Japanese employers facing intensified global competition are compelled to reconsider the traditional employment practices. To compete with resurgent western industries and rapidly growing Asian industries in the globalized market, Japanese industries launched restructuring and re-engineering. To rationalize employment management of white-collar workers, the seniority based wage system is being drastically modified into a merit or performance-based system. The information revolution has also accelerated the reform of corporate structures from a pyramid personnel structure with multi-layered middle management to a flat or net-work type structure.

The `deregulation promotion program' ratified by the cabinet on March 31,1995 expressly listed employment and labour relations as one area of deregulation targets. The deregulation drives in the 1990s have

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12 ...., *Japanese Employment Practices*, Japanese Economy and Labour series No.4, Japan Institute of Labour, 199, p.7.

their origins in the initiatives of the second *Rincho* (Special Research committee on Administration) in 1981 to lessen public regulations. To make the Japanese economy more oriented to domestic demand in order to cope with foreign criticism against Japan's export oriented industrial policy, maintaining its closed domestic market. Though the progress of deregulation was slow in the 1980s, the unprecedented economic slump, after the burst of the bubble economy in the early 1990s compelled the Japanese government to take deregulation seriously to revitalize its economy. In the beginning, regulations in the labour and employment arena were, regarded as social regulations, and thus, unlike economic regulations, they were not target of the deregulation policy. With the sluggish recovery from the recession, however, deregulation of labour was surfaced.[13]

Most of the companies force the workers to stick with project until their objective has been reached, even if they must put their lives on the line. Companies seek the kind of selfless devotion that is advocated the 'ruthless rulers', compelling employees to put in long hours, often as an unpaid service. The verdict thus represents a warning bell to the excess of an "overworked society"

A number of *Karoshi* (death from over work) have captured head lines in various Japanese newspapers[14]. Dentsu Inc., the largest advertising company in Japan forced "ruthless rulers" for employees, which led to suicide of one of its employees. In the March 2000 the Supreme Court gave its verdict by determining that Dentsu was liable for the suicide of a 24 year old male worker in August 1991. This is the first Supreme Court verdict on suicide from the strains of overwork, a phenomenon that has been rising sharply over the past several years. In 1998 the total suicides jumped 35 percent from the preceding year to 32,

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13 Takashi Araki : *Changing Japanese Labour Law in Light of Deregulation Drives : A Comparative Analysis*, Japan Labour Bulletin, Japan Institute of Labour, Vol.36-no.5 : May 1997,p. 6.

14 Hayami, Akira, *The Industrious Revolution*, Look Japan, vol. 38, No. 436, July 1992, p.14.

863, a record high suicides attributed to work related problems have particularly been on the upswing, reaching 1, 877.

The personal differences also in the level of stress that workers can handle, and this was one of the major point in the court case. A case handled by different courts at district level, and high court passed different verdicts, ultimately the Supreme Court declared the judgement noting that "employers are broadly liable for damages as long as the worker remained within the normal range of conduct".

Hitherto, the suicide related to overwork or stress on the job has not qualified for damages in civil law suits nor for compensation under the workers accident insurance programme. But the labour ministry at last adopted new guidelines in September 1999 to enable stress levels to be expressed objectively and to evaluate ties between work and mental health more broadly.[15] Under the Labour Standard Law, overtime work that exceeds the standard of 40 hours a week or 8 hours a day is permissible. The ministry of labour has issued a guide line that stipulates overtime `standards' upper limits as 360 hours per year. Also when an employer assigns a worker to duties for which the means of accomplishment and allocation of time must be left largely to the discretion of workers, for a specified kind of work.[16]

Based on 1997 survey on wages and working hours by Ministry of Labour, the regular weekly hours of work in 1997 averaged 39 hours and 31 minutes, down 74 minutes from the previous year's average. This was the first time the average was below 40 hours since 1966 when the ministry began compiling these statistics.

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15 Mainichi Daily News, Editorial, *Overwork Suicide Ruling*, Monday, March,27, 2000.

16 Ruchi YamaGawa *Overhaul after 50 years : The Amendment of the Labour Standards Law,* Japan Labour Bulletin , Japan Institute of Labour, vol.37, No. 4 November 1998, p. 6.

Weekly Scheduled Hours According to the size and Strength of Workers:

Workers No.s	**Hours and minute**
30-99	39.45
100-299	39.10
300-999	38.37
1000 and above	38.29

The larger the company the shorter the scheduled weakly hours.

Scheduled hours by industry:

Type of Industry	**Hours and minutes**
Finance and insurance	37.9
Natural, Gas and heat, supply	38.25
Real estate	38.29
Mining and construction	39.52
Transportation and Tele- Communication	39.50
Whole sale, retail trade and eating and drinking establishments	39.40
Manufacturing	39.34

The five day work-week and spread of flex-time are the two vital factors that are accounting for decrease in the number of weekly

scheduled hours below 40 hours[17], More-companies were legally required to implement the 40 hours work week from April 1997.

The Japanese life has been turned upside down- a fate that awaits many more as their employers begin trimming dated workforce like US companies did almost a decade ago. The security of life-time employment, a pillar of Japanese corporate culture, is disappearing albeit slowly and men who long defined themselves by their jobs must find new source of identity. Peoples minds also changing, they don't trust companies any more to take care of them, just like US and Europe. Despite ten years in recession, Japan has resisted a US style restructuring. But in recent weeks, giants like Nissan motor, Mitsubishi and Nippon Telegraph and Telephone (NTT) announced 51,000 job cuts by 2004.

In 1998, there were among men 31,755 in their 50's committed suicide typically the targets of restructuring. For traditional Japanese 'salary man' a white-collar worker accustomed to spending a career at one company and winning promotions based on seniority-losing a job is especially painful because his identity is closely tied to it. Japan is after all a country where men are more likely to introduce themselves by naming their employer rather than their occupation. "Those who leave jobs, very little help only available. Government funded career training facilities are scarce. Bigger companies usually provide job counseling, but smaller ones may not. Most of the companies don't know how to prepare workers for other jobs because they have never done it before."- writes a human resource consultant, *Toshiya Kosugi* of *Kosugi* International.

Skills, mind sets and age are other obstacles for those out of work. Japanese workers are trained as generalists, and lack of more

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[17] ....., *Working Conditions and the Labour Market: Wages and Working Hours*, Japan Labour Bulletin, Japan Institute of Labour, vol.38- no.1, January 1999.

marketable, specialized skills. Their pride also can get in this way. What is more, some of the stigma is diminishing and younger people are specially forgiving. They don't expect to keep their jobs for life. They work hard when they work.[18]

In Japan the union membership and participation rate have been decreasing gradually every years.

First, there were 12.093 million union members in 1998, a decrease of 1,92,000 from 1997 (down 1.6% over the year). This is the fourth consecutive yearly decrease.

Second, the estimated unionization rate stood at 22.4% down from 22.6% in 1997, there by showing a continuing long-term decline[19].

Third, by industry, union membership increased in the construction sector, leveled-off in the service sector and decrease in manufacturing, finance, insurance and real estate and transportation and telecommunications. The number of union members declined in firms of all sizes, but especially in companies with 99 or fewer employees.

Fourth, the unionization rate and union membership of part-timers have increased. There are 2,40,000 unionized part-timers accounting for 2% of total union membership.

Fifth, each national centre experienced a drop in its affiliated membership. *Rengo* (Japanese Trade Union Confederation) had 7.4 million members, *zenroren* (National Confederation of Trade Union) had 8,37,000 members and *zenrokyo* (National Trade Union Council) had

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18 Julie Schmit, *Lifetime Employment no Longer Pillar of Japanese Culture*, Khaleej Times, Japan, November 30,1999, p.16.

19 Ministry of Labour Statistics Report, 1998. *The Increasing Number of Unified Industrial Labour Organizations: On Going Unification to Strengthen the Organizational Base of the Union Movement*, Japan Labour Bulletin, and Japan Institute of Labour, vol.37-no.12, December1998, p. 11.

2,70,000 members.[20] While the unionization and Union membership had declined with the development of info-communication technologies, some unions have organized a "cyber-union" in which workers can be unionized on the internet. *Zenkoku-Japan* (National Union of General Workers) under the umbrella of Rengo launched a cyber-union on December 15, 1998. *Zenkoku-ippan* established a *otasukenetto* (a help network) to provide labour counselling services on the Internet. Although the unionization rate has been steadily falling since the mid of the 1990s, unionization of part-time workers and the use of the internet have caused observers to speculate as to whether such developments may work to stop further declines into the unionization rate.

However, the inability of Japan's unions to cope properly with changes in the employment structure is seen as being one source of the problem. The decrease in the number of regular employees brought on by restructuring and the rapid increase in part-times are seen as two outcomes of restructuring. The Unionization of non-regular employees in enterprise labour union organizations is difficult, and strengthened industrial organizations are called for. It is inevitable that the labour movement will move to unify its membership and realign its overall approach to union organization[21].

In the 1990s, the Japanese economy experienced rapid changes; unprecedented prosperity, the collapses of bubble economy, the stronger yen, the financial slump and the increase in the corporate tax. Reflecting these changes the employment structure is also shifting behind the changes in the recent are longer term trends that have been occurring in the employment structure in the 1990s. Following the bubble years, the Japanese economy slowed down and the unemployment rate rose

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20 ....., *Estimated Unionization Rate down to 22.4%*, Japan Labour Bulletin, Japan Institute of Labour, vol.38, no.3 March 1999, p. 5.

21 Ministry of Labour Statistics Report-1998, *The Increasing Number of Unified Industrial Labour Ortganizations: on Going Unification to Strengthen the Organizational base of the Union Movement*, Japan Labour Bulletin, Japan Institute of Labour, vol 37, No.12 December 1998, p.5.

gradually. Although the total number of workers was increasing, several downward trends also characterised employment during that period.

About 12 million self employed people and family workers, slightly less than 20% of the labour force, were gainfully employed in 1997. The decline in the number of self employed people has been occurring since the early 1980s. The drop in the number of self-employed is particularly noticeable among those aged under 60. In 1997, the total number of self-employed people increased temporarily, but that was due to the rise in the number of entrepreneurs aged over 60. The number of self-employed aged under 60 continues to fall. According to a research, the falling value of assets is responsible for the drop in the number of self-employed. Traditionally, the more real wealth a self-employed family possessed the greater security it enjoyed, and greater the likelihood that it could earn high income by effectively using its assets. However, due to the dwindling value of assets brought on by the bubble's collapse, the tendency has been for self-employed people with few assets to close their business. The self-employed could expect high profits from high risk business as they aged and accumulated experience and know-how. In the 1990s however, fewer people have been willing to take on the business risks that go with higher profits. Those in their 40s and 50s have tended to opt for the security that goes with employment. Whereas the self-employed people has decreased markedly, the total number of employees have increased dramatically in the 1990s, contributing to an overall increase in the number of employed people. However, the way in which people are being employed is changing drastically.

Although the number of employees at large firm in Japan has increased, the number of regular employees at large enterprises has declined. While the number of employees have grown in enterprises of all sizes, the number of regular staff has decreased. The changes in the total number of employees are determined by the gap between the newly filled

jobs and the jobs that have vanished. The part-time workers are the first to be laid off in a recession[22].

The process of decreasing levels of employment in Japan's large enterprise is called, employment restructuring. This cannot be understood separately from the aging of the labour force. Of full-time workers in large enterprises, the percentage of those aged 45 or older has risen from 30.5% in the 1990 to 35.7% in 1996. The ministry of labour survey on employment trend shows that the higher the percentage of employees aged over 45, the higher the rate at which jobs are lost. It is thus presumed the restructuring in large enterprises will continue even after 2000 as the 'senior baby boomers' born between 1947 and 1949 come to their retirement age.

The graying of Japanese society and rising educational levels have led to a surplus of middle-aged and older people with college degrees in Japan's large enterprises.

This has put break on their wages. From the early 1990s to mid 1990s workers aged over 50 increased markedly while those in their 30s and 40 decreased. The cut back in managerial positions in Japans large enterprises has given way to the `employment fear of middle-aged and elderly white-collar workers', which has received major media coverage in recent years. The emerging tendency is for more middle-aged and older people to work as professionals rather than as managers.

The changes in industrial structure have been accompanied by a drop in the number of employees in manufacturing. They numbered 13.82 million in 1992, but fell to 12.58 million by 1988. The number of craftsmen and labourers, who may be called, `blue-collar workers,' has hardly grown. The 1997 white paper on labour reports, that changes in

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22 Sirhugh Cortazzi, *Modern Japan, A Concise Survey*, The Japan Times, Macmillan Press Ltd, Japan 1994, p. 85.

the Japanese trade, due to the increased international division of labour are responsible for the decline of the Japan's manufacturing sector. The intensified competition among smaller-scale enterprises that have moved overseas have shrunk rather than a simple process of employment displacement.[23] Where as employment has decreased in manufacturing, the service industries have expanded considerably. Employees in service industry grew by four million from 1987 to 1997 while employees outside agriculture and forestry increased by 9.59 million.

Although the 1990s witnessed a growth in the total number of employees, much of that growth can be attributed to the increase in the number of part-times and temporary workers. The major changes in the 1990s had been the increase in the number of part-time and temporary workers.

The percentage of those enterprises using part-timers simply because the nature of the job or to meet increased work load was down while those citing the need to lower labour costs was up. At the same time, about half of the total female part-time labour force have indicated their wish to work at their own convenience. Furthermore, the percentage of women part-time workers who continue to work at the same enterprise for more than five years is raising. This tendency is particularly noticeable in smaller firms with 10-99 employees, and in the manufacturing sector as more firms move to utilize part-timers as part of the `permanent' labour force.

The white paper on labour 1998 reports that the labour force survey shows that women who leave jobs are less likely to withdraw from the labour force. Accordingly the percentage of women who are unemployed but still in the labour market is rising. The employment status survey confirms that the bulk of non-working adults are female,

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[23] *Rengo : Research Report on Labour* 1998 vol. 107, p. 20-25.

but indicates that the percentage of women who leave the labour market but want to work is raising dramatically. Greater demand for female labour stemming from growth of the service sector, the higher educational level of women and the growing number of house holds unable to meet their target income may be cited as reasons.

The unemployment rate in Japan has traditionally been low. In particular, among young people it has been significantly lower than in other developed countries. However, with the recent economic recession and the resulting increase in the unemployment rate to the around five percent, unemployment among young people under age 29 has been gradually increasing.

Due to a recent drop in the birth rate, the proportion of young people in the population is declining. In 1992, there were 2.05 million people aged 18 years. In 1997, the number of people in this age group dropped by 370,000 to 1.68 million. The proportion of students going on to higher education has been continuously increasing, and the number of students entering university, junior college, or special training school immediately after graduation from high school increased from 47.3 percent in 1992 to 57.5 percent in 1997. Accordingly, the proportion of graduating high school students entering the workforce sharply declined to 23.5 percent (350,000) in 1997. At the same time, with the economy in a prolonged recession, the demand for new graduates have been wavering. The desire to go on to higher education is strong and the proportion of job offers from large-scale enterprises has correspondingly increased. One factor contributing to the increased unemployment rate among young people is the increase in voluntary unemployment. From 1992 to 1998, the number of young people who voluntarily left their workplace increased from 280,000 to 490,000 accounting for a large proportion of the total of unemployed youth.

A second factor is the high-level of non-regular employment, such as part-time work, in this group. Non-regular employees represent 18.4 percent of employed workers as a whole, whereas 32.6 percent of workers between the ages of 15 and 24 are non-regular employees. Because the unemployment rate of non-regular workers tends to be higher than for regular employees, the high proportion of young people who are non-regular workers tends to elevate their overall unemployment rate.

A third factor is the overall decline in labour demand, which has a negative effect on graduates who seek employment. Also declining is the job attainment rate for recent graduates who were not employed while studying. In 1998, 150,000 new Japanese graduates failed to find job and subsequently joined the unemployed.

Nevertheless an unique phenomenon can be attributed to the prevailing customs of employers who regularly hire new graduates, and an underlying career guidance and placement system that connects educational institutions with enterprises.[24]

The present economic recession is said to be the worst in postwar Japan and the spring wage offensive was the lowest since it started from 1956. The 1998 spring, management produced a series of counter proposals calling for wage cuts and the shedding of the labour force. Many observers felt that management was constantly on the offensive while the unions remain locked into defending their demands. According to *Rengo,* around 40 percent of all labour-management negotiations had not been concluded by the middle of May, an unusual delay. In *Rengo's* words, "The unions, particularly small and medium-sized were in the

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[24] Hisao Naganawa, *From School to Workplace: Changes in the Labour Market for New Graduates*, Japan Labour Bulletin, Japan Institute of Labour, vol. 38, No. 10, October 1999, p.5 .

most difficult situation that they had experienced since the beginning of the spring wage offensive in the 1950[25]."

One feature of 1998 negotiations was that management even objected to having the regular annual wage increment, aimed to cut as much as possible costs associated with scheduled wages, and insistence that regular wage increases cannot be regarded as a vested right of workers. This reflects the desire of management to tie the wage system increasingly to job descriptions and to achievement. In taking that stance, they aim to get away from preconceived notions that each employee's wages must increase automatically every year with age and tenure. In recent times, the low interest rates and the aging of the labour force has put pressure on company pension funds. Some plans have gone into deficit and companies have had to inject large amounts of additional funds into their pension programmes.[26]

As the economy grows and develops, the proportion of the labour force in each industry changes. Since World War II, the number of workers in primary industry has declined, but the number of workers in secondary and tertiary industries have increased. At the level of the individual worker, however, there has not been a movement of labour between industries. The decline in the number of workers in primary industry has resulted from an outflow of aged workers and a scanty inflow of new workers, whereas the increase observed in the other industries has resulted from a large inflow of new workers.

The circumstances surrounding Japanese workers have changed in the present scenario. Their working conditions have been much improved along with economic development. A considerable difference has arisen in terms of the way of working the industrial structure of

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25 Labour-Management Relations, *1999 Spring Offensive: Lowest Pay Hike on Record*, Japan Labour Bulletin, Japan Institute of Labour, vol. 38, no. 9, September 1999, p. 11.

26 Ibid , p. 11-12.

Japan has shifted into the so-called service economy. Although there are many who still work at factories, more and more workers are employed in the service sector. Their working style is more flexible than that of factory workers in terms of time and place of work. This is especially the case with professionals as well as certain high level white-collar workers. The flexibilisation of working styles, the diversification of employment relations is now under way. Traditionally, Japanese labour has been focused on regular (usually male)workers who work under Japanese employment practices such as long term employment and seniority-based wages. Since the context of their employment relations are basically homogeneous, their contracts are uniformly regulated by work rules promulgated by their employers, and the role of the individual labour contract is quite small. However, the Japanese workers are becoming less and less homogeneous, due to the factors as the aging population[27]. The workforce is greatly in transformation towards faminization. Part time workers and those who work under a fixed term employment contract are increasing, although it is not a new phenomenon. The youngsters are not ready to seek permanent jobs. Also quite a few workers do not expect a long term relationship with their employers. As a result, the contents of labour contracts are becoming diversified. Thus, it is necessary to establish new rules regarding individual labour contracts in such respects as the clarification of their contents.

Smaller companies constantly face shortages in skilled workers. Two factors account for this situation. One is the tendency for younger workers to shy away from on-site jobs in manufacturing and construction-those jobs that 3-D are demanding, dirty and dangerous.(*Kitanai, Kiken and kitsui*). The other contributing factor is

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[27] Japan Labour Bulletin November 1998 p 6.

difficulties of companies have had hiring young employees over the long term since slow growth induced by the oil crisis back in the 1970s, the rapid appreciation of the Yen, rapid progress in technological innovation, and full-fledged shift to overseas production. Over the past twenty five years Japans' small firms have dealt with these problems by not replacing workers who left.

To attract young people to their firms, a growing number of smaller manufacturers have begun to place an emphasis on improving the work place environment, on adopting five-day work week and providing a range of welfare facilities. Owing partly to technological process in the spread of Just-In-Time (JIT) production and the push to introduce high quality goods, the workplace at many smaller manufacturing companies have improved considerably over the last ten years. Nevertheless, the image of the smaller-scale manufacturing firms continues to be that of the dirty work place which is behind the times technologically. This has made it difficult to attract young people.

A group of young managers at small manufacturing firms in Tokyo's *sumida* ward(which is known for small scale manufacturing) has been developing a cooperative approach to designing and developing products in order to attract young workers to their companies.

Even so, small and medium-sized manufacturers find themselves in a tough environment. How they develop their competitiveness in a pressing task. Overall, an increasing number of smaller-scale companies are moving towards having business relations with several longer contracting companies.

As young people move from the manufacturing sector to other sector in the economy, what are small-manufacturers doing to secure a core labour force? To improve the personnel and labour-management, many of the firms have introduced "ability-based management schemes",

"improving the work environment", adopting the five day work week and consolidating their remuneration package. However, it is still difficult to secure core workers. Despite this to attract the youngsters provides the intern programs and On-The-Job training (OJT) in more open manner for those who are not regular employees. Many claim that they will offer a more sophisticated skill-testing system, or that they will establish a forum for skilled workers and actively seek to attain social recognition for the professional orientation which characterized many of the smaller manufacturing companies.

The small and medium sized manufactures have to go back on the basis of manufacturing and think about the minimum manufacturing technology and skill levels and `core competence' or the employees collective store of the technological expertise which will be the Japans' source of international competitiveness in future years be maintained and utilized. In particular their challenge is to establish mechanisms which will foster a core group of skilled workers in their own areas, while giving full play to the merits of their own concentrated regions.

Attention is now focussed on whether small and medium-sized manufacturers can provide their employees with challenging jobs linked to the development and on-going improvement of new manufacturing techniques and production equipment. The time has come now when small and medium-sized manufacturers are moving ahead with many attempts being made at the local level to achieve the manufacturing minimum.[28] Influx of foreign workers has had a substantial impact on Japan's economic, social and political landscape. It raise three questions whether the recent wave of migration constitutes a new multicultural age challenging Japanese identity as a homogenous society; how foreign workers confront many difficulties of living in Japan; and how Japanese

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[28] Shigemi Yahata, *Issue of Passing on Skills to Younger Generations at Smaller Manufacturing Companies*, Japan Labour Bulletin, Japan Institute of Labour, vol.37, no.3 March 1998.

society is both resisting and accommodating the growing presence of foreign workers in the community. The major question is foreign workers whether will be legally and socially assimilated into the fabric of Japanese society or will continue to be treated as temporary entrants with limited civil rights. The policies and public attitudes yet to be share a common perspective. They see the presence of foreign workers as a phenomenon to tightly controlled and kept at arms length from the routines of Japanese life. Tightening migration control, in a situation of continuing demand for there workers in Japan, has led many workers to endure illegal status and entails insecurity, vulnerability and feelings of isolation. Most of the foreign workers have to set aside much of their limited income to send money home, pay back loan and served, so they inevitably have to pose their living expenses to a bare minimum. But harsh living conditions can pose a threat to their health and nutrition, coming them to fall ill.[29] However, the countries impending population decline, rapidly aging society and growing low-wage or semi-skilled occupations also ensured that the migrant worker was particularly vulnerable to cyclical unemployment. Their role as replacement labour, moreover restricted against trade unions affiliation and when migrant workers did participate in industrial action against employer it tended to reinforce more generalized perceptions of the migrant as a political and cultural antogonist.

The life of the migrant characterized by the little of the continuity associated with modern life. Very few were employed as permanent while those that were tended to be excluded from large and medium sized firms. Economic marginalization was paralleled by exclusions from the housing market service sector, along with widening income disparities

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[29] Ministry of Health and Welfare, Insurance and Medical Service Bureau, Office of Tuberculosis and Infections Disease Countermeasures. *Survey of TB Registration Among Foreigners Resident in Japan*, Data and Outlook, vol. 1, No.1, April 1992, p. 24.

between Japan and most of the world, point to a greater certainty that the global age of migration come to stay.

Although the wage rates in Japan were substantially higher on average migrant workers were paid a third less than indigenous workers. Regarded as suited for tasks involving physical strength alone, there workers were concentrating in small-sub-contracting firms, heavy construction work, coal mining and, in the case of female workers the textile industry. Coupled with a willingness to endure inferior wages, undesirable working conditions (*kitanai, kiken and kitsui*) unsociable hours and low status, concentrating in unskilled which reduced most migrants to living in flophouses, tenements, or in case of day labourers and mine workers, work campus operated by labour contractors. Under this situation, sanitation and basic health care were a perpetual problem.

In 1987 when Japan facing the shortage of labour with aging population and less interested youngsters to work in particular place. *Keizaidoyukai*, the *keizaidantai, Rengokai, Keidanren* and *Nihon Shokokaigisho* supports the presence of the foreigners in Japan. In labour policy, the policy migration permits the employment of foreigners with limited term contracts.

Japan seem to have accepted the largest number of foreign trainees in the first half of the 1990s (OECD 1997). According to the available data, Japan has been accepting more than 40,000 foreign trainees per year for which Government and private companies funded 1:3 ratio respectively. The technical Interm Traineeship Program (TITP), which was introduced in 1993 which led more than 6000 foreigners in 1997. The government sponsored transship programs are run by several semi-government bodies. These includes the Japan International Cooperation Association (JICA), the Association for overseas technical Scholarship (AOTS), the ILO Association and the Japan Vocational Ability

Development Association (JAVADA). In addition the private scholarships by Japanese multinationals and small and medium-size enterprise are available for foreign trainees.

Priority is given to limiting the entry of unskilled foreign workers while pursuing the entry of foreigners with technology and knowledge. The introduction of TITP was thus conceived as an alternative means of widening legal channels for accepting foreign workers while tightening the controls on illegal workers.

Alarmed by the declining birthrate, the government and the business community have been trying to improve the working conditions of women. However, little progress has been made. It is still not easy for working women to have children.

The total fertility rate--the average number of babies born to a woman during her lifetime-for 1999 was 1.34, the lowest rate in the post-war period, according to a report released 29th June, 2000 by the Health and Welfare Ministry[30].

It has been 10 years since measures were first taken to reverse the declining birthrate, following the news that the total fertility rate had hit 1.57, shocking the nation. Despite the various slogans the government has come up with, the slide continues. At the same time, the necessity for having children has grown more urgent, raising questions about the effectiveness of government measures.

As reported in Yomiuri daily dated 1st July, 2000, a 31-year-old woman working in the planning section of a major manufacturer in Tokyo was told by her boss last year that she would not be able to get her old job back when she returned from maternity leave. She had asked

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30 Mayumi Honda, Takashi Koyama, Editorial, *Low Birthrate Defies Govt, Corporate Solutions*, Yomiuri Shimbun, 1st July, 2000.

her boss for the leave to give birth to her second child. She said the boss even implied that she had better resign. "Although people talk about the need to improve working conditions and make it easier for women to have children, that's just not the reality," she said[31].

According to Prof. Takako Sodei of Ochanomizu University, who has been studying companies' child-rearing and nursing leave systems, signs of change may be detectable, but essentially the work-comes-first mentality remains firmly entrenched[32].

Many companies consider maternity leave for the first child acceptable, but are inclined to view periods of leave for subsequent children detrimental to a worker's job performance. The National Institute of Population and Social Security Research linked the recent decline in total fertility rate to the increase in the number of unmarried people.

Masahiro Yamada, an assistant professor at Tokyo Gakugei University, said that young people now want to raise children in comfortable circumstances because that is the lifestyle they have grown accustomed to. He refers to the unmarried young people living with their parents as "parasite singles."[33].

"It is difficult to tell them to marry and give up the comfortable standard of living they are enjoying under their parents' roofs," he said. A prevailing social anxiety is considered another reason for the decline in the number of children.

A 30-year-old housewife in Nerima Ward, Tokyo, said she was afraid to have a child after hearing about the case of the 17-year-old boy

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31 Ibid.

32 Ibid.

33 Ibid.

who hijacked a bus in May 2000. "Any child has the potential to turn out like that boy," she said. "I want a child, but I hesitate to send my children out into today's society." An opinion poll conducted by The Yomiuri Shimbun in January highlighted the lack of support for parents raising children.

Seventy-two percent of women in their 30s said support for giving birth to and rearing children was inadequate. In the poll, when asked to explain the drop in the birthrate, 64 percent answered that it costs too much to rear and educate children, and 51 percent said that systems and institutions to help working women have families were not well established.

According to a national institute estimate, the national population will peak in 2007. By the end of the 21st century, it is predicted the population will be 67 million. As a result, a sense of crisis about the future of the country is shaking the political and business worlds. On, 27th June, 2000, the Economic Planning Agency released figures for the first time showing the gross domestic product for a 15-year period from 2005 going down by 6.7 percent, partly as a result of the population decline[34].

In April, the Japan Federation of Employers' Associations (Nikkeiren) and the Japanese Trade Union Confederation (Rengo) released a joint statement saying economic growth would be limited because the rapid decrease in the birthrate would cause the domestic market to contract and increase the pressure on working-age people. Meanwhile, politicians have questioned the efficacy of current government policies[35].

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34 Ibid.

35 Ibid.

At a recent parliamentary vice ministers meeting on social security, when one participant suggested raising annual insurance rates for married couples without children, a bureaucrat cut him off.

A breakdown of social security benefits for fiscal year 1997 shows that expenditures for children and families, including maternity leave, day-care facilities and child allowances, amounted to only 2.3 trillion yen, compared with 45.1 trillion yen for benefits for the elderly. It is common for birthrates to decline in developed countries. Even in Sweden, where the birthrate rose dramatically more than 10 years ago when salaries during maternity leave were guaranteed, the rate went down in the second half of the 1990s. Makoto Ito, the head of the national institute, said the effect of any measures to increase the birthrate would not be immediately evident[36].

Toyota motor corporation plans to phase in reductions to the groups domestic production capacity of 3.8 millions units per year over a three-year period starting in 1999. The company produced 4.21 million units in 1990 when production peaked, and dropped 4; 3.5; 3.2 millions respectively in the year from 1992, 1997, 1998[37].

The company plans to integrate and reduce some production lines, and it will conduct a careful review of models to be produced at domestic plants. The company will shut down plants and cut back on production lines without moded or run-down production facilities. Toyota motor president and Nikkeiren (Japan Federation of Employers Association) chairman Hiroshi Okuda stated that, while aiming for the global standard of management the company would maintain it's current staffing levels. Despite its having been down graded by the American credit-rating agency mody on the ground of excessive employment Okuda

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36 Ibid.

37 ....., *Toyota to Reduce Production Capacity Through Employment Maintenance.* Japan Labour Bulletin, Japan Institute Labour, vol, 38, No.3, March, 1999, p. 2 .

criticized mody which downgraded securities issued or guaranteed by the Japanese government and cited Toyota's life long employment as one reason for its move. On the other hand, he told Toyota's labour unions that Toyota needed to overhead its working conditions, including its pay scale, to curb total labour costs[38].

[38] Tachibanaki Toshiaki, *Surviving the Recession Without Slashing Pay Rolls*, Japan ECHO, October 1999, p. 23.

Government Response to Aging Population and Welfare Issues

Chapter - IV

Government Response to Aging Population and Welfare Issues

Japan has successfully dealt with problem of over population that began to plague it before World War II by means of rapid economic growth in the post war era. Nevertheless, the present problem Japan faces is the task of coping with the growth of its elderly population and problems associated with the aging of society. First, Japanese social systems are insufficiently prepared to deal with the extremely rapid aging of society. Second, individuals have crass conception of both life in an aging society, and their own old age. For upper-middle aged salaried workers in particular, the abundance of leisure time after retirement is often a stark contrast to the preceding years of selfless devotion to job challenges and environment occupation. They appear confused about how to realize a fruitful and enjoyable retired life[1]. Before the war high birth and death rates gave Japan a pyramid-shaped population profile, but todays demographic trends of lower birth and death rates are contributing to the formation of bell shaped profile.

The total fertility rate was 1.38, below the 1.39 which set the lowest record in 1997. The drop in the overall fertility rate can be attributed to a drop in the number of live births among the second baby boomers, who tend to defer marriage or stay single. In 1998 the average age of the first marriage was 28.6 for males and 26.7 for females, both record highs. The average age of females giving birth for the first time was 27.8, another record high.[2]

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1 White papers of Japan 1993-94, *National Life style: Annual abstracts of official report and the statistics of the Japanese government*, Economic and planning Agency, Japan Institute of International affairs, p. 14.

2 General Survey, *Total fertility Rate Drops to 1.38: 1998 vital statistics of Japan*, Japan labour Bulletin, Japan Institute of Labour , vol. 38, No. 9, September 1999.

Japan's total fertility rate has continued to decline since 1973. The government report directly suggested that the smaller population would result in a smaller labour force, thereby curbing economic growth. Thus, the result would be an increased burden on the economically active population and a relative decline in its disposable income.[3] In Japan, the "fewer children" phenomenon is seen as a defining characteristic of the period after 1975, when the overall birth rate began to decline. This phenomenon, principally a result of late marriage or celibacy, has accelerated the aging of the Japanese population. The parallel phenomenon of increased longevity has also fueled the aging of society. In 1956 the UN report on the aging of population and the consequent economic and social implication mentions the growth of Japan's aged population after 1970 reflected the fact that Japan had moved into the aged category. Another factor that heightened concern about the aging of the population and the problem of the aged was the growing awareness from around 1970 to the need of remedy for the various problems caused by rapid economic growth, to achieve a balance in the economic and social development.

As a society modernizes, the changing pattern of births and deaths (from high birth/high death through high birth/low death to low birth/low death) brings a fundamental shift in the demographic structure. This "demographic shift" is the principal reason for the aging of the Japanese population. During the first period of transition from a high birth/high death to high birth/low death, the average age of the population decreases, creating a younger society. However, in the second transition from high birth/low death to low birth/low death, the population of the parental generation increase relative to that of the offspring generation, leading to a rise in the average age of the population as a whole, and the aging of society[4]. The lifestyles of

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3 *The white paper on Health and Welfare 1998*, Government of Japan, Ministry of Health and welfare, Tokyo, Japan, 1999.

4 White papers of Japan 1993-94, *National Life style: Annual abstracts of official report and the statistics of the Japanese government*, Economic and Planning Agency, Japan Institute of International affairs, p. 16.

most Japanese males in middle and old age have centered around work, and it is in this context, rather than through their community or free-time activities, that they have cultivated relationships. Thus, some amongst them are confused as to how to organize their post-retirement lifestyles.

Changes in family relationships are also affecting the lifestyles of the elderly. Practice of extended families (cohabitation) has traditionally been strong in Japan, but is seen to be weakening over time. The demographic shift toward fewer children is the cause of the declining cohabitation ratio, and, from the point of view of demographic theory, this has made the maintenance of the cohabitation tradition a difficult proposition in contemporary Japanese society. Its maintenance is rendered even more problematic by the drastically longer period of cohabitation under increased longevity and the consequent likelihood of greater friction within the family. Indeed, these factors have caused an increasing preference for separate habitation.

Other services for the elderly aims to encourage elderly people in need of some care to use their remaining faculties, and thereby, as far as possible, to continue their lives in accustomed home surroundings. Promoting self-respect, independence and the maintenance of social ties in this way, would also make caring for the elderly more efficient.

The current elderly have, in a single generation, experienced the rapid social and economic development of Japan out of pre-war and immediate post-war poverty. These elderly grew up in extended families under a patriarchal family system. The current middle-aged generation grew up during Japan's post-war economic recovery, marrying and starting families as Japan entered its period of high-speed growth. Nuclear families began to increase and the *IE* (Joint Family) system gradually disappeared, there was a strong sense of equality between husbands and wives. Meanwhile, the current young generation has known only affluence and the majority has grown up

in nuclear families. The traditional family pattern has weakened for this generation, and the emphasis in the husband/wife relationship is based on mutual cooperation[5].

According to 'Future Estimate of Japan's Population: December 1986' complied by the Ministry of Health and Welfare Institute of Population Problems, the ratio of elderly people in Japan is expected to climb to 20.0% in 2010[6].

Although the labour force participation rate of older people in Japan is far higher than that found for the aged in other OECD countries not all Japanese aged 60 to 64 years want to work.[7] According to the International Labour Organization's report the rate of aged men participation in labour force is 75%.

Gradually changing labour market structure includes the aging workers. According to a survey, of the total population (125, 570, 246) elderly (age 65 and over) comprised 14.1% while those under 14 years old comprised 15.9% and those of working age between 15 to 64 years old comprised 69.4%. The Aging of population will continue and the ratio of the elderly will reach 25.5% in 2020.[8] In Japan, elderly people have high motivation to work. Many older peoples remain in the labour force in Japan than in any other developed countries. However, the Labour Force Participation Rate (LFPR) of elderly people has been declining year after year with the decrease of workers in the primary industry. The decline of LFPR of the elderly is also the result of the development of the social security scheme. However, the cost of maintaining older people by terms of the public medical care and various support services will increase drastically over the coming years. If the older workers continue to work instead of retiring and collecting pensions, they will continue to contribute to the social

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5 Ibid, p.16.

6 World Labour Report, *Aging Societies: Problems and Prospects for older workers*, International Labour Office, Geneva, 1995, p. 45.

7 International Labour Organization's year Book of *The Labour Statistics*, 1995 edition.

8 Ministry of Health and Welfare. *The National Census Survey*, Japan,1995, p. 17.

security system. To maintain economic development in the aging society, it becomes necessary to keep elderly remain in the labour force by assigning them into proper employment careers. It is useful for elderly people themselves to participate in economic activities to make their life meaningful with their high work motivation their abilities and experiences to work. It is estimated that the population in the age 20s will decline from 19.1 million in 1996 to 12.5 million in 2015. Thus the employment of older people is a most important policy consideration in the years to come.

The employment rate of elderly males declined with age. The employment rate of persons in the age group 65 to 69 comprised 58% while of those in the age group 55 to 59 comprised 93%. In regards to type of employment, 66% of elderly workers in the age group 55 to 59 were employees. The ratio of employees declined with age and in the age group 65 to 69, the ratio of self employed and voluntary workers outnumbered that of employees.

The ratio of aged people who work full-time decreases with age and the ratio of short-time workers increase. The unemployed old persons can be employed if they can hold full-time work, but they prefer short-time work or voluntary work rather than full-time work. This mismatch on working time is one of the principal reasons of unemployment for the aged people, but the main reason of unemployment is workers health conditions.

Aging population involves different types of problems at the national level. It relates to the elderly and their individual lifestyle in the context of increased longevity, like how they should make their old age more fruitful and enjoyable. It also concerns the gloomy perception most Japanese have of an "older" society and their own old age, namely how to dispel this uneasiness of difficulty in securing employment opportunities for older people and financial strain on the

conservative traditional pension system[9]. At the industry level problems include growing personnel costs and the shortage of senior positions.

The majority of the current middle-aged generation (roughly defined as those born after 1935) grew up in a society where many traditional values were strong. They migrated to urban areas and formed nuclear families during the period of high-speed growth, and men came to lead a salaried worker lifestyle, characterized by the separation of home and work. The division of labour between the male salaried worker and the professional housewife was most extreme for this generation.

As a result of higher educational levels, the current young generation (principally the "*shinjinrui*" or "new generation", and baby-boomers) is characterized by the greater economic independence of women and their desire to participate in the workforce. Although the relationship between husbands and wives emphasizes mutual cooperation, young men still undertake an extremely small proportion of household chores.

The growing support for a better balance between work and free time, as well as for a more meritocratic society demonstrates the increasing importance this generation attaches to individual lifestyle. Roughly 90% of young and middle-aged Japanese today are pessimistic and anxious about their old age.

The trend towards women marrying later in life and having fewer children has strengthened in recent years, leading to a weakening of the traditional family pattern, and greater divergence in attitudes towards family-building. Furthermore, the spiraling cost of

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[9] White papers of Japan 1993-94, *National Life style; Annual abstracts of official report and the statistics of the Japanese government*, Economic and Planning Agency, Japan Institute of International affairs, p. 20.

giving birth and raising children, children's education and urban housing, prevent many families from having a larger family.

Since aging inevitably brings decline in physical strength, the same degree of active participation in society is not to be expected from the elderly over time. However, the high level of economic and physical well-being compared with earlier times means that they are in a position to spend their longer period of old age more effectively and creatively.

The attitude of members of the current working generation towards caring for the elderly and old age is also gradually changing. A strong attitude towards a more independent lifestyle in old age is possible to identify. Their view on caring for the elderly has shifted from it being a "good custom" to it being a "natural duty of children" and even as far as it being "unavoidable". With respect to their lifestyle in old age, many insist that they will "not be dependent" on their children.[10]

Aging population is generally associated with decreasing economic potential due to growing age dependency which entails increased government expenditure for social and medical security, higher fare rates for the economically active and reduced labour productivity. It could even lead to internal conflict within Japan if timely measures are not taken to reduce the burden of rising old-age dependency on decreasing proportion of economically active younger people. The declining birth rate resulted in the rapid influx of women into labour force, and raising level of educational attainment, growing members of foreign workers in Japan and also the relocation of industries to the countries with an abundant younger labour force.

In the 1990s older workers were often pushed or pulled out of the active labour force prematurely due to labour market constraints

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[10] White papers of Japan 1993-94, National Life style; Annual abstracts of official report and the statistics of the Japanese government, Japan Institute of International affairs.

caused by the *'Heisei'* recession. The decline in participation rate of older workers runs counter to demographic trends and aggravates the problem of old-age dependency and raising social expenditures. It also gives rise to many questions as to why older workers are so often the first victims of enterprise restructuring in corporate/government measures to reduce labour supply. It is considered that they are a less productive or go for voluntary retirement. What is the cost of society of this rapid increase in the number of older inactive people? Can the present trend of early exit be sustained in the long run? If not, what can be done to reverse the trend? To what degree is early exit due to aging workers not being able to cope with the demands of the job or to declining health? Is working capacity affected by age and if so how can it be maintained or enhanced? What do senior citizens want? And what will be their role in society in the future? These are broader questions relating to society, economy in general and need to be carefully studied and analyzed.

The world population as a whole is aging faster than it is growing where as in 1950 the 200 million persons aged 60 or over represented only 8% of the total population, evenly distributed between developing and industrialized countries. By the year 2025 their numbers are projected to increase six fold to reach 1.2 billion representing 14% of total population, of which 72% will be in developing countries. Japan is the most rapidly aging country, will take 25 years to double its elderly population. In 1930s, life expectancy was not much above than 40 years of old. After the war the life expectancy increased further by 1994 life expectancy is largest the Japanese, with 82.1 years for women and 76.4 years for men, the world highest.

However, in recent years life expectancy at older ages has been increasing even more rapidly than life expectancy at birth. In 1990 at the age of 65 the average life expectancy is 20 years for women and 16.2 for men in Japan.

On the other hand not all the longer life-span gains can be expected to be spent free of disabilities, mental disorders and ill health. This will have serious implications for elderly on health and medical expenses. In Japan as a whole major concern is on the increasing old-age dependency on the economically active population. The old age dependency is over taking young-age dependency.

Labour market is undergoing important structural changes, not only the growth of the working-age population begun to decelerate as a result of reductions in the size of youngsters now reaching working age, but also the working life has become shorter. The labour supply ends as young people encouraged to stay in education for long time and older workers have been given incentives to retire early.

Most of the aged males are employees at age 55, among which 60%, of them continued with same job. The older employees aged 60 to 64 who only go for mandatory retirement.

In terms of employees who engaged in professional and technical work, protective services, and clerical work showed high rate of doing same work. On the other hand employees who engage in agricultural, forestry and fisheries communications and management found it difficult to take up same work. They had few opportunities to get the same job though the job, seekers generally prefer the same occupations in which they had been engaged.

The mandatory retirement system found in many firms is inconsistent with the need to employ the other generation in the years to come. Mandatory retirement from a carrier job is accompanied by a drop of 17% in the labour force participation rate of older people. Mandatory retirement does not necessarily mean retirement from work force, but it results in a drop in wages which discourages many older people from working. It also results in a certain dislocation as workers are removed from their current job and a work environment with which they are familiar. Thus mandatory retirement systems are

more prevalent among large firms and are more likely to be applied to full-time employees and those in higher positions. However, the policies are on the line to change the mandatory retirement from the current age of 60 to at least the age of 65 and anti-age discrimination act to be legislated to abolish the mandatory retirement system A report in this regard, "The policy for a society in which people are able to work actively up to the age of 65" was released in 1997 by Ministry of Labour (*65 sai geneki shakai no seisaku bijon*)[11]. However, certain concerns are commonly cited when lifting the mandatory retirement age:

(i) Worker is not required to leave the firm solely because of age.

(ii) The older workers to be provided as many options as possible in terms of work.

(iii) If they want to take job, regular employment for a long period of time should be the primary policy goal, provided if the jobs available, and the workers do not avail any pension benefits.

The problem is not simply a matter of age and ability but the employment system itself. Given the seniority based wage system in which wages are increased by age, tenure and seniority is based on a promotion system in which older workers become managers or supervisors, the continuous employment of older workers becomes more costly. To eliminate these negative consequences of the current employment practice on lifting the mandatory retirement age, it is important for the Japanese firms to flatten their age-wage profile substantially and to introduce new arrangement where by firms are able to utilize older workers as first line professionals rather than as managers or supervisors.

By 2015, when the *dankai-no-sedia*, or the generation of baby boomers (those born in 1947-49) reaches over 65, it is projected that

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[11] Atsushi Seike, *The Implications of Mandatory retirement for the unionzation of the Human capital of older people.* Japan Labour Bulletin, Japan Institute of Labour, October 1997, vol. 36, no.10, October 1997, p. 4.

the graying society will be more pronounced in Japan than any where else in the world[12]. Of the total population, one out of every four persons will be over 65. The middle-aged people who will be living in an aging society envision great apprehensions about the inadequacy of social systems, institutions and practices involving work and life in old age to respond properly to the new demographic structure of population. In the field of employment to secure the 'portability' of vocational ability, its important to acquire professional skills that can be used outside of the company. When workers switch to another job or reach mandatory retirement at 60 or older, they will need to acquire vocational skills that other companies need. The sharp drop in young labour force is predicated in the years ahead, and there will be growing expectations and require the employment of the elderly. Under such a circumstance, it is important to create a mechanism in which those older people eager to work can actually work and allow them to freely select the age and time at which they start work may be necessary. In the long-term Japan may head toward a "society in which the elderly remain active for life". In such society they will be able to work, if they wish to regard less of age if policies, facilities and reforms are in place.

The Aging of the Japanese population %

Year	Share of those 65 and over
1955	5.3
1960	5.7
1965	6.3
1970	7.1
1975	7.9
1980	9.1
1985	10.3

[12] General Survey, *White paper on National life for 1998 Middle aged persons fears and hopes*, Japan Labour Bulletin, Japan Institute of Labour, vol. 38, No.2, February 92, p.1.

1990	11.9
1995	14.1
2000	16.3
2005	18.0
2010	20.0
2015	22.5
2020	23.6
2025	23.4

Sources: National census statistics: Institute of Population Problems, Ministry of Health and Welfare, Nihon No, Shorai Suikei Jinko: shows 61-nen 12-gatsu (Future Estimates of Japan's Population: December 1986).

In 2000, the Japanese have by-passed Sweden to become the oldest society in the world, and the elderly constituted 17.1% of the total population. Now, one out of every six Japanese is a elderly person. Around 2020, when the ratios of elderly will peak, one out of four citizens will be an old pensioner and two workers will be required to support one old person.[13]

Takahashi[14] rightly perceives the arrival of the aged society as a 'crisis'. The government is concerned that the aging of Japanese society will lead to an increased fiscal burden for such things as annuities and medical care.

Although the decline in the long-term economic growth rate represents a crisis for Japan, these views may not necessarily be applicable in the case of the problem of the aged. The economic measures to increase nominal income and to hold down the financial burden will not solve their problem when the purchasing power goes

[13] Nobuaki Takahashi, *The Exaggerated Crisis of the Aged Society, What is needed for a rapidly aging society*, Foreign Press Centre, Japan 1997, p.33.

[14] Takahashi Nobuaki: A Senior Economist at the Japan Development Bank.

down due to high price for the commodity. The enthusiasm for work will prevail only if the sustainable economic growth is achieved. This is not only for the aged worker but the society as whole will feel the sense of stability and peace of mind by achieving the target of sustainable growth in economy.

The task of supporting the elderly people is not only the 'typical' Japanese employment practices, such as life time employment and seniority based compensation, but also life plans, annuities and other welfare policies have been based on the assumption that the economic growth rate will always be on the rise. Hence, the sustained growth of the economy is emphasised.

Since Japanese society has been aging at a faster rate it has not been able to keep up in terms of creating the legal supports for education, employment, welfare and other sectors appropriate for an aged society, as well as the required logistic systems, beginning with the socialization of care for the aged. On top of that, the Japanese are quite perplexed as to how to respond in their individual consciousness to the changing form of the family, male-female relations, life-style planning, and other transformations.

For the first time in history Japan is now coming to terms with the problems of fewer children being born and an aging society. In pre war period the birthrate in Japan was more than four children per family. In fact until about 1950 there were more than twice as many children as parents in the average Japanese family. Then for about next decade the number of children quickly approached two. Since 1961 the birth rate went on declining: in 1989 it declined to 1.57 and became popular '1.57 shock' after that, in 1993 it was a record 1.46, the lowest in history. Just as the government has come up with countermeasures for the aging soceity, such as the 'Gold plan' and the 'New Gold Plan', so too it is promoting counter measures to deal with the decline in the number of children being born and problems of child-rearing, such as the Angel plan to facilitate the raising of

children. A system where by either men or women can take child care leave from their jobs has been facilitated. In 1996 the measures were approved to authorize 25% payments from employment insurance to those on leave, as well as exemptions for the individual portion of social security payments and extensions for payments of local taxes. So to a certain extent, economic security has been ensured for couples raising children.

The public care insurance in Japan is rooted in the serious situation concerning care for the elderly. The life in hospital for the elderly often constitutes an extremely inferior environment, exposing the tragic figures of elderly people just waiting for the end of their lives and many old people who cannot receive adequate care and members of their families who are exhausted from taking care of them.

Prof. Shigeru Tanaka of Keio University writes: "it is true that the ratio of middle-aged individuals still living with their 'children' has been declining. Conversely, the ratio of middle-aged people living with their 'parents' has been rising. Hence not only increasing family functions. But, the rate of growth for aged also increasing"[15].

When the proposal for public insurance scheme was on being discussed, a number of doubts prevailed on how to use the tax money or social security system for the aged. Many experts placed their views, Shozo Ikeda[16] by supporting this insurance plan, he gave importance to those who are facing serious difficulties to have first priority and the elderly do not have any special claim to services[17].

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15 Tatsuya Anzai, *For and against public care Insurance for elderly* (ed), What is need for a Rapidly Aging Society, Tatsuya Anzai, Sojiro Takiue, Hideki Wada, Nobuaki Tkahashi, Keiko Higuchi, Tsutomu Hotta, Reference Reading Services 26, Foreign Press Centre, Japan, 1997, p. 7.

16 Shozo Ikeda, Secretary General of the Japan Institute for Local Government.

17 Tatsuya Anzai, *For and against public care Insurance for elderly* (ed), What is needed for a Rapidly Aging Society, Tatsuya Anzai, Sojiro Takiue, Hideki Wada, Nobuaki Tkahashi, Keiko Higuchi, Tsutomu Hotta, Reference Reading Services 26, Foreign Press Centre, Japan, 1997, p. 10.

Tsutomu Hotta: "the debate over whether we should employ tax money or come up with an Insurance system is meaning less. If there is outrage among the Japanese public to proposals to increase taxes, it is clear that insurance is the only viable option" [18].

Prof. Shindo argued that, "If the problem of aging really is serious, then the first thing we need to do is to revise the current fiscal expenditure structure primarily centred on public work[19].

Kimihiro Masamura, Senshu University, supported the idea to institute a special welfare tax in order to collect money fairly from the public although he believed that the insurance system will not function very well in some respects[20].

Tadashi Ushima believed that 1% of the money from consumption tax would provide an adequate fiscal resource to finance the 'New Golden Plan' service to the elderly people[21].

Masatada Tsuchiya, mayor of *Musashino* city, Tokyo, proposed "to institute a local consumption tax to pay for care services and that the resulting fiscal resources be allotted to local communities so that they can provide for their elderly population, in principle limited to individuals aged 65 or over"[22].

In Japan an increasing number of corporations are changing their provision of non-statutory welfare such as company housing, employee dormitories, and assistance to employees seeking their own home. Behind this reassessment lies two background factors. One is the declining attractiveness of traditional welfare provisions to employees, second is the growing costs which corporations are having to bear in providing such services.

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18 Ibid, p. 12.
19 Ibid, p.13.
20 Ibid, p. 15.
21 Ibid, p. 17.
22 Ibid, p. 18.

In the past, company athletic meets and company picnics may have appealed to employees who otherwise had few opportunities for such activity and little access to the necessary facilities. Also it was difficult for most employees to obtain mortgages for housing on their own at that period. However, values have changed and workers are now a much more diverse lot. Today many employees are more concerned about caring for their elderly parents and in preparing for their own retirement.

The traditional welfare system is no longer in line with the needs of employees. Further more, with an increase in the number of women employees and more movement in the external labour market practices premised on lifetime employment seem to be less attractive and to function less effectively for firms in motivating their employees. Reflecting the changed situation, the 'cafeteria approach' to providing welfare provides one alternative which enables employees to select what they need from a specified/scaled menu. (Ex. *Benesse* Corporation and at *Seiyu*).

The review of non-statutory welfare provisions has occurred in tandem with the introduction of the performance-based personnel scheme and increased job mobility. Moreover, some corporations have adopted a system of simply allocating across the board amounts previously spent for such a provision directly to employees through their bonus and salaries. In 1997 *Matsushita* Electric & Industrial Company inaugurated the system where by one's retirement allowance could be paid in advance.

The Employment Insurance Scheme registered large surplus until the late 1980s. However, since 1994, the scheme has been in decline due to the worsening employment situation in Japan. The central employment security council has proposed revisions to the employment insurance scheme which includes a reduction of unemployment benefits for those aged 65 and over, payment of benefits to those on leave to nurse other family members and the

provision of benefits for education and training which contribute to the development of worker's skills.

The employees pension fund system was established in 1966 as a corporate pension, aims to provide a generous amount of security in old-age to workers by providing supplementary benefits for each individual fund. There were 1879 employees pension fund and about 12.17 million participants as of November 1995, and covered 40% of insured persons in the employees pension insurance. While continuing severity of economic and financial conditions in recent years has had significant overall effect on the employees pension fund system. In 1994 the employees pension fund system was reformed, accordingly improvement of the old age pension system for active workers was revised. In September 1995 the Ministry of Health and Welfare set-up a study group to studying the future employees pension fund system from a broad perspective.

The 1989 pension reforms, which went into effect in 1991, established the national pension fund system as a public supplementary pension system for the self-employed, with the aim of meeting the various needs of them, in their old age, and of maintaining a balance between the self employed and non-self-employed. Within national pension fund there are community-type and occupational type of funds for each of prefectures and work places respectively. These are aimed to provide more comfortable elderly life for the self-employed.

As the economy continued to grow rapidly, the medical insurance and pension were raised many times. During the 1970s more efforts made to develop public welfare 1973 was called the "first year of welfare" and substantial improvements were made in benefits throughout the social security system to upgrade public welfare. In 1973, the medical costs became free for elderly people age 70 and older. In the same year 70% benefit ratio was established for families

under the insurance for employees, and high-cost medical care benefit system was established, which set a cap on "copayment".

As the population was aging rapidly and the elderly were finding themselves in greatly changed circumstances due to the popularity of the nuclear family and changing attitudes towards support for the elderly, there was a dramatic increase in national concern over old-age issues, especially that of the pension system which was the main pillar of income security for the elderly. Under these circumstances, the benefit levels of the public pension were substantially revised to match the realities of economic growth and improved living standards.

In 1965, necessary measures were taken to make workmen's accident compensation insurance compulsory for all businesses and all workers, and insurance benefits were largely converted to annuities. In 1974, the unemployment insurance system which includes programmes for improving employment structures and developing the abilities of workers in addition to existing un employment benefits.

The employment quota for middle-aged and older workers were established in 1971, and a special measures law for employment promotion of middle-aged and older workers was also enacted. The social security systems were being greatly expanded during this period.

The first oil crisis in the 1970s resulted in major social and economic changes and furthermore, in the midst of the economic set backs accompanying the second oil crisis in 1979. Under these circumstances in the 1980s and after, large-scale revision in the medical insurance system and the pension system were carried out.

The free medical and health expenditures to the elderly people had direct impact on and worsened the financial situation of the National Heath Insurance which structurally covered many elder people. As a result, in 1982 the Health and Medical service law for the

elderly was enacted to support various medical insurance programmes and to make financial contributions to fund the medical expenses for the elderly. Medical care delivery, separate medical fee, health examination, health education, home-visit guidance and functional training for persons age 40 and over were established through "copayment" by elders.

In the midst of population aging, number of elderly were hospitalized for long period. In particular the problem of so-called "social hospitalization" in which they need personal care become a major issue.

In 1985, a large scale revision was carried out in pension security, which integrated the basic portion of various pension programmes. These benefit levels for the future were reexamined in order to balance the burdens and benefits between the working generation and the elderly and the pension programmes for employees and the national pension program. The pension programmes for employees were positioned as providing additional benefits on top of the basic pension.

Moreover, from the viewpoint of constructing of pension system appropriate for the people aged over 80 years while taking into consideration the growing burden on future working generation, from around 1980, there had been repeated debate about raising the pensionable age. Later, in 1994, based on the fact that mandatory retirement rate was 60 or above in more than 80% of companies and that nearly 70% of such companies had a scheme of extended employment and re-employment, the system was revised so that the pensionable age would gradually be raised to 65 from beginning of 1995 along with the introduction of a partial pension provided between ages of 60 and 65.

Improving "quality of life" (QOL) emphasis shifted from measures centered on institutional care to those on in-home care for

elderly. In addition to 'short stay', respite care programmes in institutions and day service programmes for the elderly long term care services for them was increased.

In 1986 the existing 'employment promotion law' for middle-aged and older workers was revised as the 'employment security law' for older workers in order to secure employment up until the age of around 65. This law stipulated such things as the obligation to endeavor to have 60 as the age of mandatory retirement and the establishment of organization of 'Silver Human Resource Center'. Only in 1994 the law was revised to raise the mandatory retirement age to 60. It is important to have a society in which it is possible to fully implement the 60-year-old mandatory age and work in some form or another up until the age of 65 in order to maintain the vitality of the economy and society.

Even though the medical facility to elders provided in full-fledged manner by the revised medical insurance system through the copaymert system with the accelerated population aging, health expenditures for elderly continued to increase and raised several issues such as:

a) further pursuing reexamination of co-payments

b) continuing increase in the burden of each medical insurer in the contribution of funds to cover health expenditures for the elderly and

c) how to cope with the long-term care needs of the elderly from the perspective of solving the problem of the so-called "social hospitalization".

Along with the shift in the economy to a period of stable growth were changes in the structure of industry and development, and the aging structure of the population and further maturing of the pension system. Under these circumstances, the aim of the pension system policy shifted from raising the level of benefits to ensuring the long-

term stability of the system. As a result, creating a balance between the burdens of the productive generation and the benefits of the elderly in order to maintain a stable system became an important issue in the public pension system, which is a mechanism of intergenerational support. From this perspective, by such means as introducing the basic pension and raising the pensionable age, long-term stability of the pension system corresponding to changes such as those in the industrial structure was ensured and the level of future pension insurance premiums controlled.

The pension system plays an important role in preventing a reduction in income accompanying the transition to old age, disability or the death of the main income earner. The second half of 1950s increased demand for old age income security, inaugurated the national pension in 1961 with coverage of self-employed and farmers and a universal national pension was realized. self-employed people from the age 20 could join this programme and from 65 onwards one could receive old age pensions. During this period, policy issues were also raised with the aim of people and laws were established for the elderly people, and a system of nursing homes were set up. Japanese companies moved faster to establish themselves in the growing welfare and nursing care-market for the burgeoning aged people[23].

Introduction of nursing home care insurance system in April 2000 invites all persons above 40 years of age to pay insurance premiums for nursing home care. Many private business are now are also entering the nursing care business[24].

The establishment of the universal medical insurance and pension programmes opened the door to the age of social insurance. There is a great significance in establishing a care system to maintain national health and to secure post-retirement life. The workers in

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23 Sawaji Osamu, *The Silver Market Gold Rush*, Look Japan, vol. 45, No. 28, March 2000, p. 12.

24 Nakamura Kenrya, *Wire less Welfare: IT. based welfare devices, data bases*, Look Japan, vol. 46, No. 530, May2000, p. 28-29.

companies with less than five employees were included so as not to increase the burden on extremely small employees. Although the national penson was based on contribution, a supplementary and provisional system with non-contributory pensions (welfare pension) was adopted out of consideration for fatherless house holds, people with disabilities, and those who had already reached a certain age and did not have sufficient time to contribute. Moreover, in order to stabilise the contributory pension system and ensure that premiums would not be wasted, a lump-sum death benefit was instituted in case of early death, and those who wished were allowed to start drawing a pension at age 60, without reaching the pensionable age of 65.

The universal medical insurance and pension programmes preserved a system which was segregated depending on the participant's trade or profession, resulting in a dual structure of workplace based insurance for employees and the national health insurance/national pension programmes which embraced those who were not covered by work place-based insurance for employees. For this reason as the aging population and workers moving away from primary industries into secondary and tertiary, and those insured under the national health insurance grew gradually older, and there was less of an increase in farmers and other participants in the national pension, so that the financial strength of both systems was affected.

Under the public insurance system, people with income who are aged 40 or older are required to pay insurance premium for long-term care. For the reason the risk of having to provide long-term care for someone is increasing for everyone in Japan as society ages. The other reason is to reduce the member of "socially hospitalized" older people by transferring them from hospitals to care institutions or to their own homes.

The current welfare scheme that provides long-term care services for older people has operated with a 'built-in means test'.

Only older people with a low level of income who are basically without close family members are eligible to receive benefits. Moreover, the current welfare system allows only local governments and non-profit social welfare organization to provide the services. Therefore, the number of beneficiaries and the amount of services provided for each beneficiary have been limited.

The new public insurance system for long-term care has been created as a universal system. All insured people who need long-term care are eligible to receive benefits regardless of their income or family situation. The amount of service provided will depend solely on an assessment of the level of need. Along with local governments and non-profit social welfare organizations, medical institutions and private profit-oriented corporations will also be allowed to provide care service as long as they are designated as qualified providers. This de-regulation of the provision of care services will immensely increase the number of older people who can enjoy the benefits of long term care and the amount of services they can receive.

Four ministries jointly outlined a new type of pension plan with defined contributions known as 401 (K) plan, which is likely to coame into effect from Autumn 2000. The government is also considering the means by which enterprises might transfer assets pooled in their employees pension funds and the Tax-qualified pension plans to the 401 (K) plans. Such move would relieve firms from the burden of making up for the remaining deficits in their current funds. *Rengo* also supports the outlined benefit system as the premise for corporate pension schemes. *Rengo* also attempts for the enactment of a basic corporate pension law (a Japanese version of ERISA) so as to ensure the right of all retired to receive retirement benefits and corporate pensions[25].

[25] ....., *Corporate pension schemes at a turning point*, Japan Labour Bulletin, Japan Institute of Labour, vol. 38, No. 11, November 1999, p. 3-4.

When the Japanese economy shifted to low growth after the first oil crisis in 1979 and the annual government revenue dipped, and tightened the distribution of government subsidies which have been financing the steady growing medical insurance system since 1961, when a system of medical care for the entire nation started. The proportion of aged people in the population has rapidly turned higher as Japan became an older society. According to medical insurance statistics for the aged class in 1980s, the expenses per person for people 65 years and over are 3.5 times higher than the average for the all age classes. However, the medical system has increased the number of insured persons until it covers the entire population of Japan and has raised the level of benefits of medical care supplied by the system. The national medical expenses has increased at a higher rate than the growth of GNP over a period, not only for the reason of aged but for highly expensive technical medical apparatus too.

The medical insurance plan in Japan is roughly classified into two categories one covers employees and the other covered self-employed persons such as farmers and small business owners. The employee insurance is classified into eight parts

(1) Government Managed Health Insurance (GHI)

(2) Society Managed Health Insurance (SHI)

(3) Semans Insurance

(4) Day Labourers Health Insurance

(5) Mutual Aid Association for National Public Service

(6) Local Public Service

(7) Public Corporation Staff and

(8) Private School Teachers and Employees.

The self-employed persons are covered under National Health Insurance scheme. The new law of health for the aged took effect on February 1st 1983, under which, medical care for the aged 70 years

and over is made as separate system. It covers two systems, namely health care and medical care for the aged. The major characteristics of the new law are summarized as follows:

a) Integration of medical care with healthcare

b) Financial readjustment among insurance association

c) Partial introduction of price effects.

In the 1980s these systems were intended to solve the existing financial difficulties and to help the aging society evolve into stable healthy one.

To maintain economic development in the ensuring aging society, it becomes necessary to keep elderly remain in the labour force in order for them to use, with their high work motivation, their abilities and experiences to work. It is also useful for elderly people themselves to participate in economic activities to make their life meaningful.

The DPCIR (the Demand for Policy Change and Institutional Reform) called for a welfare vision for the aging society. In 1987-88, this emphasis was on development beyond structural adjustment into full system change. *Rengo* brought out a publication titled General Welfare Vision for an Aging Society, which included measures for extending social welfare[26].

Many older persons work for economic reasons, but the ratio of older persons who work for economic reasons decreases with age, while the ratio of those who work for health increases. Pensions have a profound influence on the economic conditions of older persons. The rate of elderly persons who receive a pension increase with age and the employment rate of pension recipients is lower than that of non-recipients.

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[26] Torushinoda, *Heisei Labour Politics: A long and winding road* (ed.) purnendra Jain, Takashi Inoguchi, Japanese Politics today Beyond karaoke Democracy ? Macmillan, 1997, p. 168-169.

There are various reasons for the employment of older people. They work mainly to earning their living, but even if they do not need the earning, they don't retire from their jobs. This is because, they work for self-satisfaction, for friendly relations with colleagues and for the realisation of their social participation. The retirement from economic activities do not necessarily mean retirement from non-economic activities. Some retired persons live along in later years, but some participate in community activities, hobbies, religious groups, and so on. Smooth and gradual retirement mean smooth transition from economic to social one.

Older persons in Japan are highly motivated to work and indeed many of them do work. But they may not be able to engage in full-time employment in their late 60s and 70s because of their physical and psychological conditions. Thus part-time work or voluntary work occupy important part of the work for many. "Silver Human Resources Centers" have been established in many municipalities for opportunities of temporary or short-term work.

The Silver Human Resources Centers were started as a voluntary organization managed by older persons themselves. This movement thereafter, spread throughout the country. In 1980s, the government began to subsidize such organizations in order to provided the elderly with opportunities for voluntary work.

The Silver Human Resource Centers contract with enterprises and private citizens temporary and short-term work. The number of such centers their and membership has increased from 92 centers and about 46,000 persons in 1980 to 680 and about 330,000 persons in 1994. In 1986, the Law for Employment of the Elderly was revised and became the Law Concerning the Stablization of Aged Workers Employment.

To guarantee the right to work for those aged 55 years and over, the law stipulates a moral obligation for employers to set the

minimum retirement age at 60. It also encourages them to provide employment opportunities for workers aged 60 and over. In addition, it authorizes the Silver Human Resources Centers to offer opportunities to participate in remunerative social activities for elderly.

The government is promoting employment measures based on this law with an emphasis on the following points:

1) Require enterprises to extend the mandatory retirement age to 60, and to employ older person at the same enterprise or its affiliated companies until about age 65.

2) Reinforce the services at employment counselling offices to promote the early reentry of unemployed elderly.

3) Assist the Silver Human Resources Centers to encourage temporary and short-term employment for those who leave their jobs after the mandatory retirement age.

Furthermore, it is planning to adopt dispatch service systems for elderly workers who voluntarily offer their special knowledge and skills on part-time or temporary basis.[27]

At its Central Committee meeting on November 20, 1997, *Rengo* decided upon its approach the following Spring Wage Offensive. The confederation usually decides to ask for an average wage increase about 5% of their current salaries (for the past several years this was below three per cent). The goal is for an increase which will improve living conditions through a boost in real wages.[28]

When the socio-economic structure of a country is undergoing change- for example, the aging of society, the lowering of the birth rate, an increase in labour mobility and workers outlook and sense of

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27 Hisao Naganawa, *The work of the Elderly and the silver Human Resources centers*, Japan Labour Bulletin, Japan Institute of Labour, vol. 36, No. 6, June 1997.

28 .....,*Rengo seeks a Yen 15, 000 wage Hike from the 1998 spring wage offensive*, Japan Labour Bulletin, Japan Institute of Labour, vol. 37, No. 2. February 1998, p.4.

values are diversifying, it is important in the interest of workers welfare to provide lifelong satisfaction in the work place, local community, and family while maintaining a balance among the three. It is also important to alleviate pressures and worries while preserving labour vitality, promotion system of Workers' Property Accumulation, and the small and Medium Enterprises Retirement Allowance Mutual Aid System.

The Promotion system of Workers Property Accumulation, based on the Law for the Promotion of Workers' Property Accumulation enacted in 1971.

The aim of the small and Medium Enterprises' Retirement Allowance Mutual Aid system, based on the small and Medium Enterprises' Retirement Allowance Mutual Aid law enacted in 1959, is to support small and medium-size enterprises that have difficulty is establishing a retirement pay system themselves[29]. They are allowed to use the enterprises' mutual aid and also receive aid from the government to set up retirement systems, thus improving the welfare of workers in small and medium-size enterprises, and contributing to the prosperity of small and medium-size enterprises[30]. The idea of the system is that entrepreneurs in small and medium size companies contract with the Organization for Worker's Retirement Allowance Mutual Aid in respect to the retirement allowance mutual aid for individual employees, and pay a fixed amount of money on a monthly basis to the organization, which in turn pays retirement allowances directly to retiring workers.

The Ministry of Health and Welfare (MHW), the Ministry of Labour (MOL) and other related government agencies, resolved to set up a project to help the homeless stand on their own. This is the first time the government has sought to tackle this situation.

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29 *Focus on Japan's labour policies (4): summery of policies on improvement of workers welfare*. Japan labour bulletin, Japan Institute of Labour. Vol. 38 No.9. September 1999, p. 15.

30 Ibid., p. 16.

According to the MHW, the estimated number of homeless people in cities across the country stood at 16,000 in August 1998. The figure included 8,660 in Osaka, 4,300 in Tokyo, 758 in Nagoya, 746 in Kawasaki and 439 in Yokohama[31]. This means that over 90 percent of Japan's homeless people are concentrated in these five big industrial cities. The average age is around 55, a statistics which indicates that the homeless are getting older. With the prolonged recession, the number of homeless people in Japan's big cities is increasing. In Tokyo, the figure stood at 3,500 in August 1997, before jumping to 4,300 in August 1998[32]. Unless officially recognized as incapable of working, homeless people in the past were usually not eligible for social security. Even when employment opportunities were scarce, problems concerning their well-being were left to local governments.

60 to 70 percent of all homeless people are unemployed even though they would work if employment were available, measures were conceived to help them secure a job. Together with such support for the homeless themselves, the proposed policies would provide rewards and subsidies to enterprises which hire a large number of day-labourers or hire people aged 45 or older for a continuous period.

To promote such activities, the government plans to set up some 20 "Self-Dependent Support Centres" across the country, which will be capable of accommodating people for a period of six months. The government intends to subsidise half these costs of the Centres' maintenance and management.[33]

A critical point has been reached for Japan's housing policy, as much of the country's housing was constructed at a time when the priority was to meet the pace of demand. Over the years, because

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31 ....., Public policy, *National Supportive Policies for the Increasing Number of Homeless,* Japan Labour Bulletin, Japan Institute of Labour, vol. 38, No. 8, August 1999, p.4.

32 Ibid, p. 4

33 Ibid, p.5.

quantity was placed above quality, the housing market has been flooded with such ultra-low quality housing. Because the authorities failed to react in a timely fashion to the needs of a graying society into which fewer children are born, an uphill battle is now faced if quality is to replace quantity.

The Housing and Building Land Council, an advisory panel to the construction minister, completed a proposal on housing and land policy that targets maintaining the quality of life in the 21st century. The report is designed to identify solutions to such potentially serious problems for society.

It is natural that the council's report urges the government to expedite efforts to cope with the rapid graying of the population, coupled with the low birthrate.

The ratio of households made up entirely of people aged 65 or older is expected to reach 40 percent of total households in the country by 2015.

However, so-called "barrier-free housing," which is equipped with handrails and removes variations in floor levels to ease mobility for the elderly, accounts for less than 3 percent of all housing nationwide. This situation is a far cry from one in which the elderly can live and feel secure. The report proposed that the creation of barrier-free housing be increased to account for 20 percent of new and renovated dwellings by 2015.

A target is a good start, but the means of achieving it also need to be seriously considered. A variety of moves to increase the availability of such housing are already under way through individual construction company initiatives.

The Construction Ministry would be well advised to stipulate "consideration for the elderly" in its new standards for the certification of high-quality housing. Many of the buildings have neither handrails

nor elevators known as "old town," instead of "new town" will need to be replaced.

The report's proposals are likely to be reflected in the government's five-year plan for housing construction, to be implemented from fiscal 2001. Since, the government's role is not just to plan an efficient system but also to ensure that policies and measures are in place it may ensure an entire town designed with safety and aesthetics in mind. It is time for both the public and private sectors to agree on their respective roles in preparation for the new age[34].

[34] ....., Housing Policy Reaches Crossroads, Daily Yomiuri, 8 July 2000.

Conclusion

Conclusion

There are many signs that the twin features of permanent employment and seniority-based wage structure cannot sustain themselves in the days of low growth and continued economic recession. Further, company loyalty is weakening among young employees. The aging profile of the corporate demographic structure makes it difficult for starting workers to expect smooth and automatic promotions at the later stages of their career. Head-hunting is becoming somewhat rampant, and inter-company mobility is raising. If not in the medium term, atleast in the long run, the convergence theory predicts, the Japanese employment structure and its concomitant management styles will more resemble western practices. According to convergence theory all industrial societies become increasingly alike in sharing the structural arrangements and value orientations observed in European and American societies. In showing patterns incompatible with these, Japan is simply lagging behind in institutional and orientational areas despite its indisputable technological advance, and will catch up over time.

By and large Japanese labour unions are enterprise unions which do not cut across company lines. Each enterprise union draws its membership from the non-managerial employees and some lower managers of a firm. A majority of workers in Japan, particularly those in small businesses, are not unionized and have no organized way of defending their rights against management. The unionization rate declines with the size of the firm; more than 60 % of workers in corporations with 1000 or more workers are labour union members, but only 4 % in small companies with fewer than 30 workers are unionized. Labour movements in Japan are essentially a large company phenomenon. They tend to defend the interests of large corporation employees at the expense of small enterprise counterparts.

The union militancy which swept Japan immediately after World War-II and before the high growth period is now simply not visible in contemporary Japanese corporate life. The internal structure of organized labour is not uniform. Notwithstanding their general partnership with management, Japanese unions try to represent labour interests with regard to wage and bonus increases. *Rengo* and other industrial federations orchestrate labour demands every March-April to win national benchmarks of annual wage and bonus increases for each industry.

The internal structural of organized labour is not uniform. The 'all member entry type' enterprise unions where company employees of all classifications are supposed to be union members form the core of Japan's unions.

The union activities, however, remain peripheral as mainstream organized labour tries to find its way into the Japanese establishment and to acquire influence in national decision-making. Increasingly conciliatory and yielding, unions resort less and less to strikes and other forms of industrial dispute.

An overwhelming majority of enterprise unions are organized under the umbrella of their industrial national centers. These unions are further affiliated into Japan Trade Union Confederation, popularly called *Rengo*. It came into existence in 1987with the amalgamation of separate national federations of unions in the private sector such as *Sohyo, Domei* and others.

The lengthy recession during the 1990s further eroded the treasured life time employment system in large firms and allowed them to justify corporate restructuring.

With the strong Yen and the concomitant increase in corporate offshore operations many firms began to suffer from the over supply of career-line white-collar employees who had expected to occupy managerial positions. Economic imperatives over shadowed. The cultural rhetoric of companies as families, resulting in redundant employees being dislodged.

The restructuring of Japan`s large firms also entails the partial damage to the seniority-based wage structure and introduction of a wage system that uses the achievement of tasks as assessment criteria.

Tough corporations wield relentless power over the every day life of many Japanese, there is considerable difference in the way in which individuals are linked to the corporate world.

As long as the Japanese labour world continues to display multiple problems both internal and external, the current economic crisis may not ease. It is very difficult to resolve the problems of the society as a hole. The financial crisis of 1997-1998 which caused the Japanese economy to shrink five consecutive quarters are exacted by the negative legacy of government policy failures. The government from the beginning has continued to procrastinate on harsh policy choices. The consequences of such procrastination triggered the crisis. Specifically, the government postponed clearing up the bad debts of financial institutions which mounted shortly after the collapse of the 'bubble economy'.

However, Japanese economy has been moving very slowly on the way to recovery since spring of 1999. Even the process of recovery from the spring of 1999 appear to display renewed danger that the government and business firms may once again become complacent. So the focus of government policy might shift towards the future course but not the past. The aim should not be in the form of emergency damage

control but promotion of bold structural changes designed to enable the economy to meet the challenge of new development and growth.

As in the past, whenever the true sense of crisis arises, the economic and social milieu of Japan rapidly changes. Historically advances in modernizing the Japanese economy have been spurred by similar changes only. The oil crisis of 1970s is only the most recent example. The government policies also evolve, but the most rapid changes were seen in the behavior of corporations and individuals.

Over the past 10 to 15 years progress on structural reforms and deregulation has been very slow. Nevertheless, same seriousness can be seen in addressing the structural reforms over the past few years. One of the biggest components of this effort has been **Big Bang policies** that aims at financial liberalization. The genuine deregulation of the financial system is having a major impact in the business sector and is leading to a considerable increase in direct investment from abroad. Massive volumes of foreign capital are moving into areas what was once one of Japan's most protected sector ie: the **financial sectors.**

Actually, reducing labour costs by adjusting work hours to suit changing circumstances has traditionally been emblematic in the Japanese labour market. This helped pegging fluctuations in employment to a minimum, since simply cutting working hours is not enough to cope with the ongoing recession. However companies will probably have no choice but to take further measures. The first natural step will be to reduce or remove the regular semi-annual bonuses that are part of employees compensation packages. Later, if proved insufficient, they also need to cut hourly wage scales. In majority of the corporations inclusive of small firms the term 'Restructuring' is used almost exclusively to mean efforts to slash payrolls by firing or laying off workers, soliciting voluntary resignations, not hiring new people and so

forth. Thus, it is all part of grand cost cutting exercise. Prof. Tachibanaki Toshiaki suggests some middle path for surviving the recession without slashing payrolls: A **work sharing,** a method of shorter working hours and less pay. In otherworlds employees may cooperate actively in a company's effort to cope with reduced production and sales by lowering labour costs rather than reducing jobs. Older people are a heterogeneous group, for the pace of biological aging which results in a deterioration of faculties varies greatly from person to person. Chronological age is therefore, a very poor indicator in dividing when a worker should retire, such concepts as functional age or working capacity are more appropriate when reinforcing to an older workers ability to cope with the demands for job.

A distinction needs to be made between aging and the accumulation of ill health over time. It has become increasingly clear that may psychological changes also appear as a sign of aging and are more appropriately attributed to disease, lifestyle or both. A healthy life style will enhance vigor and resistance to disease and help diminish the difference between age groups. A healthy life style determine to a great extent the physical, mental and social wellbeing of individuals and their capacity to adopt to changing work conditions, demands and life stages. For the elders healthy life style are particularly important to build up resistance to disease, maintain strength and vigor and develop reserve capacities. Since, the retirement is due to variety of reasons most of which are to the desire to maintain a certain standard of living, it is important to accumulate the required minimum income to face the high cost of living in Japan. However in a survey permitting multiple replies as to the reasons for continuing to work reveals the following responses:

a. To stay health-58.4%.

b. To supplement family income-32%.

c. To make a living-31.7%.

d. To make the most of one's experience and skills-28.7%

e. Not to feel bored-26%

And other reasons are such as being useful to society, and to have friends. Perhaps the view held by many Japanese that work helps to maintain one's health partly explains their long life expectancy. A close scrutiny of Japanese situation confirms the view that the social security system in Japan is still inadequate and certainly not commensurate with the national economic status. The pensioners are obliged to work because of insufficient pension schemes.

The premature exit of older workers due to early retirement incentives and labour constraints are problems. Apart from these aged worker also encounter difficulties in coping with the requirements of the job specially due to their advanced age. The ability and willingness of older workers to continue working depend not only on the economic consideration, but also on their personal state of health, conditions of work and motivation. But the older workers still face many prejudices concerning their abilities. Age barriers in recruitment still restrict their access to most jobs.

In the recent years there is both mounting demand for post-retirement employment among retirees and interest on the part of employers to engage people of retirement age to go in for earlier retirement. The older people find themselves in a precarious financial situation and have to continue working. After having reached mandatory retirement age, aged workers still want to work throughout the rest of their life.

Yet another problem is the rapid aging of the population as one of most pressing economic concerns. Policy makers are searching for means to employ more of the elderly in order to resolve the labour shortage and ease the strain on the pension system. The number of people receiving pensions has already exceeded 21 million mark. Pension accounts for 64% of the average elderly households income. The nation wide, the ratio of pension benefits stands at 6.9%, an indispensable source of income. However, the labour force participation rate of the elderly in Japan is already highest among the industrialized nations.

Under employee pension insurance system a typical elderly couples receive a monthly pension of 2,38,000 Yen, provided that the husband has paid his premium for 40 years. Presumably many young people cannot afford to spare the same amount to their parents. Hence there is need to continue with job while continuing to receive pension.

Public pension system is so deeply rooted that originally started as reserves for retirement spending. Despite steep inflation in the post-war years and a series of increase in benefits, pension insurance premium were not increased correspondingly. As a result, most premium paid by employee cannot be retained as reserves for their future. Instead money was channeled to the present generation of pensioners. Thus, the burden of active employees inevitably gets increasingly heavier in tandem with the aging of the population.

The government has implemented the measures to restore stability in Japan's financial system specifically by inspections and supervisions of financial institution, improving mechanism to deal with bankrupt and failed financial institutions. Measures to cope with credit crunch, and making funds available to carryout all these measures. To boost the demands the government also adopted a comprehensive economic stimulus package, that and was in force till December 1999. These

measures aimed at restoring public confidence in nation's financial system and limits the fluctuations in the business cycle.

The union activities and membership started declining gradually when the first oil crisis pushed the economy back and still presents the same picture. However, a new union that started in 1970s in order to organize all kind of workers under one umbrella also aimed to rescue workers from the recession and other negative forces. The new unionism called Union Identity Movement (UIM) aimed at extending their activities to areas outside the organization, particularly to organize non-regular, subsidiary and subcontract workers. The UI movement shows the possibility of remedying the weakness of enterprise unions with the help of *Rengo*. But whether or not it has really overcome the weaknesses of the enterprise union is a challenge ahead.[1] Enterprise unions are commonly viewed as weak and its influence is a negligible or even negative on wage.[2]

The working practice have drastically been changing, following population aging with the number of birth shrinking, economic maturing and globalization, and peoples worry about their living security growing fast. Deepening knowledge and improving skills are essentially the challenges for economy where the self-independent individuals will be the main players.

The structural changes and economic reforms, such as globalization, adapting to implementation of information technology resolution and de-regulation process are in the fast track of government priority. De-regulation in the labour market field, such as for temporary

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1 Freemen, Richard, Marcus Rebick, *Crumbling Pillar? Declining union density in Japan* Journal of Japanese and International Economics, 1990, vol.3,p.578-605.

2 Kallebeng, Arne, James Lincoln, *The structure of Earnings inequality in the US and Japan*, American Journal of Sociology, Supplement, 1988, vol.94,p.121-153

office staff, out placement and social welfare (such as caring the aged) invite the entry of new start ups and result in new investments for customer information system.

The traditional images of the Japanese 'salary man' and 'office lady' are being termed as threat area. Today many workers want to be a 'freeter' a combination of the English word 'free' with German word for worker, 'Arbeiter'. More and more young workers prefer to go for part-time work to engage their casual life style, only if dependent on their parents, otherwise automatically associated with full-time employment. One out of three high school graduates and one out of four university graduates were estimated to be 'freeters' in 1999. While more young people are choosing the part-time route and many women prefer it because of family responsibility choicelessly. Despite the strengthened workplace-equality legislation, part-time employment contracts are only job available to many women. The figures of Japan's part-time workers has doubled over the past decade to 11.38 million, representing 21.8 percent of the total work forces.

The work ethic is weakening among today's youth, in a sense they are distancing themselves from society. Surprisingly one out of five white-collar workers changes company in mid career.

According to the White Paper on Japanese Labour-2000, one fourth of the recent graduates who chose part-time work mentioned they for 'self-fulfillment', and the two thirds of partimers ultimately hope for a full-time job but are unable to find one.

The changing attitudes towards employment are not limited to young people only. Companies eager to reduce their wage cost in a bid to restructure have also moved to hire part-timers. Such workers will remain as bargain option as long as Japan continues to refrain from

ratifying the 1994 ILO Convention that calls for equal treatment of full-time and part time workers. The Central theme of the year 2000 spring wage offensive was not, wage increase but the exclusive extension of employment upto age 65.[3]

On June 11, 1999 the Japanese government announced an emergency package of measures to increase job security and strengthen industrial competitiveness. The package emphasises series of measures to create more than 700,000 new jobs both in the, public and private sectors.

The major employment measure for the private sector calls for the government to increase long-term employment opportunities by easing regulations on setting up new enterprises, developing and encouraging new industries, aiding business start-ups, and releasing government information concerning intellectual property to the private sector. Other measures will include the immediate creation of jobs by promoting job creation in growth industries. The government has identified 15 recently established or growing sectors, and will extend incentive grants to employers who speed up their plans to hire middle-aged or elderly people who have involuntarily left their former jobs, and to employers who are offering on-the-job training.

The government will also work to diminish mismatch in the labour market and to facilitate job mobility by, giving a wider range of private companies permission to act as employment agents. Finally, as a measure for the swift re-employment of people forced out of jobs, it will set up "Career Information Exchange Plazas" to provide support to

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[3] Hiroyaki Fujimura, *Employment Extension for workers in their early 60's at Japanese firm*. Japan Labour Bulletin, Japan Institute of Labour, Vol.39, no.4 April, 2000 p.6-7.

middle-aged and older white-collar workers who are seeking employment.[4]

The Economic Planning Agency of Japan recently released its Economic Survey of Japan. The survey analyzes the failure of the Japanese-style economic system to respond to the collapse of the bubble economy. The delays in making structural adjustments that should have been carried out immediately after the collapse of the bubble and suggests that business enterprises should push forward with positive restricting measures to cut back on employment levels, on plant and facilities expenditures, and on debt.

Bank of Japan's Short-term Economic Survey of Enterprises **tankan** mentions labour's share in Japan's enterprises was around 60 percent until the bubble years, but then rose sharply during the recession after the bubble's collapse, and settled at over 70 percent in 1998. The survey attributes the high labour share to the delay in adjusting employment levels after the collapse of the bubble.

In Japan the delay in employment adjustment, together with caution in shedding such workers, held back the spread of IT. The estimated drop in the demand for labour owing to the introduction of IT between 1990 and 1997 was 1.94 million people in Japan, roughly 1.72 million jobs in Japan were created by the introduction of IT.

In the past, company specific skills have been regarded as most important, making it difficult for white-collar workers to switch jobs. However, in the future it will be important for both workers and companies to accumulate skills with more universal applications. Increase in labour mobility and change in the skills required need to be accompanied by the provision of a social safety net through improved job

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4 *Emergency Employment measures.* Japan labour bulletin, JIL, vol. 38, No. 8, August 1999, p. 6.

placement services, the development of vocational skills, and subsidies for enterprises which hire new employees. These matters were listed as important policy issues.

The opportunities for Japanese university students to obtain work experience at companies have gradually expanded over the past few years. Such job experience is generally provided through an arrangement called an *internship*. Internships provide students with experience working in a field related to their major subjects and to their future career, and can take various forms. Considering internship to be significant for universities, students, and companies, the Ministry of Labour, the Ministry of Education, Science, Sports and Culture, and the Ministry of International Trade and Industry publish basic guidelines suggest some desirable forms which internship programs might take. With that publication, the ministries sought to promote the use of intern programs.[5]

Internship programs enable participating students to learn the nature of certain types of work at an early stage and this will help them to assess their suitability for specific jobs. The programs make it possible in the future for companies to draw on a pool of graduates who have actual knowledge of the company and have not applied for employment based largely on a superficial image of the company.

In a January 1999 report issued by the Labour Issue Study Committee of *Nikkeiren* (Japan Federation of Employers' Associations) management's approach to the 1999 spring offensive was summarized. It argued that employment stability was most important, and stressed that management and unions should work together in a flexible manner to

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5 ....., Job Experience for university students, Japan Labour Bulletin, Japan Institute of Labour, vol. 38, No. 10, October 1999, p. 5.

adjust to labour conditions. The report also mentioned the idea of work-sharing with wage reductions.[6]

The Japan Productivity Center (JPC) for Socio-Economic Development has released its latest estimates, pointing out that job openings would be created for 2.6 million people if enterprises gave up all overtime work (by regular employees). According to a survey by the Ministry of Labour, the average employee works 12.5 hours per month in formal overtime. Survey of lifestyles conducted by *Rengo* has revealed that "service overtime" work – where employees work overtime without being fully paid – averaged 6.9 hours per month. Based on these figures, the JPC estimates that 900,000 jobs would be created if firms did away with service overtime and that an additional 1.7 million jobs could be created if formal overtime work was abolished. Accordingly, the JPC recommended that companies should consider introducing a work-sharing scheme[7].

Rengo stressed the necessity of getting rid of service overtime itself before discussing work-sharing. However, it has argued that employment mobility should not be advocated when labour was not in high demand, and has suggested that the government, management and labour unions should issue a declaration on employment stability, proposing instead that the three parties should come to grips with the present economic crisis and work toward a widely based consensus on work-sharing.

On August 13, 1999 the Cabinet Ninth Basic Employment Plan, sets targets and outlines some practical employment policies for the next 10 years based on the assumption that Japan's labour force will shrink for the first time during 2000-2010 and the economy will be increasingly

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6 *Labour management relations: work sharing,* Japan Labour Bulletin, Japan Institute of Labour, vol. 38, No. 10, October 1999, p. 4.

7 Ibid. p.6.

internationalized, that information technology and the service sector will continue to grow, and that deregulation will change the economic and industrial structure of Japan.[8]

The plan aims:

(i) to create jobs and provide stable employment in response to the change in the economic and industrial structure,

(ii) to call for measures which improve the employability of individuals,

(iii) to create a society where full advantage is taken of people's ambitions and aptitudes and

(iv) to undertake employment measures from a global point of view.

The basic plan treats job creation and employment stability as the top priority. In recent years, the focus in employment policy has shifted from conventional measures designed to provide employment maintenance to approaches which tackle the mismatch in the labour market and which serve to create new jobs. This reorientation in employment policy is reflected in budget allocations and the various subsidies which are now available to promote employment stability policies, in the subsidies for those who have particular difficulty in getting a job and for elderly people.

Achieving a non-age limit employment system, was proposed in a report issued in 1993 by ministry of labour and titled 'toward an employment system for 65 years-old regular employees. In a mode of employment that elderly can work according to their abilities and desire regardless of age. It also implies a society in which individual workers can determine their own retirement age public pension will gradually be

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[8] Public policy, *Ninth Basic plan on employment measures*, Japan Labour Bulletin, Japan Institute of Labour, vol. 38, No. 10, October 1999, p. 3.

raised from age 60 in 2001 to 65 by 2013. This is yet another factor that argues the realization of a non-age limit employment system.

The phase of employment opportunities to young people make them to feel not worth doing. Over recent years there has been much job destruction (ex: dirty, dangerous and difficult work being refused by young people.) while the place of job creation has been identified. Job-hopping trend has been given a further push by the declining by way of companies, which have less ability to promote all employees smoothly and provide them with new skills. The road to setting up new companies by individuals remains quite narrow. A society in which young people have no dream and no will to take on risk challenges, preferring instead to work on a freelance basis or remain unemployed, is a society in decline.[9]

The conclusion may be summarised as follows as the Japanese economy now experiences its most severe situation since the first oil crisis, while also the labour market is undergoing significant changes, the backdrop provides the keys to ensuring employment stability. Firstly, it is important to provide a balance between structural adjustments to the economy and societal and lifestyle stability. Of course, societal and lifestyle stability is not possible unless economic growth is fostered by structural change. However, if structural change becomes an end in itself at the cost of stability, peoples' lives may get disrupted. Secondly, there is also a need for balancing between energy and fairness. The entrepreneurial dynamism is basic necessary to Japan's economic growth, and capable people need to be provided with the opportunity to utilize most of their abilities and be rewarded correspondingly. However, fact of the matter is that Japan's economic growth has been supported

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[9] Yuji Genda, *What drives young people to change job?*, Views form Japan, vol. 4, No. 10, October 1999, p. 5.

by many people, including the docile labour unions which by placing priority on corporate objectives ignored union aims. Thirdly, a balance between short-term and long-term objectives is necessary. Although it is improper to focus only on the short term and ignore long-term structural adjustments, it is also improper to emphasize only long-term needs and overlook severe conditions in the present situation. Conversely, while it is important for companies to maintain short-term profitability, it is also necessary to take steps to develop human resources and improve company profitability based on a long-term perspective. In creating such a balance and also in achieving employment stability, it is equally important to address diverse issues relating to the labour market and employment, which can vary widely according to age group, industry, job type, employment pattern, and many such social and economic factors.

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Glossary

Glossary

Oyakata	–	Master / Father Figure
Kokata	–	Child figure / follower
Tomuku	–	Labour master like *Oyakata.*
Totei Deshi	–	Foot loose traveller.
Rodo Kumiai KeiSeikai	–	Association for the Formation Of Labour Unions.
Onjo Shugi	-	Paternalsim
Bifu	–	Beautiful custom
Yuaikai	–	Friendly society
Kumichokai	–	Formen council
Kigyobetsu Kumai	–	Enterprise Union
Sodomi	–	Japan Federation of Labour
Ame-to-Muchi	–	Carrot and stick.
Koaikai	–	Nationalist organisation
Hyogikai	–	Communist organisation
Koshinkai	–	Socialist organisation
Koro	–	Socialism
Kokutai	–	National Party
Nihon Shugi	-	Japanism
Sangyo Hokokukai	–	Sanpo Association
Sanpo	–	Patriotic Industrial Association
Sohyo	–	General Council of Trade Union

Domei	–	Japanese Confederation of Labour
Churitsuroren	-	Federation of Independent Labour Union
Shinsanbetsu	–	National Federation of Industrial Organizations.
Rengo	–	Japanese Trade Union Confederation
Bucho	–	General Manager
Kacho	-	Manager
Kakaricho	–	Assistant Manager
Heisei	–	The Era named after the present Emperor.
Yakuga	–	Japanese Under world
Nikkei	–	Japanese Important Stock Market
Karoshi	–	Death from over work
Otasukenetto	-	Help Network
Zenroren	–	National Confederation of Trade Union
Zenrokyo	-	National Trade Union Council
Zenkoku	-	National Union of General workers.
Kitanai, Kiken, Kitsui	-	Dirty, Dangerous, Demand
Nikkeiren	–	Japan Federation of Employers Association
Ie	-	Joint Family
Shinjinrui	–	New Generation
Joyo Ko	-	Regular-Permanent Worker
Nenko johretsu	-	Seniority wage

Appendix

Appendix No. 1.

Ratio of Elderly to national population. A Comparison with major countries.

Country	1995	2000
Denmark	15.35%	15.18%
France	15.01%	15.93%
Greece	15.87%	17.92%
Germany	15.47%	16.35%
Italy	16.78%	18.17%
Japan	14.54%	17.24%
Sweden	17.56%	17.42%
U.K.	15.87%	16.03%
U.S	12.54%	12.51%

Source: Fukunaga Kazuhiko: LOOK JAPAN

Appendix No. 2.

Elderly population Unit Rate

Elderly population		**Unit: million %**			
Years : —	2000	2001	2002	2003	2004
Population aged 65 or over	21.9	22.6	23.3	23.9	24.4
Ratio to the whole population	17.2	17.8	18.3	18.8	19.1
Population aged 65-74	13.0	13.3	13.5	13.7	13.7
Ratio to the whole population	10.2	10.4	10.6	10.7	10.7
Population aged 75 or over	8.9	9.3	9.8	10.3	10.7
Ratio to the whole population	7.0	7.4	7.7	8.0	8.4

Source: Fukunaga kazuhiko; LOOK JAPAN

Appendix No. 3.

Desivable Retirement Age, by gender and present age (%)

Gender	Age Group	Age 60	Age 65	As long as able
Male	40-44	14.4	27.6	41.8
	45-49	14.9	30.2	38.5
	50-54	14.1	28.3	34.4
	55-59	13.5	31.9	33.2
	Total	14.2	29.4	37.2
Female	40-44	13.5	10.8	46.5
	45-49	17.7	12.1	42.6
	50-54	23.8	15.9	37.3
	55-59	22.8	24.5	35.0
	Total	19.1	15.4	40.7

Source: Management and Co-Ordination Agency, Labour Force Survey, 1997.

Appendix No. 4.

Age distribution of older employees, by size of company and status of employees: (Total: Sectors other than Agriculture and forestry; unit 10,000 people)

	55-59 years	60-64	65 years or over
No. of Employees Total	473 (1000)	258 (100.0)	197 (100.0)
1-4	39 (8.2)	31(12.0)	14 (17.3)
5-9	49 (10.4)	36 (14.0)	35 (17.8)
10-29	77 (16.3)	54 (20.9)	44 (22.3)
30-99	88 (18.6)	51 (19.8)	34 (17.3)
100-499	78 (16.5)	39 (15.1)	23 (11.7)
500-999	25 (5.3)	9 (3.5)	5 (2.5)
1000 or more	70 (14.8)	19 (7.4)	10 (5.1)
Public services	45 (9.8)	18 (7.0)	10 (5.1)
Status Total	617 (1000)	408 (100.0)	469 (100.0)
Self employed	98 (15.9)	102 (25.0)	185 (39.4)
Family worker	41 (6.6)	42 (10.3)	80 (17.1)
Employed	477 (77.3)	262 (64.2)	202 (43.1)

Source: Management and Co-ordination Agency Labour Force Survey, 1997.

Appendix No. 5.

Reason for wishing to work after retirement age

S.No	(multiple replies,%)	Total	Males	Females
1	Want to work as long as able	55.3	54.3	60.8
2	Unable to make a living without work	50.6	50.9	48.8
3	want the extra affluence	41.8	42.4	38.8
4	Because of insecurity concerning future	40.3	39.8	43.0
5	Good for Health	34.9	35.1	33.5

Source: Fukunaga kazuhiko; LOOK JAPAN.

Appendix No. 6.

Labour force by age

Age	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010	2020
15-19	10.1	8.2	5.8	3.2	2.6	2.5	2.8	2.2				
20-44	59.1	61.9	63.7	62.7	60.1	57.7	54.8	53.5	92.0	90.8	89.7	87.3
45-54	15.4	15.1	15.8	19.9	21.3	21.8	22.2	22.4				
55-64	10.4	10.0	10.2	10.5	11.1	13.0	14.6	15.2				
Over 65	5.0	4.8	4.5	4.6	4.9	5.0	5.6	6.7	8.0	9.2	10.3	12.7
LFPR *	69.2	65.7	65.4	63.0	63.3	63.0	63.3	63.4	63.3	62.5	63.2	61.9
Mediam age Labour Force	35.9	35.8	35.3	38.5	39.9	41.3	42.9	43.3				
Population	25.6	27.4	29.0	30.5	32.8	34.1	39.6	39.7				
Over 65/Total population	5.7	6.3	7.1	7.9	9.1	10.3	12.1	14.6	17.8	19.6	22.0	26.9
Female / Labour Force	40.7	39.8	39.3	37.9	38.7	39.7	40.6	40.5	41.5	42.2	43.5	44.4

Source: Prime Ministers office, Labour force survey. Population: Census of population

*LPFR - Labour Force Participation Ratio

Appendix No. 7.

Union Membership and Participation Rate

Year	Membership (in 1000)	Organization rate	Year	Membership (in 1000)	Organization rate
1945	381	3.2	1973	12,098	33.1
1946	4,926	41.5	1974	12,462	33.9
1947	5,692	45.3	1975	12,590	34.4
1948	6,677	53.0	1976	12,509	33.7
1949	6,655	55.8	1977	12,437	33.2
1950	5,774	46.2	1978	12,383	32.6
1951	5,687	42.6	1979	12,309	31.6
1952	5,720	40.3	1980	12,369	30.8
1953	5,927	36.3	1981	12,471	30.8
1954	6,076	35.5	1982	12,526	30.5
1955	6,286	35.6	1983	12,520	29.7
1956	6,463	33.5	1984	12,464	29.1
1957	6,763	33.6	1985	12,418	28.9
1958	6,984	32.7	1986	12,343	28.2
1959	7,211	32.1	1987	12,272	27.6
1960	7,662	32.2	1988	12,227	26.8
1961	8,360	34.5	1989	12,227	25.9
1962	8,971	34.7	1990	12,265	25.2
1963	9,357	34.7	1991	12,397	24.5
1964	9,800	35.0	1992	12,541	24.4
1965	10,147	34.8	1993	12,663	24.2
1966	10,404	34.2	1994	12,699	24.1
1967	10,566	34.1	1995	12,614	23.8
1968	10,863	34.4	1996	12,450	23.4
1969	11,249	35.2	1997	12,290	22.6
1970	11,605	3.4	1998	12,090	22.4
1971	11,798	34.8	1999	11,830	22.2
1972	11,889	34.1			

Source: Ministry of Labour (various years) and Management and Coordination Agencies (Various years).

Appendix No. 8.

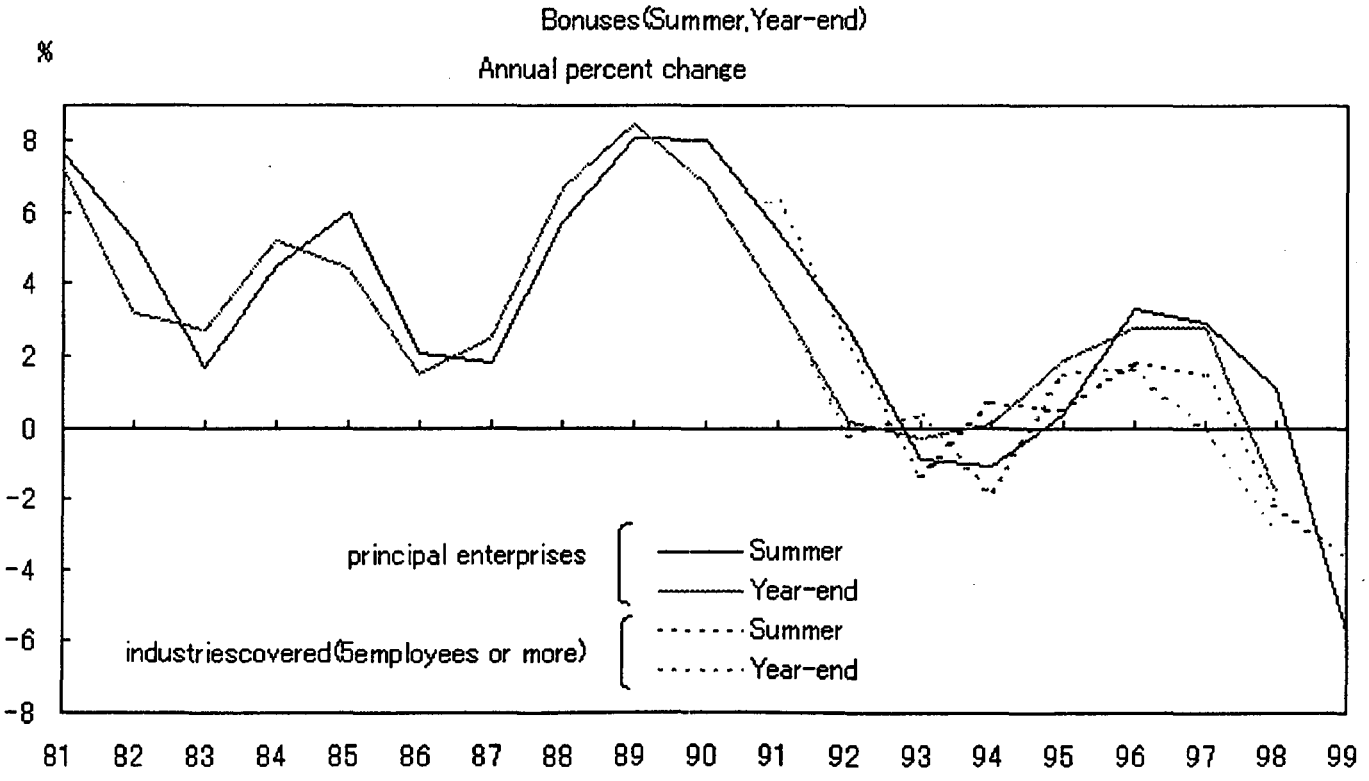
Transition and Estimation of population by age class

Year	0-14	15-64	65+	75+
1970	24.0	68.9	7.1	2.1
1975	24.3	67.7	7.9	2.5
1980	23.5	67.3	9.1	3.1
1985	21.5	68.2	10.3	3.9
1990	18.2	69.5	12.0	4.8
1995	15.9	69.2	14.8	5.9
2000	15.2	67.8	17.0	6.9
2005	15.6	65.2	19.1	8.5
2010	16.4	62.4	21.3	10.0
2015	16.3	59.5	24.1	11.2
2020	15.5	59.0	25.5	12.5
2025	14.5	59.7	25.8	14.5

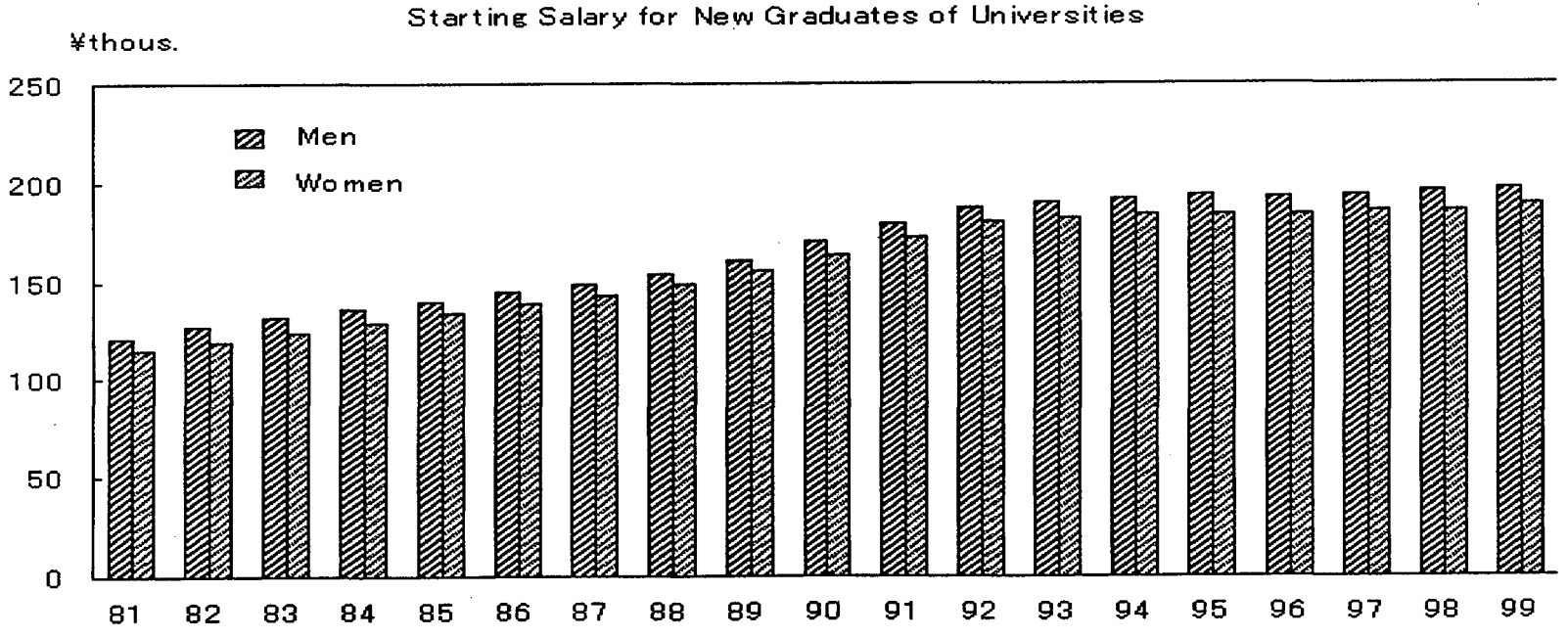
Sources:

Statistics Bureau, Management and Co-ordination Agency, 'Population Census' for the period before 1970-95 and Institute of Population Problems, Ministry of Health and Welfare, 'Projections for Japanese Population' (Projections on September 1992) for the period on and after 2000.

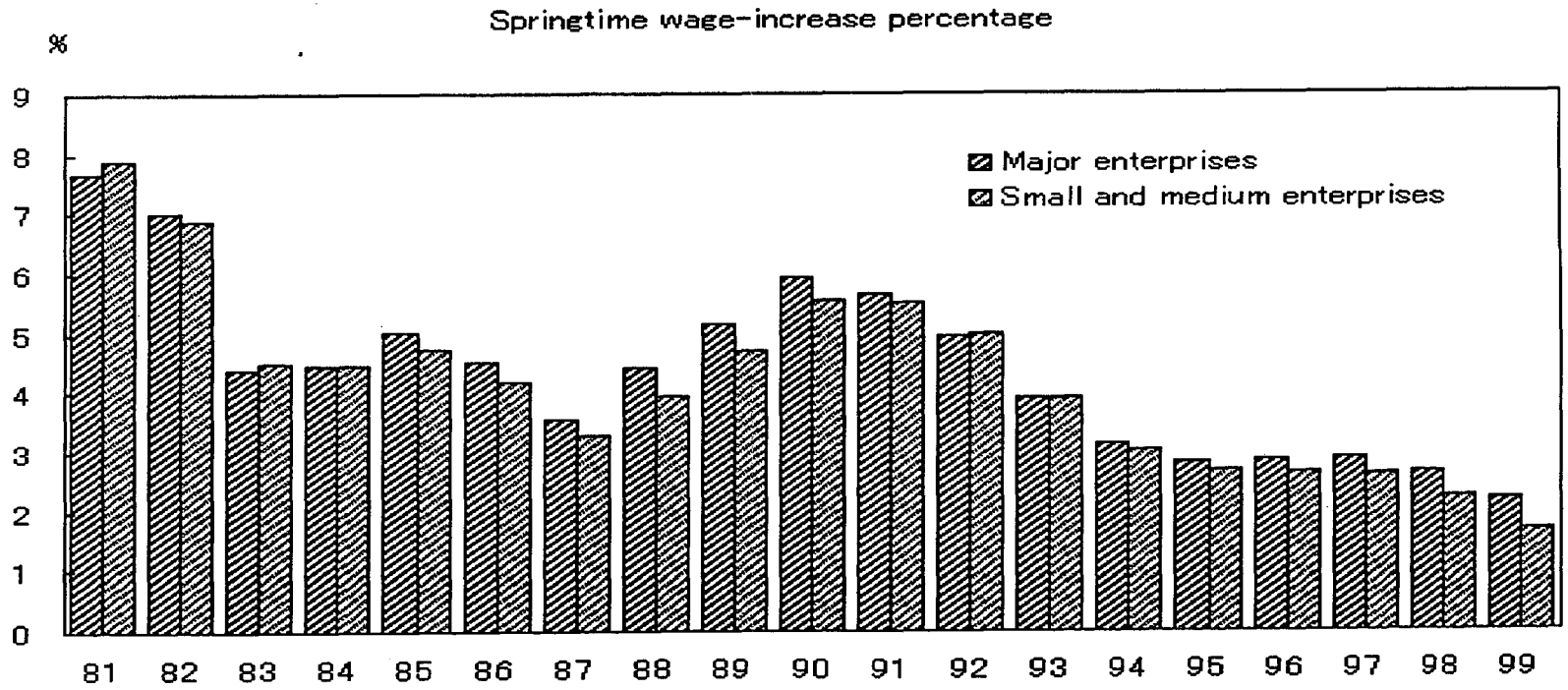
Appendix -9


Bonuses(Summer,Year-end)
%
Annual percent change
8
6
4
2
0
-2
-4
-6
-8
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
principal enterprises
Summer
Year-end
industriescovered(5employees or more)
Summer
Year-end

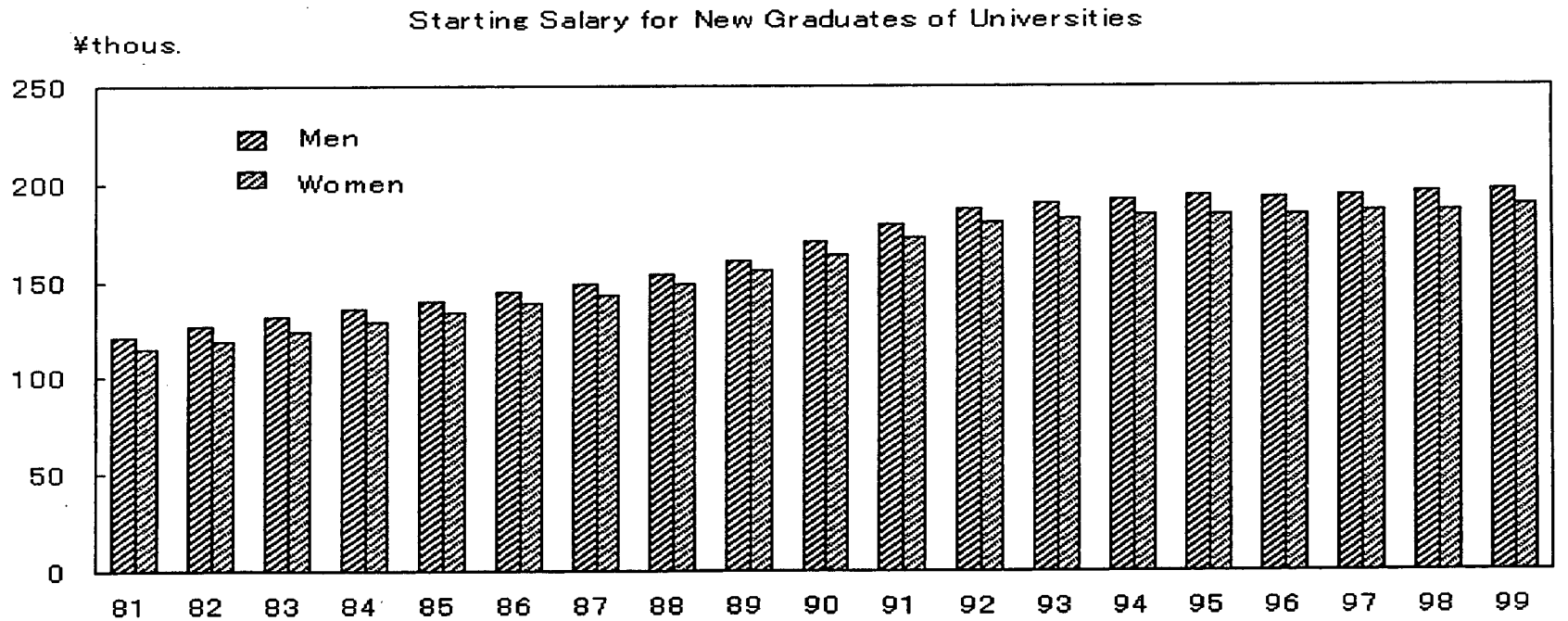
Appendix -10


Starting Salary for New Graduates of Universities
¥thous.
250
200
150
100
50
0
Men
Women
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99

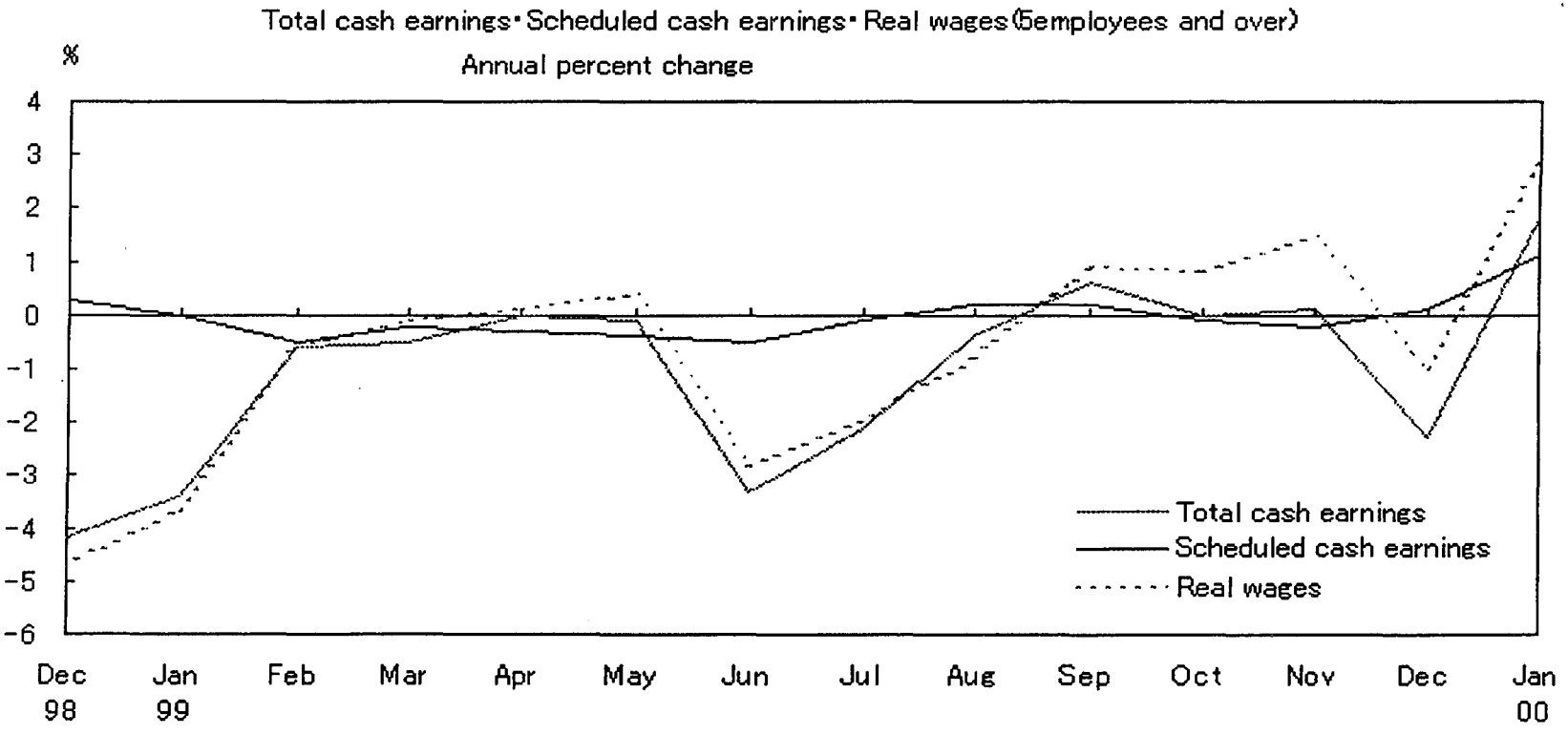
Appendix -11


Springtime wage-increase percentage
%
9
8
7
6
5
4
3
2
1
0
Major enterprises
Small and medium enterprises
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99

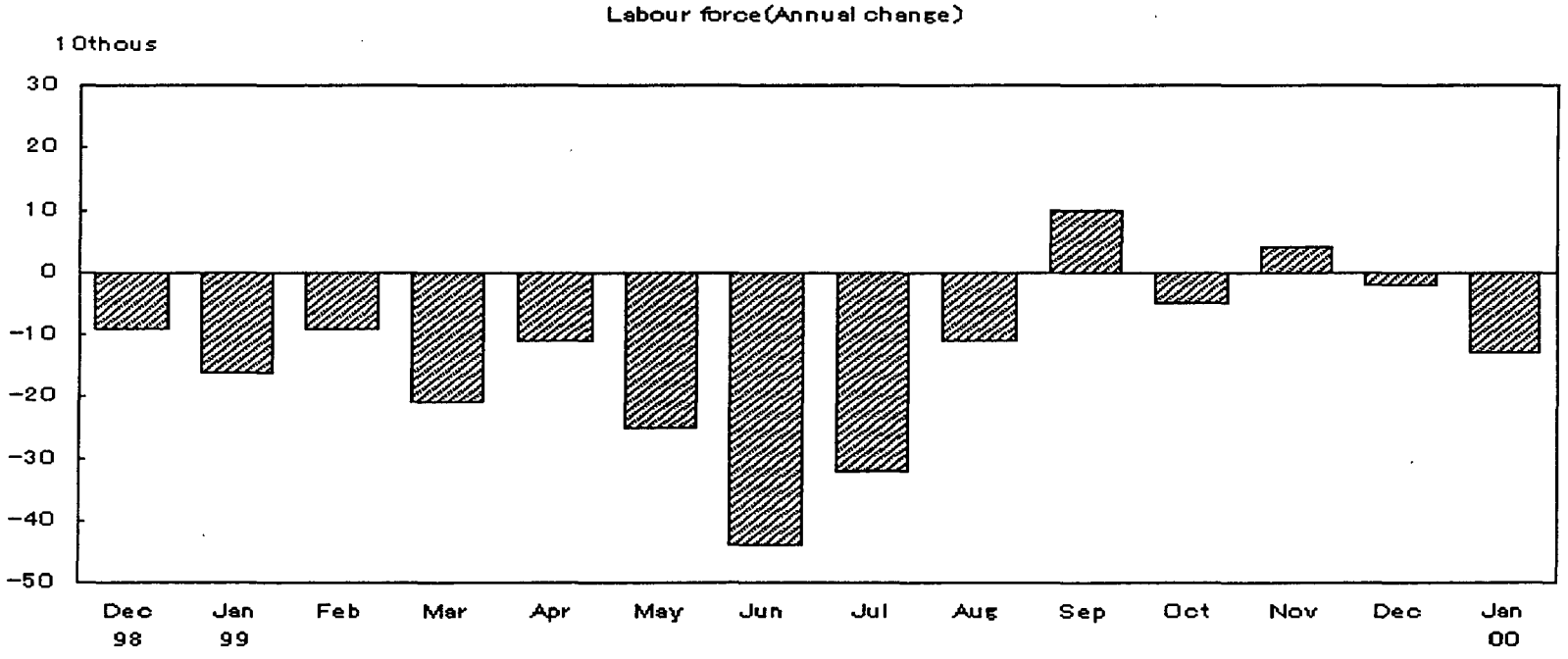
Appendix -12


Starting Salary for New Graduates of Universities
¥thous.
250
200
150
100
50
0
Men
Women
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99

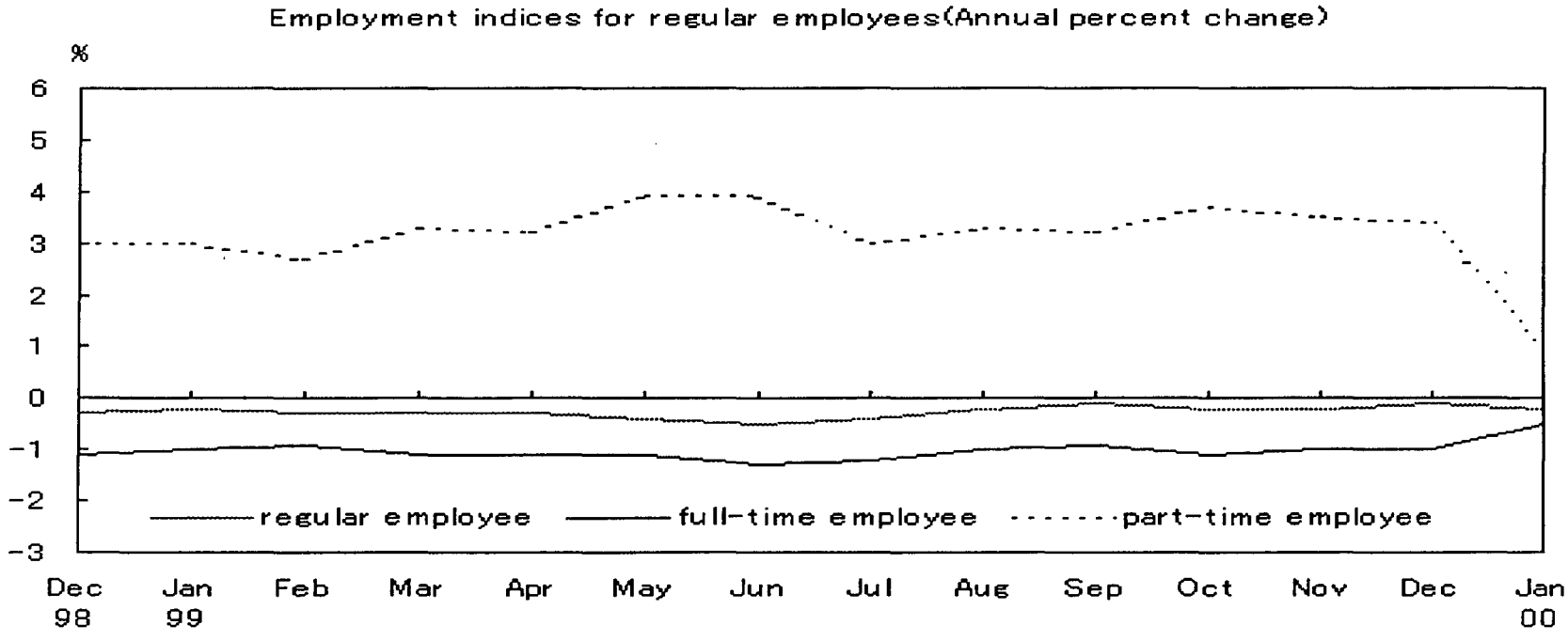
Appendix -13


Total cash earnings・Scheduled cash earnings・Real wages(5employees and over)
Annual percent change
%
4
3
2
1
0
-1
-2
-3
-4
-5
-6
Total cash earnings
Scheduled cash earnings
Real wages
Dec 98
Jan 99
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan 00

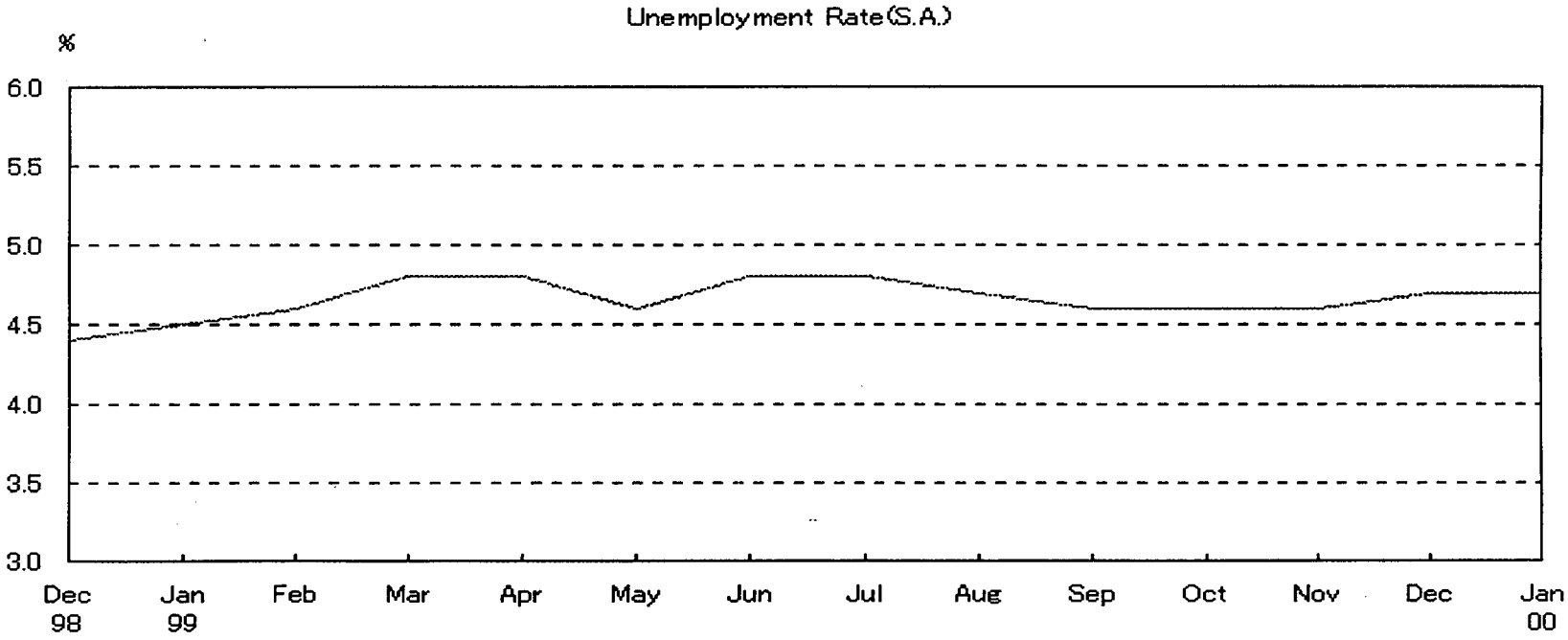
Appendix -14


Labour force(Annual change)
10thous
30
20
10
0
-10
-20
-30
-40
-50
Dec 98
Jan 99
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan 00

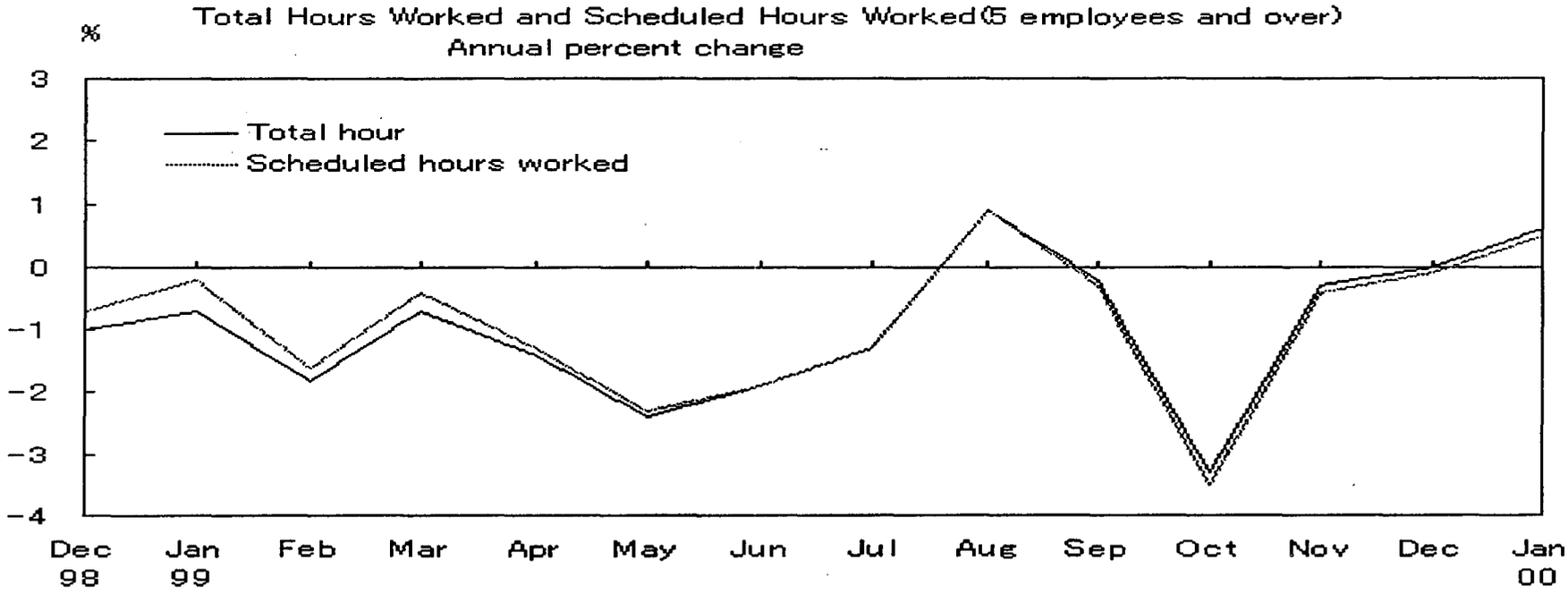
Appendix -15


Employment indices for regular employees(Annual percent change)
%
6
5
4
3
2
1
0
-1
-2
-3
regular employee
full-time employee
part-time employee
Dec 98
Jan 99
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan 00

Appendix -17

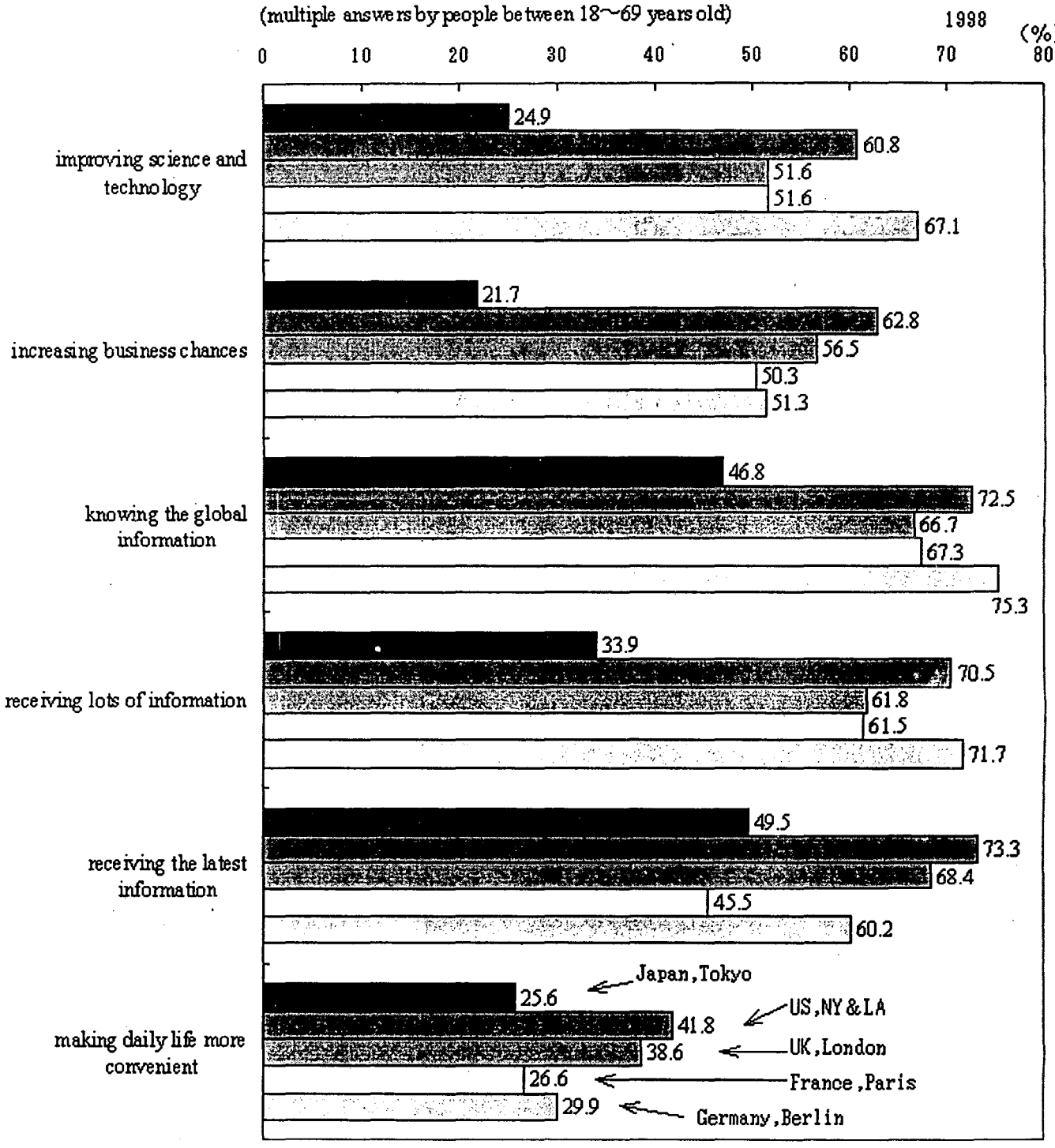

Unemployment Rate(S.A.)
%
6.0
5.5
5.0
4.5
4.0
3.5
3.0
Dec 98
Jan 99
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan 00

Appendix -18


Total Hours Worked and Scheduled Hours Worked(5 employees and over)
Annual percent change
%
Total hour
Scheduled hours worked
3
2
1
0
-1
-2
-3
-4
Dec 98
Jan 99
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan 00

Appendix – 19

International comparison on the merits of advancing information technology

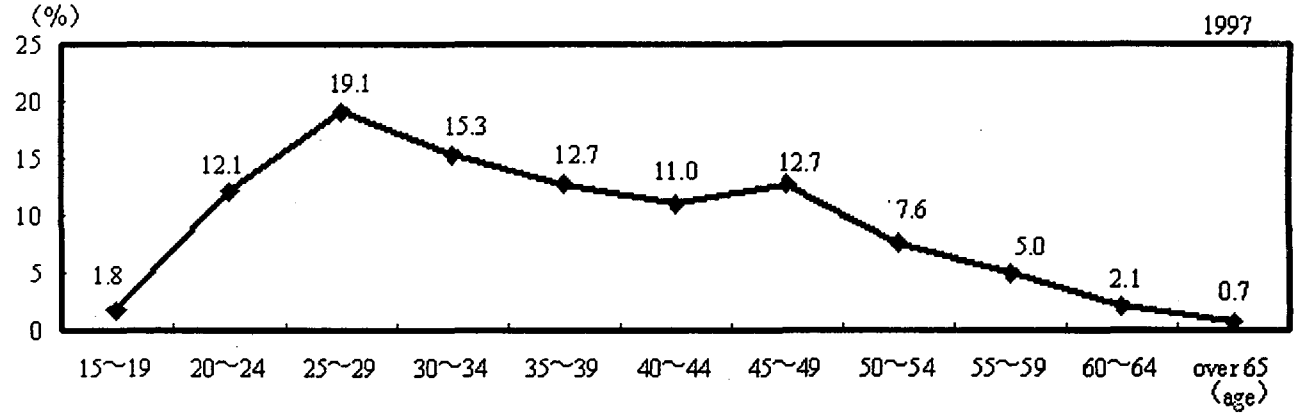


Source: *Dentsu* Research Institute

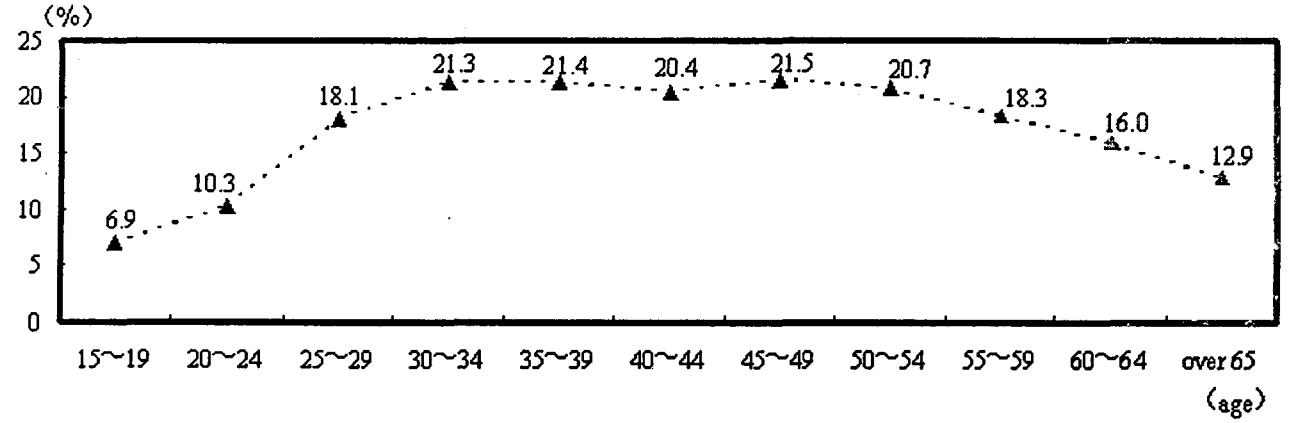
Appendix – 20

Many younger people hope to become entrepreneurs

(1) Age profile of people hoping to become entrepreneurs



(2) Share of people hoping to become entrepreneurs in people seeking for a job change by age group



Source: Management and Coordination Agency, "Basic Survey on Employment Structure"

Appendix – 21

Requests concerning worker dispatching, 1997

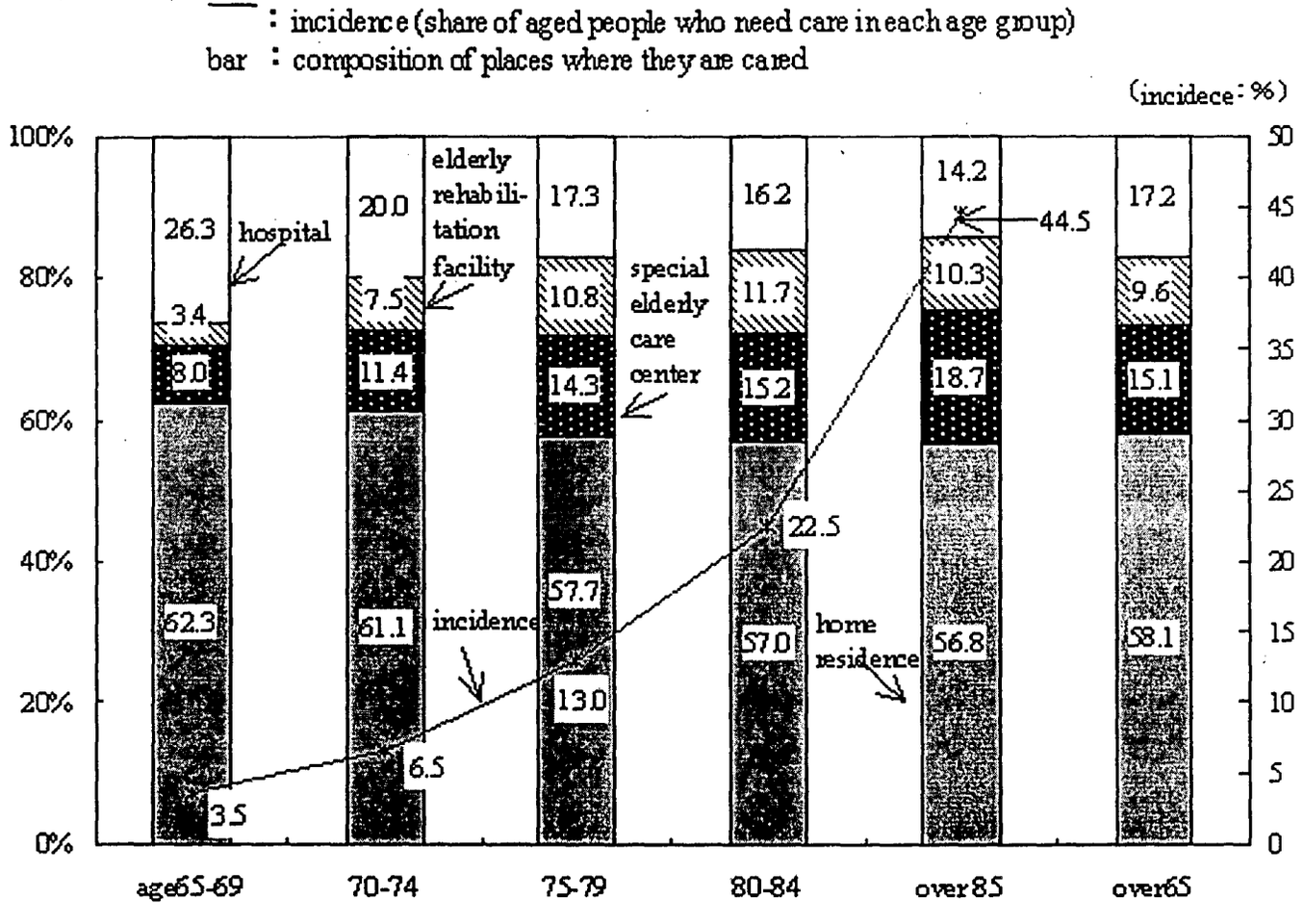
(%)

		easy enrollement in employment insurance	improvement in public skill assessment	more public job trainings	expansion of types of jobs to be permitted
by dispatched worker	total	24.5	18.3	20.2	3.5
	male	7.0	22.0	20.1	1.8
	female	31.1	16.9	22.2	4.1
by dispatching companies		14.2	18.1	30.4	27.8

Source: Ministry of Labor

Appendix – 22

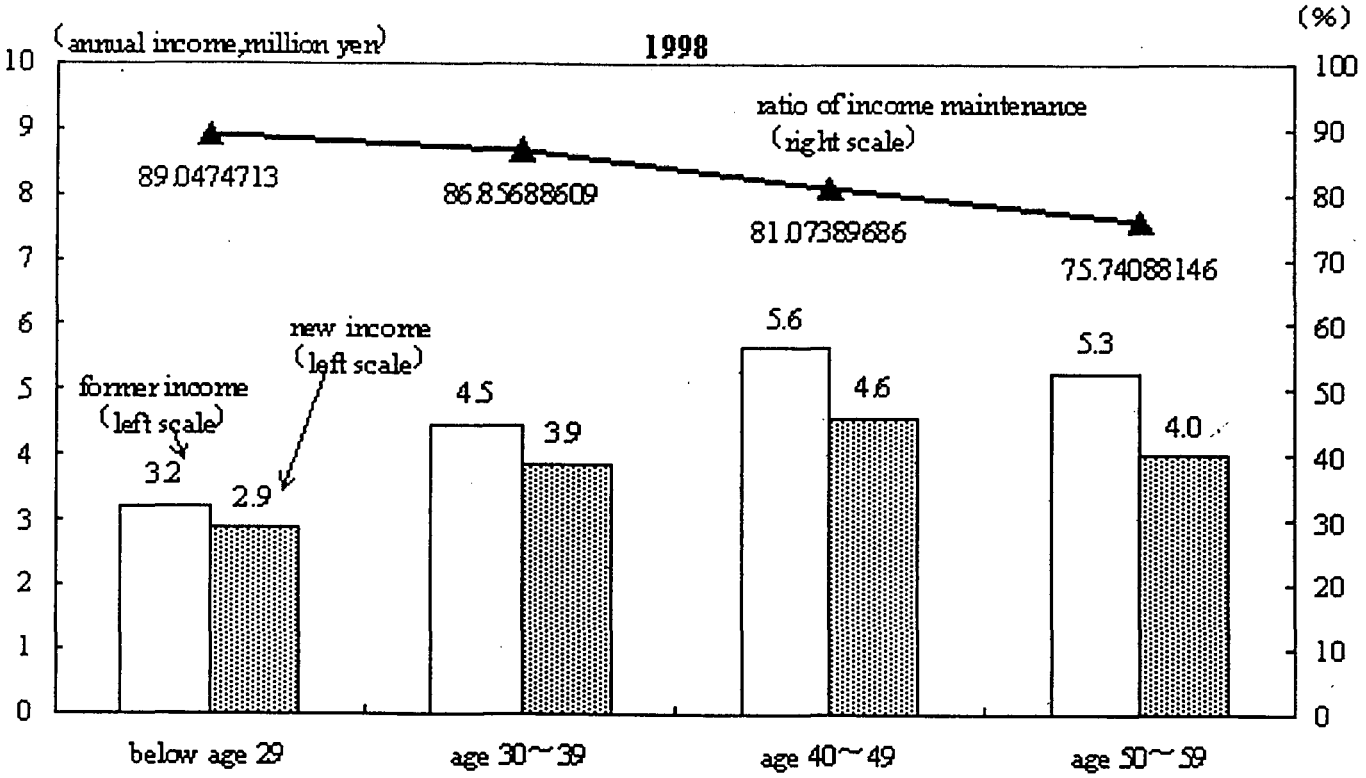
Incidence and places of elderly care



Source : Ministry of Health and Welfare, Basic Survey on People's Living 1998, Survey of Social Welfare Institutions 1998, Survey of Old Age Insurance Facilities 1998, Patient Survey 1996, White Paper on Health and [illegible] 1999

Appendix – 23

Annual income declines after one loses a job



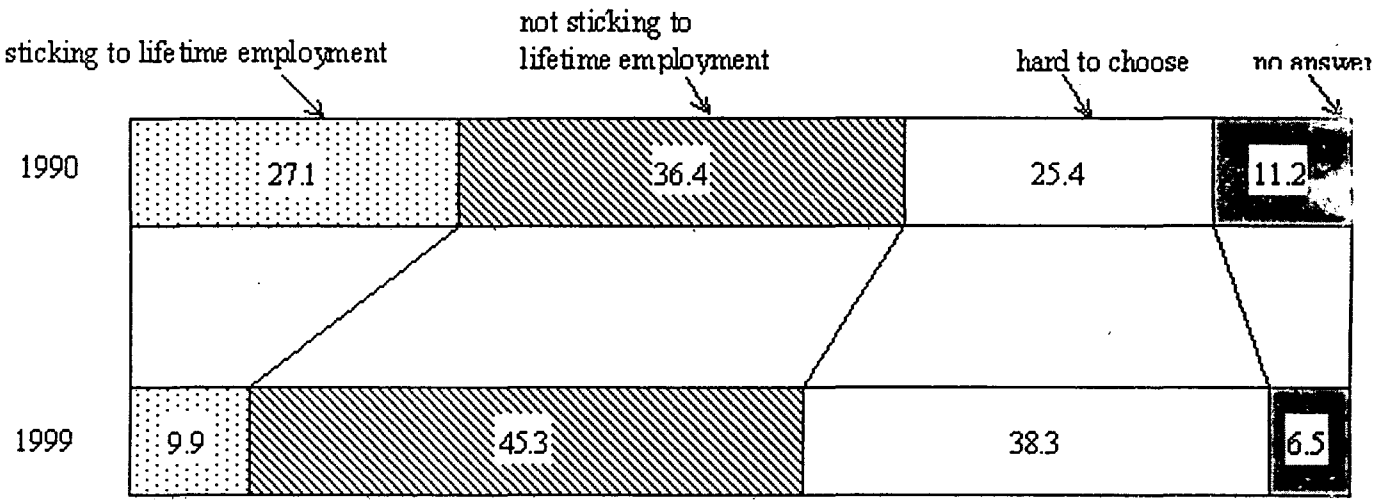
Source : The Japan Institute of Labor, "Interim Report on Unemployment Structure, 1999"
Note 1. Ratio of income maintenance = new income / former income×100.
2. 670 people were surveyed at the public job placement center in Shinjuku, Tokyo.

Appendix – 24

Declining share of companies with the lifetime employment

(total companies:on the prospective principles of personnel management)

(%)



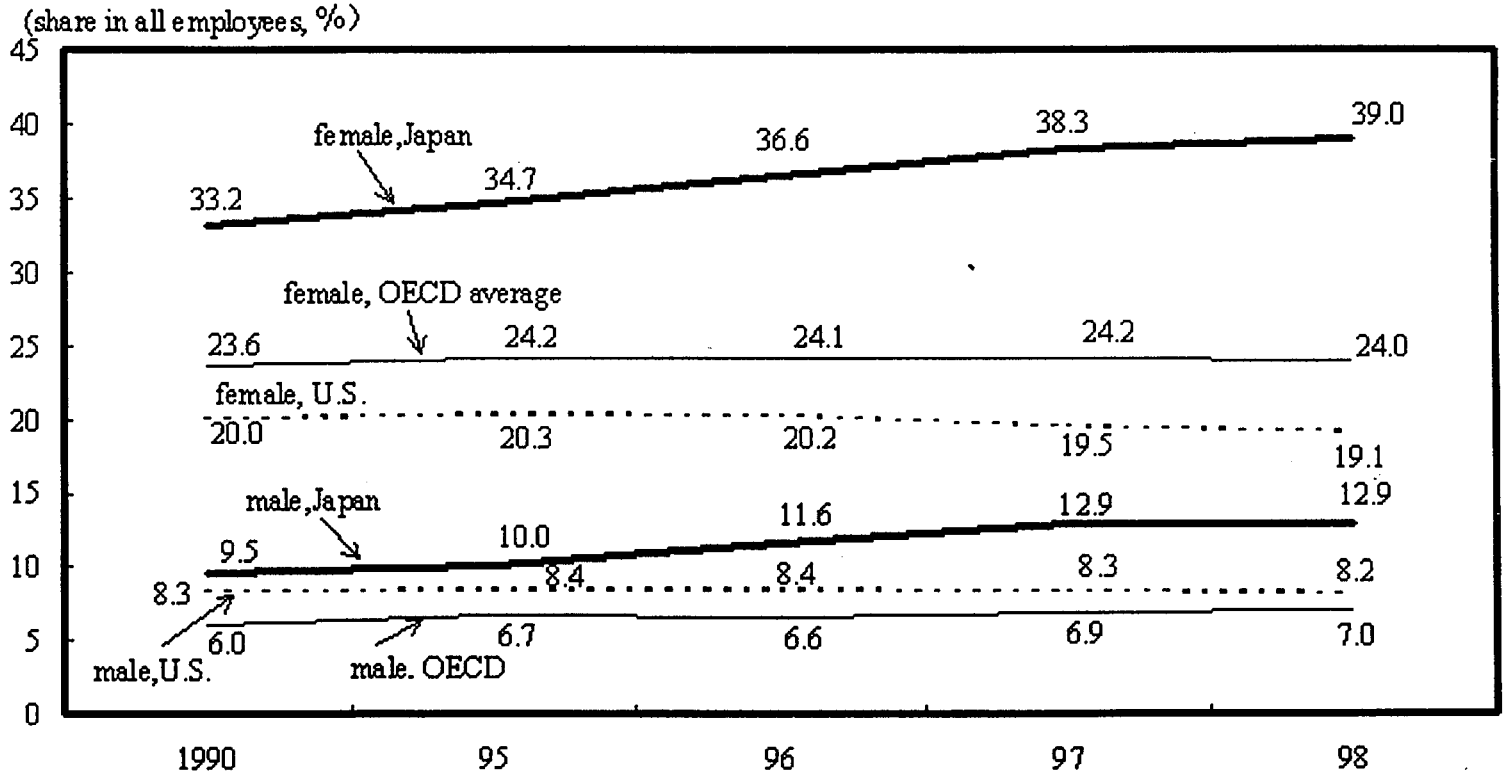
(by the number of employees, 1999) (%)

	sticking to lifetime employment	not sticking to lifetime employment	hard to choose	no answer
30~99	9.4	44.8	38.1	7.7
100~299	10.6	46.8	38.4	4.2
300~999	10.7	46.7	40.0	2.6
1,000~4,999	14.7	43.8	39.2	2.3
over 5,000	22.2	35.9	39.7	2.2

Source:Ministry of Labor,"Survey on Employment Management"

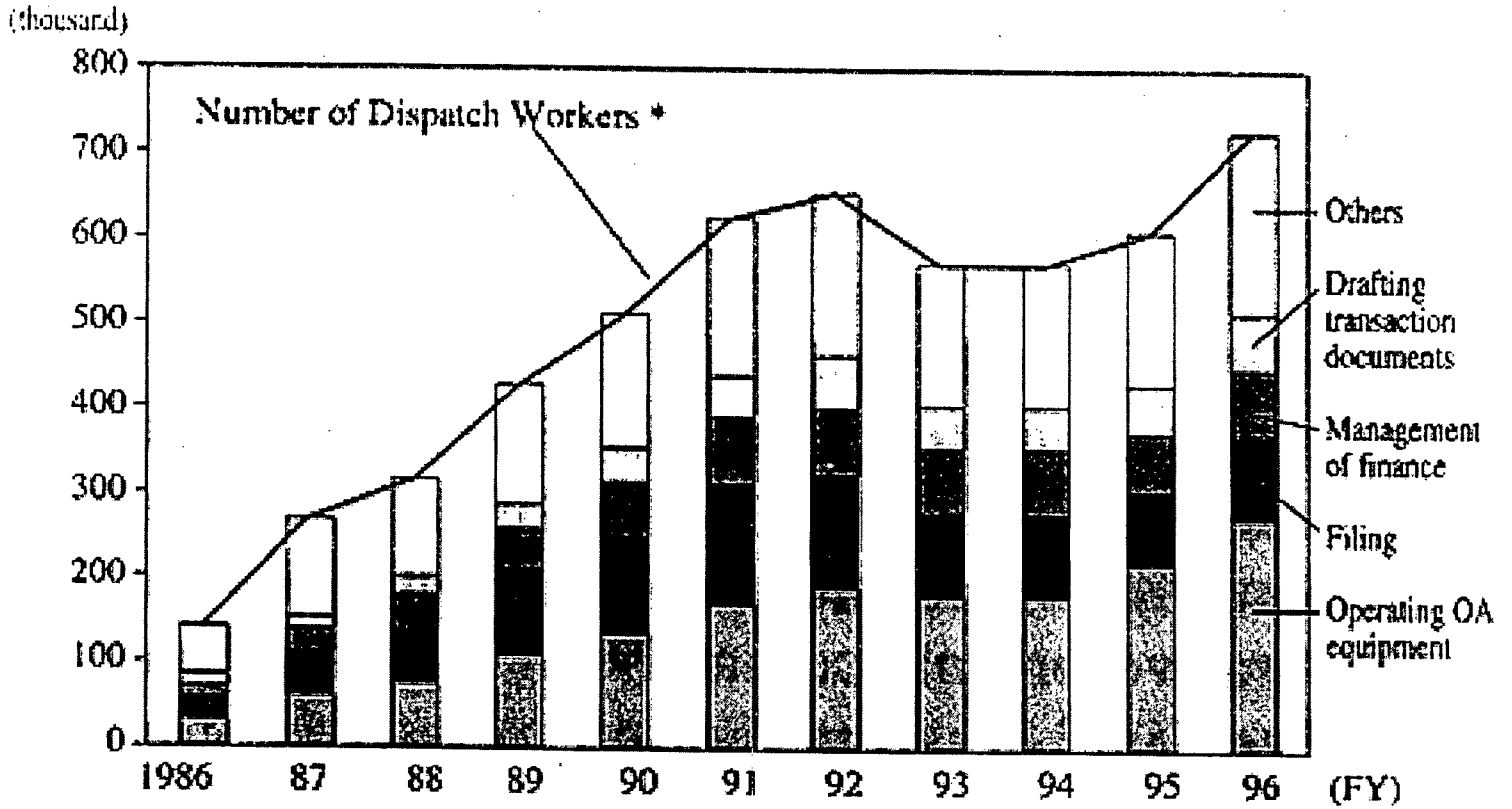
Appendix – 25

Rising share of part-time workers in Japan



Source:OECD "Employment Outlook 1999"

Number of Dispatch Workers by Type of Work



* Number of registered dispatch workers and dispatch workers permanently hired at dispatching agencies.

Appendix – 27

The employment situation remains severe, with the unemployment ratio staying at a high level, despite increases in overtime hours worked and in job offers.

Year- on-year changes(%) ( ): Percentage changes from the previous period, seasonally adjuste

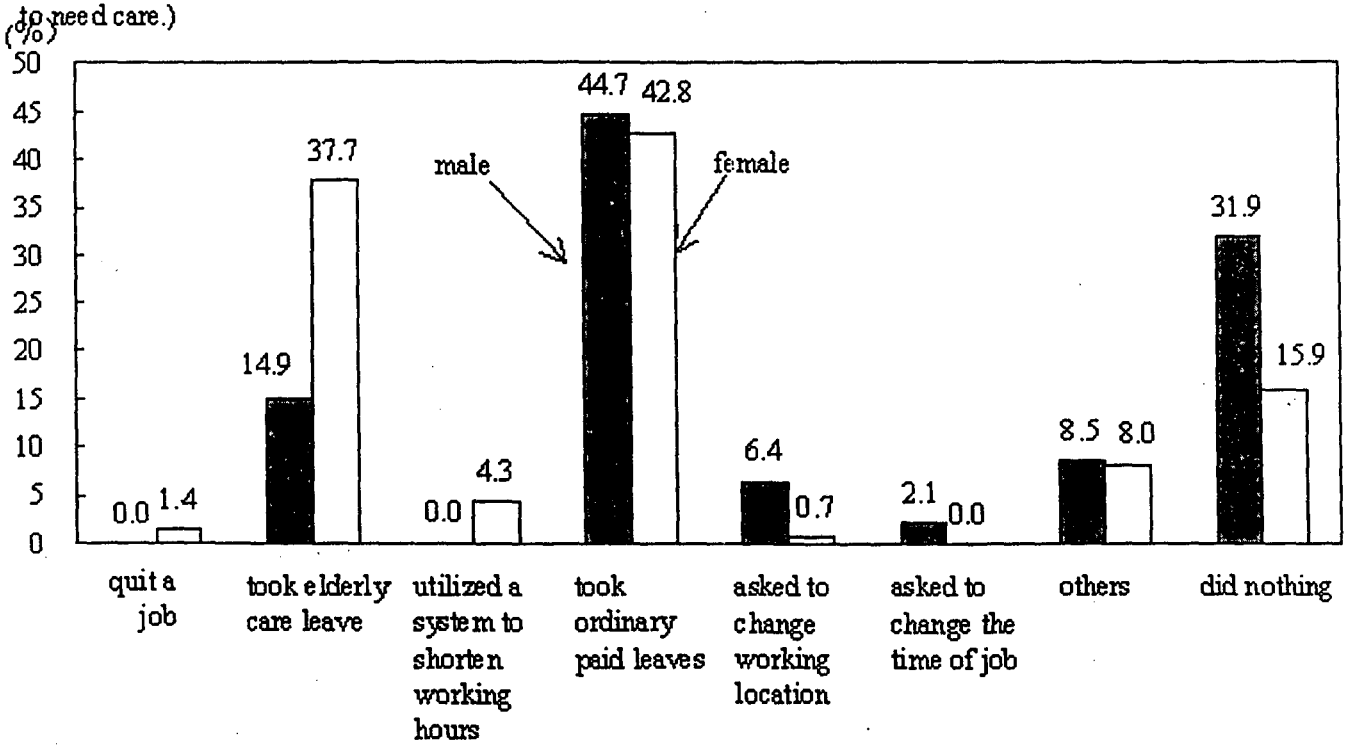
	CY 1998	CY 1999	1999 Jul-Sep	Oct-Dec	1999 Nov	Dec	2000 Jan
New job offers			(2.8)	(2.4)	(2.2)	(-0.4)	(5.4)
	-11.9	-0.7	2.0	5.2	7.7	5.5	11.7
Effective job offers			(2.1)	(3.9)	(2.1)	(1.0)	(2.7)
	-15.3	-4.6	-1.6	4.3	5.4	6.2	9.0
New applications			(0.2)	(-1.5)	(3.6)	(-2.2)	(-0.1)
	15.4	4.2	3.5	-0.1	5.4	-0.1	1.2
New active applicants			(0.6)	(-0.3)	(0.6)	(-0.3)	(-1.5)
	15.6	5.6	3.8	1.0	1.7	0.6	0.8
Ratio of new job offers to applications[1]	0.92	0.87	0.87	0.90	0.89	0.91	0.96
Ratio of effective job offers to application[1]	0.53	0.48	0.47	0.49	0.49	0.50	0.52
Unemployment rate (%)[1]	4.1	4.7	4.7	4.6	4.6	4.7	4.7
Number of employees			(0.3)	(0.1)	(-0.3)	(-0.5)	(-0.2)
	-0.4	-0.7	-0.4	-0.4	-0.4	-0.7	-0.7
Total cash earned[2]			(-0.2)	(-0.3)	(0.1)	(-5.8)	(7.3)[P]
	-1.3	-1.3	-0.9	-1.2	0.1	-2.3	1.8[P]
Real wages[2&3]			(-0.3)	(0.0)	(0.1)	(-5.5)	(7.2)[P]
	-2.0	-0.9	-0.9	-0.1	1.5	-1.0	2.9[P]
Overtime hours worked[2]			(1.4)	(0.6)	(0.9)	(-0.2)	(1.8)[P]
	-7.6	-1.9	-0.3	1.4	3.1	1.0	3.3[P]
Manufacturing			(4.5)	(2.4)	(0.5)	(1.5)	(1.9)[P]
	-15.0	0.9	5.0	8.4	8.9	10.5	11.3[P]
Number of job advertisements posted[4]	-12.3	-0.3	6.9	14.9	18.8	18.3	15.8
Number of unemployed assorted according to job application reasons[5]							
Total number	49	38	31	13	4(295)	15(288)	11(309)
A) Quit job due to involuntary reason	31	17	15	0	-2(90)	3(92)	1(101)
B) Quit job due to voluntary reason	6	8	3	5	9(111)	6(102)	10(117)
C) Graduated but unemployed	3	2	1	1	-1(11)	2(13)	-2(12)
D) Other reasons	9	9	8	8	3(76)	8(70)	1(69)

1. Seasonally adjusted.
2. At business establishment hiring 5 persons or more.
3. The percentage changes from the previous quarter are calculated by the Domestic Research Section.
4. The number of job advertisements posted is based on material provided by the Association of Job Journals of Japan.
5. Year-on- year changes (10,000 persons). ( ): Original values (10,000 persons)

Appendix – 28

Half of workers are practicing elderly care to their family by taking paid leaves

(people's response between around age40-60 to what happened to their work if family member falls into a situation to need care.)

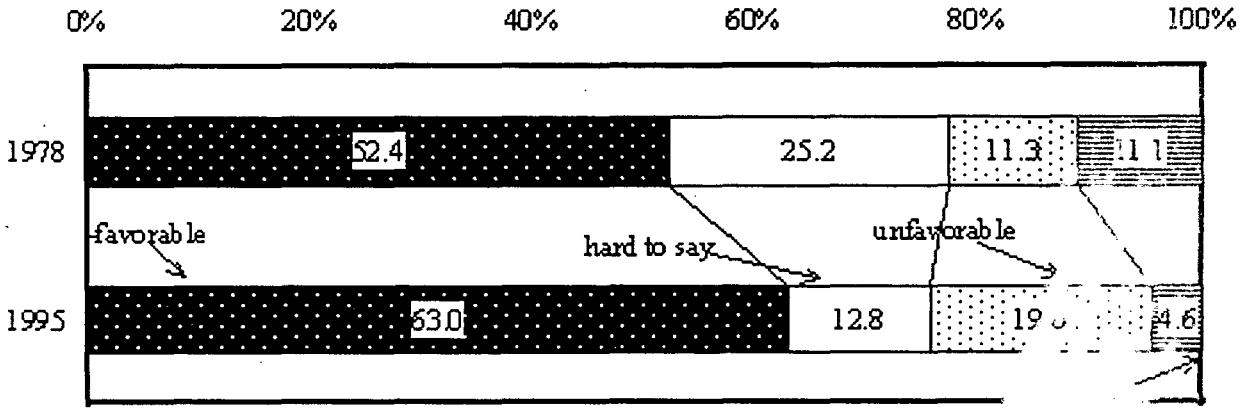


Source: Association for Woman and Juvenile 1996

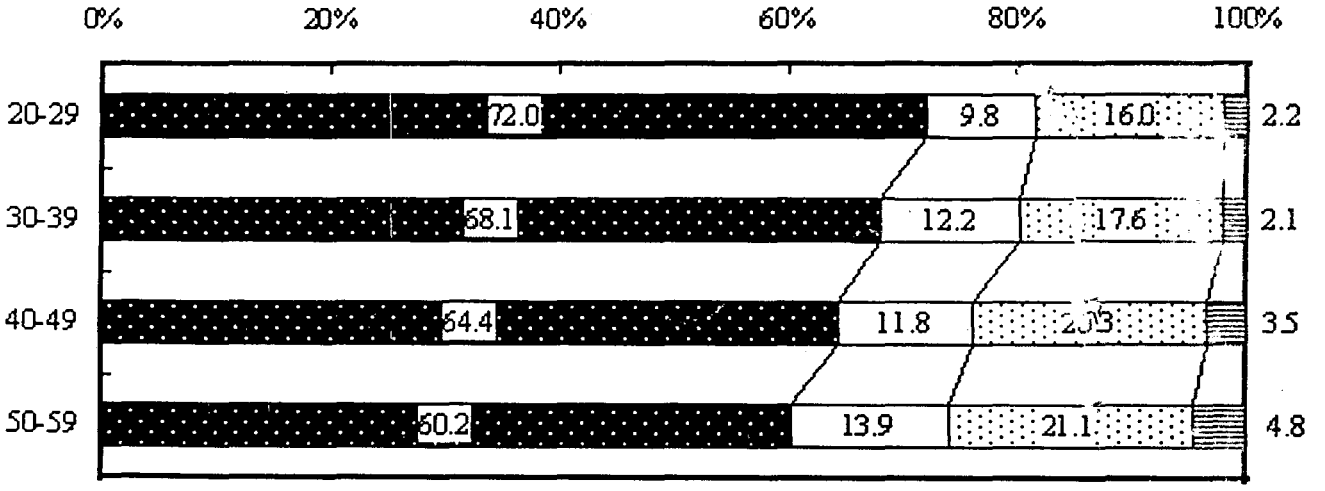
Appendix – 29

Over 60 percent of people favor the merit system of wages

(1) Change from 1978 to 1995(people's attitude on a shift from the seniority to the merit system of wages)



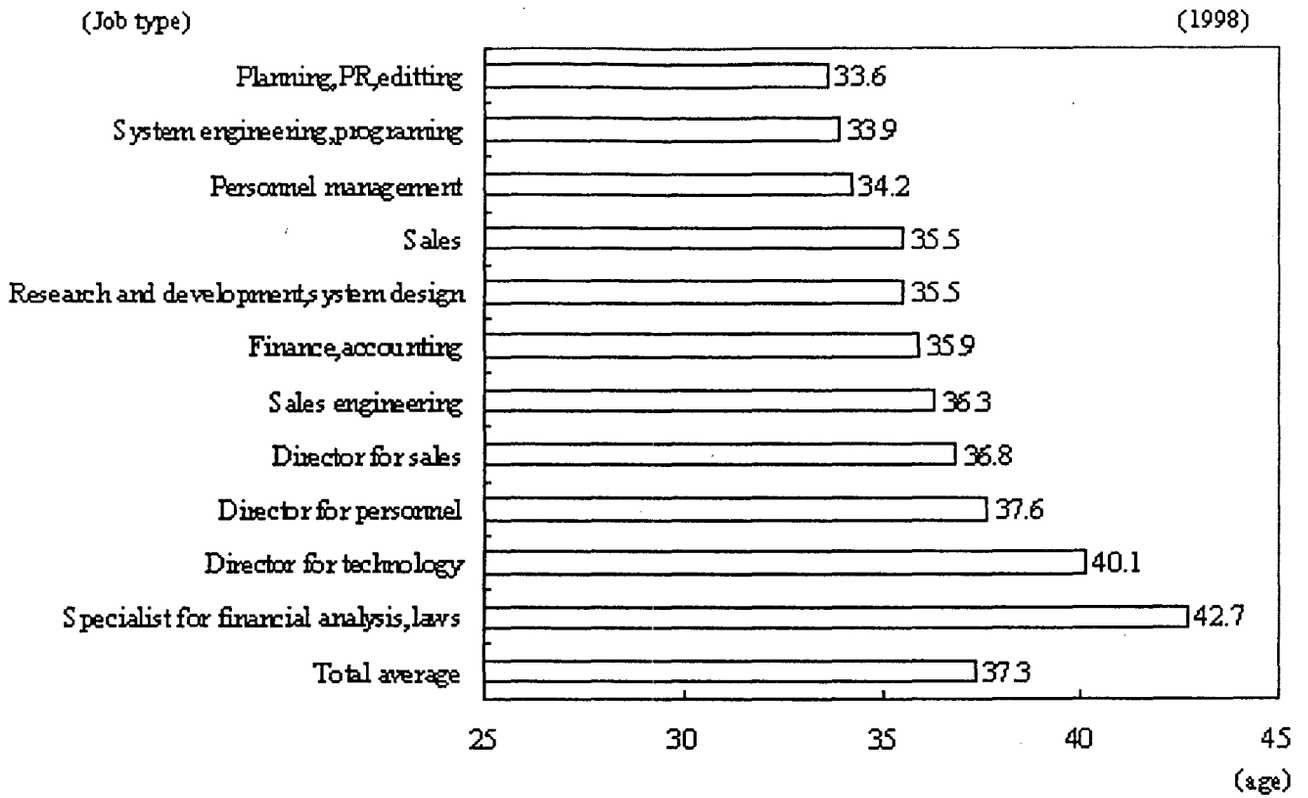
(2) by age, 1995



Source: Prime Minister's Office

Appendix – 30

The upper limit is around age 35 for jobs offered by companies



Source : The Japan Institute of Labor, "Interim Report on Unemployment Structure ,1999"

Note : 1. The upper age limit for white-collar workers.

2. Data are collected by the public job placement center in Iidabashi and Shinjuku, Tokyo between September and November 1998.