

# Labor-Management Relations in Twentieth-Century Japan: A Review Essay

*David Kucera*

International Institute for Labor Studies  
(International Labor Organization)

**Makoto Kumazawa, *Portraits of the Japanese Workplace: Labor Movements, Workers, and Managers*.** Translated by Andrew Gordon and Mikiso Hane. Boulder: Westview Press, 1996. vii + 267 pp. \$24.00 paper.

**Andrew Gordon, *The Wages of Affluence: Labor and Management in Postwar Japan*.** Cambridge, MA: Harvard University Press, 1998. vii + 270 pp. \$35.00 cloth.

**William M. Tsutsui, *Manufacturing Ideology: Scientific Management in Twentieth-Century Japan*.** Princeton: Princeton University Press, 1998. ix + 279 pp. \$29.95 cloth.

**John Price, *Japan Works: Power and Paradox in Postwar Industrial Relations*.** Ithaca: ILR Press, 1997. ix + 315 pp. \$17.95 paper.

**Ikuo Kume, *Disparaged Success: Labor Politics in Postwar Japan*.** Ithaca: Cornell University Press, 1998. ix + 242 pp. \$42.50 cloth; \$16.95 paper.

## *Abstract*

Japanese labor-management relations and production systems, as typified in large manufacturing firms, have long provoked contrary assessments. To this day, the debate is framed by the names and practices of two Americans who attained prominence in the 1910s: Fredrick Taylor and scientific management and Henry Ford and mass production. There are those who emphasize the participatory role of Japanese workers in production processes (most importantly through foremen-led quality circles), at odds with the Taylorist centralization of production control in the hands of management. Others regard the Japanese system as an intensification of Fordist mass production, facilitated by the weakness of Japanese enterprise unions. These recent books provide histories of the contested evolution of labor-management relations in twentieth-century Japan. In taking a longer historical view, the best of these books aim to reconcile the seeming contrariness of contemporary Japanese industrial relations.

Andrew Gordon was asked which book on Japanese labor he would most like to see translated into English. Makoto Kumazawa's *Portraits of the Japanese*

*Workplace* provides his answer. (The book, edited and with an introduction by Gordon and translated by Gordon and Mikiso Hane, is actually made up of selected chapters from two books published by Kumazawa in Japanese in the 1980s, with updates for each chapter.) An episodic history of Japanese labor in the twentieth century, *Portraits* provides a portrayal of the consequences for Japanese workers of the implementation of the Japanese system of labor-management relations. This system is most typically associated with lifetime employment understandings (too informal to be called guarantees), *nenko* earnings and promotion (based on seniority *and* merit, the author emphasizes), and enterprise unions—sometimes referred to as the “three pillars” of Japanese labor-management relations.

Too often, the Japanese system is blithely associated with the “high road” of labor-management relations, characterized by cooperation in the workplace and high productivity growth. There is undeniable truth in this view, and the author readily acknowledges the benefits of the system to workers in terms of low unemployment and—for male workers in the core of the system—steady wage increases and job security, as well as for the rapid pace of development in the economy. But, too often neglected, the author argues, is the heavy price paid by Japanese workers for these gains. Kumazawa summarizes his view as follows: “[T]o borrow Mike Parker and Jane Slaughter’s apt expression, Japanese-style management is ‘management by stress.’ Its underlying principles are Taylorism plus nonunionism (or the maximum prerogative of management)” (4). The author extends his view as a caution to workers in America and elsewhere outside of Japan, where aspects of the Japanese system of labor-management relations remain in vogue despite the current deep recession in Japan.

Central to the book is the depiction of the lack of worker voice in the Japanese system of labor-management relations. Kumazawa argues that Japanese firms practice a “subtle, de facto coercion by convincing workers they have no choice but to *comply voluntarily*” (4, emphasis added). In tracing the evolution of Japanese unions, for instance, the author sets out how unions lost their say on issues of workplace conditions and the organization and pace of production and came to focus more narrowly on issues of job security and wages. Tracing these developments, the author argues that the current role of Japanese unions is not the product of cultural predispositions or national character, based for instance on notions of paternalism, but rather the outcome of intense conflict and historical contingency.

An example is provided by the changing character of unions in the steel industry. The periods just after the Second World War and from the mid- to late-1950s were marked by a number of strikes over not only wages but also the control of work organization and personnel decisions in the face of wide-ranging strategies implemented by management to increase productivity. These strikes included an industry-wide strike in 1957 and a forty-nine-day strike in 1959 at two large steel producers. By the mid-1960s, management and unionists advocating greater cooperation with management won out over unionists with a more independent stance. Similar processes of “rationalization” (characterized by the

intensification of work and the introduction of deskilling machinery) and the loss of independent union voice occurred in the banking industry in the 1950s.

At odds with prevailing perception of individuals in Japan being subordinate to the group, particularly compared with the West, Kumazawa argues that in key respects Japanese workers are individualistic to a fault. For central to the system (and partly a result of merit-based earnings and promotion) is that workers compete against each other in a way that undermines their solidarity and collective interest. This, the author argues, is another of the critical failings of Japanese unions compared with unions in the United Kingdom or the United States. Another example of the weakness of Japanese unions is suggested by the example of the election of union representative at large banks, where union officers are “hand-picked” by bank management, the elections a mere formality (235). It is for these reasons that the author is able to equate the presence of unions in Japan with “nonunionism.” Lessening the stress of their work lives, the author emphasizes, requires that workers and unions regain a say over a broader scope of production decisions, particularly over the intensity of work and long working hours. Regarding the latter, the author vividly describes how Japanese workers are pressured to claim many fewer overtime hours (350 per year, he estimates) than they actually work. He quotes a report on overtime work at a major bank as follows: “[W]hen the department chief announces ‘end of the working day,’ the employees shout back ‘end of work,’ and continue working” (243).

One of the great strengths of this book is its depiction of the particular role of Japanese women in supporting the Japanese systems of labor-management relations and production. A chapter is devoted to women workers, but the author’s attention to women workers runs throughout the text (for instance, the depiction of young Japanese women in the early textile factories in the chapter on pre-World-War-Two developments). The author discusses two primary means by which women facilitate the present Japanese system. First, he argues that Japanese women are disproportionately concentrated in jobs with little security, including part-time jobs, and as such provide “numerical flexibility” that accommodates the employment rigidity of the predominately male lifetime employment system. Second, Japanese women play a very large role in managing the household and doing housework, accommodating the very long working hours of men in the core of the Japanese system of labor-management relations.

Andrew Gordon’s *The Wages of Affluence* is a history of labor-management relations in post-World-War-Two Japan, told from the point of view of workers and managers at Nippon Kokan (NKK), Japan’s second largest steel producer. NKK is the same firm Makoto Kumazawa focuses on in his chapter on the steel industry and the similar spirit in which their books are written is suggested by Gordon’s title. As with Kumazawa, the wages paid by workers were the intensification of work, the large number of accidents and deaths at work (especially for the steel industry), and, as Gordon writes, “the withering of unions as sites of democratic self-determination” (145).

One of the things that makes both books memorable is the biographies wo-

ven throughout, with numerous stories, many based on the authors' conversations, of the lives and views of workers and, more for Gordon, managers. Gordon also places more emphasis on the causal relationships between Japan's rapid development and the subordination of unions to corporate objectives. He refers to this subordination as "hegemony," which he defines as "a state in which common-sense assumptions of how things are and ought to be are so pervasive that people can barely conceive of any other meaningful arrangement of their lives" (131). Gordon refers to this hegemony in two closely related senses, as the hegemony of corporations and corporate interests but also the "enduring hegemony of cooperative unionism" (3, 144). These two, Gordon argues, represent the true essence, the core essence, of contemporary Japanese labor-management relations. They represent two components of what the author refers to as the "triangular" character of labor-management relations in Japan since the 1960s. The third component, the "ghost at the conference table," is union members themselves (155). Even in negotiations over wages, Gordon argues, confrontations between management and union leadership had the elements of a charade; the wage gains seemingly "won" by union leadership were a means of perpetuating the hegemony of corporate interests and cooperative unions.

The rise of union membership was dramatic in the immediate postwar years, increasing from about 5,000 in October of 1945 to about five million by December of 1946 and peaking in 1949, when fifty-six percent of the work force belonged to unions. This rapid rise had several causes, among them rapid inflation, widespread hunger, and the nurturing of independent unions by General Douglas MacArthur in his role as Supreme Commander for the Allied Powers (SCAP). The support for independent unions was part of SCAP's program of strengthening democratic institutions in Japan. But the union established at NKK just after the war was also a means of simply getting the firm up and running in the face of a management vacuum, the result of SCAP's initial attack on Japanese business leaders for their role in the war and SCAP's advocating the breaking up of large Japanese firms. It was in this open setting that the unions at NKK and other Japanese firms came to be closely involved in a wide range of production decisions and to develop a radical political stance. "In the 1940s and 1950s," Gordon writes, "the dominant position among workers active in labor unions was a radical one. Their ultimate political goal was a socialist revolution" (8). The establishment of cooperative unions, then, marked a dramatic turn-about from the earlier stance of Japanese unions and was part of management's efforts to wrest control of production decisions from unions. Management's strategy at NKK and other Japanese firms involved the illegal nurturing of so-called "informal groups," which Gordon describes as "dissident factions within the union" (81). In the wake of the bitter and divisive strikes of the late-1950s, workers from these informal groups came to assume control of union leadership. The outcome of these strikes, Gordon argues, was decisive for the changing character of labor-management relations in the Japanese economy as a whole. He describes this as follows:

The steel strikes were not simply typical. More than the other landmark strikes of the 1950s [e.g., in paper and mining industries], they pointed the way to a new labor-management relationship that would ultimately take on global importance. The course of the battle itself changed the balance of forces at NKK and in steel, and it catalysed a new social order at work, with ripples extending far beyond. At stake was the scope and quality of democracy, and the shape and pace of economic growth (105).

Here, Gordon clearly emphasizes the causal relationship between Japan's affluence and the wages paid by Japanese workers. At the same time, Gordon emphasizes the contingent, not ineluctable, nature of contemporary Japanese labor-management relations and that these relations are indeed of contemporary origin. Only hindsight makes predictable the outcome of the 1950s conflicts and the ascendance of corporate interests and cooperative unionism.

In defining Taylorism, Gordon writes, "managerial programs that imposed centralized expertise on workers are the essence of Taylorism" (70). Gordon accepts the initial influence in postwar Japan of Taylorism. But Taylorism came to be implemented in a very decentralized manner in Japan during the 1950s, creating something specifically Japanese. The decentralized character of the Japanese system is embodied by quality circles, typically led by foremen dispersed throughout an enterprise. Also in contrast with Taylorism, quality circles are participatory in the sense that the input of workers is actively sought. Gordon argues that the decentralized aspects of Japanese labor-management relations were a response to Japan's status as a late developer and to the influence, still prevalent at the time, of militant unions.

William Tsutsui's *Manufacturing Ideology* is a history of scientific management in Japan, focusing on the period from the publication of Frederick Taylor's *The Principles of Scientific Management* (New York, 1911) to the consolidation of the Japanese system of management by the early 1970s. The key actors are managers of production—"engineers, factory heads, consultants, management experts, and scholars, those to whom the principles of Taylorism had the most immediacy and relevance" (13). The author's main contention is not just that contemporary Japanese systems of management and production are Taylorist in function (through a process of convergent evolution toward efficiency), but that the Japanese system results from the influence of Taylor and his disciples.

The author provides considerable evidence that a number of Japanese production managers were indeed influenced by the ideas of Taylor through apprenticeships in and tours of American factories, study at American universities, and the establishment of scientific management training courses in Japan in the 1910s and 1920s. And the author argues that Taylorist principles were put into practice in large Japanese plants. In one key example, he writes: "Kato Shigeo . . . apprenticed for over a year at the Tabor Manufacturing Company [in the United States], one of the most famous 'model factories' of Taylorism. On his return to Japan in 1914, Kato drew heavily on this American experience, and his

rigorous application of Taylorite labor and production management turned the newly founded Kamata factory of Niigata Ironworks into what many hailed as the most complete example of Scientific Management in the nation” (29). The spread of Taylorism slowed in the 1930s, the results of worldwide recession and the inability to overcome traditional forms of production organization in smaller Japanese firms (in which control lay in the hands of foremen). With the nationalism of these years, the author writes, Taylorism was recast as “an indigenous species rather than as an imported transplant” (97). In the course of World War Two, the author argues that the inefficiency of many Japanese plants was revealed and regarded within Japan as a glaring economic weakness. With Japan’s defeat, the atmosphere was ripe for a renewed interest in Taylorism. The author also traces the influence of Taylorist ideas on the “primary architects” of the Toyota production system (185).

The author argues that much of the characteristic elements of the Japanese system, including quality control circles (QCCs) led by foremen, are of Taylorist origin. The author writes: “The widespread adoption of QCC’s in Japanese industry has been taken by many as proof of Japan’s rejection of a Taylorite paradigm. . . . Although quality control circles were undeniably a postwar Japanese innovation, they evolved out of long-standing ideological premises and managerial techniques decidedly Taylorite in origin” (224–225). The argument seems a stretch and derives in part from the author’s very broad definition of Taylorism. For the author, Taylorism encompasses not just the traditional Taylorist elements such as time and motion studies, incentive-based earnings, and the wresting of production control away from foremen and into the centralized hands of management. For the author, Taylorism is also “revised Taylorism,” a reaction against rigid Taylorism that incorporated concern for the “human element” in production along with traditional Taylorist nostrums. This revised Taylorism, the author argues, developed in the 1920s and 1930s in Europe and the United States as well as Japan. Although there was nothing uniquely Japanese about revised Taylorism, the author argues, this broader set of ideas provided the origins of the modern Japanese system and its hybrid character. It is because of this hybrid character, Tsutsui suggests, containing seemingly contrary elements, that the Japanese management system has been described as both “post-Fordist” and “ultra-Fordist” (3–4). The hybrid character of the Japanese system is embodied in *nenko*, with the seniority components (resulting from worker demands in the volatile years just after the war) of Japanese origin and the merit component argued to be of Taylorist origin. Similarly, the author describes just-in-time production as Fordism adapted to the constraints of the smaller Japanese market.

The author’s rather all-encompassing definition of Taylorism is captured by the following:

By the late 1950s, the discourse of the quality movement was studded not only with the rhetoric of Scientific Management, but also with the basic techniques of Taylorism repackaged as the fundamentals of QC. Indeed preaching *cost reduction*,

*waste elimination, efficiency increase, simplification, specialization*, and so forth, quality activists sound more and more like latter-day efficiency engineers (217, emphasis added).

But if all the emphasized elements—meaning productivity itself—are to be equated with Taylorism, and if Taylorism is also defined to include much of its opposite in the form of “revised Taylorism,” then Taylorism no longer has a useful meaning. In his introduction, the author writes: “To some extent, this study follows in the scholarly tradition of ambiguity; by not delineating at the start an explicit normative definition of Scientific Management, it begs the charge of manipulative vagueness” (12). It is not clear how this use of ambiguity helps the study. Rather it makes much of its historical evidence, valuable on its own terms, seem fodder in the service of an overstated argument regarding the influence of Taylorism in contemporary Japan.

Price’s *Japan Works* is a history of post-World-War-Two labor-management relations in Japan, focusing on the period up to the mid-1970s. The end of the period, the author argues, marked the consolidation in Japan of “market hegemony,” similar to Gordon’s use of hegemony. As with Kumazawa and Gordon, a central theme of the book is how unions came to lose their independent voice, becoming what Price calls a “sounding board” for management (277). Price develops his argument in a broadly comparative context, looking especially at the evolution of labor-management relations in Canada and the United States.

At the core of the book are three very useful case studies of Suzuki (producer of motor vehicles), the Miike coal mines, and government employees in Moriguchi City. The case studies are well chosen. They represent private sector unions in ascending and declining sectors and the very different case of the public sector, in which collective bargaining was legally prohibited. The author uses his case studies to make several important points. Most important, labor-management relations in Japan are of diverse types and cannot be adequately captured by the notion of the “three pillars.” For instance, the lifetime employment system had no meaning to coal miners at Miike and elsewhere. The industry went into a state of rapid decline, not as the inevitable result of technical change, the author argues, but as a result of government industrial policy favoring some industries over others. The author details how nearly 200,000 miners lost their jobs in the 1960s, with only about 30,000 of these finding new employment through the aid of the mining companies. Regarding the union of public employees in Moriguchi City, the author demonstrates how the union retained its independent voice, at odds with the broader trend toward conciliatory enterprise unions.

Suzuki comes closest to the classic portrait of the three pillars, but here, too, the author argues, this view must be qualified in several key respects. Regarding enterprise unions, for instance, the author rightly notes that unions in Canada and the United States are in many ways as decentralized as in Japan (although this is hardly a novel view). Nor was the rise of enterprise unions in any sense an

inevitable outcome of Japanese cultural predispositions. As the author starkly puts it, “the terrain of Japan’s labor history is littered with the skeletons of independent unions. Pale shadows of them—enterprise unions—are often all that remain” (264). The author emphasizes that the system of *nenko* earnings is too often misunderstood to refer simply to seniority, neglecting the performance-based component of earnings. Another important qualification of the “three pillars” view is that it neglects the exclusion of a large proportion of the labor force, particularly women. The emphasis on the particular role of Japanese women in supporting the Japanese system is described by Price as follows: “Male workers in large enterprises were the ones who most benefited from the hegemonic system, and even then their lot left much to be desired. But the requisite condition for the ability to rise within the system was a fiercely gendered division of labour” (272). The author also emphasizes the very active and central role played by women in labor struggles at Moriguchi City and Miike.

The “paradox” to which Price refers in the title of his book is akin to those noted by the above authors. Suggestive of the paradox is that Japanese labor-management relations and systems of production are regarded in such contrary terms, particularly regarding the meaning of worker participation. As the author writes, “this book is essentially an attempt to explain why worker participation in Japan could occur without transforming the system into a worker-friendly environment” (7). As with the previous books, central questions are whether Japan represents a fundamental and progressive break from Taylorism and Fordism. Regarding the former, the author describes the development of the labor process at Toyota and Suzuki as “classic Taylorist approaches to the work process” (290).

Regarding Fordism, the author’s view is more nuanced. He argues against the view that Japan is “post-Fordist,” the view that the Japanese system “is not only more efficient but more humane for employees” (5). The classic example of the post-Fordist view is Martin Kenney and Richard Florida’s *Beyond Mass Production: The Japanese System and its Transfer to the U.S.* (New York, 1993), in which the authors argue that the Japanese system will define “the future of the capitalist world” (quoted in Price, 5). Price argues instead that the Japanese system is essentially an extension of Fordism, for the assembly line and the intensification of work remain central in spite of increased worker participation. But the author also gives a central place to the progressive side of Fordism, by which mass production implies mass consumption. This meant the development of the domestic market through increased earnings. The 1960s marked a turning point in this regard in which the emphasis of Japanese industrial policy was no longer so strongly bent on export-led growth. The author argues that the motivation for this shift in policy was of a fundamentally political nature. For the labor disputes of the late-1950s led in 1960 to “massive popular demonstrations involving millions of people, to the death of activists, and to the eventual resignation of the prime minister, Kishi Nobusake” (218). Kishi was replaced by Ikeda Hayato, who announced his “income-doubling policy” upon taking office (221). This shift in policy orientation contributed to a greatly expanded home market for a wide range of consumer goods, including automobiles, electronics,

and household appliances. Yet labor's share of output remained low in Japan compared with the United Kingdom, the United States, and West Germany. The intensification of work and the loss of worker voice in the face of a rapidly growing and increasingly competitive economy is, the author notes, reflected in a popular saying of the 1980s: "*keizai taikoku, seikatsu shokoku*," meaning "powerful economy, impoverished life" (270).

Ikuo Kume's *Disparaged Success* is a history of Japanese labor-management relations in the postwar years in the post-Fordist tradition of Kennedy and Florida. At odds with Kumazawa, Gordon, and Price, Kume argues that Japanese unions served their members well and that the decentralized nature of Japanese unions is not an indicator of their weakness. More than that, Kume argues that Japanese unions flourished in recent decades, even as organized labor suffered setbacks in the other developed economies. It is not hard to imagine how this general line of argument might have produced useful insights. As with Price, one could have developed new case studies that might have provided a fuller sense of the diversity of Japanese labor-management relations. One could have given, with a tone of hardened realism, more weight than the above authors to the benefits to Japan of its rapid development and productivity growth, perhaps emphasizing the negative implications of alternative scenarios. Instead, the author provides a string of empirical evidence that either contradicts his own hypotheses or is ambiguous. Sometimes the author does this unself-consciously, misinterpreting his evidence. Other times, the author recognizes the tension between his arguments and evidence and attempts to reconcile the two through special pleading or siding with that half of the evidence supporting his conclusions. A few examples of these problems follow.

Regarding the strength and effectiveness of Japanese unions, Kume notes that union organization rates declined from 34.4 to 24.4 percent from 1975 to 1992 (7). He argues that the influence of Japanese unions is not adequately captured by such raw figures and that one must look instead at the accomplishments of Japanese unions. He contends that unions were effective in lessening wage inequality in Japan. In support of this view, the author presents a chart that shows wage differentials among Japanese firms from the mid-1950s to the late-1980s. It shows that wage inequality did indeed decline dramatically during the years of rapid growth, right up to 1973. But after that, wage inequality increased, returning by the late-1980s to where it was in 1960 (74). (The same pattern is noted by Price [257].) This is the opposite of what one would expect if lessening inequality is regarded as one of Japanese unions' achievements and if Japanese unions are argued to be exceptional among the advanced economies in maintaining their strength in recent decades.

The author compares wage and productivity increases in manufacturing among several developed economies for the 1960–1968, 1968–1973, 1973–1979, and 1979–1989 periods, providing a useful sense of unions' effectiveness in capturing the fruits of increased wealth. The author's calculations show that productivity increased more than wages by a larger gap in Japan than in France,

Germany, and Italy for three of four periods, with the exception of the 1968–1973 period for France and Germany and the 1979–1989 period for Italy. By these measures, then, Japanese unions were generally less successful at wage bargaining than unions in the other countries. Since productivity increases were greater than wage increases for all periods in Japan, labor's share of income persistently declined in manufacturing. Productivity growth was much higher in Japan than elsewhere, enabling more rapid increases in real wages in Japan than in the other countries. But it does not seem plausible to attribute these more rapid increases to the effectiveness of Japanese unions.

Regarding the long working hours in Japan, the author writes: "The longer working hours in Japan are partly the result of the fact that management and labor prefer employment security and tend to use working hours as a buffer mechanism to adjust to economic changes" (13). But the length of working hours has no bearing on working hours versus employment as a buffer mechanism. This requires a cross-country comparison of the volatility of hours and employment relative to each other or of the volatility of each relative to the volatility of output. While it is surely unsurprising that Japanese workers "prefer employment security," no evidence is provided that they prefer their long working hours.

Kume goes on to dismiss the prevailing view that the Japanese labor market is dualistic, characterized by core and peripheral employment. He cites as evidence the decline in wage inequality among firms in the postwar years, again ignoring the evidence that such inequality increased after the mid-1970s. The author also gives no consideration of the role of Japanese women as a peripheral work force, of which Kumazawa, Gordon, and Price write so convincingly.