

Class Struggle on the Shopfloor

— the Japanese Case (1945 - 84)

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Introduction

The trajectory of the postwar Japanese labor movement parallels up to a certain point Giovanni Arrighi's account¹ of the Italian labor movement: It went through a political phase and then passed on to a long period of agitation for economic demands. But the parallel ends there; a social labor movement, or using Arrighi's expression, the "unruliness of labor on the shopfloor," did not follow. The third and current stage is marked by the rise of a corporatist labor movement.

Arrighi argues elsewhere that "in general terms, the very transformations in industrial organization and labor process (typically, the growing technical division of labor and mechanization) that undermine the marketplace bargaining power of labor (as embodied in the skills of the craft-workers) simultaneously enhance labor's workplace bargaining power."² He concedes that the working of his general rule is mitigated partly by capital emigration, labor immigration, and the pressure of peasants and workers. Even so, the general rule, according to Arrighi, is that a growing technical division of labor and mechanization work toward strengthening workers' shopfloor bargaining power.

This "rule" simply does not apply to Japan. In light of the sophisticated, preemptive system of labor management (*gorika* rationalization) that has emerged in Japan, I conclude that the objective possibility of shopfloor militancy, which under different circumstances might have obtained, has been preempted by Japanese management using

what may be termed a post-Taylorist organic approach, whose objective is to eliminate, not contain, workers' shopfloor power.

Chief among the various factors at work in the decline of shopfloor bargaining power is the class struggle. The introduction of new technological processes to enhance capital's organic composition should be seen as a consequence of the class struggle waged by capital against labor (over and above the inter-capitalist competition for special surplus value); i.e., it is capital's counterstrategy to the high wages obtained by workers in preceding periods. To the extent that new technical processes and the concomitant transformation of the division of labor provoke workers' resistance, capital introduces with the new processes, as in the case of Japan, a new type of labor control designed to circumvent such resistance.

The new technical process raises class struggle to a higher level where the renewed power, wisdom, and organizational ability of capital and labor are tested. It is only through the medium of this heightened class struggle that we can argue about the general relationship between the marketplace and shopfloor bargaining power, or about bargaining power in general. In other words, mechanization and the new technical division of labor do not in and of themselves (i.e., without the medium of class struggle) lead straight to stronger shopfloor power of workers, just as they do not lead automatically to the loss of shopfloor bargaining power. The new technical processes only renew the terms of the class struggle; the side that first masters the new art of struggle necessitated by these new terms will win.

This paper analyzes, from this angle, the

dynamics of the postwar capital-labor relationship in Japan, taking examples mainly from the steel industry.

The Political Labor Movement

The Japanese labor movement sprang up immediately after the Japanese defeat in World War II and spread from the shopfloor at a phenomenal pace, leading to the founding of the 1.6 million-member Sanbetsu (Confederation of Industrial Unions) under the leadership of the Communist Party a year after the surrender. A remarkable characteristic of this early postwar labor upsurge was workers' production control based on spontaneous shop committees. These committees coalesced on a regional level and finally on a national level to form Sanbetsu.

Aside from economic demands to protect themselves from starvation and hyperinflation, workers demanded the democratization of factories, including the abolition of discrimination against blue-collar workers and the rectification of wartime abuses. Factory owners and managers, who had hoarded huge stockpiles of materials whose prices soared daily, often refused to operate their plants. In such factories, workers took over and resumed production themselves, placing management under their control. Even where factories were not taken over, workers created intra-firm situations that might easily lead to production control. Outside the factories, people's control of food and food-rationing systems at the community level spread rapidly. The Japanese government, with the backing of the occupation (the U.S. occupation basically operated through the old Japanese bureaucratic structure), soon took a tough attitude toward this popular upsurge, declaring production control illegal. Labor then took the offensive, launching waves of industrial strikes. The ranks of all organized labor, having reached close to five million, closed and prepared a general strike explicitly political in nature for February 1, 1947. If carried out, the strike would have created a national crisis affecting the regime itself.

The occupation did not permit this to happen. On the eve of the strike, General Douglas MacArthur, Supreme Commander of Allied Powers (SCAP), issued a harsh statement banning it.

The workers' economic situation became desperate, and industrial unions continued their struggle despite inadequate Communist and Socialist leadership, braving U.S. intervention and Japanese police repression. This struggle found expression in the electoral victory of the Socialist

Party in 1947, which led to a coalition government with a Socialist Prime Minister.

Capital accumulation in this phase was facilitated by the government's "slanted production" program, under which funds raised by floating bonds (discounted by the Bank of Japan) were funneled into monopoly enterprises in the coal, steel, fertilizer, and shipping industries.

The socialist government even streamlined "slanted production," aiding and strengthening the monopolies by plundering the masses through inflation while trying to curb strikes. Thus, the next coalition cabinet with Socialists collapsed in the face of a massive labor offensive. The disillusionment of the masses in the ensuing election gave the Communists three million votes and 35 seats in the National Diet, a quantum leap from its preelection five seats.

The second phase opened in 1949 with the imposition of an extreme austerity program by the U.S. government. This program, called the Dodge plan, provided for a balanced state budget, a drastic tax increase, compulsory rice delivery by farmers, and the buildup of U.S.-designated key industries. The general deflationary policy caused a surge of bankruptcies and unemployment, and monopolies closed down their inefficient plants to get rid of surplus employees. But fiscal austerity was complemented by extremely lax private financing: The Bank of Japan offered generous credits to city banks, and city banks in turn liberally extended loans to selected monopolies.

Layoffs of workers provoked a furious counter-offensive by labor, especially in the public sector where budget cuts led straight to mass dismissals. The occupation used its strong arm to suppress the striking workers. Finally, in 1949, at the height of the national railway workers' struggle against the discharge of 100,000 employees, three major frame-up plots were hatched (the mysterious death of the president of Japan National Railway and two successive derailment cases), creating a catastrophic anti-communist atmosphere and sending the workers' movement into disarray. Sanbetsu was bogged down. It was given an additional blow in the form of the "red purge" instigated by the occupation and the rise within its own ranks of "Mindo" (democratization league), a socialist force that capitalized on the expulsion of its communist rivals from the shopfloor.

The Korean war broke out in June 1950, preceded by a de facto ban on the Communist Party, which subsequently went underground. The U.S. occupation imposed strict wartime controls on the whole society, suppressing freedom of speech and assembly and placing heavy industrial and other munitions factories, together with the transportation and communication systems, under

direct military control. For the Japanese bourgeoisie, this meant a war boom³ that put its factories back into full operation in order to cater, directly or indirectly, to burgeoning U.S. military needs while the U.S. occupation took care of recalcitrant workers. The first stage of the postwar labor movement was thus brought to a close.

The movement at that stage was political in the sense that it came into confrontation with the political power of the U.S. occupation and its Japanese adjunct, which exploited thoroughly the U.S. anti-communist posture. From the beginning however, this movement was characterized by the strong shopfloor spontaneity of workers. Shop-floor power was not siphoned off by political parties or substituted by political campaigns. The propelling force was destitution, and the immediate worker demands were for rice and jobs. As a whole, the struggle in this period had revolutionary potential: It encompassed economic, social, and political dimensions and linked shop-floor, industrial, and national struggles.

For the Japanese bourgeoisie, this was its first fullscale confrontation with their proletariat. This virginal experience was a nightmare, which the bourgeoisie described succinctly as "loss of power in our own factories." The motto that directed bourgeois strategies after independence in 1952 was thus "retrieval of the right to manage." Loss of power on the shopfloor, together with the horrific memory of "people's courts," became the obsession of the Japanese bourgeoisie, an obsession that would later be revealed in its labor control policies.

The Economic Movement and the Erosion of Labor's Shopfloor Power

Accumulation by Japanese capital went into full-swing around 1955, ushering in a long period of sustained economic expansion that would ultimately raise Japan to the status of an economic big-power.

In this period, the main actor on the labor scene was no longer Sanbetsu (which survived for some time and then died of euthanasia) but the 4.5 million-member Sohyo (General Council of Trade Unions) linked with the Socialist Party. On the mass-movement level, the dynamic and rebellious masses were replaced by the so-called progressive forces, a loose alliance of Sohyo, Socialists, Communists, and intellectuals bound by the left-liberal ethos of "peace and democracy."

The political setting was no longer the harsh, unbridgeable antagonism between SCAP and its adjuncts on the one hand and the angry, starving masses on the other, but the more parliamentary

conflict between successive Liberal Democratic Party governments, drawing their political prestige from economic prosperity, and the progressive forces, which asked for a larger share of the expanding economic pie but were prepared to fight any government attempt to curtail democracy or challenge the national consensus for a peaceful Japan.

This domestic formation was covered by the 1947 Constitution renouncing war and armament, but it was directly connected with U.S. military-political hegemony via a military alliance that made Japan part of the U.S. war machine in Asia. The peace and democracy constitution, the internal face of the system, was organically combined with the military mainframe of U.S. hegemony.

This conjuncture assured unchallenged corporate supremacy.⁴ Economism carried the day as the dominant ideology and organizing principle of society. Pursuit of self-interest, whether that of individuals or business firms, was raised to the level of a virtue, turning Japan into a rare model of a pure bourgeois civil society relatively free of the burden of politically mobilizing its social classes.

The composition of the working class changed with the mass exodus of rural youth, who, having finished their middle or high school education, moved into the burgeoning Pacific Belt Industrial Area leaving agriculture to aging parents. They chose the cities as their new, permanent abode. The full-employment peak reached in 1961 caused a manpower drain in the rural areas that accelerated the mechanization of agriculture. This trend drastically reduced the volume of farm work but increased the indebtedness of farmers, who then headed for the cities in search of temporary seasonal work or took up manufacturing jobs at factories that had relocated to rural towns. They formed another distinct stratum of labor. But the mainstay of the industrial work force created during the period of rapid growth did not look back on their rural homes with nostalgia. They had become a consumer-oriented new urban proletariat.

It is little wonder that this period saw the emergence of an economic labor movement. From 1955, this movement developed in the form of annual spring labor campaigns fought to win wage increases, which, especially in the early half of this 15-year period, achieved considerable success.

But this development also describes a process of gradual erosion of labor's shopfloor power in the face of rationalization drives imposed on labor in exchange for economic concessions from capital. And the erosion of shopfloor power, first gradually and then rapidly, blunted the edge of the spring wage offensives. The decline of labor's marketplace bargaining power occurred as a result of the

erosion of shopfloor power.

The spring campaign involves the simultaneous action of all Sohyo-affiliated unions (now including other unions, such as the two million-strong Churitsu Roren, which rallied under the Spring Struggle Committee). It takes place in the spring of each year (February-May) and is organized around a common demand for a certain percentage wage increase.

Although this is a national campaign involving all private industries and the public sector, wage increases are not negotiated between industrial union federations and the corresponding industrial business bodies. As a result of Sanbetsu's setback, Japanese unionism was reorganized almost entirely on an enterprise basis and, in this setting, collective bargaining took place between the union of a specific enterprise and the management of that enterprise. The industrial federations functioned as liaison or coordinating bodies for the enterprise-based unions, set general goals for the year's wage increase in light of the Spring Struggle Committee's guidelines, and encouraged their constituent enterprise-based unions to attain the goals. Sohyo each year devised appropriate tactics to combine and concentrate in a specific period the struggles of various industrial actions in order to exert maximum pressure on capital. Usually, one or two industries are designated as the pace-setters of the year's campaign, and the pace-setting unions obtain their members' mandate to call a strike. The wage increase obtained by the leading unions, with or without strikes, is considered that year's standard to be emulated by all the participating unions.

The spring campaign formula worked well in the first half of this period, and Sohyo earned both trust and prestige for its achievement. The campaign annually generated an atmosphere of struggle, and this encouraged numerous unions to participate in strikes. The number of participants continued to increase, reaching eight million in the early 1970s.

By the mid 1960s, the spring campaign won de facto recognition from government and business as a relatively stable mechanism of wage determination with a far-reaching impact on society. The "market standard," in Sohyo's terminology, is first set by the private-sector union struggle. The standard reached by the year's pace-setters, while emulated by all participating unions, is considered to be the proper wage guideline for public-sector workers (who are deprived of the right to strike by law); the Government Personnel Agency raises the wages of public workers and salaries accordingly. This wage is then emulated by workers in small business and at once serves as the guideline for the determining statutory regional minimum wages as

well as welfare grants.

This mechanism was not institutionalized, however, and its effectiveness therefore depended on (1) the tightness of the labor supply; (2) the ability of the pace-setters to win a good settlement (which depended again on (a) their shopfloor strength and (b) business conditions in the industry); and (3) the tactical ingenuity of the Sohyo leadership in combining and coordinating various industrial actions. In other words, this mechanism derived its legitimacy from the simultaneous action of labor unions as well as from the effects of mass mobilization. Capital first stubbornly refused to recognize the legitimacy of this labor offensive but later agreed to wage increases in exchange for labor's acceptance of rationalization (*gorika*).

From the 1950s, capital launched concentrated attacks on the strongholds of workers' shopfloor power. As stated by management and business bodies in this "island-by-island" campaign, the goal was "recovery of the right to manage." Their strategy was to mobilize all resources in each individual dispute and effectively wipe out militant unions at target enterprises. Thus, major show-downs occurred in the electric power industry (1952), at Nissan Motor (1953), at Nippon Steel Mfg. (1953), in the public schools where an evaluation system was introduced (1958), and at the Mitsui-Miike coal mine (1960). Each of these disputes saw nationwide mobilization of capital and labor, but capital was always overwhelmingly powerful, and the isolated citadels of labor were eliminated one after another in this early period of economic growth.

After 1960, no major prolonged dispute dividing public opinion into antagonistic camps was recorded. During the spring offensive period, capital shifted its strategy to splitting Sohyo unions. Whenever industrial federations carried out militant strikes during the spring wage campaign, the rightwing Domei (Confederation of Labor), with the backing of management, would intervene in the key companies, organizing pro-company elements and splitting the Sohyo union to create a collaborationist "second union." The second union in due time would become the majority union in the firm. This happened to one key industry after another.⁵

Thus, throughout the economic growth period, Sohyo gradually lost its private-sector members to Domei and other rightwing unions. Domei, beginning with one million in the early 1960s, doubled its membership in the subsequent decade by recruiting in the private sector. Sohyo did not lose its total numbers. It still ranked first numerically, but its membership soon became lopsidedly strong in the public sector (2.8 million out of 4.5 million).

Domei still could not touch effectively the public sector.

Where splits did not occur, once militant unions metamorphosed into a new type of company union as shopfloor power was eroded through rationalization drives. The Federation of Steel Workers' Unions (Tekko Roren) is a typical case.

The changed relationship of forces on the shopfloor, working to the disadvantage of labor, gradually undermined the spring campaign's bargaining power, and from 1967 on, the annual wage offensive, in inverse relation to its numerical growth, saw its bargaining power wane. Under the influence of a new type of company union, such as Tekko Roren, the campaign became less and less successful in attaining its wage goals, and major strikes became increasingly rare during the campaign period.

Rationalization and Its Shopfloor Effects: the Case of the Steel Industry

Recession in 1965 ended the period of accumulation by horizontal expansion. Capital had to step up efforts to enhance organic composition. The package administered to achieve this goal included the following measures: (1) intense rationalization in pursuit of economies of scale and higher organic composition as well as intensification of labor; (2) more centralization through the merger of giant corporations; (3) continued inflationary policies by deficit budgeting; and (4) the export of capital.

In this package, rationalization was essential. Rationalization as used here is the translation of the Japanese word *gorika*, which in turn is the translation of the English rationalization. Though *gorika* and rationalization are essentially identical concepts, *gorika*, the Japanese version, has special features. It is characterized by the thoroughness, intensity, and refinement whereby the buildup of new production capacities, the application of new technological methods, the modification of the organization of labor, and the enforcement of new kinds of labor control designed to preempt and decimate workers' power are linked organically.

The steel industry, a strategic sector of Japanese capitalism, pioneered *gorika* rationalization and set the pattern for the whole industry. The steel industry carried out four successive *gorika* drives after 1951. The first plan (1951-55) centered on the modernization of the rolling section. This was the planning stage for the subsequent full-scale *gorika* offensive.

The second *gorika* plan (1956-60) involved renovation of all areas of steel production. Five times the investment of the first plan, or 625 bil-

lion yen, was put into equipment replacements and the construction of new, large-capacity, advanced integrated steel mills, such as Yawata Iron & Steel's Tobata plant.

The third *gorika* plan was divided into two phases. In the first phase (1961-65), about double the second plan investments were committed to the building of yet larger and more automated mills. In the second phase (1966-70), new mills were commissioned one after another. By the end of this plan, Japan's steel capacity had reached 114 million tons, 2.5 times the 1965 level. The fourth plan (1971-75) centered on the partial renovation of existing equipment. This period coincided with the worldwide crisis of capitalism, but even so, the steel industry invested a staggering 4.258 trillion yen in new equipment, including energy-conserving systems.⁶

The progress of these *gorika* plans closely paralleled the gradual waning of steel workers' strength. Workers' strength seems not to have been seriously affected during the first plan. In 1951, the Federation of Steel Workers' Unions (Tekko Roren), considered a militant wing of Sohyo, staged a united strike for wage increases. In 1952, the steel workers joined force with other Sohyo unions in waves of political strikes against a repressive anti-subversive activities law.

The situation began to change under the second *gorika* plan. The turning point was the successive failures of steel strikes in 1958 and 1959. In 1958, the steel workers participated in Sohyo's spring campaign (they normally conducted their annual wage struggle in autumn), and workers at Fuji and Yawata I&S carried out 49-hour strikes but could not obtain their wage demands. It was at that time that steel management started to resort to what later came to be known as the "one-shot reply" formula: Management replies to the union's demand only once and refuses to negotiate further. This is a kind of ultimatum, a show of force, whose purpose is to demonstrate that wage increases are given at the discretion of management and not because of worker pressure. By that time, the actual relationship of forces inside the steel industry had become so disadvantageous to labor that management felt confident enough to take this threatening attitude.

The last steel strike on record was waged in 1967 but again failed to break the "one-shot reply." The following year, the union's strike proposal was voted down by the workers themselves.

The decline of shopfloor militancy also reflects the rise of rightwing union leadership, which replaced the liberal-left Socialist leadership. In 1966, Tekko Roren, after inter-factional skirmishes and compromises, joined the IMF-JC, a new corporat-



Japanese railway workers struggled hard against rationalization at the end of the 70s.

ist national labor coalition, which would later become the mainstream of private-sector unionism.

1) The Disintegration of the Shopfloor Work Gang

Labor sociologist Kumazawa Makoto writes that, traditionally, Japanese steel workers "belonged primarily to the work gang on the shopfloor, and through it, but only secondarily, to the company."⁷ Formerly, each shop had a team of several workers organized around a senior skilled worker. Acting in unison under his leadership, team members developed collectivity. Each member had to learn by experience the quality of the object he handled and react properly to any of its "moods." Each worker thus accumulated experience and skill. Management had to rely on this teamwork and the skill of the workers' group in organizing production, giving the skilled worker command of the shopfloor production process.

His role was dual. As commander of production and foreman, he assumed managerial responsibility, but he was also a member of the work team. The relative autonomy of workmen on the shopfloor also had a dual character. On the one hand, the human relationship between foreman and

team members served as the basis of the so-called paternalistic management system, the foreman representing the power of management. On the other hand, the same workmen's team was the basic unit of the labor union, and the foreman, as the most respected and trusted worker, was often the shopfloor union representative. Foremen suffered from their dual loyalty, but when disputes arose, they often showed that their identity with co-workers was stronger than their sense of responsibility to management. It was this work-rooted worker collectivism that served as the basis of the steel workers' relative militancy in the first phase of the spring struggle.

Gorika arrived in the form of standard Taylorist approaches to undermine this worker collectivism. In 1955, industrial engineering methods were introduced in the steel business following the visit of a steel business mission to the United States.

At Yawata I&S, major *gorika* measures were taken in 1958 in the form of separating "line" from "staff" functions and introducing the "work-chief," or *sagyocho*, system. Line workers are those productive laborers who engage exclusively in standardized production duties. The staff belonged to a vertically organized system specializing in the planning and designing of production processes and work standards, and technical process surveillance and control. The separation of intellectual functions from shopfloor work had been

well under way in practice even before 1958 with brain functions concentrated in the control section. The 1958 reform gave a finishing touch to this process by appointing a *sagyochō* (literally translated, work-chief) who was no longer part of the shopfloor team but was the lowest shopfloor representative of management. The *sagyochō*'s functions were to supervise the production workers so that work standards would be accurately observed and maximum cost reduction achieved. The Yawata union at that stage could not see the implications of this change, considering it merely an unfavorable management policy designed to de-unionize foremen.

This system was introduced together with Yawata's new Tobata mill, where production processes were automated, partially computer-controlled, and centralized. Extensive time studies had been made, and the entire works were standardized. The quality of work at the new mill was completely different from what the workers were familiar with. The new personnel system, under which the *sagyochō*, as the lowest echelon management representative, was given extensive administrative powers but lacked real influence over production, corresponded to the new standardized, automated production system.

The *sagyochō* himself had no say in the setting of standards. He represented the "non-brain" functions of the brain side, and as such was given broad but precisely prescribed powers of supervision and other heavy responsibilities.

Similar personnel systems and technological transformations were adopted by all major steel makers under the second *gorika* plan as new mills were completed one after another. In the new automated mills, the old work teams with their collective spirit were dispersed and foremen and skilled workers gradually phased out. They were replaced increasingly by young high school graduates unfettered by traditional values, who had individualistic and consumerist attitudes. The new technical processes also drastically reduced the size of the work force on each floor.

The workers were atomized and placed individually under the control of management. Increased computer control further eroded the natural basis of worker solidarity. With the disintegration of the primary work team, dual loyalty also disintegrated. This, however, meant that the workers were attached neither to the union nor to the company. Young workers' life styles became more individualistic as the consumer society grew, and those who did not like the work environment quit.

The new type of worker who emerged after the initial deskilling process and the demise of craftsmanship were not piece workers, however; they

were required to possess basic scientific and mathematical knowledge and to make judgements (in the case of failures or accidents, for instance) by correctly reading the computer data and instructions. These new skills, however, were not bound to a specific trade but could be applied to almost any process in the mill. Once the two- or three-year training and education (on-the-job and off-the-job) were completed, the workers became multi-functional operators transferrable to any work process inside the mill.

Once the multi-functionalization of workers was complete, management was able to exploit the high intra-mill mobility of workers. Job transfers became very frequent, and workers were moved constantly from one shop to another to ensure the optimum positioning of the work force and meet the constantly changing requirements of the production line. This further undermined shop-floor-based worker collectiveness.

Another process affecting labor relations was also under way. Control of production was increasingly centralized by computerization and, with it, decision-making functions, too, were centralized in corporate head offices, even by-passing the mills. This concentration of control had to be met by a similar centralization of union power at headquarters, for few significant decisions affecting the working conditions could now be made at the mill level. In inverse relationship to this centralization of power, however, management decentralized labor control on the shop-floor by tightening the grip of the *sagyochō* on each worker. The centralization of decision-making powers made the shopfloor union more and more powerless and meaningless, and this led to the decline of shop-floor union morale.

The "one-shot reply" was, on the one hand, the product of management's invasion of shopfloor union functions; on the other hand, it accelerated this invasion. Management, through its own network, collected data and felt out the mood of the shopfloor about wages and in the "one-shot reply" reacted to workers' wage demands by short-circuiting the union structure. Thus, as actually occurred in 1967, steel management even gave an unexpectedly high wage increase during the spring campaign, outflanking and shaming the union.

2) Organized Competition

All this occurred during the second *gorika* plan when the labor supply was tight. Management feared that the attitudes of young workers, who no longer had a very strong attachment to the company and increasingly considered work as a

means of their satisfying consumer desires, might lead to the deterioration of worker morale and a high labor turnover. This had become a general tendency at the time. The auto industry, in particular, showed a very high turnover rate. At the Nissan Kawaguchi auto plant, for instance, 40 percent of the young workers hired in April would quit by summer.

In the meantime, management faced a growing contradiction between the traditional seniority wage system, based on old craft skills, and the multi-functionalization of new workers. Steel capital's answer to this two-pronged issue was capacity-oriented labor control. In 1968, the Employers' Association of Japan (Nikkeiren) formulated the idea of capacity-oriented labor control in a report, but the concept had been introduced by major companies, including steel firms, even before the Nikkeiren study, in the form of the capacity-modified seniority wage system.

The new system is a hierarchically structured system of ranks and wage scales in which a seniority wage (basic wage) is combined with an efficiency (capacity) wage. Both the efficiency portion and the seniority portion are subject to evaluation. The basic wage goes up in stages as a worker rises to a higher rank, but promotion is subject to evaluation by management. Two workers may have served the same length of time but their basic wages will not necessarily be the same, as one of them may be ranked higher.

The basic (seniority) portion of the wage thus determines about 50 percent of the wage, and the remaining portion is more directly subject to evaluation, the wage differential for the same rank reaching approximately 30 percent (the highest being 30 percent higher than the lowest). Moreover, the rate of wage increase is higher for higher ranking workers. This system is a means of tying otherwise indifferent workers to the company by forcing them to take part in organized competition. But it obviously serves at the same time to effectively divide the workers and shatter their unity.

3) Segregation and Subcontracting

Technological change and computerization, while turning traditional blue-collar workers into semi-skilled operators, also produced other kinds of jobs that could not be adequately automated or computerized. Steel contracted such work and processes out to subcontractors. These processes include most of the raw material and product handling, transportation, construction, and other auxiliary tasks, such as packaging, repairs, and

maintenance.

Subcontracting itself was not new, but it was systematized and expanded as steel makers built new mills in quick succession. Nippon Steel Corporation's Kimizu Mill thus employs 13,000 subcontract workers as compared with 7,600 regulars. On average, 50 percent of the workforce of major steel mills are subcontract workers.

The steel subcontracting system should be differentiated from out-sourcing. This is not just a case of the steel mill buying goods and services from outsider firms on a subcontract basis; often whole work modules are contracted out to outside firms. The subcontracted workers in many cases are under the direct control of mill management and undertake work following computer instruction given by the mill. Moreover, large numbers of subcontract workers are given auxiliary jobs on the main line where they work side by side with the regulars but at lower wages and for fewer benefits.

The subcontracted work processes are an integral part of main mill operations, and the subcontract workers are subject to the unified command of the mill; but contract workers are not mill employees, and the mill assumes no direct responsibility for their working conditions. Their wages are determined by the fees the mill pays the subcontracting firms and are unrelated to the regulars' wage scale.

Subcontract workers' cash wages are about 80 percent those of regular workers, but this is only because subcontract workers do more overtime than regulars (overtime pay accounts for 30 percent of the cash income of subcontract workers while, for regulars, the figure is 15 percent).

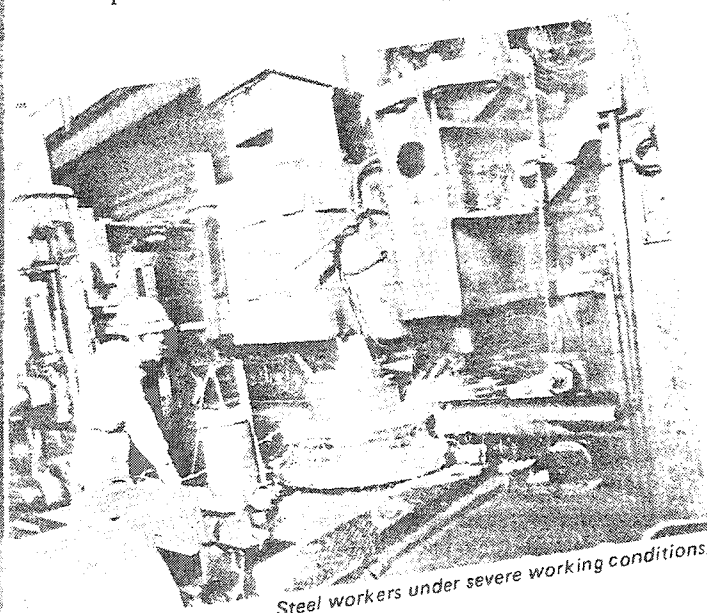
This status division has created a deep chasm between regulars and subcontract workers. Even when working together, they belong to different worlds. The regulars, if they are more competitive, are promoted, but subcontract workers remain marginalized forever. Unions, especially after they were taken over by pro-management leadership, showed little concern for colleagues "beyond the pale." This situation naturally had a terribly dehumanizing effect upon the regulars, who increasingly considered themselves superior to subcontract workers even when they worked together.

This system of segregation, implemented not only by steel but also by other major industries such as shipbuilding, served management's purposes better than employing all the necessary workers in the same status and paying them lower than the regulars' current average wage. Management would then have faced the constant risk of all of the workers uniting to resist. Segregation by means of subcontracting has effectively shielded it so far from this possibility.

4) Mobilization – the QC Drive

The final touches were put on *gorika* rationalization in the second period of economic growth (the post-1965 recession period) in the form of QC (quality control) campaigns. Taylorism as it was adapted in Japan via *gorika* evolved fully on the new soil, at last transforming itself into something that its founder would never have imagined – the application of Taylorism by workers themselves. At this stage, worker collectivism is seemingly revived, but as a zombie. Webster gives an excellent definition of zombie: “a supernatural power through which a corpse may be brought to a state of trance-like animation and made to obey the commands of the person exercising the power; or a corpse so animated.” The vulgar, widespread stereotype of management-loyal, work-oriented Japanese workers derives from the zombie-like state of labor.

In the steel industry, the first QC drive was launched at the Yawata I&S Sakai mill in 1964. Kawasaki Steel followed suit in 1965, Sumitomo Metal the same year, and Fuji I&S in 1966. Interestingly, the steel industry dubbed these campaigns *jishu-kanri*, or “JK,” drives (meaning self-management or *autogestion*). JK drives swept all the mills. Promoted in stormy waves in the late 1960s and through the 1970s, it became a built-in feature of Japanese factory life. It was reported that by 1966, 76 percent of the employees of 29 steel firms were involved; this figure grew to 83 percent in 1975 for 45 steel firms.



Steel workers under severe working conditions.

In the 1970s, the steel industry began to suffer from over-production, which required them to step up *gorika*. All steel firms concentrated on reducing waste and cutting the labor force. Work discipline was made more severe, and even steps usually thought to alleviate work loads, such as the four-teams-for-three-shifts system, demanded by the union and granted to workers, was used, by an acrobatic contortion of management, as a means to reduce the labor force.⁸

By that time, inter-worker competition organized in the segregated milieu had already seriously undermined labor's power, especially on the shop-floor, and Tekko Roren had metamorphosed into a corporatist union. But precisely for this reason, the shop situation became more inhuman and dreary. Capital feared that workers might even begin to doubt the meaning of life, with a subsequent decline in labor enthusiasm.

The QC campaign was in part capital's response to this possibility. In launching it, Yawata I&S declared that the purpose of the campaign was “to give workers something to live for,” in order to “make the prosperity of the company and the human satisfaction of workers compatible.” More importantly, the campaign was part of a new drive by capital to further increase productivity at the expense of labor. But essentially, this drive was aimed at erasing workers' identity as workers and replacing it with a quasi-identity, that of capital.

The idea of quality control is alleged to have been imported from the United States. Whatever the source, QC, when imported and wedded to the small-group concept, became something else. QC circles (or JK circles in steel) are small groups of up to ten workers from the same shop, who “voluntarily” meet regularly during lunch or after work (usually one to three hours) to discuss how they can raise productivity and improve product quality. For this work, they are paid in some cases but not in most. Every participant is required to present an improvement plan, and the group also submits a plan. The plans are presented to management, which may or may not adopt them. If they are, those who presented the plan, individuals or groups, are rewarded. QC circles are coordinated on the plant, regional, and finally national levels. QC contests are held where chosen reporters read reports. This network is claimed to be organizationally independent from, and parallel to, the company formation, although the drive itself is controlled by the labor management section.

Participation in QC circles is said to be voluntary, but in practice it is compulsory. One could stay away, but then one must be prepared for a bad evaluation. Moreover, it is the foremen or

superindependents who take the initiative in organizing the circles, and they are the ones who judge worker behavior and attitudes. With this pressure, the quasi-voluntary campaign grew to monstrous dimensions. In NSC's Kimizu Mill, of 7,000 regular workers, 5,600 had reportedly been organized into 900 JK circles by the late 1970s.

Despite its collectivist claims and appearance, the basis of the QC drive is competition. Contribution to QC drives is used as an important criterion in evaluation, promotion, and wage determination. For the *sagyochō* and other low-ranking officers, this is their chance to prove their organizational and human-relations ability. The campaigns basically depend on material and moral pressure on each worker and capitalize on the workers' sense of isolation and alienation stemming from the automated work process.

But what can workers propose concerning productivity when work is so standardized and computer-controlled? QC participants are not allowed to propose basic changes in the production or work processes; they are the monopoly of the company leadership. The constant technical transformation and introduction of new processes and equipment however, does give rise to unexpected troubles and failures, and especially at the beginning of new processes, inadequacies of layout or work orders may be found. These problems allow room for new proposals. But most improvements tend to reduce personnel or increase labor intensity in the shop. Such proposals are, of course, commended and highly evaluated. A survey by Tekko Roren gives a breakdown of the goals set by JK circles in 1973: work efficiency — 15 percent; improved methods — 9 percent; waste ratio reduction — 10 percent; industrial safety — 5 percent. Eighty-six percent of these aims amounted to cost reduction in one form or another.⁹

From 1971 to 1972, the steel industry suffered an acute slump and resorted to strenuous cost-saving drives. During that period,

NSC Muroran conducted a "Cost-Minimum Drive" (*sic.*) in 1972 and a "New Cost-Minimum Drive" the following year; and NSC Sakai, under its "Fight 1100 Drive" (to reduce the cost of crude steel by ¥1,100 per ton), broke down cost targets on a shop-by-shop basis and oriented the JK drive toward this goal. As a result, Muroran saved ¥4.84 billion in one year and a half and Sakai reduced the per-ton cost by ¥1,700, a total saving of ¥7.65 billion for the mill's 4.5 million ton output.

The same report continues: In 1977, the Chiba Mill of Kawasaki Steel saved ¥20 billion by the JK movement, and in the subsequent year cut the cost a further ¥10 billion. In the same year, the Keihin

Mill of NKK through a JK movement succeeded in saving ¥18 billion while Kobe Steel's Kakogawa, by its "TG1500" campaign, reduced the per-ton cost by ¥1,550 over-fulfilling the target of cutting ¥15,500.¹⁰

There is little to add about "shopfloor bargaining power" except Shimizu Shinzo's comment: "Capital has finally replaced the workers' shop-floor organization with its own shopfloor organization in the form of QC circles."

5) Summing Up

By way of summing up, a few points should be made about *gorika* in Japan. Excepting the final mobilization stage, *gorika* has elements common to all capitalist rationalization plans, but in application, it has some distinctive features:

1. *Gorika* as an extremely intense form of class struggle was not satisfied with establishing an equilibrium between the power of capital and labor but went further, exterminating the latter by replacing worker identity with capital's identity.

2. *Gorika* consciously and deliberately combined the transformation of technical processes with new forms of labor organization so as to avoid conflicts between old forms of labor organization and new technical processes that might provoke worker resistance.

3. Basing its labor control on individualistic competition between workers, *gorika* created separate arenas of competition in order to avoid chaotic competition that might develop into its opposite: worker solidarity.

4. Capital set out to reorganize labor, usurping labor's own organization and absorbing it into its own.

5. *Gorika* was undertaken not merely by individual enterprises for their own competitive advantage but by the capitalist class as a whole through stage by stage, coordinated planning. The Japan Productivity Center, set up in 1955 by big business with the participation of some labor unions, played a pioneering role in the early stage of *gorika*, and the Science and Technology Institute, also a big-business organization, served as the coordinating center for QC drives.

Jeremy Brecher writes that U.S. "companies have become far less interested in long-range productive investments... because of its short time horizons, management no longer has an interest in long-term labor peace."¹² If this is one extreme, the Japanese case represents the other. The single major distinguishing feature of Japanese

labor management is the sheer density of labor control, the vast resources poured into concentrated, sophisticated, preemptive, and hardline efforts to gain immunity from labor's rebellion.

The 1955-1970 labor union leadership proved incapable of coping with this dynamic and aggressive offensive of the Japanese bourgeoisie.

A Corporatist Labor Movement

Sohyo is waning, together with its once powerful spring campaign. Taking its place is a new corporatist labor movement composed, for the time being, of big unions in the private sector, including Tekko Roren.

The origin of corporatist unionism is in the IMF-JC organized in 1964 as a national liaison center of unions affiliated with the International Metalworkers' Federation, a trade international of the ICFTU. The IMF-JC, drawing its members from both sides of the antagonistic camps of labor, Sohyo and Domei, gradually grew into a front for *gorika*-oriented big private industrial unions.

In December 1982, that front, recruiting more members from private-sector Sohyo unions, officially founded the National Private Sector Union Council (Zenmin Rokyo), embracing five million members. Although the Zenmin Rokyo unions are still members of Sohyo and other original federations, the establishment of this new council has virtually robbed Sohyo of its power in the private sector.

The government is now engaged in a concentrated assault on public-sector unionism, which, under Sohyo, has managed to retain shopfloor militancy until recently. In its administrative reform program, the government has chosen the National Railway as its target and deprived its shopfloor union units of their power to negotiate and settle on working conditions. Threatening to cut the railway corporation up into a few private firms, it has successfully forced the workers into drives to "save" the company, which competes with private businesses doing similar jobs. This tactic is being employed against other public-corporation workers, thus setting postal workers against private parcel delivery services and generally forcing public workers to match the efficiency of private industrial workers. The Sohyo-affiliated public workers' unions, believed to be strong, have failed to formulate an effective counterattack and are being driven along the same path toward corporatist unionism.

The new corporatist force thus emerging lacks, and shows no intention of reviving, workers' shopfloor power. The movement, numerically

large, hopes to function as a national policy pressure group to modify in its favor labor-related state institutions. Its leadership is too solidly committed to *gorika* and productivity principles to confront management or the government in any significant way, if only to enhance their image before the working masses. Rather, it hopes to be seated in government consultative councils seeking "institutional reforms." This leadership will collaborate with, and in fact promote, further *gorika* and in exchange for its collaboration, will try to obtain certain concessions.

In the same spirit, the leadership will champion Japanese national interests. Here, however, its position is delicate. It is afraid, as are the government and its big business partners, that if *gorika* becomes too extreme and the competitiveness of Japanese goods too strong as a result, this may dangerously aggravate relations with the United States and Western Europe. The corporatist union movement can here extend a helping hand to government and big business by volunteering to act as labor diplomats, lubricating the solution of issues with working brothers and sisters in the West. Partly in order to smooth relations with the United States and partly in order to increase the size of the pie it can share, the corporatist union movement is likely to press for a hardline foreign policy (anti-Soviet and pro-south Korea, for instance), for an accelerated military buildup, and for the expansion of the defense industry. In fact, some major unions, including the shipbuilders, are already doing so.

Ideologically, the new unionism endeavors to rid the working class of the concept of working class and class struggle, not to mention "revolution." As Miyata Yoshiji, Chairman of Tekko Roren, stated, "Trade unionism negates revolution and class struggle. Respecting parliamentary democracy, it aims to build a welfare society by reforming capitalist society."¹³

The ideal of this movement is a society free of antagonisms, without serious dissent. The result would be an enlarged replica of the company world where cost efficiency rules at the sacrifice of such considerations as human dignity, class identity, and equality.

The Liberal Democratic Party in the 1982 New Year editorial of its organ mapped out its idea of the "1985 System." According to the party, Japan historically has experienced a major political and institutional change every 30 years. Although the editorial's references to history are dubious at best and arbitrary (no mention of World War II, for instance), it sufficiently conveys the party's wish to replace the "1955 System," which provided a viable superstructure for the entire postwar period of prosperity and growth, with a new corporatism.

The LDP editorial sketches the 1985 system as "fully integrating the trade union movement with the ruling party," which will "directly absorb the voices of urban communities, consumers, and the elderly." The LDP considers that it will be the party to integrate all these mass movements. But a more likely political outfit for this function would be a coalition government between the LDP and the so-called middle-of-the-roaders. However reformist, the Communist Party will be excluded, but the Socialist Party, losing its mass base in the Sohyo movement and plagued by internal divisions, is approaching a middle-of-the-road position at a visibly quickened pace.

The corporatist labor movement now rising to the mainstream position is destined to become the core for the reorganization of the entire society along corporatist lines.

Notes

1. Giovanni Arrighi, "Politics and Anti-politics in the Remaking of Italian Labor" (manuscript)
2. G. Arrighi & Beverly J. Silver, "Labor Movements and Capital Migration: the U.S. and Western Europe in World-Historical Perspective" (manuscript)
3. U.S. special procurements in the period 1950-55 totaled \$3.53 billion, or 44 percent of Japan's foreign exchange revenue from exports. With this stimulus, mining and manufacturing output jumped 36.8 percent in 1951 alone.
4. On the meaning of Japan's alliance with the United States for the internal social and political formation of postwar Japan, see Muto Ichiyo, "Japan in the U.S. Domain," paper to the Braudel Center, 1982.
5. Enterprise mergers during the post-1965 recession were systematically used by pro-management unions to split unions and annex militant unions. For instance, the merger of the three Mitsubishi heavy industrial firms into Mitsubishi Heavy Industries led to the takeover of the relatively militant union at the old MHI (shipbuilding) in 1965. Similarly, the 1965 merger of Prince Motor and Nissan was accompanied by the violent intervention of management and the rightwing Nissan union in the activities of the militant Prince union, leading to the latter's withdrawal from Sohyo's National Metal Workers Union and its annexation by the Nissan union.
6. The Japanese steel industry developed the world's largest and most advanced blast furnaces under the three rationalization plans.

In 1969, 11 of the 16 blast furnaces (4,000 cubic meters or more) in the world were Japanese. The daily output per BF was 2,723 tons for Japan, 672 tons for France, 845 tons for U.K., 1,039 tons for W. Germany 1,465 tons for U.S., and 1,644 tons for USSR. Hayashi Naomichi, *Gendai no Nihon Keizai* (Contemporary Japanese Economy), Aoki Shoten, 1982)

7. Kumazawa Makoto, "Shokuba Shaki no Sengoshi," (The Postwar History of Workshop Society), *Sengo Rodokumiai Undoshi Ron* (A History of the Postwar Trade Union Movement), ed. Shimizu Shinzo, Nippon Hyoron Sha, 1983, p. 107
8. The replacement of three teams by four to work three shifts would normally be a blessing to workers. But in accepting union demands for four teams, management managed to reduce the total number of workers by, among other things, dividing up meal time. The workers on the same shift are to take meals in turn, and the meal times were divided into eight separate parts allocated to small eating groups. Each meal time was reduced from one hour to 45 minutes. Similarly, when the five-day work week was introduced, seemingly small steps, such as the movement of the time-punch machine from the gate to the workshop and the counting of work time from the time work actually starts time for changing clothes and other preparations was not counted, were taken that prolonged the working time per day. With the introduction of the four-team system, time-punch machines were abolished: The team on shift now has to wait until the next shift arrives (face-to-face shift change). Such seemingly trivial measures extended real work time, accumulating, and saving labor on the mill level.
9. Ishida Kazuo ed., *Gendai Nihon no Tekko Kigyo Rodo* (Labor in the Contemporary Japanese Steel Industry), Minerva Shobo, 1981, p. 193
10. *Ibid.* p.195
11. Shimizu Shinzo, "Sohyo 30 Nen No Balance Sheet" (The Balance Sheet of the 30 Years of Sohyo), *Sengo Rodokumiai Undoshi Ron*, p. 346
12. Jeremy Brecher, "Crisis Economy: Born-Again Labor Movement?", *Monthly Review*, March, 1984
13. Takagi Ikuro, "Nihon Rodo Kumiai Undo ni Okeru Uha No Keifu" (Rightwing Tendencies in the Postwar Japanese Labor Movement), *Sengo Rodokumiai Undoshi Ron*, p. 392