

THE KYOTO UNIVERSITY ECONOMIC REVIEW

MEMOIRS OF THE FACULTY OF ECONOMICS
IN THE KYOTO UNIVERSITY

Vol. XXXVI, No. 1

APRIL 1966

Whole No. 80

CONTENTS

**The Role of the *Ie* (家—House)
in the Economic Modernization
of Japan**

Yasuzo HORIE 1

**The Characteristics of
Labour-Management Relations
in Japan and Their Historical
Formation (2)**

Eitaro KISHIMOTO 17

**Social Overhead Capital and
Public Finance**

Jun IKEGAMI 39

PUBLISHED BY
THE FACULTY OF ECONOMICS, KYOTO UNIVERSITY
SAKYO-KU, KYOTO, JAPAN

THE CHARACTERISTICS OF LABOUR-MANAGEMENT RELATIONS IN JAPAN AND THEIR HISTORICAL FORMATION (2)

By Eitaro KISHIMOTO*

II The Formation of the Seniority Wage System and Trade Unions

6 The Intensification of the Class Struggle and Disregard of the Function of Unions

After its Seventh Congress of 31st August to 2nd September 1919, Yūaikai became more and more bellicose: there were two disputes at the Ashio Copper Mine and a major dispute at the Kawaski Shipyards in Kōbe in 1919; and two major disputes at the Yawata Steel Mill in 1920. Labour unions were continually being organized as Yūaikai pushed its policy of craft union organization.

The number of new unions established each year and the yearly number of disputes are as follows:

Years	Number of New Unions	Number of Disputes	Participants in Disputes
Before 1911	32		
1912	5	49	5,736
1913	6	47	5,242
1914	6	50	6,904
1915	5	64	7,852
1916	13	108	8,418
1917	14	398	57,309
1918	11	417	66,457
1919	71	497	63,137
1920	66	282	36,371
1921	71	246	58,225

In the disputes which broke out before the post-war panic of March 1920, there were demands for wage raises, an eight-hour day and official approval of labour unions. Labour unions gradually began to cooperate with each other.

After the Yūaikai's Seventh Congress, the labour movement grew more militant as it joined the movement for universal suffrage. In February

* Professor of Economics, Kyoto University

1919, the Yūaikai's United Branch at Ōsaka, its Kyōto Branch, and its Kōbe Branch held rallies for universal suffrage. In December, The Kansai League of Labourers for Universal Suffrage was organized. On 24th December, a speech meeting attended by 1,500 workers was held at Ōsaka Central Public Hall, in which representatives from each labour union spoke enthusiastically. In 1920, the movement reached its peak—on 10th February a large demonstration of workers for universal suffrage was held in Tōkyō in which two thousand workers from the various organizations participated. Three resolutions were unanimously adopted: the enforcement of a trade union law, abolition of Article 17 (prohibiting organization) of the Public Peace Police Law, and immediate adoption of universal suffrage. They handed these resolutions to the Speaker of the House of Representatives. Within the same month active movements for universal suffrage broke out in Tōkyō and other cities, and these momentarily influenced the entire country like a fever. Except for a small number of syndicalist unions, almost all the labour unions took part in these movements.

As soon as the government began to suppress these movements, however, the workers' enthusiasm rapidly waned. In their place syndicalism, which denied politics and parliament, was born. Soon it controlled the labour movement, and its power lasted for several years.

A panic which broke out in March 1920, caused a decrease in production, bankruptcy of banks, closing of factories, and collapse of medium and small-sized companies, bringing about a great deal of unemployment. Following this post-war panic, more panics occurred in 1923, 1927, and 1930. Depression and stagnation were prolonged. On account of this situation even skilled workers were troubled by possible unemployment. Thus the labour market in Japan changed from a sellers' market to a buyers' market. In addition, this was the time when monopolistic capitalism was established and acquired a monopoly over labour power. It was at this moment that labour unions were for the first time involved in a real crisis.

Because of the failure of the movement for universal suffrage, the people's disappointment in parliamentarism, and their serious anxiety concerning the financial impact of these panics, labour unions grew revolutionary and syndicalistic.

The first May Day demonstration in Japan was held on 2nd May 1920. In Tōkyō, 10,000 representatives from 15 different labour organizations and socialist groups participated and adopted three resolutions—1) to abolish Article 17 of the notorious Public Peace Police Law, 2)

to prevent unemployment during times of economic crisis, and 3) to enact a minimum wage law that would guarantee a minimum standard of living. In Ōsaka too, 5,000 persons from 14 labour organizations held another demonstration and resolved to demand the abolition of Article 17 of the Public Peace Police Law, recognition of the right of collective bargaining, enforcement of an eight-hour day and a minimum wage system, and the right to control industry. Following this May Day, there were unification of labour unions in Tōkyō and in Kansai.

In this period, syndicalistic influence was not clearly apparent. However, during the Yūaikai's Eighth Congress (3rd to 15th October 1920) a sharp debate occurred between the Kantō group which insisted on direct action and the Kansai group which insisted on a parliamentary policy. The ideas of the Kantō group showed clear signs of syndicalistic influence.

Anarcho-syndicalism was advocated in Japan for the first time in 1906 by Shūsui Kōtoku. After that, it became a strong influence on the socialist movement, led by a small number of intellectuals. The Socialist Party was suppressed because in its congress of February 1907 the syndicalists and the parliamentarists had a sharp confrontation. As a result syndicalism steadily became more influential, and factional antagonism between these two groups grew worse. The syndicalist group, led by Shūsui Kōtoku, Sakae Ōsugi, Kanson Arahata, and Hitoshi Yamakawa, broke up after the Red Flag Incident of June 1908, and the Great Treason Incident of 1910.

During the late 1910's, when the movement was in great trouble, Ōsugi influenced the printers' unions greatly with his syndicalism. Ōsugi had a very charming personality and attracted a large number of workers. Thus syndicalism gained more influence among workers, especially among younger workers who were growing radical on account of the depression, low wages, unemployment, denial of workers' rights, suppression, and class consciousness, and it made the entire labour union movement radical.

Syndicalism opposes parliamentarism—including the movement for acquiring universal suffrage—and advocates direct action in its place. (As the syndicalist movement was attractive only superficially, its labour union membership fluctuated, causing a decrease in membership fees.) Some members of Sōdōmei, led by Hisashi Asō, who believed in direct action, thus opposed universal suffrage. As syndicalism penetrated more deeply into Sōdōmei, especially into the Kantō Branch, syndicalist members came to despise the older union leaders who were absorbed in the movement for universal suffrage.

However, Toyohiko Kagawa of the Kansai group combated the syn-

dicalists and others of the Kantō group that opposed universal suffrage, and insisted that the worker's paradise must be realized rationally and legally by means of a movement for universal suffrage and representation of the working class in parliament.

The parliamentarists and syndicalists held a heated debate in 1920 at the Yūaikai's Eighth Congress. As a result, neither the parliamentary platform of the Kansai group nor the policy of general strike proposed by the Kantō group was adopted. A secret meeting was even held, but it failed to settle anything. Yet the syndicalists proved more powerful and, after this congress, they dominated all radical unions in Japan. In 1921, syndicalism reached its peak.

On 1st March 1921, the Shibaura Branch held a "Seminar on Labour Problems" at Kanda Seinen Kaikan, Tokyo. At this meeting twenty syndicalist speakers severely criticized the past labour movement, but nearly half of these speakers were stopped by the authorities.

At the Yūaikai's Tenth Congress held on 1st to 3rd October in Tokyo, the Tokyo Steel Workers Union proposed that in the platform a plank calling for a general strike on national scale be substituted for that on universal suffrage. Suehiro Nishio of the Kansai faction, however, opposed this proposition, causing a debate, and it was finally voted down. (At this congress Yūaikai changed its name to Dainihon Rōdō Sōdōmei or Japan Federation of Labour.)

Owing to heavy oppression and unstable living conditions, the Kansai group rapidly became syndicalist in theory, causing them to criticize the movement for universal suffrage and separate from it. Despite this, syndicalist influence was small. This can be seen by the fact that in June 1921, 500 workers of the Kōbe Factory of Mitsubishi Internal Combustion Engine Company submitted a petition requesting approval of autonomous unions for workers and affirmation of the right of collective bargaining. On 4th July, a federation of Kōbe labour unions held a meeting to request reaffirmation of the right of collective bargaining, and passed a resolution that "We demand that every owner of factories in Kōbe recognize labour unions".

Although a number of radical workers became syndicalists, nevertheless, the failure of both domestic and foreign syndicalists and the gradual realization that the policy of the Russian Bolsheviks was not syndicalism after all by 1922 influenced these radical workers to begin to move away from syndicalism. Thus controversies concerning anarcho-syndicalism versus Bolshevism became prevalent. At the First Congress of Nihon Rōdō Kumiai Sōrengō (Japan General Federation of Labour Unions) held

in September 1922, the syndicalist faction, which advocated the theory of free unification, opposed the Sōdōmei faction, which advocated the theory of concentrative merger. This confrontation brought about chaos, and this congress was ordered by the government to adjourn.

Syndicalism faded quickly after this, and, when the terrible earthquake occurred in the Kantō area in September, 1923 Sakae Ōsugi was killed. This was a catastrophe for syndicalism, which was then displaced by Bolshevism. Those that advocated "sound labour unionism" had begun the struggle with the syndicalists. As a result of the Russian Revolution, communism had entered Japan. Taking advantage of this, the sound labour unionists formed a joint front with the Communists, and made use of Communist theories to compete with the syndicalists. Thus a Communist mood was created.

Sōdōmei's congress was held in Ōsaka from 1st to 3rd October which fell one month after the congress of Sōrengō which had broken up. At this congress, the Sōdōmei platform was revised. Because of the above-mentioned situation, ideas of both syndicalism and Bolshevism can be clearly seen in planks of its revised platform :

- 1) By means of collective power and organization based on the principle of mutual assistance, to improve economic welfare and foster ideas.
- 2) To fight against capitalist oppression and persecution with decisive courage and effective tactics.
- 3) The firm belief that labourers can not co-exist with capitalists.
- 4) By means of the power of labour unions, to emancipate labourers completely and construct a new society based on liberty and equality.

Also, twenty items of the platform adopted at the congress of 1919 were abolished, and seven new items were adopted :

- 1) To enforce an eight-hour day and forty-eight hour week for general workers and a six-hour day and a thirty-six hour week for mine workers.
- 2) To enact a minimum wage law.
- 3) To abolish night work.
- 4) To repeal the Peace Police Law.
- 5) To recognize Soviet Russia.
- 6) To have May Day as a national holiday.
- 7) To cooperate in economic actions throughout the country.

In regard to this new platform, an article in Rōdō, the organ of Sōdōmei, correctly stated that "this was a very poor and rough platform because it was completed at a time when no proletarian party had as yet been established, the roles of labour unions were apt to be confused with those of political parties, the ideas of communism had not been grasped

to a satisfactory degree, syndicalism had not completely been wiped out, and a sound labour unionism had not taken root"¹⁾.

The radical trend of the labour movement became more conspicuous after 1919 when it came into direct contact with the socialist movement for the first time. Socialist influence became stronger after this, and Shakaishugi Dōmei (The Socialist League) was established on 10th December 1920, by anarchists, radical labour union leaders, and all the socialists. The Japan Communist Party was secretly organized in July 1922. This had great influence on radical and revolutionary trends in the labour and socialist movements.

As mentioned above, the labour movement was faced with a crisis caused by oligopolistic capitalism and its attempt to control the labour market completely. At this time the leaders of the labour movement did not try to learn and act in accordance with the true functions of labour unions, but were inclined toward extremely revolutionary political activities. Such a radical revolutionary movement based on socialism or syndicalism was consequently isolated from the working masses and was, therefore, criticized by union members and others.

Kotora Tanahashi, a central committee member of Sōdōmei and manager of its Tōkyō Rengōkai (Tōkyō Branch), wrote an article entitled "Return to the Labour Unions" in *Rōdō*, January 1921. In this article he criticized a popular opinion of workers that "to organize labour unions in order to improve the social position of workers is much too slow. It is far better to become socialists and carry out direct action". He warned them, "I believe that direct action should not mean to bring about a little trouble with policemen and be jailed overnight nor to walk singing together prohibited revolutionary songs.... Isn't it almost insane to depend on such poor direct action and to throw away the labour unions—which are important for them?" Instead, he stated that the best example of direct action was when the British workers, by threatening a general strike, kept their government from assisting the Polish Government which was fighting against the Soviet Union. Finally he appealed for a return to true unionism:

Direct action that could really improve the workers' position needs a large and powerful labour union which would make it possible for workers to combine closely!

Gentlemen, slow and steady wins the race. Workers ought to devote themselves to a slow movement, that is to the labour union movement by all means,

1) "Sōdōmei Kōryō no Hensen (Vicissitudes of the Sōdōmei Platform)", *Rōdō* (*The Labour*), December 1922.

so that they might win final victory. Capitalists and those who hold power are more afraid of a labour union of one hundred mild-hearted men than a single brave fighter who would fight with policemen. Therefore, return to the labour unions—they are your paradise !

This was really a correct criticism, but only provoked unreasonable antagonism from the radical younger workers who were anxious to achieve revolution. As a result, Tanahashi's article even set off an anti-intellectual campaign.

Hitoshi Yamakawa also criticized syndicalism sharply in an article in the August 1922 issue of *Zen'ei* (*The Vanguard*)²⁾. He said, as summarized by Arahata Kanson :

In the past twenty years in Japan, the small select number who are the socialist vanguard purified and perfected their socialist ideas, and clearly saw their own target. Because of this, however, there is a danger of their being isolated from the working masses, the main force. In the second stage of the movement, therefore, this small select number, with their purified and perfected thought, must return to the masses whom they left behind. They must take their daily struggles more seriously and make a more sincere effort to fulfill their demands. They must learn to sway the minds of the proletariat. Into the masses ! This must be their own new slogan.

Yamakawa's article was proclaimed as "The Change of Direction Manifesto" at the Sōdōmei Congress of 10th to 13th February 1924. However, this was not interpreted in accordance with the realistic direction intended by Yamakawa, and it only caused a sharp confrontation in Sōdōmei between the unionist group and the Bolshevik revolutionary group concerning the relationship between the change of direction theory and a realistic direction. This confrontation led to the first split in Sōdōmei in May 1925, when radical workers who aimed at revolution set up Nihon Rōdō Kumiai Hyōgikai (The Japan Council of Labour Unions).

Several such splits occurred in the unions on account of views concerning the problem of organizing a proletarian political party. The second split in Sōdōmei occurred in 1926, and the third one in 1929, showing that no labour unions independent of political parties had come into being. Because the labour union movement in Japan tended toward syndicalism and revolutionary political movements, it ignored setting standards for wages and working conditions or setting up mutual assistance programs, which are the essential functions of labour unions. Only some of the members of Sōdōmei recognized these functions of unions.

2) Hitoshi Yamakawa, "Musankaikyū Undō no Hōkō Tenkan (On the Change of Direction of Proletarian Movements)", *Zen'ei* (*The Vanguard*), August 1922.

7 Opposition to Legal Control over Labour-management Relations and Paternalism

Because labour unions were growing strong and moving in radical directions, a new method for controlling workers to destroy labour unions was thought out by the oligopolistic large-scale companies. This was for each company to take over the unions' functions of pressing for higher wages and better working conditions by creating a company system for wage raises and by establishing facilities for employee welfare. In other words, the companies succeeded in removing bellicose labour unions and prevented the establishment of new unions by gradually instituting a seniority wage system.

The labour movement developed into a severe class struggle and faced violent suppression by the government. In February 1922, the government presented to the Diet a Bill for Controlling Radical Socialist Movements. This notorious bill, more extreme than the infamous Peace Preservation Law, met the opposition of many intellectuals, to say nothing of labour unions, so that it was withdrawn. But, this showed that the government had decided to suppress the radical socialist movement vigorously. The police arrested many members of the Communist Party in June 1923. During the Great Earthquake of September 1923, the government enforced an Emergency Imperial Ordinance, the Peace Preservation Ordinance, using the excuse of preserving order, and the authorities murdered many Koreans, suppressed the socialists with threats of terror, and arrested and killed nine radical workers, eight of whom belonged to Nankatsu District Labour Union. Also, Police Captain Masahiko Amakasu killed Mr. and Mrs. Sakae Ōsugi.

The government's intent became a reality in February 1925, with the enactment of the Peace Preservation Law. Communist Party members were arrested on a large scale in March 1928. The Labour Peasant Party, the Japan Council of Labour Unions, and the Proletarian Youth League were ordered to dissolve. The government submitted to the Diet a bill for revising the Peace Preservation Law in April, but this was rejected. It was then promulgated as an Imperial Ordinance and put into effect in June.

Although the government oppressed radical labour and socialist movements heavily, at the same time it made several concessions, expecting the movement to break up. It proclaimed the enactment of a universal suffrage law during the Great Earthquake, and in August 1925 it presented a labour union bill, hurriedly prepared by the Social Bureau of the Home Ministry, which guaranteed workers the right to organize and to strike. But this met very heavy opposition from capitalist groups and

failed to be passed by the Diet. The government then advocated another labour union bill, drafted in December 1929 by the Social Bureau, by which it disclosed its intention to have a labour union law enacted which would guarantee workers the right to organize and to strike under certain conditions. This bill also failed to pass because of very strong opposition by capitalist groups. As a result, the guarantee of the right of organization and strike could not be enacted until after World War II.

The capitalists, who tried to carry on peaceful labour-management relations by using the traditional family system, absolutely opposed any legal regulation of labour-management relations and resisted "almost in desperation" the enactment of a labour union law. The government's reason for proposing such a bill was to put the labour union movement in order, as clearly shown in Premier Wakatsuki's speech in the House of Representatives on 16th February 1926 :

The government wishes to enact this labour union law and officially to recognize worker organizations, because we see that it is urgent to put the labour union movement in order by giving workers a model for correct labour union movements. This bill has been drafted in accordance with this purpose.

This is also evident in "On the Necessity for Enacting a Labour Union Law" of Shigeru Yoshida, who was responsible for the bill drafted by the Social Bureau.

The purpose of this labour union law is, by legally recognizing worker organizations, to clear social obstacles against the labour union movement and change it into an orderly one. This will make it possible for labour unions to use peaceful methods in getting recognition for their social roles. This law has been drafted for this purpose, and, if it is passed by the Diet, it will become a basis for sound development in the industrial world....

However, the capitalists were attempting to maintain paternalistic labour-management relations and so took this labour union law to be an obstacle in their attempt. Therefore, they strongly opposed such a law. In short, the capitalists wanted to eliminate autonomous labour unions from companies.

If the capitalists' campaign against labour union laws can be called a negative method for eliminating autonomous labour unions from companies, their establishment of a system of labour committees can be called a positive method by which the capitalists attempted to replace labour unions with labour committees in each company. This system of labour committees was introduced by the Home Ministry in order to "prevent disputes and achieve agreement between workers and managers". In December 1919, it unofficially disclosed its plan for a labour committee law and a draft labour committee bill based on this.

Its influence was great. Large-scale enterprises which were troubled by labour unions and labour disputes started to institute the system and, as a result, twenty-three labour committees were established in public and private corporations between 1919 and 1920. The Ōsaka Industrial Club made public a program for a factory committee system in August 1921, advising factories in the Ōsaka-Kōbe area to set up committees. Thus, forty-five committees were established by the end of the year.

Under such circumstances, Kyōchōkai (Cooperative Association) drafted a bill for a labour committee law, recommended it to the Prime Minister, Home Minister, and Minister of Agriculture and Commerce, and asked owners of large businesses for their opinions. This draft originated in the "idea that, in order to prevent labour disputes caused by class antagonism, the labour committee system should be enforced by legislative measures, and thus reciprocal agreements would be achieved between workers and managers"³⁾.

There was strong opposition to this draft bill. Because of expected difficulty in getting it enacted, the government did not present it to the Diet. But this did not mean that the government's intentions had changed.

Bunji Suzuki criticized this 1919 draft bill of the Home Ministry as denying the existence of labour unions:

The Whitley Bill in Great Britain recognized labour union in industrial federations, whereas the Japanese bill seems to be enacted in order to deny these; their purposes are extremely different⁴⁾.

Hisashi Asō also criticized the attempt to sanction the labour committees—company unions forced on the workers by company managers—in order to prevent real worker's organization:

After the Home Ministry proposed last year the enactment of a so-called vertical union law for the purpose of preventing overall organization of labours, almost all capitalists have started to set up vertical unions. As a result, such unions have been brought into being in two-thirds of the factories and mines in Japan at present. Owing to this, our Yūaikai is unreasonably considered as a radical organization and is frequently penalized so that we have great difficulties in running Yūaikai....

A vertical union is, in a word, a union imposed by capitalists. Its purpose is to wipe out existing labour organizations like Yūaikai, and to prevent the rise of real ones in their companies and mines. Though it is a labour union by name, in fact it is clearly a capitalist union for defending capitalists' profits⁵⁾.

The enthusiasm for a labour committee law reached its peak in 1919

3) Ministry of Labour, *Rōdō Gyōseishi (Administrative History of Labour)*, Vol. 1, p. 144.

4) Bunji Suzuki, *Rōdō (The Labour)*, February 1920.

5) Hisashi Asō, *Rōdō Undōsha no Hitorigoto (A Monologue by a Labour Unionist)*, pp. 170-171.

and lasted until 1921. At this time one capitalist group expressed the hope that the labour committees might preserve traditional Japanese labour-management relations :

Our labour-management relations are based on a traditional morality that originates in our manners and customs. They are not based on ideas of rights and duties like those of Europe and America. Working conditions and other improvements for workers have not often depended on the power of a well-organized labour union, but depended on the ethical considerations of managers. Thus labourers have always been connected with managers through ethical ties. The labour committee system is a legal manifestation of such ties⁶⁾.

But both labourers and managers rapidly lost interest in such a law after this, because capitalists opposed any legal regulation, and labour unions realized that its purpose was to eliminate them. The capitalists opposed this legislative measure because they were afraid that their hopes for this system might not come true if the system was put into law.

Then, how were "vertical unions" maintained and autonomous labour unions and an intense class struggle prevented? This was done by providing satisfactory welfare facilities, and establishing a lifetime employment system based on the seniority wage system in each company.

8 The Formation of Seniority-based Labour-management Relations

It is true that the capitalists succeeded in avoiding legal regulation of labour-management relations by labour union laws, however it would not have been possible for them to eliminate autonomous militant labour unions from their companies only by means of suppression or mass unemployment. What enabled them to succeed were welfare facilities, the seniority wage system, and a life-time employment system. This was the capitalists' compromise when faced with a radical labour movement.

Because of their paternalistic ideas Kanebō and some other companies had provided welfare facilities in the middle of the Meiji Era. In addition, welfare facilities were gradually increased in order to keep workers from moving from one company to another when such moves became prevalent. From the time of the depression and the increased labour disputes after the Russo-Japanese War, welfare facilities which would help stabilize labour-management relations were established one after another in public and private enterprises. In the years 1916-17, when the Japanese economy was prospering, the capitalists established dining halls, public baths, nurseries, houses, and amusement centers to prevent disputes and to prevent workers from moving to other companies. These facilities were given

6) Nihon Kōgyō Kurabu (Japan Industrial Club), *Nihon Kōgyō Kurabu Nijyūgonenshi* (Twenty-Five Years of Japan Industrial Club), Vol. 1, pp. 182-183.

out of benevolence, not because of worker' demands. The labour shortage continued, and worker migrations were still prevalent until the post-war panic of March 1920, when the capitalists' hopes first came true.

Owing to the increased class struggles after the post-war panic, welfare facilities for stabilizing labour-management relations rapidly increased, and their character, which had been incomplete and temporary, became systematic and permanent. An article by Kyōchōkai, entitled "The Recent Socialist Movements" correctly explains the purpose and nature of welfare facilities in Japan :

We recognize that utmost priority needs to be put on improving the social environment of workers, especially their housing. Welfare facilities have been established along these lines. In other words, these have been established to advise workers by the help of hospitals, neighbours' associations, and sanitation committees to have more interest in sanitation at home and in the community, to give them means for raising living standard like consumers' associations, part-time jobs, and industrial training centers, and above all, to make them understand how urgent it is to rationalize their households through housewife associations or family associations. Such an idea comes from a belief that they should be led by welfare facilities to a better home life. Thus these are expected to create such effects gradually⁷⁾.

As mentioned above, "vertical unions" came into existence as the system of labour committees, because of the severe class struggles after 1919, and were made more effective by increased welfare facilities. In regard to this aspect of welfare facilities, the same article by Kyōchōkai writes that :

The main purpose of company welfare organizations is to contribute to business progress by helping labourers and managers to communicate with each other and to cooperate in matters concerned with mutual economic assistance, education and morality, and the advancement of general welfare. Social movements rapidly became prevalent in 1918-19, and a tense situation was created among workers. Industrial disputes broke out at many companies. "Respect Workers' Dignity" and "Let Workers Join in Management" became popular slogans.

At that time labour committees were being set up in many districts so that it was possible for labourers and managers to negotiate on industrial management. Concerning welfare problems, it was recognized that there was a necessity to take into account workers' requests and demands, and to let workers take part in welfare projects or cooperate in these fulfilment in order really to work out peace in the industrial world. Consequently, in 1922-23 many company welfare organizations were set up by workers only, or by workers and business officials (who were supposed to be advisors) in cooperation. Furthermore, after 1927, when the Health Insurance Law went into effect, some old mutual assistance

7) Kyōchōkai, *Saikin no Shakai Undō (Recent Socialist Movements)*, p. 910.

corporations were dissolved and replaced by company welfare organizations. In these cases their remaining properties were made use of by the new organizations⁸⁾.

Thus, the mutual assistance corporation which ran welfare facilities gave spiritual relief to workers and their families, performing its function as a "vertical union" by replacing the labour committee after this enthusiasm had disappeared.

Workers' welfare was improved by creating a retirement pension system. At first, this system was usually adopted because of strong demands by labour unions when workers were faced after World War I with a depression and rapidly increased unemployment. In Japan where no legislation had been passed for this purpose, this pension system became another company welfare institution and it greatly promoted workers' dependence on their employers.

After 1923, the retirement pension system came to be considered as a workers' right. However, unless this was written down as an official agreement between the employer and employee or this was introduced into a company where there was no labour union, it remained a private welfare institution run by the company. This is the reason why Zenkoku Sangyō Dantai Rengōkai (The United Organization of National Managers' Groups) in October 1935 strongly opposed a plan for putting such a system into law. It proclaimed that :

The retirement pension system is a unique convention which has developed in the principal factories and mines of Japan. As we say, it is quite proper to strive for rationalizing, spreading, and developing the system. However, a retirement pension should be a present from an employer out of his generosity to a retiring employee for contribution to the company. Therefore, it should not be enacted by any legislative measures. As a matter of course, each pension should be a different sum in accordance with the financial ability of each employer and the quality of the retiring worker's contribution. For this reason it is of no use to set standards for all companies.

It is quite unreasonable that the retirement pension bill submitted to the Unemployment Committee should regulate the payment of this pension by law and order companies to save a certain sum regardless of the kind and scale of a business. We insist that this attempts to break the labour-management relations peculiar to Japan, and so we can never accept such a law....

The retirement pension law was originally intended as an incomplete substitute for unemployment insurance. In spite of this, capitalist groups strongly opposed it because they wanted to maintain the traditional Japanese type of labour-management relations, which were based on paternalism, not on rights and duties.

8) *Ibid.*, p. 912.

Thus, the mutual assistance corporations supported by capitalists carried out their role as "vertical unions". They eliminated labour unions or prevented their establishment in their companies by providing good welfare institutions and stabilizing labour-management relations on a basis of paternalism rather than on one of rights and duties.

In a pamphlet opposing the labour union bill proposed by the Social Bureau of the Home Ministry in December 1929, entitled "The Labour Union Bill Does Not Suit Our National Situation", published in October 1930 by the Japan Industrial Club, the capitalists insisted that labour unions were unnecessary :

Can we not improve the welfare of workers in Japan without labour unions? Japanese do not discriminate people by race or adhere to individualism, but are sympathetic, harmonious, and rich in human emotions. They like to return favours with faithfulness. In the industrial world humanism is prevalent, and labour is not considered as a commodity. Workers are faithful to their jobs and ardent to learn techniques. Both employers and employees believe in, love, and cooperate with each other. Cooperation is preferred to struggle, and ethical considerations to rights. More workers belong to organizations for harmonizing worker-manager relations than to labour unions. In general they are not corrupted into individualists like the workers of Western countries. These points should be considered as the merits of our industrial world and must be preserved forever. Of course there are some labour unions which imitate the West. They generally behave in such a radical way that they cannot be accepted by us at present. They not only break the conventional ties in the industrial world but also prevent industrial development. We insist these do not originate in our economy, but are imitations of those in foreign countries. In Japan autonomous facilities and systems born out of worker-manager cooperation have recently been developing more than those by labour unions. Consequently these are contributing greatly to workers' welfare and to industrial development. Does not this fact prove that these are best suited to our national situation?

The publication of this article by the capitalists clearly shows how much they were afraid of the enactment of a labour union law, and how firmly they were determined to maintain paternalistic labour-management relations and convinced about welfare facilities and puppet unions. Thus, the managers of large-scale enterprises controlled labour-management relations by means of welfare facilities and puppet unions. Furthermore, capitalists wanted to strengthen such a policy by carefully investigating workers' backgrounds, employing workers through connections only, and adopting an assessed wage-raise system and a life-time employment system.

Further comment on the mechanism for investigating workers' backgrounds and employing workers by connection will be omitted in this article,

though there is much material. Only the system for raising wages will be touched on.

One study of the wage-raise system in the steel industry reads:

Each factory adopts a different wage-raise system. The average sum of one raise ranges between three *sen* and eight *sen* per day, and the raise is determined by age, period of service, and work results. The raise is usually made in June and December, yet not consistently. Some raise wages according to business conditions⁹⁾.

The same study describes the wage-raise system in the filature industry:

There is a rule in the filature industry by which wage raises are made once a year, regardless of business fluctuations. The following are some examples of large-scale companies: in a company, twenty percent of the total workers gain a raise of five *sen* a day per worker which is given twice a year; in another company, only select workers gain a three percent raise three times a year, and recently each factory head acquired authority to use half the surplus profits for part of the wage raises¹⁰⁾.

Thus, wage raises were not equal in each case, but varied according to work results, and the total sum spent for raises was always controlled by managers. Moreover, raises were not regular for each worker, nor were they given to him continuously without any deadline. Consequently such a wage-raise system was applied to expert workers who were employed after strict investigation of their backgrounds and trained in the company for a long time under a life-time employment system. The development of this system was also promoted by welfare facilities. In this way paternalistic relations of workers and managers were crystallized as labour-management relations based on the idea of seniority. (Needless to say, the traditional patriarchal consciousness deeply rooted in the minds of the working class had greatly aided this trend.) This is how the wage-raise system was completed in the form of the seniority wage system functioning as an important material basis for the ties between managers and workers. Welfare facilities were also one of the elements. It was in the 1920's that this wage system was established.

An article titled "Wage System" published in 1930 by the Manchurian Railway Corporation argues that the seniority wage system is appropriate for Japan.

Because our national conditions are different from Europe and America, the western contract wage system based on the value of a job could not be imported into Japan. Our wage system must be based on the family system. In other words, it should not be determined only by a worker's job. Employers need to pay allowances for workers' families to guarantee a minimum standard living.

9) *Ibid.*, p. 97.

10) *Ibid.*, p. 79.

In addition to this, wages should be raised in accordance with workers' performance or jobs. We consider that this is the most reasonable method of payment. In short, according to this wage system the wages must be based on workers' sex, age, number in the family, and regional conditions, plus value of job. As a matter of course, the nature of work, the market price of wages, and the stability of employment need to be taken into account¹¹⁾.

The Western wage system does not mean that family support is not taken into account simply because wages are determined only by the value of a worker's job. The basic wage is a sum by which the worker can support his family. The rest of his wage is a reward given for his skill. On the contrary, the Japanese wage system represented by the seniority wage system takes into consideration support for a worker's family, but puts starting wages so low that a single worker can barely support himself. On this basis, he is given a slightly increased allowance commensurate to his skill for supporting his family at the lowest possible living standard. In this sense the Japanese wage system clearly shows its mechanism of low wages.

However, seniority wages of large-scale companies were both relatively and absolutely higher than those of most middle and small-scale companies where insufficient or no wage-raise systems and welfare facilities were provided. This meant that the workers of large-scale companies became in a sense a privileged worker elite. Suffering from the threat of mass unemployment and the severe suppression, they had to be faithful to their companies.

This wage-raise system can be said to substitute for the labour unions' function of demanding wage raises. By making use of this system and company welfare facilities which were to replace the labour unions' function of mutual assistance, large-scale enterprises succeeded in eliminating and keeping labour unions from penetrating them deeply. For this reason, the 1930 platform for the Zenkoku Rōdō Kumiai Dōmei's movements could not help but state :

About half of the participants of labour unions belong to puppet unions and to organizations for mutual assistance, and most of the others do not belong to class-conscious unions with deep roots in large factories or main industries. And the platform of August 1933 stated :

"Into Large Factories" is an important slogan of the organizing movement of labour unions in Japan, but it is hard to achieve this slogan.

Even the right-wing Sōdōmei could not organize the workers of large-scale companies. At the Sōdōmei Congress of 1932, Komakichi Matsuoka

11) Manchurian Railway Corporation, *Mansyū oyobi Chōsen niokeru Kōjōchinginseido no Chōsa Kenkyū Hōkokusho* (A Report on Wage Systems at Factories in Manchuria and Korea), 1930.

stressed the necessity of organizing the workers of large factories :

Let's win large factories! We should watch the independent unions, which are increasing. Sōdōmei needs to be very careful about them. From now on we must devote ourselves to organizing workers of large factories and getting them to join Sōdōmei !

On this point the platform of the left-wing Rōdō Kumiai Zenkoku Hyōgikai also stated that they stressed the necessity of organizing the workers of large-scale companies.

Thus, labour unions were almost shut out of large-scale companies, so that union movements were usually carried on among middle and small-scale enterprises. What was worse, the number of union members reached only 420,589 at the peak (1936), just 6.9 percent of the total workers in Japan. This small number of union members was split into three opposing groups—the left, middle, and right wings—based on their political differences. Finally in 1940 when Sōdōmei was dissolved, these groups completely faded away, and workers were ordered to participate in Sangyō Hōkokukai, an official organization of workers for cooperating in the war.

Due to the seniority wage system established in large-scale enterprises, a wage gap came into being and became larger. It destroyed the horizontal (autonomous) labour market, because free transfer of workers had actually disappeared, and the new labour force was supplied solely by able young men who had just graduated from primary school or higher primary school, or had just left the army.

With standardization of wages and working conditions, the labour market becomes horizontal. Such standardization was one job of labour unions, but the Japanese labour unions could not achieve. Thus monopolistic large-scale enterprises could succeed in adopting the seniority wage system as a means for controlling their workers, and the labour market was disorganized.

Japan has two systems for employing manual workers, namely, life-time employment and temporary-status contract. Although temporary-status manual workers do exactly the same kind of jobs as regular-status manual workers, who are guaranteed life-time employment, they are not only paid a lower wage but also excluded from coverage under the Factory Law or the Health Insurance Law. This temporary-status was a scheme of the capitalists for controlling their employees as they liked according to the economic situation, and it was widely instituted. In a word, the temporary-status manual workers were discriminated against by their employers in many ways, and were always in peril of dismissal. Thus, the system of the temporary-status manual workers pushed the regular-status manual workers to make themselves "privileged" workers who were much more

faithful to their companies and it further strengthened the position of Japanese capitalists over the workers.

It was after the Manchurian Incident of 1931, especially in 1933, that the problem of the temporary-status manual workers began to be noticed. In 1935 there were approximately three-hundred thousand temporary-status manual workers out of just over two million employed workers (in enterprises which hired more than ten workers). This shows how rapidly the number of temporary-status manual workers was increasing.

9 Seniority-based Labour-management Relations and the Trade Unions

Thus, labour-management relations based on the idea of seniority consisted of a system for raising wages, welfare facilities, and a system for discriminating against temporary-status manual workers. Such labour-management relations were realized by the capitalist's control over workers in order to eliminate labour unions from large-scale companies. This was possible because of the company's taking over the labour union function of mutual assistance and bringing about wage raises.

The labour unions were engaged in a struggle to gain some power and influence. But, although the leaders of these labour unions correctly criticized the factory committee system and the mutual assistance organizations as "vertical unions", they could not eliminate these.

The leaders of labour unions in Japan were not completely ignorant about the functions of labour unions, nor did they spare any effort in trying to set up unions having these functions. For example, Tetsu Nozaka states in his 1917 article, "The Basic Idea of a Craft Union":

Craft unions oppose any law which forbids organization and urge employers to conclude collective agreements on wage, hour, and working condition determined by themselves. In fact all these demands by the unions originate in the demand for concluding collective agreements¹²⁾.

Bunji Suzuki has an opinion similar to Nozaka's:

If a workers' organization were made up of those who perform the same job, it would then have more power. Only in this way can a standard for wages and working hours be decided on. It seems that now is the time when Yūaikai may well turn into a union made up of workers doing similar jobs¹³⁾.

Suzuki thinks that the main function of the labour union is to set standards for wages and working conditions by concluding collective agreements, which this author thinks is correct. This was the task of the labour union movement in Japan after 1920 when the post-war panic broke

12) Tetsu Nozaka, "Rōdō kumiai no Konpon Shisō (The Basic Idea of a Craft Union)", *Shakai Kairyō (The Social Reform)*, May 1917.

13) Bunji Suzuki, "Dōshoku Kumiai o Okosubeshi (We Should Give Birth to Craft Unions)", *Rōdō oyobi Sangyō (The Labour and Industry)*, July 1918.

out. One would be justified in assuming that the rapid development of the labour union movement after 1918 would have made it possible for labour unions to carry out this task.

This correct view of the function of unions was ignored owing to a swift change in the theory of unionism in 1919. This change corresponded with the syndicalist trend of the labour movement, and also reflected the radical, socialist trend of labour union movements throughout the world after the First World War.

The first article that indicated a change in unionism was Hisashi Asō's "The True Significance of Labour Union Movements":¹⁴⁾

Now is the time when labour union movements are suffering from instability throughout the world. At present we need to reconsider seriously what the labour movement is, what purpose it has, and how it should reach the goal... Is it our only purpose to strive for a raise of wages and a reduction of working hours? No! If these are the basic problems of the labour movement, the social class system will continue to control our society, and the working masses must remain at the bottom of the society as the slaves of capitalists. Therefore, it is of the greatest importance to reconstruct the present unreasonable social system and bring about a truly rational social system....

In conclusion, a real solution will be brought about neither by labour disputes against the employer nor by acquiring a raise of wages and a reduction of working hours, which is a reformist social policy, but reorganizing the present social system throughout the world....

Bunji Suzuki also changed his view of labour unions in this regard:

At present there is a great trend toward reconstructing the whole world. The basic purpose is to establish democracy by eliminating bureaucracy, capitalism, and every other tyranny. As the general trend of the labour union movement has changed greatly, progressive Western labour unions not only assert themselves to improve working conditions but demand to participate in the management of industry. Such participation is not merely their ideal goal, but has steadily been realized. In short, Western workers realize that they are powerful enough to influence the destiny of their countries. With such power they are striving to rebuild their societies politically, economically, and socially¹⁵⁾.

Thus, labour unions changed their emphasis from improving the economic position of the working class through the standardization of working conditions to breaking up the irrational capitalist system. Because there was no socialist party at that time, the functions of the labour unions were considered identical with those of a socialist party. Even after a socialist party was organized, the labour union movement was considered

14) Hisashi Asō, "Rōdō Undō no Shinno Igi (The True Significance of Labour Union Movement)," *The Labour and Industry*, July 1919.

15) Bunji Suzuki, "Kanryōshugi ka Minponshugi ka (Should We Take Bureaucracy or Democracy?), " *The Labour and Industry* November 1919.

synonymous with the socialist movement. This viewpoint became "a Japanese union theory characteristic".

There was some correct grasp of the economic function of labour unions after 1919 among leaders of right-wing groups. Komakichi Matsuoka of Sōdōmei stated in "*On Labour Unions*" :

The essential significance of labour unions is in striving for the improvement of social life by acquiring better working conditions. The only problem, as time goes on, is the means for making progress. If the labour union wants to improve working conditions, it may well try in cooperation with a workers' political party or a consumers' union to abolish capitalism by restricting or even winning the capitalist's right of industrial management. Here are five items for perfecting the true meaning of labour unions; they are: 1) conclusion of collective agreements, 2) strikes, 3) education, 4) facilities for mutual assistance, and 5) expansion of political power¹⁶⁾.

For Matsuoka thinks that to conclude collective agreements is the greatest task for labour unions at least in Japan, and strikes are an important method for winning advantageous collective agreements. That labour unions are responsible for educating their members is derived from an idea that the working class should foster the productive ability, cooperative spirit, and intellect necessary for an industrial worker through labour union schools for workers. A serious defect of Japanese labour unions is that organs for mutual assistance have not taken root among labour unions, while many foreign labour unions have actually developed out of mutual assistance corporations.

For Matsuoka strikes need not be political. Under present circumstances, political strikes are unthinkable and stupid. Those who think that labour disputes are the only valuable means for creating a revolutionary spirit tend to mislead the working class. Thus he insists on the need for "controlling strikes" and on "saving strike funds" :

Unless a strike is led by a labour union, it is very difficult to make it function as a "business transaction for selling labour at as high a price as possible". Only through good labour union discipline and financial stability can strikes be maintained and the counter-measures of capitalists be overcome¹⁷⁾.

And he correctly points out that there are many "actually vertical unions among labour unions in Japan", and insists that agreements between such unions and the capitalists "go against the basic meaning of collective agreements". He also states that at present collective agreements prevail in some industries throughout the country, and these agreements will only be effective if there are powerful industrial labour unions.

Among left-wing leaders of labour unions, Tetsu Nozaka, who knew

16) Komakichi Matsuoka, *Rōdō Kumiairon (On Labour Unions)*, 1929, p.28.

17) *Ibid.*, pp. 50-51.

much about the labour union movement in England and had long been a member of Yūaikai, grasped the economic function of the labour union most correctly :

In struggles for wage raises, a labour union should control only the labour supply. The methods for such control are 1) to provide facilities for mutual assistance, 2) to carry on collective bargaining, which is a method by which a labour union can win the most advantageous possible conditions through controlling the labour supply and negotiating with the capitalists in behalf of all its members, and 3) to strike, which is a temporary suspension of the labour supply¹⁸⁾.

In spite of such pleas, however, the seniority wage system had already been established in Japan, so that these failed to be put into practice.

Many labour unions, especially those affiliated with Sōdōmei, tried to conclude collective agreements, some succeeding. Most of these agreements were made with middle and small-scale enterprises. Moreover, except the one concluded between the Japan Ship Owner's Association and the Japan Sailor's Union, these were all not industry-wide but individual agreements. The items of agreements involved wages, working conditions, and retirement pensions, but not a minimum wage agreement. Wages were regulated by such agreements to some extent, but not completely. Therefore, labour unions could never control wages or put them on a basis of the quality and quantity of work. If one is justified in assuming that the core of the union functions lies in regulating wages and working conditions, Japanese labour unions completely failed to achieve these through collective agreements.

Almost all prewar collective agreements recognized the closed shop system. This was a necessary means for putting agreements into effect in Japan where there were many unorganized workers, and at the same time it was made use of by managers to prevent left-wing unions. This is the reason why such agreements were denounced as "Sōdōmei-style contracts" and became the object of attacks by left-wing unions.

In conclusion, labour-management relations in Japan came to be based in the 1920's on the idea of seniority, and using this, managers of large-scale companies succeeded in eliminating labour unions. Thus workers were changed into employees who were closely tied to their companies in consciousness. They, therefore, did not form autonomous working class organizations. Sangyō Hōkokukai promoted such a tendency during World War II.

The problem of labour unions in post-war Japan was how to break labour-management relations based on the idea of seniority and set up autonomous labour union organizations independent of the companies.

18) Tetsu Nozaka, *Rodo Kumiairon (On Labour Unions)*, 1930, p. 35.

However, the tradition-bound Japanese workers were not aware of this problem. In fact, while the workers were devoting themselves to strikes and struggles for power, the capitalists were plotting to rebuild the traditional pattern of labour-management relations. As a result, they succeeded in rebuilding these relations. How this was done will be analyzed on another occasion.