

## JAPANESE MODEL OF INDUSTRIAL RELATIONS: WARNINGS OR OPPORTUNITIES?

ROSS E. MOUER

### I. Introduction

Since the 1970s various aspects of social organization in Japan have received attention as “models” for other countries to emulate.<sup>1</sup> General acclaim for Japan’s ability to ride out successive oil shocks (in the mid-1970s), the attention paid to Vogel’s *Japan as Number One* (1979), and the publicity given the notion of “Look East” in Southeast and East Asia all pointed to Japan’s achievements. Although latecomers to this school of learning, Australians too began from the beginning of the 1980s to show increasing interest in various aspects of Japanese life which might have accounted for that nation’s rapid economic growth.

In Australia, the growing interest in Japan has reflected a heightened concern with the deteriorating performance of Australia’s national economy as judged by its poor balance-of-payments record. In the background there has been a tendency to speak of “Asia’s economic lead” (*TA*, 23.11.83: 8). On the other side of the coin, a mixture of fear, disgust and lament is expressed in references to Australia becoming a “banana republic” (*TA*, 29.9.87: 14), the home for “Asia’s poor whites” (*CM*, 26.9.84: 31) and “the Argentina of Asia.”<sup>2</sup>

Voumard (1988), Carney (1988) and others suggest that the concern with the loss of Australia’s international economic competitiveness has focused largely on Australia’s system of industrial relations. In the late 1970s a concerted media campaign with strong Japanese participation hammered home the point that Australia had become too strike prone (Chalmers 1979). In the early 1980s the Hancock Report concluded that Australia’s industrial relations had become a “dying dinosaur.” Australian governments at federal and state levels wooed the Japanese with promises of a “strike truce” (*CM*, 18.9.84: 8). Queensland went several steps further. It passed anti-strike legislation aimed at “union anarchy” (*TA*, 2-3.3.85: 4), and used that legislation to break the back of the Electrical Workers Union

---

<sup>1</sup>Of course, Japan has served as a model for other societies before. Despite the disillusionment with Japan following its defeat in the Pacific War, Japan never ceased completely from being a model. There continued to be a great interest in Japan’s artistic achievements and in its philosophical heritage. By the late 1950s the interest in Japan as a developmental economic model could be seen among some of the countries in East and Southeast Asia. For example, the Karachi plan, which represented a kind of goal setting in the area of universal compulsory primary (and later secondary) education, was conceived out of an interest and belief in the Japanese experience.

<sup>2</sup> In the text the following abbreviations are used: TA=The Australia; CM=Courier Mail; SMH=Sydney Morning Herald; AGE=The Age.

by dismissing all unionists who went on strike. It also passed legislation to promote the design and implementation of quality assurance programmes in firms bidding for state contracts.

In many of the public discussions at that time Japan served as the main point of reference. In the news media a large number of editorials called for consensus between labor and management, often with reference to Japan. The assumption was that Japan performed well economically because unions cooperated with management and did not strike. The enterprise union was presented as a typically Japanese family-like arrangement which focused the energies and the consciousness of the workers on their firm. While "excessive paternalism" may sometimes have been acknowledged as being part of the peculiarly Japanese cultural backdrop, the emphasis was clearly on the result: cooperation between labor and management. Such themes can now be seen without mention of Japan in a number of recent works on Australia's industrial relations (e.g., Howard and Fox 1988 or Marsh 1988).

Another element in the recent interest in Japan concerns the formulation of national goals and the world-wide movement away from the class-based politics traditionally associated with labor movements and the parties which represent their interests. In a 1984 report from the National Institute of Labor Studies, Professor Blandy called for Australia to bury "the class war" and to move away from the traditional goals of the union movement (*TA*, 15-16.9.84: 21). His goal was to align the goals of the unions with those of management. A basic assumption was that both would find their interests served by economic development. In that regard, he pooh-poohed the Marxist view that workers required minimal amounts of political power to obtain a fair return for their labor. His view was that militant union leaders in Australia mislead their members by creating and maintaining a lie among employees—the notion that they had identifiable interests which capitalism could not serve. A further assumption, then, was that it was possible to have a society in Australia like that in Japan which he saw as being one in which class consciousness did not exist, in which ninety percent of the population identified with the middle class and with national goals. In the same year it was noted with approval that the Minister of MITI had implanted in the Australian Prime Minister on one of the latter's visits to Tokyo "the sense of national crisis Japanese are born with and Australians have still to learn" (*TA*, 21.11.84: 17). Reviewing the national press in Australia over the last 5-10 years, one is impressed with the fact that the intent in learning from Japan was seldom explicit; it was more often than not conveyed as a mood—a climate, a need, an agenda—for a new cultural orientation in the direction of what was alleged to be "Japanese." In this sense "Japan" became a label, an imprimatur which legitimated the strengthening of corporatist arrangements in Australia.

With the general criticism of unions and poor management, there has also been criticism of Australian workers for being lazy. Here again Japan becomes the point of reference, with the alleged work ethic of the Japanese commonly being noted. As with other such traits, the commitment to hard work is seen as being culturally given, as being reinforced by an orientation which is closely tied in with company loyalty and the cooperative attitudes associated with the enthusiastic involvement of Japanese in all kinds of group activities.

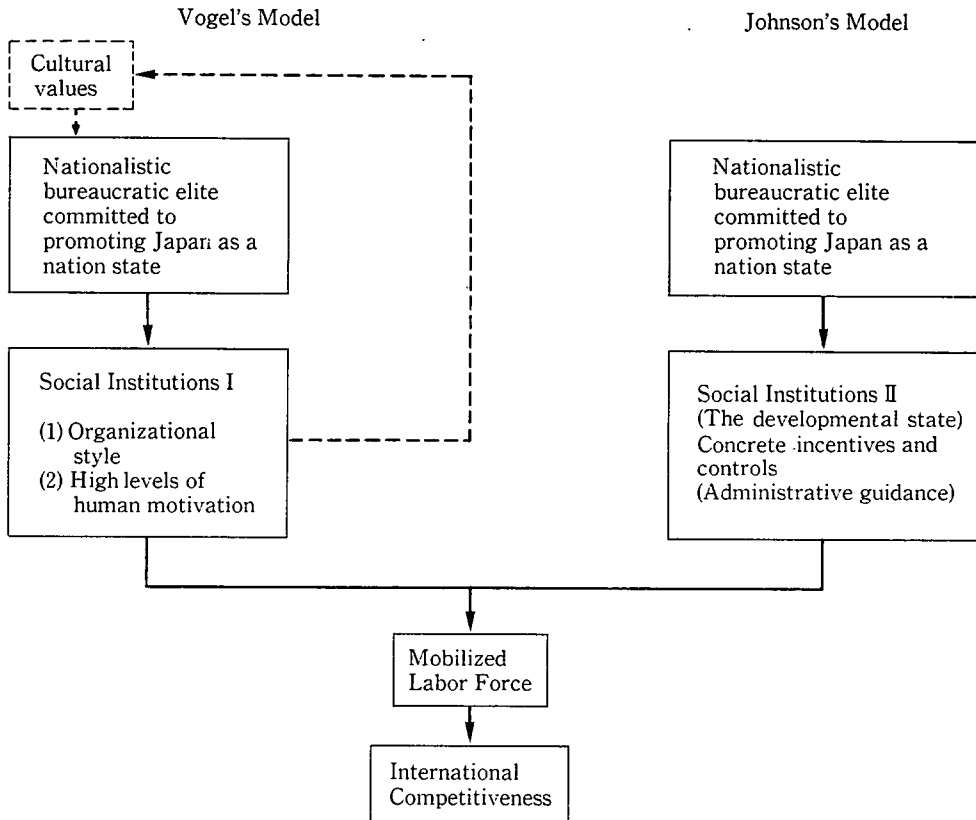
Although reference to Japan has been invoked largely by those promoting new directions in Australia's industrial relations and the organization of work, it should be noted that the interest in Japan extends far beyond work in the narrow sense. For example, in recent months the attention of Australians has been directed to issues in education. Al-

though "Japan" and the "Japanese model" are seldom mentioned explicitly, the changes associated with the Green Paper on higher education (prepared late in 1987 for John Dawkins, Minister for Employment, Education and Training) have been accompanied by efforts to standardize secondary school curriculum nationally, to direct research and teaching priorities at the tertiary level so that they become more in line with the national interest (i.e., greater economic competitiveness) as perceived by the Federal Government, and to promote the privatization of higher education. Here one must remember that the education debate has keyed off trends in countries like the U.S. where the Japanese approach to education has been roundly applauded by White (1987) and an earlier report by the U.S. Government itself. One might also mention the recent interest in the introduction of neighborhood watch groups to assist the police in curbing petty crime. These too have come via the U.S. where Clifford (1976) and Bayley (1976) did much to familiarize policy makers with police organization, including allegedly Japanese cultural patterns in the ways police interact with the local community.

Australia is a latecomer to the learning game, following trends in the U.S. As in the U.S., the interest in Japan is borne out of a sense of national crisis. As in the U.S., the interest has appeared first in the area of Japanese-style management, then in industrial relations more broadly, later extending to other areas like education and crime control. Most analyses emphasize the key role of the state in providing a certain systemness to the organization of economic activity, with the nation state as the unit of analysis. There seems to be a keen awareness that nations compete for high stakes. The consequences of success include the right and/or ability to influence, even direct, the affairs of other states. The interest in Japan abroad often reflects an active interest in arranging affairs domestically and internationally so that one's own country will not lose out. Japan's structured systemness is seen as being linked to that nation's competitive advantage. The intervening variable is national mobilization. "Learning from Japan" has come to symbolize the push to mobilize human resources in the service of the capitalist nation state.

The key concept here is "mobilization." The question is what to do about it. Here the same analysis can lead to two very different solutions being proposed. The model of the developmental state has been proposed by Vogel (1979) and Johnson (1982), perhaps with the subtle differences shown in Figure 1. They differ on two major points. Although Vogel seems to emphasize structures rather than values, he tends to treat social consensus as a given. Johnson is much more cynical, suggesting that Japanese have been unfairly mobilized almost as though by conspiracy of the Japanese elites. Neither deal with the developmental state as a state of mind. The second difference is the value orientation each brings to the model. Vogel tends to accept international competition and the requisite mobilization as a positive value. The U.S. (and other societies) ought to catch up with Japan. Johnson sees excessive competition and mobilization as fraught with danger. The main danger is that states will be over zealous in attaining the goal of international competitiveness at all costs. Democratic institutions may be sacrificed in the drive to hypermobilize a population, and it would not be the first time that has happened. This subtle difference leads Vogel to call for active state intervention in the U.S. In sharp contrast, Johnson calls for Japan to dismantle its "developmental state." To restore some semblance of balance to the international system Vogel would mobilize Americans in service of their economy while Johnson would demobilize Japanese from economic duty.

Figure 1. MODELS OF JAPAN'S INTERNATIONAL COMPETITIVENESS



This paper argues that capitalist society in Japan can be understood in postwar Showa only by updating Gluck's work (1985) on Japan's modern myths (which focused on the late Meiji period). It also argues that there are major differences between Japan and Australia in their standards of living which might be usefully studied as a means of enhancing our understanding of how the two capitalist societies are structured, and of where they are headed at the end of the twentieth century. The comparison is an interesting one, Japan being somewhat in the advance of Australia in terms of the nation state's economic competitiveness, but behind in terms of the standard of living or the quality of life. We might thus learn something about the relationship between the two sets of variables, particularly the consequences of (a) changes in the level of competitiveness and the extent of mobilization, on the one hand, for (b) the standard of living, the quality of life and the provision of certain civil minimums, on the other. Competitiveness may translate into higher GNP, but not necessarily into a higher standard of living for all citizens.

This paper argues also that the difference in Australian and Japanese standards of living is in part owing to differences in (i) the organization of work, (ii) population density, and (iii) levels of social control. These are three variables which perhaps link economic

development and the drive for national economic competitiveness and higher GNP to changes in the standard of living and the quality of life. A close examination of the three helps us to understand ways in which the two sets of variables are quite different, even though GNP per capita is the most frequently used proxy for the standard of living and the quality of life.

Although these kinds of variables can easily be manipulated by the state to enhance the standard of living in capitalist societies, the state in neither society is doing so. This paper does not consider why governments do not act. For some reason, however, it seems to be very difficult to modify the decision to develop—to compete internationally and to make higher GNP the state's foremost goal. Nevertheless, once that decision is made, there is a great resistance to change even though the decision may move society away from a higher quality of life. It is argued that GNP growth is not free. There are costs which must be considered in computing the quality of life, and these may mean that successive increments in GNP may be accompanied by diminishing returns to the standard of living. Work is becoming more rigidly organized and populations are becoming more dense both in Japan and Australia. These tendencies may now be seriously undermining the standard of living in Japan after serving during the 1960s to promote it. Although the impact of those variables is much less visible in Australia, already we can see how they are beginning to undermine the quality of life there.

## II. *Development as a Mental State*

It is on the cognitive level that pursuit of the Japanese model has become a "social choice" (i.e., a policy choice). The media discussions mentioned at the outset above are an important harbinger of the structural changes which are accelerating economic development in Australia. Accordingly, it is on that level that this discussion begins.

In assessing the Japanese model as a cognitive structure, it is necessary to separate (i) the Japanese model as a powerful mental image, as an ideal with a highly developed internal logic and systemness in functional terms, where the state and the business firm are the main units of analysis, from (ii) its actual functioning to provide a higher standard of living for citizens of the state and for all employees of the firm.

Nakayama's distinction (1975) between "economic efficiency" and "true efficiency" contained the idea that economic growth for its own sake would turn in on itself and undermine its own rationale—the achievement of a higher standard of living. He was also arguing that true efficiency (meaning an improvement in the real standard of living) would be achieved only when a balance was struck between the forces for democracy and those for efficiency. Tsuda (1977) also points to the balance between the emphasis on *gorisei* and/or *noritsusei* and that on *nattokusei* and/or *goi* as the important dynamic in Japanese managerial style. Although the emphasis is different in Tsuda's work, in the output he associated with such a balanced approach to management—the sense of there being a mutually beneficial cooperative community (*kyodo seikatsutai*)—there is the suggestion that Nakayama's true efficiency is achieved. From other angles Iwata (1977) and Hazama (1971) provided similar descriptions of this balance as the dynamic in their models of Japanese management (cf. Ogishima 1984).

I would like to argue that the formulations of the above four authors were once based partly on empirical observation, but that over time they have increasingly come to have relevance abroad as theoretical formulations. As theoretical models, however, there is little that is peculiarly Japanese.<sup>3</sup> All provide a powerful logic describing in clear terms the functional imperatives which make the propositions theoretically viable and give them a universal validity (if output and higher incomes are the goal). Other things equal, if employees work longer hours, physical productivity will go up; if employees work harder or with more commitment, it will go up; if employees strike less, it will go up; if employees have more general skills, it will go up; if employees show wage restraint and investment in equipment is increased, it will go up.

The above ideas were formed primarily in the late 1960s and early 1970s, the time when the above-mentioned balance was best achieved in Japan. They noted critically the "excessive" emphasis on democratic values after the war (in terms of promoting a higher standard of living). They argued that the restoration of a balance with efficiency in the 1960s has been accompanied by tremendous improvements in productivity and in the standard of living. With the popularity of *nihonjinron* (the theories of Japanese cultural uniqueness) coming to the fore in the late 1960s and early 1970s, many writers came to see the balance between productivity-oriented structures and participative arrangements as being uniquely Japanese and as having been generated largely by certain Japanese cultural orientations.<sup>4</sup> In this regard, although Vogel's volume and Dore's *British Factory/Japanese Factory* (which dealt specifically with industrial relations) made a tremendous contribution in pointing to the problem of Western ethnocentrism in our perceptions of Japan and the Orient in general, they did so by presenting a powerful ideal dressed up as though it had an actual existence in Japan. It is a model people in other societies strive to emulate largely because they believe it can be achieved. The belief that it exists in real life gives it validity, just like Margaret Mead's descriptions of idyllic adolescence in Samoa led many to believe in permissive child-rearing. Logical models have that power to generate credibility.

Life in Japan is different from life in Australia, just as the Australian life style in urban areas is different from that of the outback. The differences are two: in Japan (and in urban Australia) the pace of life is faster and there are more people in the developed areas. The paradox of life in the fast lane is that we live it while yearning for life in the slow lane. While there is a bit of the "greener-grass psychology" at work, it is odd in urban Australia that the notion of the outback should loom so large on the Australian consciousness although most of the population lives in the cities and few urbanites have ever experienced the outback. But so too is there an incongruity in successful Japanese businessmen singing mournful

---

<sup>3</sup> Of course, the symbols used to express the balance and the institutions which emerge to regulate the balance are culturally specific, but not the idea itself.

<sup>4</sup> The alleged orientations are, of course, Japanese groupism, the Japanese preference for consensus and the Japanese respect for vertical relationships and hierarchy. On this point Tsuda (1977) seems to emphasize the ability of management to create the culture which maintains the balance. However, perhaps because the process is not treated as ideological phenomena, there is a tendency to view the process as a non-political one and the question of power relationships is not discussed. Iwata (1977) and Morikawa (1973), for example, go so far as to present Japanese-style management as being the inevitable outcome of Japanese child-rearing techniques and a cultural orientation which is almost inherited in Japanese genes.

*enka* in the *karaoke* bars of Sydney, New York, Bangkok or even Tokyo itself. Why romanticize a past we wilfully decided to abandon?

### III. *The Paradoxes of Economic Growth*

The interest in the Japan model of industrial relations has emerged from the belief that its industrial relations have contributed significantly to the country's economic achievements. Those achievements are measured primarily in terms of GNP and firm-level profits. As a major component of the model, the enterprise union has focused attention on the large firm in the industrial relations arena, and it has been the concern with the firm as the major unit of analysis which has sharpened the focus on monetary profits.<sup>5</sup>

Discussions in the Japanese media over the past year point to the growing awareness in Japan of a certain paradox: that having the world's highest GNP per person has in no way given Japan the world's highest standard of living (even though life expectancy in Japan is the highest in the world). The key word has been "*yutakasa*" (a sense of well-being): "What is its essence and how does one attain it?" Or, more to the point, "How come we're so rich and feel so poor?"

It is ironic that the union movement has lost so much ground over the last ten years, although it had been largely successful in realizing its main objective for over the twenty years leading up to the mid-1970s. From the mid-1950s the unions had pushed each spring for higher wages, the slogan coming to be "*yoroppanami chingin*" by the late 1960s. The demand for shorter hours of work had not so much been a demand for shorter hours as a push to alter the percentage of overtime in the total hours package so as to provide an added flow-on to the wage package. The shift to "*yoroppanami bunpairitsu*" in the early 1970s did not alter that focus.

After ten years of declining organization rates, it is interesting that this year's slogan called for a European and American standard of living. At the same time, the tertiary sector continues to expand. Not only does the change move labor away from the manufacture of goods directly linked to the material standard of living, it shifts production to the provision of intangible services which do not necessarily link directly to the standard of living. However, while calling for a higher standard of living, labor leaders were unable to conceptualize the higher standard of living commonly associated with Europe and America. Although the standard was seen as being something distinct from higher wages, higher wages were seen as being the only means of achieving it. It is interesting to note that the narrow concern with higher wages was particularly reinforced from the late 1950s onward as enterprise unionism and its cooperative strategies to raise productivity with management came to the fore as the dominant force in the Japanese labor movement.

---

<sup>5</sup> This distinguishes discussions of Japan's industrial relations from discussions of its system of education. Success (meaning productivity) in education is difficult to measure in terms of flows through a gate into the school yard. It is recognized that the value of education is too nebulous to count, that the benefits for the society as a whole are often quite indirect. Accordingly, the discussion of Japanese education tends to be cast in broader terms, the conclusions more tentative. The profits of a firm, however, appear to provide incontrovertible evidence that its formula for success does or does not work.

It is significant to note that the last attempt to reorient the Spring Offensive had a different philosophical orientation. The call for a People's Spring Offensive in the mid-1970s had caught some people's imagination. Although conservatives tended to dismiss it as a call for political unionism, the demands *did* go beyond income in calling for a shift which would have allowed the economy to contribute more to the individual's standard of living. There *was* the year of launching the welfare state (*fukushigannen*). For a short time the notion of life-cycle needs and civil minimums was on the national agenda during Miki's stint as Prime Minister. However, the idea of a People's Spring Offensive was associated with the left in the union movement. Despite its considerable influence in the labor movement at that time, its influence should not be exaggerated; powerful as it was, the concept of life-cycle needs was never operationalized the way it had been, for example, when the left had more weight and industrial unions were able to impose the Densangata wage system (when needs had been rather different) on management.

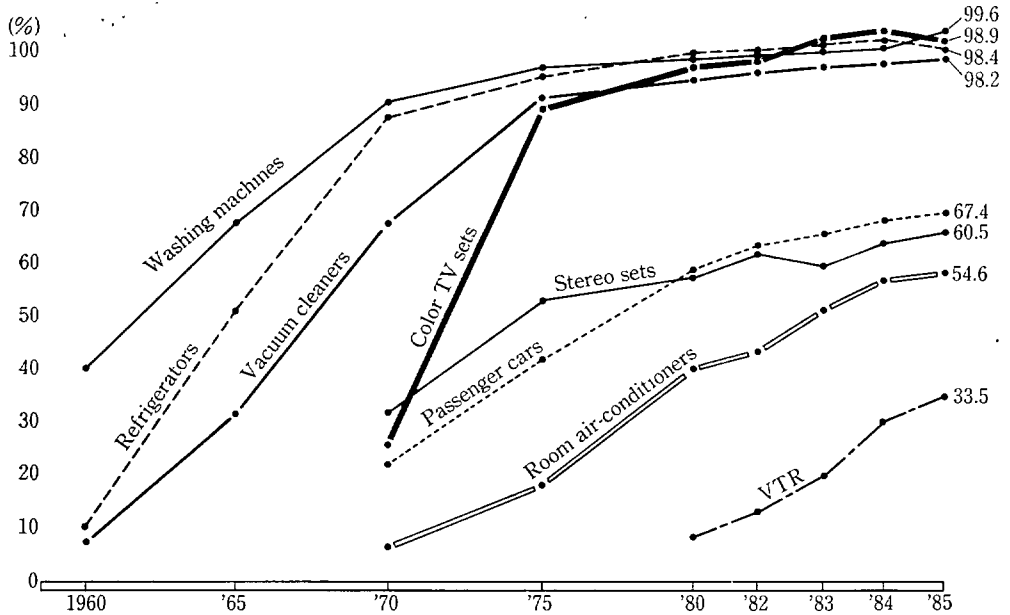
Despite the contribution of higher GNP to the standard of living during the 1960s, the gap between the two began to be noted at the beginning of the 1970s when the concern with pollution resulted in a flurry of studies on NNW and on the quality of working life, a good deal of progressive welfare legislation, much stricter pollution controls, and, most significantly, a move to open up the system so that a broader range of public opinion would be tolerated. However, the opportunity to change the system was lost. The forces for economic efficiency and conservatism came back from the brink of political defeat and reinforced their political hold on Japan in the late 1970s. So too was the capitalist system that had performed so marvelously in raising the Japanese standard of living during the 1960s reinforced.

There can be absolutely no doubt that the period of high economic growth resulted in a tremendous across-the-board improvement in the Japanese standard of living. It would be naive to argue that any significant number of Japanese (save, perhaps, a few victims of pollution) were worse off as a result of Japan's rapid economic growth. Food consumption rose, the Engel's coefficient fell, housing improved, and hours of work declined. The most spectacular indexes, of course, were those which showed the dramatic diffusion of various consumer durables: first the three S's, then the three treasures and the three C's in quick succession. As Figure 2 shows, however, the diffusion rates for the basic goods pretty much flattened out at over the 90-percent level by the mid-1970s. There is also a set of more expensive goods which are not being diffused to the extent of the earlier goods, and their diffusion rates too are leveling off. After a rush of legislation providing some initial steps to control pollution and promoting social welfare, progress in these areas slowed considerably. As the percentage of the aged population grows, it is unlikely that the economy will be able to push up the standard of living much unless there is an unforeseen technological revolution so profound as to alter significantly the way in which production is structured or to provide a fourth dimension which would allow for larger living areas.

In discussing the gap between GNP per capita and the standard of living, it is interesting to note that Korean leaders are now trying to differentiate between the Japanese and Korean experiences by arguing that the Korean model will minimize the gap. The Korean economy still has another 10-15 years to mature before it will reach the point at which there will be diminishing returns to further increments of GNP in terms of the standard of living. It is at that point that we will see its achievements.



FIGURE 2. THE DIFFUSION OF SELECTED CONSUMER DURABLES



Source: Management and Coordination Agency, *Japan Statistical Yearbook*.

Also on a comparative note, it is interesting that one solution suggested for the aged in Japan is the Silver Columbia Programme—the idea that the aged could enjoy a better standard of living abroad. If we search for the merit in that idea, we are returned to the comparison with Australia, one of the key target countries for Silver Columbia. What is it that Australia offers those persons in terms of a higher standard of living? That comparison suggests that a further increase in the Japanese standard of living is restrained at least by the three factors mentioned above. Each is discussed below.

#### IV. Three Connections Linking GNP and the Standard of Living

##### A. The Organization of Work

Hours of work provide further evidence that the 1970s may have been a turning point with regard to the standard of living in Japan. Table 1 suggests that hours of work declined fairly dramatically between 1960 and 1975, but then rose again and have shown little sign of dropping further in the 1980s. As long as Japan is to compete as a nation state tied to having trade and foreign exchange surpluses, pressures will exist to up-value the yen further. Longer hours of work will be one way of maintaining competitiveness. So too will work load intensification.

Kawanishi (1989) and Yamamoto are two of many to describe in detail how earlier rationalizations were accomplished by intensifying work loads. In Australia the drive

TABLE 1. TRENDS IN HOURS OF WORK IN JAPAN: 1960-1983

Year	Monthly hours of work	Yearly hours of work
1960	202.7	2,432
1965	192.9	2,315
1970	186.6	2,239
1975	172.0	2,064
1980	175.7	2,108
1983	174.8	2,098

to obtain higher productivity is already resulting in a stop to further reductions in hours of work, in intensified work loads, in diminished discretion on the job, and in less predictable work schedules to suit production or sales schedules. All of these reduce the amount of non-employed time enjoyed by employees.

Here we should note that the discussion in Japan itself suggests that a person's "*yutori-sa*" (the feeling of margin or "leisureliness" which the system allows) is an important component of "*yutakasa*." Work intensification diminishes that feeling. In visiting some bread factories (albeit a very small and probably unrepresentative sample) in the United States, Japan and Australia during the past year, one contrast stands out. In the American and Australian plants the workers talked and laughed while they worked; without exception they wore their hairnets, but they drank cola and listened to their own radios while they worked. In Japan, however, the uniformed workers concentrated much more intensively on the conveyor belts, quite probably seeing to it that there were fewer wrinkles in the wrapping paper or that the buns were all more nearly the same than was the case in the other two countries. Just as the ambience was different, so too were the topics discussed during their breaks. The Americans, and particularly the Australians, talked about what they would do with their time off: repairs to their cars, yard work and projects around the house. Some even mentioned a second job. The Japanese, however, talked largely about enjoying passive forms of relaxation such as enjoying a beer while watching television (a contrast not only with their American and Australian counterparts, but also with many of the university graduates I knew in several large firms in Japan).

This scanty fieldwork project yielded two ideas. One concerns the Japanese work ethic, about which a good deal has been written. As I have written elsewhere (1987 and 1988), I believe there is good reason to be skeptical of the ethic. That Japanese work very hard at particular firms in particular kinds of jobs is not in doubt (although, as Woronoff [1981] and others have argued, there is good reason to think that many—including women, some bureaucrats and members of the "*madogiwazoku*"—are underutilized). What is in doubt is the overall commitment to work. The comparisons are difficult because people work in such different ways in each society. So too are the consequences of not working in designated ways different from one society to another. Given the generally lenient system of unemployment in Australia (with unlimited benefits even for school graduates never before employed), it is a wonder that anyone there would have to work at all: the effort must be quite voluntary, particularly when a person holds down two full-time jobs. Obviously the system needs to be tightened up. But in doing so it is important to note that those who hate work will have a lower standard of living while those who subsidize them

will retain a larger share of their output. However, it is important to note that the latter tolerate the former because to do so gives society a different quality—the feeling of “*yutori-sa*,” the feeling that one has the luxury of being able at any time to choose not to work.

The nature of work control and the structure of the underground and informal economies also need to be studied much more carefully before we attribute hard work to the work ethic. More significant even than differences in the commitment to work, perhaps, is the division of work into two types in Australia—one type for taxable cash earnings in the “fast-flow economy” and the other type for untaxed direct benefit in the “slow-flow” or “no-flow economy.” The after-hours work in one’s garden, on one’s patio and under one’s car adds to one’s standard of living. Totally unstructured and unsupervised, it also has a hobby-like element. Unlike in Japan where the worlds of private leisure and public work seem to be sharply divided, the second type of work and leisure are fused together in the private domain in Australia in a way which creates utility for the individual and enhances his or her standard of living in a fairly direct manner.<sup>6</sup>

In conclusion, it should be added that this discussion is not to diminish the absolute importance of monetary income in providing the ultimate basis on which one’s standard of living is structured. It is the add-on quality and the marginal utility in terms of the quality of life that are important.

## B. Population Density

In picking up general books on Japan by Japanese one is always struck by the emphasis on Japan’s population density. The density in Japan was 316 persons per square kilometre in 1985, compared with 25 for the United States and two for Australia. Although the high population density is often presented as a given in explaining one or another of Japan’s policies, it is useful to remember that Japan’s population density has increased over time, doubling since 1920 and rising forty percent since 1950. Australia’s population has tripled and doubled during the same periods.

Although it may seem odd to Japanese to think of Australia as having a population problem in terms of excessive densities, papers in a recent volume (Day and Rowland: 1988) argue persuasively that the more people Australia has the less comfortable Australians will be. Of course, a considerable debate has just been occurring on immigration, stirred some-

---

<sup>6</sup> It should be noted that work and leisure are sometimes fused together in Japan. However, two distinctions must be made. First, the fusion tends to involve only the first type of work. Second, the leisure component is so structured in Japan that it nearly always involves one’s workmates. Indeed, Atsumi’s work (1979) on *tsukiai*, for example, raises important questions as to whether after-hours socializing in Japan is really leisure, noting the tension which is carried into those kinds of relationships because of their implications for one’s success at work.

Atsumi thus argues that those types of relationships (*tsukiai*) should be distinguished from friendship. It should be noted that Japanese have many pastimes and many friends. The point being made is that those friendships and pastimes are purely leisure-oriented and that they do not result in the fusing together of work of the second type and leisure in a manner which substantially raises the standard of living (although they may well result in individuals enjoying more the standard of living they do have).

It is often argued that Japanese feel a special tenseness in their *tsukiai* because of certain social values which attach special importance to them and the etiquette with which they are carried out. I should think interpersonal relations at work are equally important in Australia and America in determining the success of one in maximizing income potential from the first type of work activity in the “fast-flow” economy.

what by the report of the FitzGerald Committee earlier this year. In most discussions, attention is focused on the carrying capacity of the land<sup>7</sup> and on the issue of Australia's ethnic mix. Japanese who come to Australia somehow see in Australia's empty centre the potential for development and for larger populations. The link between having those larger populations and the Australian standard of living has not been discussed. In this connection, the recent volume by Day and Rowland makes two contributions. First it points to the very important contribution low population densities make to the Australian standard of living. The authors suggest that Australia's lifestyle is oriented to leisure and to the second type of work and does not presently require one to have great skills to enjoy it. One's standard of living is high in Australia because of the easy access to the beach or to other spectacular natural surroundings. One is still able to enjoy the scenery as if it were in one's own private garden. No wonder the original residents saw no need to develop cities or the modern weaponry with which to defend it as private property. No wonder there is a sharp reaction to the flood of Japanese tourists who are crowding Queensland's beaches, encouraging development which would turn them into a series of small Waikikis. Whereas any Australian could enjoy any of Australia's beaches as a kind of minimal right, in recent years development has no doubt helped to capture the tourist dollar and to contribute to Australia's balance of payments while adding to Australia's GNP. At the same time, it has resulted in a differentiation between an upper elite able to afford the rents associated with enjoying the beaches and the lower stratum unable any longer to get near the beaches.

This phenomena was vividly seen in miniature during the EXPO held in Brisbane during 1988. The city's first class hotels were occupied by overseas visitors from various countries and the Australian elite. Ordinary citizens were left to stay in marginal accommodations. South of Brisbane a tent city and caravan parks accommodated large numbers of Australians. Landlords of accommodations long used by pensioners raised rents to levels where the pensioners would become dislodged. Higher rents meant higher GNP, but the quality of society—its sense of margin—changes when some citizens are thrown out on the street. The concern with making the EXPO a successful international event at all costs changes society. Mobilized to compete internationally, however, those who benefit in terms of higher incomes are too busy to notice. EXPO has been a public relations exercise for development, and development has been seen first and foremost as population growth. Today Australian states are competing to attract Japanese capital and the sponsorship of the Japanese and Australian governments in establishing a new kind of city known as the Multi-Function-Polis. Such a city calls for sizable Japanese participation and further immigration.

If the above arguments make sense, then one option for Japan and Australia is better population planning. Sweden, for example, has maintained its population at eight million (a density of 19 persons per square kilometre) for the past 50 years, and there is no reason why Australia and Japan could not follow Sweden's lead. Although Japan legalized abortion after the war, it has been reluctant to legalize other means of birth control. To the contrary, some Japanese politicians have argued for a larger population. Politicians have been un-

---

<sup>7</sup> Although a favorite pasttime of Japanese intellectuals visiting Australia is telling the locals how Japanese would develop the center were they in charge of the country, thereby making it inhabitable for a population the size of Japan's, more reasoned estimates place the continent's maximum carrying capacity at the present time at about fifty million.

willing to redress the imbalanced geographical distribution which aggravates land prices, housing shortages and pollution in urban areas. Projections suggest that Japan's population will stabilize sometime early in the next century, but the attitude is one of waiting optimistically, not engaging in rational debate about the relationship of population size to the standard of living and setting a target population on that basis.

In both Australia and Japan the logic of capitalism will call for larger populations. Australia seems bent on developing in a manner which will absorb more migrants. Japan is now preparing to open its doors to migrant labor. To link the interests of developers with the policies of governments, we will probably not be able to go much beyond C.W. Mills' notion of tacit agreement. It is interesting to note the lack of open public discussion of the plan for a Multi-Function-Polis in Australia. Like Silver Columbia, it will result in a higher standard of living for Japanese who participate. It will raise income levels in Queensland and even create some new jobs. But so too will it accelerate population growth in Australia. The ultimate effect will be a further rationalizing of the "fast-flow economy" and a constriction of the "slow-flow economy."

### C. Controls: The Power Relationship

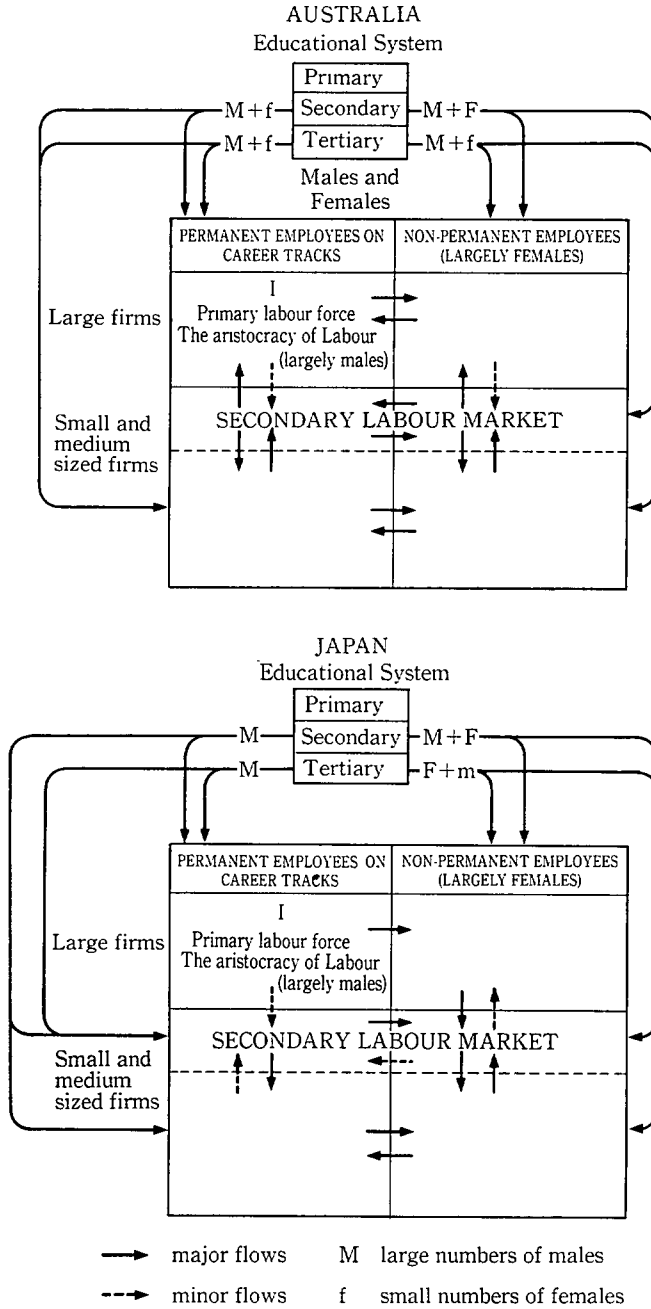
A growing body of literature is showing us that Japanese workers are very vulnerable to management at the shop-floor level, and that management has found a large number of ways to reward "compliant employees" while discriminating against those who are less compliant (e.g., Kawanishi 1979, Kamata 1983, Yamamoto 1979). The strictness of company work rules and control over the labor processes would surprise many foreign observers, as would controls over students in Japan's schools. Complaints against Japanese management abroad are often against the control strategies they bring with them. In one study of Japanese-run firms overseas, Reitsberger (1986) found that British employees had most difficulty adjusting to the tight management controls which have become associated with Japanese-style management. In addition, Japanese management has developed a reputation for being anti-union. Although some Japanese managers seem very amenable to strong unions, they clearly prefer unions of a particular type. The history of the struggle in Japan between number one and number two unions points clearly to management's self-interested intervention in arranging for the latter to emerge dominant.

Apart from management's control over employees, there are the power relations among parent firms, subsidiaries and the multiple layers of subcontractors and their sub-subcontractors. Industrial relations at each level is somewhat different, with employees in the smaller firms being completely without representation and often having inferior working conditions. There is nothing new in saying this; it is often the first criticism of the Japanese model of industrial relations.

These kinds of power relations are reflected in the structure of Japan's labor markets which are segmented by firm size, occupational category (educational background) and job status. These two factors tend to divide the labor force into two groups which we can call "the primary labour force" and "the secondary labour force." These are shown in Figure 3.

Australia too has a primary and secondary labor market. The major difference, however, is in the patterns of mobility between the two markets. In Japan it is only one way:

FIGURE 3. THE STRUCTURE OF LABOR MARKETS IN AUSTRALIA AND JAPAN



downward from the primary labor market to the secondary labor market and then further downward in the secondary labor market. With only a few exceptions, entry into Japan's primary labor force is limited to new graduates. In Australia there is much more movement between the various sectors of the labor market (see Figure 3).

The consequences of one's positioning in the Japanese labor market are seen directly in one's income. It is generally agreed that wage differentials by firm size in Japan are larger than in Australia. Those by labor status are probably not too dissimilar, although the distinction between labor statuses is more blurred in Australia because there is more movement between the primary and secondary labor markets. Koshiro (1981) has argued that Japanese workers are motivated by the awareness that good jobs (i.e., good paying jobs in the primary labor force) are scarce in Japan. Employees are motivated by their weak position in the labor market: they can always slide down but cannot recover from temporary setbacks the way Australians can. Because life choices in Japan are determined largely by the labor market first entered, the motivation to "toe the line" extends backwards into the education system. Koshiro's arguments (1982) link to Koike's very valuable work (1989) on career structures. Although Koike has tended to focus wholly on the consequences for skill formation, the structures also relate to one's positioning in social hierarchies and power relationships and to his or her access to income.

Central to motivation is remuneration. The wage system is crucial. The introduction of new technologies, and the scrape-and-build programmes cannot be understood apart from changes occurring in the wage system. After the war a very strong industry-based union movement imposed on management a wage system designed to guarantee that the minimal livelihood needs of all regular employees were met regardless of occupational status within the firm. Known as the "Densangata Wage System," it tied salaries and wages to age. Japanese management fought this system in several ways: by not extending employment guarantees beyond age 55; by shifting the pay criteria from age to seniority; by introducing a job skill component (*shokunokyu*) into the wage formula; and by distinguishing sharply between workers who supported the changes (generally the more skilled and better educated employees) and those who did not (key supporters for industrial unionism) and discriminating against the latter group in many ways.

Although the "income gap" between workers in the primary and secondary labor markets was considerable, across-the-board improvement in the standard of living legitimized the gap before the mid-1970s. From the early 1970s a small number of core employees began to opt for less pressurized jobs in the secondary labor market. No longer was it necessary to be in the primary labor force to survive economically. The factor has also been cited by many of those studying the increased willingness (i.e., financial ability) of unhappily married Japanese women to seek divorce. However, the problem of the disillusioned employee (*datsusara*) may have been contained at least partially by the widening of the gap between the wage-age-career profiles for core and non-core employees. In other words, the costs of dropping out were further raised.

## V. *Listening to Other Voices: The Question of Equality*

So far attention has been focused on the standard of living. However, there are other

important values. One is social equality, a matter which links back to the concern of Nakayama and others for the forces for democracy.

Many of the dislocations associated with the rapid growth of the 1960s were accepted by many Japanese in part because they believed the distribution of income was becoming more egalitarian. There is a growing realization that this has not been the case. First, the narrowing of income differentials in the 1960s was largely among those with employment income, not between those with employment income over those with wealth income. Moreover, even among those with employment income, the major contraction was in inter-regional differentials. As industrial complexes were spotted around Japan, the population drifted to the Pacific belt and the urban-rural differentials diminished. The most significant differentials in terms of social structure, those between the major occupational groupings and between variously sized firms, did not narrow. Indeed, since the mid-1970s, there seems to have been a widening of occupational wage differentials.

The focus in Japan for the last thirty years has been primarily on having a larger pie; little attention has been paid to how different distributions affect the sense of "*yutorisa*" and the overall sense of well-being. Many techniques associated with Japanese management have worked because unions have shifted their attention from the distributive or egalitarian interests of individual workers to administering personnel policies on behalf of management in the name of higher incomes and a larger pie for all workers. This change has been accompanied by the unions' retreat from the workshop and the overall movement to the right in the labor movement.

The question of control has also been raised in terms of management's involvement in organizing the leisure of employees. Collectively organized leisure which fuses together the first type of work mentioned above with leisure tends not to allow for the kind of individual variation generally associated with the second type of work. Japan's segmented labor markets are also reflected in the tendency for much of Japan's social overhead to be provided by the private sector on a commercialized basis. Without guaranteed social minimums in terms of the overhead related to leisure-time activities, the significance of income differentials arising from considerations of occupation, firm size and employment status is further magnified in the standards of living enjoyed by the Japanese.

The consequences of structured social inequality in the labor market for the standard of living are further exacerbated in Japan by the absence of other guarantees of a civil minimum. Such guarantees are critical for employees who wish to invest time in the second type of work. The consequences of downward mobility as a result of demotion owing to the loss of competitiveness in terms of the skills associated with the first type of work make it difficult for employees to risk spending time in the second type of work. The important guarantees include: effective minimum wages, long-term unemployment insurance benefits at the minimum wage rate, open pensions at the same rate, and free medical care. The provision of such guarantees will likely lower the competitiveness of the national economy in monetary terms, but will go a long way to providing a sense of "*yutorisa*." On the other hand, moves to increase Australia's international competitiveness by mobilizing people into the private sector will likely detract from the sense of leisured magnanimity which has characterized life in Australia in the past. Not to be mistaken, it should be noted that Australia is not emerging from a "Golden Era." However, economic mobilization will toss many



workers from the skillet into the fire. A new social psychology will be created, and its consequences for the overall quality of life in Australia must be considered.

Greater inequality lowers communications between the haves and the have nots in society. There has been a tendency for the literature on learning from Japan to be created by elites in Japan and abroad to serve their own interests. It is not by chance that many of the criticisms of the model in action have come from those associated with the labor movement or with viewpoints at some distance from the elites in society. Mannheim's writings about ideology and utopia continue to have meaning today. However, the swing in the power balance against the forces for democracy in favor of those for efficiency will in the foreseeable future mean that the views of those in the secondary labor markets of Japan and Australia will no longer be heard. To the extent that corporatist arrangements are consolidated in contemporary capitalist societies, importance will increasingly be attached to the views of a few key leaders. However, although the pronouncements of Japanese management about Japan's industrial relations could help us predict the kind of personnel policies they are likely to introduce in the near future, we must remember that they will not provide us with a balanced overview of what is happening at work.

Within Japan the interest in industrial relations seems to have fallen in recent years. The belief that Japan's latest problems have been solved has even led some to argue that Japan could well do without its Ministry of Labor and bodies such as the Japan Institute of Labor. It is somehow odd to read recently in an Australian paper about an Australian priest trying to raise money in Australia for the poor in Japan. Or that the recent appearance in English (1982) of Kamata's earlier account (1973) of work in Toyota should stir such surprise and disbelief. However, unless we are willing to listen to such voices we will continue to be ignorant of the gap between Japan's GNP and the standard of living.

## VI. *Conclusion*

Over recent years the Australian Government has pushed Australians to see that their future lies in Asia. Australians are being persuaded to "Look East" at the new developmental states in Asia, with Japan as the primary point of reference in many ways. One result is a new emphasis on Asian Studies. For those intimately involved with Japanese studies abroad and deeply opposed to the Orientalist stereotypes behind the white Australia orientation apparent in some of the debates on immigration, these changes are very welcome. However, having Asian studies on the political agenda is also a source of worry. Official agendas tend to produce official views, to stifle creative analysis rather than to promote it. Such agendas are shaped by political expediency. Because political urgency is linked to the idea that Australia faces national crisis, the Japanese model has come to be an integral part of the ideology for economic mobilization, the imprimatur for arguments favoring the mobilization of Australians in service to the national economy. There is a symbiotic relationship between the national crisis mentality and the learn-from-Japan mentality. The Japanese model as an abstract is a powerful idea which makes tremendous sense in terms of the "fast-flow economy."

As for the future of the model, there is more room to be bullish than when Kassalow

(1982) evaluated the level of overseas interest in the model against three criteria: its association with the attainment of high growth rates in GNP (+), its association with a high standard of living (—), and its association in the exporting society with high levels of consensus about its appropriateness within the exporting society itself (—). Kassalow's tally was one for and two against.

On the first criterion, there is little evidence to suggest that the Japanese economy will not continue to be the most competitive economy in the world for some time to come. On the second criterion, Kassalow was probably right. In terms of the perceptions of those overseas, there has been a tremendous backlash against Japanese-style industrial relations in North America and some European countries, especially among labor groups.<sup>8</sup> In applying the third criterion, however, Kassalow focused on the deep split in the Japanese labor movement between Sohyo and Domei and between number one and number two unions. To the extent that the importance of those cleavages has been eclipsed by the formation of Rengo and by the apparent disappearance of the militant number one unions, one might want to argue that today's results on Kassalow's scoreboard would be two for and one against.

Further to that view, one cannot ignore the fact that the vocabulary of Japanese-style management continues to proliferate in many countries. Moreover, it could be argued that with the current system of nation states GNP performance will be the major determinant of whether a theoretical model is adopted abroad—especially when it is also linked to healthy trade balances. If so, the weight given to Kassalow's first and third criteria must be larger than that given to the second. If Kassalow's criteria were weighted, the score might even be 80–90 percent for and only 10–20 percent against.

While the Japan model is likely to continue symbolizing the way in which work forces around the world will be mobilized in the name of their country's national competitiveness, diminishing returns in the society-wide standard of living may, as Nakayama suggests, lower our average levels of "true efficiency." For that the entire world will be poorer. Despite the fact that humankind has been endowed with cybernetic capacities and a brain which ought to allow the species to rely on more than instinct, we are forced to acknowledge Camus' prognosis of the human condition some time ago: Man can will what he does, but cannot will what he wills. Such is the power of capitalist ideology and the Japan model at the end of the twentieth century.

MONASH UNIVERSITY

---

<sup>8</sup> Kassalow argued strongly that the proponents of Japanese-style management abroad have largely been managers or management-oriented persons, not unionists. The unions have been more concerned with the linkages to the standard of living and criticized the model for not providing better housing, social welfare, shorter hours of work, a more open labor market or more balance between the two types of work.

## REFERENCES

- Atsumi, Reiko, 1979. "Tsukiai—Obligatory Personal Relationships of Japanese White-Collar Company Employees," *Human Organization* (Vol. 38, No. 1: Spring), pp. 63–70.
- Bayley, David H., 1976. *Forces of Order: Police Behavior in Japan and the United States* (Berkeley: University of California Press).
- Carney, Shaun, 1988. *Australia in Accord* (Melbourne).
- Chalmers, Norma, 1979. "Japanese Perspectives on Australian Industrial Relations," Research Paper No. 16 (Brisbane: Centre for the Study of Australian-Asian Relations, Griffith University).
- Clifford, William, 1976. *Crime Control in Japan* (Lexington: D.C. Heath).
- Davis, Jeremy, 1988. "Australian Managers: Cultural Myths and Strategic Challenges," in *Australia Can Compete: Towards a Flexible Adaptive Society* (Melbourne: Longman Cheshire for the Committee for Economic Development of Australia).
- Day, Lincoln H.; and Rowland, D.T., eds., 1988. *How Many More Australians?* (Melbourne: Longman Cheshire).
- Hazama, Hiroshi, 1971. *Nihonteki Kei-ei* (Japanese-Style Management) (Tokyo: Nihon Keizai Shinbunsha).
- Howard, William A.; and Fox, Carol, 1988. *Industrial Relations Reform: A Policy for Australia*, Monograph No. M86 for the Committee for Economic Development of Australia (Melbourne: Longman Cheshire).
- Iwata, Ryushi, 1977. *Nihon no Kei-ei Hensei Genri* (The Basic Principles of Japanese-Style Management) (Tokyo: Bunchindo).
- Kamata, Satoshi, 1973. *Jidosha Zetsubo Kojo—Aru Kisetsuko no Nikki* (Deadend at the Auto Plant: the Diary of a Seasonal Employee) (Tokyo: Gendaishi Shuppansha).
- Kamata, Satoshi, 1983. *Japan in the Passing Lane: An Insider's Account of Life in a Japanese Auto Factory*, translated and edited by Akimoto Tatsuro (New York: Pantheon Books).
- Kassalow, Everett, 1982. "Japan as an Industrial Relations Model," *Journal of Industrial Relations* (Vol. 25, No. 2: June), pp. 201–219.
- Kawanishi, Hirosuke, 1989. *Enterprise Unionism in Japan* (London: Kegan Paul International).
- Koike, Kazuo, 1989. "Some Conditions for QC Circles: Long-Term Perspectives in the Behavior of Individuals," in *Constructs for Understanding Japan*, edited by Ross Mouer and Yoshio Sugimoto (London: Kegan Paul International), pp. 94–129.
- Koshiro, Kazutoshi, 1982. "Ryoko na Koyo Kikai no Kishosei to Nihonteki Roshi Kankei" (The Scarcity of Good Jobs and Japanese Industrial Relations), *Nihon Rodo Kyokai Zasshi* (Vol. 24, No. 1: January), pp. 4–13.
- Marsh, Ian (ed.), 1988. *Australia Can Compete: Towards a Flexible Adaptive Society* (Melbourne: Longman Cheshire for the Committee for Economic Development of Australia).
- Morikawa, Hidemasa, 1973. *Nihongata Keiei no Genryu* (The Origins of Japanese-Style Management) (Tokyo: Toyo Keizai Shinposha).
- Mouer, Ross, 1987. "Kokusaika Jidai ni okeru Kinbensei" (A Comparison of Japanese Diligence and Internationalization), *Kyoto no Rodo Keizai* (No. 90: January), pp. 26–35.

- Mouer, Ross, 1988. "Keizai Hatten to Seikatsu Kozo to no Kanren: Osutoraria-Nihon Kokan Ryugakusei Puroguramu ni Miru Kokusai Hikaku no Shiten" (The Relationship between Life Styles and Levels of Development: a Comparative Perspective from Australia-Japan Student Exchange Programmes), *Shunju Seigatsugaku* (No. 2: April).
- Nakayama, Ichiro, 1974. *Industrialization and Labor-Management Relations in Japan*, translated into English by Ross Mouer (Tokyo: The Japan Institute of Labor).
- Ogishima, Kasumasa, 1984. "Japanese-Style Management: A Study of the Japanese-Language Literature," an Honours thesis presented to Griffith University (Brisbane).
- Reitsperger, 1986. "British Employees: Responses to Japanese Management Philosophies," *Journal of Management Studies* (Vol. 23, No. 5: September), pp. 563-586.
- Tsuda, Masumi, 1977. *Nihonteki Keiei no Ronri* (The Logic of Japanese-Style Management) (Tokyo: Chuo Koronsha).
- Voumard, Sonya, 1988. "Warriors of the Right March On," *The Age* (5 August), p. 13.
- White, Merry, 1987. *The Japanese Educational Challenge: A Commitment to Children* (Tokyo: Kodansha International).
- Woronoff, Jon, 1981. *Japan's Wasted Workers* (Tokyo: Lotus Press).
- Yamamoto, Kiyoshi, 1981. *Jidosha Sangyo no Roshi Kankei* (Industrial Relations in the Automobile Industry) (Tokyo: Tokyo Daigaku Shuppankai).