

## 4 Class Conflict, Corporatism and Comparison: A Japanese Enigma<sup>1</sup>

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The 'Japanese enigma' which concerns this chapter is this: in a society in which the labour movement has been almost continuously excluded from political power and where labour unions are weak, politicized and competitively divided, the political economy nevertheless generates outcomes characteristic of Sweden, Norway and Austria, countries in which class conflict is managed by 'corporatist' arrangements which emerged against a backdrop of political dominance by strong labour movements. The mix of outcomes quintessentially associated with modern social democracy includes longterm full employment and relatively equal distribution of income; and also, in the period following the economic shocks of the early 1970s, successful attempts at stabilization on the basis of organized labour's consent to the sacrifice of immediate wage gains and its use of the strike weapon, for the sake of preserving jobs and reviving investment and growth. Japan shares precisely these features, although, curiously, it lacks one other hallmark of the social democratic model: a big welfare state which plays a major role in the (re)distribution of income and the patterning of ordinary people's life chances and living standards.

The dissonance, from this comparative perspective, between the characteristics of the state and state/society relations in Japan, and Japan's favourable employment and growth record and relatively high level of economic consensus, has yet to be resolved in comparative studies of the political economy of the advanced capitalist democracies. This essay will review the puzzle, and argue that several earlier attempts to resolve it – including notions of some kind of a 'Japanese-style' equivalent to Western European corporatism – have been ill-conceived.

Instead, I propose a perspective which integrates analysis of labour markets and the state arena, and thereby renders the Japanese case comprehensible in terms which are also applicable to other nations, yet need not devalue the power of the analytical tools developed by modern comparativists. The lessons suggested by this exercise may be enlightening both to students of Japan and to scholars for whom Japan is merely a perplexing case which it is necessary to accommodate in models of a far broader research universe.

### **Comparative Political Economy**

An important contemporary stream of the comparative study of political economy emerged in response to the puzzle of why the democratic capitalist societies of the West diverged so markedly in their adjustment to the global economic 'shocks' of the 1970s. The concerns of this literature have not only been confined to issues of economic adjustment and stabilization, but also include a quest for the origins of political stability and social peace. Indeed, insistence on linking distributional conflict and consensus with economic performance in a single causal argument is the very foundation of the political-economic approach. One particularly influential model of the political underpinnings of socio-economic stability has been the resurrection and adaptation (to modern democratic conditions) of the concept of *corporatism*. However, this contemporary revival has been motivated by at least two different intellectual agenda. For analysts of interest group politics, it originates in a longstanding unease with the pluralist model, which tended to portray the state as a neutral arbiter among competitive pressure groups (Schmitter, 1974). Yet as experience in Continental Europe and Scandinavia seemed to suggest, such a view may obscure powerful interlocks and interdependencies between the state and interest organizations, and it fails to account for the continuing importance of corporate (encompassing, monopolistic and internally hierarchical) forms of 'associability' in many modern liberal democracies.

Alongside this concern to revise the political analysis of state/society linkages in the Western nations, there also emerged a

fascination with the corporatist model as a form of conflict resolution and, in particular, as a metaphor for a distinctive form of political management of class conflict (Crouch, 1977; Panitch, 1981). Since about the mid-1970s, many analysts, with their eyes quite clearly fixed on the small 'successful' states of Western Europe and Scandinavia, have posited a close relationship between the class representation of labour, political bargaining between state and associational élites, peaceful industrial relations, and effective management of the macro-economy. In some versions, it was pointed out that the strong labour movements of Norway, Sweden and Austria had constructed a 'virtuous circle' (Castles, 1978) based on longterm cooperation between unified and powerful peak union organizations and Social Democratic governments, in the context of which workers were willing to exercise self-restraint in the labour market and throw their electoral weight behind the left in return for public policies sustaining the full-employment welfare state (Korpi and Shalev, 1980). In other versions, it was suggested that corporate forms of labour representation and quiescent industrial relations prevail not only under Social Democratic regimes but also in the consociational polities of Switzerland and the Netherlands. Despite labour's relative political and organizational weakness in these societies, its representatives are integrated into policy-making networks, and a high degree of political consensus is evident on economic issues (Katzenstein, 1985).

In cross-national mappings of the outcomes which have been of central interest to the new political economists, the case for the corporatist paradigm has been empirically quite striking (for example, Goldthorpe (ed.), 1984; Lehmbruch and Schmitter, 1982). The five European countries named above as 'corporatist' stand out in their comparatively low levels of labour disputes, successful maintenance of full employment, big welfare states, and relative success in avoiding economic 'misery' in the form of stagflation. The fit between outcomes and expectations is, however, rather less impressive for the consociational cases than for the Social Democratic ones. Switzerland's welfare state is generally evaluated as the smallest in the West, while by the 1980s the Dutch commitment to full employment had proved to be painfully fragile. While this slippage might be regarded as merely a vindication of the distinction between the two subtypes of corporatism, the empirical credentials of the theory are much

more seriously called into question by a potentially crucial case, which in many ways exemplifies the favourable outcomes attributed to corporatism, while diverging quite markedly from its political and institutional traits. This case is, of course, Japan, in which a weakly mobilized and internally divided working class has been largely excluded from both political power-holding and participation in policy networks – and yet unemployment is low, economic growth is the highest in the OECD bloc (albeit far below the spectacular levels of the 1960s) and, since the late 1970s, both inflation and overt industrial conflict have been well nigh eradicated.

### The Treatment of Japan in Empirical Studies

The notion of corporatism, as it is by now widely known, has been conceptualized in diverse ways, with correspondingly eclectic implications for empirical measurement – even when the focus is confined, as it is here, to the implications of corporatism for labour market phenomena. In some versions, corporatism is seen as virtually a corollary of the 'social democratic model' (Shalev, 1983a). A recent exemplar is Czada's (1987) study, in which corporatism is treated as the pinnacle of a hierarchy of attributes encompassing almost all of the distinctively Social Democratic features of working class mobilization (broadly-based and highly centralized trade unions as well as a dominant party of the left). In an earlier contribution by Cameron (1984), on the other hand, it was argued that Social Democracy ought to be viewed as no more than a special case of labour movements enjoying a high degree of 'organizational power' (in effect, corporatism by another name). But the contrast between these two studies at the theoretical level is invisible in their empirical work. Both Czada and Cameron generated almost identical scaling of the 16–18 OECD countries of Europe, North America and the Pacific, which are the common research universe of the studies under review.<sup>2</sup> Not surprisingly, they both classified Japan as minimally corporatist.

In a seminal although unpublished attempt at quantifying corporatism, Crouch (1980) anticipated Cameron's approach of

evaluating corporatism in terms of the institutions of trade unionism and collective bargaining, rather than the political power of the left. Again, Japan appears at the negative pole of the continuum. Crouch, however, also pointed out that labour representation and cooperative bargaining – among the hallmarks of corporatist industrial relations – are in some settings to be found at the enterprise level as well as, or instead of, in the national political arena. In an application of the Crouch scale by Bruno and Sachs (1985) which incorporated this additional factor, Japan was shifted somewhat away from the non-corporatist extreme on account of the regime of enterprise-level relations prevailing in its big private firms.

A final cluster of comparative studies sets out from rather different premises about the nature of corporatism, proposing criteria based on processes and outcomes of relations between labour capital and the state, rather than either the structure of working-class representation or the balance of class political power. For Manfred Schmidt (1982), the management of class conflict may be described as corporatist in those contexts where organized labour exercises restraint as a consequence not of coercion but rather out of commitment to a 'social partnership' ideology. And while this kind of outlook is common in countries with highly developed tripartite bargaining among union, employer and state élites, Schmidt argued that it could also be observed in the 'paternalist' societies of Switzerland and Japan. The economist Ezio Tarantelli (1986) also came to the conclusion that Japan should be evaluated as a paradigm case of neo-corporatism. He proposed that the Japanese system of industrial relations not only exhibited a high degree of harmony between labour and management, but in several respects was closer to the Scandinavian and Austrian corporatist model than was generally believed. Tarantelli argued (citing Shimada, 1983) that the annual 'spring wage offensive' functions in effect as a system of centralized wage bargaining, complemented in the 1970s by the co-optation of organized labour into a tripartite, if informal, system of national policy-making. He thereby stood on its head Pempel and Tsunekawa's (1979) widely cited characterization of Japan as a case of corporatism *without* labour.

It is clear from this brief survey that the Japanese case exposes more than any other the contingent character of the notion of corporatism. We may go even further than this and suggest that

Japan is the veritable achilles heel of empirical operationalizations of corporatism. For, in spite of the substantial conceptual and methodological differences among the studies reviewed here, they approach a quite pronounced consensus on the ranking of every one of the core OECD countries *except Japan*. The point may be demonstrated statistically by a factor analysis of seven different measures (those of the six authors cited here, plus a study by Lehner (1987)). Most of the variance between scores is accounted for by a single factor on which every one of the corporatism scales 'loads' strongly. However, if Japan is included in the analysis (and *only* if it is included), then a second significant factor is also present – one on which the loading of each author's scale can be perfectly predicted by its treatment of the Japanese case!

### Japanese Puzzles

What substantive difference does it make whether Japan is ranked as strongly or weakly corporatist in comparative studies of political-economic outcomes? That of course depends on the outcome which is of interest and how it, in turn, is defined and measured. For instance, strike activity in Japan has experienced quite dramatic shrinkage since 1975. But before then, the Japanese pattern of industrial conflict resembled the French and Italian profile of a high level of worker participation in broad but brief disputes (Korpi and Shalev, 1980). From this perspective, Japan would not have made sense as anything but the antithesis of corporatism. Similarly, an argument commonly voiced in the seventies was that inflationary bubbles had been prevented by 'social contract bargaining' in the corporatist democracies, and were most likely to develop where labour was alienated from parliamentary politics and accustomed to pursuing wage demands by work stoppages. The Japanese case, *circa* 1974, provided it was again viewed as non-corporatist, offered tangible supporting evidence for this hypothesis (as in Crouch, 1980).

Not only did Japan experience a surge of rising prices in the short-term aftermath of the first oil shock; it also suffered a very sharp decline in its previous growth rate. In these terms, Japan in

the mid-1970s appeared to belong to that unenviable group of nations suffering the double-headed misfortune of stagflation; and here too, a non-corporatist Japan provided the best fit with observed outcomes. This was empirically demonstrated in a widely read volume by Bruno and Sachs (1985; see especially p. 228). Here Japan appeared to vindicate the view that only real wage moderation could ward off the disastrous economic effects of an external shock; but that in most instances, such moderation would only be forthcoming under conditions of highly centralized pay determination and a high degree of social consensus (that is, under corporatism). If on the other hand, a desirable stabilization policy was defined as one which permitted the economy to continue to grow and prevented rising unemployment – then Japanese developments, even in the early years of the crisis, had to be described as a success story. In this instance, a convincing cross-national argument required that Japan appear in the guise of a strongly corporatist nation – which indeed it did in several relevant studies (such as those of Tarantelli and Schmidt).

Thus, whether by luck or design, most researchers succeeded in verifying the associations which they hypothesized, despite their confusion as to whether Japan was or was not corporatist, was or was not a case of successful economic stabilization. It is true that scholars had to contend with a very fluid reality, in which Japan's economic position improved in the 1980s. Nevertheless, this is not the whole of the story. If Japan is (as we argued at the beginning of this chapter) an anomaly, then little is to be gained by disguising the problem, whether by more 'appropriate' coding or by hiding Japan behind measures of average effects for many countries. On the contrary, it is necessary – and, moreover, can be extremely fruitful for those in search of wider generalizations – to confront what are apparently deviant cases head on. The result, in at least some recent comparative research, has been to recognize what was always an obvious logical possibility – namely, that identical outcomes in different countries may well have divergent causal antecedents. A good example is Goran Therborn's study of the determinants of the contemporary divergence across OECD nations in the severity of unemployment. In Therborn's (1986, pp. 23–4) summary, during the post-war period:

Full employment was institutionalized for two major, quite

different reasons. One was an assertion of working-class interests. It owes its success to a politically dominant labour movement [as in Sweden and Norway]. . . . The second reason . . . was a conservative concern with order and stability as being of equal importance to capital accumulation. Full employment in Japan and Switzerland has this background. . . . Austria falls somewhere in between these two poles.

What is important here is not so much the validity of Therborn's interpretation of the Japanese case (which may have over-emphasized the non-economic motives of Japanese élites), but rather the fact that *alternative causalities*, firmly grounded in the diversities of national context and history, are admitted to the terrain of legitimate explanation.

The other central issue which comparative political economy has to confront in taking Japan seriously, is whether there is in fact some theoretically persuasive notion of corporatism which possesses empirical plausibility in the Japanese case. If so, corporatist theory might have an important role to play in exposing the underpinnings of what must, from the perspective of the late 1980s, be regarded as truly an economic miracle. We refer of course to Japan's exceptionally strong showing on virtually *every* dimension of macroeconomic performance, including growth, inflation, investment, and trade. And clearly, it is not merely coincidental that these achievements have been won against the backdrop of self-restraint by labour – although this is a form of discipline with no obvious links either to strategic political exchange from a position of working-class strength (Pizzorno, 1978) or the state's coercive use of its authority to steer the economy towards mass unemployment (as in Kalecki, 1943).

The comparative literature, we have discovered, contains two different applications of corporatism to Japan. One of these refers to class relations at the micro level (labour-management collaboration in the enterprise). The other is the more conventional idea of union élites undertaking to rein in worker militancy in return for negotiated policy concessions from the state. An intriguing question is whether the Japanese case is 'functionally equivalent' to the corporatist political economies in one or both

of these senses. To address this issue requires some discussion of the peculiarities of the evolution of labour markets, industrial relations and social policy in Japan, and how these are related to the distinctively Japanese pattern of labour quiescence and cooperation in the enterprise. Attempts to label this pattern 'corporatist' will be criticized as distortions of both the concept of corporatism and the dynamics of the Japanese case. I shall then turn to Japan's success in combatting wage inflation and productivity decline. The critical question is whether labour's cooperative behaviour should be attributed to a turn in the mid-1970s towards corporatist participation of labour in the negotiation and coordination of national economic and social policies (I argue that it cannot). My conclusion will be that underlying the Japanese enigma is a constellation of forces with powerful historical and logical coherence, and that aspects of this same constellation may also be discerned in some other countries.

### Is the Japanese Employment System 'Corporatist'?

The distinctive features of labour organization and industrial relations in Japan are sufficiently well known to warrant only the briefest rehearsal here. In Dore's authoritative account, these features – 'factory and company based trade union and bargaining structures, enterprise welfare and security, greater stability of employment . . . and a cooperative or corporate ideology' – add up to a *system of welfare corporatism* (1973, p. 370). More recently, Lincoln and Kalleberg have also applied the concept of corporatism to the micro level in Japanese and other settings characterized by 'organizational structures and management practices aimed at fostering corporate loyalty, commitment, and dependence on the part of labour' (1985, p. 740). The task before us in this section is to evaluate whether such a conceptualization makes sense.

Japanese trade unionism did not emerge on a significant scale until after World War II, although it retained a core characteristic of pre-war and wartime precedents, namely organization on a firm-by-firm basis (outside the public services). The potentially class-based character of unionism is compromised in Japan not

only by its decentralized structure, but equally by low and uneven coverage and keen internal divisions. With only about a third of the wage-earners organized (even less in the eighties) union penetration is modest by international standards. Membership is also unusually concentrated in the public sector (accounting for about a third of the total) and in large private enterprises. While Japan's smaller (under 100 employees) privately-owned firms generate more than half of GNP, they have never accounted for more than one tenth of the organized work-force. Moreover, while it is customary for big firms to employ large numbers of 'temporary' workers and indirectly to engage the services (both off-site and on) of workers who are on the payroll of subcontractors, as a rule only permanently employed staff are admitted to unions.

Although enterprise unions are affiliated to national associations, the latter are divided into federations with competing political loyalties. There is a component of collective bargaining which takes place on a supra-enterprise and multi-confederal basis. Nevertheless, the main instrument for this – the annual 'spring wage offensive' (*shunto*) – sets only a basic floor on which enterprise unions then build. (Another major form of multi-firm negotiation has emerged in association with the International Trade Union Secretariats, but it has paradoxically further divided the workers by involving only 'non-political' coordinating bodies, which negotiate with employers within specific industries.) While the 'offensive' and collective bargaining generally may be accompanied by quite dramatic forms of worker hostility towards management, stoppages of work have a primarily demonstrative cast. Most involve large numbers of workers participating in brief pre-scheduled actions in support of *shunto* demands. As a result, until the contemporary withering away of open disputation, Japan's comparative strike volume ranked a little below the median for the main OECD countries.

A historical perspective is essential for comprehending the meaning of this pattern of collective action by workers for the Japanese enigma of presumptively corporatist labour market and macroeconomic outcomes. Strong elements of continuity are evident in the strategic action of Japanese élites in politics, the bureaucracy and big business, who have sought since the beginnings of industrialization to protect the authority of state, family and employer against the bacillus of working-class

mobilization and solidarity (Gordon, 1985; Pempel and Tsunekawa, 1979). In the pre-war period, the state intervened to prevent coercively the formation of unions and the emergence of worker suffrage and labour parties, while assisting and encouraging employers to develop labour policies with a strong enterprise-level orientation. Employers experimented with personnel practices which subsequently became associated with the post-war system of labour management – including division of the workforce into ‘lifetime’ and temporary employees, and the internalization (to the enterprise) of the supply of skilled labour. A good deal of modern scholarship (see also Dore, 1973; Jacoby, 1979; Taira, 1970) is agreed that such innovations need not be understood as a form of cultural particularism, but rather as economically rational employer responses to specific problems of recruiting and controlling labour.

Japan’s military defeat in World War II and the radical reforms initially instituted by the American occupation authorities at first constituted a sharp break with the prior political supremacy of a conservative ruling coalition and the economic domination of the giant *zaibatsu* combines. In the space of only a few years, support for left-wing parties mushroomed (they even participated in the government for a brief period in 1947–8) and unionization spread to more than half of the work-force. Labour chose to organize for collective action in the first instance on an enterprise basis. This choice accorded with prior experience and also reflected an assumption that only by reviving their enterprises’ economic capacity could workers hope to transcend their desperate economic plight. However, after only a few years of enthusiastic ‘democratization’, the United States began to throw its considerable weight behind employer and state offensives, which largely restored the traditional political exclusion and organizational weakness of the working class.<sup>3</sup> Inspired by a revised conception of global US interests, the Occupation moved sharply away from its initial objective of crushing Japan’s military and economic might, adopting in its stead a Cold War inspired determination to create an economically robust and politically sympathetic Japan able to ‘support herself and assume the role of a protective barrier against possible unrest in East Asia’ (cited by Sumiya, 1974, p. 67).

A variety of interventions during the late 1940s had the effect of deterring labour militancy and of deepening left–right schisms

in the labour movement. The Occupation effectively banned or broke a number of pivotal strikes, ‘red purges’ were carried out in the radical unions, and the legal framework was in significant ways de-liberalized. Particularly important was the offensive against labour during 1949, when state policies (mass lay-offs and the rescinding of union rights in the public sector, coupled with slashes in subsidies and unemployment pay) created conditions in which the major private employers were expected to reassert their authority. Management indeed succeeded in winning a series of showdowns with militant enterprise unions. At the same time, the big firms accepted union demands for job security and linking wages to worker need (age). In a context of economic revival, these could be awarded at relatively low cost, while yielding pronounced benefits – the loyalty of older workers (who if necessary were willing to support the formation of docile ‘second unions’) and acceptance of the highly constrained terms on which the large enterprises were willing to accommodate to collective bargaining: no negotiations with ‘outsiders’, and no unionization of temporary or subcontracting workers.<sup>4</sup>

The emergence of rapid economic growth and the transition from labour surplus to labour shortage might have shifted the balance of power yet again in favour of labour and had the effect of lowering workers’ attachment to the enterprise and stimulating a more class-oriented form of organization. That this did not come about was by now (*circa* the mid 1950s onwards) the result mainly of employer initiative, rather than the role of the state. Firstly, extensive ‘rationalization’ (capital-intensification) was carried out with an eye to reinforcing managerial control in the workplace. Secondly, the unions’ attempt at multi-employer wage bargaining – in the form of *shunto* – was accepted as a means of partially mitigating competition among the big firms, provided that more wage uniformity could be achieved without squeezing profits.<sup>5</sup> Thirdly, the big enterprises have structured their ‘internal’ labour markets in ways that heighten the dependence and loyalty of those workers who enjoy the privileges of job security and union membership. The relevant incentives include formidable barriers to upward mobility across firms,<sup>6</sup> the deferment of wages through such devices as seniority-based pay and large retirement grants, and the benefits provided by company welfare services and profit-sharing bonuses.

Under these circumstances, it is understandable that private

sector trade unions have taken up a very limited adversarial role and have generally been cooperative towards managerial objectives. Indications of union co-optation by the firm abound – including company-provided union facilities and salaries, occupancy of union positions by supervisory employees, and the career line which runs from union office into management (Hanami, 1979). Nevertheless, collaborative unionism is not the result of co-optation *per se* but rather of the terms of the ‘settlement’ which ended labour’s post-war struggles, and the compelling economic logic institutionalized in the Japanese employment system. It is clearly materially worthwhile for the permanent/unionized work-force to join efforts to improve the competitive position of the enterprise – especially since these efforts are supported by ramified forms of social control over would-be free-riders. The benefits for employers have included low turnover costs, a high probability of enjoying the fruits of investments in worker training, little or no disruption to production or challenge to managerial authority by unions, and the ability to mitigate the fixed costs of a permanent work-force by flexible job assignments and the elastic utilization of temporary and subcontracted labour.

Just as Japan’s dual economy organically links the big oligopolistic firms at the core with their suppliers and subcontractors on the periphery, so too do the workers of the ‘primary’ and ‘secondary’ segments of the dual labour market perform complementary roles – the one exhibiting flexibility in adapting job content and level of remuneration to the needs of the firm, and the other accepting insecure employment as a condition of existence. That the workers of the secondary labour market have accommodated to their fate may be explained, firstly, by the not inconsiderable rewards that could nevertheless be obtained and, secondly, by the powerful social forces which legitimate the rationing of ‘good jobs’.<sup>7</sup> As in other dual labour markets the lower tier of undesirable jobs is peopled mainly by socially marginal (that is, relatively powerless) groups. In Japan, these are not foreign guest-workers but principally women, complemented by older men in second careers, certain ethnic minorities, and rural seasonal workers. Social attitudes regarding gender roles, together with admission and streaming policies in the educational system and outright discrimination by employers, have combined even more effectively than in the West to support

labour market inequalities (*Business Week*, March 4, 1985; Steven, 1982).

### Is Enterprise Welfare Japan’s Substitute Welfare State?

Before returning to the larger question of whether the specificities of workplace labour relations in the Japanese context may usefully be subsumed under the corporatist label, we should recall that in Dore’s conceptualization the label of choice was *welfare corporatist*. The implication is that just as the corporatist mode of managing class conflict has been transferred in Japan to the micro level, so too have the functions of the welfare state. And if it is indeed the case that ‘welfare corporatism’ is a form of quasi social democracy transplanted to a different institutional domain, then the apparent paradox of full employment co-existing with meagre social expenditure and decentralized industrial relations would dissolve. The explication of the underdevelopment of the Japanese welfare state and the development of comprehensive company welfare in large enterprises is therefore essential for reaching a verdict on the applicability of the micro-corporatist model.

The size and significance of the state in the Japanese political economy presents a marked contrast to familiar patterns of the mainstream of Western experience, in that the state combines a role of great importance in steering and assisting the economic activity of (big) business with exceptionally modest intervention in the distribution of national income. Whether considered in terms of public provision of social services like health and education, or of public transfer payments under minimum income and social insurance schemes, Japan’s welfare state has always stood out as an extreme ‘laggard’ (for example, Wilensky, 1975). It would, however, be mistaken to interpret this as no more than a particularistic artifact – either of Japan’s cultural tradition or of the predilection of its ruling party for small government and balanced budgets. Instead, labour market dualism must be seen as a key to understanding Japan’s conservative social policy. An elaborate system of employment-linked social protection simply excludes the employees of small enterprises, while at the other pole of the labour market, social security ‘has been tied to a large

extent to the employer's policy of personnel management' (Takahashi, 1974, pp. 482-3).

Health and pension provisions are the predominant components of public social expenditure in Japan. In both cases, as Maruo (1986, p. 68) comments, 'all Japanese people are covered. That coverage is unequal, though, because of the dualistic structure of the public and private sectors, and the separation of big business, small business, and the self-employed.' Among wage-earners in the private sector, one third of the labour-force is employed by enterprises with fewer than ten employees, where unions and collective bargaining are non-existent and, it may be safely assumed, employer-initiated welfare schemes are rare. It is these workers who appear to be the principal clientele of the government's scanty health insurance scheme and who are most reliant on minimum public pensions. On the other hand, firms with at least a thousand employees are permitted by statute to provide their own health and pension benefits, under conditions which allow for superior benefits at relatively little additional cost to employers (Lee, 1987; Pempel, 1982 and 1989). Retirement allowances and other fully autonomous forms of enterprise welfare are even more closely associated with the scale of the enterprise. Not surprisingly then, as Hall (1988; p. 13) has shown, the total welfare expenses of employers rise in very similar proportions to wages and the rate of unionization along the gradient of increasing enterprise size. The close association between economic dualism and employer-furnished social benefits is also evident from the far higher probability of finding specific programmes in very large firms (5,000 or more employees) in comparison with industry as a whole - in 1973, 74 per cent versus 8 per cent for medical clinics, and 94 per cent versus 19 per cent for housing loans (Katsumi, 1974, p. 64).

Japan's public welfare programmes experienced unprecedented expansion in the 1970s. On the face of it, this might be taken as evidence of erosion of the sharp split between state and enterprise welfare. Yet, if anything, the new reforms actually served to crystallize the dualism of social policy. While the much-vaunted breakthrough to a 'Japanese-style welfare state' was highly consequential for social security expenditure (which rose ten times in real terms in the course of the sixties and seventies), this growth was closely tied to a rapid aging of the population and rising unemployment (Maruo, 1986). The responsiveness of the

state to increased need may in turn be plausibly interpreted as the regime's reaction to a dangerous erosion of support for the Liberal Democratic Party (LDP) among the mass public. Subsequent deep cuts in social spending in the 1980s, after the LDP had more than recovered its electoral losses, reveal that a good part of the political commitment to more generous public welfare was no more durable than the threat to the legitimacy of the ruling party (Pempel, 1989). From a more qualitative perspective, although Japan did finally converge on the Western model in terms of the range of publicly enacted social programmes offered, to its citizens, it made very little movement towards the Social Democratic norms of universality, 'decommodification' and generosity so antithetical to its traditional pattern of social policy (cf., Esping-Andersen, 1985). Indeed, enlargement of statutory health and pension programmes took the form of an explicitly two-tiered system of minimal public provision alongside generous company-run and company-tied schemes in the larger private enterprises and their equivalents for public employees.

While the resilience of 'enterprise welfare' in big Japanese firms thus cannot be doubted, the question remains of whether provision for employment-linked social protection in Japan is really very different from other countries. One obvious difference lies in the widely remarked diffuseness in Japan of the boundary between work and private life, which receives concrete expression in the pervasive role played by paternalistic large employers, from arranging marriages to helping to place their employees' children in advantageous schools (Hanami, 1979). However, international comparisons of *monetized* forms of assistance suggest that Japan's distinctiveness is to be found not in the overall magnitude of company-level 'welfare effort' (Hall, 1988; Taira and Levine, 1985) but rather in its implications - for labour relations on the one hand and for capital formation on the other (cf., Pempel, 1982). The only big ticket items are housing facilities or subsidies, and retirement schemes. Given Japan's extremely tight housing market, the former is a compelling incentive for employees to demonstrate loyalty and flexibility (including acceptance of relocations). Contributions to retirement benefits are a form of deferred pay which, in the case of lump-sum payments, have the added attraction to the firm of constituting a fully tax-exempt source of investment funds. Even



when combined with pensions (as in the largest enterprises), the benefit payable upon a worker's typically premature retirement is low enough neither to burden the firm nor to free older workers from the necessity of returning to work – quite possibly for the same employer, but at reduced pay. Indeed, the low level of social security for the Japanese elderly has been a powerful incentive for high rates of savings and participation in insurance schemes, which have in turn been a major factor in Japan's high rate of private investment (Johnson, this volume).

The 'residual' character of Japan's (public) welfare accords with expectations deriving from social democratic theory. In a polity in which unions are relatively limited in scope and have divided political affiliations, and where the labour movement has been excluded from government (not only formally but for the most part also effectively), we would not expect either left-wing initiative or pre-emptive action from the right to drive the enhancement of citizens' rights to social protection (Korpi, 1980). Given also the enterprise context of trade unionism and collective bargaining, and the unions' concentration in firms with sufficiently wide profit margins to afford company welfare schemes, it is hardly surprising that the organized workers who benefit from the public/private split in social policy are generally opposed to extended public provision, while the unorganized labour-force which is most reliant on the welfare state lacks the collective voice to demand such extension.

This makes clear the striking congruence between the Japanese pattern of modest public welfare co-existing with highly differentiated occupational welfare, and the logic of the dual labour market. The exposure to market forces, which is the hallmark of a residual welfare state, is a powerful incentive to the workers and small business-people of the 'peripheral' sector to perform the roles assigned to them in the economy – as 'flexible' workers and suppliers, and savers. At the other extreme, the double-stranded tie – of dependency and loyalty – which binds 'permanent' workers to their employers in the sheltered private sector labour market (i.e. the large corporations) is clearly reinforced by, and even conditional upon, the critical role played by company housing, health, and retirement schemes. In a world of high and portable universal pensions, free public health care and cheap and plentiful housing, Japan's industrial giants would be hard-pressed to maintain their paternalist authority, the

precedence among workers of enterprise over class consciousness, and the selflessness of workers' orientation to productivity and profits.

### So Are Japanese Labour Relations 'Welfare Corporatist'?

In his influential essay 'The End of Convergence', John Goldthorpe (1984) portrays *corporatism* and *dualism* as distinct and to a large extent incompatible models of political economy. In Goldthorpe's view the most conspicuous differences between these two models concern the organization, political status, and power position of labour. Under corporatism, unions organize on a national (class-wide) basis, trading off restraint in their economic demands in return for participation in and benefits from the making of public policies. In contrast, the dualist model explicitly excludes large sections of the work-force from the sphere of unionization and 'industrial citizenship', while confining collective action by organized workers to purely sectional and economic objectives. With its labour movement parties permanently beneath the pinnacles of parliamentary and bureaucratic power, and its exclusionary forms of unionism and career mobility in the market arena, Japan must be regarded in this context as a quintessential instance of the dualist political economy. The question is whether the coexistence within the large enterprise of labour weakness and political exclusion with both labour-management cooperation and an elaborate system of social protection justifies the characterization of Japanese industrial relations as welfare corporatist.

In my view the dualist model is by far the most appropriate prism through which to interpret the Japanese case. Dualism in Japan has constituted a highly effective framework for organizing production and controlling labour in accordance with the goals of rapid economic growth and perpetuation of the twinned dominance of big business and the Liberal Democratic Party. In addition to material benefits, including a surprisingly diffuse sharing of the fruits of prosperity, dualism has been effective because the blue-collar working class was successfully split between the less privileged and those securely employed men fortunate enough to work for the government and other big

employers. It follows that overall outcomes like full employment and industrial peace result from the aggregation of two distinct logics – a condition of linked subordination and protection in the primary labour market, and quite different but equally powerful economic and ideological constraints on labour in the secondary market. In parallel, social policy has not been managed by any wholesale delegation of the functions of the welfare state to the firm. Instead, we again observe a split system, of state-subsidized company welfare in the primary labour market co-existing with a public safety net which minimally shelters other wage-earners from economic insecurity.

Over and above the substantive grounds for preferring the dualist to the corporatist paradigm in the Japanese case, the representation of labour relations within the firm as corporatist also suffers from a fatal methodological flaw. Notions of ‘micro-corporatism’<sup>8</sup> commit the error of confounding the causes and consequences of corporatism in labour relations. The inference is made that these relations are corporatist because they are accompanied by labour restraint, compensated by economic security and welfare. Yet scientific enquiry can hardly proceed by defining causal categories in relation to their presumed consequences; corporatism should rather be conceived in terms of what it is that brings about labour restraint/welfare in a corporatist context.

In this spirit, I would suggest that the essential features of corporatist industrial relations must include labour’s *comprehensive* organization, the *negotiated* basis of labour restraint, and the role of the *state* in stimulating and facilitating concertation between its distributional interventions and the actions of unions and employers. Viewed in this light, the attempt to draw a Japanese analogy at the level of the large enterprise is unconvincing. As we have seen, labour organization in Japan mirrors the splitting of the working class in the labour market; unions play a subordinate rather than codetermining role in fixing the *quid pro quos* received by labour in return for the exercise of restraint; and, above all, no parallel can be found within the firm to the state as mediator between labour and capital and regulator of distributional processes. This is not to argue that corporatism should be treated as a unitary phenomenon. On the contrary, the most fruitful applications of the concept have been those which delineate alternative varieties of corporatism (for example, Katzenstein, 1985; Pontusson, 1983; Regini, 1982). But such

diversity is appropriately sought in the different ways in which labour organizes as a class and the varying extent of its political power in different settings – that is to say, in variations within corporatism’s ‘essential’ framework – rather than by transplanting the concept to a quite different locus of analysis.

### **Economic Adjustment in the Seventies: Has Japan Become Corporatist?**

Irrespective of the adequacy of micro-corporatism as a conceptual metaphor for Japanese labour relations, there remains the quite different possibility that in recent decades the Japanese political economy has begun to evolve in the direction of ‘real’ macro-level corporatism. Several observers have singled out the 1975 spring wage round as a watershed which allegedly pioneered a Japanese variant of corporatism based on ‘information sharing’ and an ‘implicit contract’ between labour, capital and state élites (Shimada, 1983; Taira and Levine, 1985). At the same time, some political scientists (notably Harari, 1986) argue that Japanese labour’s traditional exclusion from policy-making networks is now a thing of the past – and so, therefore, is the conception of state/society relations in Japan as ‘corporatism without labour’. It is not possible here to evaluate these developments with any authority. Instead, relying only on readily available information – including that furnished by the proponents of the ‘transition to corporatism’ thesis – I shall point to some serious grounds for questioning the validity of this thesis. Specifically, it is necessary to address three developments which might be interpreted as a transition to neo-corporatist political exchange between labour leaders and the state. First, events after 1974 include outcomes – the maintenance of close to full employment and the state’s expansion of its social expenditure – which presumably could have been rewards provided by the state in return for union moderation. Second, the 1975 wage round constitutes a genuine watershed, in which *shunto* militancy – the aggressiveness of both demands and tactics – declined dramatically, also a presumptive indication of a turn by labour to political exchange. Finally, we need to weigh the evidence that union leaders are no longer frozen out of official policy-making

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forums, and may have been transformed into corporatist 'social partners'.

### Were there *quid pro quos*?

The idea that welfare state expansion in the 1970s was a negotiated reward for labour restraint can be easily disposed of. This expansion was in full swing before 1975, and we have already had occasion to point out that it is best interpreted as the state's response to rising demographic need on the one hand and the increasing political vulnerability of the LDP on the other. More puzzling is the fact that despite the severe consequences for Japan of the oil crisis, and the subsequent decline in the economy's longterm growth rate, Japanese unemployment remained below the levels prevailing in all but a handful of the Western nations. This record is consistent with the view that organized labour became party to a job-preserving 'social contract'. However, there are important qualifications which surround 'full employment' in the Japanese context. Even before the 1970s recession, questions were raised about the quality and comparability of Japanese labour-force statistics. Official data on unemployment apparently failed to monitor a good deal of new labour market slack in the period following the first oil price shock, particularly that due to women's involuntary exit from the labour market or downgrading to part-time employment (Nishikawa and Shimada, 1980). To illustrate the import of these omissions, on the basis of labour-force data assembled by Ernst (1978), it may be estimated that in 1975 Japan's official unemployment rate of 1.9 per cent would have reached about 5 per cent (similar to the OECD average at the time) after the inclusion of 'discouraged workers' and corrections for under-counting.

It is true that similar criticisms have also been levelled at the statistics for other countries – including Social Democratic Sweden (for example, Haveman, 1978). Nevertheless, it matters greatly for the labour market strength of workers whether declining aggregate demand is compensated primarily by the forced withdrawal of weak sections of the labour-force – migrants in Switzerland and women in Japan – or by new jobs (or else the bridges to new jobs provided by 'active manpower policies'). An additional basis of Japanese labour market adjustment is evident

in a variety of trends during the mid-seventies recession. In large private enterprises, employer responses included overtime cuts, temporary lay-offs, and job redefinitions or relocations for the 'permanent' work-force, while later there was a noticeable shift in favour of more 'flexible' forms of employment, notably subcontracting (Tokunaga, 1984; Koshiro, 1983). In other words, personnel policy closely followed the dynamics of a dual labour market. Initially workers without tenure were terminated or cut back to part-time employment, recruitment of 'mid-career' workers from outside was frozen, and at the same time measures were adopted to ration work among tenured employees while also increasing their productivity. When the demand for labour recovered, employers had learned their lesson, and stepped up 'flexibility' within the internal labour market while relying mainly on secondary labour from external sources for expansion.

Not surprisingly, then, despite low measured rates of unemployment, the coming of the economic crisis threw workers in the primary labour market onto the defensive. This is rather dramatically attested by stagnating union membership, even after employment recovered; and by a dramatic decline in work stoppages. Indeed, in an 18-country comparison of trends in strikes and unemployment through the early 1980s, this author singled out Japan (along with the United States) as exemplifying 'a massive crisis-induced retrenchment of strike activity' (Shalev, 1983b, p. 438). From the mid-1970s, labour militancy became restricted primarily to declarations of disputation involving little or no loss of working time.

### Was there a move to 'social contract' bargaining?

In 1975 and again in 1980, in the wake of the decade's two oil price shocks, union wage demands fell substantially below expectations derived from prevailing economic conditions and prior wage trends. Shimada (1983, pp. 198–9) has interpreted this as evidence of 'flexible wage moderation' grounded in the emergence of a 'functional equivalent' of corporatist 'information exchange and sharing among organized actors'. In a similar vein, Taira and Levine (1985, pp. 250 and 248) write that, beginning with the 1975 *shunto*,

There was an implicit contract between the government,

unions, and workers. If the government kept its promise to reduce the rate of increase in consumer prices and to maintain employment, workers would keep their promise not to demand a greater increase in money wages than could be justified by increases in productivity. . . . In addition, . . . government social and labour welfare measures were strengthened, and trilateral and bilateral consultation . . . seemed to flourish. . . . There was also a precipitous decline in industrial disputes. . . .

Nevertheless, from the accounts of the 1975 wage round offered by Shimada and Taira and Levine, it is doubtful that 'information sharing' and 'consultation' were the key to union wage and strike behaviour:

- 1 In the background, as Taira and Levine admirably demonstrate, a number of *structural changes* combined to alter profoundly the outlooks of both labour and management in large-scale private enterprises. For employers the problems of inflation and growing international competition brought to a head their accumulating unease with a decade-long rise in industrial conflict, the increasing scope and cost of *shunto* demands as labour markets had tightened, and the growing expense of paying seniority-based wages to an aging 'permanent' work-force. At the same time, on the labour side the threat of unemployment after 1973 joined other growing constraints on workers in the big export-oriented manufacturing firms. Earlier on the leading edge of economic expansion, these unions had become the *de facto* vanguard of the *shunto* movement. But soaring energy prices and other global economic changes, combined with a pronounced technological drift to automation, was paring the number of primary sector jobs in manufacturing and greatly increasing the vulnerability of 'vanguard' labour to employer pressure.
- 2 The notions of tripartite information sharing and social contract bargaining imply a status of equal partnership for labour which is at odds with what actually happened. As Shimada has detailed, between the 1974 and 1975 wage rounds there was a closing of ranks among employers and high government officials and close coordination between them, culminating in the adoption of specific targets.

Apart from displays of 'formal' and 'symbolic' tripartism, the government did not consult the major labour organization until after its wage targets were determined, and offered the unions only vague promises of 'preparing favourable environments' in return for wage moderation (Shimada, 1983, pp. 189 and 193).

- 3 Again relying on Shimada, it is clear that sticks substantially outweighed carrots in the state's behaviour towards the unions. Taking their lead from the government, and behaving with unprecedented formal and informal discipline and unity, the leading industrial companies issued rigid wage offers. As indicated, these companies' employees had every reason to fear declining employment – and the government's actions only reinforced employer pressure on the unions. First, a tight money policy imposed a steep wage–employment trade-off on the negotiators. Second, a revision of unemployment insurance legislation (Nishikawa and Shimada, 1980), introducing new employment subsidies for distressed employers while pruning benefits to the unemployed, transmitted a policy commitment to preserving the status quo in the primary labour market. Third, the government pursued an aggressive policy towards labour in the public sector, the traditional stronghold of union militancy, which might otherwise have been an embarrassment to the posture of self-restraint which suited labour in the privately owned export industries.

Shinkawa's (1987) comprehensive study of wage restraint in 1975, which also rejects the thesis of a transition to corporatism, throws additional light on the origins of contemporary union moderation in Japan. His account reveals a profound gap between the internal solidarity of capital and the state on the one hand, and labour on the other, and implies that this was a major factor behind the unions' acceptance of what appeared at the time to be a painful cut in real wages. For quite specific political reasons, the new government formed at the end of 1974 awarded a high degree of autonomy to Mr Fukuda, its austerity-minded economics minister. Fukuda succeeded in overcoming opposition from within the state and close to it (government ministries, small business, and important LDP circles) to a policy of cooling down

the economy and pressing aggressively for wage restraint. As a result, by the spring of 1975 both managers and workers in key manufacturing sectors were feeling the chilling effects of deflationary policies. The business community also exhibited a remarkable degree of discipline. While divided in both its interests and its formal associational activity, Japanese business is loosely coordinated by the *Zakai* – an influential alliance of top industrial and financial leaders spanning all the key business organizations. In the inflationary crisis of 1974, the *Zakai* succeeded in forging a class strategy and lobbying for a tough and concerted management line on wages. In contrast, on the side of organized labour longstanding divisions between the major national groupings had been deepened in the early 1970s by the success of Sohyo's efforts to 'politicize' unionism and the *shunto*. A crucial motive on the part of the 'bread and butter' union groupings (and one wholeheartedly supported by both employers and the government) was their desire to isolate Sohyo. This they succeeded in doing by accepting the government/employer line on wages and thereby cultivating excellent public relations while leaving Sohyo to fight a losing battle with militant public employers.

#### Has labour become a partner in policy networks?

Union leaders in 1975 and thereafter did have grounds for hoping that big employers and the state would respect the norm of job security in the primary labour market, provided that labour exercised pronounced wage restraint.<sup>9</sup> But rather than representing a tripartite accommodation, the unions' readiness for concessions stemmed from the short- and longterm economic vulnerability of the principal players on the labour side, their determination to alter the balance of power within the labour movement, and concerted action against the unions by business and the government. These forces combined to vitiate the old *shunto* strategy of a highly visible national campaign for large real wage increases.

This at least is the scenario which I have deduced from the secondary evidence cited. Nevertheless, doubt would be cast on this scenario if it could be shown that, far from being simply the objects of employer and state initiatives, top union leaders had actually become policy-making partners in a setting of genuine

tripartism. Some observers have indeed implied something along these lines. In particular, Ehud Harari (1986 and this volume) has argued that labour's exclusion from policy networks was exaggerated in past scholarship and has become untenable as a contemporary description. He contends that for a mix of ideological and instrumental reasons, union federations had themselves been at least partly responsible for their own past absence from consultative frameworks; but that in any event, this gap has to an important extent been corrected. Citing data on the composition of statutory advisory bodies, Harari shows that in the decade after 1973 union representation on such bodies experienced a major quantitative increase accompanied by penetration into hitherto closed circles. Moreover, it is shown that labour representatives have included the 'militant' as well as the 'moderate' stream of unionism, and that the delegates themselves do not regard their role as tokenistic.

Harari's findings, while an important corrective to simplistic notions of organized labour as a political pariah, nevertheless fall short of substantiating the kind of policy-making partnerships in which unions participate in the corporatist nations of Western Europe (see Katzenstein, 1985; Taira and Levine, 1985, p. 266). It remains the case in the 1980s that business interests are routinely represented on advisory bodies, whereas only a minority include representatives of labour. The latter in any case enjoy only limited participation, especially in the 'sensitive' areas from which unions were formerly excluded altogether. The major union confederations receive their weightiest representation on committees dealing with employment and welfare – areas in which state intervention is modest, to the satisfaction of organized workers, sheltered as they are by the primary labour market. In contrast, as Harari points out, union delegates have little or no influence where they need it most – on committees occupied with the formation of broader macroeconomic policies. In addition to these limitations, Itoh's (1986) independent study of the relationship between interest groups and state agencies reveals quite striking qualitative differences between labour and most other types of associations. On the one hand, many union officials involved in such contacts (although proportionately less than the representatives of business and most other groups) did perceive open channels of communication. But they were also far less likely to report stronger indications of interpenetration, such

as receipt of direct state subsidies or so-called 'administrative guidance'.

In fact, as Shinkawa (1987) points out, the state's commitment to *partial* legitimation and incorporation of labour union élites dates from the late 1950s, when influential figures within the ruling Liberal Democratic Party came to believe that (a) the aggressive labour policies hitherto pursued by employers and the state had already succeeded in generating a 'settlement' consistent with economic growth; (b) this settlement could be upset by traumatic confrontations (such as the Mitsui coal-miner's strike of 1960); and (c) the continued political alienation of left-leaning unions could have politically embarrassing implications for the government (as in the bitter conflict over the US-Japan Security Treaty). This pre-emptive response was reinforced in the late 1960s and early 1970s by the perception on the part of an electorally declining LDP of growing *shunto* activism as signifying an 'ominous threat of a general strike . . . [which could] turn into a political challenge from the union-supported left-wing opposition parties' (Taira and Levine, 1985, p. 258). It was not until the glove of limited policy participation was backed up by the fist of economic uncertainty that the unions surrendered both their high-wage policy and the trend towards broader mobilization and demands in the framework of the 'spring offensive'. There are therefore no strong grounds for believing that expanded union inclusion in the policy network constituted a qualitative break with conditions prior to the economic crisis, when organized labour evidently saw no reason to abandon mass mobilizations for the lure of political exchange. The retreat from the labour militancy of the early 1970s is better explained as the product of damaging economic trends, a unified external opposition and disunity among the unions themselves, than as a transition to a new *bargained corporatism* (Crouch, 1977) rooted in political inclusion of the labour movement.

## Conclusion

The management of distributional conflicts in the labour market rests on quite different bases in the Japanese context from those

which underpin corporatist arrangements in the Social Democratic nations of Western Europe – even though in the last decade and a half these countries have shared with Japan the distinction of relatively favourable economic performance (particularly in relation to unemployment) achieved in a relatively consensual atmosphere. I have criticized each one of the routes along which scholars have attempted to bring Japan under the analytical umbrella of the corporatist model. At the outset it was shown that quantitative studies of corporatism from a cross-national perspective exhibit uncharacteristic disagreement over whether Japan is or is not 'corporatist'. This disagreement reflects not only the confused conceptual and methodological state of the art but also real ambiguities. Notions of corporatism which link it to powerful and solidaristic labour movements are clearly alien to Japanese realities, and so are those which single out the characteristic institutions of corporatist policy-making. Theoretically and methodologically, it is more fruitful to treat these difficulties as grounds for seeking an alternative model to corporatism for the Japanese case, than to constrain concept and case to converge.

If such a convergence is nevertheless to be achieved, it requires either that labour's position in the Japanese political economy (as evidenced in patterns of employment, labour relations, and social policy) can be shown to be in some sense the functional equivalent of European-style corporatism; or that Japan has actually been moving towards the European model of strategic class action by labour on the basis of political incorporation and exchange. This essay's critical reconsideration of the evidence for each of these propositions casts doubt on both. The 'welfare corporatism' said to characterize large private enterprises is best understood in terms of the dualism of the Japanese economy, labour market, and working class, and the linchpin role played by the private/public split in social welfare. On the macro-societal plane, the participation of Japanese labour associations in the making of domestic public policy remains severely bounded, and trade union élites are still far short of engaging in active social contract bargaining. Labour quiescence since the middle of the 1970s is better explained by the whip of market conditions, the pressure of unified opponents, and the reinvigoration of the dual labour market, than by the elevation of peak labour organizations to the status of guardians of public order.

All this suggests that, for comparativists interested in locating Japan on a cross-national map, greater attention to the context of distributional conflict is required, in place of continued attempts to impose a single-stranded conceptual model on Japan's empirically inhospitable environment. This certainly need not necessitate a retreat to the particularistic case-study approach. One country which shares with Japan a hegemony of big business and conservative politics co-existing side by side with full employment, labour-management collaboration and successful policies of economic adjustment, is Switzerland (Katzenstein, 1980). Like Japan, Switzerland is characterized by a comparatively low rate of labour organization in divided and decentralized trade unions, and a modest socialist vote. But the Swiss model of labour movement incorporation into institutions of state in effect signifies the upper limit to the Japanese trend towards ending labour's exclusion while perpetuating its inability to rule. No less important, the labour markets of both countries are deeply dualistic, with large strata of relatively powerless workers occupying undesirable job slots. The union movement, reflecting the concerns of primary sector workers and their employers, excludes secondary sector labour and consents to a dual welfare system which perpetuates residual social provision by the state and helps preserve harmony in the enterprise. The synthesis of co-optation in politics and dualism in the market arena common to Switzerland and Japan appears to offer a more enlightening model of labour in the Japanese political economy than attempts to constrain the corporatist model to fit Japanese realities, or vice versa.

## Notes

1 Much of this chapter is in the nature of an incursion into terrain usually reserved for experienced Japanologists, by an author with little primary expertise on Japan. I am grateful to the editors of this volume for encouraging my audacity and to participants in seminars which they organized for helpful comments; to T.J. Pempel for pointing me to valuable sources; to Toshimitsu Shinkawa and Carl Le Grand for sharing their unpublished work with me; and to Walter Korpi and the Swedish Institute of Social Research for generous

- hospitality while the paper was in preparation.
- 2 The Pearson correlation between the Cameron and Czada scores is 0.91 (n=17). (Note that here, as in all subsequent calculations, the original data series were transformed into a common scale ranging from -1 to +1.)
  - 3 For a rich collection of sources relevant to the period, see Livingston, Moore and Oldfather (1976). Moore (1983) provides the definitive account of the period of labour resurgence early in the occupation period. I rely here on informative articles by Sumiya (1974) and Tokunaga (1983), and also on Armstrong, Glyn and Harrison's (1984, pp. 136-40) compilation of contemporary sources.
  - 4 The claim that these constraints on worker solidarity have been the price exacted by management for its conditional acceptance of trade unionism is substantiated by Sumiya (1974, p. 63), Taira (1970, p. 180), Dore (1973, p. 325), and, regarding the imposition of a 'no unionization clause' on subcontractors, by Carl Le Grand of the Swedish Institute for Social Research, who kindly shared with me the results of his unpublished fieldwork on subcontracting.
  - 5 Particularly revealing in this respect is that, according to Tokunaga (1983, p. 321), since 1965 the leading iron and steel firms have presented a single take-it-or-leave-it wage offer to unions in their industry, an offer which appears to have influenced the overall level of *shunto* settlements. This is not to argue that Japanese workers would have been just as well off without *shunto*. Koshiro's (1983, pp. 230-8) econometric evidence indicates that *shunto* militancy in the public and private sectors has raised wages - although he also shows that spring wage settlements have been consistent with the maintenance of profitability.
  - 6 These barriers apply to all but the 'half-way workers' recruited in boom periods by large enterprises from smaller firms or the self-employed. But, tellingly, these mid-career recruits are penalized by lower pay unless they produce an impeccable performance record (Koshiro, 1983, p. 257).
  - 7 Regarding rewards: (a) under the pressure of labour shortages, the gap between men's wages in firms of different sizes narrowed during the 1960s; (b) from a life-cycle perspective, primary labour market workers are not always advantaged - their starting salaries are low, and so is their income after retirement; (c) it is plausible to assume that *household* income in the long run is much more equal than the cross-sectional gap between *individual* workers at any given moment in time (Pempel, 1989) - this is presumably why income inequality between households is lower in Japan than in most OECD countries.
  - 8 Goldthorpe himself (1984, p. 340) uses the term micro-corporatism in a brief reference to the Japanese case, while stressing that a Japan-

style adjustment to dualism necessarily results in 'the fundamental division and effective depoliticization of the working class'.

- 9 Unions in 1975 agreed to a nominal wage increase below the rate of inflation. The actual increase in real wages after 1973 remained under 3 per cent for the rest of the decade – whereas earlier in the decade it was consistently above 8 per cent (Taira and Levine, 1985, p. 248).

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