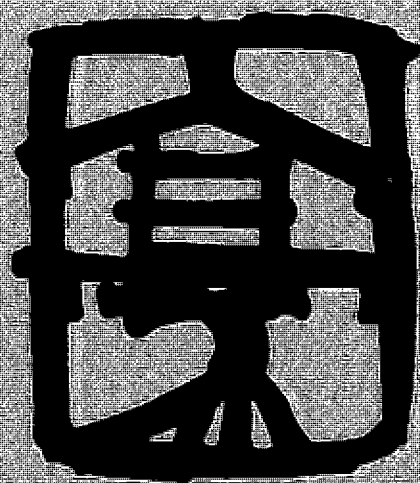


t. kato and r. steven



**is japanese
capitalism
post-fordist?**

Japanese Studies Centre
Melbourne

**IS JAPANESE CAPITALISM
POST-FORDIST?**

by

Tetsuro Kato and Rob Steven

16

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I. INTRODUCTION

If present day Japanese imperialism has a dangerous ideological dimension, then it lies in the myth that Japanese management is, from the worker's point of view, an advance on Western management. It is extraordinary how many people with little direct contact with Japanese workers have become strong advocates of "Japanese industrial relations". Although it is not surprising to find such advocates among academics, who endlessly and abstractly "debate" the issue, it is disturbing to find left-wing circles outside Japan presenting that country's industrial relations system as a progressive alternative. In the United States Kenney and Florida (1988) vigorously argue that what they call "Fujitsuism" is a new progressive stage in the development of capitalism. In Britain Murray (1988) is more ambiguous, but still sees the essentials of the Japanese system as at least containing the seeds of a progressive alternative. In New Zealand, just as ambiguously, the Socialist Unity Party is split over the issue, and has members on both sides of a long and bitter dispute over the "Nissan Way".

We have decided to contribute to this debate, not by repeating arguments already made, for example by Dohse and others (1985), but by focussing on why the Japanese system is able to present itself as benevolent. Why is one of the cruellest and most oppressive systems of capitalist domination over labour commonly perceived as being one of the most enlightened? The debate today appears in a strange guise and context. A number of left-wing journals in various parts of the world are running articles which suggest that a qualitative change is occurring in the organization of work in Europe, America and even New Zealand, ... a change from Fordism to post-Fordism. Historicist assumptions have led certain superficial similarities between the Japanese social formation and the anticipated new era to be taken as evidence that the Japanese system is not backwardly "super-exploitative" after all. Rather, Japan is being seen as nurturing the most advanced form of capitalism, a higher and better stage for workers as well as for everyone else.

In this paper we concentrate on the debate in the left-wing forums,

particularly as presented by Kenney and Florida (1988), Murray (1988) and a group of sociologists at Massey University in New Zealand (notably Maharey, 1989). Of these only Kenney and Florida claim any expert knowledge of Japan.

II. THE DISTORTION OF JAPANESE HISTORY

Since the debate about the move from Fordism to post-Fordism is about industrial eras or epochs, the Japanese context must be understood in terms of the great moments in Japanese history. Kenney and Florida (1988) see the postwar trade union struggles as heralding such a moment, initiating a shift all the way from the tyranny of the prewar regime right into the early stages of post-Fordism. However, with very little historical argument to support their case, they end up grossly exaggerating the gains made by workers in the postwar struggles; arguing that "many of the characteristics of the Japanese system now interpreted as indicating capital's control of labour were initially worker demands" (127). Elsewhere they are more explicit:

Of fundamental importance were the tremendous social upheavals and labor militance of the immediate postwar era, which helped give rise to the Japanese system of industrial relations anchored by enterprise unionism, long-term employment tenure, and high degrees of capital-labor accommodation (138).

Although they accept that workers were ultimately defeated in these struggles and that "an important management weapon was the creation of conservative 'enterprise unions'"(128), they do not recognise the full extent of the reverse course. Their implicit conclusion is that Japanese workers won vastly more at that time than their Western counterparts, enough power to initiate a move to a new epoch: "neither the state nor powerful industrial sectors were able to

impose Fordist solutions on postwar Japan" (124). We know of few Japanese historians bold enough to make such a claim. There is certainly very little evidence for it.

To some extent certain tendencies in the "regulation theory" Martin and Richard use might account for what Kenney and Florida have read into working class struggles in postwar Japan. Among these is an historicist assumption that ignores the open-ended-ness of class struggles, an unconscious assumption that the new "mode of regulation" must have represented a higher stage of development than the old one. Such a claim might have some plausibility if its implications were confined to Japan. Postwar methods of social control in that country, although regressive from the point of view of Western practice at the time, were nonetheless not as oppressive as what Japanese workers had to endure in the prewar period.

The problem arises when this conclusion is stretched. The postwar industrial unions were ultimately very roundly defeated, and it was in firms where the defeat was most thorough, such as Nissan, that the "new" managerial practices and company unions were introduced. Nissan was able to bring in a similar package in Britain only after the defeat of militant unionism among British autoworkers (Holloway 1987). In New Zealand, when the company tried to do so without smashing the relevant unions, it was largely unsuccessful. Class struggles always open the possibility of something new, but there is no necessary reason why history should not on occasion move backwards rather than forwards. Workers can, after all, be defeated.

Kenney and Florida thus greatly exaggerate the newness of the Japanese system which emerged in the 1950s after the defeat of the militant unionism. Many of its features, such as payment by length of service and sizeable bonuses for regular (male) workers in large private firms, with very little of anything for workers in small subcontracted firms, had become widespread in the prewar period (Dore 1973). The system was, if anything, pre-Fordist rather than post-Fordist. In fact, one could argue that the defeats sustained by militant unions in the late 1940s and early 1950s resulted in the gains won just after the war being

lost and in workers having to accept many features of an older more reactionary order. True, the system that emerged in the 1950s might not have been the full-blown prewar one, but it was certainly closer to the latter than it was to what workers had hoped for and briefly won after the war or to what Western workers had won by that time.

III. PROBLEMS IN THE DEBATE

A. The Confusion of Non-Fordism with Post-Fordism

It is not uncommon for Western scholars to draw unwarranted conclusions about Japan from features of Japanese society which they do not find in either Europe or the US. In this case, along with many other regulation theorists, Kenney and Florida (1988) tend to call what is apparently non-Fordist or even pre-Fordist in Japan (such as the just-in-time system), "post-Fordist" (124). The connotation of "post-Fordism" is that it represents an advance from the worker's point of view:

The social organization of production in Japan replaces the fundamental characteristics of fordism--functional specialization, task fragmentation, and assembly-line production--with overlapping work roles, job rotation, team-based work units, and relatively flexible production lines (131).

The social organization of Japanese labor is not simply a better or more advanced version of fordism, it is a distinct alternative to it ... Japanese corporations actively experimented with new forms of work organization and production to move beyond the extreme functional specialization and deskilling of fordist corporations (137).

Postfordist production grew out of an era of intense class conflict and is premised on the particular balance of class power that emerged in postwar Japan (145).

In Britain, Murray (1988) is less sure about how progressive the post-Fordist system actually is:

It cuts the labour force in two, and leaves large numbers without any work at all ... Post-Fordist capital is restructuring working time for its own convenience: with new shifts, rostering, weekend working, and the regulation of labour, through part-time and casual contracts (12).

But he then argues that there is a leftwing (socialist) alternative to "capitalist" post-Fordism:

Some [of the tendencies of our times] are rooted in the popular opposition to Fordism. They represent an alternative version of post-Fordism, which flowered after 1968 in the community movements and the new craft trade unionism of alternative plans. Their organisational forms—networks, workplace democracy, co-operatives, the dissolving of the platform speaker into meetings in the round—have echoes in the new textbooks of management, indeed capital has been quick to take up progressive innovations for its own purposes ... Underlying this split is the post-Fordist bargain which offers security in return for flexibility. Because of its cost Japanese capital restricts this bargain to the core; in the peripheral workforce flexibility is achieved through insecurity (13).

Murray is really quite mistaken in putting side by side the flexibility which the new grassroots movements gain through more democratic organisation and the flexibility which Japanese management imposes on workers to shunt them around the company.

In adhering to the "British line" Maharey (1989) follows the

tendency of both the left and the right in New Zealand. However, he adds little if anything about Japan. Neither does he seem to recognise that technologically advanced capitalist societies are very remote from ones that supply raw materials and food:

At the heart of these changes [in New Zealand] is a more pluralist, more diverse post-Fordist society where the individual is taking centre stage. The New Right have responded to these changes by seeking to reprivatise society ... The alternative response is to develop a democratic individualism which offers an expansion of rights (p. 8).

B. Sources

One final preliminary point needs to be made before we look more carefully at what Fordism and post-Fordism are meant to be, and that concerns the sources used by Kenney and Florida. While we do not wish to argue that any unorthodoxy, such as their version of regulation theory, might account for their misunderstandings of the Japanese system, their heavy reliance on right-wing sources written in English is a serious problem. For example, they seem to accept approvingly Aoki's characterisation of Japanese factories as "'information systems' rather than 'production systems'" (135), quite unaware that this is a common move in debates with the left in Japan and also quite unaware of left-wing replies. Although the scarcity of good left-wing literature on Japan in English is well known, one would think that writers who claim to be in the Marxist tradition would make a special effort to locate what is available. Their attempt to be exhaustive as far as right-wing sources are concerned contrasts very embarrassingly with their almost total failure to locate quite well-known left-wing sources.

IV. THE ESSENTIAL ELEMENTS

A. Fordism

There is no agreement among regulation theorists on exactly what Fordism is, partly because there is still a lot of debate about what requires regulation. Nevertheless, for the purposes of this paper, we loosely bring together seven features of what is supposed to characterise Fordism:

- (1) Products, parts, and jobs are highly standardised.
- (2) Mass-production plants mechanise these standard tasks, so that workers become unskilled.
- (3) Remaining tasks are subjected to Taylorism; they are scientifically broken down and then assigned to workers by a hierarchical management.
- (4) Payment is for the job rather than for the person doing it, and jobs are clearly demarcated; monotonous ones are rewarded with high wages.
- (5) Since mass production requires mass consumption, national markets are protected by a Keynesian state.
- (6) Monotonous jobs and high labour turnover produce shopfloor resistance and strikes.
- (7) Rising workplace resistance chokes off the rate of productivity increase and eventually leads to crisis and the possibility of a new order, post-Fordism.

B. Post-Fordism

Although neither Fordism nor post-Fordism exists anywhere in any sort of completeness, regulation theorists tend to see the latter as an emerging tendency in opposition to the existing Fordist order. They identify some of its features in embryonic form in Europe and the US, and in a more advanced form in Japan. The following seven characteristics of Post-Fordism have been pieced together by us from a variety of sources:

- (1) Products, parts and tasks are varied; products aim at

- different sections of the market (age, gender, income group, etc.) and their life becomes much shorter.
- (2) Part of the new more flexible production is achieved by new technology: "Flexible automation uses general-purpose machines to produce a variety of products" (Murray, 1988:11). Workers thus need to have many skills.
 - (3) Management becomes less hierarchical, as multi-skilled workers win more control over the labour process and take on more of the "intellectual" tasks previously in the hands of management.
 - (4) The end of job demarcation means payment is for the person rather than the job. Labour can thus be used more flexibly.
 - (5) The problem of managing the demand for a wide variety of parts and products is met by ordering supplies which coincide more exactly with immediate demand (just in time).
 - (6) Security of tenure puts an end to much resistance and strike activity, so that workers are more willing to allow new technology.
 - (7) New technology and flexible uses of labour raise productivity and end the crisis.

It is beyond the scope of this paper to offer a theoretical critique of the notion of post-Fordism or to look at its so-called embryonic manifestations outside Japan. The Japanese political is examined in relation to the above seven characteristics of post-Fordism, and in particular to the claims made by Kenney and Florida, and to a lesser extent Murray and Maharey.

V. THE CASE OF JAPAN

A. Standardisation or Variety

Astonishingly none of the writers on post-Fordism in Japan has actually addressed the question of how far Japanese companies have moved away from the mass production of standardised consumer goods. Throughout the boom until 1974, and then again during the years of slower growth, Japanese capital's dominant strategy, at home and abroad, has been to capture the maximum market share for mass-produced consumer goods rather than to aim at high profit rates on shorter runs. It has relied heavily on imports, not just of technology from the US and Europe, but also for the variety of specialised (luxury) goods which are supposed to signify Japan's advance towards post-Fordism somewhat ahead of the countries from which the imports have been coming.

While very recently there has been a lot of talk in Japan about the need for CAD (computer aided design) and CAM (computer aided manufacturing) systems to produce a greater variety of goods, this has been mainly a response to the sudden increase in purchasing power among the asset-rich middle and upper classes since the rise of the yen (Steven 1988; Kato 1989a). It is also a consequence of the current internationalisation of Japanese capital, which is locating much of its mass production in low-wage Asian countries so that it can concentrate on newer high-tech lines. However, it has little to do with any so-called change from one industrial era to another. The claim that Japan is in the forefront of a move from mass to specialised production is not borne out by the facts.

B. Unskilled or Multi-skilled

According to Murray (1988), who does recognise Toyota's role in breaking industrial unions in Japan, the company then:

developed a core of multi-skilled workers, whose tasks include ... the improvement of the products and processes under their control ... tasks customarily reserved for management in Fordism (11).

Murray (1988) claims that the experience workers accumulate during their lifelong contract makes them multi-skilled and not easily interchangeable with new workers. Ken Douglas, the President of the New Zealand Council of Trade Unions, argues along the same lines:

One alternative to Taylorism is to organise production by work groups. Under this form of work organisation a group of workers have a range of work to perform and they determine how it is done. Part of the process is the concept of up-skilling under which workers learn a range of skills because they learn to perform a range of different tasks (NZ Tribune, 12 June 1989, p.6).

For their part, Kenney and Florida see the Japanese system as being characterised by "work teams, job rotation, learning by doing, flexible production, and integrated production complexes" (122). They argue as follows:

Learning by doing contrasts sharply with traditional fordist corporate organization characterized by extreme traditional specialization and highly compartmentalized information flows (135).

Japanese production lines are more flexible than traditional assembly lines ... Workers thus perform a number of tasks on different machines simultaneously while individual machines 'mind' themselves ... Rotation within teams within teams allows workers to familiarize themselves with various aspects of the work process. This creates a powerful learning dynamic and enhances the problem-solving capabilities of both individual workers and teams (132-3).

Multi-skilling is absolutely essential for this strategy to be successful ... Information sharing is also encouraged by a policy of more open access to information practiced in many Japanese corporations (133).

However, since the overwhelming strategy is still to win market shares for mass produced consumer goods, we should pause to think about what Japanese workers actually learn to do in their companies.

The essential difference between Western and Japanese workers is not what they learn to do, but for whom they do it. Western workers who change jobs many times during their lives learn a multiplicity of skills, as do Japanese workers who get moved round the same company during their working lives. However, the appearance at any one point in time is very different. The job the Western worker is doing at that particular time is all that he or she appears skilled enough to do. However, the Japanese worker, who may also at that time be performing only a limited range of relatively simple tasks, can point to other skills possessed because they had previously been learnt and performed in the same work place. In both cases, when people start new jobs they are told what to do and they learn the job's finer points by actually doing the work. The commonly drawn contrast between so-called Taylorist management in the West, in which the last detail of the simplest of tasks is spelt out by management, and a Japanese system, in which highly versatile workers fathom out for themselves what needs to be done, has little basis in fact.

More relevant are the debates about deskilling and reskilling that have always accompanied capitalist development, crisis and restructuring. There have always been unevennesses, short-term contractions and variations by industry, although for the working class as a whole there appears both in Japan and in the West to be a gradual long-term process of deskilling. The reskilling needed for the new industries always tends to apply to a smaller range of workers than were affected by the deskilling process. It is thus difficult to see why Kenney and Florida would select certain skills required in the late 1980s by a limited range of workers in a company like Fujitsu, let alone those found in Fanuc (which makes factory automation equipment), and then to hold them out as the skills needed in a new industrial era. It is impossible to build a case that Japan is different from the West in this regard.

Another of the myths which props up the image of the "multi-skilled" Japanese worker is the amount of formal education people go through in that country. The "more educated" Japanese work force is supposed to be more suited to the skill requirements of the new era's corporations. However, anyone with any knowledge of the Japanese education system knows that it produces graduates with fewer capacities, and certainly with a reduced capacity for innovative thinking, than do the education systems in most Western countries. Its overwhelming emphasis on passing tests to secure access to "famous" universities actually functions to sort people, not into skilled and unskilled categories, but into those for students with stoic self-discipline and endless self-sacrifice, on the one hand, and those for students without those qualities. Giving up in the juku senso (war of cram schools) indicates a less than total capacity for self-sacrifice, which is what the recruiting companies really want to acquire. That is why they hire new recruits, not on the basis of their academic results, but on the name of the university whose entrance exam they managed to pass. To pass the exams of the "top" universities requires little originality, but a capacity to reproduce information which can only be memorized by years in one cram school after another (Kamata 1984). It is absurd to see the Japanese education system as contributing to the creation of a "multi-skilled" workforce.

C. Hierarchical Management or Worker Control

According to Kenney and Florida, the management structure of Japanese companies is more flexible than that of Fordism. Managers are usually not specialists in accounting, finance, or marketing but generalists who rotate among posts. Management rotation results in flexibility and learning by doing similar to that experienced on the shopfloor. This blurs distinctions between departments, between line and staff managers, and between management and workers (134).

The argument is related to the question of skill: being multi-skilled rather than having a specific skill, or performing many tasks rather than only one, is supposed to be a source of power. The assumption is that

management's control over labour lies in the limitation of workers' skills to one or two simple tasks. However, in practice the opposite has been the case: workers' power to resist the authority of management has always depended on their (collective) capacity to protect their particular jobs. Job rotation undermines workers' power and prepares them for total submission to do whatever tasks management assigns. By constantly being moved from one simple task to another, workers are left with nothing except their status as employees, which is all that management is really interested in, because employees can be used for any task whatsoever.

The myth of life-long job security in Japan is fundamental to the the myth of worker control. First, as we have argued elsewhere (e.g., Steven 1983; Kato 1989a), life-long job security applies at most to only about one-third of the Japanese working class. (We discuss below what happens to the rest.) Second, when it does occur it is accompanied by a system of payment by length of service. That results in some very nasty fishhooks being attached to it. For example, since starting wages for anyone are rarely living wages in Japan—workers only get those after some ten years of loyal service—it is essentially a system of withheld wages. In other words, one has to stay on in the same company if ever one is to get living wages, and the benefits really only begin to accrue in middle age. Ever since the bubble burst in the mid-1970s, Japanese capital has found its ageing work force to be a growing burden, and it has been trying to get rid of its older workers well before they reach the legal retirement age of around 60. Lump sum payments are increasingly being offered to middle-aged workers in return for early retirement, a strange thing to do if the multiplicity of skills which workers are supposed to accumulate during their working lives are so valuable to management in the era of post-Fordism.

Japanese management has always and still does prefer younger workers to older workers. For this reason it is happy to employ women who can be induced to retire before they receive their withheld wages. However, Japanese management has had at least to promise higher pay after an extended period of loyal service. A minimal

commitment to keep this promise has thus been necessary, and about a third of the work force — a proportion no higher than the proportion of secure jobs under Western Fordism — has had some sort of security of tenure. On all indicators apart from the government's official (and somewhat distorted) measures of unemployment, real joblessness in Japan today is higher than it is in the United States (Keizai Kikakucho 1988: 122).

The third questionable aspect of life-long employment, to the limited extent that it does exist in Japan, offers workers, not job security — no Japanese worker has that, shunted as they are from one task to another — but the promise of a secure, though not necessarily adequate, livelihood. Since in an era of mounting worldwide unemployment, such a promise might look more attractive than luxuries like worker control, it is small wonder that the Japanese system appears attractive and that progressive people are being taken in by it.

In practice, a multiplicity of simple skills acquired over a lifetime offers workers less protection from layoffs than does the power that comes with being needed for a particular job. The real meaning of being multi-skilled is being willing to be pushed about for the entirety of one's working life. That is the real qualification which is so "highly prized" in the Japanese system, and which is now increasingly being sought by envious employers in the West. In a crunch, Japanese workers have been laid off with as cavalier a concern for their well-being as Western workers, but they have been less able to defend themselves. There are numerous examples which illustrate this basic fact. The most spectacular examples in recent years have been in the steel, aluminium and shipbuilding industries (Steven 1988). Separating workers from specific jobs, far from giving them power, has thus been one of the sources of their powerlessness. It has been one of the conditions which make Japanese management more authoritarian than Fordist management.

Along with the so-called life-long employment system, the quality control circle (QCC) also serves to enhance the control of management over the worker. However, this mechanism too is now seen as a

positive way in which workers win control over matters previously in the hands of management. According to Kenney and Florida,

Work organization is based on self-managing teams ... Team organization and increased worker input not only increase productivity but also reduce certain aspects of worker alienation that result in high rates of sabotage and absenteeism under Fordism (132).

While this may be the appearance, in reality QC circles are not institutions of worker solidarity and control. Workers are forced into competitive struggles with one another to see who can become management's most faithful employee. Within the group, relationships are competitive. One by one each member is isolated and pressured into finding some way to raise productivity or to eliminate waste. Often, all a member can come up with is a suggestion that everyone should work faster or longer. Groups are also organised into competitive struggles and given accolades for being management's favourite team.

While Kenney and Florida recognise that, workers who do not contribute suggestions at Toyota "may receive smaller bonuses" (134), their overall assessment of Japanese management remains unambiguously favourable. In that regard they are not unlike the many scholars who present management's view in the English language sources that they rely on. Indeed, the following claim almost implies that class itself has disappeared from Japanese capitalism:

Consensus decision making provides an environment in which ideas can surface, ensures thorough dissemination of information, and mitigates problems associated with the lack of commitment to new decisions (135).

It seems that Kenney and Florida have never heard of the ways "consensus" is achieved in Japan by means of manipulation and intimidation, Sugimoto (1986), for example, mentions some of these.

The reality behind the agreements made by QC circles is that workers lack the power to resist managerial control over what they do. Even without receiving explicit instructions from individual managers, they feel pressured in the circles to police one another in a never-ending quest for less and less control over their jobs. The QC circle is a process whereby the worker loses power to defend his interests while becoming more preoccupied with management's objectives. The QC circle converts workers, not into managers, but into servants of managers, and it rewards them, not with managerial pay and conditions, but with the pay and conditions of servants. Unlike managers, who themselves escape productive work by loading it onto others, Japanese workers in the QC circle relieve management of even their basic administrative work by taking it on themselves. The QC circle is an ingenious device for ensuring that when workers come together, the agenda is how to further management's interests rather than their own. The dynamic is competition rather than cooperation. Organizing workers into competitive struggles with one another is not the mark of a new or more progressive order, but a very old trick used by capital to impose its will on labour.

Although Japanese workers have long since lost control over the labour process, the QC circle brings workers together in such a way which will maintain the status quo. In the area of wages, one of the few remaining areas where unions still attempt to defend interests of employees (rather than management's interests), albeit at the expense of the much larger number of nonunion employees, workers are isolated from one another. Herein lies the power of the QC circle. Workers come together in the QC circles to ensure that the collective power of labour is marshalled in favour of capital. However, when the needs of that labour are at stake, each worker is an individual on his or her own.

D. Payment for Person Rather than Job: Flexibility for Whom?

Kenney and Florida compare "the job-specific, productivity-based system of U.S. Fordism" unfavourably with the Japanese:

tripartite wage composed of seniority, base, and merit components....The seniority component provides significant incentives for workers to remain with the company; semiannual bonuses hinge individual remuneration to corporate performance and create increased incentives for greater work effort, and the merit-based component spurs individual effort (129).

We have seen that the seniority component is in reality a system of withheld wages used to eliminate worker control over the labour process and to convert them into simple employees, available for anything at all. The twice-yearly bonus, which can be equal to quite a few month's pay, is also a form of withheld wages. Bonuses are withheld so that they can be easily cut and thereby bolster management against and drop in profitability. Overtime is paid at only 1.25 times the ordinary rate which is calculated from the monthly salary, (i.e., not the annual rate which includes bonuses). This means that overtime, which is in practice compulsory, is paid at a lower rate than regular time. Finally, the merit-based component, the only factor supposedly within workers' power to influence, varies from one individual to the next according to management's measures of merit: loyalty, performance in QC circles, willingness to work overtime, and willingness to forego sick leave and annual holidays (Kamata 1982; Nohara and Fujita 1989).

Payment for the person rather than the job is pivotal to management's strategy of dividing persons so that they cannot protect their jobs. The wage system is more than the three elements mentioned so far. When dealing with the wage system, attention must also be given to those outside it if we are to understand the income differentials between regular and non-regular employees, between men and women,

and between workers in large firms and those in small firms (See Figure 1).

At times Kenney and Florida come close to recognising these divisions: "guaranteed employment for male workers in core firms became a fundamental feature of postwar Japan, with dismissal falling largely outside routine management prerogative" (128). Unfortunately, there is not a word about the insecurity of women workers, the temporaries (of which there are a large variety), or those in small firms which are not unionised (Steven 1983 and 1988). Neither is there any mention of the growing corruption of Japanese trade unions after they were divided from this insecure mass of the working class.

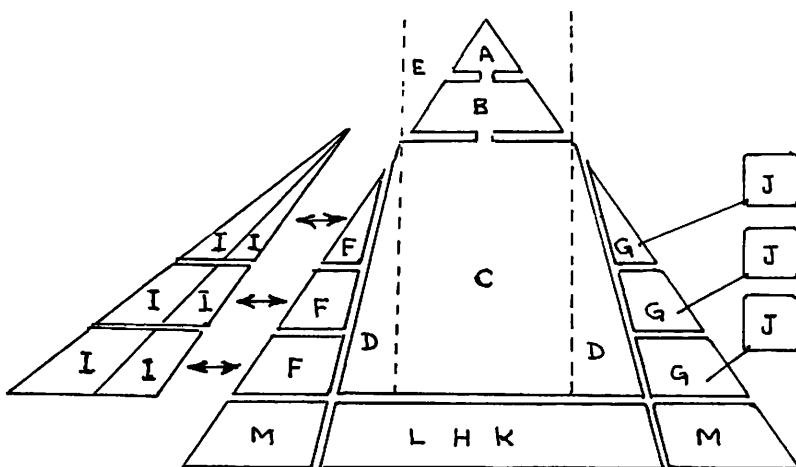
Temporary and part-time workers are generally excluded from the company unions, their wage rates can be as little as a quarter of those of regular workers, and they are first in line for dismissal. Such workers are not incidental to the Japanese system, but part of a broader arrangement whose very essence is discrimination and division maintained by a careful distribution of minor privileges to individuals. To focus on only one category of individual --- regular male workers in core companies --- without seeing them in relation to others is to misrepresent totally how the system works. The position of regular male workers in core companies is both protected by and threatened by the position of the remainder of the working class. The essence of the Japanese system is divide and rule, and organised competition. It is not, as Kenney and Florida claim,

a balance of class power, or 'class accord', characterized by enterprise unionism, long-term employment tenure, and a distinct style of class accomodation (122).

To the extent that they do notice the relationship among the different fractions of the working class, their argument becomes contradictory:

Small firm-large firm relations and gender segmentation constitute a unique set of supports for the core of the Japanese economy and, in

Figure 1. The Structure of Labour in Contemporary Japan.



- A:** Top Managers
- B:** Middle Managers (partly union members)
- C:** Male Regular Workers in Large Companies (union members)
- D:** Female Regular Workers in Large Companies (union members)
- E:** Previously Retired Workers
- F:** Subcontracted Workers
- G:** Leased Workers
- H:** Part-time Workers (married women)
- I:** Workers in Small Companies
- J:** Labour Leasing Companies
- K:** Seasonal Workers (mainly farmers)
- L:** Part-time Workers (students)
- M:** Foreign Workers

Source: Kumazawa Makoto, "Sangyo Shakai to Shokugyo Seikatsu" [Industrial Society and Working Life], in Asu no Nihon o Kangaeru [Thinking about Tomorrow's Japan], edited by Hidaka Rokuro (Tokyo: Chikuma Shobo, 1988), p. 30.

doing so, help create the topography on which a new post-Fordist organization of production can rest (131).

The argument is flawed because Kenney and Florida do not in fact explore the implications of either division or the division between regular and irregular workers. The almost unique degree to which capitalist and patriarchal relations overlap in Japan has been noted by Steven (1983 and 1988) but is totally glossed over by Kenney and Florida.

One example, of that oversight can be seen in the treatment of the tripartite wage system as a concession to workers' demands for a need-based system (129). However, one must distinguish between male and female workers. Men's patriarchal need to receive wages sufficient to "keep" women is hardly accompanied by women's "need" to receive low wages so that they can be kept by men. Japan has been unique among advanced capitalist societies in preserving an earnings differential between men and women of two to one throughout the postwar period. It is inappropriate to interpret this central feature of the Japanese wage system as part of the post-Fordist "accord" which should be emulated as an advance on Fordism. Women workers, who are pressured into retirement by patriarchal relations parent children before they ever receive their withheld wages, have no interest whatsoever in the system of payment by length of service. Insofar as that system expresses needs other than those of capital, they are needs which belong to men.

Kenney and Florida assume throughout a harmony of interests among all workers, ignoring Japanese capital's essential strategy, of dividing and ruling through organised competition. They take the "highest uncommon" denominator, the conditions conceded to the most favoured individuals, as a sign of a victory for the class, instead of the conditions of the great mass as evidence of its defeat. This is a bit like seeing the conditions conceded to a few Black who collaborate with the forces of Apartheid in South Africa as a victory for all Black people in South Africa.

E. Managing Demand: The Kanban (Just-in-Time) System

One also needs to be seen in relation to the rest of the working class. The system of tiered subcontracting prevalent in many Japanese industries does not provide equally for employees in the large firms and those in the small firms that do work under contract. The view of this tiered structure which is presented by Kenney and Florida is also one-sided:

the result was that small, flexible companies came to be an integral component of Japan's industrial structure ... [and] large firms eventually became dependent on the flexibility and specialized skills possessed by small firms. Over time, a hybrid system of industrial organization emerged as a distinct alternative to Fordism (124-5).

The kanban system replaces Fordist top-down coordination with mutual adjustment among contiguous work groups Constant communication reduces planning and supervision costs and creates another location of shared knowledge and work-based learning (133).

The objective of the JIT system is to increase productivity not through super-exploitation of labor but rather through increased technological efficiency, heightened utilization of equipment, minimal scrappage or rework, decreased inventory, and higher quality. It thus increases the 'value' extracted in production, decreases materials consumed per unit output, and minimizes circulation time, making the actual production process much more efficient (136).

Kenney and Florida do not attempt to disentangle appearance from reality. For example, they approve of Japan's system of having subcontractors located "in close proximity to final assembly facilities" and contrast this with "Fordism in which different elements of the production process are dispersed throughout the world" (136). Maharey (1989) is just as ignorant of the Japanese reality, which he

compares to New Zealand supermarkets:

Retailers began to develop information and supply systems which allow them to order goods to coincide with demand. The result is the 'just-in-time' delivery system which allows supermarkets to restock overnight according to the shifting tastes of the consumer.

Manufacturers have made similar changes. Toyota is today one of the pioneers of the new era The company has adopted methods of labour control and production which enable it to provide multiple variations of each model and serve specialised markets; so putting it at the leading edge of post-Fordism. Toyota television advertisements stress the company's ability to provide the model, shape, and colour of vehicle to match the customer's needs (3).

The essence of the kanban system is not the geographical proximity of the "child" to the "parent" companies, although this is a feature of the Toyota and Mazda networks. The basis of the kanban system is the capacity of the parent companies to shift burdens onto the smaller companies and their workers. Nissan has long done this very effectively, not simply by using subcontractors all over Japan, but through a world-wide network of vulnerable suppliers. Close proximity and other "communications systems" simply aid, but are not essential to control. And control ensures the ability to transfer costs.

Kenney and Florida are also fully taken in by the appearance of paternalism: "Parent or core companies take an active hand in assisting suppliers to cope with problems and typically dispatch personnel to help solve them" (137). Even if there is a modicum of benevolence among capitalists in small and large firms, the implication that workers in the latter are adequately cared for is totally without foundation.

Kenney and Florida again show their willingness to take employer propaganda at face value when they claim that "employees may even be transferred among companies in the JIT complex, a process that typically occurs late in an employee's career cycle as retiring executives of corporate parents are absorbed by smaller subsidiaries" (137). The reality is once again, very different. Most of the transfers are of older workers whose wages have become too high for the parent firm's profit calculations. In the past most of them might have been able to remain in the core companies, albeit as lower paid temporaries. Now that joblessness has become so much more widespread, a second best, from the workers' point of view, is secondment into subcontracted companies. The worst alternative, of course, is unemployment following mandatory retirement, a situation affecting over a quarter of such retired workers in the 1980s (Steven, 1983).

It never occurs to Kenney and Florida that the kanban system might have costs. They never stop to think about those who might have to pay such costs. Eliminating the need for inventory stockpiling, for example (136), is really transferring the need to the subcontractors. Sometimes they almost recognise this: "Since workers in subsidiaries generally receive lower wages than those in core firms, the overall costs of production are reduced" (137). In fact, this is a means of cutting general wage costs by singling out nonunionised workers who are divided from one another by the institutional separation between workers in parent and child companies. It is essentially pre-Fordist or ultra-Fordist (Kato 1989b), a leftover from the old putting-out system, rather than post-Fordist. Its essence is that by keeping workers scattered and divided from one another it functions as a super-exploitative system.

With no evidence of their own, and even in the face of evidence to the contrary (Steven 1988: 114), Kenney and Florida claim that "the use of subcontractors to absorb business cycle downturns does not appear to be as widespread as [it was] previously" (137). To support this claim, we are referred to Aoki, and to Patrick and to Rohlen, but are given no hard evidence. Our research, however, reveals a

continued and perhaps even increased reliance on subcontractors. No evidence is cited for the claim that "risk sharing between core companies and the primary subcontractors has become the norm" (137), and nothing is said about the distribution of risk among the remaining subcontractors situated further down the tier. Citing simply the opinions of right-wing scholars, they provide no concrete evidence. They simply state that the accord is now being extended to the mass of Japanese workers:

However, recent research indicates that wage and salary differentials between workers in large and small firms have narrowed and that employment guarantees are being extended to male permanent employees in small companies (130).

This is simply not true (Chusho Kigyo Cho 1989: fuzoku tokeihyo, p. 11). It seems to us that some of the remaining claims made by Kenney and Florida also stem as much from ignorance about Japan as from their reliance on conservative sources:

Japanese consumption bundle is increasingly oriented to information and electronics-based goods, design-lifestyle products, and consumer services as opposed to high levels of housing and consumer durable consumption of U.S. Fordism (146).

In a world where there are no classes, or to those unable to identify classes, upper and middle class consumption power is confused with universal "taste" (Steven 1988). Kenney and Florida show little sympathy for the struggles of the great mass of Japanese to make ends meet. They make no mention of the astronomical cost of housing, social security, education and transport. To illustrate this reality, we cite a letter by a Japanese woman, Tokiko Iwamoto-Sakurai, to Time:

In our country, few families can afford a modern house with a clothes dryer and a dishwasher. We

don't have to line up for food, but the prices are terribly high. Most wives spend hours trying to find cheaper food or take low-paying part-time jobs to be able to buy more groceries. Can ordinary Westerners imagine paying \$2 for three small tomatoes or \$8 for a pound of the cheapest meat? Japanese husbands are usually too busy to help their wives. Because they cannot get houses or apartments near their offices, men leave home at 6 or 7 in the morning and return at 9 or 10 at night. For most Japanese, the dream of having a bigger house or an apartment with one room for each family member will never come true (27 June 1988).

Murray (1988) at least seems to recognise some of the dangers of the kanban system:

The costs of employing lifetime workers, means an incentive to sub-contract all jobs not essential to the core. The other side of the Japanese jobs for life is a minority of low-paid, fragmented peripheral workers, facing an underfunded and inadequate welfare state. The duality in the labour market, and in the welfare economy, could be taken as a description of Thatcherism (12).

In some sectors where the manufacturers are little more than subcontractors to the retailers, their flexibility has been achieved at the expense of labour. In others, capital itself has suffered (11).

The puzzling thing, however, is how Murray (1988) and Maharey (1989) implicitly sees Thatcherism as a sort of progressive alternative to Fordism. Murray regards Toyota as the pioneer in the manufacturing industry, the first to apply the just-in-time system to component

suppliers (11). A key question here is whether "the elimination of waste" achieved by Toyota is at the expense of workers in the subcontracted firms, or whether, as Murray seems to imply, it simply cuts capital's turnover time, better utilizing capital that would otherwise lie idle and be wasted without any apparent costs. Murray does not see that the extra flexibility and faster turnover time achieved by Toyota means that subsidiary firms turn their capital over at a slower rate, thus squeezing their profits. The burden is shifted to labour in the subsidiary firms.

Substituting the Thatcherite state and the kanban system for the Keynesian state as a mechanism of demand management is hardly the beginning of a progressive alternative. Thatcherism is pre-Fordist, or ultra-Fordist, rather than post-Fordist. Holloway (1987) correctly contrasts it with Keynesianism, which he equates with Fordism and which he sees as a system of class domination in which trade union power is substantial. He argues that as a capitalist crisis the breakdown of the Keynesian system of domination ends with the destruction of trade union power. Thus the emergence of a "new" system of domination is actually a return to an older order with no unions. Thatcherism is about the destruction of trade union power which was consolidated under Fordism. It is really absurd to call the rolling back of that power post-Fordist, particularly if that term is made to connote an advance on Fordism.

F. Flexibility

The fundamental claim of the post-Fordists that the "accord", (i.e., the guarantee of tenure) reduced worker's resistance to automation and resulted in workers being more receptive to the introduction of new technology. Kenney and Florida see in this flexibility the essence of post-Fordism. They call the "new" arrangements which promote such receptivity "Fujitsuism". Fujitsuism has two very different facets. One is the tendency towards "information-based companies". This is arguably occurring in certain industries. The second is that capital is increasingly able to introduce and control technology. The second type

of change may also be occurring; however, it cannot be seen as either a progressive or an inevitable development. The greater success of Japanese capital compared with western capital introducing new technology may only reflect the fact that Japanese capital has more fully broken the power of worker's to resist the resulting destruction of their jobs.

Why should workers see this as a progressive development? The link between the profitability of their employers and the security of their jobs and livelihood have always been underlined by the logic capitalism forces on workers. Progressive politics has always tried to alter the system. The goal of progressives has been an arrangement whereby workers do not have to choose between accepting wage cuts, being made redundant by new technology, and losing their jobs because their employers went bankrupt due to the worker's failure to accept new technology. Often workers have to submit to such Hobsonian choices. However, when they start buying into the logic of capital, or singling out other workers for the chop in order to protect themselves, submission becomes collaboration. The notion of "postFordist or Fujitsuist' social relationships" is thus quite absurd at best. At worst it is blatant collaborationist.

G. The End of the Crisis and the New Order

Kenney and Florida fully reproduce the current line being put forward by Japanese capital in its conflicts with both labour and American and European capital:

Tight integration of production and innovation is a primary reason why Japan has become one of the world's most innovative political economies [T]he most recent statistics on U.S.-Japan trade in high technology show the United States running a \$16 billion across-the-board deficit (139).

Once again, this is not true. Japanese capital continues to import more technology from the West than it exports, and this continues to

fuel its conflict with US capital (Keizai-Kikakucho 1989:537).

The crisis in Japan is very easily solved. For most workers, namely women, irregulars and the mass in small firms, even the boom years were ones of uninterrupted crisis. But since the mid-1970s, there has been a tendency towards greater solidarity among members of the core labor force. A "new rich class" has unquestionably emerged. Some have become rich because of skyrocketing land and share prices, Others have done well because of their positions in the giant corporations. However, growing numbers of previously secure workers are joining the ranks of the "new" (old) poor, and new technology is deepening rather than solving the crisis for them. Their jobs are also being destroyed by the "hollowing out" (kudoka) of Japan's core productive industries as Japanese capital relocates abroad (Kato 1988; Steven 1988). When an all-out effort was made by Japanese capital to solve the "high yen crisis" in 1987 and 1988, workers were the chief victims.

VI. TRANSPLANTING JAPANESE MANAGEMENT

Kenney and Florida are on their weakest ground when they attempt to push the virtues of Japanese management on the basis of its record outside Japan, since English speaking worker's own experience powerfully contradicts the propaganda. Despite the important evidence from workers themselves which they even cite from Junkerman (1987), Kenney and Florida greatly exaggerate the benefits which flow to workers from Japanese owned firms. For example, they claim that interviews of American suppliers of Japanese companies confirm that the JIT system was successfully transplanted. But they did not interview the workers themselves to ascertain the cost of this success? Nissan workers at Smyrna have complained bitterly about a number of common practices used by Japanese management. Junkerman (1987) research suggests that the situation at Smyrna is as follows:

- (a) Two thousand workers were selected from a pool of 130,000 applicants after endless interviews and tests; and

- workers are constantly told that if they do not like the job they can easily be replaced.
- (b) Skilled workers' jobs are taken over by younger less qualified workers.
 - (c) Workers who "have problems" with the Japanese system are moved to the hardest jobs for long periods without rotation or are fired. As one worker put it: "The open-door policy just lets them know if you're going to be a 'trouble-maker'". "What we've got there is management by intimidation" (p. 18). Workers even have "to restrict their intake of liquids" to avoiding having to go to the toilet during the shift (p. 20).
 - (d) Increases in productivity have in practice stemmed mainly from "the old-fashioned way—through the speed-up" (p. 17).
 - (e) The work force is broken down into small groups, which remain divided from one another and which are forced to compete with one another. Since Nissan awards merit points to groups for accident-free production, workers conceal their injuries.

Similar stories have been coming from the Nissan factory in Sunderland in Britain (Holloway 1987). It was opened in the midst of the industry's worst crisis, after the numbers of manual workers in British Leyland had fallen from 120,000 to 26,000 in only eight years and the power of their union had been broken. The 11,000 applicants for the first 247 jobs were very carefully screened. Following a strategy developed in Japan thirty-five years earlier, the company selected its own union and concluded an agreement which virtually outlawed strikes. It was this approach which allowed management to introduce other elements of the Japanese system of control: the just-in-time system, competitive work groups, an end to job demarcation and new technology. Not unexpectedly, there are also widespread reports of discontent.

In New Zealand, The New Zealand system is currently under heavy attack from employers, and there is a massive propaganda campaign lauding the virtues of the Japanese system. However, it was only after re-packaging its proposals three times that Nissan managed to win the support of the Engineer's Union for a set of managerial practices it called the "Nissan Way". However, workers in the stores, clerical and hotel and hospital unions remained adamantly opposed, a message which got through to management only after a long strike had demonstrated that the unity of these workers could not be broken. Today, the "Nissan Way" is limited to members of the Engineers Union.

One of the reasons for the staunchness of many New Zealand workers on the issue has been the long tradition in this country of a wage system which is diametrically opposite to Japan's. New Zealand's award wages system implies a national rate for the job regardless of who does it or where it is done. Large or small firm, urban or rural, old or young, male or female: workers all get the same rate for the job. There is thus in New Zealand an inducement to nationwide solidarity among workers to defend their jobs, an incentive structure which has been broken down by Japanese management in Japan. By pitting every worker against all others, Japanese-style management has ensured that individuals stand isolated and alone when it comes to defending their own interests.

VII. CONCLUSION: JAPAN'S NEW IMPERIALISM

The Japanese system is, and long has been, very much like a system which has more recently been pushed forward in Britain and the United States by Thatcherites and Reaganites. The tendency towards the Japanese way in the advanced countries is clearly a reactionary development, not a move towards a higher stage of capitalism. In moving away from socialism, it is a move back to more primitive forms of social control which are only possible in the context of greatly weakened trade unions and increased divisions among workers (Kato 1987a and 1989b).

This weakening of working class power in the advanced countries is primarily a result of new forms of capitalist imperialism (Steven 1990). Capital could force this step backwards on its own workers only because it could increasingly super-exploit workers in the underdeveloped countries. And as the power of capital came to depend increasingly on such super-exploitation, world-wide tendencies towards homogenising the conditions of labour gained momentum. If accelerated imperialism has been a major response to the current crisis in all the advanced countries, it is small wonder that the more backward conditions of Third World workers are everywhere being extended to the advanced countries themselves.

These developments are totally misunderstood, however, when they are seen as a transition from one industrial era to another. The move towards Japanese-style management is not a step forward, since such competitive power that Japanese capital has enjoyed over Western capital resulted from the backwardness of class struggles in Japan, and not from their leading the way. It has resulted from the fact that the conditions of Japanese workers, among those of workers in the advanced countries, already most resembled conditions in the Third World, conditions which international capital is increasingly universalising throughout its spheres of operation. The Japanese system might even be seen as a prototype of what has been called peripheral-Fordism in the NICs (Lipietz 1986). Most Japanese scholars reject the suggestion that Japanese capitalism is post-Fordist, referring to it instead as "ultra-Fordism" (Kato 1989b) or "neo-Fordism" (Nohara and Fujita 1989).

The notions of Fordism and post-Fordism are singularly inappropriate to understanding recent changes in imperialist capital's world-wide strategies. The package of characteristics that are supposed to go together are in fact increasingly being separated. For example, standardised Fordist mass production, with advanced technology and all, has been widely extended to the so-called NICs of Asia and Latin America. However, these moves have occurred with repression (rather than Keynesianism) being the central feature of social control. In the

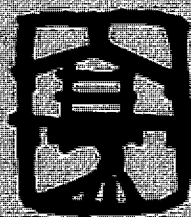
advanced countries, we still have mass production, but here Keynesianism is giving way to the divide-and-rule approach associated with Japanese-style management. The three fundamental divisions are between regular and irregular workers, between men and women workers, and between workers in "parent" and "child" companies as in primitive putting-out systems. This development is occurring, not because workers have become more powerful and have forced a shift to a more progressive industrial era, but because they have become weaker and must endure a more primitive and exploitative system of class domination.

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