

John Price

JAPAN WORKS

Power and Paradox
in Postwar Industrial
Relations

JOHN PRICE

Japan Works

POWER AND PARADOX

IN POSTWAR INDUSTRIAL RELATIONS

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*In memory of
Agnes C. Jones
poet and grandmother*

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J. P.

ABBREVIATIONS

AFL	American Federation of Labor (U.S.)
AJPMUF	All-Japan Prefectural and Municipal Union Federation (Zen Nihon Jichi Dantai Rōdō Kumiai or Jichirō)
CIO	Congress of Industrial Organizations (U.S.)
CLRB	Central Labor Relations Board (Chuō Rōdō Inkaï or Churōi)
ICFTU	International Confederation of Free Trade Unions
ILO	International Labour Organization
JCL	Japan Confederation of Labor (Dōmei Kaigi and then Dōmei after 1964)
JCP	Japan Communist Party (Nihon Kyōsan Tō)
JCU	Japan Coalminers' Union (Nihon Tankō Rōdō Kumiai Rengōkai or Tanrō)
JFL	Japan Federation of Labor (Dai Nihon Rōdō Sōdōmei or Sōdōmei);
JPC	Japan Productivity Center (Nihon Seisan Sei Honbu)
JSP	Japan Socialist Party (Nihon Shakai Tō)
JTUC	Japan Trade Union Congress (Zen Nihon Rōdō Kumiai Kaigi or Zenrō)
Keidanren	Federation of Economic Organizations (Nihon Keizai Dantai Renmei)

Keizai Doyūkai	Committee for Economic Development
LRB	Labor Relations Board (Rōdō Iinkai)
MITI	Ministry of International Trade and Industry (Tsūshō Sangyō Shō)
MMF	Mitsui Miners' Federation (Mitsui Tankō Rōdō Kumiai Rengōkai or Sankōren)
MSF	Mitsui Staff Federation (Mitsui Tankō Shain Kumiai)
NCIU	National Congress of Industrial Unions (Zen Nihon Sangyō Betsu Rōdō Kumiai Kaigi or Sanbetsu)
Nikkeiren	Japan Federation of Employer Organizations (Nihon Keieisha Dantai Renmei)
NPA	National Personnel Authority (Jinji In)
NRWU	National Railway Workers Union (Kokutetsu Rōdō Kumiai or Kokurō)
OECD	Organization for Economic Cooperation and Development
SCAP	Supreme Commander of the Allied Powers
SCUF	Satellite City Union Federation (Eisei Tōshi Shokuin Rōdō Kumiai Rengōkai, or Eitōren)
Sōhyō	General Council of Trade Unions of Japan (Nihon Rōdō Kumiai Sōhyōgi Kai)
TUC	Trade Union Congress (Britain)
TUL	Trade Union Law (Nihon Rōdō Kumiai Hō)
UAW	United Auto Workers (U.S.)
WFMCU	Western Federation of Mitsui Coalmine Unions (Nishi Nihon Mitsui Tankō Rōdō Kumiai Rengōkai)
WFTU	World Federation of Trade Unions



Japan Works

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1 Introduction

In an episode of *The Simpsons*, that dastardly American animated cartoon, Bart's bumbling dad, Homer, is promoted from a lowly technician to top management. Obligated to deliver a lecture on administration, Homer begins his presentation by writing *jiko kanri* in large letters on the blackboard. This Japanese term meant "self-management," explained Homer, and it represented the new direction for American business. That a consultant helped Homer prepare his lecture does not detract from the message; in fact it nicely captures not only the message but the human dynamic as well—Japanese management techniques have become so widespread as ideals or fads in North America that they have penetrated popular culture.

Since popularity has been building for two decades, Homer's reference to *jiko kanri* comes as no surprise. From a historical perspective, however, the popularization of Japanese management within the citadel of international capitalism indicates that the postwar world has indeed come to an end. That world took shape after World War II, when the United States transformed its military might into economic leadership and came to epitomize the power of mass production and the appeal of mass consumption. Today, however, the United States no longer monopolizes that role. Germany and Japan, two of the nations defeated in World War II, have risen from the ashes to challenge the United States economically in significant respects. Japan, in particular, has broken the U.S. grip on economic leadership. Japan's automobile industry, which by the 1980s accounted for nearly 30 percent of total world production, has played a significant role in a global game of musical chairs, to the point that it has inspired a worldwide review of production management.

Two decades ago, automobile producers in North America introduced quality circles into the workplace as a means to improve their quality and productivity,

which had fallen behind that of Japanese producers. By the early 1980s, it had become clear that quality circles alone were not enough.

The year 1985 was a watershed in the worldwide ascent of Japanese production management. The first Japanese-directed assembly facility in North America, New United Motor Manufacturing Incorporated (NUMMI), a General Motors–Toyota joint venture, began its first full year of operation in Fremont, California. And the Massachusetts Institute of Technology began a \$5 million, five-year study on the future of the automobile, the International Motor Vehicle Program (IMVP).

By 1990 the results were in. Using an American work force, NUMMI was producing vehicles at quality and efficiency levels similar to those in Japan, proving once and for all that Toyota production methods were not contingent on cultural traits found uniquely among Japanese workers. The IMVP study team published their findings in a best-selling book, *The Machine That Changed the World*.¹ The Japanese, declared the researchers, had developed a new form of production management they dubbed “lean production,” which, they asserted, would supersede the old way of producing automobiles. According to the authors of the IMVP report, “Lean production (a term coined by the IMVP researcher John Krafcik) is ‘lean’ because it uses less of everything compared with mass production—half the human effort in the factory, half the manufacturing space, half the investment tools, half the engineering hours to develop a new product in half the time. Also, it requires keeping far less than half the inventory on site, results in many fewer defects, and produces a greater and ever growing variety of products.”² *Fortune* magazine summarized its perception of the advantages to be gained from the “lean/flexible” system (see Table 1).³ As the table indicates, managers in North America envisaged a new production model based on Japan’s production methods. The trend that had begun as an effort to mimic quality circles had mushroomed into a full-scale movement to promote Japanese production systems.

This movement has spread far beyond manufacturing. Lean production has inspired a resurgent quality movement in North America that has spread from the factory to the warehouse and even into health care and educational facilities. Often appearing under the labels Total Quality Management (TQM) or Continuous Quality Improvement (CQI), the quality movement is based largely on the model of lean production. It has been inspired by gurus such as Edward Deming and J. M. Juran, both of whom made their reputations as quality experts in Japan in the 1950s but who remained largely peripheral in North America until the 1980s.

1. James P. Womack, Daniel T. Jones, and Daniel Roos, *The Machine That Changed the World* (New York: Macmillan, 1990).

2. *Ibid.*, p. 13.

3. Many names have been assigned to the model: lean production, innovation-mediated production, management-by-stress, post-Fordism, and flexible production are among the best known.

Table 1. Fortune summary of production systems: Two ways of making things

The lean/flexible system (new Japanese style)	The buffered/rigid system (traditional American style)
Can be profitable making small batches of products.	Profitable only when making large batches.
The product and process for making it are designed concurrently.	The process is designed after the product has been designed.
The lean inventory turns over fast.	The fat inventory turns over slowly.
Suppliers are helped, informed and kept close.	Suppliers are kept at arm's length.
Engineers search widely for ideas and technology.	Engineers are insular, don't welcome outside ideas.
Employees learn several skills, work well in teams.	Employees are compartmentalized.
The company stresses continuous small improvements.	The company looks for the big breakthroughs.
The customers' orders pull the products through the factory.	The system pushes products through to the customers.

Source: Fortune, "Manufacturing the Right Way," May 21, 1990, p. 60. © Time Inc. All rights reserved.

The quality movement catapulted them and the quality message—customer service, *kaizen* (constant improvement), waste elimination, and teams—into the lexicon of North American workplaces whether staffed by steelworkers or nurses. And if one traces the roots of the most recent management trends, be they re-engineering or agile manufacturing, one eventually comes back to lean production.

Despite its apparent success, lean production has had its critics. As early as 1985, scholars in Germany criticized the emerging management theories that attributed Japan's success in automobile production to alternative forms of industrial organization including worker participation in quality circles.⁴ In 1988, the Canadian Autoworkers Union adopted a policy statement criticizing Japanese management methods.⁵ That same year Mike Parker and Jane Slaughter published *Choosing Sides: Unions and the Team Concept*, a biting critique of lean production.⁶ Victor Reuther, one of the founders and former leaders of the United Autoworkers Union (UAW) along with his brother Walter Reuther, condemned the new

4. Knuth Dohse, Ulrich Jurgens, and Thomas Malsch, "From 'Fordism' to 'Toyotatism'? The Social Organization of the Labor Process in the Japanese Automobile Industry," *Politics and Society* 14, no. 2 (1985): 115–146.

5. Canadian Autoworkers Union (CAW), "Statement on the Organization of Work" (Willowdale, Ont.: CAW, 1989).

6. Mike Parker and Jane Slaughter, *Choosing Sides: Unions and the Team Concept* (Boston: South End Press, 1988).