6 Collective Bargaining and Capital Accumulation

6.1 INTRODUCTION

Why are Japanese unions cooperative in their wage demands? Why has there been so little disruption of work through strikes over the last quarter of a century? Why have rates of capital accumulation been so high over the last four decades? In this chapter I address these disparate questions using my theory of integrated segmentation and my model of large-firm labour contracts, drawing from these theoretical concepts implications about the divisiveness of union bargaining strategy as constrained by the contracts governing employment in firms. Because the securing of costly on-going collective bargaining rights is of little interest to workers who work for their own families or work in small firms where the probability of job separation is high, most private-sector unions tend to be in companies operating with large-firm labour contracts and tend to be enterprise-specific (since extensive within-company training and the overriding importance of within company seniority make both unions and management ambivalent about interference from non-company outsiders), fissures have opened up not only within the membership of individual unions; but also between unions attempting to operate in consolidated federations, and between one federation and another. These fissures weaken the ability of unions to carry on protracted strikes, that is they dilute the capacity of labour to extract rents from the owners of capital. By dint of the large-firm labour contract, workers within the typical private-sector union are divided by the degree of stake they have in their firm’s performance, senior workers (and junior workers who expect to be promoted) enjoying greater vested interests than rank-and-file entrants. Thus senior workers and highly rated entrants within a typical unionized firm have a strong self-interest in the competitiveness of their firm. And for this reason unions attempting to maintain a common front against a group or groups of employers tend to distrust one another. For if one of the unions within a union federation launches a protracted strike against its employer, it incurs a risk of undermining the position of its firm within the sector (or in the worst case bankrupting the firm). And if the present or future profitability of the firm is imperiled the union, by putting at risk the interests of those employees tightly bound to it because of their seniority and/or their status...
as efficiency-wage employees, faces the attendant possibility of an internal split into two rival unions, and a consequent loss of membership and influence within the union movement. But large-firm labour contracts and supply-side segmentation are not the only source of debilitating divisiveness within the ranks of organized labour. Ideological competition within the ranks of the union movement has also weakened the influence and integrative capacity of labour. Moreover, unionized public-sector workers are divided by legislation and by government policy: they are divided from their colleagues in the private-sector and within the public-sector by the agency which employs them. In short divisions in the ranks of organized labour are an essential feature of the ritualized annual spring offensive (Shuntō) through which collective bargaining in postwar Japan occurs. Management and a succession of business-oriented Liberal Democratic cabinets have seized on the divisions offered by the large-firm labour contract and by ideological divisions in the labour movement to develop and hone divide-and-conquer tactics as a response to labour demands.

But integrative forces are at work as well. A key to the history of the emergence and evolution of the Shuntō system over the 1950–90 period is the movement towards integration, albeit incomplete and unsteady (rapid in some periods and painfully slow, perhaps even retrograde in others). In the first period, 1950–60, the era of the radical Shuntō, division – within the ranks of the labour movement; between government (and public-sector corporations) and government workers; and between private-sector management and workers – was at its height. Not surprisingly as the union movement groped towards a strategy which would serve both to unify it and to bring unorganized workers into its camp, thereby increasing its leverage in bargaining with private firms and local and national governments and public corporations, it seized on the concept of a radical, confrontational Shuntō organized around the threat of a protracted across-the-board strike. The outcome was unanticipated by the architects of the system: true, participation in the Shuntō rapidly increased, and the expansion partially fuelled by wage increases won under the early Shuntō were substantial. But the confrontational theory behind the radical Shuntō was shaken: management and government beat back major strike attempts; and the actual impact of the Shuntō bargaining process on wage hikes, that is the degree to which the Shuntō exercised any influence independent of the forces of supply and demand in the active market for new hires and productivity gain, became an open question. In so far as unorganized workers answered this question in the negative, the organizing impact of the Shuntō was blunted.

The high-growth era Shuntō ensued. In the second period, 1961–74, with rapid gains in industrial employment and labour productivity guaran-