

Perspective on Industrial Relations in Australia and Japan in the Twenty First Century

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Abstract

This paper is primarily concerned with the history and characteristics of industrial relations in Australia and Japan, highlighting problems in both countries. In particular, a solution for the 'fall of the unionisation rate' that both countries face will be offered. This solution will lead to arresting rising 'unemployment' and will finally turn out as the perspectives of industrial relations in Australia and Japan for the twenty first century.

Introduction

While the 19th century witnessed the beginning of capitalism and resistance by labour, the 20th century has been associated with the development of modified capitalism as well as the failure of 'socialism'.

Taking a broad sweep of 200 years of history, this paper is concerned with speculating on industrial relations that might develop in Australia and Japan in the next century.

Information concerning the history of industrial relations in both countries will be presented, highlighting both positive and negative aspects. In this way, major events in both Australia and Japan at the end of this century will be presented, as well as the different prospects for their respective industrial relations systems in the new millennium.

A most interesting ILO report of 1997 demonstrates changes in the rate of unionisation in various countries (Table 1). The Table shows that the percentage

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and Japan in the Twenty First Century

Table 1 Rate of change of work force unionised (%)

	Percentage of work force unionised (1995)	Percentage of Change (1985 - 95)
South Africa	40.9	130.8
Argentina	38.7	- 42.6
Canada	37.4	1.8
U. S. A.	14.2	- 21.1
Japan	24.0	- 16.7
Korea	12.7	2.4
Thailand	4.2	- 2.5
Australia	35.2	- 29.6
Finland	79.3	16.1
France	9.1	- 37.2
Germany	28.9	- 17.6
Israel	23.0	- 77.0
Italy	44.1	- 7.4
Netherlands	25.6	- 11.0
Poland	33.8	- 42.5
Spain	18.6	62.1
U. K.	32.9	- 27.7

Source : ILO, 1997 ILO Annual Report by *Chunichi Shinbun* (News Papers) of August, 6, 1998.

of the workforce unionised has fallen drastically in OECD countries, especially the U. S. A., U. K. and France, from 1985 to 1995. In Japan and Australia the rates of decline have been 16.7% and 29.6% respectively.

The last two decades have been associated with increased 'deregulation' and 'liberalisation'. Coupling this with the departure of socialism from the world stage, we are now witnessing the final globalization of capitalism.

Falls in the level of unionisation in both Australia and Japan has the appearance of a fundamental turning point for both nations' industrial relations system. Moreover, despite major differences in both societies, social and institutional structures find themselves falling prey to increasing pressures of globalization at the end of 20th century.

This paper will offer suggestions to arrest declines in the rate of unionisation as an initial step in improving industrial relations in both countries.

I. Industrial relations in Australia

1. History

Australia was federated and became a new state in 1901. Since the end of the 1890s Australia has periodically experienced major industrial disputes.

In 1829 a group of Sydney shipwrights formed Australia's first trade union.¹⁾ Other skilled workers in various trades also formed unions. In 1852 a ship called *Frances Walker* approached Sydney Harbour. On board were a number of members of the British trade union, the Amalgamated Society of Engineers (ASE), to establish an Australian branch of their union. Gold rushes in the 1850s attracted many immigrants to Australia, thereby increasing the size of the population. The period from 1860 to the end of the 1880s was one of the most sustained economic growth — the long boom. This was an environment which was favorable to the growth of unionism. By the end of the 1880s there were more than 200 unions in Australia. This process was aided by the formation of two central trade union bodies: the Melbourne Trades Hall Council (THC), formed in 1856, and the Sydney Trades and Labor Council (TLC) in 1871.

In the 1890s Australia experienced a severe economic depression. Employers used this depression as a means to all but obliterate unions in a number of major industrial disputes. In response to this a number of middle class intellectuals — lawyers, politicians, judges, newspaper editors and so on — created industrial tribunals. They believed that the state had a responsibility to provide an alternative to the 'rude and barbarous process' of strike and lockout. Industrial tribunals would encourage employers and trade unions to resolve disputes by themselves. If the parties could not do so, the tribunals would then utilize powers of conciliation and/or arbitration.²⁾

A major feature of Australia's system of industrial tribunals was the establishment of a minimum wage in the famous Harvester case of 1907.³⁾

In 1922 the practice of automatically adjusting this basic wage every three months for changes in the consumer price index was instituted. This system of automatic adjustments lasted until 1953. Australia experienced high growth and economic prosperity from the 1950s to the early mid 1970s. In the 1970s Australia

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- 1) Braham Dabscheck and John Niland (ed.), *Industrial Relations in Australia*, George ALLENN & UNWIN, Sydney, 1981, p. 60. I would like to dedicate my gratitude toward Prof. Braham Dabscheck, for whom I owe valuable advice and linguistic supervision in writing this paper. However, I am fully responsible for the paper, as the matter of course.
 - 2) Greg J. Bamber and Russell, D. Lansbury (ed.), *International and Comparative Industrial Relations*, Routledge, Sydney, 1993, pp. 100 – 112.
 - 3) Braham Dabscheck, *The Struggle for Australian Industrial Relations*, Oxford University Press, Sydney, 1995, p. xii, p. 144.

Table 2 Main disputes in Australia

1890 :	First great maritime strike over the right of marine officers to form a union.
1919 – 20 :	Broken Hill strike over demarcation.
1928 :	Second great maritime dispute after the Arbitration Court issues a new award.
1929 – 30 :	Coalminers locked out for 12 months.
1949 :	Coalminers dispute.
1964 – 65 :	Mt Isa wildcat dispute.
1968 :	Penal power strike.
1983 :	AWU leads shearers in long, bitter and unsuccessful fight against plan by the National Farmers Federation to introduce wide-combed shears.
1985 :	NFF takes on Australasian Meat Industry Employees Union after it pickets the Mudginberri Meatworks in the Northern Territory.
1986 – 87 :	Rove River dispute breaks union stranglehold on mining in the Pilbara region of WA.
1989 :	Airline pilots dispute.
1995 :	Weipa dispute over introduction of staff contracts at Comalco's Weipa bauxite mine.
1998 :	Patrick sacks 1,400 employees in attempt to set up non-union stevedore operation.

Source : *The Australian*, 9, April, 1998.

encountered stagflation. In 1975 Australia (re)introduced wage indexation where wages were adjusted every three months (after 1978, every six months) for changes in prices. This system lasted until 1981. With the election of the Hawke Labor Government in 1983 major reforms⁴⁾ were introduced, which will be examined in the next section.

The following provides a summary of details concerning the Australian Council of Trade Unions (ACTU), as derived from their guidebook.⁵⁾

The ACTU is the premier union body in Australia and, over the years, has had much influence in acting as a spokesperson on behalf of unions and Australian workers.

After Australia was federated in 1901, the Labor Party gained in a secondary and formed governments both federally and in the states. In 1904 the Conciliation and Arbitration Act was passed, incidentally by a non-Labor government, which aided and encouraged the growth of unionisation. In 1927 the ACTU was formed. In the 1950s and 1960s the ACTU increased power and influence within the union world. In 1979 it merged with ACSPA, a peak union body representing white collar workers, and in 1981, with CAGEO, a peak organisation representing government employees.

4) Jim Macken, *Australia's Unions: A Death or a Difficult Birth?*, The Federation Press, Sydney, 1997, p. 50.

5) *Question and Answer Guide for International Visitors*, ACTU, 1998.

As on September 1997 the ACTU has 54 affiliated unions, whose combined membership exceeds 2,200,000 workers. State (and Territory) trades and labour councils act as branches of the ACTU.

The ACTU's main activities include :

- ▲ representing the workforce in public policy matters-domestic and international
- ▲ representing the workforce in industrial tribunals, including Living Wage Cases, Equal Pay Cases, Family Leave Test Cases etc.
- ▲ facilitating collective bargaining over wages and conditions
- ▲ assisting unions in enterprise bargaining, recruitment and retention
- ▲ performing broad managerial functions for the trade union movement as a whole on a consultative basis
- ▲ providing a variety of services for union members, such as legal advice, financial services, home loans, etc.

ACTU's latest assignments as for September 1999 are :⁶⁾

- ▲ East Timor
The Australian union movement has always supported the basic human rights of people in our region.
- ▲ Equal Pay
Women have been promised equal pay for 30 years.
- ▲ The Republic
The ACTU Executive reaffirms its support for an Australian Republic and is so doing urges affiliated unions to campaign actively for a "Yes" vote in the republic referendum to be held later this year.
- ▲ Medicare
Workers and their families need and deserve equitable access to a comprehensive top quality system of health care.
- ▲ Work Time Life
It's Time to Change the Way We Work.

6) The ACTU website is : www.actu.asn.au/campaigns/index.htm

Table 3 Accord

March 1983	
Accord Mark I	Wage increases based on CPI.
April 1985	Hancock Report on Australian Industrial Relations Law and System released
Accord Mark II	
March 1987	Business Council of Australia (BCA) publishes 'Toward an Enterprise Based Industrial Relations System'.
June 1987	'Australia Reconstructed' Publication by ACTU support wage increases partially based on productivity increases.
1987/1988	
Accord Mark III	Introduce two-tiered wage system and structural efficiency principle
Accord Mark IV	allowing for productivity-based wage rises.
March 1989	Industrial Relation Act 1988
Accord Mark V	Introduces certified agreements allowing workplace bargaining on productivity increases within limits placed by AIRC.
September 1990	
Accord Mark VI	Enterprise bargaining extended by allowing productivity bargaining without set limits to achievable wage rises. Given effect via National Wage Case decision October 1991
July 1992	Amendments to Industrial Relations Act 1988
April 1994	Industrial Relations Reform Act 1993
Accord Mark VII	Further move to enterprise bargaining through introduction of Enterprise Flexibility Agreements.
Accord Mark VIII	
March 1996	Coalition Government elected Industrial relations policy includes extending enterprise bargaining by simplifying administrative and legal requirements.

government was its development of an Accord with the ACTU in attempting to develop a plan of national consensus to tackle Australia's various economic and industrial relations problems. At this time approximately 50 percent of the workforce was unionised. Table 3 summarises major changes in Australian industrial relations during (and beyond) the Accord.⁸⁾

The 'Accord' mentioned here is the consensus agreement negotiated between the Australian Labor Party and ACTU prior to the election of Bob Hawke as Prime Minister in March 1983. With the passing years, and in response to new economic problems the Accord was renegotiated. Its major objects were to decrease unemployment, inflation and lessen the level of industrial disputation which had occurred in the 1970s and early 1980s.

8) *Future labour market issues for Australia*, Economic Planning and Advisory Commission, Commission Paper No. 12, p. 8, 1996.

In the latter part of the 1980s the Accord moved from a centralised system of industrial relations regulation to an increasingly decentralised one, especially with its embracing of enterprise bargaining. Ironically, the latter years of the Accord helped 'clear the way' for policies that the Liberal National Parties Coalition wanted to introduce, as enshrined in the Workplace Relations Act 1996.

(b) Liberal National Parties Coalition Government's Reforms

Following changes under the Accord, the election of the Conservative coalition government in March 1996 brought about more radical changes to Australia's system of conciliation and arbitration. The Coalition, for one, did not afford the ACTU the prominent role it had hitherto had under the Accord. In 1996 the Coalition enacted the Workplace Relations Act. The following are some key aspects of the Act.

- Awards to be stripped back to 20 allowable
 - Encouragement of enterprise workplace collective deals, both with and without unions
 - Encouragement of individual agreements to override awards and enterprise agreements through Australian Workplace Agreements
- With respect to the organisation of trade unions
- Changes to encourage the breaking-up, disamalgamation, of large unions encouragement the formation of enterprise unions. Minimum size for union reduced to fifty members
 - restriction of the rights of unions
 - creation of the Office of The Employment Advocate

The waterfront dispute in 1998, where Patrick Stevedores sacked its unionised workforce and employed non-union labour, was a major focus of attention (See Table 2). A large scale 'general traffic strike'⁹⁾—this term is no longer in use in Japan!—occurred in Melbourne on 29 July 1997.

The latter dispute involved a 24-hour strike against the Victorian government. The strike was initiated in protest against economic rationalism and attempts to

9) *Herald Sun*, July, 29, 1997. PM-edition. On the following day July 30 1998 as well, this was reported as the top issue in *'The Australian'* and *'The Australian Financial Review'*.

privatise public transport Melbourne's famous trams, as well as buses and trains. The strike failed. The conductorship long beloved by tram passengers was abolished and ticket vending machines were installed, despite the union protests. The rationalisation of public transport by the Victorian government was successful. Two other major disputes¹⁰⁾ have occurred in recent times.

[Coalminers disputes]

In the Hunter Valley in New South Wales, which produces high quality coal, a six-week strike occurred during late 1997 and early 1998. An oversupply of coal, and/or decreased consumption induced the company to challenge traditional 'seniority rights' in downsizing. A similar dispute occurred with respect to a coalmine in Queensland.

[Waterfront disputes]

The waterfront dispute, particularly during the autumn 1998 raised fundamental issues about industrial relations, and was associated with mass picket lines around Australian ports. The dispute preoccupied the whole nation's attention during the early part of 1998.

The dispute erupted when Patrick Stevedores sacked its unionised workforce of 1400 employees, replacing them with non-union labour. Patrick claimed that it needed to undertake such drastic action to improve waterfront productivity. The Federal Court of Australia, and on appeal the High Court of Australia, found that there was an arguable case that Patrick and the Australian government were involved in a conspiracy in breach of the freedom of association provisions contained in the Workplace Relations Act 1996.

The Courts ordered that the new workers be dismissed and reinstatement of the unionised workforce. These decisions constituted an important victory for the Maritime Union of Australia, it not the trade union movement.

ACTU criticisms of Patrick¹¹⁾ not only highlighted concerns over wages and working conditions, but also pointed to problems with the way in which stevedoring

10) Marian Baird, Susan McGrath-Champ, *Industrial Relations Update 1998*, Sydney, pp.18 – 20. (This is the other version for the edition in 1998, Robin Kramar, Peter McGraw, Randall, S. Schuler, *Human Resource Management in Australia*, Longman, Sydney, 1997.)

11) *The Economics of the Australian Waterfront Dispute*, ACTU, April, 1998.

work is processed. The ACTU pointed to

- The layout of the docks which adversely impacts on productivity
- organisation of harbour facilities, cranes and others stevedoring equipment
- limited number of competitors on the waterfront, with two major firms including Patrick which reduces scope for microeconomic efficiency
- problems associated with other public authorities (state government instrumentalities) responsible for various aspects of the waterfront
- low volumes of goods being loaded on and off various Australian ports

On the other hand, Patrick management¹²⁾ maintained that traditional domination of MUA in ports needed to be challenged. It believed that the Workplace Relations Act 1996 provided them with the mean to challenge unions. Patrick dismissed claims that the MUA won the dispute. While Patrick lost profits/revenue, workers lost wages. Also after the dispute was settled, many voluntary redundancies occurred and the MUA agreed to changed work practices to enhance future productivity and efficiency.

3. Characteristics of industrial relations in Australia

Being a new country, Australia already had a tradition of unionism in colonial times which it inherited from its connections with Great Britain. In the period of the long boom (1860 to end of 1880s), Australia was regarded as a working man's paradise with possibly the highest wage levels in the world at that time. Australia, then, can be described as a new country with a long tradition of industrial relations.

In the early 20th century Australia's peculiar conciliation and arbitration system was established. By the time the world experienced the Great Depression of the 1930s, Australian unions had developed as an important institutional force. Australian unions, with a few minor exceptions, have not been overly influenced by

12) From reports and comments by Australian participants at 'The International Friendship Conference-Enterprise Bargaining and Industrial Relations in Australia' held by the Japan Institute of Labour at LINC Hall in Tokyo on 13 November 1998 ; Sally McManus (Organiser, Australian Services Union), James Main Reid (Assistant Secretary, Australian Manufacturing Workers' Union), Sharon Ann Cullen (Manager, Australia Industry Group), John Basil Blackburn (Executive, the State Chamber of Commerce of Western Australia). The Author is also responsible for the whole substance.

Communist or Marxist ideas during the 20th century.

As the century comes to an end, Australian industrial relations is embarking on a major turning point. Globalisation, deregulation and economic rationalism have witnessed the growth of enterprise bargaining and a corresponding decline in the role and importance of unions and industrial tribunals. The recent industrial disputes at the end of the 1990s do not so much reflect a return to union heydays of the past but a sign of an unforeseeable future.

Australia, beginning during the early years of the Accord, has adopted many industrial relations (and other) policies associated with microeconomic reform. The Workplace Relations Act 1996 continues processes already established during the Accord years. Despite this, Australian Workplace Agreements, which were a major feature of the 1996 Act, have spread to only a small proportion of the workforce.¹³⁾ This would appear to be indicative that the Conservative Coalition government has not achieved any national consensus concerning the industrial relations changes it is desirous of producing.

II. Industrial relations in Japan

1. History

In 1867, the first year of Meiji Era, the modern state of Japan was established.

However, it was not until the post war era, after Japan's defeat in 1945, nearly 80 years after the Meiji Restoration, that Japanese trade unions developed. Herewith the history of Japanese trade unions and industrial relations effectively began. And this fact is one of the two remarkable characteristics of the Japanese industrial relations.

Japanese trade unions originated from the formation of '*Rodokumiai Kiseikai*' (Society Expecting the Success of Trade Unions, actually the first successful trade union) in 1897. In 1900, just one year before the 20th century, the enforcement of Maintenance of the Public Order Act restricted all left wing movements, not only labour but also democratization movements. Despite hardship during this time the labour movement never ceased, as the Friendship Society was formed in 1912 and the first May Day rallies were held in 1920. It was in these modest ways that

13) *Ibid.* 12)

Anarchism and Marxism supported left wing movements. This is the second characteristic of Japanese industrial relations, which even influences "recent industrial relations". After all Japanese trade unions during the prewar time was absorbed into the wartime regime, beginning with the enforcement of General Mobilisation of Human Resources Act in 1938, and integrated into government-client industrial organisations.

The Japanese labour movements that had been illegal nearly for half a century were eventually legitimated after Japan's defeat in the Second World War in 1945, as already mentioned.

The major labour disputes in Japan are as shown in Table 4.¹⁴⁾

The legitimated trade unions were instituted and became leading bodies, with the adoption of three major pieces of labour legislation; the Labour Union Law (1945), the Labour Relations Adjustment Law (1946) and the Labour Standard Law (1947).

Table 4 Major (violent and large scale) labour disputes in Japan History of the Japanese labour disputes

1898: Engine Drivers Strike at the Japan Railways Corporation (this caused the long distance traffic interruption between Ueno of Tokyo and Aomori of the Northern End Region)
1907: Strikes at Ashio and Besshi copper mines
1909: Strikes at Mitsubishi Shipyard, Nagasaki
1921: Strikes at Mitsubishi, Kobe and Kawasaki Shipyard
1945-46: Strikes at Toshiba Corporation
1945-49: Strike at Japan National Railway
1946-47: Declaration of General Strike of February 1 1947 (suspended in January, 1947)
1948: Strike at Toho Corporation (one of the top five film makers)
1953: Strike at Nissan Motor Corporation
1957/59: Nationwide Strikes amongst steel company workers including a violent one at Yahata Steel
1958: Strikes by Japan Teachers' Union (union campaign against efficiency rating of teachers)
1959-60: Strikes at Mitsui and Miike coal mines
1966: Anti-Vietnam War Strike by General Council of Trade Unions of Japan
1971-73: Strike by <i>Zengunro</i> (trade union of the workers of the American military bases in Okinawa)
1975: Strike for the right to strike by <i>Korokyo</i> (Council of Trade Unions of Public utility corporations)
1979-80: Strike at Sasebo Heavy Industries Corporation

14) Korokyo, '*Korokyo Stoken Dakkan Tososhi*' (Korokyo's History of Disputes for Retaining the Right to Strike), Iwaki Press., 1978.

The Labour Union Law guarantees labours' right to organise, to bargain collectively and to make labour contracts. The Labour Relations Adjustment Law authorises the Labour Committee to adjust labour disputes through conciliation, arbitration and mediation, when the dispute cannot be solved by the parties. And the Labour Standards Law legislates for minimum working conditions and protects workers.

The background of major disputes after the Second World War can be explained as the following.

Until Japan overcame the hardship of defeat in the war, solving the problems of 'food, clothing and shelter' and improvements to living standards in general were the major priority of all the nation. Even wage demands, the main purpose of the labour disputes (still today, though), was nothing more than an attempt to get food just to feed themselves. At that time even large enterprises suffered the vulnerable management, which naturally resulted in many strikes in reaction and human rights problems resulting from such policies.

Going through the Red Purge, Japan established its postwar political regime. During the period from the Peace Treaty with Japan in 1951 to the Treaty of Mutual Cooperation and Security between Japan and the United States of America in 1960, movements against the Conservative Government developed rapidly, for another political reason. It was the time when Japan's energy policy encountered a major turning point, which caused frequent large scale labour disputes. The above-mentioned Mitsui and Miike coalmine strikes against management rationalisation in 1959/60 were the high points of the labour movements agitation during this period.

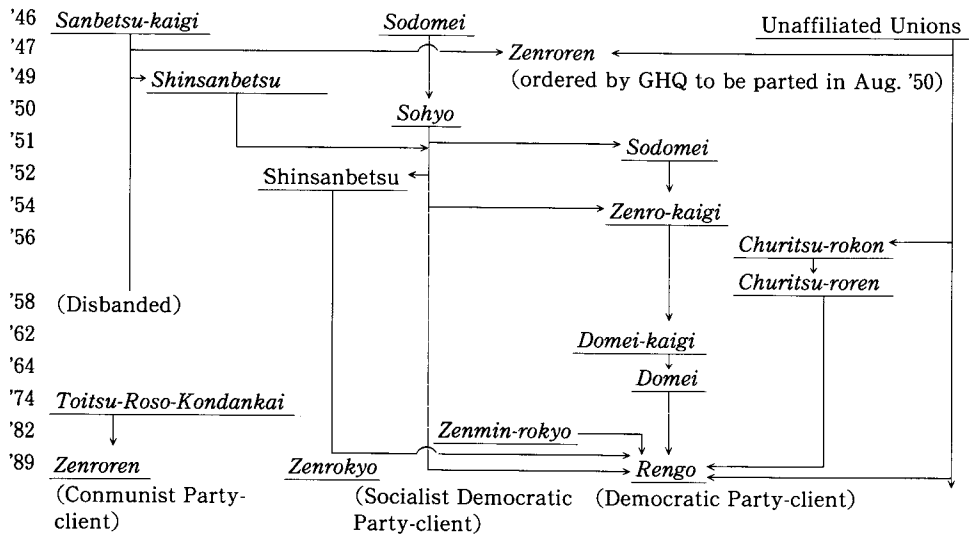
Seen from the viewpoint of industrial reorganisation, not only in production scenes but also in 'places of education', many reorganisation policies were adopted. Workers fought against them by organising anti-establishment movements. The largest scale movement at the nationwide level was the above-mentioned union campaign against efficiency rating of teachers.

Needless to say, a crucial turning point was the revision of the Treaty of Mutual Cooperation and Security between Japan and the United States of America in 1960. However, despite over 20 organised anti-treaty movements, the enforcement of the New Security Treaty between Japan and U. S. on June 23 brought such opposition to an end, in a sense. For all lack in the national consensus, the conflict between the

nation and government calmed down gradually. In the following latter half of the 1960s when Vietnam War escalated, the political theme of objecting war heated up again in Japan.

This was also the time when Japan was in the second high economic growth and the whole industries got much more competitive in the international market. And it could not be helped that the rapid modernisation, automation and rationalisation in each industry was proceeded. The public utility corporation was not an exception.

On the contrary to the time immediately after the war, the wage raise demand still being the first priority for workers, the main theme of the labour movements during this period was so political as to stop the rationalisation, otherwise to practice anti-war campaigns. And in the 1970s, the environmental pollution, which belonged to the negative legacy of the high economic growth in the 1960s, became



Note: *Sanbetsu-kaigi* : Congress of Industrial Unions of Japan
Sodomei : Japanese Federation of Trade Unions
Sohyo : General Council of Trade Unions of Japan
Shinsanbetsu : National Federation of Industrial Organizations
Churitsu-rokon : Conference of Independent Unions of Japan
Churitsuuroren : Federation of Independent Unions of Japan
Toitsu-Roso-Kondankai : Conference of Trade Unions for Promotion of a United Front
Zenro-Kaigi : Japanese Trade Union Congress
Zenmin-rokyo : Japanese Private Sector Trade Union Council
Zenroren : National Federation of Trade Union
Zenrokyo : Conference of Trade Unions of Japan
Domei : Japanese Confederation of Labor
Rengo : Japanese Trade Union Confederation

Source : *Chunich Shinbun (News Rapers)* 7 July, 1996.

Figure 1 Changes of National Centres

the new theme of the labour movements.

Figure 1 shows the changes of the major Japanese trade unions from an international viewpoint and the organisational structure.

As you see, the most remarkable characteristic is that each body has been splitting like a cell division due to the 'leftist ideologies' they included in itself, which is the second characteristic. This means that the integration and parting of the body has been caused by the ideological and strategic conflicts between the members. In addition, the followings should be mentioned.

Each body is based upon the same principle as the 'vertical society' structure that rules the whole Japanese society, which just seemingly vanished after the World War II but actually has survived until today. And the Japanese trade unions in general, which ought to be liberal, has been getting more conservative still today.

After all, the most important negotiation system in the Japanese industrial relations for the wage revision is a pattern called '*Shunto* (Spring Labour Offensive)' system since 1955.

Kaoru Ohta, the organiser of *Shunto*, said that in beginning this movement he suggested to his colleagues in a very naive expression,¹⁵⁾ 'Let's walk hand in hand in the darkness of the night!' We should here compensate what he really meant: If all workers, no matter what their ideology or position, strike together, they will have to be afraid of nothing nor they will lose their own labour market. Ohta therefore concluded that the engagement of public employees without the right to strike, who had been striking every autumn for wage raise while most workers do in spring, would unite the both public and private employees for much stronger movements. For reference, most Japanese enterprises have two fiscal terms a year; in spring and autumn.

It was in 1974 that the *Shunto* was most successful.¹⁶⁾ Then the monthly salary for workers of the major enterprises was raised by ¥29,000, which was 32.9% of wages. While in the 1950s the average monthly salary was raised by ¥1,000 ~ ¥2,000 (4 ~ 6 % of wages), in the 1960s it was raised by ¥2,000 ~ ¥3,000 (approximately 10% of wages). From the end of the 1960s to 1973, before that successful Spring Offensive, monthly salary continued to be raised by ¥1,000 every year, an increase of some

15) Kaoru Ohta, '*Shunto no Shuen*' (The End of Spring Offensive), Chuo Keizai. Inc. 1975.

16) Ministry of Labour '*White Paper on Labour*' several issues.

10%.

Despite the high rise achieved in 1974, the increase rate of major enterprises subsequently fell to lower levels: 7.68% in 1981, 5.65% in 1991, 2.83% in 1995 and 2.66% in 1998. For 1999, the average increase rate of monthly salary will be (approximately) 2.2%. For workers in the electricity industry, the wage was only plus ¥500, while most public employees will have no increase, with some experiencing decreases in their income.

2. Recent Developments

This section will focus on major developments concerning the Japanese labour movements. Industrial relations in Japan is governed by the three labour laws enacted after the War. Increase in wages for private and public employees have occurred the *Shunto* system since 1955, under guidance of the National Personnel Authority.

In 1975 there was a major dispute which became known as the 'Strike for the right to strike' by *Korokyo* (Council of Trade Unions of Public Service Corporations Employees). This strike can be summarised as follows.¹⁷⁾

The dispute resulted from the contradictory existence of 'Fundamental Labor Rights' guaranteed under the constitution and the suspension of the 'General Strike February 2' in 1947 and the clause of prohibition of strikes in the Public Employees Law regulated by 'Government Ordinance 201', during the occupation by Allied Forces. It was in 1971 when performance improvement movements proceeded by the authority of the Japan National Railways collapsed, due to objections by the leftist corporation trade union, that 'strikes for the right to strike' were organised. This campaign was a natural result of the marking out of Japan's post war political and economic history. Due to the complete defeat of the trade unions initiated by *Korokyo*, this event became a major turning point of the labour movements in Japan.

Until then the main stream of Japanese labour had claimed to be anti-establishment, as represented by *Sohyo* (General Council of Trade Unions of Japan). However, enterprise trade unions as well as those by public (corporations) employees belonging to *Korokyo* had been collaborating with 'Japanese management' like the front and back sides of a coin, especially given the high economic growth of

17) *Korokyo, op. cit.*

the 1960s. Therefore *Korokyo*, the leftmost body of *Sohyo* was the last hope of the traditional labour movement who were prepared to utilise strikes.

'Strikes for the right to strike', from November 26 to December 3 in 1975, were akin to a general strike because of the strategic interruption of trunk lines by *Kokuro* (National Railway Workers' Union) and *Doro* (National Railway Locomotive Engineers' Union), who were the two most 'leftish' Japanese trade unions at that time. However, the Conservative Administration's determined objection against the National Railway workers' 'right to strike' proved successful.

The unions now defeated received nothing but people's blame for interrupting the trains for 192 hours and the damage suit by the management for the same reason.

It is important to analyse why this strike was determined.

First of all, there was labour disunity. Most of the national centres of trade unions were integrated into *Rengo* (Japan Trade Union Confederation), federation of unions with 7.6 millions members. At the same time, due to the ideological conflict, another two organisations were formed; *Zenrokyo* (National Trade Union Council) with 0.28 millions members, and *Zenroren* (National Confederation Trade Unions) with 0.86 millions members (other divided *Centres*, *Domei*, *Sohyo*, *Churitsuroren* and *Shinsanbetsu* were subsequently integrated into *Rengo* in November 1989, as shown in the bottom of Figure 1).

Second, 'Shunto', the most effective wage raise disputes since 1955, has come to adopt different strategies and exercise only few strikes today.

Thirdly, the first and second incidents contributed a great deal to the structural changes of the Japanese economy (therefore to the 'Bubble Economy') until the early 1990s. In other words, the trade unions in Japan have got corporatised.

Lastly, the following labour indices in various aspects will prove that the year was the turning point.¹⁸⁾

In concrete, although the average wage hike rate had remained only some 10% since the postwar time, it was suddenly raised to some 30% in 1974 and 1975, ending up with around 5 % after 1978.

In comparison with the achievement in 1974, the average number of workdays not worked reached only 15% in 1977, decreasing to less than 10% after 1981.

18) Ministry of Labour, '*White Paper on Labour movement*', several issues., Ministry of Labour, *op. cit.*

The number of strikes, in comparison with 1974, achieved only 70% in 1981 and 1982, rapidly decreasing to under 20% in 1986.

For the rate of workforce unionised, with 35% in 1970 as its peak, decreased to 25.2% in 1990 and 22.4% in 1998.

3. Characteristics of Industrial Relations in Japan

In this autumn (1999) ten years have passed since the formation of *Rengo*, and this means that the labour movements in Japan have been patternised for ten years. Let us now remember the time, when industrial relations based upon the broadly recognised movements (except those by *Zenroren* and *Zenrokyo*), in other words, the Japanese style management with three principles of 'lifetime employment', 'seniority' and 'enterprise union' were fully practiced by many major enterprises, and therefore the Japanese economy exceeded the U.S. in terms of the relative performance of enterprises and of macroeconomic indices. It was in 1989 that the Bubble Economy was on its peak. As soon as the Japanese economy found its way out of the stagflation in the early 1980s, before others did, the 'Japanese style management', or 'Japanese industrial relations', which had once been regarded as the symbol of backwardness, suddenly came to be highly esteemed by other nations.

This was nothing but the synchronising of management and labour. Herewith Japanese trade union movements existed over the framework of corporatism both in name and reality. From the conventional viewpoint of the conflict between labour and management, it might be said that this took precedence over the collapse of 'socialism' around 1990, for the "society where labours managed labours" did not collapse but a 'society where labour and management shares the interest' was created. Nevertheless, this is nothing but the irony of history.

As above-mentioned, the defeat of unions in 1975, the integration of national centres into *Rengo*, and the changes Shunto enhanced to the structural changes of the Japanese economy, leading to the peak of the Bubble Economy in the early 1990s when the corporatisation of Japanese unions was completed.

Therefore the Japanese industrial relations till this period will be summarised as the following. Needless to say, it was not until the postwar time that Japan had real industrial relations in accordance with the international standard.

In summer 1999, Japan's unemployment rate has reached its highest of 4.6% and the national economy has experienced negative growth. The Shunto wage claim

strikes in spring experienced only limited success, if any, plus 1,000 yen per month at most. There were even cases where workers had to concede to wage reductions. This is because trade unions could not overcome the propaganda of the government and enterprises to refuse wage claims because of the worsening economy. In a sense, the institution of industrial relations had been developing and settling down straightly. However, the substance of the labour movements, especially the changes of the labour movements never put through a straight course. Besides the unions' defeat in 'strikes for the right to strike' in 1975, successive privatisation of smaller public service corporations in the midst of the 1980s found unions being absorbed into the 'Japanese style management'.

For instance, in the privatisation processes of Nippon Telegram and Telephone Corporation from 1984 to 1985 and of Japan National Railways from 1986 to 1987, there were no major disputes between labour and management, but merely disputes amongst the trade unions, and no 'strike' against the privatisation itself was initiated. In addition, the union executives who survived 'strikes for the right to strike' began criticising themselves for leading the labour movements with a strong sense of class struggle and changed their policy into 'establishment of beloved enterprises'.

With the termination of High Growth Period during the postwar time, the world experienced two oil shocks. Under the depression, the Japanese Conservative Government adopted a high national budget deficit to aid economic recovery in 1978 and 1979. Shortly after that, Japan found its way out of stagnation. But two major problems remained: the financial deficit and a large public sector.

In order to solve these problems, Japanese Government privatised in many corporations of its own. Nippon Telegram and Telephone corporation and Japan National Railways were included in this program. As a result, almost all these privatised corporations have improved their performance and have been well regarded by their users.

But several serious problems still remain; the accumulated deficit of 30 trillion yen in Japan Railways (former Japan National Railways), 250 trillion yen accumulated in the financial deficit. We can see how big these deficits are in comparison with the sum of 500 trillion yen of Japan's total GDP.

Now, we could say that 3% economic growth rate was enough for the Japanese economy in the early 1980's, while the aimed rate of the Japanese government at that

time was actually 5 % despite change of the economic circumstances. This caused the Bubble Economy in Japan after that. So it can be regarded as a failure of the Japanese government's Macroeconomic policy.

Thus the privatisation of Japanese public corporations could be reviewed apart from the viewpoint of labour movements.

III. The changing character of industrial relations in Australia and Japan

This section is concerned with changes in industrial relations in Australia and Japan.

Table 5 presents information on changes in labour and economic indices in Australia since 1970.

The unemployment rate, which was 1.6% in 1970, rose to 2.4% in 1976 and eventually to the country's worst record of more than 10% in the first half of 1990s. Since then the unemployment rate has never been below 5 % : the 'full employment' of the 1960s came to an end. The inflation rate reached its peak in 1984, when the Australian economy experienced negative growth, and remained very high until the 1990s. It was not until the 1990s that it was substantially reduced. The growth rate

Table 5 Number of Australian unions, rate of workforce unionised and macroeconomic indices

	Unions	Workforce unionised (%)	Unemployment rate (%)	Inflation rate (%)	Economic growth (%)
1970	347	—	1.6	2.6	9.3
76	317	51.0	2.4	16.7	1.6
80	325	—	6.0	8.2	4.9
82	322	49.0	5.9	9.4	3.3
84	329	—	8.9	11.5	— 3.6
86	326	45.6	8.0	8.4	3.6
88	308	41.6	7.1	7.3	5.9
90	295	40.5	6.9	9.0	3.6
92	227	39.6	0.5	1.9	— 0.3
94	157	35.0	0.2	1.8	3.3
95	142	32.7	8.3	3.2	3.2
96	132	31.1	8.5	4.2	4.2
97	—	—	—	—	—
98	—	—	7.7	—	4.0

From: Peter Gahan, 'From Corporatism to Liberal Individualism : The Changing Character of Industrial Relations in Australia and New Zealand', *The Otemon Bulletin for Australian Studies*, Vol. 24, December 1998.
Budget Papers (Federal Budget several issues.)

has been between 3 and 5 % in the 1990s. As far as the 30 years' trend is concerned, the Australian economy has survived the hardship of the first half of the 1980s. In the 1990s, economic growth has been but unemployment is still a problem.

The number of trade unions has decreased remarkably. This is due to the ACTU's amalgamation strategy as a means to increase. In this context, it is remarkable that the unionisation rate, as well as the number of unions, has fallen annually by 1 % since 1976, when the rate was highest. Falls in the unionisation rate is not temporary but a long run trend. As mentioned in the **'Introduction'**, Australian industrial relations is similar to the rest of the world, as well as its economy. The chronological changes of industrial relations in Australia can be summarised as follows.

The above-mentioned disputes over the rationalisation of State corporations and of those directly associated with 'Workplace Relations Act 1996' indicate two important changes in the Australian industrial relations since the 1990s. Firstly, no long-term nor extremely prolonged strikes have been initiated since then. And secondly, neither labour nor management have clear perspectives for the future confused with the institutional reforms in the industrial relations and the rapid changes in international affairs (mostly associated with the worldwide drastic changes in political and economic situations and the technological revolution), since the ACTU has changed and suspended its policy of thorough resistance while the enterprises come to experiment the U. S. -European style of management.

Nevertheless, neither of the sides seems successful in structural reforms.

The labour and economic indices are shown in the following Table 5.

Since most Japanese trade unions are enterprise based, the total number is from 100 to almost 300 times higher than Australian unions. The largest number of trade unions occurred in the first half of the 1980s. As for the macroeconomic situation, it is clear the employment rate had been far below that of other advanced countries and that in fact Japan experienced full employment in the first half of the 1990s, due to high economic growth. Inflation has been almost unchanged since the solving stagflation in the goody 1980s. It even achieved minus growth in 1995.

However, Japan has experienced a dramatic decline in economic growth in the second half of 1990s.

Japan has been the second biggest economic power in the world next to U. S. A. since the end of the 1960s. The major problems confronting Japan are as follows.

Table 6 Number of (individual) Japanese trade unions, rate of workforce unionise and macroeconomic indices

	Unions	Workforce unionised (%)	Unemployment rate (%)	Inflation rate (%)	Economic growth (%)
1970	30,058	35.4	1.2	7.7	10.3
76	33,771	33.7	2.2	9.4	4.0
80	34,232	30.8	2.4	7.7	2.8
82	34,477	30.2	2.4	2.8	3.1
84	34,579	29.1	2.7	2.3	3.9
86	34,216	28.2	2.7	0.6	2.9
88	33,750	26.8	2.5	0.7	6.2
90	33,270	25.2	2.1	3.1	5.1
92	33,047	24.4	2.2	1.6	1.0
94	32,581	24.1	2.9	0.7	0.6
95	32,065	23.8	3.2	- 0.1	1.5
96	31,601	23.2	3.4	0.1	5.1
97	31,336	22.6	3.4	1.8	1.4
98	31,062	22.4	4.1	0.6	- 2.8

From : *Labour White Paper 1999*

First, Japan's economic growth rate, which was above average of the world is below the average for the first time in the second half of the 20th century. In addition, Japan's low unemployment rate is now under threat, following the pattern of other OECD countries. Acknowledging these macroeconomic indices, one thing can be said : the turning points of social and economic structure of Japan have come at the same time, and its high time we reformed the systems of this country dominating the nation since the foundation, strictly speaking. Interestingly, despite the differences in historical backgrounds and socio-economic structures, both Australian and Japan have witnessed rapid fall in the percentage of the workforce unionised, a problems they have in common.

Most Japanese trade unions are enterprise-based while Australian ones are formed on the basis of professions or industries, their workers belong to or mark in. For national centres, Australian unions are unified by the ACTU since the 1927, except some non-affiliated unions, while half a century's the Japanese labour movements still have *Zenroren* and *Zenrokyo*, when most of the major bodies are integrated into *Rengo*.

The labour unions' influence in society has been such in Australia that the Labor Party has formed governments during this century, while Japan has had only a few and momentary Socialist Administrations and the influence of trade unions has been less.

The two countries, who have the common problem of falling percentage of the workforce unionised, are now contrasting major problems: whether or not Australian trade unions will regain its influence and Japanese trade unions will be eliminated after all.

IV. Conclusion

The labour movements and industrial relations systems in both countries will be described as 'Australian style' and 'Japanese style', respectively.

Australia has developed a different industrial relations system from those in European countries, despite the influence from suzerain Great Britain, and being as one of the few advanced countries in the southern hemisphere. Japan has been the second largest economic power in the world by the introduction of European industrial relations apart from its legitimacy.

As mentioned in the previous section, it is quite remarkable that such a young country as Australia has 'long' history of industrial relations while Japan has at most a half century of industrial relations history, despite being an older society. As for the 'common problem' of falling rates of the workforce unionised, the ACTU's viewpoint is most interesting. For instance, it appreciated the Japanese employment system and stated their doubt about the possibility of forming a Labor Party Administration in the early 2000s (partly because of the increases in unemployment rate since 1996). It is noteworthy that Bill Kelty, General Secretary of the ACTU, who has initiated not only ACTU activities but also number of labour dispute for over twenty years resigns at the end of this fiscal year.

No doubt his resignation is associated with the falling rate of unionisation, but in a broad sense the ACTU is seeking to change the conventional Australian approach of the labour movement and industrial relations.

On the other hand, the situation in Japan seems hopeless. Recently a book entitled 'Taking up challenges to the twenty first century: *Rengo's* new strategies'²⁰⁾ was published by *Rengo*. Despite the minute studies, we can never clearly understand what of believes are the advantages and disadvantages of the labour

19) 12)

20) *Rengo*, '21seiki Heno Chosen-Rengo no Shinsenryaku' (Challenges for the Twenty First Century—*Rengo's* New Strategies), Daiichi Shorin Press. Inc., 1999.

movements in Japan. Official statements and principles are presented only in an abstract manner. In other words, even the national centre does not understand that the Japanese style of industrial relations has been criticised by the world since the collapse of the Bubble Economy. An irony of the fate! It is not until the old social systems of Japan are entirely reformed that we can create a new industrial relations system. Therefore it is recommended that Japan should review what the turning point of labour movements and industrial relations in 1975. Neither government, enterprises nor trade unions did so because of the optimism generated by strong economic development, which exceeded the U.S. economy at one time. It cannot be helped that they are all criticised for this fatal mistake. It is high time Japan got normalized again.²¹⁾

Despite the author's higher evaluation of Australia in terms of labour movements and industrial relations, the solutions for the rapidly falling rate of unionisation both suffer and perspectives on the twenty first century should be discussed in this section. The 'final globalization of capitalism' involving both countries as mentioned in the Introduction should be analysed.

The final globalization of capitalism can be described as liberalisation, deregulation or privatisation of public corporations, which is equivalent to the reform realised by celebration of the market in the case of 'Socialist Economy' and is represented by the Big Bang of Banking in the U. S. A.

Was it not capitalism that experienced of stagflation, including two oil shocks in the 1970s, prior to the crisis of 'socialism' being identified? Seen from a historical viewpoint, the true character of the final globalization of capitalism can be described as the liberalisation policies for the solution of stagflation from the 1970s to the early 1980s while the so-called Keynesian policies during the postwar time (at the high cost of the Second World War) could be defined as the countermeasure to the Great Depression in the 1930s.

Reviewing the 200 years' history of capitalism, it is doubtful whether this economic system has been successful during this period. In a sense capitalism has always been a sword of Damocles, because, for instance, it used to be the economic reasons for labours' poverty and wars and includes still today human corruption and

21) Nobuyoshi Namiki, *'Nippon o Shokini Surutameni'* (To Bring Japan to Sanity), Mainichi Shinbun. Inc., 1998.

decadence in itself in return for the present wealth and prosperity. It is very difficult to find a self-correcting function to this economic system. Suppose, based upon the myth of economic growth, that the whole world enjoys economic growth levels as high as that of Japan simultaneously. Then the world economic scale would be 7 or 8 times as large as that of today and it would lead to destruction of the globe rather than to the globalization of economy. This is the problem that the end of the twentieth century eventuate. It is only trade unions and labour unions that can watch upon and resist this problematic nature of capitalism.

Finally, we should consider what ought to be done to overcome the falling rate of the workforce unionised in Australia and Japan.

It was in the late 1980s, when the economic growth since the 1960s in Japan ceased, that this problem became obvious. It was most unbelievable that this was exactly the time when the final globalization of capitalism commenced, associated with increasing unemployment. Apart from the Philips curve which can analyse no more than the relations between the rates of inflation and unemployment until the period of high economic growth in Japan, the increase of unemployment today could be described as the shade (victim in a more strict definition) of the final globalisation of capitalism while the technological revolution and the management rationalisation represent its light.

Paradoxically, it is because of the fall of labour unions' influence upon the society that they are expected to play more important roles. The labour movements, which have always begun with the micro aspects, should be immediately liberated from the ideological rule by 'socialism' and immediately 'protest' against the fantasy of the final globalization of capitalism. This is how they could prevent the percentage of workforce unionised from falling further and create a new employment by themselves.

Industrial relations in the twenty first century might begin as above-mentioned. Industrial relations in Australia could have better perspective for the twenty first century than those in Japan as stated in this paper. To the opposite, Japan should begin with normalizing its industrial relations, as one should recover consciousness.

22) Koji Baba, *Fukyo-ron Yori Kajofuyuka-ron O* (Excessive Wealth issue more rather than depression issue) report for 'The 47 th Annual Conference by Japan Society of Political Economy', pp. 96 – 97, 1999.