

## PERSPECTIVE

# Where a lifetime can end at 55

WHY ON earth was the determined-looking construction worker on a Tokyo building site polishing an already gleaming cement mixer? The answer provides a classic insight into Japanese employment policies and explains why under-employment is no less a problem than unemployment. A very different matter altogether.

'How old is this man polishing the cement mixer?' asked my helpful guide. When he discovered that the worker was in his late fifties a smile of understanding crossed my informant's face. 'This man is probably about to retire, having worked for the company all his life. He will have reached an age where his automatic annual 2 per cent pay increment is no longer being paid and he is either earning less than or the same as when he was 50.'

Why keep on a presumably capable building worker if his day was to be spent cleaning cement mixers and pursuing other seemingly non-productive tasks, albeit with the same vigour that would be applied to more productive employment?

The answer lies in Japan's famed lifetime employment system—which turns out not to be a system and not to last a lifetime. It is not a system because there is no formal legislation to back it up, although courts have been known to recognise it in unfair dismissal cases. And it does not last for a lifetime as Yoichi Yamada of Sohyo, Japan's largest trade union confederation, explains: 'the lifetime employment practice is closely connected with compulsory dismissal of employees at the end of their fifties.' (Hence the 'phasing out' of the building worker.)

For most workers there is a gap of some five years between retirement and a pension. The basic pension is very low by any standards

## FUTURE OF WORK

**STEVE VINES reports on Japan, where older industries are feeling the draught and under-employment is endemic.**

assumes pensioners will be supported by their families.

The system of lifetime employment also tends not to apply to workers in smaller companies or to the great legions of contract workers, who are employed in the big conglomerates when demand for labour is high and laid off when business is slack.

It is quite common for one-third of a factory's workforce to be on contract in good times. Many companies, indeed, employ a majority of contract workers.

A generous estimate of the number who can rely on lifetime employment is therefore about 60 per cent of the total workforce. They are the beneficiaries of a system which grew up with Japan's avid desire for industrialisation early this century, when attracting labour off the land was hard and keeping skilled workers even harder.

It was these men and (less typically) women who returned to their factories after the devastation of World War Two expecting to be re-employed.

A great many of their factories had been completely destroyed during the war but the workers went back to the bomb sites awaiting work. And they got it even though

no money and had to pay the workforce with their own products, to be bartered. Even steel workers were sent home carrying steel bars to be exchanged for food and other necessities.

Guaranteed employment leads to extraordinary loyalty and extraordinary waste. Takeo Naruse, research director of the *Nikkeiren*, the Japanese employers' main negotiating body, explains: 'Western corporations may think they are fully staffed, but in the Japanese way of thinking employment security is the first priority. Maybe this is very costly and employers would prefer to lay off excess labour—but looking at things in the long run, the system pays for itself with the loyalty and solidarity of the workers.'

Yamada of Sohyo looks at the situation slightly differently. Because lifetime employment is loyalty to an employer rather than to any particular job, he says, it implies total flexibility of labour. 'You could therefore consider it as over-employment or a very dynamic way of maintaining the workforce.'

Some 1.62 million workers, about 2.5 per cent of the workforce, are registered as unemployed, but the Japanese definition of unemployment is very rigorous. Any person doing even an hour's work in a week is not regarded as out of a job.

Even if British criteria of unemployment were used, however, it is unlikely that more than 3 per cent of the workforce would be categorised as jobless.

Osamu Nariai, in the co-ordination division of the Japanese Government's influential Economic Planning Agency, which examines employment patterns, says: 'There is no estimate of labour which is surplus to requirement, but it is believed to be much higher than the level of unemployment.'

In big companies the sur-

plus is sent to other subsidiaries, and in diversified trading companies this means they can be transferred to quite dissimilar industries. Other employees will be shifted from the factory shopfloor to sales or to research and development. In other words they are redeployed in areas which stimulate demand and, it is hoped, help create more work on the shopfloor—where they can eventually return.

It is when these more productive jobs run out that the funny jobs come into play. Sparse factory gardens start to receive meticulous attention, cement mixers gleam in the sun and pieces of paper in offices are thoroughly shuffled.

So who are the unemployed? They are mainly the older workers from smaller companies or depressed industries like shipbuilding, steel, aluminium, petrochemicals or mining. If that list looks familiar it is no coincidence: economic recession and competition from highly aggressive Asian neighbours mean that Japan is just starting to feel the chill winds that are blowing full blast on the Western economies.

Tom Nevins, managing director of Technics in Management Transfer and the only foreign labour relations consultant in Japan, comments: 'Japanese management is ruthless and cut-throat and doesn't look after its old boys like Western managements.'

'Don't kid yourself that they're doing anybody any favours. They work on the principle of last hired, first fired, sometimes they do it by the "shoulder-tapping" process suggesting that after all their years of loyalty to the company they can express their ultimate loyalty by leaving.' This often involves compensatory payments.

Youth unemployment is virtually unknown. Indeed there are 2.4 jobs available

graduate (one-third of school leavers go on to higher education). The simple reason for this abundance of vacancies is that school leavers are paid roughly one-third of the salary of a 40-year-old.

Such an apparent solution to youth unemployment has greatly interested British Ministers. Unfortunately they do not appear to have also taken on board the corollary responsibility to provide lifetime employment, or the high level of on-the-job training which is the hallmark of Japanese companies.

The hiring season for new entrants to the labour force is October, when personnel offices are awash with fresh-faced youths—the males dressed in seemingly identical plain blue suits—making a once-and-for-all attempt to secure their future.

old machine operator in a printing company, is one of a growing number of young people who cannot accept this rigidity.

Interviewed in Tokyo's Iidabashi Public Employment Security Office (or labour exchange) Murata explained that he wanted to move from being a production worker over to the white-collar side of the business. The company would not contemplate such a move. If he had waited seven to 10 years he might have become a supervisor in his section and then, just possibly, he might have been able to move into the offices upstairs. Instead he has taken the risk of being regarded as a less reliable employee and has spent the past month looking for another job.

Nevins reckons that Japanese companies are organised to squeeze the very best out of their employees. While

After the age of 35 the getters are firmly separated, leaving the non-achievers to plod along. At around 55 they are considered a spent force (with the exception, it seems, of the almost geriatric leadership of Japanese political parties) and accordingly pushed aside.

Japan plans to avoid unemployment, but the measures taken to tackle the problem when it arises are not very impressive. An unemployed worker under 30 is entitled to a maximum of 90 days' unemployment pay. This rises to 300 days for the 55-year-olds and over. After that they are on their own, although workers on training schemes and in designated depressed areas qualify for longer periods of assistance.

The Government adopts a 'hands-off' attitude to creating new jobs. It sees its task as forming the right frame-

and will pay up to two-thirds of the wages of workers taken on in these areas and industries.

The high levels of economic growth in Japan have pushed the fear of unemployment on to the sidelines but the Economic Planning Agency now seriously questions whether Japan's current 3 per cent growth will be sufficient to sustain employment levels.

The big fear on the horizon, as in Britain, is that automation will remove jobs which will not be replaced elsewhere. Union opinion on the jobs threat from new technology is divided. Kazuyoshi Hirano of Domei, the main trade union confederation for private sector workers, says he regards the new technology 'as a positive thing.'

'It is inevitable that robots will come into our industries and if we turn our backs on



'Funny job': Elderly grass-cutters take a break on the slopes of Mount Kagami.