

# Rengo : The Final Participant in Japan's Osmotic Corporatism : A Network Interpretation of its Strength

Yutaka TSUJINAKA  
University of Tsukuba

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This is a modified version of a paper presented at the panel : *Incorporating  
Labor : Processes of integration and Opposition in Contemporary Japan*,  
chired by Gary D. Allinson, the Association for the Asian Studies in the U.  
S. A., annual meeting at Chicago in 1990. I appreciate the corrents by Gary  
D. Allinson, Sheldon Garon, Peter Katzenstein, T. J. Zempel, Mike Moch-  
izuki, Michio Muramatsu, Yasunori Sne and Hideo Otake. I also tank  
Ministry of Education and Culture (Grantin-aid, 1992-94, no.04620030),  
Fulbright Commission (Grant, 1989-91), American Council of Learned  
ocieties (Grant, 1990-91) and Uni?ersity of Tsukuba (Special Project on  
New international System) for their generous supptmt to this kind of  
empirical surge.

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## Introduction

A new peak labor organization, the Japanese Trade Union Confederation, *Rengo* (Japanese abbreviation) was founded on November 20, 1987. *Rengo* began as a national organization for the private sector. On November 21, 1989 *Rengo* absorbed *Sohyo*, the confederation which had mainly organized the public sector, thereby unifying the public and private sector unions under one large organization. The new *Rengo* now embraced 78 industrial federations and approxi-

mately 8 million members, a figure which equals 65% of the organized labor, 17% of Japan's total employees and 9% of the nation's voters. The 78 federations contain some 12,000 enterprise unions. Therefore, *Rengo* is a confederation of confederations. However, *Rengo* has no formal authority or de facto power over the enterprise unions that are its members.

This organizational structure appears contradictory and confusing at first glance. Questions that come to mind are : Is *Rengo* strong or not? To what extent has *Rengo* succeeded in integrating its more than 12,000 member unions? How does *Rengo* acquire effective bargaining power against business interests and the government?

Many foreign observers, including Chalmers Johnson have noted that enterprise unions tend to be co-opted by company's managerial logic and that employers' control over personnel affairs easily penetrates enterprise unions. Consequently, "organized labor has no role or voice in politics" (Johnson, 1989, p.119). Therefore, it has been argued that *Rengo*, which is just one node within a dual confederation, is a weak, poor and vulnerable national center. Leftist critics in Japan even use the phrases "rightist reorganization and cooperative with capital and government" to describe the character of the confederation.

Certain factors make the argument regarding the weakness of *Rengo* appear plausible. There is visibly poor density of the budget and staff in centralization. Only 2.5 billion yen out of 600 billion yen in the whole labor union's budget is spent on the staff members (100 out of 20,000 total staff) and other activities. *Rengo* seems organizationally weaker than even *Sohyo*. From the perspective, there

seems no reason to believe that it is influential in the political field.

Despite of the relative scarcity of its resources, success of *Rengo* has been remarkable. First, it has achieved strong hegemony very rapidly within the labor movement. Second, it seems to play an important part in highlighting labor issues and strengthening labor's position in the policy making process. Third, *Rengo* or its predecessors, has achieved favorable policy outputs such as tax reductions, several employment security laws made between 1977-87, the Equal Opportunity Law (1985), the Stabilization of Senior Workers Employment Law (1986) and so on.<sup>1</sup> Lastly, it also demonstrated significant potential to influence the electoral process during the 1989 Councillor's Election. Therefore, my first question is, why are/were *Rengo* and its core members, which consists of ten core industrial federations that initiated the formation of *Rengo*, strong?

## 1. Theoretical Puzzle in Japan :

My question about the strength of *Rengo* is linked to a broader theoretical puzzle in Japanese politics which is actively debated upon in the academic world. Particularly, since the emergence of the pluralist school in the late 1970s, the study of the political model of Japan has been an area of a great deal of interesting, productive and sometimes confusing works (see : Allison, 1989. Tsujinaka, 1994).

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1 See Muramatsu et al (1986), based on 1980 interest groups survey, and 1989 survey of labor policy network done by Jeffrey Broadbent and Yutaka Tsujinaka (forthcoming) for a review of labor leaders' satisfaction with these laws.

From the extensive literature available, at least four distinctive models of Japanese politics can be discerned. These can be summarized as: 1) the vertical /elitist or bureaucracy dominant model, 2) the horizontal or pluralist model, 3) the cultural or historical model and 4) the corporatist model. A hard nut to crack for all these four models is the very question of how to resolve two apparently contradictory phenomena that have been occurring since the 1960s, particularly after the first oil shock. First striking phenomenon concerns the pluralization of political actors in Japan such as the Diet, parties, *Zoku* (policy experts who are party politicians in relationship with bureaucrats and interest groups), local governments, advisory councils and many interest groups including big companies. This pluralization ended in a crystalization of a new coalition government in August 1993. But the second phenomenon is equally striking, namely Japan's good performance in crisis management and readjustment process, particularly during the world wide depression and socio-economic transformation in the 1970s and the 1980s.

The vertical model accords bureaucracies an important role in spite of recognizing some loss of bureaucratic authority.<sup>2</sup> Pluralists have added various adjectives to the term pluralism such as "patterned", "bureaucratic", "inclusive", "referent" or "compartmentalized" in an effort to interpret the contradiction between pluralization of actors and good social performance. There is however no credible mechanism to resolve this puzzle. Instead most analysts in this

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2 It includes the "tripartite elite" model developed by Fukuji Taguchi, Takeshi Ishida and others and the influential "developmental state model" by Chalmers Johnson (1982).

school emphasized LDP leader's cleverness and their ability to govern.<sup>3</sup> Culturalists have invented a lot of new key concepts like "corporativism", "contextualism", "Ye" and "vertical human relationship"<sup>4</sup> but their analysis remains impressionist and excessively abstract. This is especially true of the "starfish" model (Nakane, 1978) and the "cosmos" interpretation of politics (Kyogoku, 1983). In addition, these models have virtually ignored labor and the significance of labor unions in their analysis.

Only the corporatist model has seriously considered the relationship between pluralizing political system and outstanding performance. They have tried to locate the labor movement and labor unions within the socio-political system. In this literature, there is a wide range of arguments from "strong corporatist" to "corporatist without labor" to "corporative pluralist" (cf Tsujinaka, 1986 and Mochizuki, 1985). The corporatist argument requires that three conditions should be fulfilled; 1) an ideology of social partnership or social co-operation 2) a relatively centralized and concentrated system of interest groups, 3) voluntary and informal co-ordination of conflicting objectives through continuous political bargaining between interest groups, the state, bureaucracies and political parties. (Katzenstein, 1985). Although Japan did not until recently fulfill to the second condition concerning the centralization, condi-

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3 See the works by Michio Muramatsu, Seizaburo Sato, Takashi Iguchi and Ikuo Kabashima. Also cf. works of economists in Japan such as Ryutaro Komiya.

4 See the works by Eshun Hamaguchi, Yasusuke Murakami, Jun'ichi Kyogoku, Ronald Dore and Robert Smith.

tions 1 and 3, seem to exist in Japan. Needless to say, the performance of Japan has been very close to that of highly successful corporatist countries in Europe (Cameron 1984, Kume, 1988 and Katzenstein, 1985 & 1988). What, then substitutes for the the centralization among labor in Japan?

In applying the concept of corporatism to Japan, some have conceded to reduced terms but emphasized culture and ideology instead (Schmidt 1983). Others have changed the focus to meso or micro level institutions (Dore 1988). Some have used a broader concept for corporatism, such as concertation (Harari 1986, Schwartz 1990). Some used the hypothesis of democratic corporatism but avoided using this concept in Japan (Kume, 1988). I argue, along with Shimada (1984), that there is a theoretical request to develop a functional equivalent of corporatist centralization of networks in Japan.

My hypothesis is as follows ; *Rengo* and its core members have become quite strong, (particularly, when compared to *Sohyo*), because they have developed osmotic networks that function on not only intra sectoral basis (labor) but also intersectoral basis. They are linked to the government as well. Network prototypes can be found in private enterprise unions. The major characteristic is a permeable boundary through which without infringing on each union's autonomy, variety of intra-and inter-sectoral behaviors could occur. For example, special transfers, loans or exchange of personnel can happen, establishment of study groups can be taken, and a formal or informal consultation system can be established. The term "network" means netlike combinations of actors and units which are not necessarily

based on legal or jurisdictional authorities. The links within these networks are relatively weak and soft, which is in sharp contrast to a hierarchal combination with one center of authority and distinct boundaries and formal relationships (Aoki, 1988, 1989). But the density of these osmotic networks can function as an equivalent to the centralization that is achieved by peak organizations in “corporatist” countries, owing to the shared information and perspectives that they generate.

But what accounts for the strength of *Rengo*? The reasons for this can be summarized as follows ;

- 1) State and society in Japan have become an osmotic network system. This parallel structuring supports the functioning of *Rengo* and its core members.
- 2) Enterprise unions, the fundamental units of *Rengo*, have become crucial information mediators for companies owing to the transformation into network companies, both from inside and outside (Aoki, *ibid*, Imai, 1988). In the light, *Rengo* has become a node, as an enlarged version of an enterprise union, which can provide a place for nation-wide information exchange among innumerable enterprise unions. Therefore, *Rengo* can negotiate with other actors on the basis of the extensive and comprehensive information about the labor sector that it has access to. These functions have made *Rengo* a crucial element in the Japanese socio-political system.

In this paper, I would like to :

- i . describe the intra- and inter-sector networks that *Rengo* and its core members have developed ;
- ii . analyze the behavioral effects they have created ;

- iii. restate the differences between *Rengo* and *Sohyo* ; and
- iv. review the historical process and reasons for network development with special emphasis on the critical importance of the events in 1964.

## II. Networks of Rengo and its core Members

### 1. Micro Enterprise level

*Rengo*'s core members consist of about 10 major private sector industrial federations<sup>5</sup> which contain the major enterprise unions in Japan. As their strength comes principally from the enterprise unions that are their constituent members, I will first describe the networks at the enterprise level. At this level the joint consultation body is as important as the labor union. This body was founded in the 1950's and it became significant in the 1960's in terms of the quality of information and importance in consultation issues (The Labor Year-book of Japan, 1987. pp. 162-73). This body and the enterprise union are not incompatible but mutually supportive. In 1984, 87.9% of companies with labor unions had the joint consultation bodies. In contrast, only 40.9% of companies without unions had the joint consultation bodies. In 60% of companies, consultations and negotiations are inter-related or mixed. When requested by the union, 56% of companies would provide even a certain classified information of business through consultation.

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5 Electronic, automobile, steel, ship-building, textile, electronic, power, chemical, commerce, metal, sailor and life insurance labor unions. (See table 5)

There exists an intense, cooperative exchange of information in almost all private companies. This is true not only at company level, but also increasingly important at establishment and shop level particularly in institutionalized manufacturing industrial relations. In Japan, the enterprise union is an indispensable partner of the employer who also includes some of former labor union executives. In enterprise unions, all union executives continue to stay as employees in the company. Even at the industrial federation level more than half of the executives in the ten biggest unions continue to keep their employee status in the companies (Rengo, 1989, p. 49). In short, in the *Rengo* core member unions, osmotic networks between business and labor are active and effective. Aoki (1989, pp. 4-5) has suggested that employees as a group have become indispensable network specific assets, just as has created within horizontal information networks in companies.

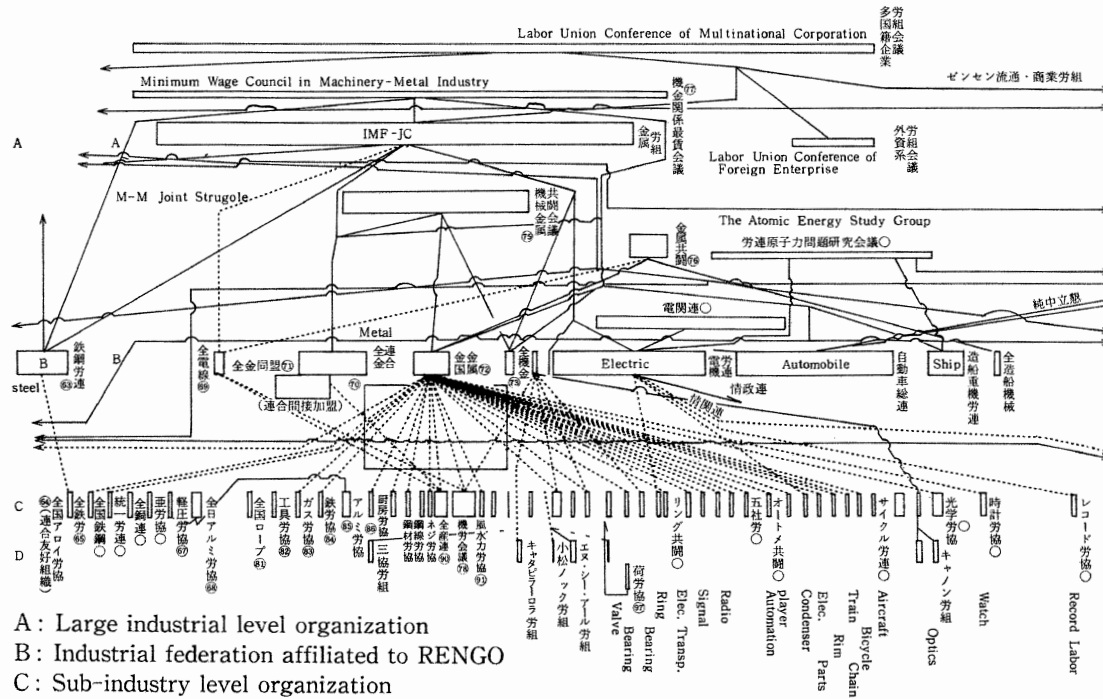
## 2. Meso Industry level

In order to gain stronger negotiating and bargaining powers, enterprise unions need adequate reference groups. Therefore, they have developed their networks not only within the specific sub-industry but also in the sub-industries where related products are made. The absence of a centralized industrial union is compensated with innumerable formal and semi-formal struggle-fronts and conferences. A part of them relating to the machinery industry is shown in Figure 1.

Enterprise union networks such as joint struggle fronts and information exchange meetings can be classified as follows:

1. Wage-struggle fronts like Tertiary Industry Struggle Front.

Fig. 1 Labor Union Network in the Machinery Industry



A : Large industrial level organization  
B : Industrial federation affiliated to RENGO  
C : Sub-industry level organization  
D : Enterprise union (most of them are omitted)  
Source : Shinoda 1989b

2. Industrial policy organizations such as Round Table on Construction Industry Policy and Labor Union Round Table on Information Industry Policy.
3. Labor condition struggle fronts such as Joint Struggle for Holiday on Saturdays.
4. White collar employee occupational organizations such as Clerk Union Conference of Commerce and Service Industry.
5. Enlarged industrial confederations such as IMF-JC, Chemical and Energetic Labor Conference and Mic-Unions in the mass media .
6. International industrial unions such as the branches of ITF-JCC, FIET-JLC.
7. Political-ideological groups, for example, Round Table of United Front of Labor Union.
8. The others, for example, Labor Union Conference on Multi National Corporations (Shinoda, 1989 b, pp.122-23).

Besides the osmotic networks, there are about 250 major industrial federations. (See table 1) They are formal consulting actors with business associations and government ministries. Industrial management-labor conferences have spread since the late 1960s. According to a survey of federations affiliated with *Rengo*, 30 federations meet with their business counterparts in the following forms : collective bargaining (11), consultation (15), negotiation (10) and the others (8) (Rengo 1989 and Nihon Seisan-sei Honbu 1980).

### 3. Macro Nation Level

Since the 1970s both labor and business/government have had to develop networks among themselves to share information and to cooperate. Before touching on some political aspects, we should note

Table 1 Organizational Level of Labor Union Federation and Business Association in MITI related Sectors

Large	Medium	Small	Fine	Large	Medium	Small	Fine	Large	Medium	Small	Fine
D Mining	4	14	59		5			1			8
E Construction	3	20	47		8	5		1			
F Manufacture	23	161	588	9	34	65	5	1	16	34	140
G Public Utili	4	6	10	4	2					2	1
H Trans. Comuni	8	32	55	7	8	24	8		2		
I Commerce	12	54	150	1	7	1	3				7
J Finance	8	22	72	4	5	23					
K Real Estate	2	5	9								
L services	25	113	221		3	21					1
Total 14	96	452	1262	25	72	139	16	3	18	36	157
Japanese Standard Classification of Industry				Labor Union Network				Business Association			

Source: Zenkoku shuyo Rodokumiai Ichiran (National Labor Union Directory) 1988

Tsusan-sho Kankei Koekihojin Ichiran (MITI related Association Directory) 1988

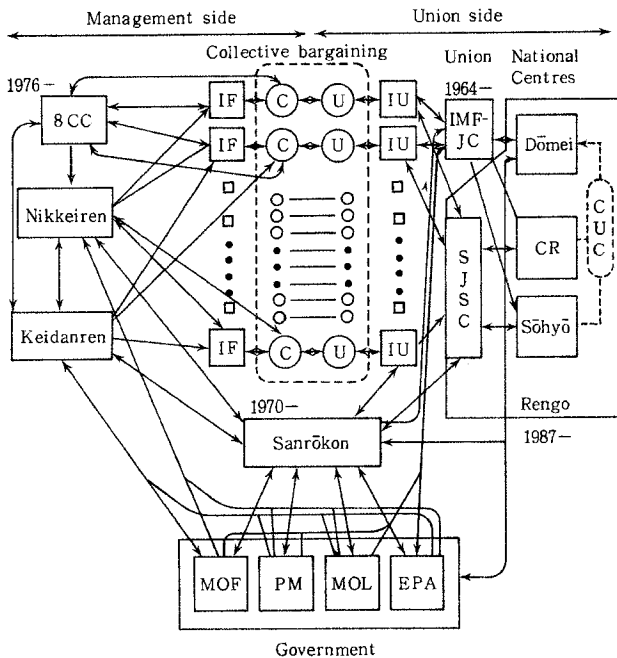
Calculated by the author

the continued existence of *Shunto* (Spring Wage Offensive) and its logic which started in the 1950s, was officially accepted by the government in 1964 and has been firmly institutionalized since the first oil shock. Shimada (1983) showed that the negotiating ability of networks among labor, business and government is approximately equivalent to that of a centralized peak organization (figure 2).

Five economic or institutional networks lead to wage spill-over in all corners (Nitta 1990, p. 84). These are:

1. Networks among big business based on inter-sectoral relations and stable transaction relations, to check mutual labor costs.
2. Networks between big business and sub-contractors based on corporate group system and transaction, also to check mutual labor costs.
3. Institutions to check labor costs in public or semi-public utilities

Fig. 2 *Sunto* Network of Information Exchange around 1980



Notes :

- C : colpany or enterprise
- U : enterprise union
- IF : industry federation of companies
- IU : industry federation of enterprise unions
- 8CC : eight-company conference of executives in charge of industrial relations
- IMF-JC : International Metalworkers Federation-Japan Council
- SJSC : *Shuntō* Joint Struggle Council
- CR : Chūritsurōren (National Centre of Independent Unions)
- PM : Prime Minister
- MOF : Ministry of Finance
- MOL : Ministry of Labour
- EPA : Economic Planning Agency
- CUU : Council for Unification of Unions.

Source : Shimada 1983

(transportation, electric power and telecommunications) set up by government based on the standard of private industry.

4. Institutions to decide the wage raise in the public sector, based on the standard raise of private industry.

5. Institutional practice to decide the wage raise in the non-profit sector, based on the public sectors wage raise.

After *Rengo*'s core members have gained initiative since 1975, and particularly after *Rengo* was formed in 1987, the whole process has been adjusted as a systematic network. Before this year, the *Shunto* process, especially which industrial federation should perform the role of pattern setter, had been debated by competing blocs in the labor sector (see footnote 8).

There are several nodes which knit together the networks of labor, business and government bureaucracies, e.g., *Sanrokon* (Tripartite Round Table Conference on Industry and Labor Issue) and other non-statutory advisory boards, *Sankoshin* (Advisory Council on Industrial Structure) and other statutory advisory boards, *Rengo*-Ministry standing consultation bodies and temporary policy study groups. *Sanrokon*, which was established in 1970 and has been activated after the oil shock, consists of 12 labor representatives, 12 business representatives and 6 neutral intellectuals and some bureaucrats, mostly from Labor and Economic Planning Agency. (Tsujinaka, 1986)

As shown in Table 2, labor unions send 185 members (in 1993, 198 members) out of a total of about 4000 members and are represented in sixty three out of a total of 214 advisory boards in 1988. They have no members in the advisory boards of the Ministries of Justice, Foreign Affairs and Education and in the policy fields of statistics,

Table 2 Advisory Board Members by Social Groups : A Comparison of 1973 and 1988 in Japan

		1973	1988	Margin 1988-1973
Labor	Rengo (JTUC)	25	27	2
	Rengokei (affiliation to JTUC)	34	69	35
	Others	27	33	6
	Sohyo (GCTU)	29	39	10
	Sohyokei (affiliation to GCTU)	46	17	-29
Labor Total		161	185	24
Business Center	Keidanren (FEO)	41	31	-10
	Nikkeiren (JFEA)	10	10	0
	Nissyo (JCCI)	20	14	-6
	Doyukai (JCED)	2	5	3
	Kankeiren (Kansai FEO)	3	7	4
	Tosyo (Tokyo CCI)	9	7	-2
	Daisyo (Osaka CCI)	6	4	-2
	Other CCIs	14	6	-8
Business Center Total		104	82	-22
Business Association		441	359	-82
Big Company		686	531	-155
Small & Medium Company and Association		110	98	-12
Agriculture, Fishery, Forestry Association		139	133	-6
Coop, Consumer, Women Association		49	136	87
Professional	Social Insurance Ass.	63	34	-29
	Other Professional	36	26	-10
	Medical Association	91	184	93
	Lawyer	44	78	34
	Teacher	143	82	-61
Professional Total		377	404	27

Professor		1042	1080	38
Journalism		131	144	13
Governmental	Local Government	104	97	-7
	Big 6 Local Govn't Ass.	28	30	2
	ex-Bureaucrat	147	129	-18
Total				
Corporation	Public Association	119	143	34
	Research Center	275	224	-53
	Foundation	65	208	143
	Public Corporation	296	234	-62
Total		755	815	60
Others		151	124	-27
Grand Total		4415	4268	-147

\* The number of members appointed due to their position are excluded from calculation.

Source: *Shingikai Soran* (Advisory Board Directory)  
1973, 1988. calculated by the author

culture and social affairs. This proportion is lower than that of West Germany. The number itself is increasing. (See table 3) However, from the point of view of "osmotic" networks, labor representation at the semi-formal and informal level is more important than that at the formal levels. As a matter of fact, in the 1970s labor succeeded in entering important sub-committees and non-statutory advisory boards where more substantial discussion occurs prior to consultation by the formal advisory board (Shinoda, 1989. pp. 94-102). *Rengo* groups and its predecessors also doubled the number of direct consultation systems with bureaucracies. In 1993 *Rengo* has 13 standing consultation committees including those with the Ministry of Finance,

Table 3 Labor Representation in the Advisory Board : A Comparison of Japan and West Germany in the 1980's

	Japan		West Germany	
Representation Proportion	# of 1/100 Ad. Board		# of 1/100 Ad. Board	
0 ~ 0.09	36	0.57	48	0.36
0.10 ~ 0.19	12	0.19	39	0.29
0.20 ~ 0.29	5	0.08	26	0.20
0.30 ~ 0.49	10	0.15	11	0.08
0.50 ~	0	0.00	5	0.04

	Japan			West Germany		
	# of ABs	# of Memb.	%	# of ABs	# of Memb.	%
Labor Market/Condition	7	5	71.4	39	34	87.2
Income/Property	4	4	100.0	6	3	50.0
Education	14	2	14.3	15	7	46.7
Social Security	20	11	55.0	14	10	71.4
Econ/Budget/Indus. Pol	40	14	28.6	12	5	41.7
Technology/Research	15	2	13.3	24	2	9.1
Environmental	3	2	66.7	14	5	35.7
Energy	7	4	54.1	9	2	22.2
Medical/Health	12	4	33.3	27	5	18.5
Development/Housing	20	4	20.0	6	4	66.7
Agriculture	22	4	18.2	23	7	30.4
Social Problem	4	0	00.0	11	5	45.5
Statistics	3	0	00.0	18	11	61.1
Culture	4	0	00.0	32	22	68.8
Transportation/Traffic	11	5	45.5	18	5	27.8
Others	28	2	7.1	33	6	18.2
Total	214	63	29.4	301	133	44.2

Source: Shinoda 1989 Note: Japan in 1986, West Germany 1981

MITI and the Ministry of Health. In contrast to *Sohyo*, which mainly relied on the Ministry of Labor and political meetings with the Prime Minister which were mere rituals, *Rengo* and the group have many direct channels to influence substantial policy making processes in many agencies and ministries. In fact, they have a daily contact with section chiefs in bureaucracies as well as other union leaders.

In conclusion, *Rengo*, its core members and enterprise unions affiliated with them have networks within themselves, amongst themselves, with companies (employers), with bureaucracies and with other actors. These networks overlap those in business, bureaucracy and the party system. There not only top leaders are included but often more important intermediate levels (directors and section chiefs) are set by. An increasing number of formal, semi-formal and informal meetings are held, therefore we could describe them osmotic. This kind of relationship and interaction is sharply different from that practised by *Sohyo* and in the public sector unions. This will be shown more distinctively in examining the effect of the networks below.

### III. Effects of Rengo's Networks

#### 1. Shared Perspectives

Once networks of labor unions begin to overlap those of other sectors, increasing interaction occurs among different actors and proportionally more information can be shared by them across permeable boundaries. These plural networks begin to fuse into one large network. Actors begin to consider their partners indispensable

and legitimate because they have gradually shared perspectives (cf. Presthus, 1974).

This can be observed from the results of three surveys. One international survey of employees conducted in 1984 shows that "85% of regular employees working for large companies manufacturing steel, automobiles or electric machines (65% of whom were blue collar workers) answered that their company's gains were more or less connected to their own." This proportion is significantly higher than those of the U.S., U.K. and West Germany (Inagami, 1988, p. 20). The situation is fundamentally the same for union leaders especially in *Rengo*'s core members. The other surveys of industrial federation leaders in *Rengo* and *Zenminrokyo* (1986, 1987, 1988, See Figure 3) show that they are more concerned about government policy on promotion of industry, tax reforms, countering business cycles than that on job security or improvement of labor conditions. In industrial policy they are more interested in future plans, capital exports and industry cavitation. Even the new *Rengo* chairperson Akira Yamagishi said, "these days, Japanese employees are more likely to think as company managers than not." (cited in Katzenstein, 1988, p. 288)

On the question of shared perspectives, *Rengo*'s organizational survey shows (1989) that more than half (56%) of the industrial federations in *Rengo* are now conducting cooperative consultation and more than one-third (38%) of them are engaged in some kind of joint action with business associations. The new *Rengo* has begun joint action with peak business associations, such as *Nikkeiren* (Japanese Employers Association) on the problem of company housing and with *Keindanren* (Federation of Economic Organizations) on

# of Federations  
mentioning the item

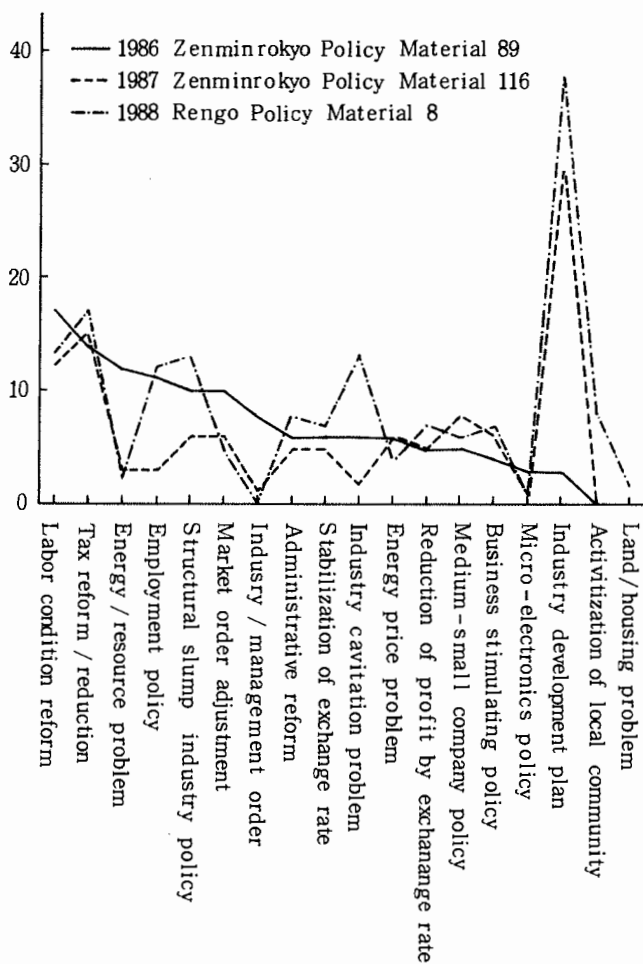


Fig. 3-A Content of Industrial Policy by *Rengo*  
Group Industrial Federations

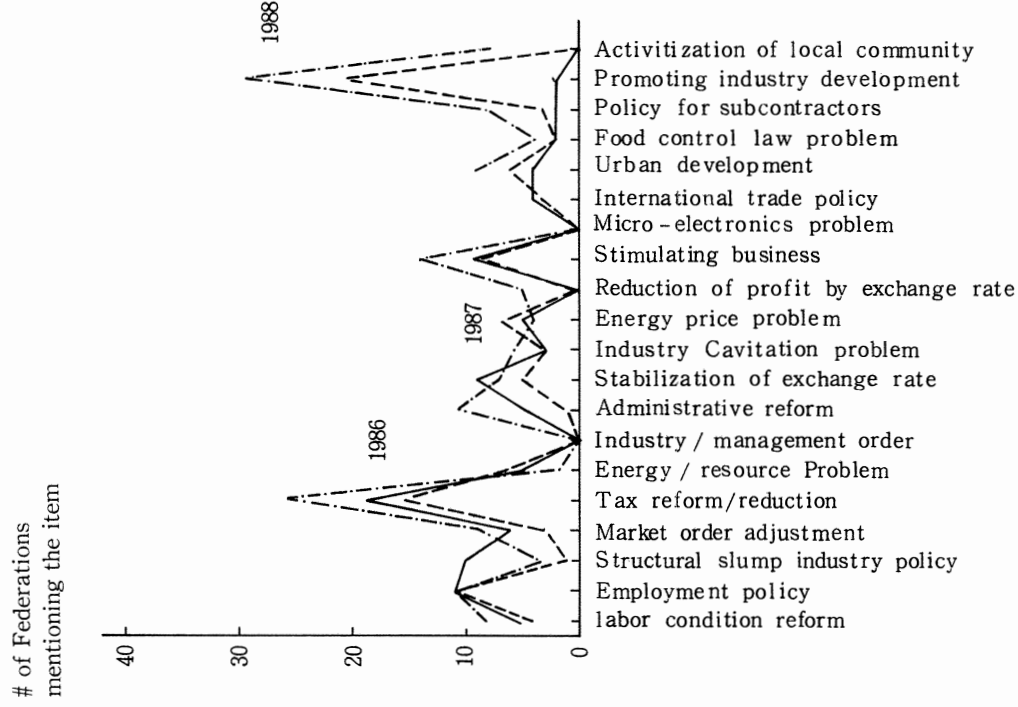


Fig. 3-B Demand and Request to the Government by  
Rengo Group Industrial Federations

land price and other structural reform issues (Nikkei, 1990 3.9).

## 2. Multi-Directional Behavior or Osmotic Behavior

In contrast to *Sohyo* which behaved basically as a political, militant and class oriented movement and therefore developed access to a very limited number of actors like JSP, JCP, left wing social movements, the Ministry of Labor and a few top LDP elites, *Rengo* has developed access to as many actors as possible. This is what I call "osmotic behavior" here.

The difference between the *Rengo* group and the *Sohyo* group is clear in table 4 which is based on a survey of interest groups in 1980.<sup>6</sup> In contrast to the *Sohyo* group, *Rengo* group unions generally do not exercise veto and are more positive in policy making (Q42). In contrast to the *Sohyo* group in all items, and more than the average interest group in Japan in most items, they are more oriented to budgetary politics (Q31), rely less on mass mobilization (Q32), maintain more contact with LDP at the policy council (*Seicho-Kai*) (Q28), meet more frequently with higher administrators (Q21), exchange opinions, are supportive of and cooperate with bureaucracies, send members to advisory boards (Q12), and are more favorable to the government (Q33, Q55). This tendency was confirmed by a recent survey in *Rengo* (1989). The record of formal meetings of *Rengo* federations affiliated to *Rengo* and *Zemminrokyo* (predecessor of *Rengo*) also confirms that they held meetings more in number with

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6 In the survey 52 labor unions were divided into the *Rengo* group and the *Sohyo* group based on their attitude toward the unification movement initiated by the major industrial federations in the private sector.

Table 4 Characteristics of *Rengo* Group in Comparison with *Sohyo* Group and Other Interest Group Categories

	Positive lobbying oriented %	Lobbying the budget process %	Policy consultation on new business %	Mass mobilization index (0-10 high)	Contact frequency index with LDP	Having contact with LDP policy councils %	Having contact with Prime Min. more than "sometime"	Consultation index with the related administration	Confrontation index with the administration	Having opinion exchange with administrations %	Supporting & cooperating with administrations %	Sending members to advisory boards %	Degree of trust index to administrations	Evaluation index to the government performance	Subjective evaluation to policy influence of self	
Agriculture	74%	91	61	3.7	7.3	44	30%	6.0	4.7	95%	86	73	7.8	5.4	6.3	23
Welfare	70	97	53	2.8	7.0	30	17	6.4	5.6	80	80	50	7.8	5.0	6.2	30
Business	55	66	39	1.5	6.8	24	13	6.4	5.5	95	76	75	8.0	5.6	5.9	88
Labor	46	79	65	4.3	2.9	25	23	4.2	6.9	64	41	69	5.5	4.0	5.8	52
Governmental	80	93	40	2.7	7.5	20	33	7.2	4.7	87	86	67	8.3	6.2	7.2	15
Education	83	100	58	2.5	7.7	50	50	8.6	5.2	83	83	75	8.6	6.0	7.3	12
Professional	67	67	56	7.9	7.0	22	22	7.5	7.2	78	78	89	6.7	5.3	7.2	9
Citizen/Polit.	32	63	37	4.1	3.9	11	16	3.6	6.7	42	21	53	3.4	3.5	6.1	19
the Other	25	25	0	—	5.6	0	25	2.5	5.0	50	25	50	6.7	6.7	5.8	4
Total (averaged)	58	77	49	2.8	6.0	27	21	5.8	5.6	80	66	68	7.1	5.1	6.2	252
<i>Rengo</i> group	58	89	81	3.1	3.1 [同盟4.4]	46	39	5.0	6.4	85	56	85	6.4	4.4	5.9	26
<i>Sohyo</i> group	35	69	50	5.5	2.7	4	8	3.5	7.5	42	27	54	4.6	3.6	5.8	26
	Q42	Q31	Q22	Q32	Q25	Q28	Q21	Q20	Q20-3	Q12-1	Q12-2	Q12-3	Q33	Q55	Q45	

Source: Interest Group Survey 1980, See Tsujinaka 1987, Muramatsu, Ito, Tsujinaka 1986.

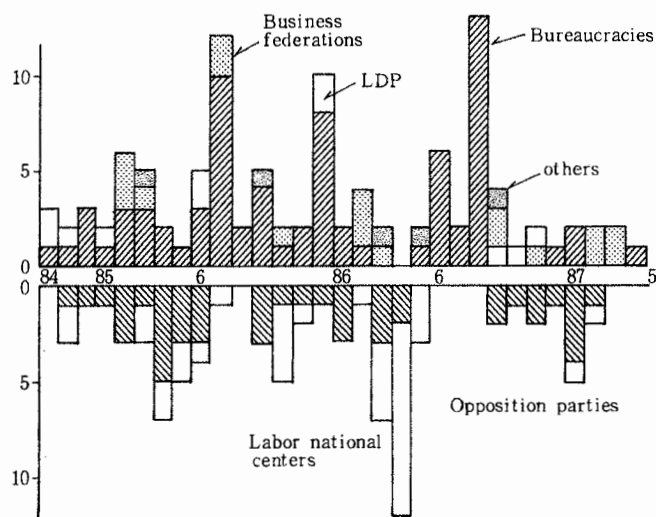
business and industry leaders, bureaucrats and LDP politicians than all the other labor unions and opposition parties together. (See figure 4). *Rengo* leaders met with the former groups (bureaucrats, etc) forty-one times and with the latter (opposition parties) forty times and with others six times between February 1988 to January 1989. This is truly a drastic change from the situation in the *Sohyo* era of the 1950s and the 1960s.

### 3. Achieving Hegemony in the Labor

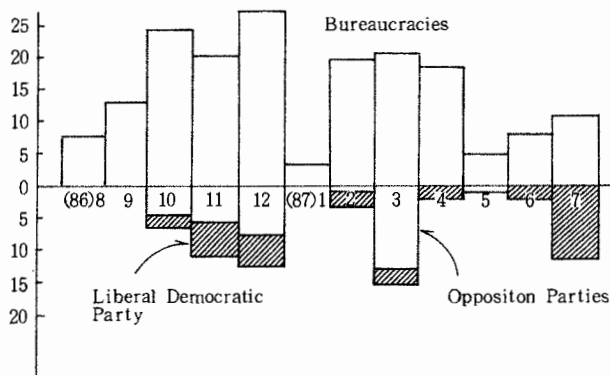
In terms of the number of affiliation members from the private sector, *Sohyo* was no longer the national center after 1967 when it was surpassed by *Domei* and the first unification movement started. However the movement failed by 1973 and *Sohyo* survived until 1989. But when *Sohyo* fell behind to the third place in number of private sector *Rengo*'s core members were able to set up a *Zenminrokyo*, the predecessor of *Rengo* in 1982. See figure 6.

*Sohyo* was an oligarchy of centralized public enterprise unions. In 1989, three public sector unions in *Sohyo* (*Jichiro*, *Zentei*, *Nikkyoso*) had a budget of 45.5 billion yen in total. They supported 55 congress members and 923 local assembly members. This contrasts with 44 private sector unions in *Rengo* with a budget of approx.1.7 billion yen supporting 40 congress members and 1622 local assembly members. *Sohyo* was to dominate the labor movement very efficiently because of its monopoly (approx. 90%) and centralization in the public sector which employs only 10% of the Japanese workforce. But how were the *Rengo*'s core members able to overcome their weakness and overtake *Sohyo*? Once again it were the networks that mattered most

Zenminrokyo 1984/10-1987/5



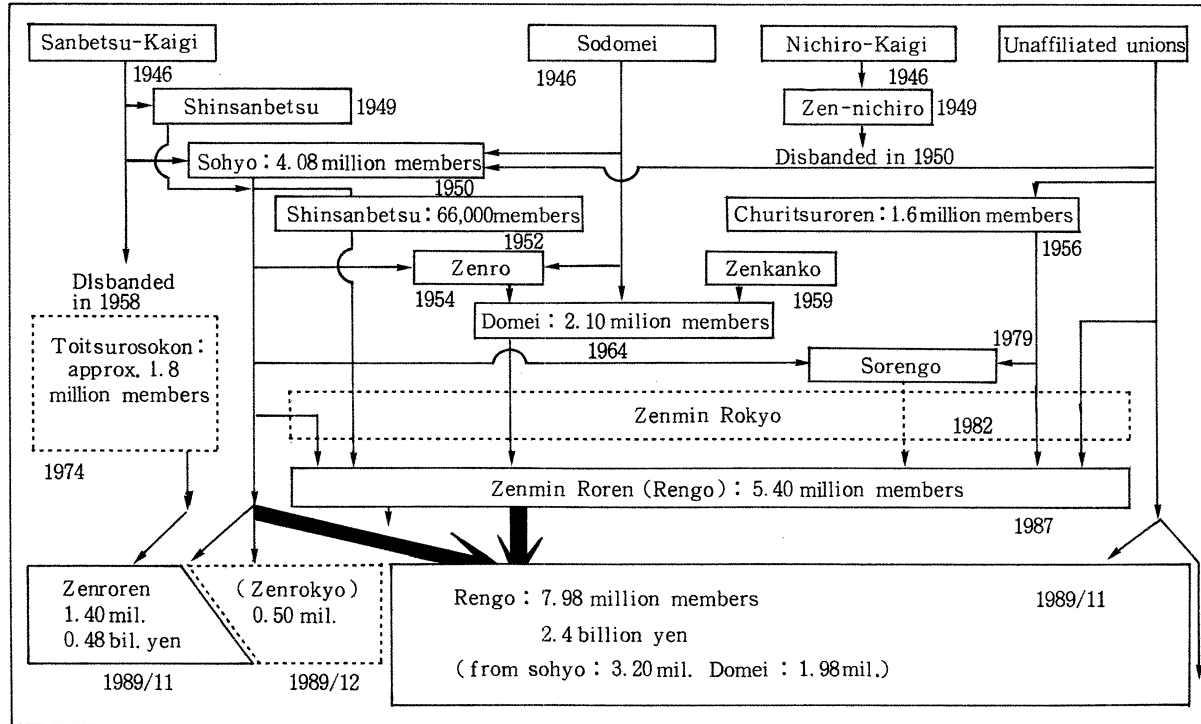
Federations affiliated to Zenminrokyo



Source : Tsujinaka 1987, Shinoda 1989 b

Fig. 4 Political Behavioral Pattern of *Rengo* Group: *Zenminrokyo* and Private Industrial Federations (the frequency of formal meetings with political actors)

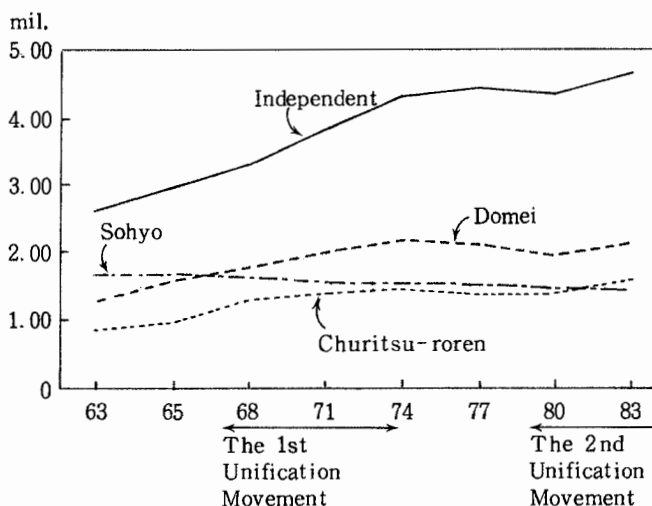
Fig. 5 A Chronological Trend of National Center in the Labor Sector in Postwar Japan



Source: Ministry of Labor

(五ノ)四三三

Fig. 6 Relative Proportion of 3 National Centers in Organized Labor in Japan



Source : Rodokumiai Kihonchosa 30 nenshi see Tsujinaka 1986b

to the Rengo's influence.

Before the oil shock, Domei also appeared to have a chance to become a national center ; but it failed in the end. This was because it also shared certain principles with *Sohyo* : centralization principle of industrial unions, identification with a single supporting political party, being outside of the osmotic networks and being different from non-partisan or coalitional orientation of *Rengo*.

Innumerable networks, organizations and meetings appeared and disappeared in the history of labor unification. Ten major semi-formal ones prior to *Rengo* are shown in Table 5, which shows those unions that became core and how the *Rengo*'s core members

Table 5 The *Rengo* Group's Intra-sector Networks: A Containment Process of *Sohyo* Group Unions

	NC affiliation	
Denki (Electric)	C	IMF-JC 64/5-
Jidosha (Auto)	D	Roumonken 68/8-79/10
Tekko (Steel)	S	ZenninKon Kyodokodo kaigi 73/11-
Zensen (Textile)	D	Seisukaigi 76/10-
Zosen (Ship-build)	D	ChintoMinkan 77-82
Denryoku (Power)	D	Sorengo 79/3-
ZenkinD (Metal)	D	ToitsuSuishin kai 80/9-
Kaiin (Sailor)	D	Toitsujunbi kai 81/12-
Zenkikin (Machine)	N	Zenninrokyo 82/12-
ZenkaD (Chemical)	D	Rengo-P 87/11
Shogyo (Commerce)	I	Rengo-U 89/11
Seiho (Life Insu.)	C	Vice-chairs of Rengo
Shokuhin (Food)	C	
Goka (Chemical)	S	
Zen'nitsu (Transp)	S	
IppanD (General)	D	
Koutsu (Transport)	S	
Shitetsu (Railway)	S	
Zenkin (Metal)	S	
Kamipa (Pulp)	S	
Zendentsu (Telec)	S	
Zentei (Postal)	S	
Shinsanbetsu (NC)	N	

(note)

@ = participated from the start

★ = participated later

C = *Churitsu*, D = *Domei*

S = *Sohyo*, I = Independent

1988 : 14unions, 2mil.

Chair : Zentei

Matsushita et al. 16--680 enterprise unions 1970/1-1977 After 1st Mov.

17fed. 5mil.

10fed. 35fed.

Churitsu-shinsanbetsu

the core group

39org. 3.78mil.

41fed. 4.23mil.

62org. 5.55mil.

78fed. 7.51mil.

Chair : Zentsutsu (Jyoho-tsushin)

Source: Made by the author (See *Nihonrodo-nenkan* 1982, Ujihara ed. 1988).

involved other unions. It seems certain that around 1981, when Japan's major administrative reform effort was taken place and *Rincho* began, the arrangement of unions which resulted in the formation of *Rengo* in 1987 had already been settled. The existence of many more informal networks of same ranking position leaders should be noted, such as *Shunjukai*, *Hachikukai*, *Fukunokai*, *Mukunokai*, etc. (Yoshimuna 1990, p. 87). Most of these informal groups have been formed soon after the oil-shocks. With the increase in their number, the frequency of their interaction also increased. Finally, with the JSP defeat in the 1980 elections, *Sohyo* member unions were contained and lost their ability to act independently.

#### 4. *Sohyo* & *Rengo*: A comparison

In retrospect, the following emerged as *Sohyo*'s major slogans: mass mobilized Spring Wage Offensive (*Shunto*), peace and anti-war, and maintaining the Constitution (*Goken*) movement. These slogans were in line with its organizational structure as well as its ideological orientation. While *Sohyo* oligarchs and public sector unions benefitted from their organizational strength in the labor sector, none of public sector unions had the right to strike and even 3/4 of them lacked the right to conclude contracts. In order to overcome this weakness they had to emphasize public awareness through mass mobilization. They did this through *Shunto* and political campaigning during elections. This was also done in keeping with their socialist ideals.

In the same way *Rengo*'s slogan *Seisaku-seido Toso* (struggle for policy and institutional reform) has made up for its lack of resources

and has become appropriate to its focus on network development, cooperation and professionalism. Initially, the struggle of *Rengo* appears to be less for gaining concrete goals and more for cultivating networks that will penetrate into the policy process.

The new *Rengo* has allotted all conventional ideological functions to the residual clearing centers (*Sohyo* Center and *Yuai Kaigi*). This left it free to develop to being the center of osmotic networks; it established a think tank (*Rengo Soken*), a union leader education center (*Rengo Daigaka*) now under consideration and a foundation for international networking (*Rengo Kokusai Rodo Zaidan*). These succeeded in connecting heterogeneous elements to *Rengo* and facilitating its osmotic characteristic.

*Sohyo*, having been substantially a national center for the public sector which ascribes to a socialist ideology, was strongly hostile to the enterprise unions arrangements that prevailed in the private sector. It fought to overcome the entire system leading to frequent hostility between the two sectors. But *Rengo* developed as an enlarged version of the enterprise unions and has attempted to function as a national center for them. Naturally, therefore it has been coping with the fragmented reality of Japanese unions in order to become a national center. It is now the center of the networks of enterprise unions; this is not its weakness but its strength. (See Table 6)

Table 6 *Sohyo and Rengo : A Comparison*

Sohyo			Rengo
1 Monopoly degree			
1984			1989
(A) Proportion in the organized labor			
4.43million	35.6%	7.98million	65.0%
Private sector			
1.42mil.	15.7%	5.65mil.	59.3%
Public sector			
3.01mil.	88.5%	2.33mil.	86.6%
(B) Proportion in total employee			
	12.0%		18.0%
(C) Opposition groups in the labor sector			
<i>Domei</i> (confrontational)	2.2mil	<i>Zenroren</i> (confrontational)	
<i>Churitsu</i> (neutral)	1.5mil.		1.4mil
<i>Shinsanbetsu</i> (neutral)	.1mil	<i>Zenrokyo</i> (confrontational)	
			0.5mil
(D) Opposition groups in the organization			no opposition
Toitsurosokon	1.4mil.		
(pro-communist)			
Tekko-roren	0.3mil. etc.		
(IMF-JC group)			
2 Centralization degree			
(A) Bargaining power			somewhat stronger
			because of the networks
			inside and with others
(B) Strike resource			
Somewhat stronger			
esp. in public sector			
(C) Staffs and local branch			
somewhat substantial			depending on successful
in local branch			unification between Sohyo
( <i>Chihyo</i> , <i>Chikuro</i> 1300)			branches and <i>Domei</i> branches

250 organizer  
(max/ 1966-73 : 305)  
continued

(530)

Sohyo  
3 Principles and means

Rengo

(A) Goal

Democratic reforms  
and socialist society

Seeking after the Social  
justice within the  
Japanese Constitution

(B) Organizational Ideal

Singular union model  
based on strong industrial  
federations

(Multiple network model)

(C) Means and Slogans

Spring Wage Offensive  
(slogan : largest wage raise)  
Political election campaign  
Mass mobilized joint struggle  
(slogan : maintain Constitution,  
and peace)

(slogan : rational &  
reasonable wage raise)  
Policy-Institutional  
Reform  
Policy-participation

4 Relationship with other actors

(A) Political Party

strong interlocking  
with JSP

broad networking with  
opposition parties and  
LDP (semi-non partisan) having  
orientation toward political  
realignment

(B) Government and bureaucracies

generally confrontational  
access point : limited to  
Ministry of Labor  
budgeting process :  
scope and timing limited

generally cooperative  
access point : many,  
direct access to sections  
budgeting process :  
with broad scope being active

(C) Other

active liaison with social move-  
ment : peace, environmental,  
minority, and maintaining  
Constitution movement

active liaison with business,  
social insurance,  
public association  
and volunteer group

#### IV. 1964: the turning point toward the formation of osmotic networks and corporatism

I wish to draw your attention to broader historical changes which have occurred since the 1960s that gave impacts to other major actors; bureaucracies, the Liberal Democratic Party (LDP), big business, Japanese Socialist Party (JSP) as well as the labor unions. As per my hypothesis, the year 1964 can be the turning point in the shift to the new arrangement of osmotic networks from the earlier arrangement, which was characterized as an "Japan Incorporated" (Department of Commerce, 1972), marked by a developmental or soft-authoritarian state, (Johnson 1982) or strong bureaucratic state (Silberman, 1982) characterized by corporatism without labor (Pempel, Tsunekawa, 1979) in a vertical society (Nakane, 1967, 78).

Since the mid 1960s it is not only labor which has begun to change from a vertical hierarchical mode to more diagonal or horizontal network mode (Shinoda, 1988). The same is true of intra-company arrangements (Aoki, 1988, 89), inter-company arrangement (Imai, 1988) and bureaucratic arrangements for industrial policy (Oyama, 1989). As each element became more visible and all elements got institutionally crystallized, due to the crisis by the first oil shock and subsequent confusion, the significance of 1964 cannot be belittled. This is so because besides the emergence of each of these elements, the problem of 1964 is also directly related to the question of the one party dominance regime of LDP and to understanding the contradiction about the coexistence of corporatism in performance and pluralization in appearance in Japan.

Kume (1989), Ito (1989) and Tsujinaka (1986) have interpreted the change of labor union's attitudes as primarily referring to external conditions such as the oil shock and internal political developments such as LDP's structural vulnerability in the 1970s. However, they have not been able to locate the missing link that mediates external conditions and the subjective behavior of labor. The link is the development of osmotic networks ; but these had begun as early as 1964 with the first wave of liberalization of goods and capital for foreign countries.

Several symbolic events can be summarized as ;

1. **State and bureaucracy** : Three important developments occurred. These were the dissolution of the Research Council for Revision of the Constitution (*Kenpo*) on July 3, 1964 and the Ad-hoc Committee for Administrative Reform (*Rincho I*) on September 30, 1964 and the Diet's rejection of the Special Industry Promotion Act on June 16, 1964.

The council and committee mentioned above each presented reports but due to the cleavages between the minority and majority their reports were not subsequently put into effect. The failure of the council (*Kenpo*) implied that the ruling coalition had to give up its effort to recreate a form of semi-authoritarian centralization or hierarchic statism that included rearmament, a stronger police and the sovereignty of the emperor. In the same token the failure of Administrative Reform Committee (*Rincho*), suggested that a sort of democratic or constitutional centralization which might be built around the strengthened prime minister should be broken down. The failure of the committee can be attributed to the existence of vested

interests and sectionalism, particularly in the Ministry of Finance (Akagi-Inakawa, 1983).

In addition to these two general schemes, some particular law making power of the MITI were also rejected by the opposition and the ruling coalition. This too would have created greater hierarchic control and centralized bureaucracy. In 1964 a strong protectionist atmosphere that had been created by the threat of severe competition that would follow the liberalization of trade and capital. Nevertheless, the MITI's proposed law, even though, it disguised itself as simply an advice giving law to rearrange industries, was seen as its having too strongly centralized fiat power. It was clear that the LDP and interest groups would not readily accept a bureaucracy-led corporatist system (Oyama, 1989). In short all these actions showed a rejection of the tendency toward a stronger state and centralization.

Being denied the path to a strong state based on hierarchical centralization and control under a statist ideology, the state bureaucracy turned toward the osmotic network system whereby more sophisticated and indirect means of control should be developed and systematized. These included administrative guidance, advisory councils, public corporations, business associations and personnel exchange in a variety of forms (*Amakudari* and *Shukkou* including *Iseki* and *Haken*. Please see the explanation below).

Bureaucracies have increasingly become networks where all sub-units (sections) keep considerable autonomy and have osmotic relationships with other actors. This creates "reciprocal consent" (Samuels, 1988) based on shared information and development of

a common perspective.

As space is limited I will only briefly touch on each of these phenomena. *Amakudari* refers to the practice begun after the war whereby senior bureaucrats moved after retirement, to private companies and variety of quasi-public corporations. It has been checked by in formal and semi-formal ways : In 1963, the National Personnel Authority started inspecting the employment of *Amakudari* by companies having trade relationships with bureaucracy. A Conference for Governmental Corporation Workers began in 1967 to examine *Amakudari* employed in special public corporations. The starting years, 1963 and 1967, indicate the emerging significance of *Amakudari* around the mid-1960s. Other retired bureaucrats are also employed by companies not directly related to ministries and a variety of public corporations such as special or recognized corporation, public foundation and associations. A substantial number of special public corporations (about one-third) were established in the 1960s and their features increasingly correspond to that of the private companies. The relationship with bureaucracy has also become diagonal if not horizontal (Tsujioka, 1988). In other words *Amakudari*, which began as a vertical semi-controlling intermediary, has become more osmotic.

*Shukko* (personnel transfer) is taken place in both private and public sectors in many ways and from the point of view of networks it is a more important phenomena than *Amakudari*. By a cabinet decision taken on January 29, 1965, all elite bureaucrats are required to be transferred for more than two years to other bureaucracies including local governments and special public corporations. This

aimed at overcoming sectionalism among them and broadening their perspectives. Prompted by this decision the number and proportion of *Shukko* was doubled between 1968 and 1978 (See table 7-A). In the late 1980s it can be estimated that about 3000 bureaucrats are on loan to other ministries, 1000 to public corporations and 500 to local governments. (See Table 8)

*Shukko* is also used as means by many private companies to develop cooperation between its employees and the bureaucracies. It is difficult to estimate the precise number but roughly 120 seem to be working as temporary researchers and 60 as temporary officials (Mainichi, 1989, 12.10).

In addition to networking through personnel exchange, bureaucracies have tried to utilize many statutory advisory boards, non-statutory advisory boards and joint study projects in their affiliated foundations. These have provided good places to communicate and to develop osmotic networks with the other actors.

In 1965, the number of statutory advisory boards reached its peak at 272. After this year, proliferation was controlled in accord with the *Rincho* report. Nevertheless, an increasing number of sub-committees under formal boards and non-statutory boards have taken the place of formal boards. The arrangement of bureaucratic networks by ministries is shown in table 8 & 9.

2. **Big Business**: Business leaders who were opposed to MITI-led-protectionism in 1964, did instead try to regroup along two lines: vertical sub-contractor groups and horizontal corporate groups. Both took on clear shape in the mid 1960s as business attempted to respond to international liberalization namely trade liberalization begun in

Table 8 *Shukko* (personnel transfer) Networks in  
the Bureaucracies

Transfer to	Transfer from	Ministry of Finance	MITI	Ministry of Transport	National Police Agency
Cabinet Secretariat		5	6		26
Cabinet Legislation Bureau		1	4	1	2
National Personnel Authority		3	1	3	2
National Defence Council			2		(1)
Prime Minister's Office					(6)
Fair Trade Commission		5	3	3	
National Police Agency			1	3	
Environmental Dispute Cord. Comm.			3	1	
Imperial Household Agency		1			(3)
Managemt & Coordina. Agency		4	3	5	5
Hokkaido Development Agency		3	2	3	
Defence Agency		3	4	6	6
Defence Facilities Adm. Agcy					(1)
Econmic Planning Agency		8	29	8	
Science & Technology Agency		5	36	24	
Environment Agency		4	8	11	2
Okinawa Development Agency		3		7	
National Land Agency		3	24	31	1
Ministry of					4
Justice					
foreign Affairs	11	1	55		(16)
Finance			2	1	2
National Tax Adm. Agncy					(2)
Education			2	6	
Health & Welfare					1
Social Insurance Agency					

Agric. Foretry & Fisheries				1
Food Agency				
Forestry Agency				
Fisheries Agency			4	
MITI				
Agency of Natnl Resource			1	
Patent Office				
Small & Medium Enterprise Agency				
M. of Transport				(2)
LRC for Seafares				
Maritime Safety Agency				
Meteorological Agency				
M. of Posts 7 Telecommuni.				1
M. of Labor				
M. of Construction		1	1	1
M. of Home Affairs		1		1
Congress Office	2	3	1	
Others	3	4	14	1
Source : Made by the author based on each Ministries' Directories 1988				

1961, and had its peak in 1964. Consequently, participation of Japan as an IMF article eight country which meant liberalization of capital was in effect. (Tsuda, 1977). The fundamental feature to be noted here is that both groupings are not centralized hierarchies but flexible (osmotic) networks. Corporate groups can take the following forms : the association of presidents ; considerable mutual stockholding on a long term basis ; financing of member corporations by the core banks and information exchange through general trading firms (Imai, 1988 p. 14). Imai suggested that corporate groups, "can be considered as an intermediate institution that exists between the market and the organization" (p. 18). These are primarily osmotic networks because

Table 7 *Shukko* (loan and tranfer of personnel) in  
the Bureaucracies and in the Private Firms

7-A The proportion of personnel transfer in the  
public sector's annual recruitment

Year	1958	1968	1978	1987
Personnel recruited (returned or loaned) from special service, local governments and special public corporations	478 3.7%	596 4.9%	1025 8.6%	1495 9.9%
Personnels loaned or returned among bureaucracies	1177 9.1%	1398 11.5%	2563 21.4%	2962 19.6%
Retired personnels employed by special services, local govern- ments and special public corporations			1304 17.1%	1649 14.7%

Source: Jinji-in (Personnel Authority), *Report on Recruitment of  
Public servants* (Japanese)

7-B The proportion of *Shukko*-doing-firms and the  
proportion of loaning/ed personnel in the total  
employee

	Doing <i>Shukko</i>	% of <i>Shukko</i> personnel		N
Big firm*	loaning (yes) 327 firms (83.7%)	loaning personnel 6.5%		410
Related firm**	loaned/trasfered (yes) 1473 firms (85.8%)	loaned	tranfered	1748
Middle firm***	loaning      transferring 180            62 (78.0)        (26.9) loaned        tranfered 134            81 (58.1%)       (35.1%)			231
general****	loaned 14.1%	1.2%	approx.	8500

Source: \* 1986 10, \*\* 1988 2 Koyo-so-ken, Report no. 85 (1989, 3)  
\*\*\* 1988 10-11, Sangyo-koyo Center, Report  
\*\*\*\* 1987 10, Ministry of Labor, Report

Table 9 Bureaucratic Networks (*Amakudari*, *Shukko*, Advisory Boards)

Ministries	# of <i>Amakudari</i> employed by pri- vate companies*	% in total resignations**	# of <i>Amakudari</i> in public corps***	# of public corp. receiving <i>Amakudari</i>	# of personnel loaned to other Mins. ****	# of personnel loaned to local gov't *****	# of personnel borrowing from companies*****	# of advisory boards*****	# of non-statu- tory ad. boards*****
MITI	34	20.3	57	30	77	25	31	32	56
Construction	26	29.2	31	12	52	142	4	9	16
Transport	44	27.9	27	16	42	22	5	11	8
Post & Telec.	29	100.0	13	7	3	1	6	5	38
Finance	68	86.5	63	51	57	11	6	17	11
Agriculture	43	21.1	50	18	48	96	0	19	23
Health & Welf.	9	4.0	20	9	52	91	13	21	28
Labor	2	8.3	20	6	9	15	7	13	21
Education	12	1.1	27	14	60	14	—	17	13
Justice	0	0.0	0	0	13	0	—	7	0
Foreign	0	0.0	8	5	13	1	20	1	3
Home	0	0.0	15	12	24	125	—	4	8
Econ. Planning	0	0.0	11	8	4	0	24	2	13
Science & Tech.	5	15.5	19	12	—	0	—	3	10
<i>Hokkaido</i> devel.	83	83.3	3	2	—	0	—	2	0
Police	0	0.0	9	8	7	1	—	0	1
Total (including others)	320	130	426	(95)	486	558		214	298

\* Ex-bureaucrats (senior), who had some contractual relationships with the business area, employed by private companies with permission of the Personnel Authority. See *finji-in*, *Amakudari* Report, 1985 & 86

\*\* Ex-bureaucrats employed in public corporations by 1985

\*\*\* & \*\* See *Seirokyo*, *Amakudari* White Paper, 1986

\*\*\*\* Counted only major loaning (more than three). See *Seikan Jinji Roku* (Toyokeizai Shinpo sha, 1986)

\*\*\*\*\* Counted by *Jichiro*. See *Jichiro Local Amakudari Report* 1989

\*\*\*\*\* *Shukko* from private companies as temporary researcher etc..

\*\*\*\*\* # in 1985. \*\*\*\*\* # estimated by the author (1984 1.1-85 9.15)

they accompany *Shukko*, joint ventures, joint study groups and other forms of informal communication. Even the vertical groupings with

sub-contractors are flexible because they include many autonomous companies which keep more than two lines of relations. *Shukko* plays an important role between parent companies (6.5% of whose total employees are transferred to related companies) and related companies (29.4% of whose total employees are on loan from parent companies) in the 1988.<sup>7</sup> Within companies the QC (quality control) circle movement began in 1963 and spread rapidly through the business community (Inagami, 1988). It was influenced by more general Productivity Movement that started earlier in 1955. The QC process has been closely inter-related with the creation of osmotic networks with enterprise unions.

Between 1957 and 1973, about 7000 or more business associations were established thus tripled their total number (Tsujinaka, 1988 p. 19). This trend clearly demonstrates networking not only within the business community but across the bureaucracies as well.

### 3. Sohyo-JSP bloc and LDP :

While the bureaucracies and business were shifting away from hierarchical control toward osmotic networks, *Sohyo* misunderstood these developments as an attempt against centralization by state monopoly capitalism. On the surface *Sohyo* appeared in control of its established role as the representative of Japanese labor as shown by the meeting between Prime Minister Hayato Ikeda and *Sohyo* chairperson Kaoru Ota to settle the 1964 *Shunto* Wage Offensive (April 16,

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7 The aggregate number of *Shukko* (loaned) employees was estimated to be about 268 thousand in 1988, which is approx. 1.2% of the total employees in companies which have more than 30 employees (Japan Productivity Center, Katsuyo Rodo Tokei, 1989). Also see table 7-B.

1964) and by the active role played by Ota in the first *Rincho* Committee. However, at the annual meeting of *Sohyo* in 1964 *Zendentsu* (whose chair became the first chair of *Rengo*) strongly criticized the *Sohyo* leadership. This year became the critical turning point of *Sohyo*.

In addition to the formation of two rival national federations *Domei* (November 12) and IMF-JC (May 16) in 1964, Ota's apparent triumph at the meeting with Ikeda itself paradoxically signalled *Sohyo*'s decay. In the meeting's settlement, *Shunto* was officially accepted and its network among public, private and intermediate sectors was completed and institutionalized. This meant that those actors who were in strategic positions within the network would be critical factors in the running of the system. Subsequently, IMF-JC followed by the *Rengo* group would take the initiative in the labor movement.<sup>8</sup> Based on a misunderstanding of reality, *Sohyo* emphasized unified industrial struggle based on shop level activity and local joint struggle to compensate for the organizational weakness of enterprise unions (Okochi ed. 1966, p.p 412-416). However, at the shop level labor, labor union activity had been surrounded by the QC movement and despite its slogan which emphasized organization of heavy and chemical industries, organizers were in fact more often occupied by the election campaign.<sup>9</sup>

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8 *Rengo* groups proportion in the three period pattern setters in *Shunto*.  
*Shunto* :

1956-63 .....0/8

1964-74 .....6/11

1975-84 .....10/10

The major reason for *Sohyo's* failure was its inability to recognize the trend towards osmotic networks-corporatism. This in turn rested on its socialist, public-sector-oriented perspective. For the precisely same reasons the JSP went against the emerging osmotic trend. In December 1964 the JSP adopted as its general principle, named "The way to socialism in Japan" (revised in 1966) clearly defining itself as a socialist party. These principles remained functional until November 1985. The socialists could not understand the new trend, particularly the significance of *Ikeda's* line of "new right" which in fact abolished the ideal of a strong hierarchical state.

Public resistance to the strong hierarchical and authoritarian path taken by the LDP in the late 1950s was the reason for the increasing support of JSP (Ishikawa and Hirose, 1989). Despite the shifting policies of LDP, the JSP strengthened its protest activities (Otake, 1990). The structural reform faction and its leadership by Saburo Eda (Secretary-General of J.S.P. 1960.3-1962.11, 68.10-70.11) which seemed to have the potential to develop those kinds of osmotic networks that might have helped the JSP, were broken down first in November 1962. "Eda Vision" was rejected in the convention and again in 1966 Eda was defeated twice in the January and December elections for the chair-person. In these elections, renewed support

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9 The number of *Sohyo's* organizers (professional activist in charge of organizing unorganized workers) is as follows :

1956	.....90 organizers
1959	.....226 organizers
1966	.....305 organizers
1973	.....250 organizers

was expressed for socialism. From then the lack of osmotic networks with other substantial networks in Japan and as its corollary, the lack of an extensive information network, both of them resulted in the JSP's loss of the ability to govern and support from the "new middle mass" (Murakami, Yasusuke). This was clearly shown as early as the JSP's defeat in the 1969 general election.

In contrast, the LDP learning from its unpopular policy and strategy of the late 1950s and 1960 tried to change as shown by their Income Doubling Plan in 1960; the moderate labor policy which crystallized in the Labor Charter of LDP in 1966 (by the effort of the Minister of Labor, Hirohide Ishide, 1960.7-1961.7, 64.7-65.6), by the LDP Modernizing Plan pushed forward by Takeo Miki in October 1963 and by "A Vision of Conservative Party" by Hirohide Ishida published in the *Chuokoron* in January 1963. Through all these endeavors the LDP succeeded in changing its stand towards the bureaucracies and business associations and their own networks. As a result of the changes in the late 1960s, numerous changes took place in the party including the rise of *zoku*, variety of policy leagues, campaign support associations and innumerable formal, semi-formal and informal meeting groups.

## Conclusion

All elements of osmotic networks had been created by the time of first oil-shock and the effects of osmotic corporatism initiated from the micro-enterprise level gradually extending to the meso-industry level. Therefore after severe crises caused by the oil-shock (actually a complex situation coincided with the Nixon shocks, the oil shock,

Prime Minister Tanaka's scandal and LDP's confusion) these networks have been knitted together more closely and easily through a process of osmosis. Many important political and economic exchanges were made through this process such as "Japanese type of Income Policy in 1975"; enlarged policy participation by labor since 1976; a series of Depressed Industries Areas and Employment laws 1977-88 and the famous second *Rincho* administrative reforms (1981-83, 1983-86).

This process and exchange can be seen as corporatism of osmotic networks that involves pluralization of actors and strategic cooperation between the LDP and *Rengo*'s core members. However, since 1986, as a result of the introduction of high technology, the emerging "information society" under international liberalization and the increasing affluence in Japan networks themselves have begun to deepen osmosis (Imai, 1988) and have brought changes in political arrangements. Political events such as JSP's new principles (1985) and LDP's triumph (1986), the failure in tax reforms, and the formation of the *Rengo* (1987) prepared a political realignment.

Therefore Just before the termination of the cold war and the drastic surge of Yen appreciation, the Japanese osmotic corporatism was completed by involving the final major participant, *Rengo*.

In conclusion, I would like to consider the implications of the network osmotic model for understanding Japanese politics. This model has both similarities and differences with the four models mentioned earlier. The vertical bureaucracy model is still very popular, particularly with foreign observers as well as journalists as it concurs with the European example of state integration and

performance. This model was helpful in explaining the efficiency of bureaucratic networks in Japan. But it is inadequate in explaining the significance of other networks and their interrelationships and the existence of osmotic behavior of diagonal if not horizontal relationships. The pluralists' analysis was helpful in comprehending the pluralization of political actors, including business interests and LDP's networks. However, the pluralists appear to neglect the field of labor and therefore have not been able to explain Japan's outstanding economic and social performance and the failure of the JSP. The cultural model was successful in explaining the broader historical factors that precede the formation of osmotic networks. But this is unable to explain the concrete mechanisms of osmosis that are at work in present. Subsequently, this model is inadequate in explaining the shift from "vertical" to more "horizontal" relationships that took place after the war. The corporatist model has exclusively focused on centralized peak organizations and turned to neglect of networks that exist in absence of centralized organizations in Japan. Networks are becoming even more important in Japanese society at present because of its transformation to an information society.

We once again come back to my first question: why are/were *Rengo* and the *Rengo* group strong? As I have described, the answer is to be found in the existence of osmotic networks inside and outside of the *Rengo* group. The answer should be elaborated along three directions: at the micro level, enterprise unions are significant as information mediators within corporative enterprises leading to the development of more diffuse and flexible corporate systems; at the meso level *Rengo*'s networks work well because they simulate those

of other actors'; at the macro level they work well in a developing information society. The information generated due to Rengo's networks becomes very crucial in stabilizing the system itself.

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