

Abstracts

Wage Differentials and Human Capital: The Conditions for Sustainable Growth Yasuhiro Ueshima (Konan University)

Over a period of almost twenty years, high-speed growth in Japan rapidly raised the level of living standards. The first boost came from investment in technological innovation, and the second came from investment in human capital formation. When we depict human capital formation by means of trends in wage differentials, we see that despite the across-the-board rises in educational attainment and aging of the workforce, both investments in school education and training within firms continued to be effective and were the important channels for human capital formation. In particular, we see that over time the former played an ever greater role in the raising the quality of the labour force. This came about through the complementarity of high-level learning skills and technological advances contributing to high-speed growth. To the latter can be attributed about half of the accumulation in the skills of male workers, but not in the case of female workers, as they were excluded from the in-firm general training that fostered adaptive skills. In the light of this appraisal, I suggest how to construct a broad-based system for human capital formation today, given that we face “irregularisation of the workforce” and “increasing poverty.”

Japan's Economic Growth and Schooling Capital Accumulation Kensuke Miyazawa (Kyushu University)

In this paper, we survey theoretical and empirical studies on the relation between economic growth and schooling capital, and discuss the role of schooling education in Japan's economic growth, comparing with Japan's relative stagnation before World War II. The studies using data from other countries are important to think Japan's stagnation and economic growth because data in these periods are limited. There are two strands of theoretical studies. One emphasizes the role of human capital as a fundamental factor which causes economic growth. The other considers human capital as a proximate factor caused by economic growth. The former has the empirical implication that there is substantial externality of schooling capital. Then, we survey empirical studies that evaluate the quantitative importance on international income differences of schooling capital as a proximate factor. These studies find that schooling capital matters. However, physical and schooling capital cannot explain all income variations, which means that there remains the room that externality of schooling capital can account for. However, few empirical studies can find quantitatively important externality. Finally, we find that Japan's data is consistent with the above empirical studies. That is, schooling capital accumulation explains a substantial part of economic growth after World War II as proximate factor, although we cannot find the data that indicates a large externality of schooling capital.

The Expansion of Engineer Education during the “Period of High-growth” Akihiro Itoh (Nagoya University)

This article examined the transformation of the engineer education in higher education during the post-war Japan's so-called the “Period of High-growth,” which lasted from 1955 to 1975. The enrollment in the science and technology major in higher education institutions increased almost five times during the era. Most of this enormous growth was guided by three higher education expansion plans drew up by the Ministry of Education in late 1950s and 1960s. Some of these plans were associated with the economic plans, such as “the Income Doubled Plan.” The key actors there were the private institutions, which delivered the two thirds of increase in enrollment. The undergraduate programs provided more than 70% of the enlargement in science and technology major. Junior colleges (TANDAI) and colleges of technology (KOSEN) were not major actors. The graduates of programs in science and technology were enthusiastically welcomed by the labor market. The rate of employment among all the graduates who majored technology sometimes even reached 100% in 1960s. These programs clearly contributed in the train-

ing of engineers in 1960s. However the demands of engineers were saturated in 1970s, and graduates were forced to find jobs other than as engineers.

The Japanese-style Human Resource Management and the High Economic Growth

Chiaki Moriguchi (Hitotsubashi University)

This paper explores the historical origins of Japanese-style Human Resource Management (HRM). Recent studies have demonstrated the economic rationales and productivity effects of the “innovative” HRM, which essentially was the western adaptation of the Japanese-style HRM. In this paper, I define the Japanese-style HRM as a set of seven complementary practices in hiring, training, compensation, job design, employment security, labor-management relations, and employee status. The most distinct feature of the Japanese-style HRM is that management offers human capital investment and employment security, not only to white-collar workers but also to blue-collar workers, to achieve high productivity through a committed and skilled workforce. Because the promise of employment security is an implicit contract that cannot be legally enforced, it requires complementary practices – most notably mechanisms of labor-management consultation – to form a self-enforcing equilibrium. When, how, and why did Japanese firms develop such intricate HRM practices? The historical developments can be divided into four stages: WWI and the interwar years (1914-38) during which leading manufacturing firms began experimenting with HRM practices; the wartime period (1938-45) characterized by massive government interventions; the immediate postwar period (1945-55) that witnessed fierce labor-management confrontations, and the early high growth period (1955-65) during which HRM practices were firmly linked to productivity improvement. Although each period played an important role in shaping the Japanese-style HRM, it was not until the high growth period that the whole seven practices were in place to form a stable equilibrium. The Japanese-style HRM was an important driver of the economic growth by the middle class, for the middle class, that helped Japan achieve a rare combination of prosperity and equality during the high growth period.

Labor Relations in Japan during the Period of High Economic Growth

Sumiko Ebisuno (Rissho University)

In this paper, we take a wide definition of the concept of labor relations, and compare the characteristics of labor relations in Japan during the period of high economic growth with the current state of affairs. While most research focuses on the relations between corporations and labor unions, with unionization rates currently less than 18%, the labor problems of today are outside of that category and are serious. This paper considers a wide definition of the social relationships between the employer class and worker class and attempts to understand the true nature of employee-employer relationships as research that looks for hints toward the resolution of current labor issues based on lessons from the past. Labor relations during the period of high economic growth were grounded in the “Three Principles of Productivity Movement.” These principles were born of a will among the Japanese public, which was no longer at postwar days, to overcome violent labor struggles and head toward economic growth through modernization. Put simply, the main characteristic of this time was a move by corporations and workers, hitherto possessing different values, to construct an identification that would allow both sides to benefit. This created an opportunity in the market for the development of the paradox of simultaneous productivity improvements and sustained employment, which in turn led to the realization of high economic growth. At that point, the conditions of corporations and workers began to develop along the same vector, and the fates of the two sides became interlocked. However, looking at the state of labor relations today, the influence of globalization and other issues is breaking down that relationship. We are seeing a shift to “labor relations of alienation,” in which the development of corporations does not connect to improvements in the living conditions of Japanese workers.

High Economic Growth and Labor Law : Mutual Construction of the Japanese-Style Employment System and Labor Law

Makoto Ishida (Waseda University)

It is possible to examine the problem of “rapid economic growth and labor law,” from two aspects. One is: Within an economic environment of rapid growth, what kind of labor laws were formed in relation to their underlying employment system? The other is: How did labor laws formed in that manner influence the particular character of the employment system of the rapid-growth era? But these two aspects are interrelated, and in this paper I focused on this interrelationship and used a certain theoretical viewpoint — the mutual-construction relationship between law and society (the mutual relationship between the creation of laws by society and the structuring of society by laws) — and by means of this viewpoint attempted, using mainly case law of the day as reference, to answer questions about the mutual-construction relationship of the Japanese-style employment system and labor law which are said to have formed and taken root during the rapid-growth era. I found that (1) from the perspective of the creation of laws by society, contemporary case law was aware of the reality of the Japanese-style employment system, and expressed it as a certain rule (norm), but (2) from the perspective of the structuring of society by laws, case law expressed in that way was a force which, to the Japanese-style employment system — in actuality just part of Japan’s employment system — gave an outward appearance of being a universal system in Japan.

Labour Mobility in the Era of High-speed Growth: the Role of the Public Labour Exchange and Schools in Japan

Tokihiko Settsu (Musashi University)

In the era of high-speed growth (1955-1973), labour force crossed the border at a rush from the agricultural sector to the industrial or service sector and from rural to urban, which resulted in regional economic convergence in Japan. This unprecedented structural transformation was often described as “Völkerwanderung.” This paper reviews some pieces of research which shed light on the role of a public labour exchange or school as labour market institutions in this era. They stressed the importance of long-term linkage between these agencies and employers, or agencies’ strong commitment to job seekers for their “efficient” matching. Using origin and destination tables on trans-regional labour mobility constructed by the public labour exchange office, I examine where these institutions sent labour force and found the wealthy prefectures absorbed more labour force than poor ones. This result implies that the labour market institutions might be enhancing the regional economic convergence in high-speed growth era.

Measuring Social Exclusion of Non Regular Workers in Japan

Koichi Kume (Recruit Works Institute), **Fumio Ohtake** (Osaka University), **Kotaro Tsuru** (Keio University), **Hiroko Okudaira** (Okayama University)

This paper empirically investigates the social exclusion of non regular workers in Japan by conducting an internet survey of non regular workers on a national scale. Based on survey data, indexes were created to measure seven types of social exclusion. We then categorized respondents by employment status, and ran regressions to find the determinants of social exclusion. The results show that day laborers are socially excluded and that temporary workers in the manufacturing industry have a conspicuous lack of social relationships. After controlling for individual characteristics, we find that differences of social exclusion are caused not by employment status, but by the shortness of contract term and the fact that these workers work in the manufacturing industry. Employment history and experiences at school have a significant effect on the degree of current social exclusion. We also find that social exclusion indexes are positively correlated, which implies that multiple social exclusions occur. There is an important notice that the interpretation of these facts should not be generalized because the subjects of the survey were only non regular workers.