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OPINIONS OF THE JAPANESE TOP COMPANY EXECUTIVES ON THE SOCIAL CONDITIONS CLOSELY RELATING TO THE LONG-RANGE DEVELOPMENT OF BUSINESS AND INDUSTRY

by

Yasuo Kotaka

In Japan, the methods of management of trading industrial enterprises have in many respects been changed recently owing to the remarkable changes in social and economic conditions such as the rapid progress in techniques and the free trade. For the flourishing industries which are producing more and more goods in company with the speedy rise in productivity as well as the declining industries in which reorganization is required, a better balanced business organization is needed and this comes to be the greatest problem for top executives. Recently, business plan, especially long-range business plan, has become an important part of business management to fulfil its function effectively. This means that business planning is no more a private conception of particular executive and that it has come to be considered as a business process.

In making such plan, various factors such as technique, capital, market, and labor, which are essential elements of business management, should be carefully employed so that they can function most effectively.

It is generally thought that the process of the growth and movement of these elements are fundamentally influenced by the traditional socio-economic characteristics of our country and also that the philosophy of business executives is to be conditioned by this fact. But I can not simply agree with this thinking, because I conceive that the alteration which took place since the end of the World War all over the Japanese society has been so wide-ranged and far-reaching that it shook the philosophy of many top-executives or at least forced them to be critical against the time-honoured and traditional way of thinking.

I think the effect of this new development will appear most remarkably on the decision-making in the long-range business planning.

From this point of view, the author performed researches on the opinions of many company executives as a part of the research program of the Institute of Management and Labour Studies of Keio University from October, 1959 to January, 1960 assisted by Mr. Iwao Ishizaka, and Mr. Saburo Kojima, Assistant Professors of Faculty of Business and Commerce of the Keio University.

During this period, a questionnaire was sent to the president of 914 outstanding companies representing three major areas of the Japanese economy,

namely, production, distribution and finance. Out of these, we received 262 answers; or 28.6% of the companies responded to our questionnaire.¹⁾ The questions in the questionnaire were 1) Employment system as lifetime commitment, 2) Relationship between the Government's long-range plan and the company's long-range plan, 3) Co-ordination in capital investment, 4) Introduction of foreign techniques, 5) Organization of subsidiary companies, and 6) Higher education system. In each question, a pair of contradictory statements under names of Mr. A and Mr. B were introduced and the company executives were asked to express their opinions on these statements from the point of view of long-range development of Japan's enterprises. In case they did not agree with both statements, they were asked to show their views as the "Third Opinion", and we received 63 "Third Opinion" in all.²⁾

PROBLEM 1

The first question in the Questionnaire is the "Lifetime Employment System." It is said that the greatest difference between Japanese and European—American business organization is in the "Lifetime Employment System" in the Japanese business organization. In Japan, once employed, a laborer will never be fired except by a serious reason and also laborers' movements between companies are rare. About this problem, the two opinions are as follows:

Mr. A. This is essentially connected with the Japanese population problem and industrial system. Of course, it may have disadvantages, but we should not look over the advantageous side of "Lifetime Employment System." Family-like feeling with which a worker intends to devote his whole life to an enterprise originates herein. And on the other hand, under this stable employment, Japanese workers can possibly surpass European or American workers in cultivating their technical skill. Assuming this employment system, we must create new management system which is specific for Japanese enterprises and we must make the most of this system without dealing with this problem merely from the point of view of foreign management system.

Mr. B. This employment system is regrettable for us with regard to long-time development of an enterprise, because it probably prevents rationalization of the number of workers for the purpose of management improvement, and unavoidably causes production cost rise, no matter how low the Japanese labor cost may be

(1) The returned questionnaires are all kept in the Professor Kotaka's Office, The Third Faculty Building, Keio University, Tokyo, Japan. Further information about this investigation will be obtained on request.

(2) The introduction of Questionnaire reads as follows:
There are two contradictory statements by Mr. A and Mr. B concerning the following problems. Which opinion do you agree to, from the view-point to develop the Japanese enterprises for a long period of time? Please put a mark on the opinion you agree to. In case you have the "Third Opinion", please write it briefly in the space provided for the other opinion. You need not agree completely to the two opinions stated in each question. Please consider the statement and choose one whichever you think better.

compared with that of Europe or America. As for executives, this system makes it difficult for a proficient talent to afford a chance to take part in another company, other than their own, with a higher pay, and it is more difficult to drive out workers of low proficiency. In the long run, free movement of labor force over wider social range will be the proper way of the laissez-faire economy and, at the same time, this will be the most essential condition for Japanese industry to promote its productivity.

Answers for the first question are classified as follows:

1) Mr. A's opinion	152 persons	58%
(including 25 persons with condition)		
2) Mr. B's opinion	94 persons	36%
(including 8 persons with condition)		
3) Other opinions	12 persons	5%
4) Blank	4 persons	1%
Total	262 persons	100%

According to the above figures, about 60% or majority persons agreed to Mr. A's opinion, but, still there were about 40% of executives who were not satisfied with existing "Life Employment System". Another noteworthy fact is that out of 152 executives who agreed to Mr. A's opinion, 25 answers were with various reservations. In other words, these 25 persons could not wholly agree to Mr. A's opinion and provided additional reasons or conditions for their satisfaction. This fact also suggests that there may be some who are not satisfied with Mr. A's opinion completely although they do not add additional reasons. It seems that Life Employment System has been deeply rooted in Japanese social life through social, economic and cultural characteristics and it is absolutely essential as apart of social structure. Therefore, some executives showed doubts even about the question itself to find out the meaning of the system and about the intention to criticize the system from the view point of rationalization of business management.³⁾

As to the critics against the questioning we raised, we suppose more executives have almost the same doubt. Therefore, as a responsible manager for the studies, I will give some explanations on the nature of the question.

As I understand, all the social systems are the unity of the characteristics of economic and cultural conditions and the diversified desires for new living in a given age. To speak of economy, these desires may be development of productivity and in field of politics it may be establishment of democratic system. Between the Meiji Restoration and the Second World War we have experienced various changes in administration, education, religion, family life

(3) About this problem, President Fujiyama of the Dainihon Sugar Manufacturing Company clearly criticizes the nature of the question saying: "The Lifetime Employment System has been naturally established by historical tradition in labor and wage system. Therefore, without considering the Japanese national particularities which have regard for rationality of things which are irrational, and the comparative wage level, we can not discuss the system properly. The system is not merely a single problem."

and conjugal relationships, and all these are unity between the old Japanese characteristic social systems and the opposite desires for new life. Although through this turning period, we can see strong influences of political leaders or other pressure groups, the major factor which enabled these transitions was the basic ability to unite different social sources, for instance, the efforts of the nation to find out the way of unification of the old social system and the new human desire after the surrender of Japan. I believe this is the indispensable factor in the development of social system. Lifetime Employment System has also come to show some contradictions for many peoples, especially for top executives persuing the development of productivity, and, this tendency has been getting stronger year after year. Rapidly progressing industries need more trained officers and laborers from other industries and this growing desire will inevitably lead to a new employment system for next generation. The explanation using this sort of dialectical development theory may be different depending upon one's social philosophy and the above is just my personal opinion about social progress. President Kamiya of Toyota Auto Sales Company criticizes that Mr. A insists Sein while Mr. B Sollen and since their standpoints are wholly different, it may be nonsense to compare these two opinions. Our views on social systems are also to analyze the actual function and cultural value of the systems in their real existence.

As we stated before, there were 25 answers in favor of Mr. A's opinion providing reservations and among these President Kato of the Daiwa Boseki Spinning Company added his own view and strongly insisted the importance of Mr. A's opinion.⁴⁾ President Kato also advised not to take an easy measure in dealing with this problem.

There are also many top executives who agreed to Mr. A's opinion under the present social conditions although they thought Mr. B's view was acceptable in the end. President Kato of Kyowa Fermentation Ind. Company pre-

(4) President Kato of Daiwa Boseki (Spinning) Company says: "The problem raised in the Mr. A's opinion is the conventional system in Japanese industry and as Mr. A mentioned, the Lifetime Employment System has been established through the typical Japanese national characteristics. Thus, in studying this system we cannot neglect the population problem, industrial system and spiritual factor which is influenced by the family system and master-and-servant relationship. I know that American rational management theory has been introduced into Japanese industry recently and know the fact that this method did not fit for the Japanese industry occasionally because the method was applied without considering the special condition of Japanese business. Nevertheless, the outdated nature of the Lifetime Employment System was blamed by many people. However, according to my view, the limit of Efficiency System which was developed by Taylor and Ford has been recognized recently in America and the importance of the human relations has been noticed gradually. Comparing our system with the American methods, I can see the informal merit of our Lifetime Employment System, that is to say, we can count the strong points of system such as common consciousness through direct connection between industry and employee life, affection to industry and sense of responsibility for duties. Needless to say, we must remove the feudalistic or master-and-servant relationship which is in the good name of family system and have to apply modern and rational method into the system of Lifetime Employment. For all that, the plan to use the European or American employment system in haste neglecting the characteristics of our country would be superficial."

dicted that employment system will become more uncommitted as stated in Mr. B's opinion with the change of tides and ultimately laborers may move freely between companies. The same thought was expressed by President Fukatsu of Shin Dengen Electric Mfg. Company and Director Ishibashi of Daido Keori Company. (Daido Worsted Mills Ltd.)

On the contrary, President Mutsuoka of Harima Shipbuilding Company observed that Mr. B's opinion is an ideal but the over-population of Japan prevents the realization of this ideal. President Abe of Nippon Oils And Fats Co., Ltd. took a serious view concerning its relationship with the policies to control the after-war disorder. President Mitake of Yusoki-Kogyo Company hinted preparations moveing towards Mr. B's Opinion⁵⁾ and President Hayashi of Nippon Denso (Electric Refining) Company clarified the relationship between the Lifetime Employment System and Wage System.⁶⁾ President Hayashi's view is very important for the reformation of social system. President Matsumoto of Kurosaki Kogyo Company suggested more practical conditions which might be added to Mr. A's opinion.⁷⁾ President Morishita of Nihon Shinyaku (Pharmaceutical) Company recommended the system of retirement allowance or age limit in remedying the low levels of social life and economy. President Ito of Sakai Kagaku (Chemical) Company insisted to provide the system to pay well for the outstanding labores in order to develop their abilities. President Taga of Chuo Keori (Woolen Textile) Company also expressed the same idea. President Tomiya of Niigata Sulfuric Acid Company discussed the importance of prevention of low efficiency through sound development of labor union and President Iida of Iida-Takashimaya (Trading) Company had the same view. Mr. Nishimoto, Director of The General Affairs Department of Tokyu Sharyo (Motor Wheel) Company said that he wishes to cover the weak point of the Lifetime Employment System by wider transposition of workers according to their talents. These remedial measures are the steps towards the

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- (5) President Mitake says: "I am inclined to agree to Mr. A's opinion, but I don't know whether the opinion is practical. So, I think Mr. B's opinion should be carried out. However, there are many difficulties in realizing this. First, we have to face the problem of how to change the present social system. Without solving this problem there will be no progress and the study of this problem is vitally important."
 - (6) President Hayashi added the following view to Mr. A's opinion. Wages of laborers are expended for daily life and education of children mainly and savings for older days are almost difficult usually. As the pension system is not complete to take care of old ages at present, laborers expect and depend on retirement fund for his long service. If laborers' employment contract are shorter than three years, an employer can easily control the number of employees. However, these temporary workers will request additional payments to cover their unemployment and older days. Accordingly the cost for production will go up."
 - (7) President Matsumoto insists that it is difficult to judge this system because this system has spontaneous and historical aspects and cannot be changed suddenly. If we change this system through forces, it will lead to destructive evils. However, it seems that this system will be changed gradually towards the opinion of Mr. B. Concerning this change, regulations for retirement fund and unemployment insurance system should be studied as remedial measures for this transition.

opinion of Mr. B, as I think, and according to the observation of President Kashu of Mitsubishi Rayon Company, it is possible to adapt a part of Mr. B's opinion to Mr. A's opinion and actually this is carried out. President Ichikawa of Marubeni (Trading) Company said that reasonable operation of Mr. A's plan providing with various conditions is almost the same to realize the plan of Mr. B in the end.

Thus, among the many executives who agreed to Mr. A's opinion, there were a considerable number of answers which requested some kind of remedial method for the contradictions from the economic view point.

The conditional answers which regard Mr. B's opinion as appropriate are not many but there are noteworthy answers. As I stated before, the answers which agreed to Mr. B's opinion were 94 out of 262 or about 36 per cent. This means that these answers are representing the considerably important critical opinion against the present Lifetime Employment System.

Vice President Momose of Victor Co. of Japan, Ltd. insisted that the causes for low wage and high labor cost in Japan are low efficiency and high labor overhead cost and recommended to labor union to consider this problem properly. President Sakurada of the Sakurada Kikai Kogyo Company criticized the regulations on the government employee saying that the transposition of laborers between government and private industries should be freed. Although the opinion of Mr. B is theoretically proper, the free transference of employee between companies, needless to say, is almost impossible under the present social and economic conditions. About this matter, President Machinaga of Amagasaki Steel Company suggested serious considerations concerning social and economic problems especially for social security and full employment. This is really important and noteworthy suggestion. The same opinion is expressed by the executive of Aichi Tokei (Watch) Company. President Yanai of Teikoku Kako Company also said that he will agree to Mr. B's opinion with the provisions to establish system for regular salary raise system to develop efficiency spontaneously and system of special bonus within a company.

As for other opinions, there are two kinds of opinions, besides the one dealing with the method of raising the question. The one is opinion which we failed to identify its standpoint as either A or B and the other is opinion of mixture of A and B.

As we stated before, there were expressed questions about the subject in the questionnaire. President Enomoto of Mitsui Kagaku Company (Mitsui Chemical Ind. Co., Ltd.) said that this problem is very complicated. This indicates the deep social and economic nature of this question. President Furuya of Matsuya Department Store pointed out that this problem can not be solved simply.⁸⁾ President Owada of Nihon Soda Company also said that theoretically B is better, but, because of labor union, most of the plans stated in B will not be carried

(8) President Furuya says: "I can not make decision. I think B is better theoretically but it is not wise to agree to B because of the characteristics of Japanese economy and the feelings of an Oriental. Which is better should be decided by (1) the kind of enterprise and (2) the nature of the actual business in the enterprise."

out. The executive of Matsushita Denko Company also said that B is appropriate, but it is almost impossible to put into practice.

Finally, the opinions which are a mixture of Mr. A and Mr. B will be discussed. In a broad sense, most opinions with condition attached and the opinion, which is theoretically B and practically A, are all opinions of a mixture. We call, however, only the executives who expressed their own eclectic opinions positively from the point of view of long-range economic development a mixture. These opinions are found in the answers of President Yamaguchi of Mitsui Futo Company (Mitsui Wharf Co., Ltd.), President Enomoto of Nihon Gasu-Kagaku Kogyo Company and Director Ikoma of Mitsubishi Nippon Jūkōgyō (Heavy Industries) Company. The clearest and typical presentation of mixture opinion is the view of President Iwashita of Toshiba (Tokyo Shibaura) Electric Company. He says: "Needless to say, there are many defects which are to be improved in Japanese industrial system. But, on the other hand, we can not neglect the national customs and traditions and in many cases we should improve our good customs by adding European and American ways. In addition to this, a certain time is necessary for the development of Japanese system. As seen in the coal industry, the Lifetime Employment System and the underlying thinking will be very important for the transition period in Japanese Industries. Therefore, I take the opinion of Mr. A and also Mr. B as a compromise.

PROBLEM 2

The Japanese government is now carrying on the Doubling National Income Plan and it is expected that Japanese national income will increase to an amount twice as much as the present in next ten years. This is the goal of the national economic plan and the relationship between the national plan and the individual long-range business plan may be discussed as follows:

Mr. A. "In Japanese industry, even big businesses, except some really big ones like mammoth enterprises, do not have long-range economic plan. So I think one of the objectives of the Doubling National Income Plan is the Government's intention to establish a target for developing the national economy, and that the long-range plan of each enterprise should be produced in concert with this policy.

As a matter of fact, when this plan is put into practice, it is quite natural that the particularities of each enterprise and industry should be taken into consideration but it is also natural that those particularities should be adjusted so that the target of each enterprise, or, industry, should be kept within the fundamental range of the target of the governments plan. And as the result, there will be a national basis to be had in common among the long-range plans of several big enterprises and this will by all means induce to deal with the problems of financial structure, of betterment of technique of marketing and of labor problems in a rationalized way according to this policy.

Let me assure you that a policy of this kind is a definitely important requisite in order to keep an enterprise in a stable condition in Japan's economy with its really small economic resources to depend upon."

Mr. B. "I agree to your opinion that it is quite necessary for a big business to have a long-range plan, though not yet generalized in reality, but what I don't quite understand about your opinion is that the long-range plan for an enterprise is to be made in concert with the target of government's economic plan.

One point I would like to accentuate is that, in spite of all the studies and discussions done for the purpose, the nature of the plan is to show a target for government's policy with a wishful thinking, or, political tact in favor of government, and naturally it can not show us the scale of development for each business.

It is essentially the advantageous point of free economy that the development of each enterprise depends entirely on its effort of lifting itself up to a higher rank in an industrial field by a constant attention to inner-and-inter business condition. Maybe, the Doubling National Income Plan can be one of the data for this purpose but nothing more than that.

I believe firmly that this business autonomy is the basis of social economic development: therefore, business men's efforts will decide the rate of increase of national income in next ten years.

In short the most important meaning of a long-range plan in an enterprise is to concentrate and organize its units functionally separated so as to develop its own originality as an enterprise. The activity of government, as far as economic policy is concerned, should be continued to backing up these business efforts.

We must be careful not to have the illusion that we shall be able to have a pay twice as much without any increase in productivity."

Answers for the second question are classified as follows:

1) Mr. A's opinion	42 persons	16%
(including 4 persons with condition)		
2) Mr. B's opinion	205 persons	78%
(including 7 persons with condition)		
3) Other opinions	15 persons	6%
Total	262 persons	100%

According to the table, Mr. B's opinion is supported by most of executives indicating their strong desire to maintain the freedom of enterprise, and as far as this statistics is concerned, it may be said that the table is representing an approval for the way of thinking based upon the basic system of free economy. However, if we consider the answers with condition and other opinions, the economic policy of the present government is severely criticized and the reconsideration of relationship between government and enterprise is strongly insisted.

First of all, the answers which agree to Mr. A's opinion will be con-

sidered. In the conditions attached to the answers, executives emphasize close connection between the long-range plan of government and the plan of the private enterprise, and acknowledge that planning in private companies based on the national long-range plan is very important for the development of industries for a long period of time.⁹⁾

The answers which agree to Mr. B's opinion are divided into the following three groups. The first group is the view to follow the Mr. B's opinion since the planning of the government is still not reliable at the present stage.¹⁰⁾

The second group is the opinion to carry out and promote the idea stated in Mr. B's opinion. As the reason for adopting this opinion, President Enomoto of Nihon Gasu-Kagaku Kogyo Company (Japan Gas Chemical Company, Inc.) said that for the specialization and expansion of enterprise, independent long-range plan should be made and that, through the method of Mr. B, executives can manage their companies economically and toward the development of each enterprise. Besides President Enomoto, nobody attached condition on this problem. However, we think many executives who agree to Mr. B's opinion have the same view.

The third group is trying to find out the functions of both planning, namely, the government's planning for politics and the private company's planning for business. This group wants, by clarifying the difference, to solve the problem. This group has a high compromise nature or mixture and the person who has the other opinion may be also classified into this group. The executives who have this opinion are President Iwashita of Toshiba Electric Company, President Kato of Daiwa Boseki (Spinning) Company, President Machinaga of Amagasaki Steel Company, President Owada of Nihon Soda Company, President Fujiyama of Nippon Sugar Manufacturing Company,

(9) President Kashu of Mitsubishi Rayon Company says, "Under the present political condition of Japan, because of the poor economic policy Mr. B's opinion is practically true. However, the future economic policy should be considered following Mr. A's opinion since the plan is gradually facing toward the view of Mr. A and we cannot make a plan considering the transition period. The plan made by Mr. A side is constructive." President Momose of Victor Company of Japan, Ltd. insists that it is very difficult for a private company to make the long-range plan in case the government has no long-range plan. Also, President Ito of Toyoda Koki Company (Toyoda Machine Works, Ltd.) says that the guidance of government is important in making the plan of private company and the plan made by government's assistance is much better than the plan made separately.

(10) President Tezuka of Toho Denka (Electric Refining) Company says, "The Doubling Income Plan is only the policy of present government to gain the popularity of people. Income will be doubled nominally during the ten years period because of labor movement. However, prices of goods also will be doubled and there will be no difference. We cannot expect the basic policy from the government which doubles the real wage instead of nominal one." Also, the same idea is presented by President Furuya of Matsuya Department Store as follows: If the economic policy of government is reliable, Mr. A's opinion might be practical. However, at present stage, the governments plan is no more than reference materials. President Morishita of Nihon Shinyaku (Pharmaceutical) Company, President Yamaguchi of Mitsui Futo (Wharf) Company, President Mitake of Yusoki Kogyo Company and Director Aoyama of Hokko Chemical Industry Company are all expressing the same view.

Director Ikoma of the Mitsubishi Nippon Jūkōgyō (Heavy Industries) Company, President Fukatsu of Shindengen Kogyo Company. Among them, President Iwashita pointed out the importance of planning by industries¹¹⁾ and President Kato clarified the difference.¹²⁾ President Fujiyama did not agree to both opinions and said that the business planning should be made projected on the national economy, and the plan should be developed from this point. His idea to find out the maximum scale of development in each industrial area and to respect self-control within the industry may be said to indicate the new phase of Japan's industrial organization.¹³⁾ Director Ikoma of Mitsubishi Nippon Jūkōgyō (Heavy Industries) Company has almost the same view,

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- (11) President Iwashita agrees to the opinion of Mr. B and says: "The government should study the national economy and draw one conclusion. Therefore, it is likely that the Doubling Income Plan is interesting to learn through newspaper although I am planning to study this government's plan thoroughly and criticize it. In the private company it is more natural that the executive considers his opinion stated in his plan; but, it will be necessary to consider whether or not he should reflect this governmental plan into his company's plan depending on the kind of enterprise. In the basic industry, many enterprises can follow the government's plan. If the plan is not attractive for the industry, something is wrong to that plan. However, for the second and third class industries, the situation is not the same. Even though the basic plan of national industry is outstanding, the executive must consider the business environment completely in applying the plan into the industry. Otherwise, the executive will make a mistake in managing the company and he will not be successful as a manager of private industry. For this reason, I agree to the Mr. B's opinion to provide the limit for the development of each enterprise by their own decisions."
- (12) President Kato says: "In this problem, each person will get different view according to the way to understand the Japanese economic policy. In the so-called totalitarian or communistic despotic state, it is impossible to have a free and long-range policy. However, considering the Japanese present economy, there is no social market economy in this country. Naturally, it is said that the Japanese economy has primarily free economic system. Nevertheless, there are not enough economic resources and the government are still controlling the balance of foreign trade. Accordingly we cannot enjoy the privilege of free economic system completely in running a business company. Thus, there are various obstacles in Japanese economy, and Japanese enterprises should be developed through the free competition primarily. The limit of development of enterprises under the free competition should be decided by the executives of business companies concerned and the long-range plan made by the government may be useful for the company's long-range planning. But the government's plan has no right to control private business. Politics and business may have the common function, but originally they are different. In other words, the economic plan of the government guides Japanese enterprises and shows them direction and the business plan of each company should show its adequacy and originality in view of the government's plan."
- (13) The opinion of President Fujiyama is as follows: "The economic plan of government is not reliable. Today's remarkable progress of Japanese economy is largely due to the efforts of industries. Therefore it will be dangerous to depend upon the governmental plan for the future. On the other hand, the world economy in the future will be the capitalistic economy within the national economy. Therefore, without using the governmental plan, each industry should always measure the national economic power and through the lofty morality and intellectual power of each industry, each enterprise should make its own plan and control its activities within the planning."

too.¹⁴⁾

PROBLEM 3

Recently, the capital expenditure plans of enterprise are expanding and bankers have begun to control them from the financial point of view. The self-coordination actions among businesses concerning these capital investment plans will be dealt in this question.

Mr. A. The necessity of the self-coordination of capital expenditure plan was insisted by Keizai Doyu Kai (Japan Management Association) and recently has been discussed in business world. This is, I dare say, not a casual idea but an indispensable course for the development of Japanese economy.

Among not so many cases of investment plans that I have come across with, so far, there are some that seem to be mere schemes for equipment competition rather than serious plans for technical rationalization.

This will unavoidably cause to harm proportional development of productivity among industrial groups on the one hand, and give rise to a grave unbalance between production and consumption on the other hand, and the resulting payment balance to foreign countries will be sure to invite a serious deflationary policy.

As the conclusion, I hope that not only companies of key industries but those of any other field, whose grade of market occupancy in that industrial group is more than 10 per cent respectively, should start out to organize a self-coordination system.

Mr. B. I am entirely against your opinion. When you say that the present capital expenditure plans are competitions rather than development plans, I think you are ignoring the period of time within which the individual plan is ranged. Some plans are made up with a prospect of five years in the future, while some others with ten years. By your theory, the latter are absurdly reckless compared with the former, but I can hardly admit your point of view.

You are very afraid that an unbalance in development of productivity would occur, but, I think it is because you are looking at

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- (14) Director Ikoma says: "In the free economy, it is a rule that each industry has its own self-planned development program and competes freely in the market. However, each company has social and national economic responsibility as free economy has been modified. As one of the important problems in the Japanese economy, absorption of rapidly increasing labor population has been mentioned. In order to develop the national economy as well as private industry, and also to solve the national economic problems as such, we must find the tasks to do on the level of national economy. The economic plan of the government is very helpful in finding the method of developing the national economy as a whole and also each company can make its plan while fulfilling social responsibility assisted by this governmental plan. Under these circumstances, business must have long-range economic plan with originality and invention, and must develop their industry freely following the Principle of Freedom."

the present economic situations through the old theory of business cycle.

I believe that there will hardly be any possibility of such a general crisis as you are afraid of, because nowadays the level of wages and government disbursement for social security is uncomparably higher than ever before.

Even if we admit some control through banking institutions over making up an equipment plan, we hope that such a control should be as narrow as possible; namely, we require banker's loan policy concerning this matter should be decided from the view-point of maintaining the wholesome conditions.

As it often happens, there may be some enterprises whose capital expenditure plans are so rough and defective that they can not go without a temporal confusion.

If you insist on the principle of stability too much, the whole economy could not go well.

Answers are classified as follows:

1) Mr. A's opinion	134 persons	50%
	(including 8 persons with condition)	
2) Mr. B's opinion	111 persons	43%
	(including 10 persons with condition)	
3) Other opinions	17 persons	7%
	Total	262 persons 100%

Opinions on whether capital expenditure plan should be self-controlled within the industry or not are divided into two large groups almost equally. Following the development of techniques, business companies are forced to expand their facilities inevitably and, on the other hand, evils of excessive competition have come to the front. Accordingly this problem has become very delicate and serious now, and it is likely that we will not be able to find the proper way to solve this problem even if we carefully study the answers to the questionnaire.

First of all, we will introduce the suggestions from the executives who agree to the opinion of Mr. A. President Furuya of Matsuya Department Store insisted the self-control for the capital investment plan after condemning the liberalism at the present stage of Japan.¹⁵⁾ President Yamaguchi of Mitsui Futo (Wharf) Company reasoned that at present no industry has a settled plan and is apt to approach to the government whenever it can find financial assistance plan by the government. Thus, he insists the self-control system by private industries after warning possible evils of government control. Of course, the self-control system is very difficult to operate and the difficulties have been often pointed out by many specialists. President Machinaga

(15) President Furuya says: "The Japanese peoples do not know the freedom in its true sense since they have been under the bureaucratic and military government for a long period of time. Since they do not know what is freedom and responsibility, they must be controlled by some kind of measure. Self-control system will keep them from the danger and the government control will give each member a chance to study."

of Amagasaki Steel Company said that the method of self-control should be earnestly studied at special meeting. Many executives will surely agree with him. As for the method, President Wakabayashi of Wakabayashi Boseki (Spinning) Company, said, "in carrying out the self-control, it might be better to control indirectly by the amount of funds and as for the direct control, better to elaborate the plan through the industry." Also, he suggested a joint system by government and industry in operating the control device recognizing the importance of governmental assistance. President Fukatsu of Shin Dengen Electric Mfg. Company thought that the investment plans should be divided into two groups, plans for production increase and plans for rationalization. Otherwise, it will be difficult to control. So he points out the importance of distinction and to study the plans rationally. President Kashu of Mitsubishi Rayon Company blamed Mr. A's idea to hold the 10 per cent occupancy because it would cause inequality. Against the above stated views, President Kato of Daiwa Boseki (Spinning) Company recognized the lack of self-coordination among the big industries in Japan which has brought up great contradictions in Japanese economy and thus he agrees to Mr. A's opinion.¹⁶⁾

Next, the view which agrees to Mr. B's opinion will be introduced. President Matsumoto of Kurosaki Yogyo (Pottery) Company pointed out the difficulties in the method of self-coordination and said: "The idea for the self-coordination is attractive but cannot find practical method for operation. After all, the idea of self-coordination can be used just like spice to check the endless facility expansion or rationalization competition. The idea of self-coordination in one's mind is merely better than nothing." President Koizumi of Furukawa Denko Company (Furukawa Electric Co., Ltd.) said: "If we control the capital expenditure plan by ourselves, it might create inequality under the present conditions of Japanese economy. Since companies are managing important funds of stock holders, better carry out their own plans as the responsible offices for the holders without being disturbed merely by facility installation competition." The latter part of the view to act on the responsible plan as executive is expressed by other persons also. President Yoshimoto of Nihon Gaishi (Insulator) Company said that he primarily agrees to Mr. B's opinion. A long-range plan for a business company must be prepared follow-

(16) President Kato insists that under the free economic system, all restrictions should be removed as much as possible. However, there might be limits due to the Japanese special economic conditions. Considering the economic growth in Japan, we experienced the unbalance between production and marketing which caused serious economic problems such as over-production, excess competition in foreign trade, dual-price scales, trade restrictions and tariff barrier. Accordingly, technological development's strong points were surpassed by the evils of capital investment competition on the part of our industries. The long-range plan for the development of business enterprise is not the part of the governmental economic plan; However, the normal development of Japanese Economy under the balanced supply and effective demand is desirable. And under the circumstances, self-coordination based on the good sense of business men for controlling capital investment competition among industries and cartel movement without unfair sales competition will be permissible for the development of our national economy.

ing its own financing ability after studying the future movements of national economy accurately. Basing upon this basic principle, he would modify the plan following the practical situations and endeavor to make the concrete plan." Executive of Nihon Zeon Company expressed his view as follows. "Each company should have its own development plan following the company's special needs always conducting researches, collecting materials, recognize the limit and then carry out its plan. President Mutsuoka of the Harima Shipbuilding Company, mentioned export industry saying that the industry has to compete with other countries in the world, so companies in a same industry should unite and prepare themselves for the international competition. Plans by individual company are powerless and all the relevant companies should try to lead the trend of the world. Director Iwashita of Nagahama Yushi (Oil and Fat) Company also suggested to take positive policies considering the national and world economic conditions. The same view was presented by the Director of Planning Bureau of the Arakawa Isuzu Auto Company. Oji Paper Manufacturing Company executives expressed their views to agree with Mr. B under the present conditions, but, at the same time they wished to get in touch with the government sections concerned and also adopt the Mr. A's opinion. Finally, President Iwashita of Tokyo Shibaura Electric Company says as in the foot note.¹⁷⁾

The other opinions are largely divided into three groups, (1) mixture is better, (2) rationalization of each company's expansion planning implies self-coordination in respective industry being justified by scientific method, and each industry is also benefited by controls preventing contradictions, and, (3) importance of the government as the leader of individual industry.

President Owada of the Nippon Soda Company belongs to the first group as he says both opinions are true. President Kobe of the Oki Denki Kogyo Company (Electric Ind. Co., Ltd.) expressed his view as follows: I am not absolutely opposing to the opinion of Mr. A but will support Mr. B recognizing the importance and objectives of self-coordination. President Yanai of Teikoku Kako (Chemical Ind.) Company and Director Ikoma of Nippon Jukogyo Company (Mitsubishi Nippon Heavy Industries Ltd.) and Director Kobayashi of Gunze Seishi Company (Silk Mfg. Co., Ltd.) showed almost the same mixture view. President Enomoto of Gasu Kagaku Kogyo Company emphasized the economy in national competition and Mr. Uchigasaki of Tohoku Denryoku Company (Electric Power Co., Ltd.) suggested that for the time being, he would follow Mr. A's opinion and after industries were properly

(17) President Iwashita says: "Generally speaking I agree to Mr. B's opinion to have consciousness as an executive with good sense not following planned economy or cartel movement. Private industries as well as national economy are rapidly growing and we cannot neglect the power of nation and growing people which are essential for the development of Japanese economy. The plan for production increase and industrial development has close relation with the development of enterprises and necessary facility expansion. Measures to oppose this movement mean contraction of Japanese industries resulting in fall out of the world economy. Of course, careless plan or plan which has no goal is useless for industry, and the capital investment plan should be based upon the long-range business plan."

equipped he would follow Mr. B.

As a view of the second group, President Kaneko of Jūjō Paper Company says plans for expansion and self-coordination are not completely different. In Japan, the economy is not stable and positive plans and controls among companies can be done without much difficulties. Of course, the system of planned economy should be avoided and the cartel movement should be checked by Anti-Monopoly Law. Thus, he recognized the importance of coordination which makes a part of the rational planning. President Fujiyama of Dainihon Seito (Sugar Mfg. Co., Ltd.) Company criticized the self-coordination and stated that today's control is not real control. Gentlemen's Agreement between companies and industries should be Gentlemen's Agreement definitely. Basic materials for agreement must be investigated by outstanding organizations so that all the materials will be reliable. These materials can prevent excessive competition, bankruptcy, waste in investment and assist development of all enterprises. However, this kind of organization is not impossible at the present stage, and so he is opposing to the free competition, government control and careless self-coordination. Also President of Tanabe Seiyaku (Pharmaceutical) Company said that he can not agree with either A or B. The economic conditions under A will be dull and under B cause inflation. The structure of Japanese economy should reformed to prepare for the future international competition. Unfortunately, however, we cannot change the structure of our economy because of the present unfavourable political conditions.

The third group is to reconsider the conditions for self-control through the past experience and emphasizes the power of political leadership for the development of industries. President Yamori of Daido Seiko Company (Daido Steel Co., Ltd.) said, both A and B have the strong points, but, there are too many competitions in the capital investment at present. "Unless we positively regulate the excesses and assist reasonable investment plan, I am sure that there will be too much facilities and the nation will suffer from deflation just like we know in the past." Furthermore, enterprisers have to take the responsibility in case the plan is unsuccessful. Therefore, each industry, especially modern industry such as fiber, steel, electric power, electronic machines should have a certain self-control system. Needless to say, all the plans should be carried out in view of the sound development of national economy. In the past, when there were a movement of adjustment, many industries installed facilities in haste and caused many troubles. Hence the guidance of the Government in an early stage and its prompt action will be necessary. The same view was show from other executives. The opinion of President Ichii of Mitsui Senpaku (Steamship) Company is typical. He said "Although there were competition in capital investment accompanying evils, through this competitions, the national economy has progressed. It might be ideal if the government dose not think of too much controlling, primarily having competition operate freely and, when some evils are found, giving warning. Whenever difficulties are in exist, the government as well as financial organizations might assist the industries provided they are of public nature.

Among the questions in this questionnaire, that of self-coordination is showing more contradiction than others. Because of the severe excessive competition people experienced serious problems. B and the last group also have difficulties in carrying out their plannings.

PROBLEM 4

It is obvious that the introduction of foreign techniques has contributed much in increasing the productivity of Japanese industries. Japanese businesses have been forced to rely upon foreign technique in order to make up the vacancy in technical studies during the war. In order to develop Japan's economy in the long run, how should we deal with this problem of techniques?

Mr. A. Japanese technique, as a famous scientist says, is one completely borrowed from foreign countries. No doubt this makes it very difficult for Japanese goods to maintain prosperous positions in foreign markets.

Departing from the past inclination, from now on, we must change our policy toward developing our own technique.

This is a matter covering whole society, closely relating to the political and educational problems, but so far as enterprise is concerned, I think, at least five per cent of the sum of sales should be reserved for this purpose.

Mr. B. I understand what you say about promoting our own technique but my opinion as to how to realize it is quite different from yours. I might as well say technique is merchandise. Under the effect of the world-wide tendency of economic liberalization, Japanese enterprise in the future will become more international in its nature.

It is quite natural that we accept freely the merits of foreign technique. Your patriotic opinion on this matter is rather absurd. I would think any technique should be utilized whenever it is thought most suitable.

As I acknowledge the excellency of Japanese scientists, I think the import of technique in the future shall take the form of technical cooperation.

All that I have discussed here is only concerning scientific technique, and as for the management technique as you already know, more creative studies by Japanese investigators are needed.

Answers are classified as follows:

1) Mr. A's opinion	46 persons	17%
(including 3 persons with condition)		
2) Mr. B's opinion	199 persons	76%
(including 10 persons with condition)		
3) Other opinions	17 persons	7%
Total	262 persons	100%

According to the table, most persons agreed to Mr. B's opinion. However, if we examine the conditions attached and other opinions, we find that there

are synthetic or mixing views of A and B and there are not much difference among them. Almost all have same feeling and the real reaction may be less definite than this table shows.

President Fujiyama of Dainihon Seito (Sugar) Company said that these are not the different statement and from this question, we can see the fact that each executive has different style of thinking.

First of all, we shall discuss the views favorable for Mr. A. The executives of the Oji Paper Company said that at the present stage they think B's opinion is agreeable but they would rather push Mr. A's opinion, and they are critical toward the importation of technique. President Ichii of Mitsui Senpaku (Steamship) Company also pointed out the importance of technical education and said that the government and industry should spend more money for this purpose. However, money is not everything. Education which creates enthusiasm and originality of the people is important also. President Mutsuoka of Harima Zosen (Shipbuilding) Company said Japanese have fine skill. However, it may take time to make foreigners recognize the excellence of our new products. We are thinking Japan is an industrialized country, but, for a certain period of time, we have to behave like Mr. B. He clarified the means and end. The same view is expressed by President Uchigasaki of Tohoku Denryoku (Electric Power) Company and executives of Marubeni Trading Company, Nippon Metal Ind. Co., Ltd., and Electro Chemical Industrial Co., Ltd. Chairman Tokune of Nihon Cement Company said it is not always bad to introduce good results of researches in foreign countries but it is more important to study and develop the characteristics of this country and for that to spend at least 5 per cent of the sales. President Machinaga of Amagasaki Seitetsu (Steel) Company said as for the research investment it would be decided according to the kind of industry and structure of enterprise.

The view same as Mr. B also has the considerable degree of mixture but the reasons are quite different each other. President Owada of Nihon Soda Co. said that we must recognize the vacancy in the technical researches during and after the war and for that we have to introduce foreign technique to Japan because many sorts of invention, device and research are already patented. President Hayashi of Nihon Denso (Electric Refining) Company pointed out the necessity of introducing foreign technique because of geographical reasons. For this, late President Sodeyama of Toyo Rayon Company said we must not misunderstand the definition of Japanese technique. Regardless of the origin, the technique which has been brought up and applied for production in Japan has become Japanese one. Technique which is used in Japan is Japanese technique. Thus he emphasized the universality of process of technical research and clarified his concept about technique as an executive. President Kato of Daiwa Boseki (Spinning) Company said that in view of freer trade and successful space travelling, it will not be wise to restrict the sphere of technical knowledge. President Furuya of Matsuya Department Store said, "Contemporary Japan has been built based on the imported foreign science, and it is still in a period of import like the Meiji Era." President Kurushima had the same opinion. The problem is whether efforts to nationalize the im-

ported technical knowledge are made effectively or not as stated by late President Sodeyama. If the efforts are not enough and the import of foreign technique is continued, it will be a great problem for the long-range development of Japanese industry.

As for the other opinion, the opinion which puts emphasis on this point is noteworthy. President Kitagawa of Sumitomo Denki Kogyo Company (Sumitomo Electric Industries, Ltd.) said that, as far as the modern industry is concerned, the basic problem is to change the un-scientific tradition in Japanese way of living which is seen even for working hour, and to find out methods of cultivating originality in the Japanese people. If this is not done parallel with the introduction of foreign technique, the plans of both Mr. A and Mr. B are all useless. This is a very important warning. President Fukatsu of Shin Dengen Electric Mfg. Co. said, "If important technique has already founded by foreigner, we must import it. It is important to respect the right of others since our rights are also respected by them. What we have to do is to digest the technique and develop our own technique." He pointed out the problem of timing and bringing up. Executives of Sumitomo Kikai Kogyo Company (Sumitomo Machinery Co., Ltd.) noticed the differentials of technological standards between Japan and foreign countries. He mentioned that it is very difficult to produce and use a machine following imported foreign technique even though a simple machine. What we have to do rightly now is to import technique so that we can elevate our technical standards and change it for our use. It shall be no mere imitation but absorption and digestion will be necessary. Almost the same view was expressed by President Enomoto of Gasu Kagaku Kogyo Company and President Horiuchi of Fuji Kyuko Company (Express Co., Ltd.). Director Ikoma of Mitsubishi Nihon Jukogyo (Heavy Industries) pointed out merchandizing of technique and President Iwashita of Toshiba (Tokyo Shibaura Electric Co., Ltd.) Company expressed his mixture thinking about the technique problem and the method of raising the standard in this country.

PROBLEM 5

In Japanese enterprise structure, there is one outstanding particularity; that is, a group of small businesses whose products and markets are in close relation to a certain big company are linked up with that big enterprise, centering in a form of tie-up system. How to deal with this system from the viewpoint of the long-range development plan is the problem to be solved.

Mr. A. I think that the particularities of Japanese economy inevitably have got shape into this tie-up system. We might say it is an unavoidable phenomenon.

If a central big enterprise takes an effective leadership on the small businesses concerning the management of finance, material, and technique, can't this be a key to improve the aggravated situation of business structure in Japan? If government supports along this course, the result will be more effective.

We know that recently some big businesses have begun to make policy, following the above said idea, to give rationalizing guidance to small businesses which are in their tying-up systems, and I think this policy will surely put the management of big businesses in a more stable condition, also.

Mr. B. I am of opinion that this enterprise system should be in the long run, if not so abruptly, dissolved, from the viewpoint of long term development of Japan's economy. It seems that the cost accounting is getting more popular among small businesses but we must regrettably admit that the sharp sense of cost consciousness has not yet adequately appeared, because the cost consciousness is by nature quite inconsistent with this tying-up system among enterprises.

On the other hand, big businesses are now tending to reform their organizations on production lines. This new organization will be surely more effective by permitting autonomy to small businesses.

In short, my opinion is that business men should not intend to strengthen this system, but endeavour to transform it into free transaction between big enterprises and small ones with a policy to give a more sound economic basis to the latter.

Answers are classified as follows:

1) Mr. A's opinion	157 persons	60%
(including 11 persons with condition)		
2) Mr. B's opinion	94 persons	36%
(including 4 persons with condition)		
3) Other opinions	8 persons	3%
4) Blank	3 persons	1%
Total	262 persons	100%

As the results of the investigation, Mr. A's opinion had a majority. However, it is noteworthy that more persons agreed to Mr. B's opinion than we expected. Although it is generally said that the formation of subsidiary companies is an inevitable development, whether this saying is true or not, and also, whether or not there are any serious problems on the side of big enterprise which guides subsidiary companies. Anyhow, this problem is dealing with the actual conditions of the so-called dual structure of Japanese economy and it will be necessary to consider these problems carefully.

First of all, I want to introduce two answers which are related to how to approach the problem. President Kato of Daiwa Boseki (Spinning) Company agreed to the opinion of Mr. A and explained the reasons as follows:

The problem of small industries has been always discussed as the weak point in the Japanese economic structure. However, including the policies of government till now, namely, from the Small Enterprise Stabilization Law to the Organization Control Law, we have been discussing it as an industrial event and did not pay much attention to social problems such as employment and population. I think this is a mistake and if I discuss possibility of becoming subsidiary companies again, it is not right.

Anyhow, as for the question I wish to tell you that the factor for the dual economic system and the resulting differentials in Japan could not be removed unless we do stop the tendency of overpopulation. Of course, excessive competition and disharmonies by too intensive workings of smaller industries will be cured by proper and powerful policies based on the development of Japanese economy. Also, whether the smaller industry which became the subsidiary company is right or wrong will be discussed later. However the statement of Mr. B that smaller enterprise can strengthen its basis by canceling the tie-up system and forming free business relations, has no insight into the present conditions and is an idealism to which I can not agree.

Generally speaking there are two kinds of small business or industrial company. The one is the industries which need stability and strength by the tie-up system and which are qualified for the system and the other is those which are not suitable for the tie-up system. As to the latter, strong social policy will be necessary to make it go into the free business relation.

President Kato understood the problem of tie-up system is a high social problem and not a problem of business. Accordingly, the solution of this problem needs wider social policy and the opinion of Mr. B is not practical and is an idealism. President Fujiyama of Dainihon Sugar Manufacturing Company, said, as the third opinion, as follows:

The dual structure of Japanese industry can not be changed by simple idealism. According to the methodology of analyzing the present conditions we can get either Mr. A's opinion or Mr. B's. In forming a rational tie-up system, I have found that technique to control the system in Japan is generally inadequate and the members of system are not in a same industry. In canceling the system in order to get free business relation, the change is slow because of the dual structure and the members have almost no leadership.

As it is generally said, whether or not the structure of Japanese Economy is dual can be answered using President Fujiyama's methodology of analysis on present conditions. We are not discussing the idealism. As President Kato stated the systems' development will be complicated through the social conditions and because of the characteristic structure the present tie-up system may reflect various effects. Therefore, I thought the executives who had experience of controlling the tie-up business policy might have the plan for the future relations among the business enterprise. This was the point in the question.

Among the opinions which agreed to Mr. A's opinion, President Iwashita of Toshiba Electric Company discussed that the formation of subsidiary

company is rather ideal style of enterprises union.¹⁸⁾

Thus President Iwashita emphasized harmony based on the natural law. President Kurushima of Dowa Kogyo (Mining) Company says that the formation can be done spontaneously. President Furuya of Matsuya Department Store and President Miyashiro of Nippon Kinzoku (Steel) Co., Ltd. also expressed the same idea. In the present economic stage, Japanese enterprises cannot compete with American and European industries without rational organization of business enterprises, President Mitsuoka of Harima Zosen (Shipbuilding) Company says. Also President Wakabayashi of Wakabayashi Boseki (Spinning) Company recognizes its importance and recommends stabilization and self-control of business enterprises through the tie-up system.

As stated before, President Iwashita who agreed to the opinion of Mr. A, criticized the irrationality and inefficiency of the tie-up system and also it may be a problem at what stage we are in. According to President Furuya of Matsuya Department Store and President Yamaguchi of Mitsui-Futo (Wharf) Company we had better remove its evils, but others say it is the time for the executives of big enterprises to cancel the whole system. As to the evils of the system, President Miyashiro of Nippon Kinzoku (Steel) Company said "The purpose of the formation of subsidiary company is important; there will be great trouble if it involves excessive sense of monopolistic financial combine. Although agreeing to A, the following three executives¹⁹⁾ emphasized the leadership and self-control of small industries. Also, as other opinion, Director Ikoma of Mitsubishi Nippon Heavy Industries, Ltd. said that the movement for forming the system indicates the transition form and later it should be assisted to have independent basis. Furthermore there are many executives who agree to B representing their criticism against the evils of monopoly. Late President Sodeyama said that the small industries' plan to cooperate with big industries in one organization would be beneficial for both parties and the social problems of small industries will be solved. Through the rationalization of tie-up system, President Sodeyama tried to find the method of solution of dual system and severely criticized the monopolistic control system. Thus, at the present stage, it will become important to lead and develop self-control of the tie-up system by the big company. President Kaneko of Jūjō Paper Mfg. Company said that the big enterprise should assist the small industries in rationalizing the enterprise also studying

(18) President Iwashita says, "The center of the business enterprise is a human being. Considering the fact that the human society is formed of people, or by harmony of people, it is natural and desirable that the business enterprises are organized by peoples who know well each other. Therefore, it is natural that the enterprises have special connection each other and cooperate, too. So, up to this point, I agree with Mr. A. However, the unity of irrationality and cooperation of inefficiency are only possible under the special condition and can not expect its wide development. As the business enterprise develops there might be irrationality and inefficiency in the tie-up system. At this point, I can understand the free business relationship better than the tie-up system.

(19) Late President Sodeyama, Toyo Rayon Company.
Director, Marubeni Trading Company.
President Fukatsu, Shin.Dengen Kogyo Company.

social division. President Kitagawa of Sumitomo Denki Kogyo Company (Sumitomo Electric Industries, Ltd.) insisted that the big enterprise should always feel social responsibility.

PROBLEM 6

Recently executive training seminar has been well developed in Japan. Concerning with this, what is the best executive or management training program in economics or commerce university.

Mr. A. It is needless to say that a university which has faculties of this kind should not be an "ivory tower." Today, the nation requires that universities should educate persons whose ability can directly be utilized to increase the productivities of the nation. Training this ability will need steps such as general art and major course in university, through which students will grow more capable in management, and every subject and course of study should be arranged and ordered for this purpose.

It is the real situation in Japanese university that major course in university depends too much on the professor's private investigating enthusiasm.

When I say "Student . . . capable in management," I mean ones, not only capable as business man, but also capable as executive staff of labor union who can have his own opinion on the ground of accurate and abundant knowledge of management, and yet can make compromise, when needed, with goodwill.

It is by the educational plan with this purpose that an organic coordination between university and industry can be made.

Mr. B. I have no objection to a student of university of this kind having a certain amount of knowledge on management technique, but the fact that university has its own mission is far more important. So it is naturally required that university should criticize the present situation and show us clearly the course of development, with preceding acute analyses to dig up the solid, essential facts. The whole process of educational system answers to the complete realization of this idea. So, how to deal with management problem in university is now clear; investigation of social characters of the capital which is now being utilized, and probe of relations of social powers in the business organization should be included in university research of management, and, moreover, study of the actual situation of management in foreign countries from this point of view will necessarily contribute much to our management plan.

Therefore, I think, the mission of university is to bring forth graduates well equipped with a capacity to distinguish and grasp the truth of things, and management capacity should be attained practically in the actual training within enterprise, not at university.

Answers are classified as follows:

1) Mr. A's opinion	96 persons	37%
(including 4 persons with condition)		
2) Mr. B's opinion	142 persons	54%
(including 15 persons with condition)		
3) Other opinions	20 persons	7%
4) Blank	4 persons	2%
Total	262 persons	100%

According to this investigation, I can say that company executives are paying increasing attention to business education than I have expected, although I can not understand clearly its reasons. As to the conditions attached to the answers, President Kitagawa of the Sumitomo Denki Kogyo (Electric Industries, Ltd.) said that the university better had the special courses in management and at the same time he recommended to the lower school, grade school, middle school, and high school, also have the courses. President Matsumoto of Kurosaki Yogyo (Pottery) Company said that study of management should be commenced in the university and not after the entrance into business since the management is becoming more complicated and needs more theoretical knowledge than before. Director Nishimoto of General Affairs Department of Tōkyu Sharyō (Car Mfg.) Company also had the same opinion and President Hayashi of Tokyo Isuzu (Motor) Company insisted the university education in management.

As to the conditions attached to Mr. B, there are two groups. 1) questions regarding the management education at university, 2) the university education should be taught in extension. President Abe of Nippon Oils and Fats Co., Ltd. said, "At university, student should take basic courses and in business he will be instructed by senior members about practical knowledge." This is an important suggestion for university professors who usually have no practical business experience. President Okuma of Okuma Machinery Works said coordination between university and business should be the reeducation of company employees. Also, President Miyazaki of Daikoku Wine Company said: "University is the place to educate the first rank person and not to train the consultant." President Mitake of Yusōki Kōgyō (Transport) Company believes, "University is the place to make the brain and not the place to work." President Furuya of Matsuya Department Store said: "University is the place to study the truth. It is not enough if it is the place to train an ordinary man. If one learns the truth he will use it when he takes responsible position. A student, who has an experience of studying the truth, can use his potentiality in studying other subjects and in later days his experience will be very valuable in working in business enterprise." This was the statement of the executives of both Nippon Gaishi (Insulator) Company and Mitsubishi Electric Company.

About the business education, some executives suggested to provide the courses in the University Extension. President Morishita of Nihon Shinyaku (Pharmaceutical) President said, "For company employees, we hope the university will be able to provide special course or seminar permanently." Director Aoyama of Hokko Chemical Industry suggested to establish an

institute in order to train business ability positively using scientific methods. Also, President Sakurada of Sakurada Machine Industry Company wished cooperation of university in training employees within industry. Executive of Nishin Bōseki Company asked possibility of establishing the place for re-education for the employees and executive of Tatsumi Soko Company requested to establish a Management Study Seminar for the company employees so that they can study cheaply.

As for other opinion, we have received many answers and most of them are mixture. President Adachi of Radio Tōkyō Company said that it will be necessary to work in business company to learn actual business. President Mitsuoka of Harima Zosen (Shipbuilding) Company further stated that in order to meet the request of the rapidly growing business world university and society must have a same speed of pace. At the university, a student may be trained scholarly but also at the same time he should be taught real business operations. President Koike of Tokyo Tatemono (Real Estate) Company discussed the functions of the department of economics and business, and said the business school would teach practical matters. President Ichii of Mitsui Senpaku (Steamship) Company said the knowledge taught at the university must be consistent. Unfortunately, the courses are usually provided by certain standard and usually last for three years. However, this kind of request reflects the interests of business companies on us and is very valuable for us. President Kashu of Mitsubishi Rayon Company mentioned that in Japanese business enterprises college graduates are usually expected to become executives later and so requested to possess various abilities needed for the position. Director Ikoma of Mitsubishi Nippon Jūkōgyō (Heavy Industries) Company said that in the field of social science, theory and practice are closely related and the coordination between business and university is vitally important. Concerning this problem, the university has many things to do in order to carry out this program, and I want to solicit the cooperation and assistance of business circles and society as a whole.

Finally I want to introduce three answers concerning the mission of university and I think I can consider these as the conclusion of my studies. First, President Kaneko of Jūjō Paper Company said: "The mission of university has two aspects; scholastic research and raising things important for the society. In Japan, the latter is not so developed and the special arrangement will be necessary for fulfilling the duties." Thus, President Kaneko clarified dual missions of university and suggested the development of the university organization. As to the method of education, President Kato of Daiwa Bōseki (Spinning) Company criticized as follows: "Concerning the economics teaching emphasis of university, Mr. A's opinion on training students may be useful after graduation, although, business enterprise which is continuously growing will expect the future executives to take care of all sorts of happenings. This means that the new comers will be expected to have the skill as well as the various ability necessary for the top executive. From the above stated reasons, I shall primarily agree to the opinion of Mr. B. Recently, I often see the students who know their rights but do not have sense

of duties. So I hope the university can provide the courses so that the students can get balanced education of theory and practice and can build up their fine quality under the influence of faculty members."

President Iwashita of Toshiba (Tokyo Shibaura) Electric Company hoped that the university will take up this problem seriously and said that the mission of university should be carefully considered. The university is the place to educate students and also conducts researches on all subjects. Nevertheless, it is likely that the actual conditions of the university are not fulfilling the duties. I think that the university should consider the system in which they can fulfil their duties and the conditions of the university to achieve the plan.

CONCLUSION

From the above stated findings, I think, I have obtained noteworthy results. As a whole, I have been told that the answer rate of 28.4 per cent is quite good for this kind of investigation and out of 262 answers 63 top executives specially took part in this survey showing their deep interests.

- 1) As to the Lifetime Employment System, there were more critics than we expected. This means that there may be some future change in this system although gradually.
- 2) The plan to carry out the long-range business plan by themselves is seriously considered by the private companies. Many of them are thinking that the governmental plan is not satisfactory for them, they want to analyze the national economy and to make their own.
- 3) Because of the complicated situation, the self-coordination among the companies is very difficult to find the solution. However, the fact that about 50 per cent agreed to the plan indicates their interests.
- 4) There were many opinions which agreed to importing technique from abroad. However, many executives pointed out the inadequate system of developing the imported technique as their own technique.
- 5) As to the formation of tie-up companies, there were strong critics just like the Lifetime Employment System. Depending upon the industries, the conditions were not same, but the guidance of the big enterprise for tie-up companies will be changed gradually.
- 6) Concerning the social science and cultural university system, the academic training plan obtained many supports. But the opinion to strengthen the business education or ability to apply is emphasized. Furthermore, opinions for the social mission of the University and Business and the university function of building up the student's character are noteworthy.