

Title	The formation and development of welfare work in business : its Japan-style disposition
Sub Title	
Author	Ishizaka, Iwao
Publisher	
Publication year	1973
Jtitle	Keio business review Vol.12, (1973. ) ,p.71- 98
JaLC DOI	
Abstract	
Notes	
Genre	Journal Article
URL	<a href="https://koara.lib.keio.ac.jp/xoonips/modules/xoonips/detail.php?koara_id=AA00260481-19730000-03920014">https://koara.lib.keio.ac.jp/xoonips/modules/xoonips/detail.php?koara_id=AA00260481-19730000-03920014</a>

慶應義塾大学学術情報リポジトリ(KOARA)に掲載されているコンテンツの著作権は、それぞれの著作者、学会または出版社/発行者に帰属し、その権利は著作権法によって保護されています。引用にあたっては、著作権法を遵守してご利用ください。

The copyrights of content available on the KeiO Associated Repository of Academic resources (KOARA) belong to the respective authors, academic societies, or publishers/issuers, and these rights are protected by the Japanese Copyright Act. When quoting the content, please follow the Japanese copyright act.

# THE FORMATION AND DEVELOPMENT OF WELFARE WORK IN BUSINESS

—its Japan-style disposition—

by

*Iwao Ishizaka*

## *I. Angles to the Problem*

(1) Before discussing the historic process of the formation of welfare work in business and its disposition in Japan, we must first elucidate problematic points relevant to its concept. In studying complex historic and social phenomena, if concepts of the object are not clear at the outset analysis will be buried in the abundance of facts. This is particularly so with the theme of business welfare whose conceptual meaning and contents are not always straightly definite.

In Japan a word of *kigyōnai fukuri kōsei* (literally within-business welfare work) is generally used but in the Western countries the expression is not so uniform. For instance, in America and Britain various terms such as fringe benefits, employee service, supplementary compensation, supplementary pay, benefits and service, company welfare benefits and indirect compensation are found, and even Germany, with word usage relatively stable, has many expressions such as *betriebliche Sozialpolitik*, *soziale Betriebspolitik*, *betriebliche Sozialleistungen*, or *betriebliche Sozialeinrichtungen*.

Not only the conceptual expression is thus varied and confused, but also the contents are not uniform. For example, the above-shown benefits and service, which are more popular, are used sometimes as synonym, sometimes distinguished. When distinguished, benefits refer to work calculable directly in money value as presents to individual workers while service is uncalculable.<sup>1)</sup> Some students, however, take service as of a narrower sense than benefits and mention the costs of annuity, life insurance, health insurance, credit, etc. as “economic” service contrasting these with “recreation” service.<sup>2)</sup> And the survey of fringe benefits by the National Chamber of Commerce of America, being taken since 1947, counts

---

1) D. S. Beach, *Personnel: The Management of People at Work*, 1965, pp. 735–736.

2) E. B. Flippo, *Principles of Personnel Management*, 1961, p. 573.

expenses for meal and incentive money to employee's proposal in the benefit items, against which there is an opposite view that these are not fringe benefits because they are directly relevant to the labor process.<sup>3)</sup>

Since even in the same country differences of opinions on the contents are easily observable, inter-country diversities are all the more evident. The survey of welfare costs taken by the Japan Employers Union (Nihon Keieisha Dantai Remmei), representative one of such survey in Japan, and the labor costs survey by the Labour Ministry exclude paid vacation and other types of non-work pay from welfare, while surveys in foreign countries, including NCC's, take them as an important item. Again in Japan today housing schemes such as boarding or company's house make a mainstay of welfare work. In Germany, however, already early in this century, some seventy years ago, it was asserted that dwelling should not be counted in welfare work in business in case it is indispensable to production.<sup>4)</sup>

Since the expressions and objects of welfare work in business are thus varied, a British book has said the term fringe benefits looks something like a puzzle or fancy.<sup>5)</sup> In fact there has been in many cases an inclination to discuss the framework or contents of welfare schemes simply following the items employed in the surveys by official organs or business organizations. That is to say, the problem is dealt by expediency in method rather than being a conceptual structure scientifically tested. As a matter of fact, however, it is pointed out in an American standard-level book of personnel management and industrial relations that expenditure for welfare work (benefits and service), including direct and indirect, has increased year after year since World War II, though no general definition of the words is given.<sup>6)</sup> Again by the above NCC's survey the rise between 1947 and 1961 was over 80%. This tells that now such expenditure cannot remain to be something like a "fringe" of hat for employers, and for laborers something they should tamely accept.

The diversified expression and the confused object appear to be a result of the fact that only recently welfare activities in business have come to draw attention of the academic circles, with the actual state making the background. Exceptionally in Germany, the mother land of social policy, during the late 1920s to 1930s the social significance and within-business position of welfare were given an appreciably clear theoretical ground owing to the development of betriebliche Sozial politik. The writer has discussed this point in detail in a former occasion,<sup>7)</sup> so will not touch here. Putting aside this state in Germany,

3) D. S. Beach, *op. cit.*, p. 738

4) A. Gunther u. R. Prevôt, *Die Wahrfahrteinrichtungen der Arbeitgeber*, 1905, S. 33.

5) G. L. Reid & D. J. Robertson, ed., *Fringe Benefits, Labour Costs and Social Security*, 1946, p. 16.

6) D. Yoder, *Personnel Management and Industrial Relations*, Japanese rev. Vol. 2, p. 161.

7) I. Ishizaka, *Keiei Shakaiseisaku-ron no Seiritsu (Formation of Betrieblich Sozialpolitik)*, 1968.

the conceptual confusion in America and Britain should not be ascribed only to the immaturity of the theoretical study in welfare work. Originally the Western countries had such word as company welfare work or Wohlfahrts-einrichtungen. Today, however, these words, which correspond with *fukuri kōsei* in Japanese, are now replaced by the said benefits-service or betriebliche Sozialpolitik.

So to speak, these terms of welfare and Wohrfahrtseinrichtungen have become obsolete and been replaced by the concept of benefits or service, and in Germany a new dress of betriebliche Sozialpolitik has been put on. Contrastively in Japan the conventional *fukuri kōsei* is still keeping its life both practically and theoretically. Just in this point there is reflected the Japan's disposition of welfare work in business, which must be clarified firstly.

(2) While the concept to exhibit business welfare activities is still of old fashion and conservative in Japan, various thoughts with new implication and expression are now being introduced and imported. So conceptual confusion is undeniable. The point of problem, however, should be found not in the expression but in the objective situation and aurroundings of the matter.

Primarily the contents and significance of welfare schemes are governed by nation's social security system, general level of social life, laborers' standard of living and the state of labor markets and industrial relations. While the Western countries entered industrial societies long ago, Japan has only recently arrived at that stage, retaining the traditional character of pre-industrial society. Such position and process of economic development are defining the contents and quality of welfare work in business and the latter are again being reflected in the conceptual pattern.

In prewar Japan male adult laborers were placed outside the object of protective legislation on labor and the social insurance systems were also immature. Accordingly labor power was always exposed to wasty use and wearing through the process of consumption by capital. While to prevent wear and tear and to contemplate conservation and cultivation of labor power are right the perfection of labor conditions which business should do as a primary prerequisite of the reproduction process of capital, even these were colored with benevolence or beneficence as employer's voluntary welfare measures. This inclination is not a particular state of Japan alone but seen always where protective legislation and social insurance are immature.

Welfare work of such stage is provided as benevolence or at most defined in nature as a device for keep-up or cultivation of manpower, and it is stressed that it is given at enterprises' voluntary will. Hence the contents have to be very broad including, so to speak, all matters relevant to labor force. For example, by the concept definition by the late professor I. Ōtsuka's *Kōjōnai Fukurishisetsu ni kansuru Kenkyū* (*A Study in the Within-factory Welfare Work*), 1938, a classic book in this field, welfare work implies systematic activities for the living of workers and families operated on employer's responsibility, excluding the three

basic labor conditions of employment, i.e. wages, labor days and discharge. In concrete they are provisions relating to (1) inside-business power relations (shop committee, management conference, etc.), (2) education, (3) health and sanitation, (4) livelihood and (5) financial affairs; thus very extensive. And E. Awaji, pioneer student of personnel management of pre- and post-war days, defined in his pre-war book that "The so-called welfare provisions include *all that contributes to the conservation of labor force*, such as safety, health, assistance, recreation and so on (*Jinji Kanri, Personnel Administration*, 1939, italics writer's). Although the item of industrial relations is not shown as contrasted to Ōtsuka, it is clearly avowed that, excepting the basic labor conditions, they involve an extensive sphere making facilities of manpower conservation.

Maintenance-cultivation or conservation of manpower should primarily be conducted within the framework of the basic labor conditions. Work days that may not wear down manpower, wages that enables reproduction of manpower consumed in production, and institutions that prevent unfair discharge: on these bases of daily work process normal conservation and reproduction of labor force should be achieved. Once these conditions are well accommodated, the nuance of other provisions will inevitably change. In other words, they will go beyond manpower conservation—that is, discontinue to be simple alternatives to employment conditions such as wages or work days—and become nothing but various kinds of "service" in a wide sense to meet employees' economic and social desires. And they are not carried by the will on the side of business, but are set up as workers' proper wishes through collective bargaining or as execution of prerequisites for continued business, in short not as voluntariness but as inevitability. This represents the state in postwar Europe and America with the rapid perfection of social security systems and the development of welfare work in business against the background of rising social status of the working classes.

Here laborers do not receive benevolence as the economic weak from employers, but confront the latter on equal footing. The theory of labor-management partnership, which is often advocated by employers as the idea of modern industrial relations, presupposes a concept of equal footing and brings about it as a result. Insofar as this, what are presented by employers, excluding those relevant to the basic conditions of labor and production, become service to the equal-footing partners, not benevolence. Then the function of welfare work naturally changes, and with function being changed, its concept and contents have to change, too.

If the function of welfare provisions shifts from benevolence to service for the equal-footing partner, among them what are concerning with workers' life (safety, sanitation, over-time pay, accident aid, relief, etc.) are moved to the basic conditions while items other than such conditions come to be what are provided to laborers as the contents of service. For instance, E. Awaji, who held the manpower-conservation argument before the war, has said after the war that "Welfare work is a generic name of facilities business establishes for workers'

benefit, that is, for the maintenance and promotion of health, culture and education of employees and families *independent of business or production devices*," Rōmu Genron, *Elements of Personnel Management*, 1958, italics writer's). This is a change to exclude what concerns with labor conditions. He mentions as the concrete contents facilities of (1) living (dwelling, meal, sale and distribution, repair and guide of living), (2) economic aid (credit, sympathy gift, subsidy), (3) health and sanitation, (4) sports and cultural provisions and (5) social insurance. Here clearly spreads the color of service along with manpower conservation and cultivation.

By the definition by G. Mori, representative scholar of personnel management theory in Japan today, the service-type provisions are limited to what are *relevant to living inside and outside of factories and operated collectively* (e.g. light meal in plant, recreation, purchasing, dwelling, education, credit and culture), (*Romukanri Gairon, General Theory of Personnel Management*, 1964, italics writer's), The collectiveness and the relevancy with general individual's living make the characteristics. That is to say, the turn from benevolence to service implies a shift from the aim of direct conservation-cultivation-reproduction of manpower to the orientation toward "formation of cooperative relations between management and labor" (G. Mori), and also a stimulus upon individual's emotion directed to organic structure of collective labor. This is just what is being stressed in Japan as the so-called human-relations administration function of welfare work. This is nothing but the essential function that characterizes the age of industrialization.

## II. Current State of Welfare Work in Business

As the factors to administer the characteristics of business welfare professor Mori has mentioned the state of social security and social work as well as labor-management practices and attitudes, and defined the character in Japan as a mixture of provisions standing first on the idea preceding to the modern personnel management, second on the idea as alternatives to social security or social work, and third on the idea of service to the equal-footing partner as the modern personnel management.<sup>1)</sup> This tells right the fact that, in accompany with industrialization by technological innovation and big equipment investment, the need of organic formation of the company community has increased, and consequently the service-type function has become indispensable as a means to cultivate the consciousness of labor-management cooperation. Nevertheless, at the same time alternatives to social security and social work are necessary due to their low level. Again the lag in labor conditions—such as low wages notwithstanding increasing initial pay—is working to retain the color of benevolence in

---

1) G. Mori, *Rōmukanri Gairon (General Theory of Personnel Management)*, 1964, p. 225.

welfare. This is the very "mixture" by Mori, and makes the reason why the word *fukuri-kōsei*, obsolescent in the Western countries, still keeps its life among the academic and business circles doubtlessly.

(1) The welfare provisions being widely operated in almost all enterprises in Japan are illustrated in Table 1.

This table picks up welfare provisions with an operation rate over 70% among enterprises from the surveys by the Japan Employers Union and Tokyo Metropolis. By it we can say four pillars—dwelling, money present for congratulation and condolence, pleasure trip and subsidy to sports and cultural activities—are Japan's pattern, if we exclude such scheme as retirement allowance which is popular but to come under pay. The rate of dwelling in the Tokyo Metro. survey is low, 34.0%, which is due to the overwhelmingly large number of small businesses with employees below 300 persons in the survey which is different in the quality of object from the JEU survey with big enterprises with employees more than 1000 counting more than half. Also in the JEU survey small businesses with employees less than 100 show a low of 32.4%, while the rate of boarding for unmarried persons is high with 86.2% for businesses with more than 300 persons in the Tokyo Metro. survey; almost equal level.

By the by, seen as a pattern, i.e. not taking functions into account, these four pillars were formed long before the war, in the Meiji era (1868–1912).

The dwelling scheme, whether company's house or boarding, dates back to Meiji. It was indispensable for locational reason, as in the mining industry where it started from *hamba* (Japanese hutty system). The boarding of the spinning industry is identically for the sake of business. These facilities for business should be distinguished from those for employee's welfare, yet no clear division

Table 1. Welfare Work in Business (rate of operation, in %)

	JEU Survey			Tokyo Metro. Survey
	1958	1963	1968	1966
Company's house	82.7	75.7	83.1	34.0
Boarding for unmarried	69.6	82.8	91.3	72.0
Work-costume supply	80.5	88.4	94.3	—
Commutation ticket	—	78.9	85.4	—
Gift for congratulation and condolence	94.1	—	—	—
Marriage	—	91.0	96.6	94.5
Birth	—	81.9	89.5	86.0
Disaster	—	87.4	92.6	77.1
Disease	—	84.5	92.3	85.5
Decease	—	92.9	97.3	93.5
Pleasure trip	79.3	76.4	84.8	96.6
Subsidy to athletic and cultural circles	71.4	cul. 70.4 ath .74.8	73.4 85.4	—
Group life insurance	76.6	73.8	89.8	—

is yet made even today. This tells in itself the traditional character of business welfare in Japan. Again the system of employee's own house, currently the major form of dwelling provision, has similar examples in the loan system for house construction or purchasing carried by the Onoda Cement Co. already in 1905 and, prior to it, Ani Mine in Akita Prefecture pushed out "policy of encouraging own-house construction" by lending land and money to the employees.<sup>2)</sup> Again the measure of company-hired house, now popular among many enterprises, was managed already in the mid-Taishō era (Taishō-1912 to 1927).

The system of gift for congratulation and condolence has been operated since long before. By a survey the rate of injury-aid provision in 1932 amounted to 92% of surveyed companies—92% for food factories and 81% for government plants,—and again aids to family member's injury—including solatium, medicine expense and nursing absent-day pay—35% in mining and 27% in spinning. Presents for marriage, funeral, fire or storm and flood were provided in 37% of spinning and 28% of machinery factories. Until this time most schemes had been managed by mutual aid systems rather than by company's direct aids, but by this period the latter registered 60% in manufacturing though the former was still prevalent in mining.<sup>3)</sup>

Also pleasure trip and subsidy to cultural and athlete circles, the major forms of today, began to be active during late Meiji and early Taishō. Sports, *budō* (military arts), as well as music and dance were popularly as "taste encouragement" in spinning, mining, shipbuilding and machine building.<sup>4)</sup>

(2) As above, the frame of Japan's business welfare, seen as forms, may be said to have been to accommodate company's houses to family-man employees, to house youth workers collectively in boarding, to present solatia or gift at blessedness or misfortune in daily life, to hold pleasure trip once or twice a year, and to subsidize activities of taste, amusement and sports. Along with these main schemes there were life assistances (so called by JEN) including provisions for daily goods, costume, commuter expense, etc. Anyhow, they were nothing more than measures for business and production or alternatives to inferior labor conditions, and that only to an extent of poor coloring for the aim of softening employees' dis-satisfaction.

Thus welfare work in Japan was operated in substance merely as the least measure for production under such labor conditions as were remote from the proper reproduction of manpower, and the traditional character was dyed with protection of life because of its direct connection with manpower reproduction under the lack of legal protection for laborers, and such protection was colored up by the family-doctrine ideologie of benevolence. This conventional disposition,

2) *Nihon Rōmukanri Nenshi Kankōkai, Nihon Rōmukanri Nenshi (Annals of Personnel Management of Japan).*

3) *Sangyō Fukuri Kyōkai, Kōjō Kōzan no Fukurishisetsu Chōsa (Survey of Welfare Provisions in Factories and Mines), 1934.*

4) *Nihon Rōmukanri Nenshi, Pt. 1.*

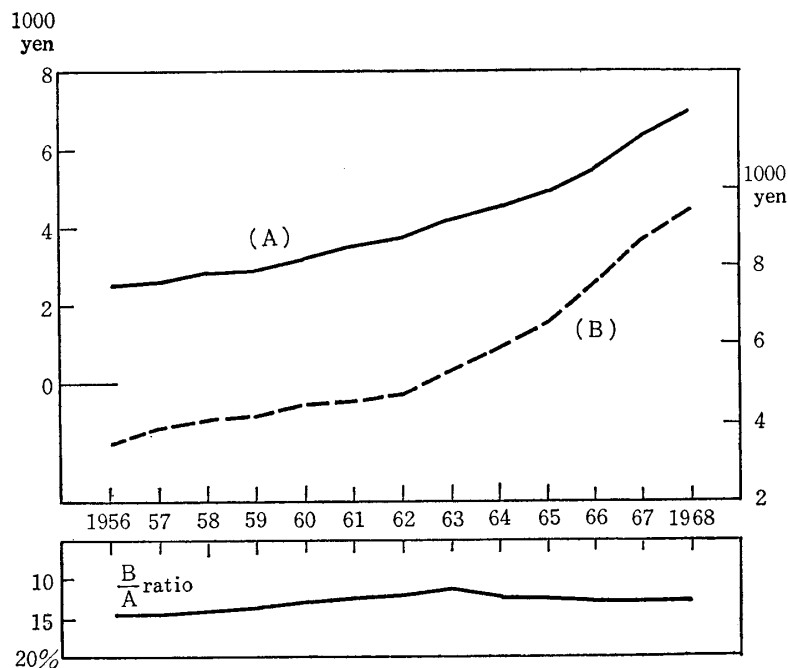


if fading away, is intruding deep into the industrial society which has entered an industrialized one—such is the present picture. And amidst the gap that this traditional ideology is vanishing through qualitative changes in environments while the conventional pattern is remaining, in other words, the function and significance of welfare work are accelerating their changes under the same old pattern, study of the underlying significance has been neglected. This makes the very problem. Since actual materialization of paternalism in management is welfare work, the whole significance of welfare must be changed in accompany with management principles. The step taken by enterprises, however, has simply mean cut-off of welfare work as superfluous flesh.

That JEU commenced their study of welfare expenditure at the beginning of the Shōwa 30s (1955-) and that at the stage of this decade the ratio of this expenditure to cash payroll dropped tells objectively the above situation. However, in the Shōwa 40s industrialization generally came to be settled. As the result the new pattern, concomitantly required by the new situation, and the old one began to pose a complex figure, with the significance of both being interwound. Thus it became indispensable to identify the significance and position of welfare work covering new and old patterns and functions. This was reflected in the regain of the rising trend of welfare expenditure from the end of Shōwa 30s to 40s as seen in the JEU's survey as well as in the reexamination of welfare from fresh viewpoint conducted by the Administration Division of Industrial Structure Council (Sangyō Kōzai Shingikai Kanribukai) since the 40s.

Leaving the latter point to later consideration, as for the former Figure 1

**Figure 1.** Payroll and Welfare Expenditure, and the Ratio



Source: NEU.

exhibits the trend of welfare expenditure adapted from the JEU's survey. The ratio of expenditure to total payroll declined year after year since the 1st survey (1955-56). The downward trend reached a bottom at the 8th (1963-64), turned to rise again in the next year, and thereafter maintained almost the same level. The level of absolute amount of expenditure appreciably rose, resulting in a 2.7-fold increase between the 1st and the 13th survey (1968-69). Since the increase of payroll during this period was 2.9 times, this surpassed the increase of welfare expenditure. But if the 7th survey, mid-point of thirteen surveys, is compared with the 13th, the growth was 1.99 times for welfare and 1.88 times for payroll, the former being higher inversely. This growth emerged amid the process of the fundamental reform of business constitution and the establishment of mechanized mass-production, i.e. industrialism, performed to meet international competition sharpened by trade and capital liberalization and changes in labor markets. What does this tell? Rapid transformation of labor system naturally requires reorganization of the company society. Insofar as the motive of such transformation in production system (rationalization) aims at pursuit of profitability, the reorganization of the company society inevitably invites conflicts with labor unions as well as active and negative resistance of individual laborers. In this sense the company society, which has now completed its formation as an organized body, must be provided with lubrication stuff. This stuff is notably benefits and service.

The welfare work of the conventional pattern must be dressed in new style and function. If it becomes an essential element of organization, the widely-spoken voluntariness loses substance, if not compelled to compulsion. The loss of voluntariness is nothing but self-destruction of the benevolence-paternalism ideologie which can only stand on it. On this ground the identification of the new, present-day significance was conducted by the Industrial Structure Council. This point shall be explained later.

As above, in the turning period of welfare caused by the growth of industrial society, the traditional pattern still survives in mixture with the new one, and while old ideologie and function are disappearing no new direction is yet clearly given. In order to have more evident recognition of such present state we must trace the traditional character.

### *III. Historic Disposition of Japan's Business Welfare*

As stated above, provisions of assistance to life—dwelling and others—make the characteristic features of Japan's business welfare work. And the traditional disposition was that they were provided with significance by the benevolence ideologie. What was traditional, however, was not so as spontaneous generation but had been stamped as such through the particular growth process of Japan's capitalism. That is to say, the provisions in the form of life assistance, which remain markedly still today, came on the stage in the period from end-Meiji to

mid-Taishō. So to speak, the prototypes of the present schemes arrayed themselves through this epoch. And then through the development of Japan's economic society from mid-Taishō to early Shōwa they were changed in their primary function, connected with the ideology of benevolence or "family-doctrine," and settled as the traditional pattern. Or, this should be called "completion" of primary aims rather than change. What was it, and what did it mean? To answer this we must carve in relief the traditional features.

(1) Since the introduction of capitalism and the factory system in Meiji to mid-Taishō, Japan's business had been incessantly been worried by acute "labor mobility" or "labor turnover." It was the reverse face of inferior labor conditions. The basic task of personnel management was the exploitation of labor force under primitive industrial relations on one hand and the settlement of manpower, or rather prevention of flight of workers, say, "forced and confinement Labor" on the other.

The trunk industries of Japan from Meiji to Taishō were textile manufacture and mining, excluding government's arms and steel plants. So the personnel-management measures may be said to have developed from the mother's body of these two industries. In the cases of mining, however, all measures were connected with the needs of business due to locational conditions. This was so also with welfare schemes, and hence the basic rail of all measures, including welfare, was laid down by the textile industry, putting aside mining attached with natural conditions too much. The rail was administration by forced and confinement labor, and upon it paternalistic management was formulated against girl workers of textile, which was then generalized and developed as a Japan-style feature. When forced labor and confinement had invited resistance by the working classes born with the maturity of Japan's capitalism and become impossible to enforce nakedly due to the movements of organized labor and socialism, then had appeared the paternalism and family-doctrine ideology.

Under such situation as this, all provisions other than labor conditions were also directly related with measures for business, as were in the textile industry. So long as prevention of flight and quit of workers who were unable to endure harsh labor conditions, in other words, so long as forcedness of labor and confinement of laborers were reverse sides of the medal, the process of laborers' life other than labor terms also were included into business side. Hence the focus of welfare was placed firstly on the boarding system, secondly concomitant "encouragement of attendance" and additionally "obligationary or compulsory money deposit system." Soon after spinning and silk-reeling were shifted to private business and spinning took root as a modern mechanized industry, full-day operation by shift system became generalized in mid-Meiji. Since laborers to fill up flight were easily found in the half-employed farm population, however large flight might be, the expenditure for boarding, a device to check flight, was kept at the lowest so long as invitation costs did not rise. Furthermore, even this expenditure was charged on employees. It was by the said compulsory deposit

system. In not a few cases the deposits were confiscated by flight of course and also by retirement prior to serving out employment term on account of nonfilment of contract. In other words, deposits and personal security money were unified. Thus it was the way of personnel management throughout the Meiji era to force labor on the ground of confinement-wise boarding of lowest level, while on the other hand being always faced with the need of replenishment to continuous flight as well as penal discharge against rule violation due to unbearable forced labor. This was right the boarding system of spinning managed as a device for retaining of employee, attendance encouragement, and employee invitation.

The girl-workers boarding of spinning had been set up since early times as an establishment for trainee workers, and came to be generally adopted in accompany with the popularization of two-shift (day and night) system and the resultant increase in demand for laborer, invitation from remote locales, and sharpening scramble for manpower. The conditions of boarding in Meiji were room floor space of one-jō (1.7 square meters) for one person, no closet and cabinet, room lock from outside, locks at entrances of corridor and sliding doors with locks at stairs to upper floor. Workers were kept, so to speak, like material goods in warehouse. Sleeping mattress provided was one sheet to a person, or one or one-and-half set for two persons. There was an event of burning death due to such outside-lock at mid-Meiji. It was not rare that communication with outside was intercepted by such conditions as that the boarding house itself was built on river sandbank, the only route possible was a bridge, or high wall was set up. Meal was provided by direct management by the company or by contractors, being particularly inferior in the latter. Supplementary foods were mostly vegetables or grain—cooked radish or taro and potatoe—with some fish several times a month.

The deposit system included personal security for good conduct, money for footing, retirement allowance and guarantee for contract fulfilment, having two faces of purpose, that is, one as personal security, compensation of damage afflicted on the employers, prevention of quit and absence, and one as economic assistance such as preparation for accident, independent life and household. The terms of deposit were deduction from pay, keep by employer, compulsory putting on post office or bank, with interest, drawable only at retirement or term expiration, and non-interest or partial repayment or entire confiscation at retirement during contract term or at own will.

(Above descriptions from the *Nihon Rōmukanri Nenshi*, Pt. 1, Vol. 1).

In short, in this period the personnel management system was a typical pattern of Max Weber's "theory of productivity of low wages" (*Die protestantische Ethik und Geist des Kapitalismus*). But by middle and later Meiji the effectiveness of confinement system diminished due to the unrestrainable increase of flight and mobility of workers and the swelled expense of recruitment accompanying the increased fluidity of labor force, as will be explained later.

As shown in Table 2 and 3, the labor mobility in Meiji was appreciably high, generally in many industries. In Table 3 proper discharge and flight count almost equal, yet the former means offence of company's rules and orders, agitation of strike, clanfestine romance, disease and agedness—all telling despotic administration by the employer's side. The only way to be freed from such despotic control was either to escape breaking through watchmen or to be discharged by violating rules or orders. In this sense the proper discharge could be a form of flight. Anyhow, according to a survey on the state of spinning workers at that time those who left job within six months after entry counted 30 to 60%, sometimes to 80%. This is seen also in the average years of continued service in Table 4. To compare the figures with a survey by the Department of Labour for 1969, exhibiting 8.4 years for male and 4.4 years for female (graduates of primary and junior-high schools), the service length was half or one-third.

Such extreme labor mobility and short service duration extended to mid-Taishō. The situation turned at last by the depression period from late Taishō to Showa, until then making a thick wall standing in front of business.<sup>1)</sup>

**Table 2.** Worker Accession and Discharge in Late Meiji

(in persons)

	Accession	Discharge	Enrollment at Year End
A shipbuilding co. 1918	2, 457	2, 826	3, 430
1926	6, 020	8, 894	8, 871
B coal mine 1921	3, 842	3, 197	
1929	4, 214	3, 764	

Source: Prepared by *Nihon Rōmukanri Nenshi*.

**Table 3.** A Spinning Company (1900)

(in persons)

Enrollment of previous year	1, 246
Accession	1, 358
Discharge	2, 162
{ Proper discharge	{ 815
{ Dismiss by flight	{ 828
{ (from boarding)	{ (446)
{ Request by injury	{ 394
{ Release for disease	{ 118
{ Death	{ 7
Enrollment at year end	622

Source: Prepared by *Nihon Rōmukanri Nenshi*.

- 1) K. Kanda reported in his book that a manager of spinning plant at that time lamented the difficulty of checking laborers' mobility as follows: "It is impossible to lengthen the service duration by giving whatever warm treatment or by shorter hours and abolishing night work." K. Kanda, *Kōjōkanri*, 1916, p. 331.

Table 4. Average Service Years in February 1916 (in years)

	Spinning	Textile	Wool Fabrics	Tobacco
Male	3	2.3	3.5	2.8
Female	1.7	1.9	1.6	2.3

Source: Survey by Kōgyō Kyōiku Kai, K. Kanda, *op. cit.*, p. 329.

(2) It was between end-Meiji to mid-Taisho that Japan's business welfare built its pattern on the basic rail of *fukuri-kōsei*, which remains still today. This was derived from, for one thing, changes in the environments and inside situations of business. It was the task of this period to prevent labor mobility and to realize "higher efficiency" through these changes.

Data for early Taishō report that in the textile industry the expense for recruitment per female worker increased by about 5 yen in several years and that "reserve workers" of 10 to 20% were always held in spinning factories.<sup>2)</sup> The swell of costs for recruitment and extra members to prepare for labor mobility made it inevitable to revise the means of boarding to check flight. An objective indicator of this fact is the decision of the Supreme Court of Taishō 4 (1915) that sentenced "Infringement of freedom of out-going against worker's will is a crime of unlawful confinement."<sup>3)</sup> This was to tell a situation that the measure of mobility prevention or retraining by dwelling had come to a stand-still as a direct device of business. Already in the Meiji 30s the Fuji Spinning Co. took initiative in giving freedom of out-going and abolishing watch, getting a good result, which was followed by Kanegafuchi Spinning and others and extended over many industries. When confinement was common, mere expression of freedom of out-going was "paternalism" of employers. Liberalization from confinement boarding was at the same time generalization of benevolence among various provisions relevant to employees' life.

Such generalization of benevolence was further fostered by the price rises in the take-off period of monopoly capitalism after the colonial expansion following the Russo-Japanese War and the development of armament. By this period movements of socialists and labor unions had been almost wholly suppressed by the Public Peace Maintenance Law (*Chian Keisatsu-hō*) of 1900 and the Great Treason Case (*Taigyaku Jiken*) of 1909. The livelihood of the working classes under inferior labor conditions, being deprived of means of resistance, was exposed to a critical situation due to price rise. This crisis of living was reflected in the increase in no-lunch and school-absent boys and girls, who became juvenile workers at spinning, tobacco, knitting, glass or printing factories to help livelihood.<sup>4)</sup> This situation was further intensified by the price rises during

2) *Nihon Rōmukanri Nenshi*, Pt. 1, Vol. 2, p. 108.

3) Y. Kazahaya, *Nihon Shakai Seisaku-shi*, (*History of Japanese Social Policy*), Vol. 1, pp. 106-107.

4) S. Shinobu, *Taishō Democracy-shi* (*Democratic History in Taishō*), I.

World War I, leading to the rice riot. It is clearly seen in the decline of real wage in Table 7.

The continuous trend of price rise from end-Meiji to Taishō worked on enterprises as a general factor to drive them to measures for life assistance, partially to prevent labor turnover. And it was through the transformation of labor union movements that the previous benevolence, intended to keep workers within business, was generalized and settled within the company community in the form of paternalistic or management beneficent provisions.

**Table 5.** Study of Living Cost at Yodobashi Tobacco—A  
(in persons)

	Male	Female
Who can live with a margin on one's wages	8	4
Who can sustain livelihood	14	2
Who cannot sustain	48	36
Total	70	42

Source: K. Kanda, *op. cit.*, p. 442.

**Table 6.** Ditto—B

Average monthly income of worker	16 yen 17 sen 1 rin
Average monthly cost living per household	25 yen 38 sen
Average deficit per household	9 yen 20 sen 9 rin

Source: Ditto, study in early Taishō.

**Table 7.** Price and Wage Index in Early Taishō

	Prices	Wages	Real Wage
1914	100	100	100
1915	103	100	97
1916	144	107	74
1917	179	127	71
1918	230	157	68

Source: Prices are wholesale prices by The Bank of Japan, prepared from Shinobu, *op. cit.*, p. 395.

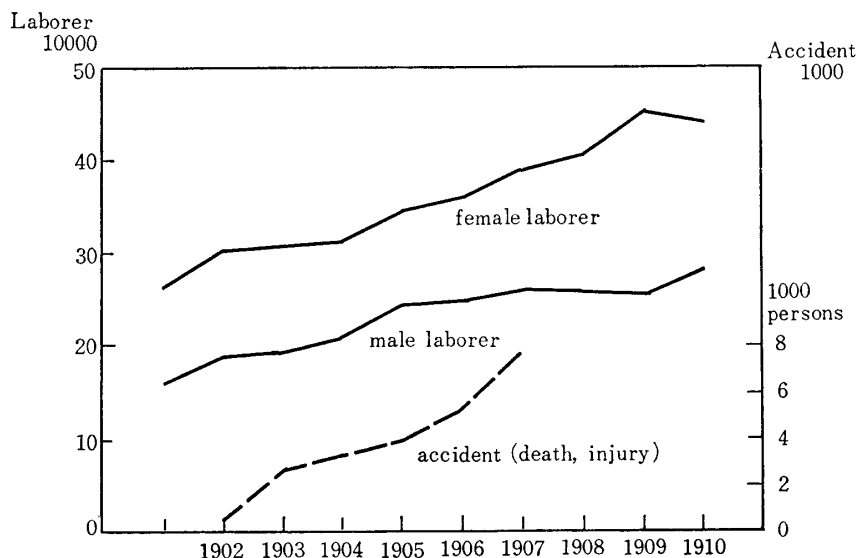
(3) The victory in the Russo-Japanese War accelerated the munitions-oriented structure of industry. The expansion of armament, notably of the navy, brought about in-orders of big warships to private dockyards and consequently birth and growth of specialized makers of machine, motor, etc. This uprise of the machine industry, together with the textile industry oriented to colonial markets, promoted the mechanization of industries. This trend became more evident during World War I, resulting in the formation of monopoly on one hand and of the working classes on the other. The problem lies in the point that the formation of monopoly took place on the utilization of pre-modern employment

relations and yet rendered unavoidable the growth of modern-age wage-earners. In addition, since the development of industrialization necessarily leads to involvement in world markets, business cycles of the world economy came to have direct relations. This planted intense sensitivity to the international economy on the Japanese economy due to its weakness deriving from unbalanced development between agriculture and industry. The weakness was possible to cover only by shifting it to laborers placed under pre-modern employment conditions but resistance arose among them who were establishing themselves as modern wage-earners. The increase in male workers in Taishō—though female workers still making the mainstay—resulted in the growth of labor dispute, in both quality and quantity, and organized labor movements.

To summarize the above, firstly the crisis of laborers' living by continuous price rises and the need of mobility prevention since the preceding period had caused diversification in the many provisions of life assistance. Secondly the rapid growth of mechanized industries resulted in the increase in labor accidents side by side with that in factories and laborers, which led to the enactment of the Factory Law, if incomplete, in late Meiji. And what directed these general factors to paternalistic management under the family-doctrine were the swell of labor movement and dispute. In short it was the need of restraining labor movements by means of establishing "the company community" amidst the formative process of monopoly and on the base of pre-modern employment relations. Again it corresponded, in political phase, with the formation of hegemony by monopolistic bourgeoisie or financial clique utilizing pre-modern and community-wise social relations. Accordingly the company community established was deeply imprinted with pre-modernism. The assistances given to laborers were neither those recognized as their social rights nor those grounded on employers' obligation to employees as citizens. They were a produce of "governing by status"—paternalism and beneficence. The only point noteworthy was that they were clad with a modern and community-wise dress of family-doctrine in face of the working classes who had grown and held self-consciousness on the waves of growing capitalism and the Taishō democracy.

In early Taishō the numbers of laborers as well as factories almost doubled as against late Meiji, and workers' resistance to hardship of life enhanced again with the outbreak of World War I, although it had been suppressed for a while after the Great Treason Case. Between Taishō and 6 (1915–1918) labor disputes increased by eight times and members joined by seven times. They increased not only in numbers but also in quality—more organizational and different from previous outbreak type. The Brotherhood Association (*Yūaikai*), starting in early Taishō with some ten members, had more than twenty-thousand in Taishō 6 (1917), adopted college graduates among them, and began to help disputes at many locales. They were, however, not yet linked with socialist movements despite big stimulus given by the Russian Revolution. Yet a new problem of labor movement came to face entrepreneurs who were still being annoyed by labor mobility



**Figure 2.** Numbers of Laborers and Labor Accidents

Source: Prepared from *Nihon Rōmukanri-shi*, Pt. 1, Vol. 2.

as was mentioned in a Factory Inspector Report as the reason “why eight-hour work or other hour shortening was commenced in those areas with big plants, e.g. Tokyo and Osaka.”<sup>5)</sup> The problem was how to guard against crevices inside the company community, to close them, and to check fluidity. This is the reason for the publishing of K. Hayashi’s work, *Onjōshugiteki Seisaku (Paternalistic Policies)*, 1933. The author’s definition of paternalism conforms just with *fukuri-kōsei* (welfare work in business). It is defined as the measures of promoting welfare of employees other than those carried as obligation by the Factory Law or by contracts on labor conditions.<sup>6)</sup> Here is spoken under the word of paternalism the full definition of what is today called *fukuri kōsei*. This is connected with the materialization of the general pattern of business welfare—stepping out a mere conceptual definition—and implies the establishment of the traditional pattern which is deep rooted still today. Now let’s us observe the pattern in relation with the above-described characteristics.

(4) As stated already, during this period both the fulfilment of conventional provisions and the foundation of new ones were conducted. Their immediate aims were the encouragement of attendance and long service to employees released from confinement boarding and the formation of employee system. The concrete lines were directed to life assistance, recreation and enlightening—all oriented to “family-inclusive” measures.

(As for housing, workers’ villages (in today’s name company-house group area) were framed, groups of small houses for home life were built, and attendance from company-houses was encouraged. Also borrowing of near-by

5) Y. Kazahaya, *op. cit.*, p. 21.

6) Ref. H. Hazama, *Nihon Rōmukanri-shi (History of Personnel Management in Japan)*, pp. 45–47.

houses and free provision of lands and aids to house rent were carried. Boardings were improved, for example, from crooked or opposite-wing structure to dispersed south-facing form, from hall-type to small room, one set of sleeping mattress for one person, room with bed, and sometimes steam heating. As additional facilities, not to speak of eating and bath rooms, there were set up rooms for sawing, library, amusement, learning, stall, medical or care and hair dressing. Furthermore lodgings for employees' parents and brothers were accommodated which, along with the deposit system for inviting family members, were to fortify connections with families in order to consolidate employment. This deposit system was to save part of pay which, amounting to an one-way ticket fee, was sent to parents, and the fee for return home was to be paid by the company.

It should be noticed that not only such improvement of facilities, that is, keep-up of manpower, but also measures to effect on laborers' willingness were pushed forward. For example, dining was shifted from contract to own-management, a system of table-head in eating room for self-governing arrangement was laid down, and many forms of group dining were held such as for relaxation, retiring, mutual friendship, cookery, or own-cooking in each room. And directors and helpers for living of trainees were provided in order to make familiar with boarding and factory work as well as quick learning of skills. These systems of group dining, director and so forth are not so much different from the "sister system" now being carried notably among electric appliance makers or boarding system in small dispersed houses with partial own-cooking being employed in the Sony Company.

As for the provisions for workers' family life, nurseries and children homes with full-time nurses were set up as help to wife workers, for good sleep of night workers and for infant education. As an organization of side-work of family members side-work unions were founded.

Thus provisions laying weight on home life were promoted. Along with the customary deposit system, invitation to insurance and relief loan to needy people, the previous character of personal security became faint, and the phase of economic aid grew more and more emphasized. Facilities to supply daily-goods were fulfilled. And facilities for recreation and pleasure were also popularized as a step toward the company community. Theaters and athletic establishments being constructed, sports and *budō* (military arts) as well as modern amusements such as music, dance, cinema, ski and skate were encouraged and supported. Family-inclusive athletic meetings were held and pleasure trips undertaken. Factory shrines were founded and memorial ceremonies of company were conducted. Subsidy or grant to commuter expense began in this period.

Lastly retirement allowance, now gathering attention in relation with pension system, came to be enforced for salaried employees of long service as security after retirement and for wage-earners as a means of preventing

turnover and encouraging continued service of, say, three, five or seven years. And also bonus, which had been given to salaried men alone as profit sharing, came to be extended over all employees. (The above materials from *Nihon Rōmukanri-shi*).

As above, the present pattern of business welfare work has been formulated with two pillars of life assistances to individual workers and provisions for recreation and amusement to collective bodies. These diverse measures, which had been framed for the prevention of labor mobility and as a counter-measure to union movements, were further promoted for the aim of securing profits in the formative process of monopoly.<sup>7)</sup> The diversity was given a unitary meaning by paternalism ideologie for the aim of establishing the company community. The development of business welfare thereafter has been nothing more than the extension of this line so long as monopoly advances while labor movements enhance, and pre-modern social relations underlie it.

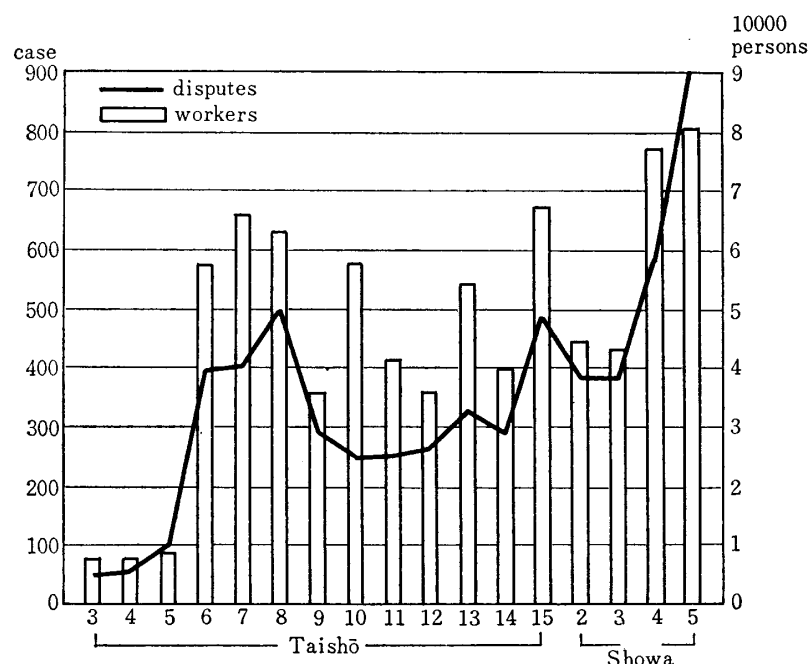
(5) Taishō was an epoch of big fluctuation. The economic growth by the chance of War and the democratization movements gave birth to the assertion of ego and the organized development of labor unions, but these were soon crushed away under the suppression of the Public Peace Maintenance Law (*Chian Ijinhō*). In this process business welfare activities performed the said two tasks—prevention of labor mobility and foundation of the company community by oppressing union movements. There were established the Japanese business practices of lifetime employment and seniority order (pay by service length) system, and was settled the paternalistic welfare, i.e. *fukuri kōsei* as binding agent.

World War I gave Japan's commodities a best chance towards world markets. Her exports during the four years from Taishō 4 to 7 registered a total of 5.4 billion yen, an amount equal to normal ten years.<sup>8)</sup> This boom gave a spur to the rising trend of prices beginning at end-Meiji. As shown in Table 7, the price index with Taishō 3 as 100 rose to 230 in Taishō 7. Contrastively the increase in money wage was only 57%. Accordingly real wage dropped by 68% between the two years. This war boom, in accompany with inferior labor conditions, brought about huge profits to business, but the decline of real wage let again labor movements burn up which had been stifled after the Great Treason Case. A shocking stimulus to them was the success of the Russian Revolution in 1917. This year making a turning point, the situation of labor dispute changed, as Figure 3 shows. It was not a simple quantitative expansion of movements. They turned to organized ones from previous type of riot or uprising. The Brotherhood Association, which had started as a minor group, sharply expanded its organization

---

7) The average dividend of the spinning companies under the Spinning Federation for the 1st-half of 1918 recorded as high as 50.27%; for the whole year 72%.

8) S. Shinobu, *op. cit.*, Vol. 2, p. 395.

**Figure 3.** Labor Disputes and Joined Workers in Taishō and Early Shōwa

Source: Naimushō.

and began to take active leadership and to support labor disputes in many places. It was reflected in the longer duration of strikes and diversified tactics. Through this fierce situation labor mobility still retained its power, and the need of coping with both labor mobility and dispute made business welfare works gather in a full force as described in the previous section. It was the business depression beginning in Taishō 9 (1920) and the resultant further transformation of the quality of labor movements that consolidated the so-called paternalistic management, centering on life assistance, into a more complete form of Japan's disposition.

The Japanese economy, which had increased contact with world markets through World War I, was exposed to the effects of American postwar depression and subsequently suffered an attack by bad harvest. Then the unemployment problem entered political scene for the first time, and business got a long-desired chance of easy solution of mobility problem, as may be imagined by the voice of "unemployed should go back to farms."<sup>9)</sup> What remained was the problem of labor union movements alone. However, this was not so easy to solve as was labor mobility because the growth of unemployment worked to connect it with syndicalism, anarchism and communism—generically socialism—which shot out all together in the air of Taishō democracy and under the shock of the Russian Revolution. The appearance of the Japan Communist Party was nothing but its expression.

9) As to the back-to-farm argument, ref. Kazahaya, *op. cit.*, Vol. 2, p. 340.

The Communist Party was at once suppressed by the Public Peace Maintenance Law (1925) only to move under the water. It is undeniable that labor movements were under a strong influence of the socialists' underground activities. So long as unemployment shadowed the Japanese economy, which was involved in the world depression, labor-management conflicts and disputes were endless. If the outward appearance of socialist thoughts and moves were checked by laws, disputes within business deriving inherently from the economic structure were impossible to remove. The number of labor disputes in Shōwa 5 (1939) increased by two times over the previous year. Its decrease in the subsequent years was not by laws but by armed overseas advance, or imperialistic foreign invasion, for the aim of escaping from depression. In any way, through these phases business welfare work was fostered to soften laborers' dissatisfaction on one hand, and paternalism was intensified to prevent socialism from coming to surface on the other. And the direction of their materialization was a pitch to the consumption and wear-out of manpower, that is, further provision of life assistance to laborers panting under agonies of life. Hence it was natural that at this time a nationwide survey of welfare in factories and mines was commenced (1931). In the below we shall review the schemes by the survey so far as it serves to observe the above-described features.

As above, the provisions formed in early Shōwa were a transformation of what had been operated from late Meiji to early Shōwa for the aim of preventing labor mobility into what was mainly tasked with oppression of labor movements that might be linked with socialism. In other words, it was a functional transformation. The pattern was similarly assistance to and protection of life yet characterized, in accompany with the increased weight of male workers resulting from industrial mechanization, by (1) the work was extended over a wider sphere of employees' life, (2) it was directed to collective objects. Under the said first feature comes the fact that aids such as blessedness and misfortune gift became the principal, that allowance for family and dwelling was adopted, that retirement allowance for short-term service was adapted to longer service leading to the present system, and that infant home was popularized mainly in government factories. As the second feature we can mention the systems of profit sharing and stock holding. In short the work covered devices for help and relief, facilities for daily goods supply, institutions for children, monetary measures such as loan—all were fulfilment of the previous schemes.

What were popularly operated in this period were gifts to ceremonies of congratulation and condolence, fire and flood, and death and birth. And non-legal (voluntary) aids to disease and injury were carried to an appreciable extent due to the incompleteness of social security: for example, Health Insurance enforced since 1927 covered only industries under the Factory Law—and that not to family dependants—and hence wage-earners and salaried men of construction, commerce, communication and transportation were not included, and the level of aids by the Workmen's Accident Relief

Law enacted in 1932 was low. This fact should be considered in connection with the increasing labor accidents following mechanization (sufferers from accident increased by 10% between 1930 and 1934). Major items were aid to absent day, present at disease and injury, help to medical expense and subsidy to invite parents and family members, and furthermore aid at disease of dependants was appreciably popular.

Among various allowances, that for retirement was shifted, as already observed, from a device to keep up employees to that of cultivating loyalty to business. This was exhibited in the extension of coverage from a short-period service to thirty or forty years, and in the stiff attitude of employers that it be not given at quit on one's own accord or for marriage. As other allowances, direct aid to family and dwelling and bonus for earnestness, non-absent and long service, and others were developed, being given a function of hiding low-level wages. Also allowance for public holidays such as new year, *bon*, four grand national ceremonial days, etc. began to be carried under such condition as twelve-hour work and two vacation days a month.

Meal provision, company's house and boarding, and daily-goods supply were truly popularized. Infant home was managed mainly by government plants but increased in private factories as well. As for monetary measures, loan system for unexpected expenditure was fairly widely operated—though non-interest in almost half of cases—in place of the compulsory deposit for personal security in Meiji.

Lastly, profit distribution was begun from mid-Taishō to Shōwa—though exceptionally in Meiji 29 (1896) by Gunze Seishi Co. and stock holding was enforced since early Shōwa, both aiming at smooth industrial relations and tame skilled laborers. (The above descriptions are written by the Sangyō Fukushi Kyōkai, *op. cit.*).

#### ***IV. New Tasks and Problems of Welfare Work in Business***

(1) True the industrial surroundings and social conditions of business have remarkably changed after World War II. However, the necessity of help to laborers' living still remains. Not to speak of the process of war-devasted economy, obsolete equipment, inflation and tight-money policy by the Dodge Line, even up to the period of economic resurrection by the Korean War, the peace treaty and the active growth policy of Ikeda's cabinet, labor conditions as well as social security stayed at a low level. The need of help to laborers' life objectively existed. And labor movements, given freedom by the three Labor Laws, placed emphasis on the request of the improvement of labor conditions and the secure of established rights. By these objective conditions and labor movements the pattern of business welfare activities was defined. As the problem of ideology, it became impossible to advocate straightly the business family-doctrine of prewar

days. What was possible was, at most, to assert the company community. That H. Hazama has defined the postwar paternalism by contrast to the pre-war type of business doctrine, as business welfare-ism should be understood in this context.<sup>1)</sup> However, the business circles were preoccupied in building foothold in the economic reconstruction and the sharp competition for markets through the process of reentry into the world economy by equipment renewal and expansion, rather than in the identification of the position of business welfare. Accordingly rationalization from the viewpoint of profit was simply pursued when fresh equipment and production method were requiring reorganization of inside-business social relations. So business strived to be burdenless as far as possible in the process of rationalization. It was looked over that introduction of new techniques of production, marketing and management necessiated the reorganization of the company community by a new vision.

The manifestation of the above course was the emphasis placed on the ability principle on one hand, and the curtailment of expenditure for welfare which had been looked as Japan's particularity on the other. At every occasion in this time when Japan's low wage level was pointed out at home and abroad, warm welfare work was mentioned. Behind such scene, however, the curtailment of welfare expenses was contemplated. The survey by NEU suggests this. As Figure 1

Figure 4. Ratio of Social Security Outlay to National Income



Source : *Shakai Hoshō Nenkan*, 1970.

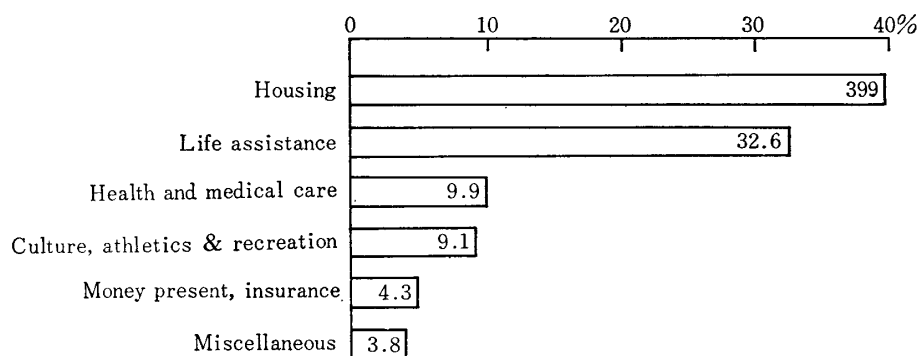
1) H. Hazama, *Nihon Rōmukanri-shi Kenkyū*, (*History of Personnel Administration in Japan*), p. 49.

has shown, the ratio of welfare expenditure to cash payroll declined in the Shōwa 30s.

The ratio began to rise again in the late 30s. This tells that rationalization fixed itself as mass-production mechanism, that the Japanese economy entered rapidly an industrial society, that the fluidity of manpower became remarkable in the labor market due to the exhaustion of young labor force, in short, that rationalization began to dissolve old social regime inside and outside business and enterprises had to cope with these new situations. Yet the customary pattern of business welfare still survived because the low level of social security, notably government's poor housing policy, necessitated assistance to laborers' life.

The items of life assistance named in the NEU's study are meal provision, daily-goods supply, clothes, commuter aid, infant home, education and aid to dependants—all beginning in prewar days. Similarly housing dates back to Meiji and so does life assistance in its substance though something of business purpose is involved. It must be noted here that in Japan distinction has not always been clear between the company's house for manpower procurement-conservation and the dwelling for welfare in its real sense.<sup>2)</sup> This also is a characteristic feature since prewar days. Anyhow, the major part of legal (i.e. compulsory) welfare expenditure consists of dwelling and life assistance, as is shown in Figures 5 and 6.

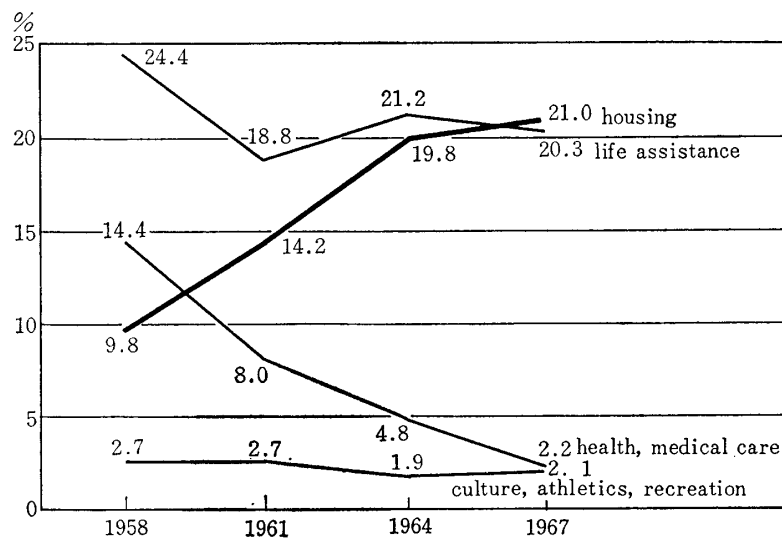
**Figure 5.** Composition of Non-Legal Welfare Expenditure (April 1968–March 1969)



Source: NEU's survey

- 2) In Germany already at the beginning of this century there was a view that facilities for business should not be included into welfare, as mentioned in the above. As such view tells, welfare facilities in business were at high level. This provided the ground for the betriebliche Sozialpolitik, by which housing comes under the category of life assistance. Soon after World War I Krupp built a large number of nonrent houses for retired and disabled workers and additionally a church, library, store and handy-work place for pensioners. In case of death of a dweller, the survivors were accepted in boarding annexed to church and provided lunch. In Japan there are some cases of fuller establishment recently, e.g. Matsushita Electric Appliance Co., where a consistent dwelling policy is taken giving boarding to unmarried-men, and hired house and owned house to employees according to their ages, but generally the level is lower than in Germany.



**Figure 6.** Trend of Composition in *N* Company

These two items will hold larger and larger weight since prices, especially of land and house, are not supposed to stop rises in the near future.

Thus the schemes of traditional pattern still exist firmly, with their ideological base being lost already, while new devices have become needed following industrialization. As the result the expenditure has swelled and the measures have been diversified. They are now impossible to remain to be a fringe of hat. Then where should they be posited? In order to deal with this problem the study and discussion about rationalization and modernization by the Industrial Structure Council was conducted.<sup>3)</sup>

(2) The line of rationalization and modernization is firstly to grasp welfare work as labor costs, that is, in terms of payroll. The shortage of young laborers, the increased fluidity of manpower and the employment of imperfect labor in department stores and so on push up the need of corresponding facilities such as infant home, and cause a swell of labor cost including welfare expenditure. This naturally requires curtailment of other overhead costs and more efficient use of expenditure. Again the effect of increase in payroll, which will arise every year, to be worked on bonus, retirement allowance, or social insurance premium inevitably calls for reexamination of the functions of constituent elements of labor costs as well as rationalization of welfare expenditure.

That is to say, provisions in kind, which are generally customary life assistance, have now become only habitual and stiffened due to their customariness. So the direction is to reexamine what has turned to a custom, to discontinue what can be entrusted to contract system such as daily-goods store and dining hall,

3) As for the argument of rationalization of welfare work, the writer referred ISC's report, JEU's White Paper on Wages and articles by S. Fujita and many others.

and thus to save expenses. The second line is to transform life assistance provisions to wages, to charge their role on governmental social security system, and thus diminish them. As the means of life assistance, weight shall be placed on future life rather than on present life, including house ownership or within-company deposit. This phase will gather necessity since, in accompany with rising wage level, welfare increases weight as an effective device of fixing manpower. In this sense this kind of facilities will become more and more important side by side with the third line below.

The third line is transfer from life assistance or benefits in kind to that of service. The latter may begin with measures for mental hygiene and further involve advice or consultation about personal affairs, legal steps, health, traffic accident, leisure life, recreation and so forth. In short, it is accommodation of service for convenience in welfare. It naturally has the aim of fixing manpower through well-designed service-type aids on individual's personal life. Also it follows the basic target of modernization of welfare which intends to establish the principle of own-responsibility in life and to step out dependency on business. Its significance is not confined to this. Its importance will increase further as the indispensable step to organic formation of the company community inherent in industrialization. This point cannot be said to have been fully recognized in Japan yet it involves the essential problem of welfare pattern connected with shorter hours and leisure utilization, that is, the problem of pay for time not worked (holiday pay, vacation pay, etc.).

(3) The largest difference in welfare expenditure between Japan and the Western nations is that in the latter countries pay for time not worked is considered as a welfare scheme, and that, of a high level.

Excepting the high non-legal social security, the largest item of voluntary benefit expenses is pay for time not worked (Table 8). In Europe and America paid vacation has been recognized for long as a welfare measure either customarily or by the cross-union identity of labor agreements,<sup>4)</sup> and is now increasing its importance. Again in America non-work costs are the largest item and increasing most remarkably, if employers' burdens of the nature of social security stipulated in laws or agreements are excluded. It showed an increase of 188.3% in 1961

**Table 8.** Item Composition of Welfare Expenditure in Europe

Item	1955	1956
Pay for time not worked	8.45	10.08
Legal social security	25.29	24.29
Non-legal social security	1.73	2.00
Provisions in kind	1.06	1.06
	5.38	4.56

Source: Report of the Industrial Structure Council.

4) D. Yoder, *op. cit.*, Japanese version p. 249.

over 1947 by a study by the National Chamber of Commerce. In short the basic pattern is that individual's life is afforded security by social security while business welfare by pay for time not worked. This point is fundamentally different from Japan's system which is deeply colored with life assistance as the whole, including housing which is difficult to judge whether business or welfare.

Also in Germany, the mother land of social policy having a welfare system uncomparably richer than Japan's, expenditure relevant to housing is sharply decreasing though there is some variation by scales, as seen in Table 9.<sup>5)</sup> Inversely in Japan items of housing and life assistance make the mainstay, and notably the former is increasing. Again in the case of a German steel company the expenditure for life assistance dropped by 54.2% between 1955-56 and 1960-61.<sup>6)</sup> What increased as against this drop was pay for time not worked. It rose from 8.54% to 9.35% between 1955 and 1959 holding the highest among non-legal welfare items.

Thus pay for time not worked forms the central scheme of business welfare work of Europe and America, the life assistance items being merely the remainder.<sup>7)</sup> Only by having this fact in mind it becomes possible to understand the severe resolution about the paid vacation system adopted by the 54th ILO General Meeting that paid vacation of at least three weeks for one year's

**Table 9.** Ratio of Welfare Expense Items to Payroll  
(in W. Germany)

Item	Year	500-999 Employees	Over 1000 Employees
Social Security	1951	4.7	7.4
	1957	4.3	8.0
Miscel. allowance	1951	0.6	0.9
	1957	1.5	2.5
Aid for dwelling	1951	2.0	2.4
	1957	0.4	1.0
Miscel.	1951	2.4	3.4
	1957	1.3	2.7

Source: R. Reichwein, *Funktionswanderung der betrieblichen Sozialpolitik*, 1965, S. 88. Covering production and processing of steel and metals.

- 5) G. Fisher said in his article fifteen years after the war-end that the problem of housing had been solved for German enterprises. What a difference compared with Japan, the same defeated nation, with the problem still oppressing both enterprises and individuals! G. Fisher, *Menschenführung in Betrieb*, Probleme der Betriebsführung, Fortschritt Zum 65. Geburtstag von Otto R. Schnitzhaus, 1959, SS. 160-76.
- 6) R. Reichwein, *op. cit.* in Table 9, p. 89.
- 7) The reason for the obsolescence of the word "welfare" in Europe and America lies in the fact that life-assistance devices have changed to mere remnants and laborers are not the social weak.

service be granted to employees who have served for six months or more, of which two weeks be consecutive, and national-ceremony or customary holidays be not included (in some companies of Japan the summer-vacation system is granted by shifting the so-called golden-week holidays to it). Being a country of the third GNP rank and yet the last to ratify the resolution among industrial nations of the world, Japan could not be relieved of the blame of dumping or bargain sale on cheap labor.

The paid vacation system is a problem combined with shorter hours, and essentially that of organic formation or systematization of the company community in the industrial age. Forced and monotonous work by speedy machines, and bureaucratic mechanism in organization, deprive individual laborers of the sense of occupational labor and make such labor lose its social significance. For laborers occupational labor turns to nothing more than pains. This may take a figure of laborers' resistance, which may be wild-cat rebellion not controlled by unions positively and numerous patients of nervous injury negatively.<sup>8)</sup> Anyhow, it is manifestation of declining willingness to work or dissatisfaction arising from the integrity of the mechanism of organization.<sup>9)</sup> The only way of solution is to shorten labor hours, and in the work hour to let laborers execute concentrated in-throw of intensive labor while in the surplus hours born from shortening to let them emit unfilled wishes of daily life, say as paid vacation. As recent studies in foreign countries show, unless the solution of dissatisfaction is contemplated the company community will move to slackening, dissolution or decentralization. The welfare work centering on paid vacation or non-work pay is not a factor to promote willingness to work but that to give satisfaction, and hence makes a lubricator stuff to be charged with the organizational function of the company community to be realized as an organic system of production and economy of today.

This is just what is now being emphasized as the service-type function of welfare work in many quarters of Japan. By a study by NEU, companies giving paid-holidays more than legal provision decreased a little from 77.9% in 1958 to 73.4% in 1968, while the system of all-employee vacation rose sharply from 2.7% to 41.1%. Since in many cases the golden-week holidays are shifted to summer season, the real substance of vacation may be unchanged, yet the function is changed. The motive of such change was the changing labor market (manpower shortage and higher fluidity) and the establishment of mechanized production (entry into capitalistic industrialization). In this sense Japan's welfare work will doubtless go the European-American way sooner or later, although presently there still remains the deep traditional color. And what lie in this line are

---

8) & 9) By the White Paper on Welfare of the Department of Welfare (1969), patients of nervous disease have rapidly increased since the beginning of the high-pace growth of economy; in-patients of all hospitals concerned from 130,000 persons in 1962 to 235,000 in 1968. The social disorder, anomic, which in the past was a concept relevant to the transitional period to industrialization, has become that to represent confusion inherent in the industrialized society.

shorter hours, long paid vacation, formation of leisure life as well as consultation on personal affairs, legal matters, health, traffic accident and recreation. Then the question is what significance should be put to the relationship business may have with individual's life and to the supposable expansion of administrative mechanism of central and local governments, in other words, increase of relevancy between private citizens and public bodies. This is expected to propound serious problems to both labor and management. Notably it would be difficult for executives to grasp the significance if the method is to examine each piece of welfare work from the viewpoint of payroll or personnel management.