

White-Collar Blues

By Ato Ekusa

The present economic slump, rocking the very fabric of Japanese society, is being called a "compound recession" because it involves the complex intermingling of several factors.

Although Japan is part of the international free-economic camp, the principle of competition—which forms the backbone of a capitalist economy—does not seem to have penetrated here completely. The practice of bid-rigging continues to exist in some places, and government agencies still provide guidance on production adjustments. Open competition does not always rule.

According to Japanese newspaper reports, a Russian mission that visited this country to study the free economy was amazed at the situation, exclaiming that Japan had an even more planned economy than Russia and was making full use of the good points of socialism.

Failing to gain the understanding of Europe or the United States, this brand of capitalism constitutes the main reason for the outbreak of trade friction. As a result of the present recession, however, part of this system seems to be cracking.

The first characteristic of corporate employment policies in the current recession is that companies have turned to mandatory layoffs. Specifically, firms have begun asking middle-aged and elderly workers to retire.

Until now, even in times of recession when there has been no work, most Japanese companies have continued to keep their employees, moving surplus workers from the center of the office, where all the action is, to the corner. This so-called "window-side tribe" passes the time by reading the paper during office hours, but still receives a pay slip at the end of the month. This phenomenon is known vernacularly as "in-house unemployment."

Recently, however, Okura Electric Co., Ltd. called for the voluntary retirement of 200 employees. When the response was inadequate, the company recommended that 130 staff members resign; when they refused, the firm notified them of their mandatory layoffs. Eight employees then

took the company to court claiming "unfair redundancy."

Likewise, Minolta Camera Co., Ltd. is calling for the voluntary retirement of 100 employees. This marks the first time in 35 years that the company is resorting to such measures. Iseki & Co., Ltd. has announced plans to lay off 600 workers, including voluntary retirements; and Nippon Telegraph and Telephone Corp. has asked 1,500 employees to voluntarily leave. It looks as though the window-side tribe, which numbers more than 1 million people, is finally being shown the door.

Although Japan has achieved remarkable modernization it still belongs to the Confucianist zone of Asia, which means that it has placed a lot of reverence on seniority. If anything, companies until now have tended to keep middle-aged and elderly workers, who have family dependents, and refrained from hiring young graduates. In the present recession, however, the opposite is occurring: Firms are releasing their senior workers first. The reason appears to lie in the proliferation of computers and other information-oriented equipment. While young people are able to stay abreast of technological developments, older employees cannot keep up.

The second characteristic of corporate employment policies in the present recession is that, whereas the first workers to be laid off in previous recessions were the blue-collar manual laborers, now it is the white-collar office workers who are the first to receive their marching orders.

The third characteristic is that companies have been renegeing on their promises to hire university graduates. According to the Kansai Advisory Research Council on Job Recruitment, in the Kansai region 55 companies have broken their promises to hire 81 graduates from 28 universities. Nationwide, the Japan Association of Private Colleges and Universities has revealed that 90 companies have changed



For years they have put up with long, crowded train rides and lots of non-negotiable overtime. When it is their turn to reap the rewards of their labor, Japan's salaryman instead faces layoffs.

their minds and decided not to employ 138 graduates at 58 universities. And these figures probably represent only the tip of the iceberg.

This phenomenon suggests that companies are no longer able to easily forecast their labor demand for the future. Companies in the manufacturing sector tend to be hesitant about layoffs because they need a continuous supply of staff, such as maintenance workers to keep assembly lines running, since stopping the lines temporarily and then restarting them consumes both time and money.

Whereas manufacturing companies can forecast the number of such workers that they will need, however, it is impossible to make such estimates for services which do not require such staff. Companies in services and other information businesses take good care of a core of talented staff and turn to temporary employment agencies for the rest. The replacement of production machinery takes time, but the replacement of staff in the service industry is easy. While manufacturing is a deep and broad industry, services are shallow and have little margin.

This change in Japan's industrial structure appears to be having an influence on corporate employment policies in the present recession, from senior employees down to new recruits. Japan seems to be saying goodbye to its window-side tribe and socialistic brand of management and switching to a purely capitalistic system instead.

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