

On “Rational Wage System” at Yokohama Dock Company in 1929

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Abstract : This paper deals with misunderstandings concerning the “Rational Wage System” at Yokohama Dock Company after labor disputes in 1929. Some researchers characterize it as the first realization of the living wage system linked to both age and tenure before WWII.

The first misconception involves the system itself. It is said to have consisted of three parts; a day wage, an added wage by overtime, and some incentive wages. The day wage is said to have consisted of “Nenrei-kyu” (a wage linked to age and length of service), “Shikaku-kyu” (an additional wage paid to foremen and lower supervisors), and “Saiten-kyu” (appraisal wage). However, the day wage, which some researchers refer to, was what the company called “an ideal day wage.” It was not the equivalent of the “new day wage” which was paid for workers after August 1929. Therefore, it is inaccurate to say the system was the first realization of the wage linked to both age and tenure.

Secondly, though it is said to have been used after 1929, the “Rational Wage System” was never used after 1929. Its purpose was only to be used for the wage raise in 1929. The management did not intend to raise wages based on the system after 1929. Though some assert that it raised wages for all the workers automatically based on “Nenrei-kyu” every year, it was planned that the wage raise would cover only one-third of them per half a year.

The final point has to do with “length of service.” As for the “ideal day wage,” it was surely linked to one’s “length of service.” Some insist it was intended to encourage workers to work for the company for additional years. However, this was not so. The Rational Wage System Committee, which designed this wage system, analyzed the structure of conventional day wages, which had been arbitrarily raised by management before, to clarify the factors that had decided the amount paid. It found out that “length of service” was one of them. So they adopted it for the ideal day wage. The committee, however, insisted it should be replaced with skills in the future. This shows us tenure itself was not valuable for the management at that time.

I infer that these misunderstandings help make it seem plausible that the Japanese style of management has a long tradition before WWII.

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