

# **How does the labor sector in Japan contribute to Economic development after World War 2?**

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## **Abstract**

This research examined a change in the labor market in Japan on how it contributed to Economic Development after World War 2 after that we will talk about the effect of the labor on other sectors on how the sector helped each and different of the devastated of the war has and affect economic development or not and briefly compare Thailand labor sector to Japan. In this study, we conducted by using the past research paper and google for gathering the information. From our study, we find out that the labor sector has contributed to the economic development both direct and indirect by the direct ways productivity and help create a society, in indirect ways is labor sector act as a part of gear which glue all sector and help the improvement in every sector to move forward in economic development.

## **Introduction**

Before the devastating event occur around the world Japan has an influence around and has power as same as the European country. The introduction of industrialization leads to the move of the labor from the agricultural sector toward heavy industry and with more education provided in the early introduction of the era people start to move from the rural area toward the city. In early 1900, Japan colonized some parts of China and Korea which give a massive of unskilled labor. In Manju labor is producing heavy industry good for China and in Korea produce agricultural good which is sent back to Japan. The firm starts to adopt foreign technology and needs a foreign consultant to provide the knowledge to the labor in both China and Japan. The change in consumer preference also affects the labor system to create a dual structure that allocates the high-paying job. On the communist side labor also play an important role as same as the government since it is the industrial revolution period labor started to allocate toward the industry. We can see that labor also play a major role in economic development in those periods by creating an opportunity for infrastructure development by the need of the labor to move to new places need food, play to stay or transportation. The labor market also creates competition for a worker to be a specialist or to have the training to fulfill the job requirement which offers a higher paying job and creates an opportunity for the new firm to establish itself due to the market opportunity.

What are the factor and the change in the market that contribute to the economic development in Japan and China, we will express this in the next part and examine the effect and the role of the labor market after World War 2?

## **Japan labor**

During World War 2, Labor lost the right to select the employer freely due to the demand for the working force in the heavy industry because of war. Labor faced the long working hour, inflation, and low living standard which lead to a decrease in productivity. Government and bureaucracy have intervened in the labor sector to create industrial peace and maximize productivity. In 1938, the government has implied the law to regulate the labor sector by allowing them to control wages and conduct the working plan for the military industry but this strategy was not completely successful because the worker in the other sector that not relocate to the military industry did not get the much benefit from the law and also some of the small

business did not get the benefit from this. During this period the shortage of labor happened, and the government has to launch the policy that the worker has to have permission from the employer to change jobs but that does not help the worker to move to the higher paying job with this event the worker have to work harder and still in the bad environment with the devastating from the bombing. All of the attempt to reform the labor sector to maximize output, living standard, and increase productivity is failing from the shortage in the labor also with the military which demands intensive labor supply and has the power to force the labor to allocate to the sector which creates a deficit in the labor market for the other sector. With the bad living standard and wages that low along with the inflation, labor was worse off from the situation but the labor union was not strong and does not act in this situation. The lack of training was growing rapidly in the technically sophisticated war industry for example Hitachi increased workers from 18,000 before the war to 111,800 people during the war. Most of the workers come from different sectors because of the employee demand for labor and cooperation with the ministry of labor, resulting in some of the work have work on by many workers but in reality, if they have prompt training it only need want add on with the bad working environment. We can see that the labor does not get a fair agreement and the living standard was not good for them during this period. the real wage has decreased by 33 percent compared to before the war

Devastate in Japan after World War 2, millions of deaths and a significant decrease in national wealth, people are suffering in poverty, and the economy has been destroyed. For Japan to reform its economic and living standard. Japan's government has to reconstruct its economy from the ground up under the supervision of America which creates the guideline and creates the law for this reformation. The falling of zaibatsu dissolves the monopoly of the opportunity for the labor to the different sectors and allows the opportunity for growth from the diversity of the environment. Education is also the part that develops the labor by the government increase the age for the minimum required to the student have to part since education is one of the factors that eliminate the inequality and the opportunity for the economy to develop, with the USA provides the intelligence to help in development in the knowledge which collaborates with the Japanese government to create skilled labor which during the reformation is the need to help. The government also creates colleges for fields that they need to create skilled labor and increase living standards. With the knowledge and the supply from the foreign labor has more opportunity. From the finding that we find we can see that the collegate for the labor and education which we can see that the labor play an important role toward the upstream and downstream for the upstream, we can see that both the education and the labor are holding each other by education create a piece of knowledge for the job and future development and the labor sector create a need and new knowledge to the education sector.

During World War 2, the Japanese mindset toward women's labor has been vague with discrimination toward women working and limited education of women since the funding for the education locate to men. The shortage of labor resulted in bringing women to work mostly in agriculture and textile to support the military. During the post-war period the reformation still a shortage in the labor supply some of the women that marry the agricultural family had to work even though they carry the child also the men's labor allocated toward the industry sector created a big labor supply shock in this sector. In 1965 with the rising in education for women has reached 70 percent of the women population the compulsory education. Women started to get employed in manufacturing and construction with the need for unskilled labor because of the growth in the economy which replace juvenile labor since education also developed and juveniles get the opportunity to study more but married women also get more opportunities in

working in a part-time job. With the growth and the change in mindset from the war people started to change their mindset toward gender inequality even though this period still has the mindset but if we compare it to the period before the war we can see that women get more opportunities to have education and work more. Women contribute to helping in the labor shortage to the jobs that need during periods which helps increase the growth in these periods.

Before the war, the Zaibatsu group has power over the market and have company control of the various sector and the growth of the zaibatsu is from the protection of the former regime which give the opportunity to the segment of the people and allow zaibatsu to grow from the cheap raw material and labor. This creates a period create low of innovation and development in the labor due to the market being a monopsony labor market in which they are only a few firms in the industry and no competition which allow the firm to manipulate the working hour and wage with mention before during this period the labor union was not established yet and people does not have the opportunity in the market but in after the World War 2 has finished, Zaibatsu group has been dissolved because of the introduction of democracy and the regulation from the war which is the end of the era of the zaibatsu group. This situation creates more opportunities for the laborers can develop their skills free and can have more benefits for them.

American influence and implement the policy with the loss of Japan, America implemented the law that Japan cannot have an army in the country with this effect in a reduction in the production of military industry. Japan has adopt the antitrust law in 1947 which eliminate the monopoly in the market we mention the dissolution of the Zaibatsu group which allow the new firm to rise and create an opportunity for the labor to seek more different types of firms and fair the wage which creates new group call keiretsu which are different from the Zaibatsu by they use cross shareholding takeover and can create trade among other company and used vertically organized pyramids of suppliers, which allowed expansion and create a new job and new skilled labor for each industry and company which allow the firm to invest in creating a skilled labor supply by more of the fundamental of the investment changing from the loan policy from the central bank. In 1949 America implement the Dodge line which is a policy that try to tamper with inflation by balancing the national budget, changing the taxation, reconstructing the financial bank, and reducing the part of government intervention. Even though the policy has had success but in the short term with the high tax burden from the charge and the higher cost of rice and commuter railway fares cost. In the short term, it took a hard hit on the worker which lead to massive lay off the work with the contraction of the economy. During the reform, labor has to face the hard adaptation with less power to negotiate even if they bring the development to the table.

The trade labor law has been established in 1945 to oversee labor disputes and management. Which create also the labor union but in Japan the labor union was not the union in the industry type with the union. The big win for the labor from the labor law which increases the living standard of the worker includes a 25 percent added wage for working overtime work, establishing the minimum wage for labor, prohibiting child labor, and providing the accident cost and uplifting the working standard for the worker beside the fundamental policy it also guarantees for the right of labor to bargain and acts for the good of themselves, for example, allow the labor to have a strike if the working or the wage was not fair. During the first period, the labor union occur in the company and was not included in the industry but sometimes they will have the meeting for the representative to have the meet. The goal for the unions is to higher wages and expand employment but sometimes both goals are conflicted to achieve both goals they can use a collective negotiation which gives more opportunity that the individual negotiates.

From the point that creating the labor union and implementing the labor, some view might suggest that it will harm development but if we look deep enough we can see that the opportunity for growth come from the knowledge and the productivity that gain from the labor law and labor union which help the labor to have the fair wage and fair and good working environment.

If we compare the labor sector between Japan and Thailand, we can see some of the influence and some of the part that was different in the labor sector. After World War 2 ended we can significantly change Thai society. After the treat from the loss in the war and some crimes that occur to the democratic party which lead to the step down of Pridi Panomyong and the rise in the military stage coup, the Military party led by Phibun Songkhram with the cold war came to the opportunity in the economy and development come from the USA that land the base in Thailand which sharp and create more skilled labor in the industrial sector, during the time Thailand most labor work in the agriculture sector and the education was not provide to every only the elite got the opportunity to study which create and inequality even though the elite came back and help to lay the foundation but to develop the economic need the skilled labor and education to everybody to create a new idea and opportunity, with the USA come to Thailand also bring the technology and provide consultation on how to develop the technology. In the meantime, Thailand starts to reconcile with a military coup and introduce democracy again this situation creates more opportunities from the investment that start to allocate toward the education sector which leads to more opportunities for the middle class and the production sector moving out from the military industry toward agriculture and heavy industry. In Thailand with weather and nutrition soil, the investment in agriculture starts to happen with more knowledge and help from the government.

The labor union in Thailand, during wartime Thailand, has to establish a labor union to push for the welfare of the labor union even though Thailand does not face war as devastating as Japan but the work condition much worst that in Japan leading to strikes from labor railroad workers, cement plants worker, etc. In 1947 central labor union has been established but only 1 percent of the laborers are members of the group. The government under the military regime has implemented the quota of Chinese labor immigrants to create a job for Thai labor. As we can see that even though Japan faced the loss from the war but with good policy and education that tries to reach every level of people this create better labor which contribute to the development compared to Thailand that the regime did not allow different opinions or guide for the labor to use which lead to the dictate of the military that tries to told what to do for the good of the military

## **Conclusion**

Up and down in Japan's economy from a change in the regime from the Tokugawa period to post World War 2. We can see that even though the labor sector cannot contribute directly to economic development but with the right tools, the development could happen in the education sector which provides the knowledge and skill for the labor to learn and adapt in the workplace also labor sector create the need that needs to add the skill and specialty to the education sector. For example, the knowledge the labor has to face in the heavy industrial which leads back to the course that could offer to the student. For the infrastructure that also moving along with the labor since the war ended many of the laborers had to seek the job and the need for labor is high

creating the opportunity to manufacture a railroad for easy transport of labor to the city or create the apartment and city around the workplace which leads to economic development and city growth. With the policy that creates for up living the standard that creates more loyalty to the firm and also within the family that get benefit from the policy for example in health care of the people which get provided and the sanitary of the living area, labor wouldn't help development at much if the knowledge that and policy that comes from the foreign not accepted by the government that helps them escape from the recession, we can also see that the regime also play the roll along with the democracy allow the labor that can choose freely which create the free market mechanism which allows the wage to adjust and create the competitive in both labor and firm to be more productive which lead to economic development. Labor unions are also the main reason the productivity that helps in economic development by helping push the fair regulation for the whole union since shout by an individual was not lough enough by the unit in the group give the opportunity in both of the society and labor by if they get fair wage or increase in the living standard the productivity also increases with the union the competitive market can happen with the negotiation and the loyal to the union.

We can say that the labor sector provides so many to the table to help in development even though the process needs the help and cooperation of other sectors to help the country to reach a better path, with this development labor, is the main heart to achieve the economic development goal.

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