

The Neoliberal Offensive and the Labor Reply in Osaka

Charles Weathers, Osaka City University

The past 40 years have seen the advance of two strongly opposed political economic phenomena. First, because of mounting economic difficulties and frustration, neoliberalism has advanced in all advanced economic democracies. There have been serious efforts to reduce unnecessary or wasteful spending, along with ideology-driven efforts to shrink the state and reduce social protections. At the same time, there has been growing demand for public services as populations age and more women join the full-time work force. Since neoliberal policymaking generally works against expansion of public services and pursuit of quality, the public sector has become a scene of contestation throughout the advanced economic democracies. The demand of citizens for quality services can provide leverage to workers and unions, but only to the extent that the citizenry is aware and concerned (e.g., Lopez 2004).

Japan is historically oriented towards neoliberal-type practices and away from the concerns of working women, a social group that both provides and relies heavily upon public services. As in Britain and the United States, the public sector has often been subject to criticism for alleged waste and cosseting. While the Great Recession triggered a fierce round of austerity and public service cutbacks in many European countries, Japan started a round of severe civil service reductions three years before the onset of that calamity.

This report emphasizes the problems of non-regular civil servants in Japan. Non-regular civil servants represent a clear case of workers who go unprotected within the Japanese Employment System, and represent also a clear case of social policy contradiction in Japan. The Abe Shinzo Government has stepped up efforts to advance interests of working women, yet the non-regular civil servants (who are predominantly women) suffer grossly unequal employment conditions and treatment, and their needs are being ignored by the Government.

The report uses a case study of a labor dispute in Suita City to illustrate problems facing non-regular civil servants and activists campaigning for more equal treatment. The political aspect of the case is especially important. Under the charismatic and bullying Hashimoto Toru, Osaka Prefecture was for several years around 2008 through 2015 the epicenter of neoliberal policymaking in Japan. In Suita City, in Osaka Prefecture, the mayor, a Hashimoto disciple, used classic free market-type practices to justify severe cutbacks in the public sector work force, including the use of a dubious "crisis" to justify its policies. As this case shows, activists in Japan face a difficult terrain in which labor activists are typically forced to conduct legal struggle, even though the judicial system is unfriendly to them. The lack of broader social solidarity between activists and general citizens means that activists campaigning to protect important social institutions find themselves at severe disadvantage.

Part 1 Neoliberalism and public services

Japan's neoliberal tendencies

Neoliberalism and populism arguably share a close affinity, partly because populists, like neoliberals, often find it expedient to criticize government and public employees. The latter are vulnerable to criticism since they produce little tangible output, even though the services they provide (such as well-educated

children) may be invaluable (Fraser 2016). The US, Britain, and Japan seem to be especially inclined to utilize neoliberal reform. In the case of the US, this reflects the strong legacy of anti-government traditions and the influence of big business. In the late 1970s, business leaders began mobilizing to advance their interests, and they were greatly aided in the 1980s by the Reagan Administration, which attacked unions and deregulated much of the economy (Prasad 2006; Somers and Block 2013: Chapter 7). Britain saw a similar shift toward neoliberalism under Margaret Thatcher, who oversaw a major sell-off of public assets (Prasad 2006). Several of Japan's most popular politicians and all of its longest-serving prime ministers of the last four decades have emphasized neoliberal-type policies. Nakasone Yasuhiro (prime minister 1982-84) pushed a major efficiency agenda and privatized the three national corporations, restructuring the Japan National Railways in a manner intended to bust the country's last large militant union. Koizumi Junichiro (2001-2006) launched at least three policies that undermined the public sector and public services. He privatized the Post Office, which has become Japan's largest employer of non-regular workers; implemented the Trinity Reforms, which drastically reduced the distribution of funds to Japan's fiscally hard-pressed local governments; and commenced a sharp downsizing of the already under-staffed civil service. The economic policies of the present prime minister, Abe Shinzo (prime minister since 2012) have emphasized reducing corporate taxes and reforming employment practices, especially by deregulating temporary work agencies and overtime work. His *hatarakikata kaikaku* (Reform of the Japanese Way of Work) campaign mostly ignores public services, except in cases where poor work conditions have forced the Government to make a show of improving benefits.¹ Another very important, but less well-known, practitioner of neoliberal policies was former prime minister Fukuda Takeo (1976-78) who, before becoming prime minister, conducted a harsh austerity program in 1974-75 that undermined union collective bargaining powers. Today, weak consumption is still regarded as a major weakness of the Japanese economy. Not coincidentally, Fukuda was also a member of the Mont Pelerin group.

One troubling phenomenon is that neoliberal reformers are often able to press their policies without strong public support, or without detailed policymaking effort. Wolfgang Streeck and Kathleen Thelen (2005: especially p.30-33) have suggested that "liberalization" (which they use in similar sense to neoliberalism) may be relatively easy to effect, and could be an especially effective transformational force. They view institutions in the Polanyian sense, as rules intended to limit the impact of market on society. Nonliberal (or progressive) reforms, such as promoting gender equal opportunity or other pro-equality policies, typically require strong governments plus some degree of determined policymaking, and often considerable mobilization of public opinion as well. "Liberalization, by comparison, can often proceed without political mobilization, simply by encouraging or tolerating self-interested subversion of collective institutions from below, or by unleashing individual interests and the subversive intelligence of self-interested actors bent on maximizing their utilities. To this extent, liberalization within capitalism may face far fewer collective action problems than the organization of capitalism, and much more than

¹ The Government has demanded raises for childcare and elder care workers because centers cannot hire enough persons are current wage levels. Similarly, the Government is planning minor improvements to employment conditions of teachers, who suffer very long work hours, and many of whom are non-regulars.

the latter it may be achievable by default: by letting things happen that are happening anyway” (Streeck and Thelen 2005: 33).

Some observers emphasize the failure of labor or labor unions to resist neoliberalism. Some despair that unions have simply weakened because of changing economic conditions or (especially in the United States) attacks by business. Others blame unions for being too willing to accommodate business and rising neoliberal practices (Lloyd and Ramsey 2017). Another, broader concern is that the "left" in general has broken down (Fraser 2017). Consequently, many observers believe that new forms of organization and protest will create the countervailing force necessary to check neoliberal policies, or hope that such forces will emerge (Hyman and Gumbrell-McCormick 2017). Moreover, as Hyman and Gumbrell-McCormick (2017) also observe, unions now find themselves in a difficult position because they must often try to represent both insiders and outsiders in the work force. One well-known example is SEIU, which has often been criticized for cutting dubious deals with managers in order to be allowed to organize new workers.

Public sector tensions

Public sectors in advanced economic democracies long served to help spearhead progressive labor and social reforms. They were generally sheltered from market pressures, so they had the margin to expand services and rights for women and minorities. This role was not strongly pronounced in Japan, but the national telecommunications firm NTT provided some benefits to help retain female employees (Kamuro 1999), and Japanese women who desired career jobs generally went into teaching or the local civil service.

However, many conservatives claim insulation from market forces fosters inefficiency in public services. New Personnel Management (NPM) methods have been introduced in many advanced economic democracies with the intent of applying private sector methods to raise efficiency and reduce costs (Crouch 2015; Bach and Bordogna 2011, 2013). NPM and similar initiatives have been by external actors such as the OECD and the European Union (EU). NPM has been one of the main measures that governments have used to try to improve productivity in public services, confronted as they are by conflicting pressures to reduce public spending while improving public services. Immediately following the onset of the Great Recession, Europe favored economic stimulus, but this stance was overtaken by the stance that a bloated public sector was to blame for large deficits.

In the EU, governments generally cut public sector labor spending largely in accordance with budget pressures (Bach and Bordogna 2013). However, ideological and social preferences have brought some important variations. France has resisted shrinking its public sector labor spending because of the commitment to its social model, while Britain has implemented deep austerity cuts because of the government's ideological commitment to shrinking the state. Sometimes unions have been able to prevent deep cuts and the creation of large “outsider” work forces with inferior work conditions, especially in sectors such as medical care, where demand is likely to be more “politically determined,” and not just market-driven (Crouch 2015). In other words, voters sometimes prefer quality in services, especially when the effect on quality of life is clear.

Attacks on public sector employment have been especially fierce in Britain and the US. In the US, attacks have often reflected political or ideological motives as much as fiscal concerns (Mitchell 2012). Many Americans, encouraged by right-wing commentators, believed that public employees were strongly protected during the Great Recession. In fact, many were protected initially, but the slow pace of recovery meant that tens of thousands of public employees, especially teachers, soon lost jobs.

Britain's policies on public employees appear in many ways, as we shall see, similar to those of Japan. Like Japan, severe cutbacks in staffing and stepped-up use of non-regular employees were conducted well prior to the Great Recession. This has generated high job insecurity and created staffing problems, threatening service quality (Conley 2002). Non-regular workers suffer high levels of stress because many do not know if they will be rehired, and this uncertainty can be used as management leverage. British public sector workers have for years considered job security a thing of the past, as new policies have imposed market principles, forcing public sector managers to cut costs and hire more non-regular employees. Even when services continue to be performed in-house, local authorities have to compete with private contractors. Unions and EU rules protect many public sector workers throughout the EU, but Britain evades many of the regulations, so it remains relatively easy to outsource services to save money (Grimshaw et al 2015). Unions rely heavily on the judiciary to pursue equality, but have had rather little success in court, even when the labor side reportedly had the facts on its side (Conley 2012, 2014). In one instance, a union was even forced to compensate the plaintiffs because it had failed to gain pay equity for them – in other words, the judiciary forced the union to pay for the government's discriminatory practices (Conley 2014:319-320).

Japan's public sector

Japan presents an institutional environment unfavorable to public service labor, and many conditions closely resemble those of Britain today. The government, nearly always dominated by conservative politicians, has long restricted rights and held down hiring to save costs. In 1947, the government began to restrict the rights of public employees and public sector unions in order to blunt the left wing of the labor movement. Because most mainstream private sector unions emphasize cooperation with managers (and often tacitly the inequality embedded in the Japanese employment system), left-wing public sector unions long played an outsize role in the labor-management relations system and even in national politics. But by the 1980s, the major public sector unions were greatly weakened by decades of conflict with conservative politicians and national bureaucrats. This has meant the tremendous weakening of one of the institutions most inclined to defend equality for women workers and for public service workers.

LDP governments have long held down the numbers of civil servants, but the numbers were drastically reduced after 2000, especially between 2005 and 2008. The number of regular local civil servants peaked in 1994 at 3.28 million workers. By 2014, the number fell to 2.74 million (even though the number of police and firemen increased).² Contrary to popular impression, the ratio of civil servants is far lower in Japan than in other advanced economic democracies such as Germany and even the US, not to mention Sweden or France. Consequently, most agencies are badly understaffed. There are not enough labor standards inspectors, for example, to conduct investigations of serious labor violators such as the

² Numbers and basic data are largely taken from Kanbayashi (2015).

country's notorious "black companies." As the number of regular civil servants has fallen, local governments have plugged gaps by hiring more non-regular civil servants. Some tasks, notably food preparation for schools and library work, have been largely outsourced to private operators.

A major contradiction of the Government's agenda to equalize treatment is that the government's own non-regular employees are one of the worst treated large groups in the country, yet there are no serious plans to improve their conditions. The main occupations include teaching, childcare, local government staff, and librarian. At present, the *Somusho* (Ministry of Internal Affairs and Communications, the agency most responsible for policies regarding non-regular civil servants) estimates that there are about 640,000 non-regular civil servants, a 40% increase since 2005. They account for nearly one-third of the local civil servant work force. Nearly 80% are women (most of the non-regular men are teachers), compared to 37.3% of regular civil servants. In addition, hundreds of thousands of persons have non-regular jobs in occupations, such as teacher or childcare worker, that are public service jobs but do not officially count as public sector positions.

Differentials are greater in the public than in the private sector. While non-regular workers in general earn about 56% of what regular workers earn, the ratio is closer to one-third in the public sector (Kanbayashi 2015: 34-35, 65-66). Union officials state that average hourly pay is about ¥900, well under the poverty level even for full-time hours. Moreover, fiscal pressures have steadily led local governments to assign an increasing range of full responsibilities to non-regulars, especially in rural areas. For example, fiscally distressed local governments in Hokkaido several years ago began shifting full responsibilities onto non-regular childcare workers, without improving compensation, or even paying for training (Kawamura 2015).

Although pay is poor, for many non-regular civil servants, job insecurity is an even greater concern. Nearly all private sector workers, non-regular workers included, have the right to job security (at least in principle), and regular civil servants possess near-total job security, but non-regular civil servants are denied this right.³ Activists have challenged this rule in court on numerous occasions, but judges consistently rule that non-regular workers have no right to expect job protection, as they would in the private sector. As the case study demonstrates, the judiciary consistently fails to recognize this right, leaving activist workers and unions in a difficult position.

Despite the various constraints, unions sometimes prove effective in protecting or even improving non-regular civil servants' work conditions. Public sector unions are now fairly moderate, but some union locals (*shibu*) take assertive action, notably within the two local civil servant unions, Jichiro (800,000 members) and the more left-wing Jichi Roren (149,000). Many locals that represent non-regular civil servants are quite small, but are nevertheless willing to conduct vigorous collective bargaining, and even to wage more intensive campaigns. In this respect, they function much like Japan's well-regarded community unions.

The following case study describes a struggle in Suita City, Osaka Prefecture, by two women enjoying especially strong union backing who sought to regain their jobs following the outsourcing of functions by the City to private operators. The outsourcing of public service jobs often represents a clear

³ Some have de facto security, especially when their unions are effective, and they cannot be readily replaced (as is the case for some childcare workers).

commodification of labor, especially when conducted either to reduce costs, as is usually the case in Japan. In addition, the political aspect is unusually stark in this case because the local government sought to pursue an ideological free market strategy by shifting operations to private operators for the sake of shrinking the government.

Part 2 Osaka's neoliberal shift and the Suita City dispute

Hashimoto's contentious populist neoliberalism

From 2008 until 2015, Hashimoto Toru was the dominant political figure in Osaka, combining superior political performance skills with an ambitious neoliberal policy agenda of budget slashing, privatization, union-weakening, and aggressive administrative reforms (Weathers 2014). Like many other populist politicians, such as Ronald Reagan and Donald Trump, Hashimoto developed his political performance skills as a TV celebrity, and he demonstrated the complementarity of populist and neoliberal politics. These mesh especially well when voter frustrations are high, and Hashimoto, who apparently knew little about policy issues when first elected, played effectively on the desire of Osaka residents to restore the city and region to their former status as a major economic center. Once elected, Hashimoto bolstered his support by slashing spending, demonstrating his ability to erase a deficit (thereby bolstering his claims to be able to conduct major economic reform), and by ceaselessly confronting hapless bureaucrats (often on TV). For several years, Hashimoto, much like Trump, demonstrated an impressive ability to command public attention, although his influence began to wane once he started meeting serious political setbacks around 2014.

Hashimoto frequently attempted to strip unions of their prerogatives, and succeeded in weakening organized labor in Osaka. He humiliated the civil service union Jichiro over a dubious rule violation, and his aggressive privatizing and outsourcing policies cost the union about half its Osaka area members. Hashimoto also attempted to regulate the activities of public employees, notably by monitoring or restricting their political or union rights. In one case, a court ordered the burning of surveys collected from employees on their union activities. In another case, the Hashimoto Government sought to restrict tattoos on public employees after sources alleged that a public employee had frightened children by showing his tattoos. The Hashimoto Government also sought to aggressively enforce a controversial Ministry of Education policy requiring teachers to honor the flag and national anthem during school ceremonies. This practice is not well supported among the Japanese (who tend to be uninterested, though some regard it as a relic of the fascist era) and is quietly ignored by many local governments. These policies generally attempted to present a moral (and patriotic) justification for policies that would strengthen government control over employees and restrict labor rights.

The activist teachers union Education Workers and Amalgamated Union Osaka (Kyoiku Godo, with 300 members) regularly confronted the administration about teachers rights, and Hashimoto hit back by filing a lawsuit to force the union to cease representing both regular and non-regular teachers; the union won. In addition, the Hashimoto Government reduced wages of public sector childcare workers (Hagiwara 2017:71-75), even though the Abe Government (to which Hashimoto has a strong affinity)

was attempting to raise them as part of its campaign to bolster services and raise women's work force participation.

*Public services and unions in Suita City*⁴

The Suita case reflects the influence of Hashimoto, but also demonstrates the tension between demand for social services and the use of neoliberal policies in Japan. In the 1980s, Prime Minister Nakasone won strong support with his agenda of restructuring government to reduce waste and tax burdens. But while the national Government was holding down the size of the welfare state, Suita City, in response to pressure from local social movements, began developing and improving services. (Japan's population was rapidly aging by then, creating tremendous stress for many elders and family members.) The City soon became known for its strong welfare system. Five welfare centers were built, although they were under-budgeted and forced to rely heavily on non-regular employees.

The General Welfare Hall (*Sogo Fukushi Kaikan*) opened in April 1987 with only regular staff, but too few to operate properly, and non-regular staff were quickly hired to make up the difference. Fuji Masako was employed from June 1, 1987 (soon after the Center's opening) until September 30, 2012 at the Center. Fukuda Yoko was employed from October 1, 1991 through September 30, 2006 doing "day service" (home care for elder persons), and employed from October 1, 2006 through September 30, 2012 providing various services for handicapped persons, including home care and nursing services. Every year, Fujii received an *ishokujo* (letter of appointment) specifying a one-year period of employment from April 1, and her monthly wage was 342,000 yen. This was a high figure for a non-regular civil servant, reflecting both her qualifications and the less difficult fiscal environment of the time.

Fukuda began her employment on October 1, 1991, for a position requiring professional qualifications (such as university study in psychology, education, or social sciences), after passing a written test and oral interview. Like Fuji, Fukuda received a letter of appointment every year around April 1 specifying a 1-year period of employment, until 2012, when the letter of appointment specified a final period of employment set at six months from April 1. She earned 327,900 yen/month during that final six months. Although hired as non-regulars with term-limited contracts, the new workers were assured that they would not be dismissed through non-renewal. Ultimately, Fuji and Fukuda's contracts were renewed 25 and 21 times respectively. Ordinarily, courts grant job security rights to any worker, non-regular workers included, who has worked three years continuously in a job, but courts do not recognize this right for non-regular civil servants, who are governed by different laws. Clearly, this legal labor framework creates distortions since there is no logical reason for the extreme inequity in employment conditions. For example, although Fuji and Fukuda were hired to supplement the regulars, they were, according to Fuji,

⁴ The case study draws largely on an interview with the public employees' union on October 4, 2013, especially with General-Security Sakada and Fuji, one of the two main plaintiffs; on various materials such as newsletters provided by the union; the court decisions; and informal contacts over the years with the Suita City activists and associated groups.

It should be noted that the non-regular civil servant system is notoriously complex and convoluted (Kanbayashi 2015). However, this was not a direct factor in the case study, and is not addressed here.

more productive than the regulars because they had more experience in their core tasks, especially when the Center opened.

In 1994, Suita City Associated Employees Labor Union (Suita Shi Kanren Shokuin Rodo Kumiai) was formed through a reorganization of several existing unions. Both Fuji and Fukuda became members. A major goal of the reorganization was to better represent public sector non-regular workers. Associated prides itself on its early commitment to social justice (economic inequality became a major social concern in Japan in the mid-2000s), although it feels frustration about its inability to achieve greater equality, notably for work hours (many non-regular civil servants have their hours limited in order to hold down their social insurance costs) and taishokukin (severance payments made to employees on retirement).

Suita City Associated is a local of Jichi Roren, Japan's second largest local civil servant union, and to the national federation Zenroren, which numbers around 149,000 members, mainly in the public sector. At the regional level, Suita City Associated with Suita Shokuro, the local Jichi Roren, Zenroren's local civil servant union. (National civil servants belong to another union.) Both Jichi Roren and Zenroren are left-wing and influenced by communists, which constantly undermines efforts to heal divisions with Rengo, Japan's leading labor federation with 6.9 million members. In contrast to Zenroren, Rengo and most of its major industrial unions are committed to cooperation with managers.

Sakada, a veteran official for Associated, emphasizes that Associated broke from Jichiro (the country's largest civil servant union with 800,000 members, and an affiliate of Rengo) largely because it failed to understand the problems of citizens, and emphasized their own commitment to the community.⁵ “From early on, our union, sort of like the thinking in Jichi Roren, thought that not only our own wages and work conditions, but always we had to think about the citizens’ issues through slogans and catchphrases. Phrases like “Without the prosperity of our citizens, there is no real happiness for local government workers,” but Jichi Roren’s various affiliated unions have acted in accordance with these words. Jichiro is bigger in Osaka City, and I don’t think this kind of thinking is so common in Jichiro.... As for interaction with the residents, it’s something we’ve done intensively from a long time back. Every year, we have a big festival... Besides that, also, we believe we have conduct activities with the people of the community. We have gatherings once every month, and we do the same kind of thing once a year in a big study group gathering. It’s sort of a big rally to study the city administration.” Fuji added, “We used to have overnight get-togethers. With Suita citizens from different organizations, we would stay overnight in a temple around Mino City [neighboring Suita]. All night long, we would talk and sing together.”

Thanks largely to the union, Suita City provided above average compensation to qualified non-regular employees. On September 1, 1992, the City had introduced the *keiken nensu kasan seido* (tenured experience calculating system) that allowed some non-regular employees with stronger professional qualifications to receive raises based on experience. This is a type of wage system, introduced in a number of local governments, that resembles *nenko* (the standard tenure-based wage and promotion system of Japan’s employment system) without being called such. It essentially allows non-regular civil

⁵ This report does not take sides, but notes that many Jichiro members are frustrated by what they regard as the over-cautiousness or relative conservatism of the organization, and its failure to represent non-regular employees more vigorously. Since Jichiro is highly decentralized, however, some local officials conduct more assertive activities on their own initiative.

servants to get evade the rules that usually prevent them from getting raises by emphasizing experience and skill levels. It applied especially to childcare workers, nurses, and supervisors. Associated has also long pushed for the introduction of a wage scale table, essentially a way to get experience-based raises for non-regular civil servants. There is frustration at present since workers with a decade of experience get the same pay as new hires. The influx of *arbito* strengthened the union's determination to get a wage table, although conditions are hardly propitious at present.

The neoliberal impact

Hashimoto's influence altered the political dynamics in Suita, at least for a few years. In 2011, Inoue Tetsuya, a politician affiliated to *Ishin no Kai*, the political party founded by Hashimoto, was elected Suita City mayor. Inoue made economic growth his goal, although it is not clear how economic policymaking in a mid-size city (population 375,000) serving as a bedtown to a larger (and declining) city (Osaka's population is 2.7 million), could generate much growth. Probably the most important factor in Inoue's triumph was that Hashimoto, then still at the peak of his popularity, visited Suita to campaign for Inoue. Voting rates for local elections in Japan are, unsurprisingly, generally low, but Hashimoto stimulated voter passions, and voting rates, especially in Osaka City, were always high in his elections, so it is likely that his supporters were especially well motivated to turn out for the 2011 Suita City election. Hashimoto in his tour of Suita clamored for "change," claiming that the city was an "administrator's heaven" in which the unions supported the mayor in return for receiving high salaries. In reality, salaries had long been high because the City was relatively prosperous, and the union was supporting another candidate challenging the incumbent.

Immediately upon assuming office as mayor, Inoue announced that the City faced an 85 billion yen deficit, and proceeded to intensify the outsourcing and cost-cutting measures already underway. In reality, the debt was a manageable 2.5 billion yen. Nevertheless, Inoue had created a sense that painful cost-cutting was inevitable, helping him to target public employees and services for cutbacks. The ratio of civil servants was high by Osaka standards, and their wages were relatively high, making them easy targets for criticism.

Wages were reduced, hiring of regular employees was frozen, and some veterans were pressured to retire early. Reduced staffing meant more overtime for the remaining employees, although employees were paid for all hours worked (Sakada stated, "We are happy for that, but still [we'd like to have our time]"). Outsourcing was used to replace services originally provided by City employees (one example was desk work in libraries, a service now commonly outsourced in Japan). There were about 3500 regular City employees when Inoue became mayor, along with about 1900 non-regular workers. More *arbito* (low-status part-time workers) were hired to fill manpower needs as the number of regular employees fell.

Inoue's policies were apparently modeled on those of Hashimoto, who generally favored childrearing families over the elderly (and in line with his economic development agenda, which has emphasized strengthening education and educational achievement in poor-testing and socially troubled Osaka). Accordingly, the cutbacks did not directly affect child-related services such as childcare and education, but primarily complementary services for the elderly and handicapped, such as subsidized transport or massage services for the elderly. Sakada commented, "If you do that, old people stay shut up in their

homes and don't go out, that kind of thing that happens." Suita increased spending somewhat on junior high school students, and reduced high school tuition, although food preparation was outsourced. At present, Ishin no Kai, the national version of the party created by Hashimoto, is calling for free tuition for students all the way through university. One problem with the proposal is that it would tend to shift resources towards higher income families by reducing the cost of private education, rather than dealing with core problems such as generally poor work conditions for the country's teachers.

Sakada explained that companies profited (notably in library services) by cutting wages. The impact on quality of services varies. Civil servants, regular and non-regular alike, have long years of experience, whereas outsourced services are often provided by people with little experience, including many who work only brief periods, like *arabaito* who are likely to quit within a year or even within a few days. Since these people have little stake in the job and no prospect for advancement, they are very difficult to organize. These types of policies and impacts are common in Japan as local governments seek to reduce costs while maintaining services. Suita is different mainly because its degree of fiscal difficulty is relatively low, and because the policymaking is clearly ideology-driven. Sadaka emphasized that City officials under Inoue often told union officials that the policy was to entrust services to private, not to save money per se.

On March 28, 2012, City officials had explained to non-regular workers that the assisted care functions of the Center would be outsourced to a private sector company, so that they would be rehired for only six months (April 1 to September 30) instead of one year. City officials explained that they were still committed to protecting the non-regular jobs. On September 18, the union and officials talked again, and officials stated that the *hijokin* employment could not be extended under then-current conditions, but pledged to continue to attempt to protect their livelihoods and to negotiate. Nevertheless, the jobs of the non-regular employees ended on September 30, so that Fuji and Fukuda found themselves unemployed on October 1, while the regular employees were transferred to different posts. During these last few weeks, the union and the two women also requested transfers to new posts, as was done for the regular City employees, but this was denied, even though posts appear to have been available.

Fuji emphasized that quality suffered badly in the Center, partly because the City hired people with little or no experience and qualifications. Some, for example, were recruited by flyers targeting housewives. During the last weeks before the changeover, Fuji and Fukuda worked long hours, preparing for the changeover by preparing materials and working with the new hires. Fuji explained, "From the beginning, the General Welfare Center had said to reduce overtime. We were doing unpaid overtime all the time...in the last month during the transition period we were forced to work until 10 pm every night. There were things like making materials to be left [for the new employees]. We also worked on Saturdays and Sundays, and during that one last month we got all our time counted. We were doing things like writing up case studies, doing jobs that don't get any attention, and preparing for the next job, and the Welfare Center really tried to not acknowledge all that work. The upper managers, with regard to long work time, from when the Center had opened had always said "Don't do any [overtime]", but everyone did it anyway. So that is why, for the welfare workers, the job is pretty hard, and I think that serious people really work hard to keep up quality, and those people feel a lot of stress."

Many of the clients, who had come to count on individualized support for sick or elderly relatives, were either distressed or uncomprehending. As is common in Japan when public services are privatized or outsourced, explanation meetings (*setsumeikai*) were held. These are used to explain the need or the advantages of policy changes, and to secure the agreement of citizens, or at least make sure that they understand the new system. In reality, many are pro forma, especially when there is little chance of reaching real agreement. According to Sakada and Fuji, many of the clients, especially older persons, did not understand the explanation meetings or the concept of outsourcing and became very uneasy.

Fuji explained, “The people who come to us, like older women and men with serious handicaps, there are people in their 50s, 60s, 70s – and about in their 80s, who even if they go out couldn’t come [to the meetings], so things were decided without being really directly explained to them. Especially since there wasn’t any time. In May it [the outsourcing policy] was decided by the [Suita City] Assembly, in June it was explained to the users, in July the companies were recruited, while around the end of August the companies were coming in and the transition was going on. The transition was in July and August...so no matter how much we explained and explained, they were all worrying “What is this?” and “Is the service going to change very much?” and they were scared and there was a lot of confusion among the users. But the people in charge said things like “It will be the same as before, only the provider will be changing,” and always ducked the issue....But actually the reality was that the staff from the new providers were young, and people who didn’t know anything were steadily coming in and replacing us, and “Oh, so this person is no good,” and then another person would quit, and so during that month in the middle of the transition, it was just really a mess. The private firms would really, someone would be transferred from a completely different job, people with qualifications only would suddenly come in...”

The struggle

When Fuji and Fukuda decided to fight for their jobs, Zenroren unions saw a dispute as an opportunity because the two women had been employed so long and were well qualified. They therefore seemed to have a strong chance of winning a relatively favorable court decision that could strengthen the rights of non-regular civil servants. As is common practice for judicial activists, the women and union supporters established a struggle support group (*tosodan*), Suita-shi Hijokin Shokuin Yatoidome Tekkai Saiban Toso Taisaku Iinkai (Suita City hijokin [non-regular] employee contract termination retraction trial planning struggle committee), to provide moral support and possibly some degree of financial support. The Struggle Committee included about 400 supporters at the beginning, making it one of the larger of such groups in Japan (although the number probably fell off over the 4 1/2 years of the struggle). The large size reflected the strength of Associated, including its ties to the community, especially its ties to numerous private organizations, such as NPOs involved in care work. The Struggle Committee issued regular short reports and held a yearly general conference at the main community center in Suita.⁶

⁶ The author, as an academic and student of the non-regular civil servant issue, was asked as a matter of course to become an officer in the Struggle Group a couple of years after its start; I accepted, also as a matter of course. Apart from some superb short speeches and an inspirational presence at a few meetings and events, I did not really contribute to the campaign.

Associated possessed resources matched by few other local unions for conducting the struggle. These resources included a stable financial base, a committed membership, and retired members willing to produce materials like newsletters. While supporting the plaintiffs was the Struggle Committee's core task, its broader missions included building resistance to the Inoue Government, and generally resisting neoliberal policies, particularly outsourcing, that undermine job security and work conditions. Thus its activities aimed at raising public awareness and using the legal campaign to generate pressure to revise the public sector's poor personnel practices. From the outset, people knew as a matter of course that there was little chance of gaining a clear victory. Non-regular civil servants who launch legal struggles generally are aiming at making incremental advances along with influencing public opinion.

In early 2015, with the court struggle ongoing, changed political conditions created an opportunity for a constructive compromise. Ishin no Kai's Inoue lost his bid for re-election to an LDP candidate backed by the other four significant political parties: LDP, Komeito, Democratic Party, and Communists. This configuration reflected the weaknesses of Hashimoto's aggressive practices, namely that he and Ishin no Kai created enemies (including people angered by reductions in welfare services, and people worried by their risky reorganizing schemes), leading the other political parties in Osaka to begin teaming up to challenge them in elections during the final years of the Hashimoto era. This was especially unusual for the Communist Party, which had a long history of going it alone, a practice that had benefited the LDP for decades by splitting the left vote.

The new mayor took office in April 2015, and Osaka District Court in February 2016 strongly urged an out-of-court settlement. The next month, the Struggle Group presented the mayor with over 300 signatures to a petition urging settlement. Soon after, the union and City officials agreed on a settlement including a payment to the two plaintiffs of 2 million yen (around \$20,000) each. The mayor submitted the proposed settlement to the City Assembly, but Ishin no Kai and LDP members rejected it, and the trial resumed. Lawyers believed that the wage settlement was the main stumbling point. Another likely problem appeared on August 29, 2016, when an Osaka district court hearing a similar case regarding non-regular civil servants in neighboring Moriguchi City ruled against the plaintiffs, citing no meaningful reason beyond the usual adherence to the earlier court decisions.

The lawsuit

At least 20 trial hearings were conducted at Osaka District Court. The plaintiffs ultimately lost the trial primarily because the Court accepted the logic of the Government that employment under Civil Service laws is *ninyo* (employment of civil servants), so that regular employment laws do not apply. During the trial, the lawyers for the plaintiffs emphasized that the contract renewal had been handled as a routine administrative procedure for years, with no discussion about particular conditions, so the plaintiffs had every reason to believe that their jobs would be renewed; in Japan, this generally indicates that a worker has a "right of expectation" to continuing a job. The union and City sides also disagreed about whether the Center Director had decisionmaking authority regarding the plaintiffs' jobs.⁷ This assertion begs the question of who had authority over jobs, and why the Director was (according to the City's logic) making pledges for which he lacked authority.

⁷ See p.14 of the initial Court ruling (*hanketsu*) of 2016.

One of the City's major contentions was that the job responsibilities of the non-regular civil servants were different from those of the regulars. The non-regular civil servants, for example, did not have to attend some meetings. However, this point is constantly contested in Japanese labor relations. Critics often point out that not attending meetings is less a reduction in workload than exclusion from information necessary to perform tasks, especially when the non-regulars are doing essentially the same core tasks as the regulars, as increasingly occurs in Japan. Furthermore, as noted above, Fuji and Fukuda have consistently asserted that they were more productive than the employees, and were compelled (by professional sense of responsibility rather than supervisory guidance) to train new regular workers from subcontractor companies.

The Osaka District Court announced its verdict on October 12, 2016. (By this time, Hashimoto himself had retired from electoral politics.) It ruled against reinstating the two workers' jobs, and specifically rejected their other demands as well, including a demand for damages, on the grounds that they were "ninyo" (hired as civil servants, albeit non-regular) rather than hired (i.e., as private sector employees). In addition, the plaintiffs were ordered to pay court costs. The decision made no absolutely no reference to the work or employment conditions, including twenty-plus years of continuous service and routine contract renewals. Plaintiffs and supporters were naturally outraged, and believed that the Osaka Court had probably followed the Moriguchi City decision instead of basing its decisions on actual conditions in Suita.

On October 13, the day following the Suita City verdict, Suita City announced several changes that effectively reduced the pay of non-regular civil servants. The tenured experience calculating system was revised, so that raises would be capped at five years of experience instead of 27 years. This effectively reduced pay for employees (such as Fuji and Fukuda) with professional qualifications. Several other changes were also made, including not allowing raises after the age of 55 (the previous limit was 60). This new policy was likely modeled on the Hashimoto Government's policy of forcing down childcare worker wages, as described above. It was also clearly politically timed, as the announcement followed immediately upon the announcement of the Court verdict, which confirmed the legality of the City's personnel policies, making it even more difficult for the unions to mount any resistance.

On October 24, 2016, the Struggle Committee's lawyers filed an appeal. Given the harsh verdict, and the reputation of several Osaka judges for taking hard lines against labor plaintiffs, conditions did not look propitious. However, the social environment had been shifting to the plaintiffs' seeming advantage. Even the strongly conservative Abe Government, along with numerous business leaders, have been calling for reforms in employment practices, and many employers are treating employees better because of serious labor shortages. In addition, in early 2017, Somusho was planning a legal revision to non-regular civil servant personnel system as part of the Government's ongoing campaign to reform the employment system. The hope of influencing the new system strengthened the motivation of the labor side to continue the campaign.

Unfortunately, the appeal failed completely, as the Osaka Supreme Court announced on August 22 that it would not hear an appeal. The verdict offered no significant new interpretations or insights, although some phrasing was tightened. As of this writing, plaintiffs and supporters are considering whether to

continue the struggle (which appears unlikely), and whether any benefit can be salvaged from the campaign.

Conclusion

In many ways, the Osaka and Suita City cases represent instances of classic neoliberal policymaking, including bashing of public employees and unions, and the use of “crises” to justify desired free market-oriented policies. Hashimoto Toru probably knew little about economic policy when he first entered politics, but made easy resort to a neoliberal policy agenda that included selling off public services and assets to private firms. Using a series of ordinances and attacks on various civil servants and unions, Hashimoto proved adept at maintaining public attention on his activities (eventually, he seems to have tired of the grind of everyday politics once his policies began to meet serious opposition). Hashimoto also consistently cast a moralistic slant on his policies to justify them. In Suita City, Mayor Inoue invented a fiscal crisis to justify a drastic downsizing of public employees, although his real goal was reportedly to have as many services as possible conducted by private sector firms.

The case also reflects the division of societal interests that can undermine vulnerable workers. As Fred Block (2008) observes, Polanyi observed that classes often divide along multiple lines. Similarly, Thelen and Streeck observe that liberalism (or neoliberalism) can appeal to “individual interests.” Certainly, neoliberal politicians commonly appeal to the self-interest of voters by alleging waste and inefficiency in public services, and by emphasizing the appeal of using private enterprise to reduce costs and raise efficiency. In reality, the benefits are often much less than advertised. Some analysts point out that private operators often neglect quality, and do not necessarily reduce costs once various problems are resolved (Sclar 2000). Nancy Fraser (2014) argues the importance of “the maintenance of social bonds” represented especially clearly by care work, but it is often easier to value services for children than those for the elderly, particularly the sick or handicapped, who can no longer produce much of economic value. Hashimoto and Inoue arguably divided societal interests in large part by emphasizing the interests of childrearing families (though only by reducing certain costs – the quality of the services, including teaching, childcare, and feed preparation, has often been at risk). In Suita as in Osaka, quality in welfare services declined greatly because of outsourcing, but most directly affected groups that were economically marginal. The activists were able to mobilize a relatively large group of supporters to support their campaign, but the number was far too small to constitute a significant social movement. They helped to defeat the Ishin no Kai candidate in the following election, in 2015, but conservatives remain in control of the Assembly in Suita City.

The case also suggests how neoliberal policies have steadily sidelined unions. Unions are often criticized for being too compliant, or being willing to ignore the interests of non-regular workers. However, assertive unions are losing influence because of policies undercut their ability to defend workers. Japan’s non-regular civil servants are handicapped because of a poor legal regime, but an important institutional factor is the decades-long weakening of the country’s public sector unions, which are consequently unable to protect vulnerable public service workers effectively. The nexus of slow growth, rising numbers of public service workers, and union weakening in Japan and other countries

means that work conditions will continue to be difficult to protect for millions of workers far into the future.

REFERENCE

- Bach, Stephen, and Lorenzo Bordogna (2011) Varieties of new public management or alternative models? *International Journal of Human Resource Management* 22/11. Pp. 2281–2294.
- Bach, Stephen, and Lorenzo Bordogna. 2013. Reframing public service employment relations: The impact of economic crisis and the new EU economic governance. *European Journal of Industrial Relations* 19/4. Pp. 279–294.
- Block, Fred. 2008. Polanyi's Double Movement and the Reconstruction of Critical Theory. *Revue Interventions économiques* 38. URL : <http://interventionseconomiques.revues.org/274>
- Block, Fred, and Margaret R. Somers. 2014. *The Power of Market Fundamentalism: Karl Polanyi's Critique*. Cambridge: Harvard University Press.
- Conley, Hazel. 2002. "A State of Insecurity: Temporary Work in the Public Services." *Work, Employment and Society* 16/4. Pp. 725-37.
- Conley, Hazel. 2012. Using equality to challenge austerity: new actors, old problems. *Work, Employment and Society* 26/2. Pp. 349–59.
- Conley, Hazel. 2014. Trade unions, equal pay and the law in the UK. *Economic and Industrial Democracy* 35/2. Pp. 309-323.
- Crouch, Colin. 2015. Labor market governance and the creation of outsiders. *British Journal of Industrial Relations* 53/1. Pp. 27-48.
- Fraser, Nancy. 2014. Can society be commodities all the way down? Post-Polanyian reflections on capitalist crisis. *Economy and Society* 43/4. Pp. 541-558.
- Fraser, Nancy. 2016. Contradictions of Capital and Care. *New Left Review* 100, July-August. Online Version.
- Fraser, Nancy. 2017. The End of Progressive Neoliberalism. *Dissent*. January 2. Online version.
- Grimshaw, Damian; Jill Rubery, Dominique Anxo, Maya Bacache-Beauvallet, László Neumann, Claudia Weinkopf. 2015. Outsourcing of public services in Europe and segmentation effects: The influence of labour market factors. *European Journal of Industrial Relations* 21/4. Pp. 295-313.
- Hyman, Richard, and Rebecca Gumbrell-McCormick. 2017. Resisting labour market insecurity: Old and new actors, rivals or allies? *Journal of Industrial Relations*. Online first.
- Kamuro Ayami. 1999. Josei rodo no tayoka [The diversification of female workers]. In Osaka Shakai Rodo Undo Shi Henshu Iinkai, ed., *Osaka shakai rodo undo shi* (Volume 8) *tenkanki*. Pp. 174-185.
- Kanbayashi Yōji. 2015. *Hiseiki komuin no genzai: shinka suru kakusa* [Non-regular civil servants today: deepening inequality]. Tokyo: Nihon Hyoron Sha.
- Kawamura Masanori. 2015. Hokkaido hoikusha chosa ni miru gendai no hoiku rodosha jotai [Contemporary child care worker conditions seen in an employee survey of Hokkaido child care employees]. Kakiuchi Kunimitsu, Yoshimoto Yusei, Kawamura Masanori, Obi Harumi, Okuyama Yuka. 2015. *Nihon no hoiku rodosha: semigiau shogu kaizen to senmonsei*. Tokyo: Hitonaru Shobo. Pp. 83-126.

- Lloyd, Christopher; and Tony Ramsay. 2017. Resisting neo-liberalism, reclaiming democracy? 21st century organised labour beyond Polanyi and Streeck. *Economic and Labour Relations Review* 28(1). Pp. 129–145.
- Lopez, Steven. 2004. *Reorganizing the Rust Belt: An Inside Study of the American Labor Movement*. Berkeley, California: University of California.
- Mitchell, Daniel J.B. 2012. *Public Jobs and Political Agendas: The Public Sector in an Era of Economic Stress*. ILR Press.
- Prasad, Monica. 2006. *The Politics of Free Markets: The Rise of Neoliberal Economic Policies in Britain, France, Germany, and the United States*. Chicago: University of Chicago Press.
- Sclar, Elliot. 2000. *You Don't Always Get What You Pay For: The Economics of Privatization*. Ithaca and London: Cornell University Press.
- Streeck, Wolfgang, and Kathleen Thelen. 2005. Introduction: institutional change in advanced political economies. In Streeck and Thelen, eds. 2005, *Beyond continuity: institutional change in advanced political economies*. Oxford. Pp. 1-39.