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SOHYO CONGRESS AND
JAPANESE WORKING CLASS

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**SOHYO CONGRESS AND
JAPANESE WORKING CLASS**

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This booklet consists of two parts : (i) Report of the 42nd Annual Convention of the Sohyo, held in August 1970, and (ii) Sohyo's views on the Recent Dollar Question and its Attitude towards it.

It was published in the Journal : "Sohyo News", the organ of the Sohyo.

It is being issued by us as reference and information material on the occasion of the Asian Seminar of Trade Unions (1972), proposed to be convened in March 1972 in India by the All-India Trade Union Congress (WFTU Affiliate).

—AITUC

PART I

**The 42nd Annual Convention
of the Sohyo**

TOWARD A MILITANT TRADE UNION MOVEMENT

SOHYO'S POLICY FOR THE FISCAL YEAR 1971 was formulated at the 42nd Annual Convention held for five days from July 31st to August 4th at the Bunkyo Kaikan, Tokyo, in which some 1,200 regular delegates, special delegates and observers participated.

Sohyo will carry out its movement under the policy which places special emphasis, as its basic stand, upon (1) the drastic reinforcement of forces participating in joint spring struggle, (2) the promotion of struggle to establish basic rights of workers, (3) the development of struggle for the defence of living standards on the basis of its struggle against employers, (4) the organisation of united actions including strikes in opposition to Okinawa's deceptive reversion plotted by the Governments of the United States and Japan, (5) the mobilisation of people's forces to thwart the efforts to make the judicial system reactionary, (6) the strengthening and expansion of trade union organization and democratization of union administration, (7) the successful unification of labour front and (8) through these activities, the cultivation of militancy in the trade union movement.

The Convention unanimously confirmed the proposal to organize powerful strikes in autumn this year against the ratification of the fraudulent agreement on Okinawa's "return" by combining it with workers' demands for better living, against monopoly capitalism, against US aggression in Indochina, for the normalization of diplomatic relations with China and for the overthrow of the Sato Cabinet.

The Convention had the pleasure of the presence of the representatives of international labour organizations of ICFTU, WCL, WFTU, as well as national centers of AITUC, HMS, INTUC of India, MTUC of Malaysia, FOL of New Zealand, FFW, NATU, TUCP of the Philippines, NTUC of Singapore and AUCCTU of the Soviet Union.

I

Address of the Sohyo President

Ichikawa, President of the Sohyo, addressed the Convention on its first day. The gist of his address is as follows :

FOR UNITY AND SOLIDARITY OF SOHYO

Today, the existing organisations and systems are urgently in need of reexamination from their very foundations. Trade union organisations are no exception. It is a universal rule that movements should be loyal to their principles when the situation is stern and pressing. We are at the stage, from this viewpoint, when we must see and examine whether or not the unions are really akin to and an inseparable part of the life of their members.

I should like to explain the importance of my assertion by reviewing the specific features of this year's spring struggle. It was during this struggle that the employers united their ranks more closely and the state power intervened in the workers' struggles more hideously than before in order to cope with labour's offensive. It was natural that these trends came to the fore as a reaction of the present labour shortage, on the one hand, and of the consolidation and development of spring joint struggles in the recent year, on the other. In view of the growing monopoly capitalism in close relation with the state power, these trends will in the future be further intensified.

The Need to Consolidate the Working Class

Therefore, in order to develop joint spring struggle, which has 17 years of steady growth behind it, it is urgently necessary to consolidate and strengthen the force participat-

ing in it on a much greater scale than what the employers and the state power are doing to mobilise their forces.

The same can be said concerning the questions of rationalisation. The monopolies' attacks in forms of rationalisation, such as those imposed on the National Railway workers, have been launched not only on the workers of the growing industries but also on those of medium and small enterprises in the rapid progress of trade and capital liberalization and changes in industrial structure, although there are differences in their scale and scope. To defend our rights and our present working conditions we must fight against rationalisation attacks by the employers. What is important in this connection is how to strengthen our fighting energy and build up our organisational strength in order to repulse their attacks. One of the most important aims of the present Convention is to seek for answers to this question.

In carrying out militant spring struggles and fighting resolutely against rationalisation, a major proposition is the fighting energy of individual unions cultivated in a series of actions which are developed by them with young workers acting as its core. The fighting energy of individual unions should be consolidated on the industrial basis. This is a well-understood and universal rule of the trade union movement. Any yet, it is necessary for us to go back to this trade union principle. . . . Isn't this because the mass-line principle, which has been emphasized by us for a couple of years in the past, is not fully rooted in our movement?

Severance of relations with young workers comes when and if their demands are not fully met. At the same time, the very source of our organisational force exists in demands and indignation of rank and file workers. Therefore, it is vitally necessary to combine these two. The importance of this fact has been understood and efforts were made to overcome the past weakness during this year's spring struggle by some individual and regional organisations. Detailed discussions are needed at this Convention in order to learn from

such efforts and make them goals of the entire trade union movement.

The second question is the diversity of demands and unity of labour front to realize multifarious demands of workers. It has been well noted that young workers, particularly, have many-sided demands. It is because the high economic growth of our country has cost workers great sacrifices, fostering a great deal of social contradictions.

Under these circumstances, our movement is required to carry out many-sided activities in response to multifarious demands that are commonly shared by workers and the people. Not only wage question, but also shorter working hours, 5-day week, extended age limit, improved social security including medical and pension systems, low prices, taxation cut, remedies for environmental pollution and low-rent houses, fight against the attempts to make the judiciary system reactionary and education, disarmament, etc. . . . all these questions connected with politics, economy and culture and directly related to our goals to protect our life and living need to be tackled.

To meet these many-sided demands our activities are necessarily diversified and it poses a danger of decentralizing our movement. So this question needs a great deal of discussions at this Convention. There are various views in regard to methods of how to carry out our movement, and the Convention is required to deal with this question from the standpoint of strengthening the unity and solidarity of Sohyo.

At present, we are wrestling with a historically important issue of consolidating the unity of the labor front. Our position is to actively work for unity so long as it is based on the demands of workers. We attach importance to joint actions based on the common demands of workers and trade unions, expanding such concerted actions to organisational unity. Unity and solidarity of the member organisations of Sohyo is a matter of vital importance in order to attain this aim because, without a strengthened structure and democratically-organised discussions on important matters, it is im-

possible for Sohyo to work for the unification of labour organisations at the national level. A pre-condition of labour unity is the reinforced solidarity with Sohyo. I sincerely hope that this position is kept in your minds in discussing the unification problem.

The Need to Fight Revival of Militarism

Today, the ruling circles of Japan are working jointly with the US Government for the revival of militarism. We must fight against such a move with all our strength. It will be too late after militarism is restored.

We were greatly shocked to learn the news of the clash of Zen Nikku's passenger plane with a "Self-Defence force" plane. While expressing our deep regret to the bereaved families, we hold, with fierce anger, the Government and the Self-Defence authorities which are encroaching upon the peaceful sky and caused this grave event, responsible for this tragedy. At the background of this, is the policy of the Sato Cabinet for rearmament of the country and restoration of Japanese militarism.

The sky of our country is trespassed by the Self-Defence Air Force and the US Air Force which is enjoying special privilege under the Japan-US Security Treaty. We hold Mashura, Director of the Self-Defence Forces, and the Sato Cabinet responsible for this tragedy and strongly demand that the Government immediately own its responsibility.

Prior to the proposed ratification of the Japan-US Okinawa's reversion agreement, the very responsibility of the Sato Cabinet which signed this deceptive, illegal agreement must be squarely located. At the same time, we must reflect upon the posture and weak activity of the democratic forces of the mainland which have allowed the Sato Government to maintain the position for years.

Today when we see the growing moves for the revival of Japanese militarism in alliance with Nixon doctrine, we can never sit with our arms folded saying to the people of China, Korea and other Asian countries that we cannot stop the moves with our own strength.

The growing attempts to make the judicial and educational systems reactionary, the suppressive manoeuvres against National Railway workers with an aim to disrupt their organisation, the promotion of the 4th Defence Programme, etc., as we see today, plainly show the Government's attitude to deny, from the very foundation, the structure based on the nation's Constitution which stipulates the establishment of basic human rights, democracy and peace.

It is the working class that is most severely victimized under the politics working for militarism. In the face of this urgent situation, the workers and the people of the country registered brilliant victories in the local and the Upper House elections. They reflected voices desiring for a change in the direction of the politics of present-day Japan.

Now is the time for us to call upon all the workers to carry out broad concerted actions for our common demands in order to come out from defensive positions to take the offensive in every corner of our front.

It is urgently necessary for us to prepare for a vital campaign in close solidarity with the one million workers and people of Okinawa toward the Diet session in autumn, to which the Okinawa reversion agreement signed by the Governments of Japan and the United States is presented, so that workers and trade unions are put into one solid body to strike, even if only for a short period, to stop the ratification of the said agreement by the Diet. For this purpose, preparations must be made on the basis of thorough discussions over this question in close combination with other important issues of the workers such as pension, medical insurance, housing, pollution, accident compensation, normalization of diplomatic relations with China, etc. Only when we fight with all of our strength against the ratification of the agreement, will the trade union movement of the mainland be able to answer to the pressing requirement of the workers and the people of Okinawa. Without such powerful strikes, the trade union movement will never be able to pave the way for future development in the 1970s.

After receiving greetings of Mr. Abe, President of Churitsu Roren, Mr. Narita, Chairman of the Socialist Party, Mr. Kasuga, a member of the Presidium of the Communist Party, and overseas trade union representatives, the Convention heard General Secretary Ohki report on the activities in the fiscal year 1970. He proposed the general policy for 1971 as well as a policy of struggle in the autumn towards the end of this year. The Convention also heard a report on financial activities during 1970 and a draft budget for the fiscal year 1971 from Mr. Inouye, Director of the Financial Bureau.

II

General Secretary's Policy Statement

After reporting on the activities during 1970, General Secretary **Ohki** proposed a new movement policy as follows:

“.....Now I propose a policy for the fiscal year 1971.

US Prestige Dwindling

First of all, I should like to draw your attention to characteristic features of the world situation in the fiscal year 1970. One of the most remarkable facts is that the position of the United States within the capitalist block is degenerating. The United States which had dominated the capitalist world after the world war, in the disproportionate development of the capitalist countries, has been losing her prestige; contradictions for her economy are increasing rapidly as seen in her policy of protectionism and repeated crises within the international currency system. IMF structure and liberalization which have supported capitalistic set-up have undergone difficulties and the USA is losing its domination in the face of shapening antagonism among the nations. In relation to the South and North question, which used to be another pillar of America's world domination, sharpening of disparity is creating a basis for constant political unrest in Asia, in the Middle and Near East countries.

A major cause which has dimmed the prestige of the United States is her aggressive war in Vietnam which she extended to the whole territory of Indochina. Aggressiveness of the US-Vietnam war has been exposed to the world by the secret report of the US Defence Department. It has aroused vehement indignation the world over, stimulating anti-war movement within the United States.

In spite of the fact that the USA mobilized the most powerful troops equipped with modern arms, she was completely defeated in the face of the heroic struggle and dauntless spirit of the people of the three Indochina countries, the military level of which is said to be far below that of the former. Her failure in the invasion of Laos in spring this year as well as recent moves around Paris talks proves this fact more clearly than anything else. The results obtained by the people of Indochina countries have given great encouragement to the forces fighting against colonialism, for national independence.

America's failure in her aggressive war indicates to these countries the principle of people's war against aggressors. This is limitless encouragement to the peace-loving forces and will lead to a new step forward in the history of mankind striving for peaceful co-existence and against war, driving out the so-called most powerful imperialist troops. We express our heartfelt respect and solidarity with the dauntless struggle of the people of the three Indochina countries who are advancing forward towards the victory of a great struggle, which will change the history of the world with their own strength.

Seat China in UNO

Another characteristic feature of the recent world situation is a move to recover the justified status of China in the international society. Support by majority to the Albanian proposal at the United Nation's General Assembly last year already hinted China's recovery of her seat in the international world in the near future. This is a question of the time, backed by surging support for China's representation. The surprising announcement of Nixon's proposed China visit released on 10th July shocked the world. Although at the background of this is the miserable failure in Indochina war, a growing support for China's seat in the United Nations, and the forthcoming Presidential election, etc. his switchover to the policy cannot be imitated by the Japanese Government or the Liberal-Democratic Party leaders.

Moves for the acquisition of the justified seat in United Nations for China will further surge up in months to come, and the movement in our country for the normalization of diplomatic relations with China will assume greater importance.

Upsurge of the World Working Class Movement

Finally, our attention is drawn to the new upsurge of labour movement the world over. Last year saw toward its end, a serious stagnation, particularly in the United States and Europe, under which the income policy question was brought to the fore. This has brought about new difficulties to the workers of various countries: in the United States, strikes are being organized one after another including the protracted strike of the workers of General Motors; in Italy a great general strike was organised under the national centre in demand for low-rent houses, etc.; in France, in West Germany and in other parts of Europe as well as in Asia and South America, trade union movements are surging up at a strong pace. Workers all over the world are fighting for the demands that are essential in the life of the people today, such as increased paid holidays, shorter hours of work, improved vocational training to meet the needs of the day. The growth of the struggle shows that the workers of the world are coming closer together with one another in the days of internationalization of monopoly capitalism and of enterprises on an international scale. Unity and solidarity of workers beyond the boundaries of countries are becoming more and more important.

These facts show that the world is at a turning point for dynamic changes. However, the conservative groups of our country centering around the Sato Cabinet are attempting to make advances into Asia, while promoting an integrated industrial-military structure based on the 4th Defence Programme in line with the Japan-US Joint Communiqué.

They have swallowed a bitter cup by following a policy of complete subordination to the United States, and yet

they are for the "Taiwan First" principle and are running counter to the progress of the day. Thus, they dare not work for the recovery of relations with China.

Today when the aggressive nature of the Vietnam war is unveiled by the secret report of the US Defence Department, the responsibility of the Sato Cabinet, which has provided whole-hearted cooperation to the aggressors, should be completely located. We must consolidate a set-up to impeach the Government for its deep involvement in this aggressive war.

Recent Remarkable Developments

The facts that should be particularly noted from amongst those that happened during the past one year were: sharpening of the contradictions of the high economic growth policy based on low wages and gigantic accumulation of profits by the capitalists; increasing difficulties of the workers and the people, and people's movements carried out in various forms, one after another, to overcome hardships, including over-population of cities, environmental pollution, serious shortage of houses particularly in cities.

High economic growth brought forth the contradictions amongst the capitalists; for instance, to maintain high growth of economy, trade was liberalized at the cost of medium and small enterprises and farming families; preferential duties were enforced, while a growing number of enterprises made advances overseas in search of resources and markets. High economic growth policy brought about a trend for eliminating or centralizing capitalists, which has led to changes or reorganisation of the industrial structure. Under these circumstances, rationalisation was promoted not only in public enterprises but also in private undertakings, whether enterprises concerned are prospective or non-prospective. In a situation of acute labour shortage confronting entire industries, labour was intensified, while the fear of losing jobs spread among workers of advanced age. Resistance against intensified labour grew rapidly, and the

strife consciousness surged up among rank and file workers as was displayed in the progress of spring struggle this year.

In order to subdue the resistance put up by the workers and the people in communities, the Government and the Liberal-Democratic Party pretended to initiate a policy for the benefit of the workers, for instance, the enforcement of 5-day week, extension of age limit system, improvement of social security system, adoption of a policy to improve financial conditions of working people, improvement of wives' position in the taxation system, solution of housing problems, etc.

Fraudulent Measures of the Monopolies

However, these measures are nothing but invisible cloaks behind which they continue accumulating profits. Therefore, it is vitally important for us to see through their intentions, and hold hegemony in the fight by pressing them hard with immediate demands, and carry on various forms of struggles in cooperation with the people fighting in communities.

We must be fully aware of the fact that fraudulent measures taken by them have close connection with the policy of the Liberal-Democratic Party Government to serve the interest of monopolies while exploiting working masses, to revive imperialism and militarize the country, and that through these measures they are attempting to split and control the trade union movement by introducing confusion and dismay among workers and trade unions.

As revealed in the 4th Defence Programme amounting to 5,800,000 million yens and the deceptive Okinawa reversion agreement designed jointly by the Government of the United States and Japan to "return" nuclear-armed Okinawa while "concealing" dangerous weapons in stock, the Liberal-Democratic Party Government is stepping up measures to turn the whole territory of Japan into a dangerous advance post. Added to these are reactionary moves in various spheres of national life, for instance, a trend for giving a reactionary

turn to the judiciary system, interference with and stricter control over mass communication media, making the education system reactionary as disclosed in the Special Committee on Middle School Education, a new conception of constructing integrated city, village and town sphere, and a bill for establishing autonomous government federation with an aim to eliminate the number of autonomous local governments. All these measures are aimed at promoting a policy in the interest of monopolies, paving the path for militarizing the country. They indicate that we are at a very dangerous stage when the rights of the working people are severely infringed.

Sato Government's Subordination to US

It can be expected from the Prime Minister's speeches during the Upper House electioneering campaign that the Liberal-Democratic Government will place adverse revision of the Constitution "on the agenda". What we cannot tolerate, above anything else, is that the Sato Government is intensifying its subordination to the Nixon Administration and attempting to bear the consequences of America's failure in Indochina, at the time when the USA is compelled to give up Asia as she is no longer able to dominate Indochina with armed forces, increasing its financial aids to anti-communistic nations of Asia and spending people's taxes for the defence budget as seen in the 4th Defence Programme.

Today, the Government of Japan and the forces close to it are treading the path of isolation together with the puppet regimes of Taiwan, South Korea and South Vietnam, internationally, while sharpening contradictions in their own camps, nationally. Because of this, they are frantically oppressing the workers and the working people in a vain bid to subdue their resistance.

The Liberal-Democratic Party which was bitterly defeated in the recent local and Upper House elections had to suffer a heavy blow by the debut of Mr. Kono as the president of the House of Councillors, as it would check the

unilateral administration of the parliamentary procedure by conservative groups.

Moves within the Diet around the presentation of a draft resolution for normalizing the relations with China showed that the methods usually taken by the Liberal-Democratic Party to put pressure upon the Opposition members were no longer effective. Voices are rising even from among the Liberal-Democratic Party members that the present Prime Minister "is no longer fit, spiritually and functionally, to hold the reins of government to cope with the new situation". Financial circles are said to have been actively searching for a person capable of leading the Liberal-Democratic Party. The Sato Government seems to have come to the end of its tethers.

Overthrow the Sato Government

While on the other hand, there is, inside the nation's democratic forces vigorous upsurge of anti-Liberal-Democratic Party feelings, for instance, the growth of militant trade unionism during the spring struggle this year, striking advances achieved in the recent elections, the development of people's movements demonstrating gigantic power of the citizens, and the enhancement of anti-Liberal-Democratic Party feelings among farmers and owners of medium and small enterprises. These moves and atmosphere reveal that in the situation they can take the lead for an offensive. The public opinion has deep distrust in the Sato Government.

Now is high time for us to shake the Sato Government to its very foundations. And the trade union movement must be in the fore-front of such an offensive. Sticking firmly to the very principle of the trade union movement — listening to the demands of rank and file workers and organizing them into actions —, we must do everything in our power to stage really powerful actions in autumn and during the periods that follow and develop them into a nationwide campaign for democratic rights of the people, against the

fraudulent Okinawa reversion agreement, and against the Japan-US Security Treaty, hand in hand with the masses.

We must prepare ourselves, in the upsurge of these struggles, to take a step forward for the shift to new politics with the working people acting as the core, by overthrowing the Sato Cabinet and putting an end to the protracted dictatorship of the Liberal-Democratic Party.

THE BASIC PRINCIPLES OF OUR POLICY

Now, let me explain about the keynote of our new movement policy. As is explained in the Preamble to the Keynote, we will follow the basic principle of the policy adopted at last year's convention.

Our last year's policy placed special emphasis upon (1) wage struggle, particularly upon joint spring struggle in order to involve 30 million workers and working people in it to win greater influence over the unorganised workers and working people in general, (2) struggle for shorter hours of work and improved social security system including age-limit system, (3) the right of trade unions to decide working conditions in order to squarely face rationalisation attacks by the employers, (4) struggle for demands closely related to the life of workers and the people such as environmental pollution, housing problems, taxation. etc. It was considered necessary to outstrip the framework set by the trade union movement in the past and expand the range of activities, as these questions and fights for them were becoming inseparable parts of the trade union activities and effective activities to make confrontation with the policy for high economic growth, for the recovery of imperialism while answering pressing and many-sided demands of the workers.

By reviewing our struggles in the past one year, drawing lessons from them and making alterations to strengthen our activities in accordance with the changes in the situation, we have mapped out our policy for this year, placing special emphasis upon **eight items** as a fundamental direction. These eight points are explained as follows:

1. Forge Unity for a Joint Struggle

First of all, we make efforts for drastic reinforcement of forces to fight in strong unity in the joint spring struggle. As has already been explained, the employers united much more solidly and the state interfered in labour's actions with power more fiercely during this year's spring struggle than before. These trends will be strengthened further in the future, and never be weakened. Under these circumstances, there is no other means left for us than to strengthen our forces to a great extent in order to develop labour's offensive through joint spring struggles, do away with the so-called income policy and meet the requirements of rank and file workers.

The harder the Government and the employers press the workers and the trade unions with an attempt to introduce an income policy, the clearer it becomes that the issue outstrips the range of responsibility of the Personnel Agency and the Public Corporation Labour Relations Committee. It becomes more and more urgent, therefore, that we stage a more powerful campaign for the recovery of the right of Government and public corporation and enterprise workers to strike. It is urgent for us to strengthen our set-up based on the fighting energies of working masses in order to stage really powerful struggles. In spring 1972, we will never be able to cut our way out unless we organise actions, more tenacious and more powerful than before, under the catchword "never stop fighting until wage demands are fully satisfied". In order to stand protracted struggles, we need to reinforce our struggle fund set-up, which has so far been weak, besides strengthening struggle set-up on industrial, regional and workshop basis to wage actions based on mass line principle.

2. Defend Workers' Rights

Second important question is to develop struggles for the defence of workers' rights. Not only the workers of Government and public enterprises, but the workers of all

industries are now confronted with attacks through "rationalisation". High-productivity campaign (Marusei Undo) imposed upon National Railway workers is typical of the present rationalisation attack. Every phase of workers' life, at the places of their work and in their every day life, at night and during daytime, is watched by the authorities for a chance to nullify their consciousness and destroy workers' organisation. The struggle against rationalisation today is the fight for the protection of human rights. To protect the workers, rank and file union members who are dauntlessly resisting such attacks, is one of the most important struggles of the trade unions, a fight through which the very existence of the trade union movement is staked. Therefore, special emphasis must be placed upon actions to protect working conditions, to protect the rights of workers and to stimulate activities at the places of work.

The establishment of 5-day week as well as the extension of age limit are strongly demanded by the workers today. In order to create impression unfavourable to the trade unions and their activities among rank and file workers, the Government and employers make a gesture of introducing such systems. Trade unions must therefore expose such deceptive measures, and carry out an energetic movement by pressing the authorities for the realisation of multifarious demands that the workers have.

In the fiscal year 1969, the Education Ministry punished a total of 100,000 teachers organised in the Nikkyoso (Japan Teachers' Union), and in spring this year, National Railway authorities notified the punishment of 25,000 railway workers organised in the Kokuro (National Railway Workers' Union) and Doryokusha (Nihon National Railway Motive Power Union) for participation in strikes.

Under these circumstances, the struggle to recover Government and public enterprise workers' right to strike and the freedom of strike actions is becoming more and more important one. The fact that three million government and public corporation workers as well as public servants are

deprived of their legitimate right to strike is a really big loss to the Japanese trade union movement as a whole. On the basis of reinforced solidarity of the entire Sohyo unions, we must stage powerful, tenacious actions from autumn this year, by combining the demands of Government and public enterprise workers with those of the workers of the private sector.

3. Struggle for Improved Living

Thirdly, special importance must be attached to the struggle for improved living. Two years ago, Sohyo called for an intensified struggle for 15 major demands, in which a struggle for improved living was specially emphasized. The urgency of the struggle has been more thoroughly understood by the union members. By nature of the struggle, however, it is not correct to seek for successful outcomes too impatiently, and yet the range of a movement must be expanded constantly.

As a trade union movement, demands that are directed towards the employers for labour protection, for better accident compensation, against occupational diseases, for improved health insurance and mutual aid system must be pushed tenaciously because the acquisition of those demands is a major premise, without which the struggle for immediate demands related with the life and living of the workers cannot be fully developed. It is most important that struggles should be organised on enterprise basis. Thus, struggles for demands directed towards the central and local governments will become more powerful and effective, strengthening joint actions with the working masses.

Major goals fixed for this fiscal year are the improvement of the pension system, opposition to an adverse revision of the medical system and the establishment of a medical system in the genuine interest of the people for better accident compensation, annihilation of occupational diseases, construction in large quantities of low-rent Government-owned houses, etc. Backed by mass actions, collective bar-

gainings with the central and local governments and with employers' organisations must be organised for these demands.

4. Return Okinawa

Fourthly, we will act positively for the return of Okinawa. Needless to say, the abrogation of the Japanese-US Security Treaty, opposition to US aggression in Indochina, and to an attempt for the adverse revision of the Constitution are the most important issues of all of our demands. Among them, the fight against the deceptive agreement on Okinawa's return is most important at present. Therefore, our strength will be concentrated upon this struggle this year.

The trade union movement has continued efforts for the return of Okinawa without nuclear weapons and bases to put an end to the anxiety of the people. The agreement signed between the Government of the United States and Japan is fraudulent and deceptive in nature in that the agreement tacitly approves the stockpiling of nuclear arms, reinforcement of the facilities of bases to a great extent, while selling to the USA the vested rights of the people of Okinawa Prefecture. We can never tolerate such an agreement to exist. We must reconsider if we have acted in one solid body with the people of Okinawa who have suffered for 25 years after the end of the war. On the basis of such a reconsideration, we must stage a really vital fight to stop the ratification of the deceptive agreement by the Diet in its autumn session. We must make every necessary preparation for the success of the struggle, ready to stage strikes if so required.

5. Defend Judicial System from Attacks of Reaction

Fifth important question is the struggle against the growth of reaction in the judicial system. Moves toward making the system reactionary during the past one year were really unpardonable. To subdue the growing energies of

working masses at the places of work and in communities, the Government is employing various manoeuvres under the name of judicial power, trampling underfoot the spirit of the Constitution and democracy. This is a proof that the Government has been driven into a fix.

If this trend is left unchecked, it would drive Japan to the path leading to a dark nation again. Therefore, uniting all forces that protect the Constitution and democracy, we must go all out to repel the Government's attempts. Of course, we workers must be in the very centre of the struggle, joining hands with various strata of the population including scholars, men of culture, lawyers, students, housewives, political parties. We must fight in the forefront of a united body of the people who are called to join the movement, including a signature-collecting campaign.

6. Democratise Union Administration

Sixth question concerns the consolidation of organisation and democratisation of union administration. In order to organise effective movement to win its demands, union organisation must be powerful and solid as one body. This is a central objective and a prerequisite of our movement. However, there is no medicine of great value for this. We had much discussions concerning this at the Committee on Long-term Line or at the meetings of the heads of Organisation Departments of the member organisations. There is no way to strengthen union organisations other than to fight for demands.

How to answer for the pressing demands of rank and filers in their aggravating working and living conditions? How to unite them around these demands and gain results one by one? Union organisation must be strengthened and developed on these achievements. Trade unions must be such that each member rejoices in his membership. From this standpoint, union leadership must study the real status in which workers are placed.

Train TU Cadres

To train young members for the role of activists is an important work for the future of the trade union movement. To exert efforts in training cadres is a specially important task. It is vitally necessary for us to develop movement which is really attractive to the youth in the fields of education and organisation.

Another important matter connected with the reinforcement of the organisation is the financial question. The strength of the organisation is reflected in the financial status of the organisation concerned. Frankly speaking, the financial status of national trade union centres of Japan is quite weak. Sohyo as a national centre, its member unions, local union councils are weak financially as compared with those of the advanced countries. Funds for research activities as well as strike funds, rather than those for personnel expenses and union administration, are short. In order to improve this position, it is necessary to map out a long-term financial plan in close relation to the plan for movements.

Need for a Cultural Movement

This year's policy points out the need of organising cultural movement. By the word "culture", we do not mean culture in the narrow sense; we want to seek for genuine culture which is the very basis of the ideology of workers and trade unions, to find out the basis for the formation of humanity.

Studies have revealed that consciousness as well as demands of workers, particularly young workers, have changed a great deal. Is it not necessary for us to re-examine the trade union movement in the postwar period? Is not it true that the postwar trade union movement has concentrated upon "winning demands", and that this is the only principle that remains today? Is not the trade union movement with 20 years of history bureaucratically run? Are not struggles for burning demands of rank and file workers organised and developed only under the tactics of top

leadership? Are not women workers considered as accessories of the trade union movement? All these questions must be studied with sincerity to find the position or tasks of the trade union movement in the society. We should be happy to have your full examination of these matters.

We want to keep in mind that there will be no steps forward in a new age unless contradictions existing within our organisation are overcome through thorough dialogues.

7. Unification of the Labour Front

Seventhly, there is the question concerning the unification of labour front. As has been reported already, Sohyo has faced difficulties in promoting the question. The development of the situation in recent months and the progress of the struggles in the past one year have shown us the increased need of promoting the unity of entire labour organisations.

On the basis of the 4 principles approved by our last year's convention, we will tackle this question for this fiscal year. The prerequisite for this activity is the accumulation of joint struggles organised at central and local levels. The goal for the unification is to rally all the workers of the country, those working in governmental and public sector as well as those in private sector of the society. The keynote of the unity is a stand "to resist and fight against the exploitation of employers". As long as the principle of the unification is placed upon the equality of positions among member organisations, we are ready to respond to any calls, or rather, actively correspond to any calls from other organisations.

8. Prepare for Mammoth Action

And lastly, we should like to ask you to be ready to go all out to take offensive at the background of much-developed movements in the past one year, by taking advantages of favourable changes in the situation. As was pointed out at last year's convention, 1972 will be one of the crucial

points in the history, which will decide the future of the 1970s. Therefore, we must be ready for any actions, any struggles, at the places of work and in communities, and stand up and carry out powerful mass actions, strikes when we are required to do so.

Such is a very brief explanation of the key points of our policy....”

After the draft policy for the fiscal year 1971 was proposed, the Convention unanimously adopted a resolution calling upon the Sato Cabinet to acknowledge its responsibility for self-defence plane's clash with Zen Nikku's passenger plane and demanding its resignation.

[For Text, please refer to page 38.]

III

Discussions

On the evening of the first day of the Convention, a reception was given at Fairmont Hotel for the welcome of overseas delegates.

On the second day, the Convention heard amendments to a draft policy presented by member organisations.

On the third day, the delegates were divided into two subcommissions for detailed discussions. Subcommission No. 1 dealt with matters concerning wages, spring struggle, rights, questions of aged workers, and Subcommission No. 2 with social security, commodity prices, pollution, taxation, housing, organisation problems, etc.

The fourth day of the Convention focussed upon discussions on a movement policy, with particular attention centered upon the questions of labour unification, support of political parties, joint spring struggle, rationalisation, etc.

FOCAL POINTS

A. UNIFICATION OF LABOUR FRONT

Many delegates spoke on this question. Typical of the views expressed at Subcommission No. 1 are as follows:

Shitetsu (General Federation of Private Railway Workers' Unions):

We don't agree with the idea of labour unification without any principles, because unity is a struggle and not a goal. Our goal is to defend rights and conditions of workers, and the unity we want is a weapon to defend them.

Doryokusha (Nihon National Railway Motive Power Union):

There is no possibility of realizing unity with Domei and Tetsuro (Domei's affiliate) whose aim is to put into practice the intentions of the employers, such as an attempt to organisationally disrupt workers' front in the interest of capitalists.

These opinions were supported by the delegates of Zenkowan (All Japan Dockworkers' Union) and Kokuro (National Railway Workers' Union).

Zenkin (National Metal and Machine Trade Union):

1. Class struggles should be developed. 2. Trade union should be autonomous and independent of capitalists, the government and political parties. 3. The principle of international solidarity against imperialism and fascism should be followed. These should be added to the proposed policy.

We want to ask the Sohyo leadership to show us their view towards Zenminkon which is promoting labour unity with the employers.

Akita Prefectural Trade Union Council:

Moves among leaders of the trade union organisations give us an impression that the proposed labour unity is not a unity aimed at strengthening fighting organisations but a unity of rightist groups.

Nikkyoso (Japan Teachers' Union):

In considering labour unification, priority is given to the unions of the private sector. As the national trade union center organises Government and public enterprise workers and unions, such a conception means the segregation of Government and public corporation workers and their unions.

Zenkoken (Transportation Ministry's All Harbour Construction Workers' Union):

Sohyo leadership must stand firm at their basic position and never be dragged into Domei's way of thinking.

Many spoke in support of these ideas, while at the same time, **Goka** (Japanese Federation of Synthetic Chemistry Workers' Unions) valued the proposition as it considers that "unity of majority of workers is vitally powerful to win the

demands closely related with living, although demands for higher wages and better working conditions are gained through struggles organised at industrial level. The advantage of labour unity is fully valued when non-industrial demands of workers are won."

SOHYO'S STAND

Sohyo General Secretary **Ohki** made clear Sohyo's stand at Subcommittee meetings as follows :

(1) We disapprove the Enlarged Sponsors' Association, because it stemmed out of the idea of re-organisation of labour organisations.

(2) Sohyo will assert our stand based on the 4-point principle and call for joint actions in talking with the leaders of other national centers. This shows that Sohyo is positive to realize labour unification.

(3) The idea of re-organisation of labour front is to exclude those who do not agree with a fixed line of thinking. Sohyo has no intention to alter its stand to be militant against employers.

Summarizing what he had said to the Subcommittee meetings, General Secretary **Ohki** spoke to last day's plenary session as follows :

(1) Zenminkon supports higher productivity drive, maintaining the view for labour-capital collaboration while advocating the importance of "participation and creation". Thus, Zenminkon politically advocates "re-organisation of Opposition parties" although it speaks of trade unionism. The rise of Zenminkon is a disadvantage to the growth of a genuine trade union movement.

(2) We should like to confirm at this Convention that workers' front centered around Sohyo gained an advantage over the conservatives through striking results obtained at the joint spring struggle as well as successive victories won in local and Upper House elections. Taking this situation as an advantage, Sohyo will exert every effort to develop joint actions in every possible way.

(3) We will study the question of sponsors at the Committee for the Unification of Labour Front. "Reorganisation theory" is no longer approved by rank and file workers. Judging that the situation for promoting a genuine movement for labour unity is mature, Sohyo will deal with this question further.

Sohyo President **Ichikawa** stressed and asked for special cooperation of the member organisations as it is "important that Sohyo acts in strong concert toward this issue because this is the most important issue for the Japanese trade union movement". He declared that "the leadership would take most correct measures on the basis of careful examination of the question from various angles."

B. RELATIONS WITH POLITICAL PARTIES

Two amendments in support of the freedom of support to political parties were presented against the draft policy which proposed that "Sohyo will support the Socialist Party alone as has been approved by last year's convention and will start studying about the way of cooperation between the trade union movement and political parties, particularly around policies, with an aim to reinforce progressive forces with the Socialist Party as a center".

14 member organisations of Shinbun Roren (Japan Federation of Press Workers' Unions) and Zennichi Jiro (All Japan Day Workers' Union) which have long been asserting the importance of recognizing the freedom of support of any political parties, proposed an amendment which pressed that "the freedom of union members to support any political parties of their own choice as well as the freedom of their political activities should be guaranteed, and relations with progressive political parties should be strengthened on the basis of mutual respect, in order to promote demands and interest of the workers."

Goka proposed the "freedom of the support of political parties" and advised "to cooperate with the progressive parties centering around the Socialist Party and oppose the

politics carried by the Liberal-Democratic Party which serves big business and disregards the interest of the workers and the people”.

Heated discussions focussed upon the support of political parties and opinions were strongly pitted against one another.

General Secretary **Ohki** expressed the view of the leadership as follows :

(1) For more than ten years, Sohyo has supported the Socialist Party, through which the trade union movement of the country has had advantages in advancing its movement for and around demands, and we have no intention to weaken the support of the Socialist Party in view of the Government's attempt to adversely revise the Constitution and of the future of a movement for normalizing relations with China.

(2) If this principle of supporting the Socialist Party alone is abandoned, it may invite a situation in which lack of interest in political parties or politics in general may prevail among the membership.

(3) We should like to correctly value the facts that the Socialist Party defends the Constitution, and that it has done considerable work as the core of the Opposition parties for issues such as the normalisation of relations with China.

(4) Sohyo wishes to cooperate with the Socialist Party and works for the future so that the Party take the helm of state affairs representing the workers and the working people of the country.

After the discussions, the voting took place and the amendments brought forward by the 14 unions and Goka were rejected by majority.

C. STRUGGLE IN AUTUMN, PARTICULARLY AROUND THE OKINAWA ISSUE

Sohyo leadership proposed in its movement policy around struggles in autumn for the defence of peace and democracy, particularly in connection with the fight against Okinawa's

“reversion” agreement, that Sohyo will “concentrate efforts upon the first stage of the fight by establishing firm strike set-up at places of work so that united actions be launched throughout the country, in the middle of November when Diet discussions reached the climax around Okinawa’s question, for pressing demands of workers against monopoly capitalism, for better living, against the “reversion” agreement and for the overthrow of the Sato Cabinet.

Many delegates took the floor and pressed the Sohyo leadership with powerful proposals asking for the intensification of the struggle against the agreement as seen in an amendment of Nikkyoso and the proposal made by a Kokuro delegate who spoke that “the struggle against the agreement is the most vital, focal political question for the Japanese people who desire national independence, democracy and peace in a genuine sense”, and also in the proposal made by a Kamipa Roren’s (National Federation of Paper and Pulp Worker’s Unions) delegate who appealed that “the world attention is now focussed upon the aggressive war in Indochina, and the Okinawa agreement signed by the Governments of the United States and Japan will make the mainland of Japan the base of free sorties, and therefore, it is urgent for Sohyo to organise united actions, which are more powerful than those staged in 1960 against the revision of the Japan-US Security Treaty.”

Sohyo President **Ichikawa** replied to the Convention, calling upon the delegates to be fully resolved to stage a vital struggle: “The struggle for the return of Okinawa is conducted only once in the history of Japan. There are struggles that can be tried again and those that cannot be tried again. The struggle for the return of Okinawa, in the genuine sense of the world, is a fight that we can never do again by reason that ‘we fail in it.’ Even if we face many difficulties, we must organise a strike, even for a short period, combining the demand for Okinawa’s return with multifarious demands of the workers for better living, for normalising relations with China and against the aggressive war in Indochina, so that we take over the struggle

of one million people of Okinawa Prefecture who have been dauntlessly fighting for their life and rights under many difficulties of US occupation for the past 26 years.

Delegates took the floor one after another to ask Sohyo headquarters to take a more determined attitude in this connection by suggesting that "if the struggle against the reversion agreement is 'fought only once and we can never start afresh when we fail' as the President put it, the top leadership of Sohyo must make clear at this very moment its plan concerning the scale and scope of the proposed strike so that the working masses are fully prepared for going all out for such actions" (Hokkaido), and that "instead of salon-like negotiations of four labour organisations with the Government, Sohyo should conduct negotiations with the Government with resolute attitude to truly represent the heart-burning indignation of the people of Okinawa Prefecture and the mainland, and unite all the trade union force to overthrow the Sato Government. Sohyo should give most appropriate instructions to make September 15th national rally as a foothold for rallying forces" (Zenkin), and that "it is easy to talk against militarism, but we might repeat mistakes of the history by accident. What is most important for Sohyo to do is to start organising big education and publicity campaigns repeatedly in order to make the rank and file workers know more clearly the very nature of this fight" (Yamaguchi Prefectural Trade Union Council, Kokuro).

A delegate of Zensenbai (All Monopoly Corporation Workers' Union) drew the attention of the top leadership to give reinforced guidance on industrial basis "as the union is faced with the problems arising from Okinawa's return and the struggle against the ratification of the reversion agreement."

General Secretary **Ohki** spoke in reply to these views:

(1) The important pillars of our autumn struggle will be our fight against the deceptive "reversion" of Okinawa

and for Japan-China relations. We are presently in a situation to make big advances forward in these struggles.

(2) The central theme of the struggle against the rise of militarism is our choice between butter and cannon: to allow the Government's budget compiled around the 4th Defence Plan of 5,800,000 million yens, or fight for the demands of the people for better living. This is the central theme of our struggle against the revival of militarism.

(3) As a general direction of our movement, we ask the Convention to confirm our stand to act against imperialism and fascism.

(4) We want to confirm at this Convention that we will fight for the withdrawal of the Sato Cabinet at the stage of the Diet session debating Okinawa issue, as an advance of the struggle that will be a vital stimulus to our joint struggle next spring.

On the fifth day of the Convention, General Secretary **Ohki** summarised the 4-day discussions and expressed a view over the direction of Zenminkon in relation to the labour unification issue, that "Zenminkon supports higher productivity drive, taking a stand of labour-management collaboration while speaking about 'participation and creation'." He explained that it stands for the re-organisation of the Opposition parties. "We do not approve Zenminkon as its existence will be disadvantageous to the Japanese trade union movement," he said and continued that "this question will be discussed at the Committee on Labour Unification".

As the result of voting, the amendment proposed by 14 unions and another amendment proposed by **Goka** over the freedom of support to political parties were rejected by the majority. The movement policy for 1971 proposed by the headquarters which was reinforced with amendments proposed by Nikkyoso and other unions, was approved by majority.

IV

Resolutions

The 5-day Convention closed after the unanimous adoption of the Resolutions and the Declaration of the Convention. The Resolutions adopted by the Convention included the following :

1. Resolution in protest of the clash of a Self-Defence fighter with Zen Nikku's passenger plane;
2. Resolution for the normalization of diplomatic relations with China and other nations with which Japan has not yet established normal relations;
3. Resolution on the intensification of the struggle for the recovery of the right to strike and against the oppression imposed upon Government and public enterprise unions including Kokuro and Doryokusha;
4. Resolution in support of unions that are staging protracted fights in opposition to the closure of enterprises, mass discharge and rationalization;
5. Resolution in defence of independence of the judicial right and for the victory of cases pending at the Supreme Court;
6. Resolution in support of Okinawa's military port workers' struggle;
7. Resolution in support of court struggles against oppression;
8. Resolution in demand for the forestry policy in the interest of the people, by recovering the greenery of the fields and mountains, and for the establishment of stabilized administration of national forests;

9. Resolution in support of the lawsuit concerning the test training grounds at Nihon Daira;
10. Resolution for the promotion of employment as well as unemployment countermeasures for the workers of advanced age;
11. Resolution in solidarity and support of the struggle of the workers in Vietnam and the people of Indochina.

RESOLUTION IN PROTEST OF THE SELF-DEFENCE PLANE WITH ZEN NIKKU'S PASSENGER PLANE

Clash between a regular Zen Nikku's air liner and F86 fighter plane of the "Self-Defence Air Force" is said to be an "expected" clash because the sky of our country is no longer our sky under the Japan-US Security Treaty. Added to this, the "Self-Defence Force" is monopolizing the sky and using it as if it was at its disposal in utter disregard of the safety of civil air liners.

The responsibility of the Self-Defence Forces for sacrificing the lives of the passengers of a civil plane must be located in the politics conducted by the present Liberal-Democratic Party Government by reinforcing the Japan-US Security Treaty set-up and strengthening the Self Defence Forces in violation of the Constitution. 162 passengers were made victims of the growing militarism of the country.

Expressing our deep condolences to the victims and the bereaved families, we indignantly hold the Sato Cabinet politically responsible for this tragedy.

The Chief of the Defence Agency should immediately resign his post. We call upon the Sato Cabinet to accept sincere responsibility and resign immediately, that the 4th Defence Project should be stopped at this very moment and the questions of peace and safety of the people should be re-considered in accordance with the spirit of the nation's Constitution.

July 31, 1971

42nd Annual Convention of Sohyo

RESOLUTION IN SUPPORT OF OKINAWA'S US MILITARY PORT WORKERS' STRUGGLE

More than two months have passed since the dockworkers of the US military ports in Okinawa went on strike on 15th May, but there are no indications for its solution. The military port workers struck in demand for an increase in retirement pay and the payment of the same amount of money paid to temporary workers at the time of their retirement and the application of the Law for Special Measures for Displaced Workers to the workers under Category 4.

At present, all of a total of 1,200 workers who are engaged in loading and unloading at US military ports in Okinawa are under the employment contracts with private enterprises commissioned by US authorities, and their status is always unstable. These workers were drafted by US Forces immediately after the war and engaged in dockwork for some four years as workers directly employed by the US Forces. Since 1950, loading and unloading work was commissioned to private enterprises and the workers were then taken over by the latter.

However, working conditions, employment, discharge, dispatching and work system as well as supervision are under the direct control of the US Forces; they are compelled to work as workers directly employed by the commissioners. In spite of this, the period of employment is calculated from 1963, ten years later than their original employment by the US Forces, which permits a big disparity in payment. In the case of military port workers, particularly, the period of employment is renewed every time they are placed under new commissioners. Added to these, the Law for Special Measures for the Displaced Workers is not applied to them.

The Convention fully supports the just demands of the US military port workers. At the same time, the Convention feels indignant at the fact that the US authorities and Kuniba-Gumi, the commissioner, would not listen to these just demands of the workers, but have threatened and

launched various attacks on the union and the union members including the dismissal of the entire executive members of the union including Chairman Shodo, lockouts and discharge of all the union members.

The struggle of US military port workers is not just the struggle of the Military Port Workers' Union. The very nature of these attacks is to strengthen the function of US bases by discharging workers by reason of rationalisation, which is at the same time closely related with the attempts of the Governments of the USA and Japan to re-organise the US military bases under the deceptive "Okinawa's reversion agreement".

Extending whole-hearted support to and solidarity with the struggle of the US military port workers in Okinawa, the Convention confirms that Sohyo member organisations will mobilise their moral and material support until the workers win final victory. The Convention strongly demands that the Japanese Government work for a speedy solution of the struggle to meet the demands of the workers concerned.

August 1, 1971

42nd Annual Convention of Sohyo.

V

Declaration of the Convention

The trade union movement of Japan is confronted with a complicated situation. Many pressing issues are before it: How does the trade union movement achieve the unity of workers and trade unions in order to defend their vested rights and develop actions to improve working conditions in the rapid changes in the industrial structure, and trend for trade liberalisation? How does the trade union movement work for rallying the forces and expand the circles of unity in order to solve difficulties and answer for multifarious demands of workers and working people today when high economic growth of the country has brought forth so many contradictions

Why are there so many national centres in the trade union movement of Japan and how did it happen? Studies of this question will teach us the fundamental law that the trade union movement must be united on and around the demands of the working class and its fight against employers and the reactionary government, without discriminating the ranks of the workers by reason of ideology, creed or religious belief.

From this point of view, we cannot help drawing a sharp line between the unity of labour front in a genuine sense, and an attempt for re-organising trade unions under the influence of right-wingers.

Unity should be achieved for and by rank and file workers at the places of work; and unity, therefore, is a fight to win it.

With this in view, Sohyo has been calling upon the entire working class of the country for "united actions around

common demands". It feels it urgent to strengthen its calls for united actions, irrespective of affiliation with national centres, on national, local, industrial and trade basis.

This year's spring struggle was specifically characterised by the consolidation of employers and intensified interventions of the state power. However, at the same time, its special feature was the protractedness and severity of the struggles of the workers against the attacks by the employers. The Convention noted with satisfaction the upsurge of fighting energies of young workers and working women. Thus, spring struggle of 1971 made the fact "demands cannot be won unless workers fight for them", clear to everybody.

As long as we value workers' demands, there is no reason for us to stick to sectionism in organising concerted actions. Therefore, we will exert our efforts for the development of joint actions of all workers by stressing that unity is a desire of the entire working class, while making everything in our power for ensuring success of our struggles for higher wages, a minimum wage system, against rationalisation, for security in the days of old age and other demands closely related with our living, at our places of work and in communities.

Japanese monopolies and the Sato Cabinet are stepping up their policy directed towards Japanese militarism in accordance with the line prescribed in the Japan-US Joint Communique. We have seen many instances to prove this: growth of reaction in the judicial system, attempt for state control of education, unreasonable oppression against Kokuro and Doryokusha, the promotion of 4th Defence Programme aggregating 5,800,000 million yens. These are measures that deny the set-up under the present Constitution which respects basic human rights, democracy and peace.

We who desire to be loyal to the spirit of the Peace Constitution feel strongly responsible for the weakness of our struggle in spite of the fact that the people of Okinawa have endured many difficulties and sacrifices for more than

20 years, thus making a mockery of the Peace Constitution, in Okinawa.

Furthermore, the real intention of the Governments of the United States and Japan in this agreement on Okinawa's reversion is to make it "an agreement to return the right of administration as a deal for intensifying aggressive character of the Japan-US Security Treaty".

Today when preparations for the revival of Japanese militarism are steadily being promoted in order to take over US aggressors' role in Asia, it is quite natural that the working class who is the biggest victim of that policy, should do everything in its power to fight against the ratification of the agreement on Okinawa's reversion, for the abrogation of the Japan-US Security Treaty, for the normalization of relations with China, and for friendship and solidarity with the people of Asian countries.

Sohyo has developed struggles by coordinating economic demands with political demands, and it will make further efforts to make this traditional policy a line of its future development.

Now the structure and policy of the Sato Cabinet have come to a ruin, and it is difficult to remedy it any longer. This ruin has been brought about by the resistance put up by the workers and the working people of the country. We can overthrow the Sato Cabinet by rallying the people who are fighting against contradictions involved in capitalism and for the realisation of their demands for better living and for "reformation of the society".

On the basis of the policy adopted by this Convention, we will do our best for the success of strikes organised at the time of Diet discussions around the Okinawa issue by organising massive education and publicity campaigns on this subject, discussions at the places of work and mass actions, combining this issue and other political demands for peace including the abrogation of the Security Treaty with the United States and and normalisation of relations with China, with economic demands such as improved pen-

sion, medical benefits, tax reduction, etc. Energies thus summoned will be further developed for the success of the year-end struggle and spring campaign next year.

Our procession marching shoulder to shoulder with one million people of Okinawa will be coordinated with the fight of the people of Indochina who are staking their lives in the fight against American imperialism, and with the Korean people striving for peaceful unification of South and North Korea. It is a proof of our solidarity with the Asian people.

We hereby declare our fresh determination and march forward with four million and three hundred thousand workers of the country.

August 4, 1971

42nd Annual Convention of Sohyo.

PART II

Recent Dollar Question and The Attitude of The Trade Union Movement

GENERAL COUNCIL OF TRADE UNIONS OF JAPAN

(SOHYO)

August 26, 1971

- I. Facts which underlie Nixon's Dollar Defence Measures
- II. Character of Dollar Defence Policy
- III. Effects of Dollar Defence Policy upon Japan's Economy
- IV. Upward Revaluation of the Yen and the Attitude of the Japanese Trade Union Movement

I. FACTS WHICH UNDERLIE NIXON'S DOLLAR DEFENCE MEASURES :

In 1968 when the United States applied a double-price system for gold, Sohyo regarded it as a signal of the fact that the relatively stabilized period of the so-called "liberalization set-up" formulated in the postwar period with the United States at its apex had terminated.

This first-stage policy of "cutting the dollar off the gold" was taken by the United States as a preliminary currency measure to cope with the continuous aggravation of her international balance of payments situation and prevent the outflow of gold, which resulted from the dollar crisis in those days. However, the real cause that brought forward the dollar crisis existed in the mutual economic relations of the countries of the world. As a result of the unbalanced development among the major capitalist countries, the international competitive power of the United States, which is a basic currency country, and of Great Britain went down, while, relatively, the competitive power of West Germany, Japan and Italy rose.

The International Monetary Fund, a system which has formed part of the framework of international economic structure in the postwar period (the system which links gold with the dollar with which the currencies of other countries are linked at fixed rates of exchange) certainly guaranteed balance and freezing of competitive conditions among currencies during a certain period; but it goes against nature that such a fixed currency system should be maintained for a long period in view of the unbalanced economic development among the capitalist countries.

During the immediate postwar period, major capitalist countries other than the United States went through devaluation of exchange rates or suspension of liberalization. In those days, the United States maintained the most advantageous position in the rate of exchange. Exchange rates fixed by IMF reflected relatively closely the economic status of the capitalist countries around 1958 when the European

countries recovered the convertibility of currencies while promoting liberalization — the period when the products and the capital of the United States made smooth advances into the Western world. Even in the years that followed, big differences did exist in the rates of economic growth and competitive strength between the United States and the other capitalist countries including Japan and West Germany. However, by escalating the Vietnam War, the USA under the leadership of Kennedy, was treading the path for the outflow of the dollar and reduction of her gold reserves. This basic structure of the United States has undergone no fundamental changes. The flowering time of Breton Woods system was unexpectedly short.

In addition, the United States thereafter adopted internally an inflational full employment policy, which further weakened her competitive strength and accelerated the outflow of gold and export overseas. Thus, the dollar crisis was further precipitated.

After the period of 'save-the-dollar' measures through the 'Buy-American, Ship-American' policy under the Kennedy Administration and his successors came 1968 when the United States was compelled to restrict the dollar-gold convertibility through the application of a double-price system for gold and the self-control of conversion into gold of dollars held by the governments of other countries. This was an important alteration of the IMF currency system, an important pillar of which had been the linking of the dollar with gold.

Together with SDR put into effect last year, the international currency system was changed from the gold-exchange standard to the so-called dollar standard.

Since 1968, therefore, the dollar has not been completely endorsed by gold, but partly backed with confidence in the dollar by the countries of the world. During this period, the dollar assumed the character of a managed currency (as in the case of domestic currency) in its relation with gold, and valued as a basic currency only through the cooperation of

the other countries (for instance, through the control over conversion into gold of the dollars held by the latter or through the suspension of buying gold from free markets). Thus, the dollar was a managed currency in a double sense.

Therefore, the dollar is no longer a basic currency under the present market conditions. For instance, the United States had gold reserves amounting only to \$10,100 million against her short-term foreign liabilities of \$46,000 million as at the end of July this year, which was far less than the amount of credit that the United States has to pay back to Japan. However, at present when no other currency can be a basic currency, the capitalist countries of the world have to maintain this unstable dollar as a basic currency in order to maintain the stabilization of the present structure. This is the destiny of world capitalism today.

Further, the cause of the growing instability of the dollar is in the continuous outflow of the dollar, the prevailing inflation and the progressing aggravation, in spite of co-operation extended by the other capitalist countries, of international balance of payments of the United States.

The state of aggravation has further intensified recently: it was disclosed in August this year that the US trade balance showed a deficit, for the first time in 80 years, of \$5,760 million in the second quarter (April to June) under public settlement, or the deficit of \$23,000 million for the year (\$9,800 million in 1970). Under these circumstances, it is quite natural that Euro-dollars (which are said to amount to \$50,000 million) should avoid the dollar from speculative point of view, and this will make equilibrium operation difficult and cause the depreciation of the dollar under the floating rate system.

In his speech, US President Nixon said that in preceding weeks, the speculators had been waging an all-out war on the American dollar. He explained away the temporary suspension of the convertibility of the dollar into gold as a measure against speculators, saying that he was determined that the American dollar must never against be a

hostage in the hands of the international speculators. However, speculation on the dollar was only a beginning of the issue and the underlying fact is the aggravating American economy which cannot maintain even the present dollar system.

Great Britain and France tried to modify the fixed exchange rate system of IMF prevalent until 1968 and to prevent the lowering of their competitive power by devaluating the exchange rates of the pound and the franc, respectively, with the dollar. In those cases, they were recognized and backed by the governments and central banks of the major countries including the United States (especially, the Swap System, etc.). In other words, a weak currency was devalued with the help of strong currencies centering around the dollar. However, after the dollar as basic currency was definitely transferred into a group of weak currencies, the situation was reversed and the weak dollar was relieved by the upward revaluation of the strong currencies (European currencies including the mark).

Theoretically, as some people put it (and it was mentioned by French authorities also), the dollar should be devalued as it was the dollar that has become weak under the current fixed exchange system. However, although the relation expressed in the statement "one ounce of gold is equivalent to \$ 35" has already foundered today, it is still partly the basic of confidence in the dollar. Therefore, the devaluation of the dollar not only affects the prestige of the United States, but also would threaten the very root of such a confidence expressed by the other countries in the dollar. In this way the devaluation of the dollar would not only invite the alterations of the exchange rates of many countries even for a short period, but also affect confidence in the dollar system itself.

Due to these reasons, unless the major advanced countries (except France) lay a drastic wager on the world currency system, or they consider the return to the gold standard, the dollar has to be relieved at the sacrifice of the

strong currencies, rather than its devaluation. Taking this as its advantage, the United States has shifted its difficulties in the dollar questions to those of the currencies of the countries of Europe. The facts that the exchange markets in West Germany and other European countries, rather than that of the United States, were confronted with difficulties arising from the dollar crisis and that the American enterprises made advances to Europe one after another, scored successes in the key industries of European countries, the results of which affected European countries adversely by forming powerful causes for the dollar crisis. . . . all these facts irritated the nerves of major advanced countries of Europe, including France.

Note: According to a trial calculation of the Ministry of International Trade and Industry, (if the United States made no investment after 1964 and subsidiary companies abroad increased no sales results), the United States would improve trade balance in 1969 alone by \$7,500 million to \$12,500 million (on customs clearance base). Mr. J. Schreiber, author of "Le Defi Americain", stated four years ago that in 15 years to come, the third industrial country of the world would not be EC, but American enterprises within EC. They would stand next after the United States and the Soviet Union.

As this currency question typically shows, the relations among the major capitalist countries formed on the basis of competitions and collaborations, antagonism and cooperation are very much complicated. As for the international currency system, its contradictions increase in accordance with the increase in difference from the gold standard, and as a result, the weight of political solution increases and interests become more complicated in the market mechanism that becomes more and more imperfect. It should be stressed that the contradictions of capitalism have today become mature in the field of currency as well as in the North-South problems and chronic inflation problems.

A general survey of the reality of the current dollar question and its historical background shows that it was only a question of time that the United States had to adopt a

policy which was different from the inconsiderate 'save-the-dollar' measures that it used to apply, in the present situation in which it was no longer possible for European countries to maintain the dollar, the value of the dollar fell and the speculation in dollars was repeated.

II. CHARACTER OF THE DOLLAR DEFENCE POLICY:

In connection with Nixon's 8-point policy to protect the dollar, there has been much argument in Japan mainly over the effect of the 10% import surcharge and the pressure for upward revaluation of the yen. But, we consider it important to study also the character of Nixon's policy itself.

Note: Nixon's 8-point 'save-the-dollar' policy includes the following:

1. Temporary suspension of the dollar-gold convertibility;
2. 10% import surcharge;
3. Freeze of all prices and wages for a period of 90 days;
4. Appointment of a Cost of Living Council within the Government to achieve continued price and wage stability;
5. Repeal of the 7% excise tax on automobiles;
6. Recovery of the system to reduce tax for investment, with 10% reduction for the first year and 5% after the first year;
7. Speeding up of personal income tax exemptions scheduled for January 1, 1973 to January 1, 1972 and
8. \$ 4,700 million cut in Federal spending for the fiscal year 1972 including a 10% cut in foreign economic aid.

Suspension of Dollar-Gold Convertibility

As for a temporary suspension of the dollar-gold convertibility, there is a danger that this will not be a temporary measure unless America's gold reserves increase to the sum sufficient to a basic currency nation, or the United States is able to reduce the liabilities, as we have explained above.

Since 1968 till today, countries of the world have restrained themselves not to convert the dollars into gold; but now the USA has unilaterally and publicly suspended the dollar-gold convertibility. Some people take the view that this means the collapse of the IMF set-up (under which the dollar linked with gold is recognised as a standard currency). As US dollar is not backed by gold, even temporarily, there is no basis for the value of the dollar outside the conventional confidence in the dollar in world markets. Material basis for the stability of the dollar as a basic currency has been lost, though temporarily.

Then, what views does President Nixon have about an international currency system after adopting this measure? In his speech, he said, "In full cooperation with the International Monetary Fund and those who trade with the United States, we will press for the necessary reforms to set up an urgently-needed new international monetary system. Stability and equal treatment are in everybody's best interest". (Translation from the Japanese text.) He further said, "The time has come for exchange rates to be established fairly and for the major nations to compete as equals". He is attempting to re-organise the exchange rate system through multilateral adjustment of currencies of major nations including the upward revaluation of the yen, instead of devaluation of the dollar. The IMF system is based on artificial manipulation rather than market mechanism. This is its specific feature. Such reorganisation, therefore, cannot be realised easily. Nixon's desire cannot not be realised so easily. As the currency system today is so much alienated from the gold standard, what can be considered as a barometer of equals, and what can be considered as fair exchange rates? Today, there is no decisive and objective standard as was the value of gold in the past. For example, the IMF stipulated in its regulations that exchange rates could be altered when basic account of the country concerned becomes unbalanced. But, no clear-cut definition has been given as to the imbalance of basic account of a country. Today, it is commonly believed, as a matter of common sense, that when

the international balance of payments of a certain country has been in a grave situation for a long period, the basic account of the country concerned is considered unbalanced. However, as EC countries — France in particular — put it, it is certainly a problem whether they can judge, only from the viewpoint of international balance of payments, that the basic account of a country concerned is unbalanced. They maintain that the aggravation of international balance of payments of the country is a result of the continuation of the Vietnam War and maintenance of the inflation policy in the country. It is fairly reasonable to say that the economic policy of the country concerned should be taken up before grappling with problems of exchange rates or international balance of payments.

Needless to say, international balance of payments is a reflection of economic activities of the country concerned in its international relation. Causes for deficits or surpluses in figures are found in the way the economic activities are carried. Take an example of a certain export commodity. If anti-pollution devices are neglected in a factory where the said exports are manufactured, the competitive power for the price gets stronger, giving advantage to the trade balance; and vice versa. Therefore, there is no simple barometer to measure the fairness of exchange rates. At the same time, the economic policy of the country reflects upon the international balance of payments of the country concerned, paralled with exchange rates. Therefore, it is impossible to make any decisions from discussions on exchange rates and international balance of payments alone. For this very reason, European countries have repeatedly pointed out that the inflation policy of the United States, rather than exchange rates, is responsible for the dollar crisis.

However, the general opinion today is this: if the system of exchange rates should be recognised, the Japanese yen, the German mark and other strong currencies must be re-valued upward or the dollar devalued, and that the present dollar crisis will be further precipitated and the stability of international currencies will continue to be lost unless such

measures are taken in the very near future. As there is no objective standard for fair exchange rates as has been studied, there is no way other than reaching a final decision through political dealings amidst contradictions of interests of different countries in the process of roughly adjusting competitive trade conditions. As it will be hardly possible to reach such an agreement in a short period, multilateral adjustment will not probably be completed even in the IMF General Session scheduled on 27th September in Washington after the discussions at the meetings of the Japan-US Joint Committee on Trade and Economic Affairs and the Conference of Finance Ministers of Ten Countries to be held in the near future. It is the reason why many people criticise Nixon's selfish idea on reorganising the international currency system, saying that Nixon made a heavy strategic bet without having any strategic policy, measures or perspectives. The United States did shock the world, but she has no card to save the situation.

In spite of all these, economic activities are progressing and the countries of the world (except Japan) have difficulties in supporting the dollar from dropping. Exchange markets which reopened on August 23rd at various places in Europe showed that the actual situation was such that floating rate system in a broad sense must be applied by either removing or loosening the maximum limit of exchange rates fixed by IMF, by adopting double exchange rate system (France), maximum floating rate system (England), or floating rate system (West Germany). This means that market rate of the dollar has dropped — actually playing a role to devalue the dollar.

IMPORT SURCHARGE AS FOREIGN POLICY

As for 10% import surcharge under Point 2, we will discuss the question from the standpoint of a foreign policy, leaving the problems of its repercussions upon Japan to later pages.

Opinions are divided over whether or not the imposition of import surcharge by the United States violates the provi-

sions of GATT. An Emergency Meeting of GATT held on August 24th reached a basic agreement to set up a Working Committee to study conditions for the early removal of surcharge.

The United States bases her imposition of import surcharge upon Article 12 of GATT, which stipulates that imports can be restricted when the balance of payments is faced with difficulty. To this, opponents including Japan assert that America's measure violates Article 2 of the said provision that permits each country to set its own tariff by items. It is a common opinion that the measures taken by the United States go against the spirit of GATT and are incompatible with some of its articles. However, in 1964 when Great Britain imposed surcharge on her imports, GATT did not give any conclusive decisions and there is a possibility that such problems are generally left to political dealings. On the other hand, the USA has been insisting that Japan is violating the spirit of GATT by the delay in liberalisation. America's assertion concerning Japan's delay in trade liberalisation cannot justify the former's imposition of import surcharge. And yet, the imposition of surcharge on Japan's imports is attempted to resist Japan's delay in trade liberalisation and her sticking to the present rate for the yen. From this viewpoint, this problem has a character that cannot always be discussed within the framework of the logic of GATT provisions. There are few countries which have taken retaliatory measures by invoking a clause under Article 23 of GATT which stipulates that the member countries can retaliate the partner country over the damage resulting from the latter's neglect of duties stipulated in GATT regulation. In most cases, European countries take the attitude to request the withdrawal, avoiding trade warfare and bad repercussions on international trade. Here again, the question of surcharge is considered as a link in the chain of integrated relations among countries, and its solution has to have a political character.

Effects of America's import surcharge upon Japan have not yet been made clear but the Economic Planning Agency

has estimated that Japan's value of exports will decrease by \$ 1,000 to \$ 1,500 million per year, and GNP by 1 to 1.5%. JETRO has predicted that exports will decline by \$ 1,200 million in the minimum and the Ministry of International Trade and Industry expects it will dwindle by \$ 2,400 million.

In view of the import structure of the United States, it is clear that the US Government has applied import surcharge system as a pressure upon Japan, particularly as a weapon to be used to the fullest extent to lead her to an advantageous position in her talks with Japan over the drastic upward revaluation of the yen, trade liberalisation, cooperation over the protection of the dollar, reinforcement of Japan's armament, etc.

So far, the United States has intensified its trend for protectionism by trades and items, but questions including inter-Governmental agreements or demands for voluntary restraints etc. have not been even formally brought before negotiation tables. And now, the United States is attempting to use her unilateral, inclusive surcharge system for the advantage of negotiations with Japan. Although Nixon asserted that he was taking the measure "temporarily", it has been made clear, through the negotiations that followed, that the former has no intention to remove it even if the yen alone should be revalued. The measure will therefore be practised for a considerably long period. If so, the system will not only affect the export of industrial goods produced by the developing countries but also affect the world markets as Japanese products exported to the United States in the past will be shipped to Europe and the third countries in the future. It is because of this that, while criticizing the import surcharge system of the United States, European countries are keeping an eye over Japan's moves, seeking an opportunity to request Japan to compromise with the United States so that the latter may not adopt a policy to shrink world trade. While on the one hand, the interests of the United States, Japan and European countries are pitted against one another in this respect, there is a request, on the

other hand, for a political solution to save the situation from complete rupture.

NIXON'S REMAINING FIVE POINTS

Thirdly, Nixon's policy concerned with internal affairs (remaining 5 points) is worked out to lead to inflation, activating domestic production and increasing employment. While talking of taxation cut for the advantage of big business, he is attacking workers with wage freeze. This is a discriminative policy. The gigantic iron-steel and automobile makers immediately expressed their support for 90-day price freeze. Big business of the United States will be able to strengthen its power to cope with pressure from outside thanks to the protective policy based on surcharge system, while tax cut and wage freeze will help them to meet the cost increase and price freeze. Under these circumstances, it will be only workers and working people who are victimized. Nixon's 8-point policy includes 90-day wage freeze, which, according to the statement of the Secretary of Commerce, will be continued with legal binding power even after the 90-day period is terminated. A Cost of Living Council is likely to be utilized as a working organ for the implementation of the income policy. Further, in response to these measures put forward by Nixon, head of US Federal Arbitration and Conciliation Committee requested the suspension of all strikes, hinting at restraints on strike actions under the Law for the Economic Stabilization in 1970. In this way, internal policy proposed by Nixon is inflational and discriminative in nature, applying pressure on the workers and imparting advantages to big business. It is, therefore, quite natural that AFL-CIO, UAW, ILWU are all out to oppose the policy. Sohyo as a Japanese trade union organisation expresses its strong feeling of solidarity towards this attitude of American unions and their struggle in the future. It reaffirms the historic principle of solidarity that trade unions must place solidarity among workers above anything else, nationally and internationally, instead of making them a cat's paw of capitalists.

III. EFFECTS OF DOLLAR DEFENCE POLICY UPON JAPAN'S ECONOMY :

The Japanese Government announced on August 27th that it would adopt a floating exchange rate system. Since then, the world entered the period of adjustment of currencies among countries. The greatest decisive factor in the impacts of international currency problem on Japan's economy is the time when that adjustment will be achieved. The present impact of the current dollar question on Japan's economy so far has two factors: the effects of import surcharge system of the United States and the effects in fact of upward revaluation of the yen. Although it may happen that the upward revaluation of the yen alone is pressed upon the Japanese Government after all in the course of government-level negotiations, or according to the extent of the yen revaluation, we will introduce here some inferences on the impacts from among various inferences so far published.

POSSIBLE EFFECTS OF IMPORT SURCHARGE

Japan will surely be most heavily affected by the proposed import surcharge because one-third of Japan's exports are shipped to the United States, in comparison with 12% by Great Britain, 9% by West Germany and 5% by France, reaching a total of \$7,000 million per year.

According to MITI which takes the most pessimistic view, Japan's exports will decline by \$3,000 million (probably not so bad according to our estimation). Even if Japan's exports should be reduced by \$3,000 million, it will mean a cut by half of the surplus (\$6,000 million) that Japan is enjoying yearly. Mr. Yoshii, executive director of Sony Company, and some others have asserted that "neither their sales nor profits will be severely affected by the imposition of import surcharge." However, the top leaders of automobile and electric machine and tool makers are said to have been very much annoyed to know that this statement was quoted by Americans, and they are anxious that "it might excite American businessmen". It is true that some Japanese

products will be cheaper than American or European goods even if 10% import surcharge is imposed upon them, and it has been reported that some American traders wish to import some Japanese products, saying that they are willing to bear a part of the surcharge.

It is certain, however, that products made by medium and small enterprises of Japan, including general goods and toys which account for 40% of Japan's exports to the United States, will be seriously affected by the proposed measure. The enterprisers in these categories are already in a grave situation due to the implementation of preferential duties since August 1st this year, growing business recession, etc.

Surveys made by MITI made the following points clear:

1. Medium and small-sized makers of textile products, general goods, light machines, wire, rope and rolled copper products, etc. will be seriously affected, because they have been exporting their goods with small profits and are hardly able to bear the burden of import surcharge.

2. Makers of stereo-type gramophones, automobiles, bearings, tyres and tubes will not be affected much as there are few competitive manufacturers in the United States or in other countries.

3. Iron-steel makers are strongly competitive both in quality and price and are able to meet the annual export quota. They have already concluded export contracts until the end of 1971, upon which import surcharge may be imposed and they may suffer for them, although these are in fact government-level agreements.

4. Influence upon passenger cars is difficult to judge as it is connected with the trend of demands in the United States, the reaction of American enterprises to the abolition of automobile excise law. Not much influence is expected, if Japanese makers shift their policy and place emphasis upon the export of small-sized cars.

5. Television sets, stainless steel products, etc. are in special conditions. They have been under suspicion of

dumping and there are certain problems for raising prices. Japanese makers have been driven into difficulties.

POSSIBLE EFFECTS ON BUSINESS STRUCTURE

The question is how the reduction of exports will affect the business situation of Japan which was gradually improving. The conclusion is that the imposition of surcharge will surely delay the speed for business recovery, as an increase in export is regarded as a big factor of the present recovery of business situations, but it will not result in a sharp drop of Japanese economy.

The Economic Planning Agency has estimated that the actual rate of economic growth due to decrease of exports will be around 7% that is about 1% lower than before, while the Ministry of Finance has started compiling a big-scale supplementary budget of 500,000 million yens by issuing national bonds on the basis of the discussions at the emergency meeting of Ministers concerned with economic affairs. Minister of International Trade and Industry Tanaka said at the Cabinet meeting held on August 24th that "the economic growth rate will dip to 7.5%" due to the import surcharge (although it was expected to rise to 10.1% at the beginning of this fiscal year and 8.5% at the end of August), warned that it was "urgently necessary to stimulate business by drastically expanding public undertakings" and proposed, for this purpose, to make "additional expenditure of at least 600,000 million yens". They are planning to start additional construction of National Railway lines, roads, water supply systems, bridges and social facilities. Through these measures, they are expecting to obtain big results to compensate possible export cutback of around \$ 2,000 million (or 720,000 million yens).

With regard to the repercussion of the upward revaluation of the yen, Mr. Kurebayashi, auditor of Fuji Bank, suggested that the yen could be upvalued by 10% but not more, although this is not an easy question. Regarding the

repercussions of the proposed upward revaluation, he said that "Japan's export will be reduced by \$1,000 to \$2,000 million, which will bring about a cut in surplus in Japan's trade balance as her imports will not increase rapidly." He further said that "the export cutback and the developing depression will check moves for equipment investment, which will lower nominal growth rate of GNP by more than 2%. Even if special measures are taken to increase domestic demands, the fall of around 1% would be unavoidable."

The Association for the Study of National Economy disclosed on August 24th its outlook on Japan's economy in the event of the upward revaluation of the yen (See Table), according to which it is most desirable that the yen be upvalued to 320 yens for one dollar (a 12.5% rise under IMF method). This was a calculation made under the supposition that the readjustment of currencies is completed by the end of September and America discards her proposal of import surcharge. In this event, he said that (1) Japan's actual growth rate for the fiscal year 1971 will be lowered by 2.8% (as compared with the days when the yen is not revalued), but not much influence will be seen in the fiscal year 1972; (2) Japan's surplus in trade balance will be decreased by 40% for this fiscal year 1972, and basic balance will even out and (3) wholesale prices will be lowered by 1% per year, but the rising curve of consumers' prices will show little changes. The theory that the protracted business stagnation resulted from the upward revaluation of the yen, was denied by stating that this much upward revaluation will not destroy economic growth of Japan but may be advantageous in a long run, although Japan's official trade balance will suffer deficit if the yen is upvalued by 15% or more. On the other hand, MITI disclosed on August 27th that \$5,400 million will be lost if the import surcharge is imposed and the yen is upvalued by 10%.

SUMMARY

To summarize, the economic growth rate of Japan will not suffer a drastic decline even if it falls to certain extent.

In consideration of the fact that the economic growth rate during the period from January to March this year was higher by 3-5% in comparison with that of the same period last year, although the tempo of business recovery might be delayed due to America's dollar defence policy, the growth rate will not drop lower than that shown during the January-June period owing to measures taken by the Government to stimulate business, including investment, etc.

There are comments that bitterly criticise America's dollar defence policy by saying that it is "a national peril" and therefore "difficulties should be overcome with firm determination of the people". However, it is true that the yen has been valued exceptionally low in comparison with the economic growth of Japan. In that sense, it can be said that Japan's manpower has been sold exceptionally cheap to foreign countries. Therefore, if this question is tackled with the 'national-interest-first' principle as was done in the past, Japan will be confronted with similar situation again in the future. As this question relates to the structure of Japan's economy based on the economic policy and industrial activities which have placed emphasis upon industries and export, since the Meiji era, change in the structure and policies of Japanese capitalism is inevitable and it is clear that a certain friction will be created in the process of this change.

IV. UPWARD REVALUATION OF THE YEN AND THE ATTITUDE OF THE JAPANESE TRADE UNION MOVEMENT

Sohyo indicated its attitude toward this problem in its statement made on 15th May on "The Upward Revaluation of the Yen and We Workers", the central points of which were as follows :

This question has been derived from the fact that Japan has become relatively too strong in export competitions, but the astonishing surplus figures in trade balance have been the result of low wages, long hours of work, intensified labour, low-level social security measures, poor living condi-

OUTLOOK OF JAPAN'S ECONOMY

(ASSOCIATION FOR THE STUDY OF NATIONAL ECONOMY)

	1971 (\$ 1=)			1972 (\$ 1=)		
	Yens 325	Yens 320	Yens 315	Yens 325	Yens 320	Yens 315
Nominal growth rate .. %	13.5	13.2	12.8	18.6	18.1	17.7
Actual growth rate .. %	7.8	7.4	7.0	11.7	11.2	10.7
Growth rate of mining, manufacturing industry .. %	3.9	3.6	3.4	12.8	11.4	10.5
Growth rate of wholesale price .. %	-0.4	-0.5	-0.7	2.1	2.0	1.9
Growth rate of consumers' price .. %	7.2	7.0	6.9	7.1	6.9	6.8
IMF-base export .. \$ mil.	23,760	23,560	23,260	27,190	26,765	26,070
	%	(19.5)	(18.5)	(17.0)	(14.4)	(12.1)
IMF-base import .. \$ mil.	17,430	17,470	17,500	21,790	21,910	22,000
	%	(13.1)	(13.4)	(13.6)	(25.0)	(25.7)
Trade balance .. \$ mil.	6,330	6,090	5,760	5,400	4,855	4,070
Ordinary balance .. \$ mil.	3,980	3,755	3,430	2,410	1,890	1,140
Basic balance .. \$ mil.	2,590	2,215	1,740	860	-10	-1,010

Note: Figures in parenthesis show the growth rate.

tions, poor housing policy and poverty of policy to meet the demands of the low-productivity medium and small-sized enterprises and farmers. The high economic growth of Japan has been attained at the sacrifice of overwhelming people of the country, as the policy or economic growth (policy to intensify international competitive power) was implemented (1) by putting aside measures in the interest of the people, which should have been taken to meet the need of the time and by utilizing all the natural resources (particularly the national fund) for the interest and the growth of big enterprises; (2) by permitting employers to bear extremely small burdens in the fields of direct and indirect costs, which has strengthened their competitive power.

Well before the present currency question was brought forward, Sohyo asserted times again that Japan should follow a policy for reasonable international balance of payments (1) by discarding its economic and social policy serving only the interests of big business and adopting a policy with priority placed upon the improvement of people's life, modernisation of medium and small enterprises and of the farming industry and (2) by drastically improving working conditions through the rise of wages, shortening of working hours, etc. Sohyo asserted the importance of a fundamental solution of the situation by analyzing the very causes that have brought about the present situation in which the upward revaluation of the yen is called for.

At the time when these points were pointed out and the Government and business circles were bitterly criticized, they began to speak of the 5-day week system or improved social security measures, etc. in order to avoid our criticism.

However, today when the upward revaluation of the yen has become an actual problem of the day, they have returned to their original policy of acting only in the interest of big business as if these meet the national interest, putting aside the most fundamental question of solving the strain of political, economic and social structure of Japan.

As the upward revaluation of the yen will bring about disadvantage to the sphere of export and foreign credit and advantage to import and foreign obligation, it affects industries and trades in a complicated way. It is also true that it gives deflational effect upon the growth of economy. On the other hand, cut in import prices will not lower consumers' prices as we have learned from experiences of currency devaluation of other countries. This means that there is very little advantage to the consumative life of the people. Import surcharge as well as deflational tendency act more advantageously (comparatively) to big business and more disadvantageously to weak and small enterprises, thus increasing disparity among enterprises and bringing about more drastic changes in industrial structure. Furthermore, deflational effects brought upon enterprises will be shifted to the shoulders of workers in forms of wage freeze, or intensified rationalisation.

Under these circumstances, the attitude to be taken by the trade union movement and people in general towards the attitude taken by Government and big business is to firmly oppose their attempt to minimize the effects of the upward revaluation of the yen upon themselves at the cost of the working people.

To summarise :

SUMMARY

Fight for Wage Increase

1. In order to prevent the shifting of the effects of deflation caused by the upward revaluation of the yen to the shoulders of workers, we must multiply our struggles for the maintenance and improvement of working conditions. We have to remember that the existence of trade unions becomes more and more important when employers sharpen their attacks. As it is made clear that major causes for the yen-dollar issues are rooted in low wages and bad working conditions of workers of Japan, we will intensify their struggles to

increase wages to the level of those of American and European workers, to shorten working hours and smash rationalisation at the cost of workers.

Guarantee Employment

2. We urge upon the Government to assume sole responsibility for establishing a system which guarantees employment for those who lose jobs or who have to transfer to other jobs due to changes in industrial structure or to collapse of medium and small enterprises that are dependent upon export.

Improve Living Conditions

3. We will strengthen our fight, in close cooperation with the people of the country, for the defence of living conditions so that the politics for the people, including anti-pollution measures, better social welfare system, etc. shall not be weakened on this occasion. The framework of state budget should be enlarged, not to meet the demands of big business, but to improve the living conditions of the people.

Control Consumer Prices

4. Consumers' prices will continue to rise in spite of slugging of growth rate because of the fact that import prices do not favourably affect consumers' prices and the Government expenditure will increase. Under these circumstances, it is important to keep a closer watch upon the price policy of the Government, urging it to strengthen its regulation of monopoly prices and to modernize the structure itself so that those working in the medium and small enterprises and farming industry will not be victimized.

Compensate Okinawa People

5. The damage caused to the people of Okinawa Prefecture by the upward revaluation of the yen should be

fully compensated by the state in the earliest possible time. The change from the yen to the dollar in Okinawa was made for administrative reasons by the Occupation forces and not because the people there wanted it. Therefore, the request for the compensation for the damage is the just right of the people, on the occasion of the return of Okinawa to Japan and it constitutes a part of responsibility of the Japanese Government. The Government must carry out measures in the earliest possible time as upward revaluation of the yen not only affects the dollars possessed by the people of Okinawa but the economy of the islands through the rise of prices of imported goods from mainland Japan.

Raise Aloft Banner of Working Class Internationalism

6. The revaluation of the yen is a change in conditions for international trade competitions. Therefore, this should not be an obstacle to the international solidarity of workers. Workers must defend the position of the working people from the standpoint of developing solidarity of workers and people, nationally and internationally, instead of sticking to enterprise or industrial egoism or simple anti-foreign national interest principle in cooperation with employers.

