

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ACCESSION OF JAPAN

Requests addressed to the Japanese representative for information

Information submitted by the Japanese Representative in reply to the United States Representative on Labour Productivity

1. Tables A-I and II show the percentage of labour costs in the total cost of manufacturing in Japan and the United Kingdom. Similar data concerning the United States of America is not available.

Except for "chemicals", the categories of the manufactures given in each table are not alike, so that an exact comparison of the cost of labour item by item, in each country, cannot be obtained. By comparing the "textiles" of Table A-I and that of "cotton spinning and weaving" of Table A-II the labour productivity of Japan and the United Kingdom can, to a certain extent, be ascertained.

If a comparison of figures of "chemicals" in each table is made, it will be noted that the annual produced value per capita of the United Kingdom is £2,613, approximately four times as large as that of Japan - ¥ 62,000 (about £622 in terms of official current exchange rate, ¥ 1,008 = £1). Annual wages per capita of chemicals manufactured in the United Kingdom are £311.5, approximately three times as large as that of Japan - approximately £108. Consequently, the percentage of wages in the total cost of production of chemicals is 11.9% in United Kingdom, while 17.4% in Japan.

Again in comparing the item "textiles" in Japan and "cotton spinning and weaving" in the United Kingdom, the following figures will be obtained. The annual value produced per head of textiles in Japan is £380, whilst that of spinning and weaving in the United Kingdom is £6,995. Annual wages per head in Japan are £52 and in the United Kingdom £245.2, so that the percentage of wages in the total cost of production of textiles in Japan is 13.8% and in spinning and weaving in the United Kingdom 17.4%.

As mentioned in the document W.7/29/Add.4, the export prices of commodities of Japan are not always low as compared with those of other countries. The relatively high export prices of the Japanese commodities are mainly due to high freights of the importation of raw materials from distant areas so it is not expected that this handicap will be eliminated in the near future.

In addition, the post-war labour legislation and the increasing influence of the trade unions in Japan make any attempt to lower the per capita wage impossible. On the contrary, the Government desires to improve gradually the wages and living conditions of the working classes. Under these circumstances, if there is any possibility of Japan being able to lower the export prices of its industrial goods, it is only possible through the rationalization of her industries.

At the same time, the rationalization of industry and expansion of productive capacity is of urgent necessity for Japan, in order to raise the per capita level of Japanese wages, but without further increase of labour costs and without any decrease in the number of workers. This is a problem that Japan must settle.

2. Table B shows the comparison of labour productivity of Japan, United States of America and the United Kingdom. The figures given are quoted from "Japanese Cotton Industry", a report of Dr. W.T. Kroese, who was sent by the Government of Netherlands to Japan during October and December 1949 with a mission to survey the current situation of the Japanese cotton industry.

Table A-1

A comparative review of the percentage of the costs of labour
in the total costs of manufacture in Japan (1949)

(Unit: ¥ 1)

	Annual produced value per worker (I)	Monthly cash wage per worker (II)	Percentage (II) x 12: (I)
All Manfg. Industries	423,000	8,436	0,2387
Metal Industry	632,000	10,721	0,2035
Machinery "	288,000	8,778	0,3657
Chemicals "	622,000	9,022	0,1740
Textiles "	380,000	4,371	0,1380
Lumber & Wood Work Industry	254,000	5,310	0,2508
Food Industry	760,000	9,194	0,1451
Printing	386,000	9,187	0,2856

Note: (I) MITI, Industrial Statistics, Worker includes
staff and operatives

(II) Ministry of Labour, Year Book of Labour Statistics
and Research

Table A-II

A comparative review of the percentage of the costs of labour in the total costs of manufacture in the United Kingdom (1948)

	I	II	III	IV	V
(a)	Total Annual produced Value (£1000)	No. of Operatives (Average)	Annual produced Value per Operative (£1) (1+11)	(b) Average Weekly Earnings (s. d.)	Percentage IV x 52 (weeks) ÷ 111
Marine Engineering, Shipbuilding	285,483	252,198	1,1319	Metals, Engineering and Shipbuilding 131-5	(0,3022 0,2620 0,2935
Mechanical Engng.	452,864	346,823	1,3055		
Electrical Engng.	225,629	193,582	1,1655		
Chemicals	180,622	69,124	2,6139	Chemicals, Paints, Oils 119-9	0,1191
Cotton Spinning and weaving	407,594	239,828	1,6995	Textiles 94 -4	0,1737
Timber	107,748	77,039	1,3986	Wood-working 114 -6	0,2128
Brewing and Malting	455,271	54,895	8,2934	Food, drink, tobacco 102 -6	0,03213

Note: I, II : Census of Production, 1948
IV : Annual Abstract of Statistics, October 1948

Table B

I. COMPARISON OF THE P.M.H. FIGURES IN SPINNING MILLS
IN JAPAN, U.S.A. AND U.K.¹
(counts 30 and 40)

	<u>Japan</u>	<u>U.S.A.</u>	<u>U.K.</u>
Mixing and blow-room	54 lbs.	180 lbs.	215 lbs.
Carding	37 "	121 "	114 "
Drawing	59 "	227 "	205 "
Flyers	21 "	39 "	28 "
Spinning	8 "	17 "	9 "
All over average	4 lbs.	10 lbs.	6 lbs.

II. COMPARISON OF THE P.M.H. FIGURES IN THE WEAVING SECTION
IN JAPAN, U.S.A. AND U.K.¹

	<u>Japan</u>	<u>U.S.A.</u>	<u>U.K.</u>
Sizing	47 lbs.	200 lbs.	122 lbs.
Drawing in/Tying	356 ends	3570 ends	1540 ends
Weaving	15 yds.	68.7 yds.	19.7 yds.
Inspecting	70 "	350 "	204 "
All over average	10.7 yds.	53.5 yds.	17.7 yds.

¹Source: The Japanese Cotton Industry by Dr. W.T. Kroese, 1950, p.62 (Dr.W.T. Kroese was sent by the Government of Holland to Japan in October-December 1949 in order to survey the actual conditions of the Japanese Cotton Industry).

