The Effective Roles of Company and Local Government on Facing Mine Closure: the Business Diversification and Regional Industrialization in the Joban Case of Japan

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1. Company’s policies and decision-making

2. Role of local communities and local government

3. Outcome of company and governments’ roles in mine closure

4. Discussion of reasons for success
Joban Coalfield and Joban Coalmine Co. Ltd.

1. Ishikari
2. Kushiro
3. Ube
4. Chikuho
5. Miike
6. Karatsu
Joban Coalmine Co. Ltd.

- Founded in 1944: merger of two Zaibatsu companies
- Closed in 1971: largest number dismissed workers in Japan
**Features of Joban Coalmine Co. Ltd.**

(1) Location – close proximity to Keihin Industrial Belt

(2) Poor coal quality – constructed coal-fired power plant in 1961

(3) Terrible mining conditions – high temperatures, extreme air drafts, many hot springs – max. 44 °C

(4) Cooperation between labor and management – “one mountain, one family” mentality
1. Company’s Policies and Decision-making in 1960s

(1) Transfer Zaibatsu business to local industry

(2) Rationalization in 1960s – reemployment measures for workers: transfers to group companies

(3) Business diversification – “All Joban” 20 group companies
Joban Hawaiian Center
(Spa Resort Hawaiians)

- Established in 1966: use of abundant hot springs
- Important alternative means of survival after mine closure
- Complete reversal in company’s way of thinking
Polynesian Show (1966)
Polynesian Show (2015)
“Hula Girl” (2006)
Spa Resort Hawaiians

• Visitors annually 1.6 million

• Total more than 60 million 1966 - 2014
2. Role of local communities and local government

(1) Coal Producing Area Promotion Law (CPAPL)

- Designated in 1951: goal of advancing coal producing regions following mine closures
- Designation removed in 1987
• 8 districts covered by CPAPL (in green)
(2) New Industrial City Law (NICL) 1962

- Designated in 1964: prevent concentration of population and industry in major urban areas
• 6 districts covered by NICL (in red)
Industrialization in Iwaki City

• Two regional promotion measures facilitated industrialization in Iwaki City

• Invitation of new enterprises: allocation of industrial parks, closely connected to diversification of Joban Coalmine Company

• Advance of industrialization in Joban: number of people working in industry exceeded mine-related workers for the first time in 1960
Employment in the Joban Coalfield

(Unit: 10,000 employees)  

Joban Mine Closure

New Industrial City Status

Industrial Workers

Mine Workers

1955  60  65  70  75  1980
3. Outcome of company and governments’ roles in mine closure

(1) Reemployment of displaced miners (1971)

Within 18 months following mine closure: 3,957 miners secured new employment

In Iwaki City: 71% (of total)

1. New coalmine company: 35% (of in Iwaki City)
2. Group companies of Joban Coalmine: 13%
3. Companies invited by city: 13%
4. Other companies: 39%
(2) Development of Iwaki City in last forty years

1. Population: remaining at about 350,000

2. Coal Producing Regional Development Law dissolved in 1987 - quickest in Japan

3. Joban Joint Power Plant developed high-efficiency coal fired-power generation technologies, IGCC

4. Unfortunate fate of Iwaki City
Unfortunate Fate of Iwaki City

• The great East Japan earthquake disaster March 11, 2011: Iwaki City greatly suffered - Especially north parts hit by Tsunami
• Near to Fukushima Daiichi Nuclear Power Station, many residents evacuated from there
• Not only disaster-affected area but also receives evacuees from Nuclear Plant area, acts as base for workers containing atomic-power accident
• Still struggling with effect of earthquake and nuclear accident
4. Discussion of Reasons of Success

(1) Local based company not *Zaibatsu* and located in urban area - economic geography of proximity to Keihin area

(2) Business diversification and regional industrialization facilitated sustaining of community - based on expansion of Iwaki City and designations of two opposite regional promotion measures
(3) Rapid economic growth in other industries facilitated Joban’s success

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Comparative research: *Ube* case and *Taiheiyo* case

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Only operating mine in Japan: *Kushiro Coalmine Co.*
Thank you for listening.
Rapid Economic Growth in Japan

• Mid-1950s through mid-1970s

• Japanese companies established Japanese-style production system - mainly manufacturers
Coal Industry during Economic Growth

- Left behind during economic growth
- Entered era of rationalization - because of “energy revolution”
- Under government’s protective policy from 1963 to 2002
- All mines closed by 2002
- Only company Kushiro Coal Mine Co. Ltd. producing in Japan - successor to Taiheiyo Coalmine Co. Ltd.