

Today I came here having three titles with me. Other than a professor of a university studying especially cooperatives, I am a member of the board of the directors in Coop Kobe Consumer Cooperative. And I came as a representative of a NPO. If translate into English, the name of the NPO is “Forum for promoting solidarity economy”. We invited President Thierry Jeantet and Professor Carlo Borzaga as lecturers in symposiums in Osaka within these seven years. Now, I will talk to you on the social economy situation in Japan.

1) Characteristics of the social economy in Japan

Social economy in Japan is now still under developed. The number of NPOs in Japan has increased up to forty thousand since the legislation of NPO in 1998. But the financial situation of most of the NPOs in Japan is not good as Japan has not the custom of donation. Many NPOs are still the subcontractors of local government.

As to Cooperatives in Japan, the number of the members of cooperatives has exceeded 30 million. The major cooperatives are consumer coop and agriculture coop. But most of the cooperatives are faced with structural problems and as a whole they are in stagnation. Solidarity between cooperatives is very weak. There is no cooperative federation. Sadly speaking, Japan has not worker cooperative law. I have been working for the legislation of worker coop for ten years.

As to social enterprises, though we also don't have the law for it, we can find increasing examples using alternative legal persons. But we can find few for the European type of social enterprises working for the integration of distressed people into labor market. Most of the social enterprise relates to ecology, social welfare and local community.

One of the reasons of above problems was the former conservative policy of the Liberal Democratic Party which governed Japan since the Second World War. That party didn't want cooperatives and NPOs to grow and have power. In 2009, the balance of power changed and the Democratic Party got the government. But, the party and cabinet are very weak and the approval of people to the party is decreasing.

2) Cooperatives

Let's explain a little more about the profound structural problems in consumer coops in Japan. First, there is no integrated uniform cooperative law in Japan. Various coop laws are segmented among various ministries in Japan. Consumer coop is under the control of the Ministry of Health, Labor and Welfare. Sectional control by the ministries is one of the reasons of weakness of solidarity between cooperatives. We have a national consumer coop union in Tokyo but there is no federation of cooperatives from various industries. There is no friendship relation between the national union of consumer coops and agriculture coops. Solidarity is very weak in this case.

Second, Cooperatives in Japan can't expand operations by law across the border of prefecture. This regulation prohibits the merger of a coop with other in different

prefecture and it precludes the scale merit of operations.

Third, consumer coop operation in Japan is very different from other coops around the world. Other than store operations, Japan has non-store home delivery operation system. And the national total turnover of the lattes is bigger than stores as a whole. In addition, the total turnover of store operations is decreasing and shows structural deficit for long years. In 2009, the national average deficit of store operation is nearly 3%. In contrast, in home delivery operations surplus was over 3% before but now it is reduced into below 3%. If taking into other operations, national balance of consumer coops is surplus but only 0.5%. This trend is long standing structural problem in Japan.

Fourth, members of consumer coops are aging. Total number of the members of consumer coops is increasing every year and it is now about 18 million but the national average of the members is 53 years old. In Coop Kobe, the biggest coop in Japan having one million and sixty hundreds members, average age is 58. Coop Kobe has nearly 150 stores but 80% of them are deficit. The store operation deficit began in 1994 and it still continues.

About the agriculture coops, I will indicate only one structural problem. Young farmers don't like to be members of a coop. Rather they challenge, for example, organic farming outside coops cooperating with friends. The number of national members of the coops is 4.7 million and is decreasing every year.

How can we overcome these structural problems in Japan? My idea is as follows. Solidarity is too weak in Japan. If we want to strengthen solidarity, we need to think about solidarity profoundly. Solidarity concept has two categories. One relates to basic value and the other to efficiency. From solidarity value we can derive the values of support, relief, cooperation, social justice and so on. Solidarity makes it possible to realize these values. On the other hand, solidarity makes it possible to enhance efficiency. By the solidarity between cooperatives we can create the system of consortia, second order cooperatives, risk spreading of investment and employment, association for the federation of cooperatives and so on. This type of solidarity system makes it possible to enhance efficiency.

The form of solidarity system created by cooperatives is different from the system created by for-profit enterprises. We can find good examples of this solidarity system in Mondragon cooperatives and Italian cooperatives. By solidarity system we can overcome the trade-off relation between value and efficiency. Following this idea Japanese consumer coops should construct, for example, the integrated buying system just like Coop Italia. Otherwise, it might be impossible for them to overcome the deficit.

3) Disastrous earthquake and the third sector

As explained above, Japanese third sector is still underdeveloped and solidarity there is very weak. But we have the spirit of Japanese style solidarity. Many foreigners were surprised after the big earthquake in March this year when they saw that the victims there were very tough with calm judgment and cooperated together and many volunteers went to disaster area by buses from distant places of several hundred kilometers.

The earthquake and world demonstration movement these days would give increasing

influence on Japanese society. Ten million signature movements began in Tokyo against nuclear power. Next challenge is to change the dimension from civil movement toward third sector movement.

The NPO “Forum for promoting solidarity economy”, where my position is president, has an aim of changing the economic system and promoting social and solidarity economy in Japan. One of the reasons of the weakness of solidarity in Japan is far from Europe. We don't have much information and scholars on European social economy. We want to be a bridge between Japan and Europe.