

WORKER COOPERATIVES IN JAPAN

OKAYASU Kisaburo
General Director
Japan Institute of Cooperative Research
okay_kisaburo@mac.com
URL: <http://jicr.org>

I. Background to this paper

(1) Progress of Aging and Decrease in the Number of Children in Japan Society

- Peak of population has come in Japan. (The year 2005 is estimated.)
- Changes in the Population Structure of Japan

| (Year) | (1975) | (1996) | (2005) | (2015) |
|--------------------|--------|--------|--------|--------|
| Age 65 and over | 7.9% | 15.1% | 19.9% | 26.0% |
| Age 15-64 | 67.8% | 69.3% | 66.2% | 61.2% |
| under 15 years old | 24.3% | 15.6% | 13.9% | 12.8% |
- It is projected that a super-aging society will come in the mid 21st century.
- "Year 2007 problem": the baby-boomers will retire at their 60.
- It will cause the pension problem, the labour shortage, etc.

(2) Progress of Degradation of Work under Subordinate Relationship

- Around one third of Japanese labours are not regularly employed; job-hopping part-time workers, staffs dispatched for temporary work, workers under subcontract etc. they are compelled to work under poorer working surroundings. (So called "precariat")
- 81.2% of staff-dispatchers, and 76.5% of business contractors violated the relevant laws. (2005, Tokyo Labour Bureau)

(3) Rapid Expansion of Disparities -- Insecure Society

- Japanese media begin to use a "Disparities Society"; "Wage differentials between workers in their 20s have expanded, and its lock-in will be worry Japanese society. In their 30s and 40s, the rate of marriage of non-regular workers is lower than that of regular workers, and it cause progress of decrease in the number of children", analyzed by draft White Paper on the Labour Economy 2006. (Kyodo News, 13 April 2006)
- There are around 20% of households whose annual income are below 2 million Yen and less standard of Public Assistance (livelihood aid, medical care aid, etc) in Japan. In Tokyo and Osaka, one fourth of pupils in the public compulsory education need assistance for stationeries, charges for their school meals, or other charges such for their school excursions. In case of Adachi city, Tokyo, near 42% pupils need the assistance.

- There are about 2.13 million jobless youth of 15 - 34, including job-seeking group (1.28 million) and 850 thousand youth called "NEET"¹ (Not in Education, Employment, or Training), according to the latest survey (in 2005) of Japanese Cabinet Office.

(4) Means for Sustainable Local Community -- for Secure Society

- Securities;
 - Full lifeline service for daily life,
 - Working-continuation through providing appropriate care services as public services,
 - Lively class room of children, and
 - Reasonable way to a second chance even in case of failure.
 (Output by the society for the study of public services, which chief is Prof. JINNO Naohiko, Graduate School of Economics of the University of Tokyo)
- Reforming Public Services
 - Under "privatization" of public services; Market Testing, Japan model of Compulsory Competitive Tendering (CCT)
 - Services solved primarily by citizens themselves through their cooperation as community-based services
 - Empowerment to the persons or groups concerned for making a better policy
 - Decent work and its cooperation with multi-stakeholder (other workers, users, local residents, the community, the municipality, etc.)
 - Others
- Promotion of Community Businesses
 - Local governments' cognition for worker cooperatives has been expanding. (see VI. Delivery of Social Services via "Contract" to be mentioned later)
 - "Community business set up seminar" is held as a commission from local governments to worker cooperatives.
 - "A worker cooperative should be recognized as a propulsive actor of job-creation in the community" (21 May 2003, the First Report of the Project Council on Job-Creation, led by the Director General for Policy Planning and Evaluation of Ministry of Health, Labour and Welfare)

II. A Hundred Thousand "Associated Workers" in Japan

There are several sorts of organizations of/for "associated work" in Japan.

- (1) Worker cooperatives; --> the Japan Worker cooperative Union (JWCU, ICA member) over 9,000 workers
- (2) Workers Collectives; --> the Workers Collective Network Japan (WNJ) over 18,000 workers

¹ Japanese definition of "NEET" is different from that of the UK.

- (3) "Independent" Worker cooperatives; set by the ex-board-members (housewives) of some consumers cooperatives in cooperation with their members. They cooperate with "mother" cooperatives.
- (4) Rural Women Workers; set by women farmers for agricultural production and products distribution including direct sales. Most of them are independent from agricultural cooperatives.
over 7,000 groups
- (5) Older Persons' Cooperatives; this movement is ten years old, and was initiated by JWCU.
over 40,000 members
- (6) Other non-cooperative business entities (e.g. small stock companies), not-for-profit organization (NPOs), and companies of self-management by trade unions (e.g. taxi business). Some of them are members of JWCU.

III. Brief History of Worker cooperative Movement in Japan

The JWCU is an apex organization of worker cooperatives and older persons cooperatives.

1971 ~ 1985

<Job Creation for, of, by the unemployment and the middle aged and elderly>

Japan worker cooperative movement has a 35-year history. The first worker cooperative was established in Nishinomiya city, Hyogo prefecture, in 1971. The succeedings were in Kyoto, Nagoya, and so on. A local worker cooperative established at that time was named "JIGYODAN" which means an "undertaking organization for the employment-promotion of the middle aged persons and the older." The purpose of this movement was (and is) to overcome the unemployment. In 1979, the National Council of JIGYODANs were set up by 36 local JIGYODANs.

The labour Ministry of Japan (name of those days) decided to end its day worker aid policy in 1980. The first "directly-controlled JIGYODAN" was organized and run in Chiba by the National Council headquarter as its outlet, or its power point of the movement in 1982. It performed the maintenance work in the hospital of Tokatsu medical cooperative.

In fact they did not identify themselves with cooperatives at that time.

After ICA Moscow Congress 1980, Mr. NAKABAYASHI Sadao, the fourth president of JCCU (Japan Consumers' Cooperative Union), introduced a "paper" prepared for the ICA Congress by Dr. A. F. Laidlaw, titled "Cooperatives in the Year 2000" to JIGYODAN principals.

1986 ~ 1991

<Departure to "worker cooperatives">

Several years later, in 1986, JIGYODANs decided to reorganize themselves on the basis of worker cooperative system, in parallel with developing the National Council into the National Federation. The next year, the directly-controlled JIGYODANs and Tokyo JIGYODAN were consolidated, and a new JIGYODAN, the "Central JIGYODAN," was set up as a demonstration worker cooperative.

At that time, JIGYODAN's member-workers visited several times to Mondragon cooperatives and Italian cooperatives to study what a worker cooperative is. Through study trips, they were interested in ideas of "associated work" as a new way of working and of "indivisible cooperative fund."

In 1991, The Japan Institute of Cooperative Research (JICR) was established, and the members of JICR firstly attended at ICA-CICOPA Conference.

1992 ~ 1998

<Development of worker cooperatives and establishment of older persons cooperatives>

In 1992, Affiliation of the National Federation to the ICA was approved at the ICA Tokyo Congress. At the same time The National Federation adopted its own seven principles at their general assembly. In 1993, the National Federation was renamed the Japan Worker cooperative Union (JWCU).

At that time, the first older persons cooperative was established in Mie prefecture in 1995. Since then, many older persons cooperatives have continued to develop and promote their projects.

In 1998, JWCU AGM adopted the lobby policy for worker cooperative law legislation.

1999 ~ now

<Promotion of comprehensive community welfare services, and toward a new well-being society>

From before establishing the Long-term Care Insurance System (April 2000), JWCU and its member cooperatives provided training courses for care workers obtaining the home-helper certificate through the country. Over 40,000 persons had taken courses by now. JWCU has over 300 community welfare service units as of March 31, 2006.

Visions of a community welfare service are a network hub of the community, a business stronghold for community well-being as well as favorite haunt of citizens.

In 2002, JWCU adopted new principles of "associated work cooperative."

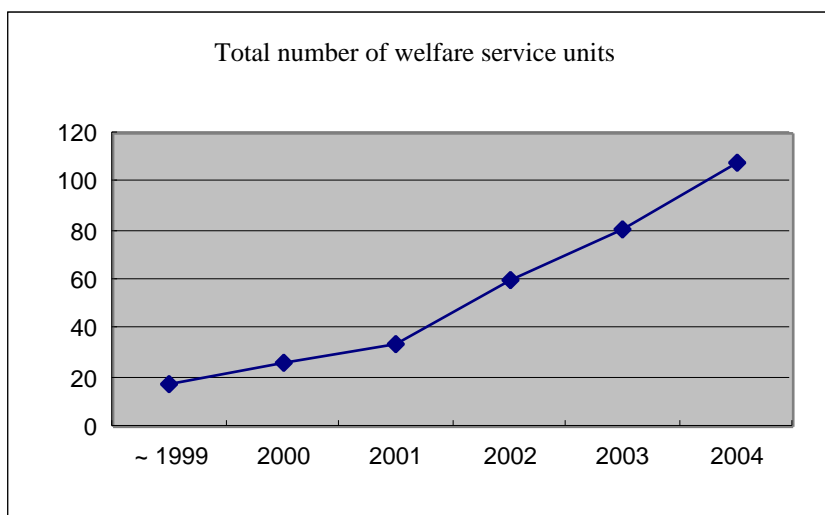
In March 2006, the citizen assembly was held to step up the campaign for worker cooperative law legislation in Tokyo. It was kind of Mr. Ivano Barberini, ICA president, to come such a long way to attend the assembly and encourage the legislative campaign.

IV. Business of JWCU

<Total turnover of JWCU member co-operatives>

| | | | | | |
|---------------------------------|----------|-------|---------------------------------|----------|-------|
| Fiscal year 2004 | ¥21,020m | 100% | Fiscal year 2000 | ¥19,181m | 100% |
| <breakdown> | | | <breakdown> | | |
| Community welfare services: | ¥6,221m | 29.6% | Community welfare services: | ¥2,711m | 14.1% |
| Building maintenance: | ¥3,814m | 18.1% | Building maintenance: | ¥3,559m | 18.6% |
| Park maintenance and recycling: | ¥3,627m | 17.3% | Park maintenance and recycling: | ¥5,246m | 27.3% |
| Inter-cooperatives businesses: | ¥2,450m | 11.7% | Inter-cooperatives businesses: | ¥2,857m | 14.9% |
| Food and agriculture: | ¥1,925m | 9.2% | Food and agriculture: | ¥2,170m | 11.3% |
| Transportation: | ¥648m | 3.1% | Transportation: | --- | --- |
| Education and training courses: | ¥430m | 2.0% | Education and training courses: | --- | --- |
| Store/shop service: | ¥329m | 1.6% | Store/shop service: | ¥785m | 4.1% |
| Construction: | ¥283m | 1.3% | Construction: | ¥508m | 2.6% |
| Others: | ¥1,293m | 6.2% | Others: | ¥1,346m | 7.0% |

<A step of establishment of community welfare service units> In the case of the Central JIGYODAN



V. Workforce of JWCUC 2004

<JWCUC population>

8,791 workers
30,535 members of older persons' co-ops.

<Selected components of the Central JIGYODAN workforce>

| | Total | Building Maintenance | Park | Cons. Coop. Delivery | Welfare |
|--|--------|-------------------------|------|-------------------------|---------|
| | n=1756 | n=436 | n=60 | n=162 | n=557 |
| Gender(%) | | | | | |
| Women | 64.7 | 58.9 | 21.7 | 39.5 | 88.2 |
| Men | 34.2 | 40.4 | 75.0 | 60.5 | 11.8 |
| N.A. | 1.1 | 0.7 | 3.3 | | |
| Age(%) | | | | | |
| 10~ | 0.5 | 0.2 | | | 0.2 |
| 20~ | 7.4 | 5.7 | 1.7 | 12.3 | 7.2 |
| 30~ | 10.5 | 5.8 | 1.7 | 15.4 | 12.2 |
| 40~ | 16.3 | 11.4 | 5.0 | 22.2 | 19.4 |
| 50~ | 32.6 | 31.6 | 16.7 | 30.3 | 37.7 |
| 60~ | 26.9 | 37.3 | 46.7 | 17.3 | 21.2 |
| 70~ | 5.2 | 7.1 | 26.7 | 2.5 | 1.6 |
| N.A. | 0.7 | 0.7 | 1.7 | | 0.5 |
| Working hours a day (%) | | | | | |
| t <= 4(hours) | 26.1 | 18.7 | 8.3 | 16.6 | 44.9 |
| 4 < t < 7 | 22.2 | 26.1 | 61.7 | 23.5 | 14.7 |
| 7 <= t | 49.6 | 52.3 | 30.0 | 59.2 | 36.9 |
| N.A. | 2.0 | 2.8 | | 0.6 | 3.4 |
| Tenure (%) | | | | | |
| y < 1(year) | 19.4 | 21.4 | 10.0 | 6.2 | 25.0 |
| 1 <= y < 3 | 33.9 | 33.3 | 43.3 | 16.7 | 40.0 |
| 3 <= y | 44.3 | 44.7 | 45.0 | 75.3 | 32.7 |
| N.A. | 2.2 | 0.7 | 1.7 | 1.9 | 2.3 |
| Job status just before entrance into the central JIGYODAN | | | | | |
| Full time | 38.9 | 46.1 | 61.7 | 42.0 | 26.4 |
| Part time | 29.1 | 25.9 | 13.3 | 28.4 | 36.3 |
| Other contract | 5.9 | 6.6 | 5.0 | 5.0 | 7.5 |
| self-employed/profession | 6.3 | 8.0 | 5.0 | 7.4 | 5.2 |
| Student | 3.8 | 2.8 | | 4.9 | 3.1 |
| other | 6.7 | 3.4 | 6.7 | 4.9 | 11.5 |
| N.A. | 9.4 | 7.1 | 8.3 | 7.4 | 10.1 |
| With experience in involuntary unemployment | | | | | |
| Yes | 18.8 | 23.2 | 18.3 | 19.8 | 13.3 |
| No | 67.8 | 63.5 | 70.0 | 66.7 | 77.2 |
| N.A. | 13.3 | 13.3 | 11.7 | 13.6 | 9.5 |

Source: The second questionnaire survey collected in 2004

VI. Delivery of Social Services via “Contract”

(1) Contracts with municipalities/prefectures

commission from

Child care services

Tokyo Children's Hall
After-school child care
(3 clubs)
2 Children's halls

Tokyo metropolis
Itabashi city, Tokyo
Shinjuku city, Tokyo

Care services for older persons

"IKI IKI (liveliness) plaza"
"Ten Million House"
Day service for fulfilling life
Day service for fulfilling life
Support to senior life
Preventive care
Preventive care
Training for preventive carer
Mini day services for fulfilling life
Preventive care
Preventive care
Older Persons' salon

Sumida city, Tokyo <*>
Musashino city, Tokyo
Itabashi city, Tokyo
Nerima city, Tokyo
Katsushika city, Tokyo
Ichinoseki city, Iwate
Saitama city, Saitama
Wako city, Saitama
Wako city, Saitama
Kawasaki city, Kanagawa
Hita city, Ooita
Yamagata prefecture

<*> "Comprehensive Outsourcing" using the site of the primary school

Revitalization of shopping district

1 district
3 districts
3 districts
1 district
1 district

Kita city, Tokyo
Adachi city, Tokyo
Itabashi city, Tokyo
Fujisawa city, Kanagawa
Sagamihara city, Kanagawa

In connection with community business (CB)

"CB contest" winner
Community college
Support to CB
Support to citizens' activities

Itabashi city, Tokyo
Suginami city, Tokyo
Gumma prefecture
Saitama prefecture
Adachi city, Tokyo

In connection with Massive Emergency-employment Measures

Vocational Trainings for the jobless, Vocational Trainings for Day Labourers, Community surveys, Home helper training courses, Job-creating courses, etc.

Tokyo metropolis
Sumida city, Tokyo

Okinawa prefecture
Chiba prefecture

Adachi city, Tokyo
Koganei city, Tokyo
Itabashi city, Tokyo
Kagoshima prefecture
Fukushima prefecture
Tochigi prefecture
Kawasaki city, Kanagawa
Tachikawa city, Tokyo

Saitama prefecture
Tokyo Center of EHDO(*)
Saitama Center of EHDO
Iwate Center of EHDO
Gumma Center of EHDO
Hiroshima Center of EHDO
Shiga Center of EHDO
Chiba Center of EHDO

(*) EHDO: Employment and Human resources Development Organization
(URL: <http://www.ehdo.go.jp/profile/index-e.html>)

(2) Other Topics

Home helper training course for high school students with mental disability to get helper certificate in collaboration with the administration of Tokyo metropolitan Nakano School for Disabled and Suginami School for Disabled.

Home helper training course for persons with mental disability to get helper certificate under contract with Saitama prefecture, Tochigi prefecture, Adachi city in Tokyo, and so on.

VII. Associated Work Cooperative Society (provisional title) Bill

We have not a "worker cooperative law" or a general/basic law which legally supports worker cooperative movement or capacitates a worker cooperative incorporation. This situation of Japan may be unique among G8. Thence we, JWCU, have been campaigning for legislation for worker cooperatives, and are doing now.

When the campaign and effort bear fruit, the workforce of associated workers will be several times as large as today's workforce.

We made proposals of "Associated Work Cooperative Society (provisional title) Bill" to Policy makers and Law Makers. The excerpt of the Bill is following.

Purpose

The main purpose of this law is to promote the activity with the object of generating a working chance voluntarily by workers and other citizens themselves through endorsing a legal ability to organizations with carrying on the business based on the associated work by workers and other citizens. It shall push forward to contribute developing societies in the community, and hereby the law shall be intended to achieve the development of the national economy and stability in the living for the people.

Definition

The associated work is that the one who will to do work, invests for the purpose of carrying on business on a cooperative basis, jointly manage the enterprise, and product materials or services

The associated work cooperative society is a cooperative society in which carries on business by workers and other citizens on a voluntarily basis, operates the enterprise in a cooperative and democratic way.

Criteria for an Associated Work Cooperative Society

1. The cooperative society shall fulfill each item of criteria as listed followings.
 - i. Voluntary membership
 - ii. A same amount per share to all members.
 - iii. One person one vote
 - iv. Four nonprofit cooperation funds -- indivisible "reserves"
 - Job creation fund
 - Educational promotion fund
 - Community well-being fund
 - National nonprofit fund
 - v. Priority on the occasion of a disposal of net profit
 - 1st: for the nonprofit cooperation fund
 - 2nd: labour dividend and for other activities with the members' approval
 - final: stock dividend at the limited interest rate
 - vi. An autonomous association managed democratically by the members
 - vii. Inter-cooperative activities promotion

2. The cooperative society shall have neither religious purposes nor political purposes.
3. At the cooperative, a cooperative worker should be its member, and a cooperative member should be its worker, in principle.

VIII. Conclusions

- Japan society is under progress of aging and decrease in the number of children. Degradation of work under subordinate relationship is proceeding, and disparities are rapidly expanding.
- So, it is necessary for citizens to get means for sustainable and secure society including reforming public services and promotion of community businesses.
- Japan national government and many local governments recognized worker cooperatives as propulsive actors of job-creation, community business promoters, and bearers of new public services.
- Now, It is estimated that there are a hundred thousand “associated workers” in Japan. I am convinced that when the campaign and effort for worker cooperative law legislation bear fruit, the workforce of associated workers will be several times as large as today’s workforce.