

Social economy eco-system for worker's welfare: visibility, policies and networks

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Today's presentation

- Low visibility of Social Economy due to divided sector
- Low recognition of Social Economy in public policies
- Emergence of Worker's Welfare Enterprises
- Rofukukyo as a network of workers' welfare enterprises
- Revitalizing Worker's Welfare Network to cope with exclusion
- Potential of Social Economy eco-system
- Conclusion

Low visibility of Social Economy due to divided sector

- The Social Economy (SE) sector has been less visible in comparison with the powerful private sector and the influential public sector. Ministries have a commanding power in each industry.
- The Japanese political economy is characterized by the tripartite coalition of the LDP (MPs), the bureaucracy (ministries) and the business sector (trade associations) after World War II, often labeled as “iron triangle,” that has pursued the favorable industrial policies.
- The legal-administrative system is build on laws executed by ministries. Numerous corporate status has been created where the business laws and organizational laws are intertwined.
- Aoki put it “bureau-pluralism” or “compartmentalized pluralism.

Low visibility of Social Economy due to divided sector

Compartmentalized pluralism in a nutshell

Area of activities	Ministry	MP groups	Major trade associations
Financial business	Financial Services Agency (FSA)	Finance group	Japanese Bankers Assn, Life Insurance Assn, General Insurance Assn
Industry and commerce	Min. of Economy, Trade and Industry (METI)	Trade & industry group	Japan Business Federation,
Telecommunication	Min. of Internal Affairs and Communications (MIC)	Telecommunication group	Information Service Industry Assn
Education, science	Min. of Education, Culture, Sports, Science and Technology (MEXT)	Education & science group	National Universities Assn, Private Universities Assn
Construction and transportation	Min. of Land, Infrastructure, Transport and Tourism (MLIT)	Construction & transport group	Construction Contractors Fed. , Japan Private Railways Assn
Health and social care, labour	Min. of Health, Labour and Welfare (MHLW)	Health & welfare group	Japan Medical Assn, National Council of Socialwelfare, JTUC
Agriculture, forestry and fishery	Min. of Agriculture, Forestry and Fisheries (MAFF)	Agriculture group	JA Zenchu

Low visibility of Social Economy due to divided sector

Types of Corporations in Japan

Category	Corporate bodies	Legislation	Supervisory authority
For profit	Joint-stock Company	Companies Act	Corresponding Min. for functional matters
	General Partnership Company		
	Limited Partnership Company		
	Limited Liability Company		
Not for profit	Public Interest Corporation	Act on Authorization of PICs	Cabinet Office
	General Corporation	Act on General Corporation	Cabinet Office
	Social Welfare Corp.	Social Welfare Act	MHLW
	Medical Corp.	Medical Service Act	MHLW
	Private School Corp.	Private School Act	MEXT
	Religious Corp.	Religious Corp. Act	MEXT
	Non-profit Corp.	Act to Promote Specified Nonprofit Activities	Cabinet Office
	Agricultural Co-op	Agricultural Co-op Act	MAFF
	Fishery Co-op	Fishery Co-op Act	MAFF
	Forestry Co-op	Forestry Co-op Act	MAFF
	Consumer Co-op	Consumer Co-op Act	MHLW
	SME Co-op	SME Co-op Act	METI, MOF
	Shinyo Kinko (Sinkin)	Sinkin Act	MOF
	Labour Bank	Labour Bank Act	MHLW, MOF
	Trade Union	Trade Union Act	MHLW
Public	Local Government	Local Autonomy Act	MIC
	Independent Administrative Corp.	General Rule Act for IAC	Corresponding Min.
	National University Corp.	Act of National University Corporations	MEXT

Corp: Corporation, Co-op: Co-operative, MHLW: Ministry of Health, Labour and Welfare, MOF: Ministry of Finance,

MAFF: Ministry of Agriculture, Forestry and Fisheries , MEXT: Ministry of Education, Culture, Sports, Science and Technology

METI: Ministry of Economy, Trade and Industry, MIC: Ministry of Internal Affairs and Communications

Low visibility of Social Economy due to divided sector

- The traditional nonprofit organizations for health, welfare and education have played the dominant role in providing public services but lack the identity as a sector. The trade associations are organized based on industries and often competing.
- Japanese nonprofits account for 5.2% of GDP and 10% of employment according to the Johns Hopkins Comparative Nonprofit Sector (2013).
- The new nonprofits (NPOs) have mushroomed after the Kobe earthquake sparked voluntarism among citizens in 1995. They exceeded 50,000 but remained very small in size and impact.

Low visibility of Social Economy due to divided sector

- Co-operatives are the world-class organizations in agriculture and consumer sectors while they have been divided by separate laws and competent ministries.
 - Agricultural co-ops are ranked among the largest ones in the Global 300. Zen-noh, Zenkyoren and Norinchukin are one of the largest trading houses, insurance companies and banks in Japan.
 - Consumer co-ops account for 71% of membership and 28% of turnover of Eurocoop members. They are the third largest retailer in Japan.
 - Co-operative banks occupy 18-20% of savings and loans.
- The SE sector is growing in Japan but it is divided and still lacking the identity as a change agent in the civil society.

Low recognition of Social Economy in public policies

- The SE is also lacking the recognition by public policies. Since the 1990s the LDP government introduced a number of legislation supportive to the civil society, partly realizing the paradigm shift, and partly expecting to patch the growing social cleavage.
- Legislations such as the Long-term Care Insurance Act 1997 and the NPO Act 1998 have contributed to the improved provision of social service and expansion of nonprofits but could not give the visible impact to the civil society as a whole since the LDP could not give up its developmentalist policies and social policies associated with single breadwinner model.
- The general election in 2008 brought about a historic power shift from LDP to DPJ that set up the policy for “New Public Commons” to involve SE in creating a vibrant civil society in 2010. A number of measures were proposed to introduce the legislative, administrative and financial back up for strengthening the SE.
- LDP regained control of the government after 4 years and returned to the traditional developmentalist policy thru “Abenomics” (monetary easing, public spending and restructuring) totally neglecting the SE.

Emergence of Worker's Welfare Enterprises

- Under such circumstances, the SE is not recognized by the government, media nor academia. There is no transversal trading associations or academic societies to promote/research the SE.
- But the workers welfare movement has developed the network of worker-oriented co-operatives and may provide an eco-system to promote the SE in Japan. The Central Council of Workers' Welfare (Rofukukyo) was set up in 1949 to cope with the shortage of food/daily necessities and make the democratic control of them by trade union centrals and the Co-operative League of Japan.
- Rofukukyo has sought to coordinate union's welfare activities beyond affiliated centrals, promote workers' welfare by activating mutual aid functions and push public policies for establishing social security system to solve problems of workers' daily living.

Emergence of Worker's Welfare Enterprises

- Rofukukyo has played the catalyst role to create a range of workers' welfare enterprises bridging trade unions and labor-oriented co-ops. Under its initiatives, trade unions and consumer co-ops set up Rokin (labour banks) since 1950 aiming at securing financial access for workers. Rokin banks have developed nationwide in collaboration with trade unions.
- Aiming at creating facilities to protect workers' life against the risks (old age, poverty, diseases, disability, death, accidents etc.), trade unions started organizing Rosai (worker's insurance co-ops) based on the spirit of mutual help in the 1950s. Rosai became a strong workers insurance co-op.
- Rokin started lending for workers' housing since the 1950s and created the Workers' Housing Foundation in 1957 but could not take root.
- Trade-union sponsored consumer co-ops were set up in communities and workplaces but they failed to establish strong membership basis.

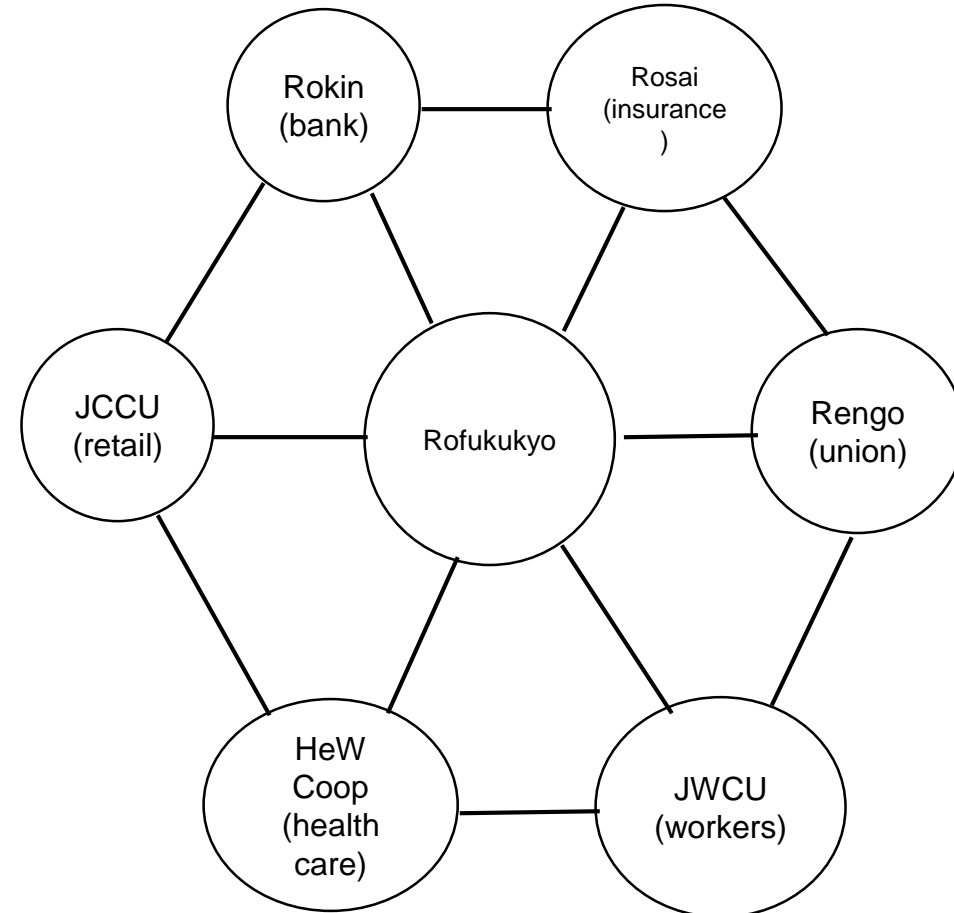
Emergence of Worker's Welfare Enterprises

Comparison of labour banks and labour-oriented insurance co-ops

	labour banks (<i>Rokin</i>)	insurance cooperatives (<i>Rosai</i>)
Regulation	Labour Bank Act of 1953	Consumer Cooperative Act of 1948
Supervising agency	Financial Services Agency + Min. of Health, Labour and Welfare	Min. of Health, Labour and Welfare
Membership	Trade unions and consumer cooperatives (Corporate members only)	Workers and consumers
National federation	National federation of labour banks with 13 labour banks	<i>Zenrosai</i> with 47 prefectural <i>Rosai</i> and 8 <i>Tansan Kyosai</i>
Business consolidation	No consolidation allowed	46 pref. <i>Rosai</i> and 4 <i>Tansan Kyosai</i>

Rofukukyo as a network of workers' welfare enterprises

- Rofukukyo is composed of workers' welfare enterprises including Rokin, Rosai, consumer co-ops, health/welfare co-ops, housing co-ops, workers co-ops and trade unions including Rengo and non-Rengo unions.



Rofukukyo as a network of workers' welfare enterprises

- These organizations join the Rofukukyo network at national, prefectural and local levels. Central Rofukukyo is composed of national federations and prefectural Rofukukyo as independent entities.
 - Central Rofukukyo: National Association of Labour Banks (NALB), National Fed. of Insurance Co-ops (Zenrosai), Japanese Consumer Co-op Union(JCCU), and Rengo (JTUC) etc.
 - Prefetural Rofukukyo: Pref. co-op federations and Pref. Rengo
 - Local Rofukukyo: primary co-ops and local trade unions

Revitalizing Worker's Welfare Network to cope with exclusion

- In the lingering recession since the 1990s, the non-regular employment has dramatically increased while worker's income has been restrained.
- The consumer finance and credit card companies made a massive publicity to ease borrowing that resulted in a large number of workers falling into over-indebtedness and personal bankruptcy.
- Rokin banks had already joined the campaigns against consumer loan providers together with consumer organizations in 1983, and continued efforts to eliminate contemporary loan sharks. They joined the national campaign for eliminating problems connected with credit cards and consumer loans together with Rofukukyo and contributed to the revised Money Lending Business Act in 2006.
- Through these activities, Rofukukyo was activated to play a role of catalyst of joint actions among workers' welfare enterprises and trade unions.

Revitalizing Worker's Welfare Network to cope with exclusion

- When the Lehman shock brought the world economy to the brink of global financial meltdown in 2008, Rokin banks had demonstrated strong resilience since they had not invested in high-risk high-return financial derivatives nor involved in the subprime loans.
- However, the economic downturn brought a large number of workers lay-off. Rokin banks provided loans to help the unemployed persons to train and find new jobs under the government scheme.
- Rofukukyo initiated a campaign to tackle with student loan problems.
- When the East Japan Earthquake and Tsunami hit a large part of Tohoku region in 2011, Rokin banks provided victims with low-interest loans to rehabilitate housing and normal life.

Revitalizing Worker's Welfare Network to cope with exclusion

- Best practices of Prefectural Rofukukyo
 - Shizuoka Rofukukyo: Vertically and horizontally extending network
 - Operate 21 Life Support Centers to consult on various issues
 - Facilitate a food bank “Fuji no kuni”
 - Community Development Fund created by dividend from labour banks
 - Niigata Rofukukyo: Consultation for problem-solving
 - Operate 8 Life Support Centers to consult on various issues
 - Operate Personal Support Center to support needy people's labour/living
 - Rokin Welfare Foundation to help grass-root NPOs
 - Okinawa Rofukukyo: Tripartite support for job creation
 - Operate God Job Center to promote/coordinate tripartite efforts for job creation
 - Operate Life/Family/Personal Support Centers to consult on various issues
 - Reorganized as Worker Welfare Foundation (public benefit corporation)

Potential of Social Economy eco-system

- Elements to create Social Economy eco-system
 - Institutional framework
 - Public authorities' recognition, enabling laws and public policies, umbrella organizations, federations/intermediary organizations etc.
 - Financial tools
 - Members' capital investment, indivisible reserves, specific financial tools for providing equity capital, investor-member and members' loan to their cooperative, crowd funding, social investment etc.
 - Education and training
 - Education and training institutes and Program specializing in cooperative management, starting cooperatives/nonprofits, marketing and accounting etc.
 - These elements are intertwined and mutually supporting.

Potential of Social Economy eco-system

- Given the institutional division, we need to start creating a Social Economy eco-system out of various networks.
 - Worker's welfare network
 - Rofukukyo has been functioning as a liaison of trade unions and worker-oriented enterprises but still needs to develop a linkage with consumer and health co-ops.
 - Co-operative network
 - There has been a weak network of Japan Joint Committee of Co-operatives (JJC) composed of the ICA affiliates to coordinate international activities. The Japan Co-operative Alliance (JCA) was formed to strengthen inter-cooperation in 2018.
 - Consumers network
 - Shodanren is a coalition of consumer groups, co-ops and unions since 1956.
 - Nonprofits network
 - There is no organization representing nonprofit sector. Several networks of NPOs (Japan NPO Center, NPO Support Center etc.) are financially weak and largely depending on subsidies.

Conclusion

- Political economy and historical trajectory have made it difficult to conceive Social Economy as a cohesive identity. It has low visibility due to the divided sector and low recognition by gov't, media and academia despite enormous size and scope of its components.
- Worker's welfare enterprises have been created by trade unions and consumer co-ops. Rofukukyo has grown to play an important role to promote joint actions among co-operative enterprises and unions as a liaison tackling with social exclusion.
- Social Economy sector needs to be created to solve socio-economic problems facing communities on which its network can be built up at regional, national and international levels.
- Eco system for viable and visible Social Economy can be created by enabling institutional arrangements (legislation, taxation, education and training) and horizontal partnership among actors linking existing networks.

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