



**Consumer Co-operative Institute of Japan**  
 Plaza F 15, Rokubancho, Chiyoda-ku, Tokyo 102-0085, Japan  
 Tel. 81-3-5216-6025 Fax. 81-3-5216-6030  
 e-mail: ccij@jccu.coop <http://www.co-op.or.jp/ccij/>

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## Emerging Japan's Nonprofit Organizations

Hideo Ishizuka, CCIJ guest researcher

### 1. NPOs Receive Popular Recognition

Five years have passed since the introduction of the NPO law (Act of promoting nonprofit activities) in March 1998. One year after implementing the law, only one thousand organizations had applied for certification as a legal NPO entity. However, by the end of November 2002, according to statistics, about nine thousand organizations have received NPO certification. Today, NPOs are widely recognized in Japanese society as a formal legal entity and society as a whole now recognizes NPOs as useful tools of mobilization of civic empowerment in social institutions.

When the NPO law was being discussed in parliament, most members of the conservative party, which is the ruling party of the central government, reluctantly passed the NPO law,

due to their dislike of civic and social movements.

They finally passed the law with the condition that the word "civic" would be eliminated in the wording of the new law. In Japan's bureaucratic controlled system, conservatives generally do not like voluntary activities that can potentially interfere with administrative control from the government. This bureaucratic control system was and still is a unique cultural feature of Japan. However, it

**Figure 1. Number of certified NPOs**

Location of Certification	No. of Certified
Total	8976
Central government	850
Local governments (45 Prefectures)	8126
Including Tokyo	(1928)
Osaka	(704)
Kyoto	(253)
Kanagawa (Capital: Yokohama)	(525)
Hokkaido	(352)
Hyogo (Capital: Kobe)	(278)

Note: As of November 2002, only 62 NPOs disappeared.

Source: Cabinet Agency, 2002

has become clear for both governments and civic movements that the fear is often greater than the danger. This is evident from the fact that the number of NPOs in Japan increased eight fold within the past five years.

Conservatives within the governments are gradually understanding that NPOs are not just another social movement, but that these organizations can be utilized as a tool to promote privatisation of various social services at cheaper costs than the government, which has up until now controlled these services. This way of thinking, however, is often criticized as an easy way to privatise or contract-out the service delivery as the responsibility of public authority. On the other hand, on the part of many newly founded NPOs, by acquiring certification through the law, they now receive merit and recognition for the economic and social activities that they provide in society. With the certification of NPOs, NPOs can now be embedded into Japanese society. This recent phenomenon brings a new era to the civic movement in Japanese society.

## **2. Activities of NPOs**

The various activities of NPOs are summed up as follows, according to the divisions categorized by the NPO Law.

There are two reasons why so many NPOs are engaging in the field of health care and welfare service. One is that both central and local

governments want to establish NPOs as a cheap tool for out-sourcing of health and social services. The diminishing budget and privatisation of public provision in social security and the health care system is a big issue in the economic and social policy in Japan. According to the long term care insurance law which took effect in 2000, each local government (city, town and village) must provide a health care and social care services for any elderly who has been deemed to have a disabling condition by health-care specialists. The law spells out the types of services and budget allowed for these services according to specific categories. Officially, a patient has the choice of service providers, but in actuality, there are communities where few providers exist. So, public authorities support the creation of NPOs in order to better provide social care services in local communities.

Secondly, there are more NPOs in the healthcare field than any other field because of the critical situation in the labour market. The sluggish Japanese economy has left many men and women unemployed. Many of the unemployed are searching for jobs in the new flexible labour market as caregivers. If the NPOs can continue to increase their influence and performance in the health care and social service industry, they will become substantial third sector which can develop good relationship or co-partnership with both public sector and private sector. However at this moment, the scale of the NPOs is not big enough to take major initiatives and be the

**Figure 2. Types of Activities of NPOs (Survey of 8,315 NPOs)\***

Type of Activity	Number	Percentage
1. Health, medical or welfare	4956	59.6%
2. Social education	3740	45.0%
3. Community development	3087	37.1%
4. Culture, arts and sports	2441	29.4%
5. Environment protection	2337	28.1%
6. Disaster relief	636	7.6%
7. Community/Neighbourhood safety	692	8.3%
8. Human rights or peace protection	1293	15.6%
9. International co-operation	2019	24.3%
10. Making gender-equal society	794	9.5%
11. Baby-sitter and child care	3054	36.7%
12. Advocacy / support activities	3229	38.8%

\* Note: (plural answers) Source: Cabinet agency, 2002

alternative provider. As a whole, they lack professional management skills and financial resources.

The same situation can be seen in the NPOs devoted to community development. One of main motivations behind their establishment is to promote local economies supported by local administrations. They support co-partnership between public authority and civic power, such as local groups of industries or entrepreneurs. Another motivation, behind these NPOs is the mobilization of local money within communities. In fact, in Japan there are over 30 communities testing out a system of establishing local currency for circulation only within their communities based on the similar systems around the world such as the LETs system, Ithaca hour system, and Gessell system. For the most part, these systems are still more conceptual than realistic.

### 3. Support Systems for NPOs

Because most NPOs lack the management skill and finances, an intermediate centres

emerged to support the establishment of NPOs. The Japan NPO Research Association, for example, gathers support among scholars and raises money for NPO activities. Furthermore, in many local governments, NPO centres were set up to support local NPOs, actually as a long arm of the government, These NPO support centres provide advice on management, policymaking, information networking, bookkeeping, contract and financial management and human resources. In Japan we use the phrase “Work together” to indicate the co-operation between public authority and NPOs. According to a survey, the NPO’s sources of income are as follows:

**Figure 3. Income Resources of NPOs**

Member’s fee	34.3%
Public subsidiary	17.2%
Contracting	11.6%
Giving	4.7%
Surplus	8.6%

Source: Cabinet Agency, 2002

In response to the strong pressure, tax benefits were adopted in 2001 to encourage donations to NPOs. Individuals and legal persons can

deduct their donation from their taxable income when they give money to authorized NPOs. Such tax benefits have been the big incentive for the promotion and growth of NPOs, but only 10 NPOs were authorized during a year and too rigid conditions are now being revised.

In order to establish an enabling environment in which the NPO movement can grow and flourish, more discussion is needed on what is public interest; general interest and common interest and what is NPO's position in the economic and social policy.

#### **4. NPOs' Future Direction**

What is the main mission of the NPOs in Japan? The passing of the NPO law has promoted the development of a new civic movement and many new business activities in Japan. Of course, NPOs effect on the economy is still small, but their impact on society is not so small. In order to increase the effectiveness of NPO, we need more thinking on the role of NPOs in many different fields where problems exist; such as in the changing social structure, regional and local community development, especially rural development, and in welfare services. The evaluation of volunteer labour

within NPO organizations also needs to be discussed, as does NPOs significance within the labour market and their impact on training skilled labour. NPOs relation with other businesses or other entrepreneurs is also important in order for NPOs to promote substantial activity with continuity or economic initiatives.

Where do NPOs fit into the economy -- in the market -- in a quasi-market -- or in the community? This discussion newly invokes the difficult problem of the differences in the concepts of for-profit and non-profit organizations. Thus far, we have only five years of official history on the NPO movement in Japan. At this early time in the movement, it seems that many advocates of the movement are still dreaming while some will awake with a more realistic vision. At this time, we can at least say that NPOs are a useful tool in society. Even the dreamers admit that NPOs must be embedded in our society in order to support the development of the well being of individuals and collectives. Institutional support and mobilization of civic power are very important elements for the development of NPOs.

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## Conference Reports ::::::::::::::::::::

### JSCS 22nd Research Congress

On October 4-6 2002, the Japanese Society for Co-operative Studies (JSCS) held their annual research congress at Hirosaki National University located in Aomori prefecture, northeast of Tokyo.

On the first day, about 30 members met in Hirosaki for a tour of the city. Each year, in order to give visiting participants a better understanding of the local social and economic climate of the hosting city, on the day before the congress, JSCS plans an excursion to observe the local business situation, including: the facilities of agricultural, fisheries, forest, credit, welfare and consumers' co-operatives, in addition to prominent local industries, companies and small businesses. The focus of this year's tour was a visit to the Apple Park, and the Distribution Center of the Japanese Agricultural Co-operative (JA,) where various apple varieties are sorted, packed and shipped.

Hirosaki and the neighboring region are famous for apple production. While many other Agricultural Co-ops are suffering from the torrential rain of imported agricultural products following deregulation and globalization, the balance sheet of the JA in Hirosaki is very impressive as a result of the consumer's support for the credible brand image of its apples. Hirosaki's JA even exports some apples.

The theme of this year's congress was, "How to Construct a Co-operative Strategy during the

present Contractual Recession." Professor MURATA Takeshi, Kyushu University chaired the congress. The main speakers and their presentations were as follows:

1. SHIMONO Katsumi, Okayama University. "Inter-Co-operation and the Present Issues"
2. OOKI Shigeru, Azabu University "The Issues and Possibilities of Producer-Consumer Co-operation"
3. HIGURE Kenji, Tokyo Nogyo University "Constructing a Local Exchange Economy and the Role of Co-operatives"
4. YOSHIDA Shuzou, Nagasaki University "Unemployment Problems and the Role of Co-operatives"

In 2002, false labeling, especially of meat, was a serious social problem in Japan. Several producers labeled foreign meats as domestic product concealing the original country of origin. Some co-operatives were also found to have handled these meats and consumer co-operatives came under sever criticism by consumers for this underhanded behavior. Many ardent members were disappointed with Co-op. This opened up a heated debate on the role and responsibilities of producers and consumer co-op.

On the final day of the conference, individual reports were given. As is customary each year, the leader of the Korean Society for Co-operative Studies gave a keynote address at one of the sessions.