

CCIJ Authorized as the Public Interest Foundation

The CCIJ was founded as a foundation under the Civil Code with an endowment from the Japanese Consumers' Co-operative Union in 1989. On the eve of its 20th anniversary, it launched the second life being recognized the charitable status under the new Act on Authorization of Public Interest Corporations in October 2009. This short article describes the outline of the reform of the Public Interest Corporations System in Japan and CCIJ's transition to the new entity.

The reform of the Public Interest Corporations System in Japan

In Japan the Civil Code provided for the basic charitable corporation form, namely Public Interest Corporation (PIC). After December 1st 2008, when the new PIC laws and regulations were fully enforced, a new independent body called Public Interest Corporation Commission has started their operation. More than 25,000 PICs had to make decisions about how they would shift their legal status over the next five years.

The ongoing reform of the Public Interest Corporation System is aiming to establish a highly transparent scheme by radically reviewing the current system on which

the permission for establishment and the supervision have been given at the discretion of competent authorities.

The government released a document entitled 'The Reform of the Public Interest Corporation System: Framework of the New System' for public comments in December 2005, with the intention to submit the Bill to the ordinary session of the Diet in March 2006. The main contents of the document are following:

- a) The new legal system of general non-profit corporations, which consist of incorporated associations and foundations, will be created. General non-profit corporations may be established by easy registration procedures.
- b) Among these general non-profit organizations, new public interest non-profit corporations will be approved on the basis of the judgment of a committee which will supervise these approved non-profit corporations, which activities are of benefit to the public.
- c) The new law will be implemented in the year of 2008. Within five years after the implementation of the new law, existing public interest corporations may apply for approval of transferring to the above new public interest non-profit corporations, or ask for authorization for becoming the new general non-profit corporations.

On the other hand, the Working Group on Taxation on Non-profit Corporations, Sub-Committee on Fundamental Issues of the Tax Commission released a paper entitled 'Taxation concerning New Non-profit Corporations and Basic Concept for Taxation on Donations' in June 2005. The paper proposed a radical reform of the taxation system for donations stating that the fundamental direction of the reform was to establish a tax system supporting public interests served by private action, including overhauling taxation on donations. Basically, all the income of "public interest non-profit corporations" should be exempt from taxation because of public nature of their activities. However, tax should be imposed only on their business activities in competition with for-profit corporations, considering the balance with taxation on profit-making businesses. The preferential tax measures on donations for them was introduced in the form of deductions from taxable income. Taxation on general non-profit corporations should be imposed on an equal footing with that on for-profit corporations.

Upon such groundwork, three bills had gotten through the House of Representatives on April 20th, 2006 and the House of Councilors on May 26th. These Acts

were put into force on December 1st, 2008.

a) Act on General Incorporated Associations and Foundations

This law is so to speak a general nonprofit corporation law. People can set up a general nonprofit association or foundation simply by registration at the Public Registration Office, without any kinds of approval or permission by central or local government. There are no limitations concerning the purposes and activities of that corporation, except for the non-distribution constraint on surplus fund every year.

b) Act on Authorization of Public Interest Incorporated Associations and Foundations

This law describes requirements and procedures necessary to a general incorporated association or foundation that applies for obtaining its charitable status. For this purposes, the Public Interest Corporation Commission (PICC) shall be created.

c) Act on Adjustment of Relating Laws pertaining to the Enforcement of two Acts

This law describes procedures for the existing Public Interest Corporations to convert their legal status to a new one as above-mentioned. In the circumstances, the articles of Civil Code, which defines Public Interest Corporations, is to be abolished and meanwhile the specified nonprofit corporation law (which is so far generally referred as the NPO law) remains as it is for a while. In another word, citizens can choose two types of NPOs when they want to set up a nonprofit corporation.

CCIJ's Transition to the Authorized Public Interest Foundation

The CCIJ was transformed to new Public Interest Foundation on October 1, 2009. The competent government agency for reporting and supervision was shifted from the division of Ministry of Health, Labor and Welfare to the PICC in the Cabinet Office. According to the new Acts, the Council and the Board were created as the highest decision-making body and implementing policies respectively. It's Council was already nominated by the Election Committee appointed by the former Board in December 2008. It elected the new board members and auditors on November.11, 2009. Prof. S. Shogenji of University of Tokyo was appointed as President and Mr. T. Haga, Managing Director of the JCCU was appointed as the CEO. It designated Taiko Audit Corporation as the first public accounting auditor.

News Items

Annual Research Forum reflected on a Legacy of Late Prof. Ouchi and Consumer Co-op's Role in Tackling with the Economic Crisis

The Year 2009 marked the 20th anniversary of the CCIJ since its inception. This year's Annual Research Forum on Nov.7, 2009 at Meiji University paid special tribute to Prof. Tsutomu Ouchi who had passed away at 90 in April 2009. He had been a leading academician specialized in Uno school Marxist economics after the WWII and made great contribution in advancing co-operatives of various kinds including university co-ops, worker co-ops and so on. He had guided the CCIJ as the first President during 1989-2000.

The first session was dedicated on the reflections on Dr. Ouchi's contribution to the academism and co-operative movement. We had three eminent speakers who are Dr. Ouchi's students and his successors as the CCIJ President. First of all, Dr. Otohiko Hasumi, Honorable Professor of Tokyo Gakugei University and the 2nd CCIJ President (2000-2008) reflected upon the long-standing fraternal relationship between an economist and a sociologist interested in the rural society. Then, Dr. Naohiko Jinno, Professor of Kwansai Gakuin University and the 3rd CCIJ President (2008-2009), described Ouchi's contribution in advancing economics without losing interaction with praxis including policy counsel to the government and commitment to the co-operative movement. Finally, Dr. Shin'ichi Shogenji, Professor of the University of Tokyo and the incumbent CCIJ President (2009-), touched upon Ouchi's thinking on rural economy and basic values of agriculture. These impressive presentations were well received among participants.

The second session discussed on the theme how consumer co-ops are responding to the current difficulties consumers are facing under the economic crisis. Mr. Tadashi Haga, CEO of CCIJ, coordinated a panel discussion, in while Ms. Akiko Saito, President of Miyagi Co-op, Mr. Hikaru Akamatsu, President of Co-op Net Federation and Mr. Shiro Wakamori, President of Pal System Federation presented papers and took part in the debate. They highlighted the role of consumer co-ops in tackling with the current economic crisis through accomplishing the higher productivity and encouraging consumers to counter the adverse effects.

CCIJ Celebrated 20th Anniversary

The CCIJ held a reception party to commemorate its 20th Anniversary on November 7th. It was founded as a foundation with an endowment of JPY 1 billion from the Japanese Consumers' Co-operative Union in 1989. Late Prof. Emeritus Tsutomu Ouchi of University of Tokyo took the leadership as the first President for 1989-2000. Prof. Emeritus Otohiko Hasumi of Tokyo Gakugei University succeeded the presidency for the next 9 years during which the CCIJ launched the research award/scholarship and the quest for 'Consumer Co-op Studies'. Prof. Naohiko Jinno of University of Tokyo served as the third President for 2008-2009 but had to step down since he was appointed. as President of Local Public Finance Council by the central government. Prof. Shin'ichi Shogenji of the University of Tokyo took over the presidency since May 2009.

The celebration took place at the Meiji University with attendance of 90 guests who had been associated with the CCIJ. After the opening address by Prof. Shogenji, Mr. T. Yamashita, the JCCU President, Mr. S. Nakamura, former Director of the Ministry of Health, Labor and Welfare, Prof. T. Hyodo, President of Seijo Gakuen, and Ms. H. Anan, the General Secretary of Shodanren (National Liaison Committee of Consumer Organizations) delivered the fraternal greetings. Prof. Hasumi proposed a toast. A booklet named "*20 Years of CCIJ*" was distributed among participants.