

# A Brief Chronicle of the Modern Japanese Consumer Cooperative Movement

in an electronic version

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based on the writing in the same title by *Yoshiaki Saito*,

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## Forewords by the Editorial Supervisor

June 2010

*Toshifumi Yamashita*

President, Japanese Consumers' Co-operative Union

As the president of the Japanese Consumers' Co-operative Union, I am much pleased to have published "A Brief Chronicle of the Modern Japanese Cooperative Movement" (CD version) in English that could be available to international readers.

In commemoration of the 50th anniversary of the Japanese consumers' co-operative union, "The chronicle of the Modern Japanese

Consumer Co-operative Movement" and its related "Information Packet" were published by JCCU in Japanese. For international visitors and trainees coming to the Japanese Consumer Co-operatives, it was obvious that an English version of this history book would be necessary and helpful. Therefore this electronic version (in English) has been produced through the collaboration between Mr. *Yoshiaki Saito* and

Mr. *Takeshi Suzuki*.

After the edition of the chronicle Mr. Saito wrote a summary version of the chronicle in the title of “A Brief Chronicle of the Modern Japanese Consumer Cooperative Movement”, which was published by Co-op Publishing, Inc. in 2003. An enlarged and revised version was made in 2007.

To help present Japanese consumer cooperative movement to international readers, Mr. *Suzuki*, after editing the book “The 50 years of Co-op Tokyo” which was published to commemorate the 50<sup>th</sup> anniversary of Co-op Tokyo, started to translate Mr. Saito’s second version into English adding his own commentary in consultation with Mr. *Saito*.

After deliberation of what to do with the book they finally suggested the idea of electronic publication to JCCU.

Through the edition of the “The 50 Years of Co-op Tokyo”, which was one of my last projects as the president of the cooperative, Mr.

*Suzuki* and I shared some common views on the history of Japanese consumer cooperative movement in various aspects, and those views are reflected in this chronicle in English.

Although the Japanese consumer cooperative movement developed lately in comparison with western countries, it rapidly grew especially after the 1970s, and has become very significant in the Japanese society as consumer organizations or retail business entities. With regards to the movement’s social achievements I would leave that to the international readers to explore in this chronicle.

Note:

This chronicle includes a column introducing *Toyohiko Kagawa*, who is indispensable to describe the history of the Japanese consumer cooperative movement. However, it is not intended to be an official critical biography for him by JCCU.

## Words by the Original Author

As the author of the original of this chronicle in English for an electronic publication, it is my delight that the history of the Japanese consumer cooperative movement is widely introduced to fellows in cooperative movement worldwide.

The movement, which dates back 130 years ago, was born through learning from the Equitable Pioneers of Rochdale, a British cooperative, which developed in response to capitalistic-economic conditions and situations of workers since the industrial revolution. The Japanese cooperatives, however, developed later after the cooperatives in Britain and other European nations but could not fully expand to the extent that they could influence the society before the end of the Asia-Pacific War.

It was only after the 1960s when the movement got widely organized and developed after receiving the support of consumers and citizens. It was at the time that I joined the movement during my studentship at the university. At first I read “*The history of the Rochdale Pioneers*” written by George J. Holyoake (\*), learning the cooperative idea. Those days in Japan, there were not much information available about the history and practice of cooperatives in developed nations. The JCCU made many efforts to obtain the information and sent delegates overseas to learn.

Today’s Japanese consumer cooperatives owe much to the learning from the leading cooperatives overseas. As this chronicle describes, the Japanese consumer cooperatives created their original operational and business systems such as the *han* organization and joint buying, which have contributed to their development. The latter led to the creation of individual delivery service unsurpassed by other retailing businesses. Consumer cooperatives can develop only when they exactly respond to consumers’ living and needs.

Although the experiences of the Japanese consumer cooperatives may not be directly helpful for the international readers, I believe they will serve as a good reference for fellows in cooperative movement overseas.

June 2010

***Yoshiaki SAITO*** (\*\*)

(\*) **Translator Note:**

George Jacob Holyoake (1817 - 1906) was one of the most famous and significant persons in the pioneer days of the modern British cooperative movement. He formulated the basic principles of cooperative 1s for the ICA based on the origin of the Equitable Pioneers of Rochdale. His above -mentioned writing was translated into many languages including Japanese.

(\*\*) **Career Summary**

He was born in *Sado* Island, *Niigata* prefecture.1936, was involved in the consumer cooperative movement during the student-time at the *Waseda* University. After working as

executive at community cooperatives and a cooperative union in *Tokyo*, he served as executive director, advisor and chief chronicle editor at JCCU (1989 - 1999).

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Japanese consumer cooperative movement evolved as one of gropes to modernize society and economy of Japan after the *Meiji*<sup>(\*)</sup> Revolution in 1868, which terminated the feudal ruling by the *samurai* [warrior] class headed by the *Tokugawas* in isolation from overseas in principle, and initiated modernization of the nation under the rule of *Ten-no* [Emperor] by widely and rapidly introducing political, social and economic systems, culture, sciences and technologies from the West. The beginning of its pioneering works goes back to more than one-hundred and twenty (120) years. From the *Taisho*<sup>(\*)</sup> (next to *Meiji*) era to the early *Showa*<sup>(\*)</sup> (next to *Taisho*) era, the origins of consumer cooperatives, organized by urban citizens such as the Co-op *Kobe*, were incorporated in several areas and they expanded their business domain beyond retailing.

Under the political oppressions and economic regulations during the War time of *Showa* era, the consumer cooperatives were severely damaged and their rebuilding and developing works were carried over to the end of the War. Therefore, this chronicle mainly describes the consumer cooperatives after the War and slightly covers outlines of them before the War in the Prologue.

#### Editor–Translator Note:

<sup>(\*)</sup> Japan traditionally uses its own names of era responding to each Emperor's reign in parallel with the Christian era. After the *Meiji* Revolution it flows down to: the *Meiji* era (1868 – 1912); the *Taisho* era (1912 - 1926), the *Showa* era(1926 - 1989) and the *Heisei* era (1989 – ).

## 1. Birth and Expansion of Consumer Cooperatives

### ***Kyoritsu-Shosha*: the First Consumer Cooperative of Japan**

It was in 1879 that the first consumer

Cooperative of Japan was incorporated, learning from the Equitable Pioneers of Rochdale <sup>(1)</sup> of Britain, the origin of consumer cooperatives of the world, established in 1844.

**Horse-drawn streetcars running in the *Ginza Street, Tokyo* downtown and facades of wood buildings covered by brick disguising as brick buildings, These were intended to show off the modernization of Japan in the early *Meiji* era. (Possession of the *Waseda* University Library)**



They were *Kyoritsu-Shosha* and *Doeki-Sha* in *Tokyo*, *Osaka Kyoritsu Shoten* in *Osaka*, being followed by *Kyoritsu Shoten* in *Kobe* the following year. (*Kyoritsu* or *Doeki* means “cooperation”, *Shosha* or *Shoten*: “retail store”, *Sha*: corporation.)

Those days, the last civil war with insurgents had been terminated to accomplish political-military integrity and the *Meiji* administration in the field of economy was driving a “top-down” industrial revolution introducing Western technologies.

Retailing businesses those days were active in urban areas but still in the old-fashioned. Major merchandises such as clothing items, rice, soy-sauce, *sake*, green tea and other food items were separately sold at each shop and wholesalers provided the retailers with these products. A variety of goods for daily life were delivered by peddlers.

The initiators of the Equitable Pioneers of Rochdale were textile factory workers, who intended to improve their poor living conditions under low wages and exploitation by vicious practice of merchants by setting their own shop. Japan of this time was in the pre-industrial

–revolution stage and therefore there was not the working class as a social stratum.

Although the pioneering cooperatives of Japan were born responding to people’s desire to protect their living conditions under inflation at the time, the initiators were mainly intellectual and wealthy classes, who intended to introduce and enlighten people on the cooperative concept and images. These cooperative businesses could not last long and disappeared in several years from their incorporation. They had limitation as an approach from the top layer of the society.

After the end of the Japanese–Sino War (1894–1895), industrial modernization was promoted, and, accordingly, labor woes and campaigns out-broke, which since 1898 led to establishment of consumer cooperatives named as *Kyodo-Ten* [Cooperative Store] in about fifteen (15) cities based on the labor movement like the Equitable Pioneers of Rochdale. The initiators were ironworker unions organized at manufacturing factories such as locomotive, ship-building and arsenal. These cooperatives pioneered full-fledged consumer cooperative

movement of Japan.

### **Original Author Note:**

(\*) The Equitable Pioneers of Rochdale (later renamed as Rochdale Pioneers Cooperative Society) was established in 1844 in Rochdale, near by Manchester, Britain, by spinning-mill workers following the thoughts of Robert Owen, who is considered to be the pioneer of the cooperative movement of the world. Its cooperative administration system was introduced into many other countries and assented by the International Cooperative Alliance (ICA) Congress in 1921, and adopted with some arrangements as the Cooperative Administration Principles at the 1966 ICA Congress.

### **Enactment of the Industrial Cooperatives Act**

In this era of modernization of economy and rapid formation of industrial capitals, new social problems were raised throughout the nation: dissolution of the farmer class and impoverishment of farmers due to increased taxes and debt loads in rural areas; and financial woes of small/middle-sized businesses in urban areas. As a bail-out solution, the central Government decided to promote establishing cooperative societies learning from German credit unions, and enacted the Industrial Cooperatives Act<sup>(\*)</sup> in 1900 for this purpose. Although this law was mainly intended to facilitate incorporation and development of cooperative associations of farmers, it included in its scope consumer cooperatives in urban areas thanks to the prior

existence of the cooperatives. They were named as Urban District Purchase Associations. The characteristic of the law and government policy giving greater importance to agricultural cooperatives left great influences on the social position of Japanese cooperatives especially unfavorably on consumer cooperatives.

In this era of late *Meiji*, waged workers such as civil officers and others organized consumer cooperatives in urban residential areas, and shops and canteens in workplaces were arranged to be operated in the form of cooperative for the purposes of worker benefits given by the employers. In 1908, the *Sanyo-kai* Consumer Cooperative of *Ashio* Copper Mine, the oldest existing consumer cooperative of Japan, was incorporated, and others were born in the universities of *Doshisha* and *Keio-Gijuku* and other higher educational institutions, some of which continued beyond the Asia-Pacific War.

In spite of this primary rise of the movement, however, it was from the late *Taisho* era to the early *Showa* era when consumer cooperatives became a socially recognizable existence and built the foundations leading to today's cooperatives by citizens/consumers along with those in workplaces and universities.

In the social and economic conditions of the time of prosperity brought by the World War I (1914 – 1919) and recession after the War, when democratic and liberal atmosphere, the so-called “*Taisho* Democracy”, prevailed to some extent, labor movement and other social campaigns began to grow, and consumer

cooperative movement also began to sprout up and grow as part of social movements by citizens and workers. They began to develop as voluntary organizations independent from corporations, government institutions and worker unions and were called “emerging consumer cooperatives”.

Although many of the existing consumer cooperatives called themselves “Purchase Cooperative” according to the law until this time, they renamed themselves as “Consumer Cooperatives” in the influence of socialistic campaigners such as *Isoo Abe*, who advocated “consumer cooperative movement”. Consumer cooperatives of citizens and workers began new development and they were called “New Consumer Cooperative”.

**Translator Note:**

(\*\*) In this legal framework the central and local governments facilitated organization of agricultural cooperatives and they worked as channels to enforce policies and subsidies for farmers and agriculture.

**Birth of Citizen Consumer Cooperatives**

While retailing cooperatives of workers such as *Kyodo-Sha* in *Tokyo* and *Kyoeki-Sha* in *Osaka* were established both in 1920, also retailing cooperatives of citizens such as the Family Purchase Association in *Tokyo* (in 1919) and the *Kobe Consumer Cooperative* and the *Nada Purchase Association* were incorporated. both in 1921.

The Family Purchase Association was led by *Sakuzo Yoshino*, one of the spear carriers of



**Headquarters of the Kobe consumer cooperative** (“Industrial cooperatives” Vol. 257,

**Headquarters of the Nada Purchase cooperative** (“Industrial cooperatives” Vol.323,September1932)



the *Taisho* democracy, the *Kobe Consumer Cooperative* and the *Nada Purchase Association* were led by *Toyohiko Kagawa*<sup>(\*)</sup>, a Christian priest and labor union leader, and the both attracted social attentions at the time.

As the background of these initiatives, there were economic conditions of serious inflation after the World War I. In *Kobe*, for example, consumers organized a campaign against shop owners who profited from the inflation, and it gave impetus to organize consumer cooperatives among shipbuilding workers and resulted in incorporation of the *Kobe Consumer Cooperative*. In the case of *Nada Purchase Association*, although the main

pioneers were not workers, fury among consumers/citizens against inflation resulted in incorporation of the cooperative. The both were led by *Kagawa* who advocated the spirit of “Affection and Cooperation”, and they followed his philosophy.

Following these cooperatives, a number of consumer cooperatives of workers were established in the *Tokyo* Metropolitan area, *Osaka* and *Kobe*, and so on. Along with these, consumer/citizen-centered cooperatives were also incorporated: the *Koto* Consumer Cooperative in *Tokyo* (1927), the *Kyoto* Family Consumer Cooperative (1929) and the *Fukushima* Consumer Cooperative (1932). The *Koto* Consumer Cooperative was initiated by *Kagawa* who worked in *Tokyo* where the Great Earth Quake in the *Kanto* district (1923) almost completely destroyed the Metropolitan area.

In 1927 there were one-hundred and six (106) cooperatives with seventy-five thousand (75,000) members and their total annual sales amounted to 1.1 million yen

The *Tokyo* Students Consumer Cooperative, an inter-college consumer cooperative, was organized following the advocacy of *Abe* and *Kagawa*. Its first branch was set in *Waseda* University and the branches expanded to other six (6) universities. Although some of them had concession stores in college properties, most of their stores were set outside the colleges like as today’s inter-college consumer cooperatives operating in major cities. In 1931 their total membership exceeded 5,000 and the total annual sales of 67,000 yen.

Even in elementary and junior-high schools

consumer cooperatives were established by school staff and parents and provided students with goods. (Today’s school-teacher consumer cooperatives are organized and used by only school staff.)

Along with retailing cooperatives, medical cooperatives, organized by and served for citizens/patients, were also established. The first one was born in 1919 in a village with no medical institutions in *Shimane* pref. This type of cooperatives spread in rural districts. As the first one in urban areas, the *Hachioji* Mutual Medical Cooperative was established in *Tokyo* in 1929. This was followed by the *Tokyo* Medical Cooperative in 1932 with presidency of *Inazo Nitobe*, a Christian and retired Under-Secretary General of the League of Nations, and the Author of “*BUSHIDO*”, and with Managing Director *Kagawa*. Incorporations of these medical cooperatives in *Tokyo* were for a while opposed by doctor associations saying that patient-owned-and-controlled medical institutions would deny doctors’ position and profits

In workplaces, meanwhile, the *Sanyokai* Consumer Cooperative of *Ashio* copper mine, originated in 1908, obtained its judicial status in 1931. Other workplace consumer cooperatives lasting until today were incorporated those days, including the *Suikosha* Consumer Cooperative in *Kumamoto* prefecture. (incorporated in 1921). In the early *Showa* era, the *Miike Kyoai* Cooperative in a coal-mine district in north *Kyushu* was the largest cooperative of Japan with a membership of 23,000.

In this era, consumer cooperatives in various fields similar to today's feature were formatted: citizen-centered cooperatives in residential communities, worker-centered consumer cooperatives in workplaces, cooperatives in universities and schools, and medical cooperatives.

Trade-mark of *Kanshoren*



## 2. Consumer Cooperatives in pre-during the Asia-Pacific War Time

### ***Kanshoren* and Labor Consumer Cooperatives**

The *Showa* era began with the “*Showa* Great Depression” ignited by collapse of share prices in the New York Stock Exchange Market, and a series of gloomy news followed it : lean harvest and starvation in Northeastern Japan, outbreak of the “Manchuria Incident” (1931) and so on. A lot of labor campaigns occurred nationwide. The “Manchuria Incident” was the beginning of the “Fifteen-Year war” including the Japanes-Sino war, Pacific war and World War II , and also the beginning of a calamity time for consumer cooperatives which were going for new development.

*Kyodo-Sha* and other labor consumer cooperatives in *Tokyo* formed the Consumer Cooperative Union in 1922, the number of its affiliated cooperatives amounted to twenty-six (26) in 1926, and the Union renamed itself *Kanshoren* [*Kanto* District Consumer Cooperative Union] in the same year. The Union addressed supporting works for labor campaigns against *Kyodo* Printing Corporation

and *Noda* Soy-sauce Corporation, etc as “commissariat” by providing food and other necessity articles.

While there was no national federation of consumer cooperatives, *Kanshoren* organized a campaign on the “International Cooperative Day” advocated by the International Cooperative Alliance (ICA) in 1927. It developed and provided its first-ever original products including soap with “CO-OP” brand name, and initiated collaborative businesses with farmers such as distribution of *hakusai* [Chinese cabbage] from *Sendai*, the central city of northeastern Japan, to the *Tokyo* Metropolitan district. In 1932, in the midst of failed rice harvest and a steep price rise, *Nichishoren* [Japan Proletarian Consumer Cooperative Alliance], renamed from *Kanshoren* this year, successfully organized a campaign (\*) called “GIVE US RICE”, demanding the central government to dispose of its stocked rice at affordable prices. This campaign spread in cooperation with labor unions, persons of culture and so on. (\*\*)

### **Editor-Translator Note:**

(\*) Prior to this, campaign against inflated rice prices often occurred in Japan's history even after the *Meiji* era, in 1890, 1897 and 1918, all of which were generated in *Toyama* prefecture and spread nationwide. These naturally-generated riots were in characteristics different from the campaign at this time which was methodically organized and spread.

(\*\*) This campaign should be remembered to be the first case where consumer cooperatives demonstrated their characteristics and potential to influence and move society also in a political context in addition to their daily businesses to support people's everyday lives. Consumer cooperatives thus impressed Japanese people as their role and the name of *Kanshoren* remained in their memories even later for a long time.

### **Organization of Family Club and Han**

In the pre-War time of Japan, women in general used to be reconciled to lower positions than men in society and their families were also men-centered. Under the circumstance, the *Kobe* Consumer Cooperative in 1924 initiated Family Club activities learning, from "Women Guild" of British cooperatives, in order to empower housewives. Family Clubs researched commodity prices and quality of goods, and studied nourishment, home hygiene and domestic cares. These activities were introduced to other consumer cooperatives around *Kobe*.

In *Kanto* area, the Western Suburb Consumer Cooperative of *Tokyo* also organized

Family Clubs and it got spread among other cooperatives in this area. Following these initiatives *Kanshoren* established its women division.

In *Kansai* district, Family Clubs of consumer cooperatives established their federation and it co-organized a national federation of Family Clubs with those of the *Kanto* district. Unfortunately, the federation and its activities could not continue under the condition where there was no national federation of consumer cooperatives those days.

In addition to Family Club activities, the Western *Tokyo* Consumer Cooperative in 1929 organized *han* [small group of people] of cooperative members as the basic unit of the cooperative in which members come together to promote friendship and discuss issues concerning the cooperative's administration. This was followed by other cooperatives including the *Kyoto* Consumer Cooperative. In the 1950s, after the end of the Asia-Pacific War, this idea and experience of *han* were revived and introduced to the *Tsuruoka* Consumer Cooperative, *Yamagata* prefecture. (detailed in chapter two).

### **Cooperative Federation Activities in the pre-War Time**

Consumer cooperatives in the pre-War time were categorized as industrial cooperatives in the legal aspect. The national center of industrial cooperatives, incorporated in 1910, was large and powerful. Nevertheless, it was agricultural-cooperative-centered too much and

had remote relations with consumer cooperatives.

In the *Kansai* area in 1922, when consumer cooperatives of *Tokyo* established their federation, the *Nada* Consumer Cooperative led organizing a federation of consumer cooperatives. Although this association demanded local governments low-interest financing and tried integrated purchase of goods, it could not gain any visible results and ceased its activities in a short time.

Meanwhile, the national center of industrial cooperatives changed its attitude toward consumer cooperatives responding to the increased Government's interests in consumer cooperatives in need for policies against price hike, and organized a meeting of consumer cooperatives at the national level in 1931.

This meeting bore the National Association of Consumer Cooperatives as the first national center of them. However, the number of affiliated cooperatives amounted only to 55 in 1935, and could not perform effective activities.

### **Choked Consumer Cooperatives during the War Time**

From the early stage of the *Showa* era, citizen-based consumer cooperatives such as the Family Purchase Cooperative and the *Koto* Consumer Cooperative of *Tokyo*, and the *Kobe* Consumer Cooperative and the *Nada* Consumer Cooperative in *Kansai* area began developing rapidly than ever before. This momentum continued until the beginning of economic regulations responding to the out break of the

Japanese-Sino War.

The Family Purchase Cooperative pioneered chain operation of modernized stores as at-the-time standards, and sponsored member-friendship gatherings including the one which took place at *Hibiya* Open-Air Concert Hall, then the most popular public gathering venue in *Tokyo* downtown, coming under the spotlight of the society.

The cooperative consecutively merged with other cooperatives in response to increased economic regulations, resulting in a membership of 21,700 and annual sales of 6.6 million yen in 1941, which ranked as Japan's largest cooperative based on citizens in the pre-War time. The *Koto* Consumer Cooperative increased its size through popular businesses such as "Nutrition Foods" to reach annual sales of 3 million yen in 1938.

The *Nada* Purchase Association built its own soy-sauce fermenting factory and opened semi-self-service stores reaching a membership of 10 thousand and annual sales of 2 million yen in 1942. The *Kobe* Consumer Cooperative built its own rice polishing factory and opened stores annexed to member meeting rooms increasing its membership at 9,460 and annual sales at 1.2 million yen in 1941. It also developed member activities such as "Household Account Book Keeping" and product examinations, and initiated original product development of "*KUMIAP*" [co-op] brand.

The number of consumer cooperatives nationwide in 1941 was 203, and the total membership was 390 thousand, the share



capital was 5.8 million yen, and the annual sales was 70.8 million yen.

Unfortunately, however, as the war escalated from the Japanese-Sino War to the Pacific War against the USA and its allies, *Nichishoren* and the *Tokyo* Student Consumer Cooperative, which were considered by the Government to be under influence of leftists, were intervened and oppressed by the police and were forced to dissolve. Citizen-based consumer cooperatives fell in difficulty to continue their businesses under increased economic regulations in the war time. The iron-fist control by the Government to execute the war was not limited within ideological or political oppression on citizens and extended to general affairs of life of them, ripping off the freedom of cooperative businesses.

In order to mobilize national resources by the root the Government enacted the National Mobilization Act, and in order to oppress and control national spirits for the purpose of the war it organized the Imperial Rule Support Associations nationwide. Under this system people were organized into associations in each residential district of urban area to be controlled by the Governments and the Army. Industries and companies were incorporated into the Industrial Patriotic Associations to offer their products and resources to the Governments and the Army. People were ripped off their freedom in daily lives and main necessity goods were distributed only through the residential community associations in return for coupon tickets.

Although rice was the principal diet of the

Japanese and a major sales item of consumer cooperatives, they lost rice supplying entitlements to be forced to cease their businesses. Most of the male personnel of cooperatives were mobilized to the War and their business facilities were destroyed by air-raids of the US air force.

According to aggravation of the war situation, the Government targeted its oppression at consumer cooperative leaders not only leftists in its eye but also liberalists and Christians. Christian *Kagawa*, then the President of the *Koto* Consumer Cooperative, was arrested by the military police on suspicion of anti-war activities, and also Christian *Seiichi Seki*, then the Managing Director of the *Fukushima* Consumer Cooperative, was arrested by the police.

Thus, remaining consumer cooperatives were choked almost to death. In March 1945, the air-raids on *Tokyo*, *Osaka* and *Kobe* followed by those on other urban districts completely destroyed the last remaining cooperatives almost to extinction.

These painful experiences and passions of cooperative leaders built the foundations for rapid rebuilding of consumer cooperative movement in the era of revival of Japan as a democratic state.

**(The End of the Prologue)**

**Column** Toyohiko Kagawa (1888 – 1860),

a Christian priest/crusader, and

### **The Leading initiator of the Japanese Consumer Cooperative Movement**



He was born in the city of *Kobe*, bereaved of the parents at his infant stage and raised by his father's family home in *Tokushima* prefecture. In 1902 (at the age of 14), he was tutored English by a Christian missionary, was baptized at the age of 16 and then sympathized with the Christian Socialism through writing works of *Isoo Abe* (1879–1949), one of the pioneers of socialism of Japan).

After transferring from preliminary course of divinity at the *Meiji-gakuin* College in *Tokyo* to the *Kobe* School of Divinity, he engaged in mission works in *Kobe* and in 1909 (at the age of 21) began pro-relief actions in a slum of *Kobe* living there with the poor. He got married with Hatsu Shiba in 1913. In 1914 he went to the United States to study at Princeton University and Princeton School of Divinity. During his stay in the US, he witnessed workers' demonstrations in New York and was inspired to get into practical actions to improve weakened conditions of workers and farmers. Then he organized a union of croppers (Japanese emigrants and the Mormons) to protest high-handed employers and won in the State of Utah. Through these experiences he realized the significance of social movements such as worker campaign. Returning to *Kobe*, he restarted the relief actions including free medical care and engaged in the initiation of social movements and ameliorations. The main actions are as follows:

#### **Labor campaign**

He established the *Yuai-kai Kansai* labor Alliance,. *Yuai-kai* was an early form of today's worker unions, with characteristics and functions were mutual insurance among workers. Then he directed a worker campaign at shipbuilding dockyards in *Kobe* to loose, While the campaign got radical, his principle of "non-violence and non-resistance" was rejected making him apart from the worker campaign and leading him to unionizing tenant farmers.

#### **Tenant farmer unions**

In 1922, he organized the Japanese Tenant Farmer Union to improve farming conditions and ensure the rights of farming in rivalry with land owners. It founded the farmer unions of today.

#### **Socialist party**

Based on the tenant farmer union, he engaged in incorporation of the Worker-Farmer Party and elected as a member of its central committee. After its tearing apart between the left and right,

**Kagawa with children in a Kobe slum**



however, he withdrew from the party. In 1945 after the Asia-pacific War he engaged in establishing the Japan Socialist Party (today's Social Democratic Party of Japan) and was appointed to be Advisor of the party in 1955.

#### **Consumer cooperatives**

In 1920 he organized the Purchase Association *Kyoeki-sha* in Osaka to improve living conditions of urban workers' families and the *Kobe* consumer association in Kobe in the next year. He also guided the incorporation of the *Nada* Purchase Association in 1921. The both cooperative associations merged with each other in 1961, formulating today's Co-op *Kobe*. In 1923 he went to *Tokyo*, devastated by the Great *Kanto* Earth Quake to provide relief services. Afterward, he moved to *Tokyo*. In 1926 he with Isoo Abe guided the incorporation of the *Tokyo* Student Consumer Cooperative, and initiated the *Koto* Consumer Cooperative in the next year. He represented the series of Family Purchase Cooperatives centering on Christians and intellectuals. In 1932 he incorporated a medical service user cooperative, the predecessor of the *Tokyo* Medical Cooperative of today, in cooperation with *Inazo Nitobe*.

In 1945 after the end of the war, he united the two schools of consumer cooperatives movement taken over from ones before the war time: the family purchase cooperatives led by cultural figures and the *Kanshoren*-group cooperatives lead by leftists and worker campaigners, establishing the Japanese Cooperative Alliance and assumed office of the president of the Alliance. In 1951 he assumed office of the president of the Japanese Consumer Cooperative Union (JCCU) incorporated under the Consumer Cooperatives Act.

In 1935 he visited the United States to deliver a serial lectures on the Christianity and Cooperatism all over the nation, inspiring cooperative activists there. Especially at the Barclay Consumer Co-op, California, he gave a great influence by advocating elimination of religious and racial discrimination from the employment.

#### **Anti-war and peace actions**

As a man of the Meiji era, it was natural for him to positively accept the *tenno* [emperor] system and respected the *Showa* Emperor. Surprisingly enough, he led *banzai* [hurrah] by shouting "Harrah for the Emperor" at the end of the inauguration convention of the Japanese Socialist Party, puzzling the participants. Nevertheless, he participated in the International War Protesting Alliance at the broke out of the World War II, and joined a peace mission to the US in the time of overhanging of the break out of the war between the two nations.

Under the oppression by the police and the military police which detained him for

interrogation under suspicion of his thought of anti-war and socialism, he was forced to refrain from frank actions including the religion. In 1952 after the end of the war, he was installed as the vice-chair at the World Federation Movement and nominated for the Nobel Literature Prize consecutively 3 times from 1954 to 1956. Although he was, beyond controversy, a pacifist, his attitude toward the Asia-Pacific War had compassion for it because he thought it was resistance or protection against the control of Asia by the great western powers.

### **Writing works**

In addition to the above, he was engaged in the campaigns to liberate people of discriminated communities and to heal leprosy patients.

Other than the mission works and social reformation works at home and abroad, he left many writing works relating to social reforming. In addition, what rose his reputation as a literary person was the autobiographical novel “*Surviving the Life-or-Death Crisis*” published in 1920, the best-seller at the time, bringing him to be a nominee for the Nobel Literary Prize in 1948. His high reputation in these writing works along with his social works among Japanese people greatly contributed for the Japanese consumer cooperatives to establishing their social trust.

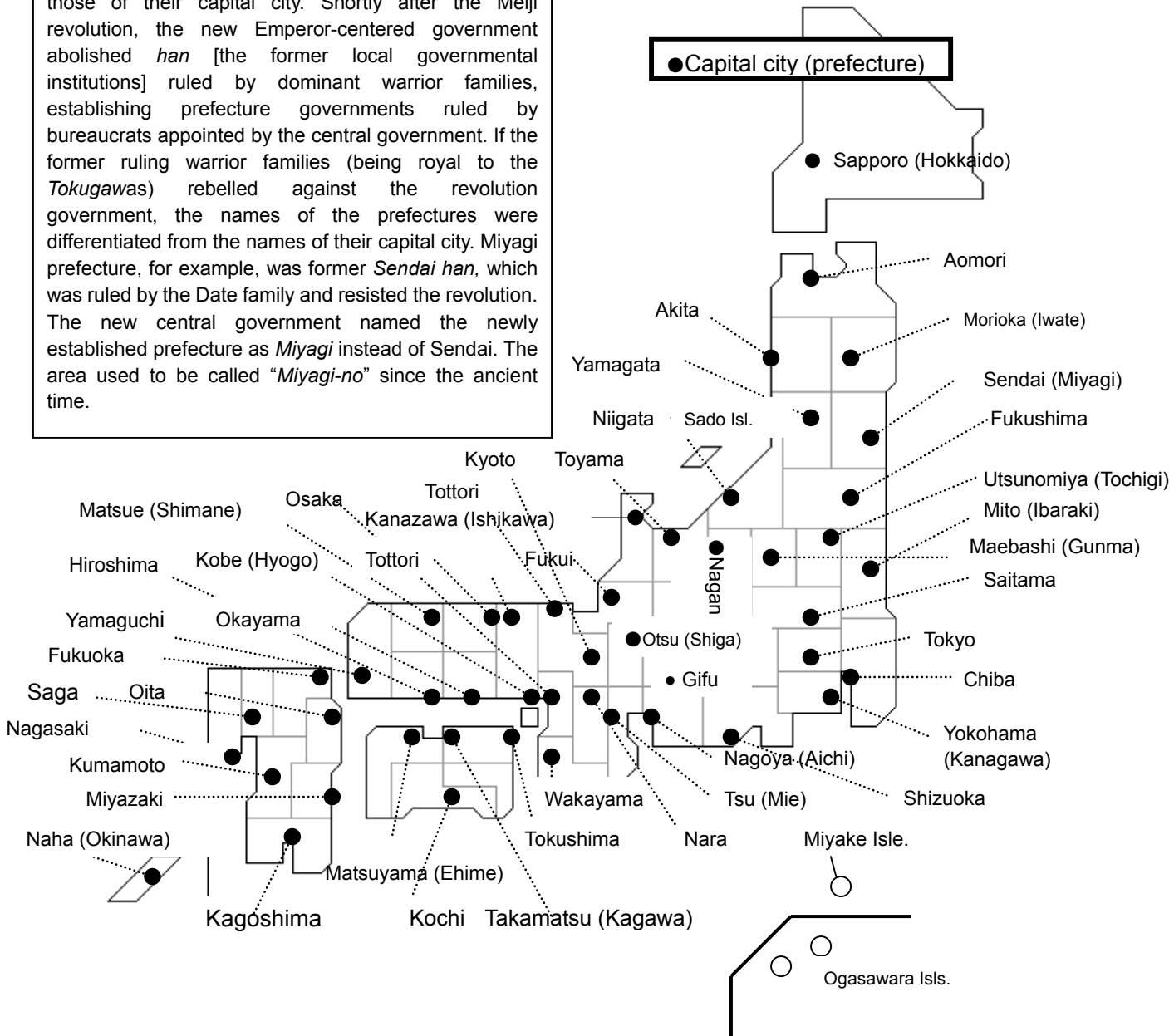
### **Commemorating the 100<sup>th</sup> anniversary of his dedication**

In spite of criticism at his weakness such as misunderstanding on the origin of people of the discriminated communities (he once wrote that their origin was the mixed-breed with foreigners to be criticized by the concerned parties), the attitude toward the emperor system during the war time and his weakness to repression by power, his contribution to the social reformation largely outweighed these weaknesses. He was a person of action rather than a theorist and set out many schemes in various areas. Therefore, he was often criticized as an opportunist or a man without consistency. However harshly they criticize him, any one can not injure his great achievement for the society.

The year 2009 was the 100<sup>th</sup> anniversary of the initiation of his crusade. At the anniversary, the JCCU and other organizations related to him organized a joint committee to commemorate his dedication to hold various events.

Most of the names of prefectures of Japan are same as those of their capital city. Shortly after the Meiji revolution, the new Emperor-centered government abolished *han* [the former local governmental institutions] ruled by dominant warrior families, establishing prefecture governments ruled by bureaucrats appointed by the central government. If the former ruling warrior families (being royal to the *Tokugawas*) rebelled against the revolution government, the names of the prefectures were differentiated from the names of their capital city. Miyagi prefecture, for example, was former *Sendai han*, which was ruled by the Date family and resisted the revolution. The new central government named the newly established prefecture as *Miyagi* instead of Sendai. The area used to be called "*Miyagi-no*" since the ancient time.

## Prefecture Map of Japan



## 1. Economic Turmoil and Hardship of People's Living after the Defeated War

On August 15, 1945, Japan made an unconditional surrender to the Allied Powers accepting their Potsdam Declaration to end the Asia-Pacific War. The War victimized more than 3 million military and civilian people of Japan and wreaked devastating disasters for Asian nations and many of their people.

After the surrender of Japan, General Headquarters (GHQ) of the Allied Powers conducted its occupation policies based on demilitarization and democratization to propel the post-War reformations in every area of the society including politics, economy, education, etc. Japanese people held out their hands to them and made a sudden rise and recovery of social movements which had long been under oppression by the militarism.

The first general election under the new electoral law took place in 1946 and the new Constitution went in effect in 1947. Under the Constitution enshrining people's sovereignty and war renunciation, people full-heartedly expected the advent of democracy and peace.

Meanwhile, however, their living conditions were put into great misery. At the end of the prolonged War, distribution of staple food per person dropped to only 300 grams a day and 18 % of it was substitute foodstuffs such as wheat, potato and soybean waste, etc.

(Lent No.4)  
Completely devastated Tokyo city-center,  
August 1945 (Kyodo News)



Along with a hard luck of a lean harvest of rice in the last year of the War, the food shortage in the years after the War was worse than the years before the end of the War. People were forced to desperately get food to survive.

The inflation was terrific. The consumer price index jumped up by 79 times from 1945 to 1949. Under the circumstance, the Government restored the authorized price and official distribution systems following the practice during the War time.

In urban areas, black markets began flourishing soon after the War selling various goods which were unavailable through official distribution channels and many of the items sold there were spilled from former armies (and the US occupation forces) at several-times higher prices than authorized prices.

Under these circumstances, consumer cooperatives began to revive and grow rapidly.

Along with progressing democracy and revival of labor movements, a socialist-led Government was born for the first time ever in

the Japanese history, and the Consumer Cooperatives Act was enacted in 1948.

## 2. Revival of Consumer Cooperatives and Birth of the Japanese Cooperative Alliance

### Like Mushrooms Growing Up after a Rain: Revival of Consumer Cooperatives

In the disorder of post-War time, cooperative activists who survived the War soon began reviving or rebuilding their consumer cooperatives. Among these activities, the Japanese Cooperative Alliance was organized being led by *Toyohiko Kagawa*.

In the district where the Western Suburb Consumer Cooperative of *Tokyo* used to be, a number of consumer cooperatives in neighborhoods were organized and they established a federation. In *Kanagawa* prefecture. Several numbers of consumer cooperatives were established in each city being led by former leaders of *Kanshoren*. Most of these initiatives, however, were spontaneous without defined leadership.

Meanwhile, in residential districts of those days, the former neighborhood community associations, which used to be the terminal part of the National Mobilization Regime and functioned as commodity-distribution channels during the War time, began organizing small consumer cooperatives on the basis of residential communities to obtain and distribute food items and other daily-life goods for the residents.

These cooperatives purchased foods from

farmers in surrounding rural districts and distributed them to their members. Although neighborhood community associations themselves were abolished later by a GHQ direction, organization of cooperatives of this type peaked from 1946 to 1947.

At the same time, in many workplaces, employees were busy to get foods outside of their offices or factories rather than working inside. They rushed to organize consumer cooperatives in their workplaces. This momentum more than doubled that in residential districts. In many cases of this organization, cell-organizations in workplaces of the Industrial Patriotic Associations during the War time were turned into cooperatives. Workplace consumer cooperatives were established in government and other public

**Koenji 6<sup>th</sup> Block Consumer Cooperative, born from a neighborhood association in November 1945 (JCCU Reference Room)**



offices. There used to be a cooperative even in the Imperial Household Agency, for example,

which provided the agency with the “grace cigarettes” presented to volunteers working to clean up the imperial palace. The Consumer Cooperative in the Ministry of Agriculture and Fishery operated a canteen and shop, which were popular among public officers working in the *Kasimigaseki* district where central government offices are concentrated, and visitors coming there to lobby. There was a consumer cooperative even in the *Tokyo* Metropolitan Police Department.

After the rush for consumer cooperative organization from 1946, the number of consumer cooperatives nationwide amounted to 6,503, out of this total, 2,044 were ones in residential communities, with a total membership of 2.9 millions in 1947. The number of newly born consumer cooperatives within only *Tokyo* in 1946 amounted to 243) (including 200 cooperatives in residential communities) being followed by the number of 228 (including 170 cooperatives in residential communities) in 1947. Many of these newly born cooperatives were ones which were transformed from residential community associations and welfare service facilities such as canteens and shops in factories and offices.

Under the circumstance, most of these consumer cooperatives could not survive the rapidly deteriorating economy which came out soon after the rush, and vanished like mist. For example, in *Tokyo*, only 3 or more cooperatives remained after the 1960s.

Meanwhile, many labor unions were organized and labor campaigns occurred frequently nationwide. These labor unions also

organized consumer cooperatives in residential areas. In *Hokkaido* prefecture, several numbers of cooperatives were set up in major cities by labor unions or their district federations, one of which was the origin of the Co-op *Doto*. Also in *Tokyo*, the Worker Club Consumer Cooperative, one of the origins of today’s Co-op *Tokyo* was organized by a district federation of labor unions. Also public officers at central and local levels organized consumer cooperatives and some of them still remain today.

### **Rebuilding Consumer Cooperatives Organized before the War Time**

Consumer cooperatives in residential communities, once choked during the War time, initiated rebuilding works soon after the end of the War. Many of their stores had been burnt down, members and employees dead or scatted away. Remained members and employees gathered to discuss how to rebuild their cooperatives and worked hard for rebuilding.

*Nada* Purchase Association cooperated with local governments to securing foodstuff supply and cooperated with food-shop owners for securing their consignee and distribution rights for produces and other perishable foods. The *Kobe* Consumer Cooperative organized an extraordinary member assembly in November 1945 to decide rebuilding of itself and began campaigns for membership enlargement.

In *Tokyo*, the Family Purchase Association reactivated its remained stores and expanded its store operation in 4 wards until 1950, but failed to continue its business in 1953. One of its



branches in *Kinuta* district remains Today as the *Kinuta* Consumer Cooperative. The *Koto* Consumer Cooperative resumed its business mainly at *Koiwa* Store, which survived the air-raids, but dissolved in 1951 failing to survive economic disorder after the “Dodge Line” policies (later mentioned) of the GHQ.

The *Fukushima* Consumer Cooperative gained distribution rights for produces and sea-foods, and continued its rebuilding works successfully to remain until today.

### **Rebuilding and Newly Organizing Consumer Cooperatives in Workplaces and Colleges**

Several numbers of workplace consumer cooperatives were successfully rebuilt soon after the War and some of them still remain today.

Many of the newly organized workplace cooperatives were at the initiative of labor unions of major companies such as TOYOTA (automobile), IHI (heavy industry), MITSUI (ship building), TAKEDA (pharmaceuticals), JRC (tele-communication equipment) and TOPPAN (printing).

Following the policy of the Japan Teachers’ Union, established in 1947, school-teachers organized consumer cooperatives and the number of such cooperatives amounted to 20 nationwide in 1949.

In many college campuses all over the nation, students also suffered from a food shortage and they began to organize consumer cooperatives saying “Studying something only can begin after eating something.” Students of

**At the first general assembly of the Cooperative of the University of Tokyo, addressing Shigeru Nambara, President of the University and the Cooperative, charring Professor Hyoe Ouchi, Managing Director of the Cooperative, February 1947 (University of Tokyo COOP)**



the University of *Tokyo* in 1947 initiated a consumer cooperative in cooperation with faculty members. The first president of the cooperative was the then president of the university and the managing director was a potent professor. In *Kyoto* 1946, a federation of student cooperatives such as the *Doshisha* University Cooperative was organized.

Such organization spread throughout the nation to bear student-centered cooperatives at major national/public/private universities and higher vocational schools. They established the National College Cooperative Federation (the precursor of the National Federation of University Cooperative Associations, NFUCA) in 1947.

### **Establishment of the Japan Cooperative Alliance**

Soon after the War-end, cooperative leaders from the pre-War time began seeking ways to rebuild consumer cooperatives with the feeling of liberation from oppressions in the War time and the vocation to cooperative movement. They began discussions on the issue with comrades kept in contact from September 1945 and held a conference to discuss how to rebuild consumer cooperative movement in the next

month. The participants consisted of representatives from three ancestries of the movement: cooperatives initiated by *Kagawa*, Family Purchase Associations, *Kanshoren* and their coordinators. *Kagawa* chaired the conference. After several following meetings, they agreed to “integrate diverged streams of the movement into a single stream without sticking to the past course, and established the Japanese Cooperative Alliance with the presidency of *Kagawa* in November 18, 1945.

The Alliance began various works “in hopes of unreserved development of (consumer) cooperative movement”, e.g. providing guidance for incorporation, personnel

training, publicity and promotion of consumer cooperatives. It set up a consulting service office, made contacts with local cooperatives and presented guidance to them. Regional centers and prefecture branches of the Alliance were organized.

The Alliance organized a campaign to demand recovering from food crisis and fare distribution of food in cooperation with labor unions and farmer associations, both in impetus for birth. They organized the Citizen Committees for Food Control in various regions and organized Food Mayday to warm up the campaign in May 1946.

### **3. Struggling to Build Business Basis of Consumer Cooperatives**

#### **Obtaining Consignee and Distributor Rights**

While consumer cooperatives were addressing campaigns to recover from food crisis, they were forced to struggle to obtain food stuff for their members. Although regulation on distribution of perishable foodstuff was cancelled once after the end of the War, it was soon brought back due to a steep rise of food prices. It was placed under the government regulations along with other goods. Official distribution institutions during the War time continued their monopolistic functions excluding consumer cooperatives from stocking and distributing necessity articles such as rice, soy sauce, fuels, clothing, etc.

In order to regularly purchase these items

to provide them for members, and thus establish themselves as business entities, consumer cooperatives at all cost needed consignee rights (for wholesale business of cooperative unions) and distributor rights (for retail business of individual cooperatives). They initiated campaigns to obtain these rights in parallel with campaigns to demand recovering from food crisis.

In order to obtain consignee rights, consumer cooperatives organized unions at prefecture level. In *Hyogo* prefecture, for example, the *Kobe* Consumer Cooperative and its peers rebuilt the cooperative union incorporated during the pre-War time and successfully obtain consignee rights for produces. In *Tokyo* existing five cooperative unions integrated with each other to obtain consignee rights and succeeded in it. The same

followed in *Ibaraki, Fukushima, Osaka* and other prefectures.

Meanwhile, distributor rights system was turned into “subscription registration system,” in which only retailers with subscriptions of more than a certain number of consumers may provide designated items such as produce, *miso* [bean paste], soy sauce, clothings and fuels, etc.. Under this circumstance, consumer cooperatives with all their force tried to gather subscriptions of consumers competing against private shop owners.

Through these efforts, consumer cooperatives realized the necessity of a national cooperative federation, other than the Japanese Cooperative Alliance, with business functions to exchange products and business experiences. In addition to this reason, a single cooperative union with legal status was required for Japanese consumer cooperatives to join the International Cooperative Alliance (ICA). Therefore, they decided to establish a single national cooperative union under the Industrial Cooperatives Act.

The new union was incorporated in July 1947 and named as the Consumer Cooperative Business Union to be headquartered in *Osaka*, where relatively many consumer cooperatives were located. It was expected to play a major role as the business center of cooperatives while the Japan Cooperative Alliance functions in the field of guidance and public relations for consumer cooperatives.

Unfortunately, however, the new Union could not much expand consignee’ rights and member cooperatives’ business performances

stayed unstable. Under the circumstance, the new Union factually dissolved in a year or more.

### **Campaign for Enactment of the Consumer Cooperatives Act**

Enactment of a new law for consumer cooperatives alternating the Industrial Cooperatives Act had been one of the most essential tasks for Japanese consumer cooperatives since the incorporation of the Japanese Cooperative Alliance. In the particular situation that they critically needed legal status to obtain rights as business entities, the Alliance rushed to negotiate enactment of a new law for consumer cooperatives with the GHQ.

**Toyohiko Kagawa addressing at a meeting to demand the Consumer Cooperative Act (JCCU Reference Room)**



While there was a contention that a comprehensive law for cooperative enterprises in general is necessary, the Agricultural Cooperatives Act and the Fisheries Cooperatives Act were already in draft. (The Agricultural Cooperatives Act was enacted in November 1947, and the Fisheries Cooperatives Act was enacted in 1948)

Accordingly, the Alliance drafted out a law for singly for consumer cooperatives and propelled the preparations. *Osamu Yamamoto*, a member of Permanent Central Committee of the Alliance and a former leader of *Kanshoren*, made out a draft.

The 1947 General Assembly of the Japanese Cooperative Alliance adopted the first draft of the law. The key points of the law in draft were:

- 1) The article 25 of the Constitution of Japan stating that the nation has the right to maintain the minimum standards of wholesome and cultured living should be placed as the ground of consumer cooperative associations;
- 2) Credit and insurance businesses should be authorized to consumer cooperatives;
- 3) Business rights under government regulations should be entitled to consumer cooperatives;
- 4) The Rochdale Cooperative Principles should be adopted as the basis of cooperative administration and government regulations on cooperatives should be restricted;
- 5) Women (house wives) should be admitted to be cooperative members;
- 6) Consumer cooperatives should be excepted from corporate tax in principle following the industrial cooperatives act; and
- 7) Non-members' trade with consumer cooperatives should be permitted within 15% of a total amount of members' trade, and so on.

This year, labor campaigns prevailed throughout the nation centered on the "February 1<sup>st</sup> General Strike", which was stopped by a GHQ direction within an inch, and

**Campaign car announcing the enactment of the Consumer Cooperatives Act and calling for joining consumer cooperatives, Tokyo1948 (JCCU Reference Room)**



the Japan Social Party won the general election in April to form a coalition Cabinet headed by *Tetsu Katayama* at its initiative.

While the three ruling coalition parties are preparing their own bill for consumer cooperatives, the Japan Cooperative Alliance organized a campaign for the legislation including "one million petition signatures with donations of one yen per person", and prepared its second draft for early legislation in compromise with parties. In the situation of the Diet, however, any bill could not be submitted.

In parallel with these moves, the Ministry of Health and Welfare was preparing its draft bill for consumer cooperatives, and the Cabinet, succeeded by the conservatives headed by *Hitoshi Asida*, in July 1948 submitted a bill after partly modifying the draft prepared by the Ministry of Health and Welfare. The Diet passed the bill with additional regulative clauses including principal prohibition of non-members' trade, and the Consumer Cooperatives Act was enacted in October of this year.

The new law did not clearly provide the business rights under government regulations, and prohibited business activities of

cooperative federations. It included more weaknesses in comparison with the Alliance' draft and even the previous Industrial Cooperatives Act.. In spite of these weaknesses, consumer cooperatives accepted the law positively because it authorized the entity of

consumer cooperatives as a single law for them, introduced democratic administration rules based on the Rochdale Principles. They left the task for improvement of the weaknesses to the following generations.

#### **4. “Dodge Line” Policies and Efforts for Crisis Breaching**

After 1948 the US-led General Headquarters (GHQ) of the allied powers sifted its occupation policies from demilitarization and democratization of Japan to increasing its economic self-reliance and turning it into an anti-communistic fort responding to the emerging antagonism with the Soviet Union. In economic policies, the GHQ decided in 1949 “Nine Principles for Economic Stability” of Japan based on recommendations of Josef Dodge, the economic advisor for the GHQ and the president of Detroit Bank. The key policies were financial and monetary restraint, control of wages and inflation and promotion of exports. At the same time, the GHQ enforced general reformation of taxation systems of Japan based on the recommendation by Karl. L. Shoup, the chief of the Japanese taxation research mission of the GHQ and a professor at Columbia University. These new economic policies much impacted on people's living and economy, and the impacts were also serious for consumer cooperatives.

In addition, in June 1950 the Korean War broke out and the US forces began to use their military bases in Japan as rear bases for the

war.

Responding to the war-breakout, the GHQ directed incorporation of the National Police Force and executing “Red Purge” aiming at public officers. This casted a dark shadow on peaceful and democratic future of Japan.

The enactment of the Consumer Cooperatives Act, however, could not accelerate incorporation of consumer cooperatives due to the unfavorable social and economic situations. Most of the newborn or revived consumer cooperatives, which had not yet gained enough powers, soon went into business stagnation and dormancy. The number of consumer cooperatives, which amounted to 6,503 in September 1947, rapidly decreased to only 1,130 in October 1950. Accordingly, cooperative federations at prefecture level including *Osaka* and *Hyogo* also fell into business crisis and broke up. The Japanese Cooperative Alliance itself went under financial pressure and its guidance and publicity works including journal publishing shrank down.

In these circumstances, consumer cooperatives struggled to survive the crisis. The cooperatives of *Nada*, *Kobe* and *Fukushima*

streamlined their businesses to weather the difficulties.

The cooperatives of *Kanagawa*, *Tokyo* and *Kyoto* tried to survive in “Independent Shop cooperative, the shop owner and employees are presumed to be on the cooperative’s payroll, thus the cooperative can expect an enlarged business scale and concession fees from the shop owner and the shop owner can expect corporate tax exception. The National Tax Agency, however, denied the tax exception and the Ministry of Health and Welfare amended the Consumer Cooperatives Act to prohibit this business method. Accordingly, this system collapsed in several years.

Incidentally, however, the amended law authorized cooperative federations to operate wholesale businesses without regional regulation, enabling consumer cooperative federations to do the businesses which had been their desire for a long time.

While consumer cooperatives in factories and offices had been subsidized to some extent by their factual parent companies, they were required to become independent accounting entities in the situation that the subsidizers

Absorbing” mode, a sort of cooperation with private shop owners. In this mode, a privately-owned shop is leased to a cooperative, the business is kept under the name of the themselves had to streamline their management in the severe economic conditions after the “Dodge Line” policy implementation.

The Japanese Cooperative Alliance strived to obtain government funds for its member cooperatives and gave them guidance to improve management techniques and standardize accounting criteria. At the same time, the Alliance lobbied the Government and political parties for amendment of the Consumer Cooperatives Act to authorize credit businesses by consumer cooperatives and business rights of national federations. The Alliance also lobbied, in cooperation with cooperatives in other categories such as agriculture cooperatives, against tax-raising on cooperatives in general intended by the Government following the “Shoup Recommendation” on taxation systems.

## **5. Establishment of the Japanese Consumer Cooperative Union (JCCU) and Joining the International Cooperative Alliance (ICA)**

**Under the Slogan “For Peace and Better Living for People”**

**Inauguration Meeting of the JCCU at the NO.28 lecture room of the University of Tokyo, March 20, 1951 (University of Tokyo COOP)**



The necessity of a national consumer cooperative federation with a legal status increased in the severe economic conditions after implementation of the “Dodge line” policies. Based on the decision at the general assembly of the Japanese Cooperative Alliance in the previous year, the Japanese Consumer Cooperative Union (JCCU) was established in

In March 1951. *Toyohiko Kagawa* assumed the president following the same position in the former Alliance.

Responding to the situation where people were in fear about outbreak of the “world war III”, the inaugural assembly adopted a “Peace Declaration” and a “founding manifesto” stating “Peace and better living for people are the ideal of consumer cooperatives and realizing it is our most important vocation”. Since then, the slogan “For Peace and Better Life” has been set up for a long time by the JCCU and its member consumer cooperatives.

The Union’s membership consisted of direct members (relatively large cooperatives and cooperative federations at the national or prefecture level, which directly purchase

products from the JCCU and directly pay membership fees to the JCCU) and indirect members (members of federations at the national or prefecture level, which purchase goods and pay fees via their local federations).

In spite of establishment of the national union, the JCCU itself and its member cooperatives were still in critical situations. The membership of the JCCU in 1951 consisted of 59 direct members (11 local federations and 48 direct members) and 268 indirect members. It was a hard work for the local federations to collect fees, which are partly to be submitted to the JCCU, from their members in business slack. This resulted in continual financial weakness of the JCCU. Contrary to expectations, the JCCU could not hold a large size of personnel. It was only the early 1960s when they exceeded ten.

After the inauguration, the JCCU made efforts to enlarge and improve member cooperatives’ organization and business including provision of business training courses for major cooperatives. Although the courses were targeted at cooperatives with monthly sales of more than 10 millions, the number of the entitled cooperatives amounted only to eleven cooperatives, only two of which were community-based cooperatives of *Nada* and *Kobe*, others were cooperatives in workplaces or universities. Thus, it was a tough time for community-based cooperatives.

### **Joining the ICA Being Oriented to Peace**

Although joining ICA had been a long-cherished desire for Japanese consumer

cooperatives since the time of the Japanese Cooperative Alliance, the GHQ had not permitted it until the end of its occupation.

**Radiated NO.5 *Fukuryu-maru*, restored and exhibited at the *Daigo Fukuryumaru Exhibition Hall* (with courtesy of the *Daigo Fukuryumaru* memorial Peace Society)**



In September 1951, the San Francisco Peace Treaty was signed by related nations, excepting the Soviet Union, China and other two socialist states, ending Japan occupation by the allied forces and making Japan independent. Thus, the precondition for the JCCU affiliation with ICA was arranged. In January 1952, the JCCU joined the ICA to begin international exchanges in full-swing.

In 1949 the Soviet Union succeeded in its first hydrogen bomb test and the US president Harry S. Truman suggested the use of A-bombs in the Korean War, placing the world under threats of nuclear wars. Also in 1949, the crew of No. 5 *Fukuryu-maru*, a Japanese fishing boat in operation near to the Bikini Atoll of the Marshal Islands in the mid-Pacific Ocean, and its crew and tuna catch were severely damaged by radioactive nuclear fallouts. (The chief radio operator *Aikichi Kuboyama* a half year later died of radioactive-caused diseases.) The fear

of radioactive tuna caught in the area, propelled Japanese housewives to initiate signature campaigns against A-bombs. The women members of cooperatives were included in the initiators in *Suginami* ward, *Tokyo*.

The campaign spread nationwide and led to

**Housewives including consumer cooperative members of *Suginami* collecting signatures against atomic bombs, July 1954 (*Suginami* Central Consumer Cooperative)**



organizing the first world rally demanding prohibition of atomic/hydrogen bombs in August 1955 in *Hiroshima*, the first victim city of A-bomb in the world being followed by the city of *Nagasaki*. The actions by mother members of consumer cooperatives were brought back into life later in the 1970s as peace and anti-nuclear actions by cooperative members.

At the 1954 and 1957 General Convention of the ICA, the JCCU proposed to adopt a statement against A-bombs and set up the Asian Regional Committee of ICA.

In 1955, the JCCU dispatched its first mission to China and the Soviet Union, with which Japan had not yet accomplished peace treaties. The exchanges with the cooperative of these countries continued for a long period. Through the exchanges with the Soviet



cooperatives, the JCCU and the Central Union of Consumer Society (CENTROSOJUZ) agreed to establish a mutual trading scheme and the JCCU incorporated a subsidiary company (Cooperative Trade, Inc. of Japan) for that

purpose in 1956. Thus, the JCCU began trading with overseas cooperatives centering on the Soviet Union.

(The end of Chapter One)

Chapter  
two

Expansion of Business Areas  
in the Recovering Japanese Economy

The 1950s

### 1. Situations of Japan and Feature of Consumer Cooperatives in the 1950s

**“It is not the post-war time any more.”**

Japan shaped its course to be one of the allied states with the US concluding the San Francisco Peace Treaty along with the Japan-US Security Treaty in 1951 without recovering diplomatic ties with the socialist states. This choice caused a serious dispute in the Japan Socialist Party to split into two factions: the rightists and leftists. When the Party recovered its unity in 1955, the two ruling conservative parties also united to form the Liberal Democratic Party (LDP).

These restructurings of political arena established the so-called “1955 Political Structure”. Although the 2 parties used to share the majority of the Diet, the LDP maintained its dominance in Japanese politics until 1993 when it lost the solely-ruling Cabinet at last.

The Korean War, in which the US forces fought using Japan as strongholds for three years, gave special military procurement demands to Japan turning the “Dodge Line

Slump” into a sudden economic boom. In 1951, the Mining and Manufacturing Production,

Real Gross National Product and Gross National Expenditure recovered the pre-War time levels. Japanese industries recovered centering on heavy industries, and, thanks to preferential tax systems, financial assistance and moderated anti-trust policies, entered a time of high economic growth.



Black-white TV, Electric washer, Refrigerator ( “The Three-piece set of sacred treasures” in the 1950s ) (with courtesy of Panasonic Corporation)

The 1956 Economic Survey of Japan declared the end of the recovery period from the War time destruction saying “It is not the

post-the-War time any more.” Like as its proof, technological innovations such as automated production, changes in industrial structure such as development of electric and petrochemical industries instead of the primary sectors such as agriculture and mining industries, workforce and population shift from agricultural communities to urban locations, changes in employment structure and so on have been emerging gradually. At the same time, the disappeared due to the economic turmoil under the “Dodge Line” policy execution, a new wave of consumer cooperative movement was generated according to a rise of labor welfare movements resulting in incorporation of labor community cooperatives (community-based consumer cooperatives initiated by worker unions), labor insurance cooperatives and labor credit unions.

In coal-mines in *Hokkaido* and *Kyushu* districts, worker unions succeeded in getting self-management of in-company welfare associations operating shops and canteens, and turned them into cooperatives independent from the companies. Wide-area labor cooperatives concentrating on credit sales of consumer durables and houses were incorporated. These spread activities of consumer cooperatives into various fields.

Labor community cooperatives thus led consumer cooperative movement of those days, making the second period of elation of consumer cooperatives. Their expansion even caused small-sized shop owner associations to raise anti-cooperative campaigns.

Unfortunately, however, many of these

economy was entering a time of “massive production and massive consumption” represented by consumer durables such as home electric appliances and prepared foods, changing consumer lifestyle.

### **Features of Consumer Cooperatives in the 1950s**

Although most of the consumer cooperatives, newly born soon after the end of the War, cooperatives could not last long because they were kept under control of worker unions, which failed to build independent management by cooperative members themselves. In many cases, consumer cooperatives initiated by labor unions did not have their own membership. They accepted capital money from their parent labor unions instead of collecting capital money from each members and borrowed the member list from the labor union without awareness of the members as a consumer cooperative member. Many of them disappeared in the early 1960s.

Meanwhile, existing community cooperatives made efforts to build up their foundation by reinforcing “Family Clubs” and other women-member organizations, and modernize their operation such as introduction of self-service store operation system. University cooperatives and school-teacher consumer cooperatives were also rebuilt and enhanced their solidarity. Many medical cooperatives were newly incorporated and the JCCU set its medical cooperative unit.

The JCCU and its member cooperatives stepped up efforts to restart its wholesale

business leading to establishment of the All Japan Consumer Cooperative Business Union,

as its parallel entity in 1958.

## 2. Worker Welfare Activities and Labor Community Cooperatives

While labor wages were oppressed under the “Dodge Line” policies, their unions geared to welfare-improving works for them such as obtaining food-stuffs and working gears. In 1949, national centers of labor unions, then being split into two sects, along with the Japanese Cooperative Alliance, organized the Central Liaison Conference for Working Gears. After the merger of the two national centers, it was reorganized as Central Chamber for Labor Welfare Provision being followed by the same moves in various districts nationwide.

The increased ratio of welfare provision works in labor unions raised their interest in consumer cooperative movement to accelerate initiating labor credit unions, labor community consumer cooperatives and labor insurance cooperatives.

As for labor credit unions, the first one was incorporated in *Okayama* prefecture by local consumer cooperatives and others in 1950. Worker unions of *Hyogo* prefecture followed it with the participation of consumer cooperatives. As the same moves peaked in 1952 to 1953, the JCCU along with worker unions organized a campaign to demand enactment of the foundation law for labor credit unions and won the Labor Credit Unions Act. The labor credit unions benefited wide-area labors cooperatives concentrating on credit sales of consumer durables and houses with funds collected from

workers. On the other hand, however, they could not fulfill expectations from community consumer cooperatives in acute need for funds due to their limited business purpose.

In parallel with incorporation of labor credit unions, regional federations of worker unions geared to incorporation of community-based consumer cooperatives. The Labor Ministry at the time put emphasis on worker welfare policies including cradling consumer cooperatives of workers and local governments followed it. In 1949 to 1950, 4 cooperatives of this type were incorporated: *Tottori West* and *Tottori East*, *Tottori Prefecture*; *Tsukumi*, *Oita Prefecture*. Labor Club Consumer Cooperative, *Tokyo*, (one of the origins of today’s Coop *Tokyo*) was incorporated in 1949 originating from the *Kita-ku* labor cooperative. What lay on the ground of this cooperative incorporation was the GHQ’s policy to promote organization of “labor clubs” for welfare and cultural activities of workers and their family members in parallel with unionization of workers as part of democratization of the Japanese society. The “Labor Club Infant Nursery”, one of the peer institutions with the cooperative is still active today.

### Nationwide Spread of Labor Consumer Cooperatives

In 1955, the *Tottori West* Consumer

Cooperative achieved a membership of 12,000 and annual sales of 3.5 million yen, along with the *Tottori* East Consumer Cooperative with a membership of 5,700 and annual sales of 90 million yen. The both operated modernized big-scaled stores meeting consumer needs.

In *Oita*, following the *Tsukumi* Consumer Cooperative, 3 or more cooperatives were established. In *Yamagata* prefecture 4 or more cooperatives were established thanks to cooperation of the prefecture government. Following them, more than 8 cooperatives were incorporated at worker unions' initiative. Further more, some community cooperatives tied up with local worker unions after their incorporation to expand the business.

In accordance with a rise of coal-miners' fighting, many consumer cooperatives in coal-mining locations were organized especially driven by the 62-day-long strike in 1952. During this struggle, the companies closed the business of in-company welfare associations to starve out the striking workers. The coal-miner unions rose up against the move by regaining control of the welfare associations and turned them into consumer cooperatives. In 1954, these cooperatives along with existing ones before 1952 established the Central Union of Coal-Miner Consumer Cooperatives.

### **Incorporation of Labor Insurance Cooperatives and Labor Credit Sales Cooperatives**

Although today's Japanese consumer cooperatives operate insurance businesses in a

huge scale, cooperative insurances business was initiated by workers unions of *Niigata* and *Osaka* prefecture in the early 1950s, and labor consumer cooperatives based on worker unions spread nationwide until 1957. Their national federation for reinsurance was incorporated in 1957.

Based on organizations of worker unions and financing by labor credit unions, consumer cooperatives providing consumer durables and houses were incorporated in a number of prefectures. Unfortunately, however, these cooperatives soon demised due to their dependency on worker unions and contract retailers.

In addition, many consumer cooperatives were incorporated in public offices mainly at prefecture and city level those days.

### **Weakness and Failure of Labor Community Cooperatives**

As mentioned earlier, labor community cooperatives led consumer cooperative movement at the time instead of citizen-based community cooperatives, most of which were in prolonged slump. After around 1958, however, many of them went into managerial troubles and collapse. Their common weaknesses were:

- 1) Lack or scarcity of their own memberships (worker unions invested share capitals in block and presented their union member lists as cooperative member lists without their individual awareness as a cooperative member);
- 2) Excessive investment in stores and facilities

with scarce share capitals and dependency on loans from labor credit unions;

- 3) Ignorance of member enlightenment and involvement;
- 4) Immature and arbitrary management by top management dispatched by the mother bodies (worker unions); and
- 5) Undisclosed accounting, in some cases, with frauds.

These weaknesses were common with

labor credit sales cooperatives and they all disappeared by the 1970.

The only one rare case was the *Tsuruoka* Consumer Cooperative of *Yamagata* pref. incorporated at the initiative of local workers unions, in which from the beginning individual citizens participated and invested in the cooperative, and the cooperative revived and introduced “*han*” organizations of the members.

## 2. Bedrock Building and Spreading Business Fields of Consumer Cooperatives

### Introduction of self-service stores

During the 1950s, the most urgent task of the existing community cooperatives in common was to overcome their managerial difficulties. Responding to this situation, the JCCU advocated enlargement of business scale and introduction of self-service system of store business to its member cooperatives.

Until those days in Japan, foodstuffs were mostly sold by individual small-sized shops in face-to-face mode and pack peddlers supplemented it. In accordance with changes in consumer lifestyle and popularizing of processed/precooked foods, supermarkets in the business format with self-service mode and “one-stop shopping” aiming for cost-saving and consumer convenience were gradually emerging learning from the US retailing industry.

The self-service system was first introduced by the *Kikuna* Consumer Cooperative of *Kanagawa* prefecture (one of

the origins of today’s Co-op *Kanagawa*). in 1951. While private shop-owners in general were hesitating from the self-service system in fear of shop theft, consumer cooperatives were out of such a fear because the shoppers were their members. It touched off the *Nada* Consumer Cooperative in 1957, and it spread to the *Kobe*, *Tsuruoka*, *Suikosha* and other consumer cooperatives.

In the case of the *Nada* Consumer Cooperative, its basic format used to be “round man” system, in which sales staff goes the round to customers to take orders and deliver goods, and small stores supplemented the business. The cooperative transformed one of the stores into self-service style excluding produces in 1957. In the same year, the *Kobe* Consumer Cooperative opened its first self-service store. The both cooperatives had been in trouble with taking in personnel for “round man” business in the labor shortage

caused by the economic growth beginning at the time. They hurried to prepare for the up-coming tide of self-service and supermarket.

Meanwhile, existing community cooperatives made efforts to strengthen their member organizations through activities such as Family Clubs and Women Unions.

### **Bedrock Building for Spreading Business Fields**

Workplace consumer cooperatives were struggling in economic slump, which came soon after the end of special procurement boom during the Korean War and severe treatments by mother companies. Under the circumstance, the JCCU hammered out a new policy that workplace cooperatives should extend their

**The first national assembly of consumer cooperative women** (JCCU Reference Room)



business into surrounding residential communities. Responding to this policy, some of large-scaled workplace cooperatives, including ones in ship-building companies, began their operations in local residential communities.

School-teacher consumer cooperatives began to gear to provide daily commodities for the member's families rather than schooling necessities devising check-off system and

retailer designation system. Their national union initiated developing its original products with its brand such as electric washers and knitting wool, and publishing catalogues for correspondence sales in 1957.

The number of university consumer cooperatives decreased to only 20 in 1949 and the National College Cooperative Federation virtually went into tumbled to ruin. The root cause of this come-down was economic combustion and educational system reforms. Immature management by volunteer managers of students could not survive the difficulties. In the latter half of 1950s, however, university consumer cooperatives began rebuilding in the situation where university facilities including shops and canteens were newly built and top managements were going to be assumed by full-timers with ardors to develop consumer cooperative movement. In 1958, the National College Cooperative Federation decided itself to be incorporated under the Consumer Cooperatives Act and be renamed as the National Federation of University Consumer Cooperative Associations (NFUCA). In parallel with this, its member university cooperatives were obtaining legal statuses.

In the medical cooperative sector in the post-the-War time, a couple numbers of them were incorporated following the ones which succeeded the entities survived the War time. Around 1950 or later, the number of medical cooperatives gradually increased to form the medical cooperative section in the JCCU with a membership of twelve in 1957.

### **Spreading Women Units (Family Clubs) Activities**

Soon after the end of the War, consumer cooperatives of *Nada* and *Kobe* rebuilt their Family Clubs and the *Fukushima* Consumer Cooperative followed it. Although some of the consumer cooperatives of the pre-War time implemented women-centered management of the organization, the members of most consumer cooperative at that time were men *i.e.* household heads in the legal system of the time, and the board members were dominated by men. Under the circumstance, many consumer cooperatives organized Family Clubs as the places for women to participate in cooperative activities. Even in the post-war time when the household head system had been already abolished, most of the consumer cooperative members were men, putting importance on the role of Family Clubs in cooperative operation.

The newly incorporated consumer cooperatives also organized Family Clubs or Women Units to enhance participation of women (house wives) in cooperative activities such as joint buying of goods, training and placement of side jobs, recreations, cooking courses and so on. These activities spread out through workplace cooperatives, too.

The first national assembly of the Women Units was organized at the *Nada* Consumer Cooperative in 1955 and it was followed by prefecture cooperative unions leading to setting up the National Council of Women Units of the JCCU in 1957.

The Council, based on “the three-prong

policy of household accounts, product study and dietary habit”, spread a variety of learning and cultural activities for women and offered opportunities for them to join consumer, peace and other social actions. This played an important role to improve consumer cooperatives’ position as participating opportunities in social activities for consumers and women.

The household accounts activities popularized housekeeping-book habits among housewives and the annual summary math by the JCCU was utilized for anti-inflation campaigns. Product study activities were useful to improve consumer living and merchandise assortment of cooperatives. National assemblies of Women Units of the JCCU, centering on the exchanges of their activities, were the only opportunities to gather at the national level for women members of consumer cooperatives.

The JCCU identified the Women Unit activities as a “belt” connecting cooperatives with women members or “partner body” with cooperatives, in parallel with basic organs, *i.e.* Representatives Assemblies and Board of Directors.

#### 4. Integrated purchase and Incorporation of the National Cooperative Business Union

Although integrated purchase business of products at the national level by the All Japan Cooperative Business Union failed soon after its incorporation, integrated purchase business was resumed from 1952 to 1956 by six (6) or more prefecture federations, and the National Union of School-Teacher Consumer Cooperatives and the Central Union of Coal-Miner Consumer Cooperatives restarted new business activities.

In 1954 the Consumer Cooperatives Act was amended to authorize national consumer cooperative unions to implement wholesale businesses, and the JCCU in cooperation with the *Nada* Consumer Cooperative and others resumed integrated purchase in *Kansai* district. While shipment restrictions occurred during the anti-cooperative campaigns by small-sized shop owners, the necessity for integrated purchase increased. The individual cooperative's businesses were growing along with stable development of integrated purchase business by prefecture federations; the All Japan Consumer Cooperative Business Union was established in November 1958 with presidency of *Takeshige Ishiguro*, then president of the *Tokyo* Consumer Cooperative Union

The Union began its business being headquartered at the *Ishikawajima* Coop in *Tokyo* along with a regional office at the *Nada* Coop. In parallel with this move, the

integration of national cooperative federations was discussed among the related organizations. As a result, the National Union of School-Teacher Consumer Cooperatives and the Central Union of Coal-Miner Consumer Cooperatives merged with the JCCU delegating their businesses to the All Japan Consumer Cooperative Business Union. The All Japan Consumer Cooperative Business Union succeeded integrated purchase businesses of prefecture and national federations except those of university cooperatives. The NFUCA remained to be independent considering its unique membership mainly consisting of students.

In the early stage the Union continued brokerage delegated by the former entities. It gradually sifted its business focus onto single-item integrated purchase and wholesaled its main items in the brand name of "SEIKYO" [consume cooperative]. Many of them in the beginning were sold in double-brands with producers due to weak consumer confidence on cooperative products. While entering the 1960s, many independent "CO-OP" brand products began to be developed. These products with original specifications later contributed much to expansion of consumer cooperatives.



## 5. Up-rise of Anti-Cooperative Campaigns and New Evolution of Consumer Movement

In 1953, an anti-cooperative campaign broke up in *Yonago*, *Tottori* prefecture, where the *Tottori* West Consumer Cooperative was located. The local Chamber of Commerce and Industry pressurized the suppliers for the cooperative to embargo and even fabricated a fake cooperative to damage the image of cooperative. Similar events followed in a number of districts in the same prefecture. In 1955 Japan Chamber of Commerce and Industry at its general assembly adopted a resolution demanding the Government to regulate consumer cooperatives, and, in response, the Ministry of Trade and Industry and the Ministry of Health and Welfare published a notice directing local governments to enhance “guidance” for (regulation on) consumer cooperatives.

In parallel to enactment of the so-called Second Department Stores Act intended to regulate large-scaled retailing stores, the Small and Medium-Sized Enterprise Organizations Act was enacted in 1957 aiming to permit cartel behaviors of small/medium sized enterprises including retail businesses. This was against the consumer rights. The JCCU campaigned against the bill, in cooperation with *Shufuren* [Housewives’ Federation], a high-profile consumer group incorporated in 1948, and *Sohyo* (the Labor Unions General Council, the then dominant national center of labor unions). In the process of this campaign the

**Representatives from consumer cooperatives sitting-in in front of the Diet to protest the submitted bill of the “Retail Business Coordinating Special Measures Act” , February 1959 (JCCU Reference Room)**



organizations concerned established *Shodanren* [National Liaison Committee of Consumer Groups] in 1956. *Shodanren* mobilized numerous housewives to the Diet against the bill on consecutive days and this type of campaign was the first experience for consumer groups.

Following the enactment of the law, the Government submitted a bill of the Retail Business Coordinating Special Measures Act, which was intended to regulate retail businesses of consumer cooperatives and consumers’ joint buying organizations. The JCCU in cooperation with *Shodanren* at full power campaigned against the bill. On February 26, 1959 people sat under tents in front of the Diet in snowfalls. This was the second largest campaign by the

JCCU following the one for demanding enactment of the Consumer Cooperatives Act.

Although the campaign succeeded in amending the bill including exception of regulatory clauses on consumer cooperatives,

the Consumer Cooperatives Act was amended, instead, to further restrict non-member shopping at consumer cooperatives.

### **Campaigns against Raising of Newspaper Fees and others**

In the early 1950s, commodity prices were raised due to the economic conditions responding to the Korean War. The JCCC with *Sohyo* and *Shufuren* campaigned against the rising of utility charges including rice prices which were under the government control.

In 1954, rice imported from Burma was found to be colored yellow by a sort of mold which produces a poisonous material to human bodies. The JCCU and other consumer groups rose up against the distribution of the rice. Meanwhile, major dairy industries began buying up raw milk and raising milk prices for consumers. Consumer cooperatives nationwide resisted this move and formed campaigns and businesses to maintain “10 yen Milk” in cooperation with dairy farmers after 1954.

After 1957, a series of utility charges or rents was raised one after another: national and private railways and busses, electricity and gas, public housing, etc. In January 1958, the JCCU declared “A State of Emergency” together with the issue of the Retail Business Coordinating Special Measures Act. *Shodanren* organized the National Campaign Committee against the inflation gathering wide range of organizations in March of this year.

In the midst of this, 46 newspaper corporations nationwide in chorus announced

**Signature collection campaign against newspaper-subscription-fee raising, Tokyo, 1959 (JCCU Reference Room)**



raises of fees. *Shodanren* claimed opposition to the raises and asked the Fair Trade Commission to audit on the raises based on the Anti-trust Act.

*Shodanren* mobilized consumers for nonpayment of the fee-differences until the Commission decision. This tactics was called “a battle against uncrowned kings” and continued for 8 months involving a wide range of organizations such as consumer cooperatives, women associations and worker unions.

The participants in the nonpayment campaign amounted to one million along with petition signatures to the Commission by 250 thousands.

The audit by the Commission prolonged

**A demonstration against the amendment of Japan-US Security Treaty, Tokyo, 1960 (JCCU Reference Room)**



under the political pressure by newspaper corporations, and the head of the Commission announced passing over the case. Despite this defeat, the campaign was an epoch-making event in Japanese consumer movement.

### **Joining the National Campaign against Amendment of the Japan-US Security Treaty**

When Japan restored its independence from the US-dominated occupation in 1951, it concluded at the same time the security treaty with the United States of America to consolidate subordinate alliance with the USA in the “Cold-War structure” of the world. The both Governments decided to amend and extend the Treaty to maintain their alliance. worker unions under *Sohyo*, student organizations and leftist parties repeated campaigns against the amendment. Among consumer cooperatives, especially university cooperatives keeping up the stream of student movement, and worker unions of community consumer cooperatives joined the campaigns from the early stage. In May 1960, the Government and the ruling party forcibly passed the ratification bill in the Diet mobilizing police units. In front of the Diet, a female university student, in a crowd going to storm into the Diet, was killed during a repressive action by the police. These events turned the issue into one of democracy of Japan beyond the issue of national security involving a wide range of people up from the grass-roots. The worker union of National railroad and others went on a general strike in the next

month. The 10<sup>th</sup> General Assembly of the JCCU was held in the midst of the strike in *Tokyo* and adopted a resolution against the revision of the Treaty. Some delegates submitted emergency motion to make a petition march to the Diet. The motion was passed and after the Convention the delegates along with cooperative staff members of *Tokyo* joined the march in an array of 600 people holding rainbow flags, the symbol of cooperatives, in the lead.

During the campaigns against the amendment of the Japan-US Security treaty, leftist-minded student activists were much radicalized and became violent, throwing the national campaign into disorder and separating ordinary citizens from the campaign. Some sects of the ultra-leftist students once dominated the board of directors of some of the university cooperatives in order to abuse the cooperatives for their political purposes, throwing the NFUCA into confusion for years.

In the same year, *Toyohiko Kagawa*, then the President of the JCCU, who had devoted himself to relief of the poor, development of cooperative movement and realization of peace of the world, passed away. In order to praise his achievements, the JCCU conceived a vision to establish a college honoring his memory and a flagship consumer cooperative in *Tokyo*. Unfortunately, however, fund-raising for this purpose ran in low gear. The college-establishing vision was later resulted in foundation of the *Kagawa* Commemoration Cooperative Education Fund at the JCCU. The vision to establish a flagship consumer

cooperative in *Tokyo* was once derailed and revitalized later as the “Great Metropolitan Consumer Cooperative Incorporation Initiative” as detailed in the next chapter.

**(The end of Chapter Two)**

## 1. Social Situations and New Evolution of Consumer Cooperative Movement in the 1960s

### Changes in Consumer Lifestyle in Rapid Economic Growth

After the bill to revise the Japan-US Security Treaty was automatically passed according to the Diet law in the turmoil, Prim Minister *Nobusuke Kishi* handed over his Cabinet to *Hayato Ikeda*. The new Prim Minister hammered out the “Income Doubling Policy” to accelerate rapid economic growth initiated in 1955. The Government supported capacity investments by executing favorable tax systems and financial policies.

As a result, Japan became a nation of heavy-chemical industries, increasing exports of steel, electronics products, automobiles and ships, expanded capital exports, and became a credit nation. Its Gross National Product (GNP) was for the first time ranked as the world No.2 next to the USA. in 1968.

A number of large industrial complexes were developed to promote local development turning rural districts into new industrial towns attracting a large amount of workforce from agricultural communities.

The ratio of agriculture and fishery workforce in the total workforce, which marked 30 % or more in 1960, drastically fell down to 18 % in 1970. The number of

industrial workers, waged employees, commercial and service workers increased in contrast.

The national income increased centering on urban workers changing their lifestyle, which was called “Consumption Revolution”. During the 1950s, the television, electric washer and refrigerator were called the “Three-piece-set of Sacred Treasures” symbolizing a modernized lifestyle. The treasures’ prices were lowered enough to expand their use in ordinary families. In the latter half of the 1960s, the “Three Cs”, *i.e.* Color TV sets, Cars and Coolers [air-conditioners], boomed. The “revolution” brought in popularization of electric devices, westernization of diet, dependency on processed/precooked foods, and increased expenses for leisure, education and culture.

**Rallying housewife members in cooking coats against consumer-price raising after a national assembly of consumer cooperative women, Tokyo 1965 (JCCU Reference Room)**



The economic boom and changes in consumer lifestyle caused great evolutions in Japanese retail industry.

Mass production and consumption needed mass distribution systems. Super-market format was suitable for mass distribution and rapidly spread beginning from western Japan, initiating active discussions on the theory of “Distribution Revolution”, modernization of the retail industry. In the latter half of the 1960s, the number of super-markets in chain-systems rapidly increased and the so called “Big Chains” operating nationwide were formed.

While the rapid economic expansion contributed to an increase in national income and improvement of national living standards, it caused a variety of new social problems. While apartment complexes in outskirts of big cities spread, remaining house-scarcity, long-distance commuting and problems such as deficiency of nursery centers and schools became serious hardships for city-dwellers. Contrarily in rural regions, scarcity of farming worker and, on the other hand, guest-working in industrial areas in agricultural off-seasons, continued causing reduced agricultural production and self-supply ratio of food items of Japan. The so-called *Kogai* [public hazard]-triggered diseases such as *Minamata* disease in *Kumamoto* prefecture and *Itai-itai* [ouch-ouch] disease in *Niigata* prefecture both caused by organic mercury discharged from chemical factories, air and water pollutions in major industrial cities, spread

nationwide.

In the major industrial areas, problems of residential environments and education, etc. caused an up-rise of citizen movements to improve the living environments. These movements lead to birth of the so called “Reformist” local governors and mayors (*Tokyo* Metropolitan, *Osaka* prefecture and City of *Yokohama*) supported by the socialist and communist parties after the end of the 1960 following the *Kyoto* prefecture, which had continued since the 1950s.

In the international context, the bipolar confrontation between East and West intensified: construction of the Berlin Wall (1961), sea blockage to Cuba by the USA (1962), beginning of air assaults on Vietnam by the USA (1964), nuclear weapon development by China and nuclear competitions between the USA and the Soviet Union. In Japan, where the US military bases worked for the Vietnam War, peace campaigns were raised including opposition rallies to the US nuclear-driven submarine boats’ dropping into Japanese ports. The conclusion of the Japan-Korea Fundamental Treaty (\*) in 1965 was another national contra version.

In the latter half of the 1960s, in many university campuses student struggles against fee-raising and for other causes caught fire in parallel with anti-Vietnam War campaigns.

### **Features of Consumer Cooperative Movement in the 1960s**

For consumer cooperatives after the latter half

of the 1950s to the 1960s, their major challenge was to cope with the “Consumption Revolution” and “Distribution Revolution”.

Community cooperatives tried to build organizational and managerial foundation. For example, the consumer cooperatives of *Nada* and *Kobe* merged with each other and the *Tsuruoka* Consumer Cooperative enhanced its *Han* organizations. However, many of community cooperatives fell in slumps. Especially, most of the labor community cooperatives failed to overcome their difficulties.

Major workplace cooperatives, school-teacher cooperatives and coal-miner cooperatives in part, expanded their business coverage to residential areas. University cooperatives with young executives and staff members began organizing community cooperatives near by their campuses.

These new problems relating to the environment and health ignited a rise and outspread of citizen movements especially in apartment complexes and consumer movement centering on housewives. What newly emerged under the circumstance after

**Meeting by *han* members of the first-born *han* in *Takasho-machi* of *Tsuruoka* consumer cooperative** (Yamagata Consumer Cooperative Union)



the latter half of the 1960s was joint purchase activity to obtain fresh milk of high quality and reasonable prices among consumers organized by residents’ autonomous associations or volunteer groups, which formed the basis to establish community consumer cooperatives. Consumers, *i.e.* housewives, welcomed the initiatives of university consumer cooperatives to organize community consumer cooperatives.

Through the 1960s, the ratio of community cooperatives in retail cooperatives rose to closely catch up workplace cooperatives both in membership and sales amount thanks to rapid growth of newly-born community cooperatives.

To sum up, the 1960s for consumer cooperatives of Japan was the era to build a launch platform for a jump in the 1970s and 1980s.

#### **Editor-Translator Note:**

(\*)

The Treaty, admitting the Republic of Korea as the only legal state in the Korean Peninsular and canceling every effect of previous agreements between the two nations, agreed to resume diplomatic relations and initiate economic corporations instead of compensating for the colonial ruling by Japan tracking back to the beginning of the 20th century.

(\*\*)

In addition to the poor habitation conditions for city-dwellers, new aspects were emerging

to consumer life and health. A typical one was health effects of food additives. In 1957 the Food Sanitation Act was revised in response to a food intoxication case caused by arsenic-laced powder milk occurred in 1955 to kill 130 or more babies. The arsenic was used to make a food additive which makes powder milk soluble. The arsenic used was for industrial use and remained in the powder milk produced. The law banned the use of synthetic food additives not authorized by the Government. Responding to the growth of processed-food production, the use of synthetic food additives was becoming in boom, and, ironically, the revised law paved the road to increase the number of synthetic

food additives in authorized use. The number increased to about 350 through the 1960s. The use of these synthetic food additives was beginning to bring unease to consumers. Another new aspect was river-water pollution by synthetic detergent. In Japan it was first produced in 1952, and its use was expanding gradually replacing soap thanks to its detergency and convenience. Due to its biodegradability less than soap, however, its discharged components foamed on the surface of rivers, being helped by poor swage-disposal facilities at that time. Consumers feared damages to aquatic biota by the pollution.

Year	Community cooperatives		Workplace cooperatives	
	Membership (thousand)	Annual sales (million)	Membership (thousand)	Annual sales (million)
1962	800	17,000	1,900	45,000
1970	1,900	110,000	2,250	106,700

## 2. Trials and Errors to Jump-Up

### Preparation for Super-Market Business

Community cooperatives addressed business modernization centering on introducing self-service store operation and improving member organizations centering on Family Clubs and Women Units to build foundations responding to new situations under the economic boom.

The JCCU introduced its member cooperatives to the theory and practical measures of super-market business organizing

business training courses for major cooperatives and cooperative training camps (one-week courses for executive trainees) along with super-market business work-shops. Furthermore, the Union advocated enlargement of membership and sales amount, and establishing sound management of consumer cooperatives, both needed to develop super-market business operation.

As mentioned before, the consumer cooperatives of *Nada* and *Kobe* shifted their



business format from “round man” system to chain-operation of super-markets and accumulated efforts to modernize their management. In 1962, the two cooperatives merged into a new cooperative, the *Nada-Kobe* Consumer Cooperative, with a membership of 53,300, 9 depots for “round-man” sales, and 6 super-markets. This event attracted social spotlight as the birth of a “Mammoth Cooperative”. The birth of the *Nada-Kobe* Consumer Cooperative stimulated other consumer cooperatives which long had been in stagnation, and many of them began to introduce self-service store operation and prepare for super-market business.

#### **“Han” organization**

The *Tsuruoka* Consumer Cooperative, incorporated as a labor community cooperative by the local worker unions, introduced self-service system to its small stores in 1956. In order to explain the new operation system to its members, it organized small-sized gatherings in each places, and it tried to establish these gathering as regular meeting units of the members addressing them “han”. This concept of “han” had been introduced in “*Consumer Cooperative Handbook*” (Cooperative Institute, 1949) referring to the pre-War time experiences in “han”.

The *Tsuruoka* Consumer Cooperative spread “han” of members not only in urban residential areas but also in workplaces and rural areas. From the incorporation, this

cooperative did not admit “group accession” by worker union members and requested individual accession to the cooperative in order to establish member-participative administration independent from worker unions as its parent bodies. “Han” organization fitted this policy.

The *Tsuruoka* Consumer Cooperative set down “han” as the basic member organization of the cooperative to discuss policies of store operations and product assortment, as well as to learn social issues and take actions. This initiative and experiences spread to consumer cooperatives nationwide.

As described earlier, the main stage for cooperative-affiliated women was the Women Units and Family Clubs. These women organizations were supplemental organs to pillar organs, *i.e.* member-representatives assembly and board of directors, and therefore had limitation in playing significant roles to support cooperative activities full part.

The 1962 General Assembly of the JCCU pointed out the importance of “han” organizations for the first time and began to order the relation between “han” and traditional women organizations.

Through practical development of member activities, regional or store-unit committees were formed on the basis of “han” organizations and the committees became the substantial basis of member representatives who participate in official decision-making of cooperatives. On the other hand, Women Units and Family Clubs

developed into diverse voluntary groups for various activities, such as cultural, study activities and social actions based on their interests and motivations.

Thanks to expansion of “*han*” organizations, member participation in management and other activities especially purchase of products and investment was enhanced. Later in the 1970s, “*han*” organization began playing a new important role as the basic unit for “joint buying” business, the unique business format of the Japanese consumer cooperatives.

### **Business Slump and Recovery**

Learning from the consumer cooperatives of *Nada-Kobe* and *Tsuruoka*, many consumer cooperatives made efforts to enlarge and improve their organizations and businesses. For instance, the *Yokohama* Consumer Cooperative, which had been in the process to rebuild itself after the failure of “Independent Shop Absorbing” policy, paid off its debts in 1963 and improved its organization and business focusing on “*han*” organizations saying “Consumer cooperative is a movement of consumers and of housewives propelled by the members themselves.”

Unfortunately, however, most of the labor community consumer cooperatives in prolonged slumps failed to rebuild themselves unlike the *Yokohama* Consumer Cooperative, and fell into demise during the 1960s and 1970s. The root causes of their failure were lack of individual member’s consciousness as cooperative members due to the “group

accession” by worker unions, and weakness in establishing their own organization and business foundations. Many of them tried to recover their slackness by setting up new stores without deliberate preparation and skilled personnel.

Among them, there were some exceptional cases in which labor community cooperatives survived or were rebuilt with their own efforts and assistance from outside. In *Yamaguchi* prefecture, the *Ogori* and *Hofu* Consumer Cooperatives, which once collapsed, revived as the *Yamaguchi* Central Consumer Cooperative with assistance from the *Nada-Kobe* Consumer Cooperative in 1963. The *Sakata* Consumer Cooperative of *Yamagata* pref., once failed, revived with efforts of its worker union and the National Consociation of Worker Unions of Consumer Cooperatives<sup>(\*)</sup> in the slogan, “Hang on the light of the cooperative!”. The *Toyonaka Mutsumi* Consumer Cooperative, which was not a labor community cooperative though, restarted its business as the Northern *Osaka* Consumer Cooperative with help of the *Nada-Kobe* Consumer Cooperative.

In addition, the JCCU and prefecture unions were busy in assisting in survivals or revivals of many other consumer cooperatives.

### **Original Author Note**

(\*)

Originally incorporated as the Japanese Consumer Cooperative Worker Unions Consociation in 1960 and merged with the University Cooperative Worker Unions

Consociation in 1968.

## **Consumer Cooperatives in Workplace, University and of School-Teachers**

### **Workplace cooperatives**

More than 20 workplace consumer cooperatives in the private sector were incorporated during the 1960s along with those in the public sector. Most of the former, however, were forced to become financially independent from their mother corporations due to the company slump after the Korean War, and began expanding their business operation to residential communities centering on company-owned houses. Some of them amended their article of incorporation as to be community cooperatives to seek a new road to survive.

By the same token, in coal-mining industry areas, where cutbacks, abandoning and discharges continued under the “energy revolution” (an energy-source shift from coal to petroleum), workplace consumer cooperatives there were turned into residential community cooperatives.

### **School-teacher consumer cooperatives**

School-teacher consumer cooperatives also expanded their business areas to residential areas. The *Miyagi* School-Teacher Consumer Cooperative began opening stores in residential communities, which resulted in foundation of one of the ancestors of the *Miyagi* Consumer Cooperative of today. The *Yamagata* School-Teacher Consumer

Cooperative also gained ground in residential areas and its residential segment developed into the *Yamagata* Consumer Cooperative in 1970.

In 1965, the National Union of School-Teacher Consumer Cooperatives merged with the JCCU and its businesses were succeeded by JCCU school-teacher cooperative branch newly set up in the JCCU. Its original catalogue was renamed as “*Living and Cooperative*” and increased the circulation to more than 30 thousand per issue. In addition, the National School Supplies Material, Inc. was incorporated in 1967 to provide educational tools for students.

### **University cooperatives**

University cooperatives, united under the NFUCA incorporated in 1958, promoted campaigns to improve educational environment and facilities including shops and canteens, etc. to be operated by them, and initiated integrated purchase of products. Existing cooperatives assisted students of universities without cooperatives in incorporating their own cooperatives by dispatching their skilled executives and personnel. Thus university cooperatives spread nationwide and were operating in almost all major national universities. The membership of the NFUCA increased from 58 in 1960 to 91 in 1961. In the latter half of the 1960s, the member cooperatives in *Tokyo* and *Kyoto*, where a large number of

university/college students was concentrated, established each regional business union to improve and streamline their management. Thanks to these business unions, many students of even small-sized universities/colleges became able to incorporate and operate their cooperatives with assistance of the business unions. After the latter half of the 1960s, university cooperatives, already established in almost every capital city of prefectures, began assisting in incorporation of community consumer cooperatives.

### **Medical Cooperatives and Labor Insurance Cooperatives**

#### **Medical cooperatives**

The medical cooperative unit of the JCCU installed a semi-fulltime chairperson in 1963 and activated experience-exchanges and Training activities. They learnt the “*han*” concept from the *Tsuruoka* Consumer Cooperative and set it as the basis of their member activities to prevent diseases and improve health as well as to fortify their cooperatives. This member-based and member-oriented operation enhanced the unique attribute of medical cooperatives. During this era, the National Employee Pension Fund began applying financing programs for medical institutions to medical cooperatives, assisting in improvement of their facilities.

#### **Labor insurance cooperatives**

By 1963, a labor insurance cooperative was established in every prefecture and increased their insurance programs covering fire, life, general, car accidents, etc. under the National Federation of Workers- Consumers Insurance Cooperatives (*ZENROSAI*), expanding their business sizes. On the other hand, a number of national worker unions including those of national railway, post service, school-teacher, etc. began their own insurance businesses, and the arrangement and integration between them and existing insurance cooperatives emerged as a task to be solved.

#### **Housing cooperatives**

Labor credit unions incorporated the Japan Laborer Housing Association in 1958 to provide housing services for workers, and many of entrusted implementation of the services to housing cooperatives which they established under the Consumer Cooperatives Act.

Responding to the recommendation by the International Labor Organization (ILO) on the promotive measure to facilitate housing for workers mobilizing housing cooperatives and other non-profit or non-government organizations and the previous performance of the Association, the Diet adopted the Act on the Japan labor Housing Association at its members’ initiative in 1966.

The JCCU set its housing cooperative unit to promote incorporation and operation of housing cooperatives nationwide. The National Union of Housing Cooperatives was organized in 1969 and it joined the JCCU in

1973.

### 3. Structural Arrangement of the JCCU and Advancing Integrated purchase

#### Integration into the JCCU and CO-OP

##### Brand Products

Although the JUUC as the guiding body and the All Japan Consumer Cooperative Business Union as wholesaling body were integrally working for consumer cooperatives, other national cooperative unions of school-teachers, coal-miners and university-students had their own integrated purchase functions and some of prefecture unions also were doing wholesale businesses. Integration of these business functions became an important task for consumer cooperatives of Japan.

Under the circumstance, in 1959 the JCCU decided that business functions of prefecture unions should be integrated into the All Japan Consumer Cooperative Business Union and their roles should be focused on guidance. In parallel, the JCCU began discussing the business integration with the three national unions. In order to realize the integration, it was needed for the JCCU to integrate with the All Japan Consumer Cooperative Business Union. While restructuring cooperative unions was a complicated task involving stake-conflicts, consultation on the integration of the JCCU and the Business Union successfully proceeded. Responding to the progress, the unions of coal-miners and school-teachers

decided to integrate their businesses with the Business Union. The Business Union established branches in *Tokyo*, *Hokkaido*, *Kyushu* and one for school-teacher cooperatives to succeed the businesses of the two unions.

Meanwhile, the JCCU merged with the coal-miner cooperative union in 1963, with the Business Union in 1965, and then with school-teacher cooperative union, thus forming a function-integrated (guidance and wholesale business) union covering all categories of consumer cooperatives. Considering its characteristics of membership and products to provide, the NFUCA remained independent from the JCCU.

JCCU business section succeeded the CO-OP brand products previously developed by the Business Union, such as butter, canned *mikan* [mandarin orange] and white-shirts



CO-OP brand goods developed by the All Japan Consumer Cooperative Business Union (JCCU Reference Room)

made of Tetoron (a newly-developed synthesized fiber) and others. These were developed in 1960 to 1961 as the first products with CO-OP brand.

Those days, there were almost no private-brand products in the retailing industry. The JCCU intended to resist the restrictions by producers on distribution businesses and fortify its capability to develop products in its own specifications at lower prices than national brand products.

The Product Developing Committee was set in the JCCU to discuss the development of CO-OP brand products and its Women Unit organized product-test activities making the developing process more systemic. In addition, the JCCU began to develop its original products responding to social concerns and needs at the time, such as “CO-OP Soft”, a new type of synthesized detergent which can decrease foaming in the water environment. This new sort of detergent was developed on the background of member actions with concerns about river pollutions

#### **4. Advancing Consumer Movement**

##### **Campaigns against Consumer Price Raising and Price Control by Makers**

As the rapid economic growth continues, consumer movement spread in various fields responding to:

- rises of utility charges and other commodity prices;
- food pollutions such as thalidomide-induced drug disaster and

and fear of harms to human body, and through testing by cooperative members of more than 5 thousands

Development of these unique products characterized and fortified product developing works of the JCCU.

In the beginning, development of CO-OP brand products was mainly intended to reduce market prices, such as fresh milk developed to oppose price raising by major dairy industries and color TV sets developed to resist price control by consumer-electronics giants. In later years, responding to newly emerging concerns among consumers on harmful food additives, the number of CO-OP brand food items without-or-lessened-additives increased. These products a great deal contributed to incorporation and development of “citizen cooperatives” after the 1970s.

diet-oil incident caused by commingling PBC, etc.;

- labeling criteria on products and use of harmful food additives such as fake canned beef, nectar-pretended drinks, dulcin (synthesized sweetening), cyclamate (synthesized sweetening), AF2 (antiseptic) in the deluge of processed foods; and
- water pollutions and fears for health caused

by synthesized detergent.

In the first half of the 1960s, consumer prices continued rising by 4 % to 8% every year. Consumer groups centering on *Shodanren* aggressively campaigned against rice-price raising and utility charges.

Although consumer cooperatives were excluded from resale-price maintain system which was authorized under the Anti-trust Act, book publishing corporations often threatened shipment of books to university cooperatives on the ground that the cooperatives sell books at discounted prices. University cooperatives contested the threat and continued the discount sale. The JCCU appealed against price control by a detergent producer to the Japan Fair Trade Commission.

In the 1970s, Japanese TV-set makers domestically sold their color TVs at unreasonably high prices than those in the overseas markets. The JCCU with consumer groups advocated buying restraint to consumers and demanded markdown to the makers. At the same time, JUUC developed color TVs with CO-OP brand and sold them at one-hundred thousand (100,000) yen per set, while major makers sold the similar one at 200,000 yen, creating a big sensation in the society.

#### **Campaigns against Harmful Foods and Direct Purchase of Alcoholic Beverages**

As processed foods and ready-to-serve foods are getting popularity, false labeling and use of harmful additives became a major social

concern.

While consumer cooperatives could hardly obtain license to sell alcoholic beverages under the liquor tax system, they were providing intermediate services for cooperative members who purchase alcoholic beverages directly from the brewers. This direct trade system of alcoholic beverages was initiated by the *Yokohama* Consumer Cooperative (today's Co-op Kanagawa) and spread nationwide. The service included providing *sake* (brewed from rice) produced meeting JCCU original specifications. The JCCU eliminated methyl salicylate from the *sake* and successfully requested the Ministry of Health and Welfare to cancel methyl salicylate on the list of its authorized food additives. In addition, the JCCU developed even whisky with CO-OP brand based on imported Scottish malt whiskey in cooperation with the British Cooperative Union.

In the first half of the 1960s, while a variety of new kinds of products were released influencing consumer life, the central and local Governments began emphasizing "consumer education" to enlighten consumers to be "clever" and assisting local consumer groups. At the same time, in the latter half of the 1960s, radical and accusatorial type of consumer movement such as that of the Consumers Union of Japan emerged and got momentum. The slogan of consumer movement sublimed to "From clever Consumers to Active and Demanding Consumers."

## **The first National Consumers Rally and Consumer Cooperatives Convention**

Great advancement of consumer movement in the 1960 was much contributed by consumer cooperatives and *Shodanren* (National Consumer Groups Liaison). In November 1964 the JCCU and *Shodanren* jointly with a wide range of consumer groups organized the executive committee to hold the first National Consumer Rally. The two-day Rally in *Tokyo* attracted two thousand (2,000) delegates from all over Japan. They discussed various consumer issues at the plenary and sectional meetings and marched in *Tokyo* down town carrying balloons and *shamoji* [rice paddles] as the symbol of family diet. The rally aroused the social notice and has continued until today every autumn of years.

The JCCU had used to organize the campaign of “Consumer Cooperative

Diffusion and Fortifying Month” every December of years in cooperation with the Government. In and after 1967, it has continued to hold the National Consumer Cooperative Conventions prior to the National Consumer Rally. The first Convention gathered 320 delegates throughout the nation to discuss the common tasks of protection of livelihood, overcoming hurdles for consumer cooperatives, fortifying consumer cooperatives and popularization of CO-OP brand goods.

Since then, most consumer cooperatives continued addressing expanding membership, increasing capital and popularization of CO-OP brand goods, and exchanged their experiences in these activities at the Conventions. This was precious opportunities for cooperatives including newly established cooperatives to learn from each other.

## **5. New Evolution of Consumer Cooperatives**

### **Incorporation of “Citizen Cooperatives” with Assistance of University Cooperatives**

While existing community cooperatives were fighting uphill battles and workplace cooperatives were groping their ways to expand business to residential communities, university cooperatives, which had almost established fundamentals of management systems and were consolidating their positions in universities, began incorporating

*Daigaku-mura* store of the Co-op Sapporo (JCCU Reference Room)





new consumer cooperatives in residential communities surrounding their campuses.

Most of their top management and executives used to be directors and activists as part-time service of their cooperatives while they were students and then remained at their cooperatives as full-time top managements and executives. They were motivated to contribute to developing consumer cooperative movement in Japan and much eager to establish consumer cooperatives in residential communities.

In 1964 in *Kyoto*, the *Doshisha* University Cooperative assisted local consumers in incorporating the *Kyoto Rakuho* Consumer Cooperative (today's *Kyoto* Consumer Cooperative), *Hokkaido* University Cooperative did the same for the *Sapporo* Citizen Cooperative (today's *Coop Sapporo*) and the *Tokyo* branch of the NFUCA and its member cooperatives for the *Tokorozawa* Consumer Cooperative (one of the origin of today's *Saitama* Co-op) in *Saitama* pref. the next year.

The *Kyoto Rakuho* Consumer Cooperative originated from milk-delivery services in residential areas by the *Doshisha* University Cooperative and began its business by rounds-man business with participation of personnel who had experienced the same business at the *Kobe* Consumer Cooperative. The *Hokkaido* University Cooperative had used to operate a food store in the residential area of the university faculty, and initiated the new cooperative by converting it into a super-market to be followed by

chain-operated super-markets. The *Tokorozawa* Consumer Cooperative was born in an apartment complex prepared for workers as part of worker-welfare movements financed by the Employee Pension Fund. It began its business from a super-market.

Inspired by these ventures, the 1967 General Assembly of the NFUCA decided the policy and principles to assist incorporation of community consumer cooperatives and it encouraged university cooperatives to address the task.

From 1968 to 1970 in *Hokkaido*, three other community consumer cooperatives were established with assistance from the *Hokkaido* University Cooperative. In 1969, the *Nagoya* Working Citizen Cooperative of *Aichi* prefecture was incorporated with assistance from the *Nagoya* University Cooperative, likewise, the *Morioka* Citizen Cooperative (today's *Iwate* Consumer Cooperative) of *Iwate* prefecture with the *Iwate* University Cooperative and the *Miyagi* Consumer Cooperative of *Miyagi* pref. with the *Tohoku* University Cooperative. In *Tokyo* those days, the *Hosei* University Cooperative began assisting revival and development of the *Kikigaoka-Danchi* Consumer Cooperative, and the *Waseda* University Cooperative did the same for the *Toyama* Heights Consumer Cooperative.

Because most of these new consumer cooperatives named themselves "XX Citizen Cooperative" and all of them oriented their target of organization and business toward a wide range of citizens centering on

housewives, they were generally called “Citizen Cooperative” sorted out from existing consumer cooperatives.

### **Birth of Consumer Cooperatives in Apartment Complexes and Trials for “Joint Buying” (\*)**

As mentioned earlier, in newly-developed residential areas centering on apartment complexes in outskirts of big cities, citizen campaigns, mostly supported by full-time housewives with high educational background, were flowering against problems such as poor residential environments, insufficient child-care facilities and schools. The housewives began “joint buying” activities of bottled fresh milk to resist milk price-raising as part of activities of residents associations. Some of these activities led to incorporation of consumer cooperatives. The *Hibarigaoka* and *Midorigaoka* Consumer Cooperatives of *Tokyo*, both of which are included in the origins of today’s Co-op Tokyo, were incorporated in 1965 being followed by a number of consumer cooperatives of *Kanagawa* and *Nagasaki* Prefectures and so on.

#### **(\*) Editor-Translator Note:**

(1)

The *Seikatsu Club* Consumer Cooperative of Tokyo, incorporated in 1968, pioneered the new business format, joint buying business in a large scale and a systematic method. The cooperative puts emphasis on corporatism and autonomy in citizens’ living, and,

therefore, prepared “*han*” organizations to routinely deliver and take subscription order of milk in “*han*” unit learning from the *Tsuruoka* and *Yokohama* Consumer Cooperatives. The *Seikatsu Club* Consumer Cooperatives tried to beat self-centered buying practices of consumers, who mainly buy and use popular regions of a cow body such as sirloin or tenderloin abandoning other regions. They purchased cow bodies in whole (not in block) and asked their *han* groups to jointly buy beef in a balanced assortment in *han* unit. Although his unique practice contributed to avoid order concentration on popular regions and waste of other regions, it was a little heavy burden for members. In spite of the burdens including other ones of the cooperatives, they attracted consumers with high consciousness. The *Seikatsu Club* cooperative of Tokyo has spread its peer cooperatives nationwide and has no stores even today.

(2)

The main reasons why most of the cooperative initiated at the time chose the business format of joint buying instead of store business were:

— It needs less fund to initiate in comparison with store business. It only needs a warehouse and some number of trucks; and

— It needs few business skills and experiences in comparison with store business.

(3)

The social background of realization of the

“joint buying” business format should be internationally discussed with the comparative sociological method. The “joint buying” practice was based on the openness among *han* members to the extent that members could know each other who bought what items, the collective liability system for payment, the discipline that no one take away other one’s goods, and self sacrifice to shoulder the burden to sum up members’ orders and money. At least it would be said that there was the sense of community at this time in urban residential areas of Japan enough to form the “joint buying” business.

Some of existing consumer cooperatives, such as the *Yokohama* Consumer Cooperative, had been providing joint buying services of specified articles to supplement their store business. The *Shizuoka* Consumer Cooperative of *Shizuoka* prefecture had used to do rout sales business using “*riyaka*” [rear car], human-drawn cart, along with store operation. While seeking new business formats, it gradually developed and implemented its own joint buying system of regular subscription order and delivery based on “*han*” organizations. At the time, the *Senriyama* Consumer Cooperative, then in the process of rebuilding with support of the *Kansai* University Cooperative, developed its business system of delivery and order-taking in group-unit.

Learning from these preceding initiatives,

many consumer cooperatives were born and started with “joint buying” business without stores. Their “joint buying” was not intended to provide seasonal and/or heavy items supplementing store business, but intended to regularly provide necessity goods in *han* group unit consisting of 4 to 5 members. (Almost all of these cooperatives required at least 3 members for 1 unite of *han* organization, because they thought at least three persons are necessary for an association of people.) This business system was developed and improved through exchanges of ideas and experiences until today, and has been the foundation of “individual delivery” system of today.

Thus, from 1969 to 1979, a number of community consumer cooperatives was incorporated with assistance from university cooperatives or turned into from resident/consumer movements. Most of them were oriented to do store business even though they had almost no experiences and skills in it. They had hard time to break through managerial difficulties. Fortunately, however, consumer cooperatives of Japan at the time were able to attract interest and participation of many housewives with their original CO-OP brand products and “*sanchoku*” goods, meaning perishable foods directly purchased from producers and the new business format of “joint buying”, to prepare for a jump in the 1970s.

## **6. “Community Cooperative Development Policy” and International Exchanges of the JCCU**

### **Incorporation of the Tokyo Consumer Cooperative at JCCU Initiative**

In 1968, the JCCU presented a long-term action plan titled “Community Consumer Cooperative Development Policy” mainly intending to actively establish community consumer cooperatives of a large size. At the General Assembly in the next year, the JCCU decided that consumer cooperatives under prefecture unions should prepare policies to build a “flagship cooperative” in each prefecture, and then organized deliberation conferences in 36 prefectures gathering 294 cooperatives in order to prepare developing plans for this purpose.

In parallel to the above, the JCCU set up a task-force committee to prepare a policy to revive the vision of “Great Metropolitan Consumer Cooperative Incorporation Initiative”, which was once conceived to praise achievements of the late President *Toyohiko Kagawa* intending to establish a flagship consumer cooperative in *Tokyo*. The committee decided a plan to incorporate a consumer cooperative in *Tokyo*, which would operate a chained super-market stores and be the core entity for consumer cooperatives in the Metropolitan area. According to the plan, the JCCU incorporated, at its own initiative with its own personnel and expenses, the *Tokyo* Consumer Cooperative in May 1969. The JCCU itself executed complete control over the preparation for incorporation, opening of the store, and the entire management of the new cooperative. In

addition, the JCCU set up “Purchase Integration Department” as its internal section to integrate buying functions of the *Tokyo* Consumer Cooperative, the *Yokohama* Consumer Cooperative and others, intending to have functions as the headquarters of the chained stores belonging to affiliated cooperatives to be.

Although the *Tokyo* Consumer Cooperative opened 2 stores in 1969, it could not get itself into gear and soon fell into management crisis. At the General Assembly of the JCCU of the next year in *Fukushima*, criticism and denouncement were focused on the JCCU policies and conducts on the *Tokyo* Consumer Cooperative and “Purchase Integration Department”. Responding to this situation, Board of Directors of the JCCU presented a conclusion stating that the JCCU and the affiliated cooperatives should review the policies and conducts of the cooperative and the department, and the fast-development line as the background.

### **“Fukushima General Assembly Conclusion” and Wreckage of Citizen Cooperative Sapporo**

The conclusion at the *Fukushima* General Assembly of the JCCU urged cooperative activists to reflect the top-down management and store opening of cooperatives without participation of local members/consumers, and to appreciate the principles of democratic administration of cooperatives rooting in members.

**JCCU Fukushima  
General Assembly, May 1970 (JCCU  
Reference Room)**



As if shadowing this conclusion, the Citizen Cooperative (renamed from the *Sapporo* Citizen Cooperative) fell into fund shortage and asked the JCCU financial support in the autumn of the same year. Since its incorporation in 1964 the Citizen Cooperative *Sapporo* had been on a fast-developing line and planning to set 15 stores in the single year of 1970. It faced severe shortage of not only fund but personnel, and competence for store operation. The JCCU recommended the cooperative to reconsider its basic line and policies.

While the “*Fukushima* General Assembly Conclusion” reconfirmed the importance of democratic administration of cooperatives rooting in members, it did not cover the lack of store-operation expertise of the personnel involved in the *Tokyo* Consumer Cooperative. At the same time, it could not present future policies on store-business development for consumer cooperatives. Furthermore, although the “Conclusion” did not abandon the policy for chained-store operation by cooperatives, being backed up by the influence of actual wreckage of the *Tokyo* and *Sapporo* Cooperatives, it was mistakenly

understood by many cooperative activists as if it denied store of business of cooperatives, and, on the other hand, appreciated and encouraged joint buying business. This insufficient discussion and mistaken understanding gave negative influences on store business policies of cooperatives, delaying its practice over 2 decades.

The JCCU dismissed the “Purchase Integration Department” and the *Tokyo* Consumer Cooperative began its rebuilding and developing way in its own power independently from the JCCU and became one of the origins of today’s Co-op *Tokyo*.

### **Evolution of International Exchanges and Trading**

International exchanges of the JCCU were mainly performed at the arena of the ICA. The 23<sup>rd</sup> ICA Congress in Vienna in 1966 discussed the revision of the “Seven Cooperative Principles” (\*). It was proposed to omit the principle of “Political and Religious Neutrality” and “Cash Transaction” and to add the principle of “Cooperation between Cooperatives”. The JCCU insisted that the former principle should be alternated to “Free from Politics and Religion” and adopt a new principle define necessity of building basic member organizations such as “*han*”. As a result of discussions, the new 6 principles (\*\*\*) proposed were adopted at the Congress.

The bilateral exchanges with cooperatives of the Soviet Union and China continued during the 1960s. JCCU women delegates visited the Soviet Union in 1961

and the delegates of CENTEROSOJUZ visited Japan in 1962 and 1964. The JCCU sent its delegates to China 4 times from 1962 to 1966, and accepted Chinese delegates 3)times from 1963 to 1966.

The exchanges with overseas consumer cooperatives via the ICA expanded to the Asian region, and a cabinet-and- leader conference on cooperatives was held in Tokyo in 1964.

The counterparts of international cooperative trade expanded from the Soviet Union and China to East Germany, Sweden, the USA and others. From the Soviet Union, the import of herring and herring roe began. Anti-polio vaccine was urgently imported from the CETROSOJUZ responding to the polio-epidemic in Japan in the late-1960s. It was thanked by the patients and their families. The Cooperative Trade, Inc. of Japan was designated as one of the “friendship trader” by the Chinese Government and increased imports of honey and other items from China...

#### **Original Author Notes:**

(\*)

They were adopted at ICA 1937 Congress, consisting of:

- 1) Open Membership
- 2) Democratic Control (One Man, One Vote)
- 3) Distribution of Surplus in Proportion to Transactions
- 4) Limited Interest on Capital
- 5) Political and Religious Neutrality
- 6) Cash Trading
- 7) Promotion of Education.

(\*\*)

The new six principles adopted in the 1966ICA Congress are:

- 1) Open Membership
- 2) Democratic Control (One Man, One Vote)
- 3) Distribution of Surplus in Proportion to Transactions
- 4) Limited Interest on Capital
- 4) Distribution of Surplus to Members
- 5) Promotion of Education
- 6) Cooperation between Cooperatives.

## 1. Situations of the 1990s and birth and development of “Citizen Cooperatives”

### “Dollar Shock” and “Supply Shortage Panic”

On August 15, 1971 the USA declared cessation of conversion between its dollar bill and gold leading the International Monetary Fund (IMF) system, which had been the pillar of the post-war world economy, to collapse. Prior to it in Japan, steel, automobile and home-electrics industries, which had been star businesses in the 1960s, began reducing the production, and the total amount of capacity investments was declining. The “Dollar Shock” delivered a death blow to the Japanese economic growth.

In 1972 the new administration led by *Kakuei Tanaka* came on stage setting up the “archipelago reformation” theory and began promoting national land redeveloping, relocating industries and cities, building highways and *shinkansen* [super high speed] railroads connecting them, and so on. In addition, excessive liquidity caused by dollar inflows were directed to land speculations and invited terrific inflation. In October 1973 the fourth Middle East War out broke, and, in response, Arabian oil countries decreased oil production by a large margin and imposed oil embargo to the USA, inviting an “oil shock”

for the world economy. Following the shock, simultaneous slowdown of the world economy, which was considered to be severest after 1930, occurred from 1974 to 1975.

Scrambles for toilet-paper rolls by consumers took place in *Osaka* in November 1973 to ignite a whoopla of sales hold-back and buy-off of products in which detergents, sugar and other necessities disappeared from store shelves nationwide. Oil refining companies raised their product prices all at once having a rare opportunity, and a variety of industries formed cartels to raise product/service prices upsetting consumers.

The inflation was accelerated rising up the wholesale price index by 37 % and the

### Inrush of consumers to necessities in supply-shortage of products, 1973 (Kyodo news)



retail price index by 26 % in 1974. Electricity and other utility charges rose substantially.

Under the circumstances, consumer campaigns were pumped up against the inflation and a number of consumer cooperatives were established by consumers to protect their living.

Under the “stagflation” (economic stagnation under inflation), businesses propelled streamlining by lay-offs, automation, energy-saving and so on. In parallel to the streamlining, the Japanese economy expanded exports of cars, electric appliances, semi-conductors and precision instruments, etc. to centering on the USA, and Japanese economy recovered impetus in 1977 to continue growing again by annual rates at five 5 % afterward. As a result, the trade surplus with the USA rapidly increased causing trade conflicts with the nation as a great political problem. On the other hand, the USA demanded increased imports by Japan of agricultural produces, symbolizing by beef and orange. The issue of market opening for agricultural produces was called “Beef-Orange War” between farmers and governments of the two nations across the Pacific Ocean attracting consumers concern.

Meanwhile, the momentum of the so-called “reformistic local governments” led by the collided socialist-communist parties, which began spreading in the latter half of the 1960s, enhanced opportunities for the “age of locality” and “citizen participation” and resulted in birth of 10 governors supported by socialist-communist parties at the prefecture

level and mayors supported by the same parties of a quarter of 640 cities or more at peak throughout the nation. In the economic slump and financial difficulties after 1974, however, many of them disappeared by 1978, partly due to changes in collisions between the political parties.

The 1970s of Japan was a era when consumer movement flowered involving an increasing number of consumers and for a variety of causes such as inflation and food-safety, etc., in parallel with local citizen/resident campaigns against *kogai* [environmental destructions].

### **Beginning of Rapid Expansion of Consumer Cooperatives**

Entering the 1970s, incorporation of consumer cooperatives was accelerated following the momentum of the latter half of the 1960s with assistance from university cooperatives or at the initiative of resident associations.

Thanks to these newly born cooperatives, consumer cooperative became a natural existence in every capital city of prefectures and major cities of Japan. From 1970 to 1980, the total membership increased from 3.1 millions to 6.7millions, the total annual sales increased from 196 billion yen to 1,108 billion yen. These increases including existing cooperatives were particular in the *Tokyo* Metropolitan area and major cities such as *Sapporo*, *Osaka*, *Kobe* and *Fukuoka*.

## **2. Incorporation and Development of “Citizen Cooperatives” throughout**



## the Nation

### Incorporation of many “Citizen Cooperatives”

Although living standards were raised through the rapid economic growth, fears of deteriorating living conditions such as “*kogai*” and so on were in increase, and the “mass-production/mass-consumption” society caused new nuisances including misleading labeling on processed foods and harmful food additives. The “oil crisis” and “supply shortage and wild price spiral” in 1973 triggered anger of consumers. In response, consumers coped with the difficulties by organizing themselves including “joint buying” activities.

During the 1960s, the number of salaried workers’ families living suburban residential areas rapidly increased, and most of them were nuclear (two-generation) families with full-time housewives. Thanks to popularization of home electric appliances, the housewives became able to enjoy free time apart from domestic works. Many of them had spent their college days in the era of political disputes centering on the Japan-US Security Treaty and were still interested in social issues such as consumer movement and citizen campaigns. Their concerns on and needs for safe and reasonably-priced food items were soon attracted by consumer

**Han members dividing products delivered in han-unit by the cooperative (Nagoya Working Citizen Cooperative)**



They became the main supporters of consumer cooperatives of this era, which developed fast with few equals in history.

In 15 years from 1965 to 1980, 167 consumer cooperatives were incorporated, and a half of them were born in the first half of the 1970s. In the 1970s, out of 47 prefectures in total of Japan, 37 saw newly-born community cooperatives in their areas. At the top, 18 community cooperatives were established in *Tokyo*, and *Fukuoka* followed it by 15.

The number of newly incorporated consumer cooperatives

Periods	1965 to 70	1971 to 75	1976 to 80	Total

New co-ops	39	85	43	167
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In 1980, the total membership of community cooperatives closed to 3 millions and their ratio in the total membership of consumer cooperatives in total almost doubled reaching almost a half. The total annual sales of them exceeded a half of that of consumer cooperatives in total in 1980.

The unionization rate of community cooperatives (the ratio of their total membership in the number of total households excepting single-person households), which was only 2.6 % in 1971,

rapidly doubled to 5.4 % in 1975 and further rose to 8.0 % in 1980.

The new cooperatives of 25 prefectures were incorporated in cooperation with university cooperatives. In addition to assisting new incorporation of community cooperatives, university cooperatives helped existing community cooperatives to revive and develop largely contributing to expansion of community cooperatives of Japan in this era.

The total membership of consumer cooperatives

Year	1971	1980	1980/1971
1) Consumer coops (general)	3,420 K	6,720 K	196 %
2) Community coops	800 K	2,920 K	365 %
2) / 1)	23 %	43 %	—

The total annual sales of consumer cooperatives

Year	1971	1980	1980/1971
1) Consumer coops (general)	¥ 224,100 M	¥ 1,108,100 M	494 %
2) Community coops	¥ 103,000 M	¥ 67,580 M	656 %
2) / 1)	46 %	61 %	—

### Member-Based Administration of Consumer Cooperatives

What supported this significant development of consumer cooperatives in this era was member participation in cooperative administration and activities which consumer cooperatives encouraged through “han” organizations.

As mentioned earlier, the main

organizations of cooperative members used to be Family Clubs and Women Units devoting to living study activities such as housekeeping book, study on products and diet, and so on. Based on “han” organizations, however, regional steering committees consisting of representatives of *han* were formed to reflect members’ needs and views on business policies and operations. The

committee members stood at the forefront of activities for member expansion, popularizing of CO-OP brand goods, capital increasing, and so on. These activities swept into “han” organizations and participating in such activities became “conventions of “han “members”.

On the other hand, members’ voluntary study/action groups based on their concerns or interests were formed in wide-spreading fields adding new attractions of cooperatives for a broad swath of members. Especially on products, participation in studies on food additives and discussions on development and sales plans were actively organized to make unity of business activities and member activities.

### **Building Prefecture Cooperative Unions and Flagship Cooperatives**

As the number of community cooperatives increased, cooperative unions at the prefecture level were newly incorporated and fortified. The number of prefecture unions affiliated with the JCCU was only 24 in 1970. The number increased to 35 in 1975 and 40 in 1980. They coordinated exchanges of experiences in activities and joint campaigns for consumers. They also contributed to organizing liaisons of consumer groups at the

prefecture level. In 1980, 18 cooperative unions were affiliated with consumer group liaison associations and most of them served as the secretariats.

Some of these unions coordinated mergers between community cooperatives to build flagship cooperatives in their prefectures. 2 cooperatives merged with the Citizen Cooperative *Sapporo* and the *Yokohama* Consumer Cooperative and other 4 cooperatives merged together into the *Kanagawa* Consumer Cooperative (today’s Co-op *Kanagawa*). 2 cooperatives of *Tokyo* joined the *Tomin* Consumer Cooperative (today’s Co-op *Tokyo*). In addition, solidarity among consumer cooperatives beyond prefecture borders was initiated. Coming before it in *Kyushu* district, consumer cooperatives used to exchange their experiences through the *Kyushu* Cooperative Conference. Many middle/small sized consumer cooperatives in the *Tokyo* metropolitan area formed a joint-business union in 1977, which built the basis of the Pal System Consumer Cooperative Union of today. The *Seikatsu* Club Consumer Cooperative of *Tokyo* was playing the role as the national business center for its peer cooperatives spreading to other prefectures.

## **3. Developing Chain Store Operation and Joint Buying Business**

### **Doubled Sales Area in ten (10) Years**

An epoch-making event in Japanese distribution industry of the 1970s was that

*Daiei*, then the leading chain store company which opened its first store intending chain store operation in *Kobe* in 1958, was ranked

at the first place in annual sales exceeding *Mitsukoshi* Department Stores, which originates from a *kimono* shop opened in 1673 characterizing itself as cash trading alternating with the traditional sales by credit. Chain store operators continued expanding their businesses through the 1970s and the top four “Big Chains” took over the first 4 places in the ranking of sales of the Japanese retailing industry in 1979. Meanwhile, *Ito-Yoka Do*, one of the “Big Chains”, opened its first convenience store of Seven-Eleven Japan in 1974 and *Daiei* followed it the next year. The “Big Chains” thus began expanding their businesses in various formats increasing their market share throughout the nation. This expansion caused anger and fear of small/middle-sized shop-owners and they demanded the Government to regulate the expansion of large-scaled retailers. In response, the Government enacted the Act on Large Scale Stores to reconcile conflicts over setting up new stores exceeding a certain sales area. Although consumer cooperatives were excepted from this law, opening new stores of cooperatives substantially became to be subjected to reconciliation with local retailer associations.

Although some of consumer cooperatives incorporated from the second half of the 1960s to the early 1970s initiated their business in the joint buying format, most of them combined the both formats of joint buying and store. Existing cooperatives’ business was concentrated on store business and those in *Hokkaido*, *Tohoku*, *Kanto* and

*Kinki* districts continued opening stores in super-market format.

As a result, the total sales area of consumer cooperatives doubled and the total sales amount of store business more than quadrupled during the 1970s. In 1980, the total number of stores of consumer cooperatives amounted to 1,570, including 680 of community cooperatives, the total sales area amounted to 750,000 m<sup>2</sup>, including 500,000 m<sup>2</sup> of community cooperatives, the total annual sales amounted to six-hundred and 630 billion yen, including 459 billion yen of community cooperatives. Although the total sales of joint buying business had increased fast, amounting to 179 billion yen in 1980, that of store business was 3.5 times larger than it..

While the “Big Chains” spread their stores nationwide, many of the consumer cooperatives after a short time from their incorporation and existing consumer cooperatives, excepting the *Nada-Kobe* Consumer Cooperative and a few, had a hard time to put their store operations on track. Despite this situation, the JCCU could not play a leading role in policy making and guidance for store business to some extent in the influence of negative understanding of the initial failure in the *Tokyo* Consumer Cooperative.

#### **Joint Buying Business with Co-op Brand Products and *Sanchoku* Produces**

Many of the “citizen cooperatives”, which started its business with joint buying business,

repeated tries-and-errors to build up it as a solid business format in the first half of the 1970s. At the first stage, it delivered limited staple items once a month or a fortnight. The delivery frequency gradually increased to once a week on the same day of weeks. It later became able to deliver refrigerated products.

The majority of regular items of joint buying business were CO-OP brand products and *sanchoku* produces<sup>(\*)</sup>.

Consumer cooperatives, which experienced the supply shortages in 1973, initiated developing CO-OP brand products in their original specifications starting with daily-delivered refrigerated foods such as *tofu*, delicatessen and milk.<sup>(\*\*)</sup>

The major items developed those days included *tofu* without AF<sup>2</sup> (bactericide), lemon without OPP (anti-septic), fish sausage without phosphate (anti-septic) detergent without phosphorus and LAS.

These cooperatives products developed by the JCCU and individual cooperatives to pursue safety rapidly expanded among cooperative members.

The JCCU played the role to develop and provide its own CO-OP brand products which was only possible at the national level such as detergents, cosmetics and others needing a mass production and imported produces. Regional branches of the JCCU not only functioned as sales promoter for the JCCU products but also facilitated integrated purchase of products among local consumer cooperatives. The branches also assisted

member cooperatives in exchanging policies and experiences in joint buying business.

For many of the newly born consumer cooperatives, *sanchoku*, direct purchase from producers or farmers without brokers or wholesale markets of fresh milk, egg, vegetables and fruits, fishes and processed fishes, etc., played a significant role to expand their members and businesses. *Sanchoku* pioneered the initiative to identify the origins and distribution channels of produces, *i.e.* “traceability” in today’s term, and was later followed by other retailing businesses. It also promoted exchanges between consumers and producers.

#### **Editor-Translator Note:**

(\*)

The combination of the items to be provided and the delivery system was idealistic because the both need single-item concentration. Developing CO-OP brand products or *sanchoku* produces needs single-item concentration to do a massive amount of purchase of the products or produces at reduced prices and of high qualities. Joint buying system can be efficiently operated when it at one time delivers a massive volume of goods of fewer items.

At the same time, CO-OP brand products and *sanchoku* produces added many attractions for consumers to joint buying business.

(\*\*)

These food items used to be produced in

relatively small lots by also relatively small makers. The cooperative specifications were characterized by non-use of unnecessary or harmful food additives such as antiseptics and colorants. The range of CO-OP brand goods gradually spread to attract many consumers

who were demanding safe foods and they supported the products. Further more, the non-use policy of food additives became influential to major makers and the “Big Chain” distributors.

#### **4. Management Crises of Some Cooperatives in the Shadow of Rapid Expansion**

The total membership of community cooperatives nationwide increased by more than 1 million to double in the first half of the 1970s along with that of workplace cooperatives which also recorded a high growth. As a result, the consumer cooperatives in total expanded by 1.5 times (1.7 million) in membership, 2.1 times in share capital and 2.5 times in annual sales being partly contributed by inflation.

In spite of the rapid growth in total, the average size of consumer cooperatives was still small and their management was fragile because most of them were very young. On average, net profit per sales was 0.8 % in 1971 and 0.7 % in 1975. Even within the community cooperatives circle, almost one quarter was red.

At the same time, consumer cooperatives in common were troubled with difficulty in hiring new graduates and struggling to build

management systems and foster human resources. Nevertheless, most of them staved off falling into bankruptcy thanks to their healthy growth.

Unfortunately, however, some of labor community cooperatives failed to improve their worn-out management cultures and fell into bankruptcy. In 1974, the *Okayama* Consumer Cooperative, incorporated by worker unions in the 1950s, failed. The *Iida* Consumer Cooperative of *Nagano* prefecture, also incorporated by worker unions, went broke in 1980. The both cooperatives had been cluttered up by dictatorial management and accounting frauds. The former was later rebuilt at the initiative of its worker union to become today's *Okayama* Co-op. The latter also revived with support from the JCCU and the local cooperative union.

#### **4. Evolution of Member Activities for Better Living, Health and Peace**

### **Court Cases against the “Kerosene Cartel”**

As mentioned earlier, the “oil shock” caused by reduction of crude petroleum exports of the Arabian oil nations triggered a wild price spiral in 1973. The JCCU, in cooperation with *Shodanren* and others including the Japan Youth Organizations Conference, organized campaigns against the inflation. These joint actions at the national and local level were organized almost 100 times in this year.

In 1974 the JCCU and consumer cooperatives with other consumer groups brought the case of the “Kerosene Cartel” by petroleum refiners before the courts. More than 1,600 members of the *Tsuruoka* Consumer Cooperative sued for compensatory damages at the *Turuoka* Branch of *Yamagata* District Court, and members of the *Kawasaki* Consumer Cooperative and *Shufurrn* sued for the same at the *Tokyo* General Court. Consumers gathered in front of the courts and observed the proceedings (detailed later on).

### **A Big National Assembly against the introduction of “general Consumption Tax” Tokyo October 1979 (JCCU Reference Room)**



The Government had been seeking an opportunity to introduce consumption tax after the first half of the 1970s and consumer cooperatives had been organizing a campaign against it. In 1978 the Government head by Prime Minister *Masayoshi Ohira* at last declared its intention of the new tax introduction in the name of “General Consumption Tax”. The next year, consumers in harmony with small/middle-sized business owners organized a nationwide campaign against the tax and the Government gave up the initiative. Consumer cooperatives under the JCCU played a hub role in these campaigns by collecting 3.5 millions of signatures against the tax and by mobilizing 5,000 members to a central rally in *Tokyo*.

### **Addressing the Problems of Harmful Products and *Kogai***

Entering the 1970s, the negative aspects of the rapid economic growth in the 1960s were proved to be handicaps to consumers as problems of food safety and *kogai*. As for food safety, cyclamate (artificial sweetener), AF<sup>2</sup> (bactericide) and hydrogen peroxide (bactericide) were eliminated from the authorize food additive list by 1972 as a result of consumer campaigns. What came out next were food additives such as OPP (anti-septic for lemon), salicylic acid (anti-septic for alcoholic beverages) and tar-based colorings, and environment polluting materials such as PCB, organic mercury, polyvinyl chloride, a number of agrichemicals and animal-food additives. Consumer cooperatives organized

study activities on these issues for members and reviewed the use of these agents for their products. Consumers also demanded the Government to regulate the use of food additives and ensure safety of imported food items.

At the same time, photochemical smog and acid rain became common immediate concerns among people. Consumer cooperative members spread examination activities on local air, river waters and soils to detect pollutions. They demanded the Government to regulate the use of phosphorus in detergent which causes nutrient over-enrichment of closed waters generating red tide in Lake *Biwa* (the largest lake of Japan) and other closed waters.<sup>(\*)</sup>

#### **Editor-Translator Note:**

(\*)

Although ABS, the former main agent of synthesized detergent, which caused forming in river waters, had been alternated by LAS (linear alkylbenzene sulfonate), the new agent LAS has low bio-degradability, causing water pollutions, and consumers feared about its damages to human skin and health. They also demanded the Government to regulate the use of LAS in detergent, and cooperative members and consumers promoted use of soap and other detergents without phosphorus and LAS.

#### **Peace and Anti-Nuclear Weapon Actions**

The anti-nuclear weapon movement of Japan,

which led to the first international rally in 1955, soon split off due to dispute over nuclear tests by socialist states and the world rallies had been held separately by each political faction alienating general citizens including cooperative members. In 1977, however, the annual World Conference Against A&H Bombs was jointly convened for the first time in fourteen (14) years. The JCCU and member cooperatives sent their delegates to the Conference, and from then on they continued annually organizing consumer cooperatives' own gatherings and actions in *Hiroshima* and *Nagasaki*. They sent many delegates and signatures of 1.1 millions to the first UN Special General Assembly for Nuclear Disarmament in 1978.

From then on, peace and anti-nuclear campaigns by cooperative members spread locally in various forms such as A&H bomb disaster exhibitions, peace concerts, exchanges between children and *hibakush*. Consumer cooperatives thus began playing a nucleus role in citizen groups for peace and anti-nuclear campaigns and contributed to maintaining the unity of the movement.

In the UN-advocated International Year of the Child of 1979, responding to the appeal of the ICA, Japanese consumer cooperatives raised a campaign fund of 19 million yen in the slogan "Let's send one bucket of water!" This campaign led to the development of continuous fund raising activities for the UNICEF by consumer cooperatives.



## 6. Development of Each Sector of Consumer Cooperatives and Co-op Insurance Business

During the 1970s, consumer cooperatives in workplaces, universities and of school-teachers, learning from achievements of community cooperatives, improved their organizations and businesses.

### **Workplace Consumer Cooperatives:**

New cooperatives were incorporated at prefecture and city offices and private companies. From 1970 to 1980, the total membership of workplace cooperatives jumped from 450 thousands to 660 thousands, annual sales amount from 57 billion yen to 135 billion yen. Major workplace cooperatives expanded their operations to residential areas to create the majority in the sector, 75 % in terms of membership in 1980, of workplace cooperatives. Meanwhile, following coal-miner cooperatives, a number of workplace cooperatives were turned into community cooperatives also in legal status.

### **School-Teacher Cooperatives:**

The number of newly incorporated school-teacher cooperatives was only two (two) during the 1970s, apparently fewer than 16 of the 1970s, and 44 school-teacher cooperatives were affiliated with the JCCU in 1980. They powered up their businesses under their own power (not depending on concession shops) including mail order, joint buying and round-man sales. At the same time, they also expanded their business to

residential communities in the *Miyagi*, *Nagano* and *Oita* prefectures and so on.

### **University Cooperatives:**

From the late 1960s to the early 1970s, disputes occurred at many universities over planned tuition increases and other issues. Most of them experienced long-term boycott by students and ultra-left minded students escalated their tactics to lockdown and violently occupied their campuses. Under the circumstance, many of the university cooperatives could not continue their regular business and their facilities were destroyed. Some of ultra-leftist sects intervened in running of university cooperatives with violence to jumble up them.

They escalated their radical belief during the campaign against the amendment of the US-Japan Security Treaty and in the latter half of the 1960s sometimes occupied the student seats of the board of directors of several university cooperatives. They insisted non-payment tactics of utility charges on cooperative facilities to the university. Faculty members of the board and executive members turned off their provocative tactics. Although the NFUCA and its member cooperatives fought back to rule out the violence, the conflicts sometimes spilt over those between university cooperatives themselves.

In spite of these circumstances, the number of university cooperatives increased from 128 in 1970 to one-hundred and 143 in 1980. This increase was contributed by fortified student power and a certain level of democratization of universities. In addition, incorporation of regional business unions, following *Tokyo* and *Kyoto* unions, contributed to the birth of university cooperatives even in small-sized colleges.

Overcoming these ball-ups, as already described, university cooperatives assisted in incorporation of community cooperatives during the 1970s.

#### **Medical Cooperatives:**

Incorporation of medical cooperatives continued, fast increasing the membership of the JCCU medical cooperative unit from 77 in 1970 to 105 in 1980. Their total membership was enlarged from 330 thousand to 600,000 in the same period. They addressed increasing memberships and share capitals to expand their clinics and hospitals. They also evolved campaigns against degrading health insurance system and healthcare programs along with health-improving activities among members.

#### **Growth of Labor Insurance**

### **7. Petition for Amending the Consumer Cooperative Act and its Reversal Reactions**

In 1972 the JCCU set up a taskforce to campaign for amending the Consumer



**The antiriot police force driving out extremist students from the Yasuda Auditorium of the University of Tokyo, 1969 (Kyodo News)**

#### **Cooperatives and Preparation of Consumer Co-op Insurance Business:**

Labor Insurance Cooperatives at the prefecture level preceded their integration beyond prefecture borders and further intended integration at the national level gradually upgrading and expanding their insurance programs. their national federation changed its popular name to *ZENROSAI*.

In 1975 the JCCU, as part of the memorial initiatives for the fiftieth anniversary, decided to prepare its own insurance business mainly targeted at housewife members. The preparation was successfully resulted in the beginning of “CO-OP Insurance” business in cooperation with *ZENROSAI*. In addition, the JCCU with its member cooperatives established the National Mutual Relief Association of Consumer Cooperative Personnel in 1973 and began its services.

Cooperative Act to eliminate regulatory clauses, especially the regulation on community cooperative incorporation and operation beyond prefecture borders, and continued petitions to the Government and the Diet, along with petitions for elimination of limitations relating to government financings and business rights.

Under the circumstance that the Basic Act for Consumer Protection was enacted in 1968 and consumer movement was gaining a momentum, the Consumer Prices Addressing Committee of the Lower House adopted resolutions to prepare the amendment of the Consumer Cooperative Act and policies to bring up consumer cooperatives in 1972 and 1975. As a result, the Ministry of Health and Welfare began preparing the amendment of the law.

On the other hand, however, small and middle-sized retailers opposed store opening of consumer cooperatives particularly in *Sapporo*, *Sendai*, *Tokyo* and *Yokohama* after 1976, and, in response, some of the local governments concerned published guidance to regulated operations of consumer

cooperatives. Some Diet members of the ruling party intended to slot in regulatory clauses on consumer cooperatives into the Retail Business Coordinating Special Measures Act and the Act on Large-Size Retail Stores was enacted in 1974 to regulate opening large-size stores over a certain sales area, both of which were in the process of amendment. Policy makers were divided into two positions: for consumer cooperatives or against them.

The JCCU powered up lobbying being backed up by 3 million signatures collected from consumers throughout the nation, and successfully gained withdrawal of the intentions, and, on the contrary, gained adoption of its petition to foster consumer cooperatives and amend the Consumer Cooperatives Act at the Diet.

In spite of this success, however, the struggles against even increasing political pressures on consumer cooperatives continued on to the next decade.

## **8. Progress of International Exchanges and Trading**

International activities of Japanese consumer cooperatives had remained within those of the JCCU itself such as participating in conferences of the ICA and exchanges with the Soviet and Chinese cooperatives. Entering the 1970s, the international activities expanded to those of individual cooperatives

including three-time dispatches of research and exchange teams to leading consumer cooperatives in Europe.

In 1972 the JCCU sent its first study mission to Europe, being followed by the second one in 1979 and the third one in 1979. In 1979 the JCCU dispatched a study team to

Europe to observe business coalitions between consumer cooperatives. The JCCU observation team in 1977 to the USA and Canada had a practical purpose to learn business operations of the consumer cooperatives there. These dispatched teams included delegates from the JCCU member cooperatives. Some consumer cooperatives including the *Nada-Kobe* Consumer Cooperative and the *Miyagi* Consumer Cooperative signed up friendship agreements with consumer cooperatives overseas and began exchanges with Asian consumer cooperatives.

In the arena of the ICA, the JCCU at the 1972 Congress reported member participation in the Japanese consumer cooperatives based on *han* organizations emphasizing the importance of member-based democracy in cooperative administration, and at the 1976 Congress the JCCU appealed for nuclear disarmament and laid on the table a “Peace Resolution” as an expression of the will for peace of cooperative people all over the world. The JCCU further proceeded

**The first observer team from JCCU to European cooperatives at Co-op Milan, Italy 1972 (JCCU Reference Room)**



exchanges with cooperatives of socialist nations including sending delegates to the

Soviet Union and the Eastern Europe in 1975, and extended the trading agreement with CENTROSOJUZ of the Soviet Union in the same year.

The Cooperative Trade, Inc. of Japan expanded its trading partners to Canada and the Philippines and its trading items to usual consumer ones such as herring eggs, salmon roes, squids and shrimps, in addition to whisky from Britain and clothing items from China. The company was expected to play an important role as the overseas-purchase division of Japanese consumer cooperatives.

**(The end of Chapter Four)**

## 1. Social Conditions and Great Strides of Consumer Cooperatives in the 1980s

### Beginning with “World Synchronous Recession”, Ending with “Bubble Economy”

While the Iranian Revolution in 1979 triggered the second Oil Crisis and the world economy fell into a “Synchronous Recession”, Japan also entered a long-term recession, and businesses in response propelled technical innovations and transformation of industrial structure from “large and serious industries” with huge consumption of oil to frontier IT (Information Technology) industries.

The USA increased the “Twin Deficits” of finance and trade, accelerating conflicts with Japan who were increasing trade surplus between the States. The Cabinet, formed by Prime Minister *Yasuhiro Nakasone* in 1982, presented policies harmonization with the USA, administrative reforms (financial reconstructions) and mobilization of private-sector resources.

The Government in 1985 developed an “Action Program” to liberalize Japanese market and expand its exports. It included conforming with the international standards and market-opening for agricultural products. The former invited disputes on use of food additives and agriculture chemicals and the latter

liberalization of rice imports.

On the policy line of administrative reforms and mobilization of private-sector resources, government entities were privatized including the Japan National Railways, which was privatized and divided into six corporations. As for consumer concerns, food-safety and liberalization of rice imports under the globalization policy, and welfare expenditure cuts including pensions and introduction of consumption tax under the finance reconstruction policy became focal issues.

Although the economy began recovering from the end of 1986, the “high yen, low dollar” condition continued giving heavy damages at unprecedented level to exporting industries. In response, they began moving manufacturing bases overseas hollowing domestic industries. The sharp climb of yen against dollar caused the “high yen recession” and the Government, in order to recover from it, implemented stimulus measures including cuts of 5 times in the official discount rate and increasing government expenditures especially for house and public investments. As a result, prices of stocks and lands were hiked causing asset inflation. It contributed to expansion of consumption, and diversification and

gentrification of products.

In 3 years from 1986 to 1989, average stock price tripled and average land price of 6 major cities jumped up by 2.7 times. They called this situation “Bubble Economy”. In order to stabilize the economy, the Government tried to adjust the course by raising the official discount rate in 1989 and 1990, and the “Bubble Economy” burst. The diremption between the “Bubble Economy” and actual economy was so large that the collapse caused people to suffer from the damages for a long time.

In the retailing industry, the so-called “Big Chains” enlarged their business size with measures including acquisitions of local chain stores, and continued setting large stores and convenience stores. Convenience stores welcomed by consumers because of their long-hour operation and appropriate assortment of goods with highly developed operation systems such as POS registers.

On the other hand, small/middle-sized shop owners, who were late to up-date their business, demanded regulations on large stores. In 1982 the Government enhanced regulatory measures under the Act on Large Scale Stores. Shop-owner associations, however, continued opposing large-scale store setting of not only the “Big Chains” but consumer cooperatives. In many locations conflicts often occurred over store opening of cooperatives, and in the political arena regulatory measures on consumer cooperatives were groped for by conservative politicians. The decade of the 1980s for consumer cooperatives was the era of

fighting back the storms of anti-cooperative pressures by fortifying their organizations and businesses, and gaining understanding and supports from the society.

Among consumer issues in the 1980s, the focal ones, along with the issue of rice-import liberalization, were food safety issues such as addition of eleven food additives including aspartame (artificial sweetener) to the authorized item list and the use of BHA (butylated hydroxyanisole, an antioxidant) in 1983, a considerable increase of imported foods according to the progress of the Uruguay Round negotiations at GATT (General Agreement on Tariffs and Trade) after 1986, use of post-harvest chemicals, growth hormones and antibiotics for farm animals, irradiated foods and pesticide residues..

In addition, campaigns against introduction of consumption tax were addressed by consumer cooperatives in cooperation with other consumer groups during the decade. Although the tax was at last introduced in 1989, opposition campaigns continued in various forms.

### **Features of consumer cooperatives in the 1980s**

The family of “citizen cooperatives”, which had been in a stream established in the 1970s and had become the new main force of the consumer cooperative movement of Japan, continued evolving stem to stem throughout the nation being supported by active member activities, contributing to the quantitative and qualitative development of the movement in the

1980s.

Along with enlargement of the organization and business, member activities expanded to various fields such as peace, education, culture, welfare and mutual help and the environment, etc., in addition to food-safety as the focal issue. Centering on the newly-born “Citizen cooperatives”, administration and activities of consumer cooperatives were built up based on members’ own activities integrating “investment”, “using” and “participating” rooting in “*han*” organizations.

The main factors which contributed to the dynamic development of consumer cooperatives in the 1980s were:

- the establishment of member-based administration and activities as mentioned above ;
- enhanced reliability on “CO-OP” and *sanchoku* products; and
- establishment of joint buying business as a pillar business format.

The total membership of consumer cooperatives in total amounted to 6.7 millions in the end of 1980 with total annual sales of 1.1 trillion yen. The former was twice and the latter was almost 5 times larger than the records in 1970. In the decade from 1980 to 1990, the records further jumped up. The total membership more than doubled to reach 14.1 millions, the total annual sales increased by 2.5 times to reach 2.7 trillion yen.

Among the above, total membership of community cooperatives leaped from 2.9

millions to 9.1 millions in the same period raising their unionization rate in total households from 8 % to 22 %. Their membership spread not only in urban areas but in rural areas. Thanks to this performance, Japanese consumer cooperatives in total achieved 35 % unionization ratio in the total households (excluding single-person households).

Consumer cooperatives in the 1980s had difficulty to set new stores due to regulatory pressure, and many of the new stores were small sized, therefore, the average sales area of consumer cooperatives shrank. The total annual sales of store business remained at only 2 times larger scale in 1990. On the other hand, joint buying business continued rapid expansion during the decade to reach 6.4-times larger scale. Within the community cooperative family, their total annual sales of joint buying exceeded those of store business in 1987.

Consumer cooperatives of Japan, with 1.4 millions of total membership in 1990, were the largest consumer/citizen organization of Japan, and their consumer-oriented business with the total annual sales of 2.7 trillion yen was a significant entity attracting social concerns. Thus, consumer cooperative movement raised its social status to an unprecedented level.

The total membership of consumer cooperatives (M: Million)

Fiscal Year	1980	1990	1990/1980
1) Consumer co-ops (general)	6.7 M	14.1 M	210 %
2) Community co-ops	2.9 M K	9.1 M	312 %
2) / 1)	43 %	64.5 %	—

The total annual sales of consumer cooperatives (B: Billion)

Fiscal Year	1980	1990	1990/1980
1) Consumer co-ops (general)	¥ 1,108 B	2,777 B	251 %
2) Community co-ops	¥ 670 B	2,159 B	320 %
2) / 1)	46 %	78 %	—

## 2. Vivid Member Activities and Expansion of Organization

### Vivid Member Activities Centering on Products

From the 1970s through the 1980s, the prime motivation of consumers to join consumer cooperatives were their wish to obtain CO-OP brand goods with assured safety. Therefore, the top interest of cooperative members had been the products. At *han* and other meetings of members, demands and opinions for product improvement were collected and discussed, and members participated in testing to develop new products and popularizing campaigns of CO-OP products.

Entering the 1980s, more and more cooperatives began developing their original CO-OP products without food additives and *sanchoku* products, and it activated member participation in product development and popularization activities.

The Ministry of Health and Welfare in

1981 added 11 items of food additives to the authorized-item list intending “international equalization” of use of food additives, which meant the deregulation of criteria of the use of food additives. Consumer cooperatives in cooperation with many consumer groups organized campaigns against this deregulation.

Under the circumstance, the activities of “review of living and products” advocated by the JCCU were accelerated and product review and campaigns to ensure food-safety in union spread through consumer cooperatives resulting in the increased use of cooperative products by members.

In the field of “review of living”, housekeeping book activities continued combining with study and campaign activities on social welfare and tax systems. Member voluntary activities based on their interests spread from cooking to culture, sports and



recreation activities and so on.

In addition to peace and anti-nuclear campaigns, member activities for social issues such as UNICEF, detergent and water environment, welfare and mutual help, etc. widely expanded the fields.

Responding to the development of member activities in various fields, the JCCU initiated its National Exchange Meeting for Member Activities in 1977. In addition, the National Consumer Cooperative Conventions, annually held prior to the National Consumer Rallies, contributed to nationwide exchange and diffusion of member activities.

In 1985 the JCCU set 5 regional liaison units (*Hokkaido, Tohoku, Chuo, Kansai and Kyushu*) to facilitate discussions and exchanges of policies and activities, and joint actions of the member cooperatives. The liaison units were financed by the JCCU and chaired by representatives from member cooperatives, and also contributed to development and diffusions of member activities.

The more regulatory pressure on consumer cooperatives increased, the more cooperative members enhanced their activities to enlarge membership, share capital and use of their cooperatives in order to protect and develop their own organizations. "Harassment of cooperatives" from outside in reverse propelled fortifying cooperatives by the harassed people themselves.

### **Incorporation in a Stream of Consumer Cooperatives and their Development**

Incorporation of community cooperatives

spread throughout the nation from the 1970 and they became natural existences in the capital and major cities of every prefecture at the beginning of the 1980s. During the 1980s, they collaborated and merged with each other to form a flagship cooperative in each prefecture. Furthermore, many of them initiated business collaboration with other cooperatives beyond prefecture borders.

Many of the newly incorporated consumer cooperatives in the 1980s were located in the areas where major consumer cooperatives had already existed, partook unique characteristics different from the existing cooperatives and specialized in joint buying business.

Along with incorporation of consumer cooperatives specializing in joint buying business in the 1980s, "citizen cooperatives" incorporated after the latter half of the 1960s aspiringly enlarged their memberships. The number of consumer cooperatives with a membership of more than 50,000 was only 16 in 1980. In 1990 the number of consumer cooperatives with a membership of 50,000 to 100,000 was 22, and those with more than 10,000 membership amounted to 20.

According to the expansion of the memberships, these consumer cooperatives addressed forming member organizations responding to the enlarged memberships. Many of them set committees at administrative or school district level topping on the committees already formed at store or residential areas, consisting of representatives of "han" organizations.

As the cooperative organizations expanded,

the demographic of cooperative members reached to self-employed and farming families while still centering on those of waged workers. At the same time, the housewives in the baby-boomer generation, who used to be the core supporters of joint buying business in the 1970s, were ending the time of stay-at-home momhood for child rearing and many of them were begging to work outside as part-timers.

After the latter half of the 1980s, changes in lifestyle and everyday consciousness of women came up to the surface as reduction of the number stay-at-home mothers, and personalization and diversification of sense of value. As for cooperative member activities, these changes invited decreases in attendance rate of *han* and *han*-leader meetings and in the average number of *han*-members. Many of the

cooperative members were tending to feel “sense of obligation” when they participate in these activities. In response, many cooperatives began reviewing the existing organization forms and rules to widely open gateways and enlarge stages for member activities. It was in parallel to operation system innovations in joint buying business.

### 3. Establishment and Rapid Growth of Joint Buying Business

Although what mainly contribute to the rapid growth of consumer cooperative business of Japan was joint business, its percentage in the total sales of community cooperatives was only

25 % and the majority rest was still of store business in 1980. After the time, joint buying business began fast expansion based on the improvement of products to provide and operation systems.

At the beginning of joint buying business, its main products were CO-OP brand goods provided by the JCCU. After the first half of the 1980s, consumer cooperatives increased their own CO-OP and *sanchoku* products mostly in the sections of daily-delivered perishable foods, frozen foods and produces to widen product assortment.

They also further upgraded operation systems initially developed by leading



Picking-director lines in product-assembling center (JCCU Reference Room)

cooperatives in the end of the 1970s. OCR (optical character reading) system for ordering and aggregating made it possible that an individual member of a *han* group fill-in their personal order form freeing *han*-leaders from the duty to aggregate the orders and keeping the secrecy of their orders. The individual order information in the OCR order forms was aggregated on the current or next day of the collection with computers enabling exact predictions of total order for each item of next delivery. Computerization reached to the assembling work of products to be delivered in *han* unit. It greatly reduced the errors in delivery and increased efficiency of the operation. At an assembling center, a Picking Director System indicated the number of each item to be picked up and put-in boxes for each *han* to operators in line alongside of belt-conveyers. Collection of bills was also individualized instead of cash collection by *han* leaders (payment used to be in associated liability for *han* members) changing to individual bank account conversion system. Thanks to these innovations, joint buying business was enabled to expand its range of product assortment. In addition, colorizing of catalogues contributed to increasing vividness of product presentation.

Also thanks to these innovations in ordering and assembling systems, it was enabled to deliver most of the ordered products to be delivered in the next week of the order. Further more, refrigerated delivery systems were introduced to increase food-safety and liability on joint buying business.

In this way, joint buying business was established as another pillar business format of community consumer cooperatives to contribute to jumping growth of consumer cooperatives in the 1980s.

### **Joint buying Business exceeds Store Business in Total Sales Amount**

Thus joint buying business of community cooperatives significantly expanded in the first half of the 1980s and its total annual sales amount at last exceeded those of store business in 1987. After the latter half of the 1980s, however, the average number of members per a *han* group gradually decreased and the number of cessation members increased, resulting in the reduction of the average sales per *han* group.

In response, some cooperatives began trials to liberate *han* leaders and members from sorting delivered products according to individual order. One of the trials was that a subcontracted person at home receives goods for a number of *han* units, sorts and hands out to each member. Another trial was to subcontract with a delivery company the individual delivery of goods sorted beforehand for each member. The latter trial resulted in development of the individual delivery system, which is the major business format of today's community cooperatives. The *Seikatsu Club* Consumer Cooperative subcontracted the business with "Workers' Collectives", a kind of worker cooperatives of women.

The total annual sales of joint buying business, which amounted to 179 billion yen in

1980, increased by 6.4 times, reaching 1.1 trillion yen in 1990, which accounted 52 % of

the total sales of delivery service of community cooperatives.

#### 4. Groping Store Development in Difficulties

##### Store Business under Regulations

Responding to upgraded consumer living standards, diversified sense of values and changes in shopping behavior, convenience stores, specialty retail shops and catalogue sales demonstrated rapid growth. According to motorization, super-markets in large scale began locating in out-skirt roadsides apart from city-cores or central railway stations. Information and other technical innovations were introduced to large-sized retailers enhancing their efficiency.

On the other hand, small/middle-sized retailers remained un-modernized and more and more of them closed down their businesses. Under the circumstance, they fortified political campaigns to regulate consumer cooperatives as well as the “Big Chains”. Mainly for this reason, consumer cooperatives were unable to open super-markets with an appropriate sales area, while at least 3,300 m<sup>2</sup> were needed to present food and household items in substantial range for everyday life.

In addition to existing cooperatives with store business, newly born cooperatives starting with joint buying business began store opening. The total number of cooperative stores amounted to 680 in 1980 and the number increased to 1,310 in 1990.

From 1881 to 1987 the average number of newly-set cooperative stores per year was 74.

The average sales area of new stores was 600 m<sup>2</sup> in 1981 and it decreased to 390 m<sup>2</sup> in 1987. This decrease was contributed by small-store setting by newly-born cooperatives mentioned above, and also small-store setting by existing major cooperatives such as *Nada-Kobe* and Kanagawa, which switched their store business policy to small stores under the policy to avoid conflicts with small/middle-sized retailers

The total annual sales of store business of consumer cooperatives in total, which amounted to 630 billion yen in 1980, almost doubled to 1.2 trillion yen in 1990. Within the community cooperative circle, their total annual sales of store business also almost doubled from 459 billion yen in 1980 to 965 billion yen in 1990 sidelining itself to joint buying business.

The store business of community cooperatives in the 1980s evolved in several formats and store scales, and each cooperative made effort to improve efficiency. In spite of the efforts, however, most of them could not maintain balance of store business.

Especially for small stores set by cooperatives starting with joint buying business continued suffering from deficits due to immaturity of store operation expertise and lack of a sufficient range of products for store business. This weakness was left to be solved in the following decade.

## 5. Development of Business Alignment among Community Cooperatives — Building Flagship Cooperatives and Alignment beyond Prefecture Borders

### Birth of Flagship Cooperatives at Prefecture Level

Many of the community cooperatives incorporated in the 1970s built alignment with their peer cooperatives including mergers in order to enlarge their organizations and businesses in the 1980s. The major mergers of a couple of cooperatives took place in *Tokyo*, *Miyagi* and *Saitama* (1982), *Fukuoka* and *Yamagata* (1983), *Gunma*, *Miyazaki* and *Hiroshima* (1984), *Ibaraki*, *Shizuoka* and *Oita* (1988), *Tochigi* (1989), *Iwate*, *Chiba* and *Saga* (1990). The newly born flagship cooperatives covered the entire area of each prefecture and initiated trials to deploy stores in chain operation systems.

Establishment of these flagship cooperatives enhanced influence of consumer cooperatives to the local societies and promoted alignment among other community cooperatives in each area. The flagship cooperatives began business cooperation in product purchase and development, physical distribution and computer systems with other flagship cooperatives beyond prefecture borders.

In addition to the CO-OP brand products of the JCCU, individual consumer cooperative began developing their own CO-OP brand goods after the latter half of the 1970s. The total provision by value of CO-OP goods amounted to one-hundred (100) billion yen by summing up 73 billion yen of JCCU and 27

billion yen of individual cooperatives, in 1980.

As JCCU business function had been traditionally deemed facilitation of integrated purchase among member cooperatives, its regional branch offices were expected to coordinate joint businesses relating to product development and integrated purchase among member cooperatives. At the beginning of their works, they expanded the range of product development to support joint buying business of member cooperatives. Following this, the regional branch offices functioned as the stage for member cooperatives to exchanges and training of personnel at the level from top management to delivery staff.

While exchanges among consumer cooperatives expanded beyond prefecture borders, the JCCU proposed setting its regional liaison units to facilitate discussions and exchanges of policies and activities, and joint activities among its member cooperatives. After the discussion by the member cooperatives, it set five regional liaison units in parallel to its five regional branch offices as described earlier.

The regional liaison units of the JCCU also facilitated joint ventures among member cooperatives for physical distribution and computer systems. The central area branch office set a distribution center for the community cooperatives of the Northern *Kanto* district (*Ibaraki*, *Tochigi* and *Gunma*) to be used for joint operation of product sorting for

their joint buying business. The cooperatives concerned incorporated a business alignment organization to administrate this facility.

### **Initiation of Business Unions beyond Prefecture Borders**

Prior to the incorporation of business alignment organization by consumer cooperatives of the Northern *Kanto* district, consumer cooperatives of *Seikatsu Club* and the Metropolitan District Consumer Cooperative Group had their own business unions beyond prefecture borders, and the consumer cooperatives of *Kanagawa* and *Shizuoka* had been pursuing business alignment also beyond prefecture borders.

In 1990, the Ministry of Health and Welfare granted corporate status to the *Seikatsu Club Consumer Cooperative Business Union*, the Metropolitan District Consumer Cooperative Business Union (today's Pal System Consumer Cooperative Union) and the U Co-op Consumer Cooperative Business Union covering *Kanagawa* and *shizuoka*. The incorporation of cooperative business unions beyond prefecture borders were pioneered by those of university cooperatives. These business unions were aimed to integrate business functions of not only product development but also others such as physical distribution and computer systems, and operations of store and joint buying business.

## **6. Adverse Storms against Consumer Cooperatives**

In the severe recession and furious competition in the distribution industry in the early 1980s, shop-owner associations and their supporter in the political circle accused consumer cooperatives of causing their slump, and accelerated political campaigns to regulate consumer cooperatives at the local and central level.

In 1981 Congress-person groups addressing measures to protect shop owners and other small/middle-sized businesses pressed the Government to regulated large-sized consumer cooperatives. In response, the Ministry of Health and Welfare, the Ministry of International Trade and Industry and Small and Medium Enterprise Agency in a stream published notices on regulation on store

setting and coordination with small and middle-sized retailers. In many localities, small-shop owners raised campaigns and political actions against store opening and operations, focusing on non-member shopping and operating hours of consumer cooperatives.

Particularly after 1984 this phenomenon became serious because it focused on demanding regulations under the Large-scale retail Stores Act in the central political arena. Under the circumstance, the JCCU and its member cooperative organized an extensive campaign against the regulations, and, at the same time, carried through store operations in conformity with existing laws and regulations. Member cooperatives strived for solution for the issues through dialogue.

### **The Panel to Discuss the Ideal Situations of Consumer Cooperatives**

Unfortunately, however, the reverse storm against consumer cooperatives did not sink down. The ruling Liberal Democratic Party in 1985 began preparing amendment of the Consumer Cooperatives Act to regulate them. The next year, meanwhile, the Ministry of Health and welfare set a panel to discuss ideal situations of consumer cooperatives consisting of influential persons in order to assess the value of consumer cooperatives in the society and suggest ideal situations of them.

In response, the JCCU and its member cooperatives organized a mass rally in April 1986 gathering about 14,000 delegates from consumer cooperatives all over the nation. At this rally, a number of amiable organizations including the ICA representatives and political parties expressed their support and encouragement for consumer cooperatives.

At the end of the year, the Panel published its report appreciating the role of consumer cooperatives as a countervailing power of consumers in the society and denying in effect the regulations on consumer cooperatives. Most of the media and popular opinions approved the report.

Based on the recommendation by the report, the Ministry of Health and Welfare and the JCCU energetically lobbied to ask support for consumer cooperatives in all quarters including the ruling party. In parallel to this campaign at the central level, consumer cooperative members nationwide made petitions to their

local legislatures to adopt position in writing against regulations on consumer cooperatives. and submit to the central government. Eventually, the ruling party abandoned its attempt to amend the Consumer Cooperative Act. Instead, it succeeded in raising the tax rate on large-size cooperatives to the same rate with private corporations by amending the Corporate Tax Act in 1988. This was their last initiative to factually impose regulations on consumer cooperatives.

During this period, the main cause which small shop-owners and their political supporter raised to insist regulations on consumer cooperatives was use of cooperatives by non-members.<sup>(\*)</sup>

In 1985 the Ministry of Health and Welfare, in cooperation with local administrations, twice conducted on-site inspections to confirm the extent of non-member use of cooperative stores. The inspectors stood by checkout counters in selected cooperative stores throughout the nation and counted the number of shoppers without membership cards. The result of inspection demonstrated that the actual extent of non-member use was not at a level to damage small-sized shop businesses.

In spite of the result, consumer cooperatives further accumulated efforts to expand members in order to establish store business firmly supported by their members along with public relation works to gain understanding and sympathy, reaching wide-range of layers and sectors of the society including shop owners and conservative politicians.

### **Editor-Translator Note:**

(\*)

They asserted that non-member shopping is causing decreases of their sales. In fact, the Consumer Cooperatives Act, even today, provides that consumer cooperatives shall not allow use of their stores and other facilities by non-members. Theoretically, however, prohibition or limitation of non-member use of cooperatives is intended to protect members' advantages from abuse by non-members. Excessive use by non-members may eventually lower status of members as the masters of cooperatives. Therefore, the issue whether cooperatives impose prohibition or limitation or not, and to which extent they may allow non-member use, should be left to decision by cooperative members themselves. And, practically, it is natural that consumers in general shop at cooperative stores as a test before joining cooperatives. To prohibit non-member shopping is to block a path to join

cooperatives for consumers. In addition, when cooperative stores or facilities are located in areas where is no choice for consumers, prohibition or limitation of non-member use will give great inconvenience for consumers. Considering the circumstance in rural areas, the Agricultural Cooperatives Act initially authorizes non-member use up to 20 % of the total sales of cooperatives. The Medical Practitioner Act provides that every medical institution shall not prohibit or limit any patient use. This provision also applies to medical cooperatives. On this ground, many consumer cooperatives had been insisting removal of the relating clause in the Consumer Cooperatives Act.

This theory was not widely accepted even within the consumer cooperative circle. Especially those who are specialized in joint buying service asserted that deregulation of non-member use will ruin the significance of cooperatives which should be entirely supported by members.

## **7. Expanded Actions Addressing Social Problems**

### **Anti Inflation, Kerosene Price Raise and Consumption Tax**

At the beginning of the 1980s under the second "Oil Crisis", fierce inflation extended over not only commodity goods but utility charges such as electricity and gas. Consumer cooperatives in cooperation with consumer groups at the central and local level organized campaigns against raise of utility charges and health insurance dues and introduction of

consumption tax.

In 1982 the guidelines for price-capping of kerosene was abolished, inviting rise of kerosene prices. In response, consumer cooperatives nationwide campaigned against the raise and counterworked by jointly buying kerosene under contracts with local kerosene retailers. Through the kerosene joint-buying for cooperative members, consumer cooperatives play the role of kerosene price makers



throughout the nation. The *Yamagata* District Court sentenced acquittal for petroleum refiners on the “Kerosene Trial” initiated in 1974 by the local consumers. The complaining consumers appealed the ruling to the *Sendai* General Court and the Court reversed the ruling in 1985. It was a great victory of consumers who had made preserving efforts for consumer rights. Unfortunately, however, the petroleum refiners appealed to the Supreme Court and were again sentenced acquittal in 1989.

Meanwhile, the Government had been seeking an opportunity to introduce consumption tax and in 1987 laid the “Sales Tax” bill on the table. The intention was denied by public opinion demonstrated by the defeat of the ruling party. The next year, the Government again called up the bill in the name of “Consumption Tax”. Consumer cooperatives in cooperation with consumer groups organized campaigns against the bill. However, the Diet passed the bill and the consumption tax went in effect on April 1, 1989.

### **Food Safety, Rice Import and Food Self-Sufficiency**

Responding to demands for “Market Opening” from the USA, the Ministry of Health and Welfare, intending “International Standardization” of regulations and criteria for food additives, authorized use of 11 items of food additives in 1981. Consumer cooperatives in cooperation with consumer groups organized campaigns including signature collection, a central gathering with participants more than 10,000 of consumers and petitions to their local

legislatures to adopt position in writing against easing regulations on food additives.

Along with these campaigns, the *Tomin* Consumer Cooperative (today’s Co-op *Tokyo*) in 1982 estimated based on and publicized the amount of food additives which could be in-taken, if consumers continue the present diet for 50 years, by summing up member’s diet record for a week and quantity of food additives contained in their food items, which was disclosed by makers. The result showed that the total amount of the food additives in-taken for fifty years was 200 Kg, which equal the weight of *Takamiyama*, the then popular *sumo* wrestler coming from Hawaii. This result supported the ground of the demand by consumer groups for “total amount regulation on food additives” This research also demonstrated that if consumers’ diet fully depend on CO-OP brand items they may reduce the amount of in-taken food additives by 60 % than the amount if they fully depend on. NB (National Brand) foods.

The JCCU had been preparing “Food Additive List to Be Eliminated” and publicized a list of 4 items in 1986 and 13 items in 1987.

**A Big assembly against regulations on Consumer Cooperatives at a huge Exhibition Hall, Tokyo, April 8, 1986 (JCCU Reference Room)**



The JCCU declared that it abandon use of these seventeen items of food additives including saccharin and potassium bromate, and demanded the Ministry of Health and Welfare ban of the use of these food additives. At the same time, campaigns to demand amendment of the Food Sanitation Act were initiated nationwide including petitions to local legislatures.

As for the controversial issue of liberalization of rice imports, food self-sufficiency and future vision of agriculture, the JCCU adopted a policy suggestion from its subcommittee on food and agriculture policy, and published it to its member cooperatives in 1988. The policy was to demand stable supply of foods and agricultural products with a pleasant taste, affordable prices and safety. On the rice issue, it aimed, while maintaining self-sufficiency and decreasing cost, at production and distribution in keeping with consumer demands. Among the member cooperatives, opinions insisting well-marked opposition to rice-import liberalization were not weak and the discussion continued.

### **Actions for the Environment**

Following the 1970s, member actions to preserve the environment continued and expanded. The typical issues they addressed were shifting use of synthesized detergents to soap and non-phosphorus detergents, fixed-point observation of the water quality of rivers from upstream to downstream, and petitions to local legislatures to prevent water pollutions.

One of newly surfacing environmental problems was overflowing garbage in urban areas. While local governments were suffering from scarcity of locations for incineration and land-fill facilities, garbage discharged from homes, offices and shops were going to surface the capacities. Consumer and consumer groups especially addressed reducing containers and packages for merchandises digging up excess packaging practices by producers. Through it before, consumer cooperatives and their members used to be calling for bringing “My Own Bag” to shoppers in order to reduce garbage from homes. In response, many of the consumer cooperatives began reviewing their containers and packages for their products and refraining from giving plastic shopping bags free of charge.

These actions founded the basis of full-swing evolution of environmental actions in the next decade when the global environment issues surfaced as an acute one for the human society.

### **Welfare, Mutual Help and UNICEF Activities**

Since the *Nada-Kobe* Consumer Cooperative initiated mutual help activity among cooperative members for domestic cares and handicapped persons organizing “Co-op Mutual Help Association” in 1983, this activity was widely introduced to other cooperatives and policy making for this project proceeded.

By 1990 27 consumer cooperatives had organized “Mutual Help Associations” through which registered members exchange charged

help each other. In addition, “Group Lunch” activity for elderly persons was initiated by also the Co-op *Kobe* (renamed from the *Nada-Kobe* Consumer Cooperative in 1991), and spread nationwide.

In 1988 the JCCU and the Ministry of Health and Welfare respectively set a study group to establish policies on social services to be provided by consumer cooperatives. The both study groups in common pointed out the importance of these services by consumer cooperatives in an aged society coming close.

Entering the 1980s, in Asian and African countries being hit by abnormal climate, starvation and poverty were accelerated. In response, UNICEF appealed for fund raising in the slogan “Give Your Love for Your Children to Children of the World”. Since then Japanese consumer cooperatives addressed fund raising for UNICEF, and began fund raising for “World Immunization Program” in 1987. These activities among cooperative members spread nationwide as a regular annual action..

In 1985 the JCCU and member cooperatives sent the first study tour group in cooperation with the Japan Committee for UNICEF to Bangladesh. This was followed annually to report UNICE on-site works to cooperative members.

### **In Quest of Peace**

Since the World Conference Against A&H Bombs was jointly convened for the first time in 14 years in 1977, the JCCU and member cooperatives had continued peace and anti-nuclear actions as the central mediator for

citizen group. The number of cooperative delegates to the annual events in August of every year in *Hiroshima* and *Nagasaki* increased, amounting to 4,380 from 217)cooperatives in 1981.

In 1982 New York, the Second Special Session of the United Nations General Assembly on Disarmament (SSD 2) was convened. 200 delegates from 137 consumer cooperatives, with citizen group representatives, participated in it and submitted to the UN 27.5 million signatures, including 3.8 millions collected by cooperative members. They joined a big-sized rally in New York of one million people from all over the world and appealed for peace and nuclear abolishment from the position of citizens of the only nation victimized of nuclear bombings.

Unfortunately, however, the World Conference Against A&H Bombs again split up due to conflicts between political positions of major organizations. In response, the JCCU, *NIHON HIDANKYO* (*Hibakusha* Organizations Conference, Japan) and citizen groups of youth, women and so on, organized an executive committee for citizen peace rally in 1986. Consumer cooperatives played a central role to realize the rally connecting major cities nationwide and continued it for many years.

Consumer cooperative members throughout the nation not only joined the peace rally and gatherings in and *Nagasaki* but various events such as hearing sessions from A-bomb and other air-raid survivors and exhibitions on the Asia-Pacific War, and especially signature collection to enact a law to

relief *Hibakusha*.

Member activities in the 1980s other than the above had a character that they met the

needs of young mothers, e.g. various cultural events, movie, peace concerts and so on.

## 8. Evolution of Consumer Cooperatives in Each Field and Cooperative Insurance Business

### Workplace Consumer Cooperatives

While Japanese industries were hollowing out due to overseas relocations of manufacturing bases and industrial structure was changing entailing business streamlining, workplace consumer cooperatives were facing a significant turning point. Most corporations were reviewing expenditures for in-house welfare and reducing subsidiaries to cooperatives. Under the circumstance, workplace consumer cooperatives were forced to set themselves on their feet.

In spite of decrease in the number of workplace consumer cooperatives after the latter half of the 1980s, their total membership and annual sales respectively jumped by 42 % and 25 % from 1980 to 1990. They set the National Workplace Consumer Cooperative Chamber in the JCCU to enhance exchanges and alignment in 1990.

### School-Teacher Consumer Cooperatives

While the number of fresh hiring of school-teachers went sideways, school-teacher consumer cooperatives strived to reorganize retired teachers in order to maintain their memberships. The “designated shop” system, in which members buy goods from specialty shops designated by their cooperatives and

cooperatives gain commissions from the shops, became out of fashion. Instead, school-teacher consumer cooperatives fortified their own business such as call sale, catalogue and joint buying businesses.

In *Miyagi, Yamagata, Iwate and Nagano* prefectures, they decided to extend their business areas to residential communities and some other cooperatives began joint buying operations in residential communities. In this tide, the *Miyagi* School-Teacher Consumer Cooperative merged with the *Miyagi* Consumer Cooperatives in 1982, and the *Nagano* School-Teacher Consumer Cooperative decided to merge with a community cooperative (today's Co-op *Nagano*).

### University Cooperatives

In this decade many university cooperatives were incorporated in centering on private universities nationwide and national universities in *Chugoku* and *Shikoku* district, where university cooperatives were scarce. The member of the NFUCA increased from 140 in 1980 to 157 in 1990.

This increase was primarily contributed by the functions of district business union of university cooperatives, which supported

incorporations and operations of cooperatives in even smaller universities/colleges throughout the nation.

The second factor was a new basic policy line advocated by the NFUCA after the late 1970s, which emphasized that university cooperative should in terms of organization and business take root deep in their university constituent members, not only student but also faculty members, and build collaborative relationships with university authorities. This policy was initially advocated by *Tadashi Fukutake*, the then President of the NFUCA and Emeritus Professor of sociology at the University of *Tokyo*, who had long committed to improving living conditions of university constituents at their campuses.

Thanks to this policy line and its practice, the intention of the Ministry of Education to introduce private companies instead of cooperatives to newly placed canteens of national universities in the name of “principle of market mechanism” rarely succeeded.

At this time the NFUCA initiated its original insurance business to cover injury occurred during study and sport activities, and fire damages including apartment owners, and so on, under the leadership of the president *Fukutake*. The Ministry of Education first tried to thwart this initiative by preparing another insurance scheme by its subsidiary organization to provide supportive services for students. Thanks to the influence of the president to the academic circle including principals of the national universities, the Ministry’s intention failed because the most of national universities

supported the NFUCA initiative. The insurance business of university cooperatives soon began rapid growth, being thanked by not only students but also their parents and university administrators.

Student members of university cooperatives addressed peace and anti-nuclear campaigns and fundraising actions for UNICEF. The NFUCA began exchanges and supports with students wishing to incorporate cooperatives in the rest of Asia.

In 1986 the NFUCA adopted a mission statement that university cooperatives should devote themselves to “fulfillment of university communities”.

### **Medical Cooperatives**

Medical cooperatives continued addressing the four tasks (membership expansion, *han* organization, capital increasing and lead member cradling), and their total membership more than doubled from six-hundred thousands (600,000) in 1980 to 1.4 million in 1990. Physical check-up activities such as urine check and diet check expanded characterizing their constitutions.

The medical cooperative unit of the JCCU developed the first five-year term program deepening the discussion on “what are medical cooperatives?” and “what are the roles of medical cooperatives in today’s society?”, and addressed maintaining and carrying through their traits and missions.

### **Labor Insurance Cooperatives**

While counterplots of private insurance

businesses were fortified against labor insurance cooperatives, they geared to promotion and organization in workplaces and residential communities. Under the conditions that their basis in worker unions was reaching its full growth and another cooperative insurance business under the National Consumer Cooperative Union was expanding, they intended to “found committed member organizations in residential communities”.

For this purpose in 1983, they initiated a insurance program targeted at community residents, not organized by worker unions, and improved existing programs for pension and automobile.. They promoted a campaign for lifetime-security planning and UNICEF fund raising among their members.

### **Housing Cooperatives**

The members of the Japan Labor Housing Association had been slackening due to business depression in the housing industry from the beginning of the 1980s. Its 30 members including housing cooperatives went into red in total in 1985. Under the circumstance, housing cooperatives maintained their businesses shrinking their size.

### **Insurance business of the JCCU**

Insurance business of the JCCU was initiated as an agent for *ZENROSAI*, and introduced “National Insurance Program: Type K” and began a direct writing “Co-op Insurance: Mutual Help” in 1983. Although this first original insurance program was limited within consolation payments, the number of its agent cooperatives was gradually increased.

In 1987 the JCCU developed and began taking insurance through its member cooperatives the first life insurance program “*Ai-Ai*” to establish its own insurance business as a self-independent entity.

In addition, the National Mutual Relief Association of Consumer Cooperative Personnel, incorporated in 1973, newly created a retired allowance system in 1981, and expanded its coverage to part-time employees in 1986. In 1981, consumer cooperative nationwide together organized the Health Insurance Society for cooperative personnel with participation of covered persons of 34,580 of 437 cooperatives and their affiliated companies.

## **9. International Exchanges and Discussions on Values and Philosophy of Cooperatives**

### **Asia-Oriented International Exchanges**

At the 27<sup>th</sup> ICA Congress in 1980 in Moscow, Dr. A. F. Laidraw, cooperative researcher, former President of the Cooperative Union of Canada and former Executive Committee

Member of ICA, addressed a report titled “Cooperatives in the year 2000”. It sparked up vivid discussions among Japanese corporatists. His Report pointed out that cooperatives were at stake of the third crisis on ideology relating

to their purposes and roles in society, following the second crisis on management and the first one on reliability. He also pointed out decreased participation by members saying “Cooperatives now have customers but not members” and presented the “Four Priorities”<sup>(\*)</sup> to be addressed by cooperatives.

When Dr. Laidlaw submitted the report, European cooperatives were in the midst of crisis following the 1970s. Leading French cooperatives and their wholesale business union collapsed in 1985. The Co-op AG of Germany became bankrupt due to its misconduct in 1988. The Barclay Cooperative of the USA dissolved itself due to business slump in the same year.

Prior to this time, Swedish and other European cooperatives had been supporting Asian consumer cooperatives. Instead of them, the JCCU began assisting Asian consumer cooperatives centering on cooperation with the ICA under its “Asian Consumer Cooperative Development Project”. The JCCU established the “Asian Consumer Cooperative Assistance Fund” in 1987 with donation by its member cooperatives, and continued training for and exchanges with consumer corporatists in the rest of Asia.

In this decade many consumer cooperatives made concert agreements with overseas consumer cooperatives. Following the *Nada-Kobe* Consumer Cooperative, which from old times had been in affiliation with Swedish and Canadian consumer cooperatives, consumer cooperatives of *Sapporo*, *Miyagi*, *Kyoritsusha* consumer cooperative (born in

mergers of *Tsuruoka* Consumer Cooperative with the neighboring cooperatives in 1979), Northern *Osaka*, *Osaka Izumi*, *Okayama*, *Hiroshima* and so on allied with European and Soviet consumer cooperatives, the *Seikatsu Club* Consumer Cooperative and the Metropolitan District Consumer Cooperative Business Union allied with Korean and other consumer cooperatives, the *Sapporo* Citizen Cooperative and the *Niigata* General Consumer Cooperative allied with the Soviet Union and China. These international exchanges involved cooperative members in parallel with UNICEF activities.

The business of the Cooperative Trade, Inc. of Japan was on course to grow adding importing of shrimp and other sea-foods.

#### **Discussions on “Basic Values of Cooperatives” and “The Vision toward the 1990s”**

At the 1988 ICA Congress in Stockholm, Sweden, President Lars Markus, from the KF (Cooperative Federation of Sweden), raised discussions on the “Basic Values of Cooperatives”. He presented 4 keywords: participation, democracy, honesty and care for others, emphasizing that cooperatives have no sinew other than their members. His assertion was apparently inspired by active member participation based on *han* organizations of Japanese consumer cooperatives. The Congress, at the same time, fixed the next one in 1992 in *Tokyo*.

Responding to the presidential initiative, the JCCU organized discussions on the theme

among Japanese corporatists along with cooperative researchers and interested persons. The discussion was applied to developing the “Vision toward the 1990s for Consumer Cooperatives Putting the 21<sup>st</sup> Century in Perspective” adopted at the 1990 General Assembly of the JCCU. While the discussions on values and philosophy of cooperatives continued, the JCCU succeeded most of the works and personnel of the Living Issues Institute, a little research institute established by the NFUCA in order to contribute to policy exchanging and developing for citizen cooperatives initiated by university cooperatives, and incorporated the Consumer Cooperative Institute of Japan in 1989.

#### **Toward the 1990s**

Japanese consumer cooperative movement in the 1980s achieved a significant growth than ever overcoming furious storms of regulation to record a total membership of 14.1 millions and total sales of 2.7 trillion yen. They as a whole became the largest consumer/citizen group deemed to be a great existence with the highest position in Japanese society in their history.

After the latter half of the 1980s, however, the expansion rate of joint buying business began slowing down and the average purchase per member also began declining meaning a decrease in the cooperative share in total expenditures of member households. It suggested the necessity of architecting their business strategy including store business and business alignment toward the next decade.

At the same time, the enlarged member organizations needed reviewing their

operational practice to fit the size.

In 1987 the JCCU decided “The 4<sup>th</sup> National Medium-Term Program” and began developing “The Vision toward the 1990s”. The “Program” stated that although consumer cooperatives had enlarged their size of organization and business, they have problems in mobilizing members in terms of both use of business and participation in activities, in setting business strategy for both store and joint buying, and in positioning in society fitting their enlarged size, and, in conclusion, are facing a turning point.

The “Vision” set tasks for the coming decade overcoming these problems and “creating well-rounded life in human manner” as the main subject with 4 keywords: self-reliance and cooperation, health and welfare, the environment and peace. In addition, it directed consumer cooperatives to address developing cooperatives able to contribute to creative life of consumers, comprehensive business for consumer living and creation of communities with cooperation. The “Program and Vision” were adopted at the 1990 General Assembly of the JCCU.

#### **Original Author Note: <sup>(\*)</sup>**

- agriculture cooperatives to overcome hunger of the world;
- worker cooperatives in the new industrial revolution to come;
- consumer cooperatives to take care of societies; and
- cooperatives to create cooperative communities

#### **The End of Chapter Five**



## 1. Social Situations and Outline of Consumer Cooperatives in the 1990s

### Burst of the “Bubble Economy” and a Long-Term Depression

The Berlin Wall collapsed and East and West Germany reunited in 1990, and the Soviet Union broke up in the next year to dismantle the Cold War paradigm between East and West. While democratization in politics and liberalization in economy proceeded in Eastern Europe, ethnic conflicts occurred frequently and the Gulf War broke out. The world was facing a turning point toward building its new order. Market economy expanded along with globalization and the World Trade Organization (WTO) succeeded the GATT. In response, deregulation in economy and society was prompted in Japan.

In 1991 Japanese economy was turned into the “*Heisei* Recession” from the “Bubble Boom” which continued from since the latter half of the 1980s featured by steep rises of stock and land prices. Land prices following stock prices began slumping to end the “Bubble Economy”. In the 1993 General Election, the ruling Liberal Democratic Party was severely defeated to lose its majority in the Diet and handed over the administration to the eight coalition parties led by *Morihiro Hosokawa* for the first time in its long history in power since 1955. It was a beginning of a series of

short-lived administrations.

While the 1990s were a time of transitions and combustions for the world and Japan, Japan was troubled with overcoming after effects of the “Bubble Economy” to prolong the recession. The era was later called the “Lost Decade”.

In the latter half of the 1990s, the slump of land and stock prices caused deterioration of financial institutions, and businesses in general were damaged by appraisal losses in their assets. The financial crisis further led other industries to managerial crisis. The Government exercised capital infusions to financial institutions and increased its expenditures for public construction projects to stimulate the economy. These government measures, however, could not work well, and corporations could not clear off their doubtful assets.

In addition, the consumption tax rate was raised from 3 % to 5 % in 1997, causing a sharp downturn in consumption along with raised social insurance premium and medical care payments. The actual rate of growth of GDP registered minus growth in 1998, the economy showed a tendency toward deflation, and jobless rate recorded 4.9 %, the worst after the war time, in April 2000.

The major issues for consumers in the first

half of the 1990s were liberalization of rice import and the WTO framework in relation with deregulations, use of agrichemical and food additives and labeling on products. Those in the latter half of the decade were food-safety issues such as gene-altered foods, endocrine disrupters in the environment, dioxins and BSE (Bovine Spongiform Encephalopathy).

The Food Sanitation Act, which was partly amended in 1995, still had weaknesses from consumer view point, and the JCCU began a campaign to demand re-amendment of it in 1999. While the aging population combined with the diminishing number of children was increasing, the Long Term Care Insurance Act was enacted in 1997 to increase facilities and services to take care of the aged and handicapped persons. In response, consumer cooperatives expanded businesses and member activities in this field.

In the prolonged recession, cost competition among retailing enterprises got violent at the risk of survival. Some of the leading chain-stores failed to repay a huge amount of debts that they had made for excessive investment for new stores built to occupy preferable locations previous to competitors. Among them, the group enterprises of *Daiei* and *SEIYU* were forced to restructure their business including store closing, and many others also were forced to transform their business formats which had been concentrated on General Merchandize Stores (GMSs).

Under the circumstances, Carrefour, the Number one (No.1) European retailing business,

opened its first store in Japan in 2000, symbolizing prologue of the era of global competitions even in the distribution industry.

### **Features of Consumer Cooperatives in the 1990s**

At the beginning of the 1990s, the total membership of consumer cooperatives continued growing following the 1980s, and their total turnover increased by 10 % each year. In the 1992 autumn, they hosted the 30<sup>th</sup> ICA Congress in *Tokyo* at the highest achievement.

Regional business alignment beyond prefecture borders proceeded, and a number of business unions were established in the first half of the 1990s.

Under the recession after the burst of the “Bubble Economy” the total sales of consumer cooperatives registered year-on-year losses. Although this sudden drop was partly contributed by temporal decrease of rice provision due to lean crop in the previous year, the sales slump continued for years. While some cooperatives went into bankrupt, misconducts of the top management were unveiled in several numbers of cooperatives. “Management Crisis” and “Reliability Crisis” were pointed out from within and outside the movement.

Behind these crises, lied conceit of the top managements grown through rapid expansion of organizations and business, disengagement from members, irresponsible management adhering to the “Bubble Boom”. These cooperatives suffered from the severe damages and left heavy duty to recover the damages for

the following generation managements.

In the latter half of the 1990s, the total sales of consumer cooperatives repeated up-and-down, and only the total membership slightly increased by about 1 % annually. The total sales of joint buying business still maintained growth, thanks to the rapid expansion of individual delivery business. Store business in total continued declining. Thus, consumer cooperatives needed further business restructuring.

From 1990 to 2000, the total membership of consumer cooperatives increased from 14 millions to 21 millions, and the total sales increased from 2.7 trillion yen to 3.2 trillion

yen. The growth rate of the membership in the first half of the 1990s was 32 % and it dropped to 13 % in the latter half of the decade, in like wise, the sales growth was 18 % in the first half and 0.3 % in the latter half. Not only the growth rate of the membership slowed, but the average purchase per member decreased especially in the latter half of the 1990s, making it difficult to maintain the business size.

As a whole, consumer cooperative movement in the 1990s was forced to outlive its “crises” of management and reliability, and address “structural changes” for “restructuring for development” before entering the 21<sup>st</sup> century.

## **2. Continuous Expansion and Development of Business Alignment**

Japanese consumer cooperatives in the early 1990s recorded healthy growth following the 1980s. The expansion of the total membership from 1991 to 1993 exceeded that of the 1980s, and reached even within community cooperatives 10 millions accounting 25 % in total households in 1992.

Thanks to full-swing development of store business, the total annual sales of consumer cooperatives exceeded 3 trillion yen gaining 2.6 % share in the retailing market in 1991.

Although the average purchase per member of joint buying business began declining after the latter half of the 1980s, the total sales of the joint buying business continued to enjoy more than 10% growth through 1990 to 1991. The total annual sales of 1.2 trillion yen, mainly consisting of food sales of more than 1 trillion

yen, was the best business in the Japanese non-store retailing industry..

However, the total annual sales of joint buying business in 1994 dropped by 4 % than the previous year. Granting that this drop was partly contributed by the slump of rice provision, buying restraint of consumers under the prolonged recession and weakened mobilization of buying power of members were apparent. The under-laying problem was that while the constitution of members had been diversified and their style and feeling of life had changed, many of the members began escaping from the annoying duty to share parcel out delivered products among *han* members. This tendency came up to the surface as an increasing number of dropped out and resting members, a decreasing average number

of *han* members, and increasing breakups of *han*.

Under the circumstance, consumer cooperatives, following the 1980s, continued innovations to make their joint buying business system “simple and easy” to use so that even outside- working housewives can easily use it. The efforts included delivery in the evening and on Saturdays and holydays, and delivery to absent homes.

In addition, many of the community cooperatives began to develop “individual delivery” system following initiatives by the Seikatsu Club Consumer Cooperative, the Metropolitan District Consumer Cooperative Business Union (today’s Pal Co-op Business Union) and the Co-op *Kanagawa*.

While regulatory pressure on store business had been weakened and joint buying business had lost its momentum, leading community cooperatives enhanced their willingness of store opening and prepared for it.

### **Ambitious Store Opening and Developing Business Alignment beyond Prefecture Borders**

The JCCU proposed its member cooperatives to give greater importance to store business in order to create wide-ranged businesses responding to diversified consumer life in cooperative ways in “Vision toward the 1990s” and “The 5<sup>th</sup> Medium-Term Program.” It suggested that consumer cooperatives should build and operate larger-scaled stores which can provide a wider range of products including garments and home appliances, etc.

In order to supplement the JCCU functions for this purpose, the Cooperative Operation Modernization Organization (COMO-Japan) was organized by eleven major consumer cooperatives operating store business being led by the Co-op *Kobe* in 1990.

The number of consumer cooperative stores was 1,330 with total sales area of 850,000m<sup>2</sup> in 1990. The number of the stores increased by about 100 and the total sales area increased by 200,000m<sup>2</sup> in 3 years from 1990 to 1993. During this period, leading consumer cooperatives and regional business unions pursued developing General Merchandise Stores (GMSs) and Shopping Centers (SCs), and the average sales area

of new stores was enlarged than that of the 1980s. Among them, a semi-department store of the Co-op *Kobe* and a shopping center of the Co-op *Sapporo* attracted attentions.

Thanks to the development of these large-scaled stores, the increase rate of sales of store business in the 5 years from 1990 recorded 22 % exceeding that of joint buying business of 17 %. Unfortunately, however, many of the store development in this period were fraught with errors in location choices, excessive investments and weakness of merchandise procurement power. This caused management slump in many cases in the latter half of the 1990s.

In 1994, the total sales of store business, together with joint business, registered an year-on-year decrease of 1.3 %. The ordinary profit rate of store business in total had been gradually declining from 2.1 % recorded in

1990, and at last dropped to 0.3 % in 1994. Regardless the severe recession after the bust of the “Bubble Economy”, many of the consumer cooperatives were late to begin reforming their business structures.

Entering the 1990s, the rush of incorporation of consumer cooperative calmed down, and flagship cooperative building by mergers at the prefecture level proceeded. What featured the time was incorporation of cooperative business unions beyond prefecture boarders.

Following the three cooperative business unions of the Metropolitan District, *Seikatsu Club* and *U Co-op*, authorized in 1990, six cooperative business unions were incorporated by 1995: the *Co-op Net* of five cooperatives in Eastern *Kanto*, the *Green Co-op* of twenty-five cooperatives centering on *Kyushu*, the *Co-op Kyushu* of eight cooperatives in *Kyushu*, the *Tokai Co-op* of five cooperatives in *Tokai*, the

*Co-op Tohoku Sun Net* of three cooperatives in *Tohoku* and the *Co-op Hokuriku* of six cooperatives in *Hokuriku*.

Business alignment by these regional business unions was placed on high hopes of cooperatists, and they pursued integration of the functions of product development, sales promotion for stores and catalogue preparation for joint buying and so on. Contrary to the expectations, however, the unions in general could not function well. Their member cooperatives faced with rapid changes in economic conditions and business slump soon after their incorporation losing room for cooperation with others. Above all, many of the unions lacked common basic business strategy, left duality in business operations with the member cooperatives, thus were unable to rescue their member cooperatives from slump and were forced to reform their own business structures.

### 3. Coming under the Spotlight from the World

#### ICA Tokyo Congress

While European cooperative movement was stagnating or deteriorating, the development of Japanese consumer cooperatives was coming under the spotlight from overseas cooperatives. During the energetic discussions on “The Basic Values of Cooperatives”, the agenda presented by President Lars Marcus of the ICA (also president of Swedish Cooperative Federation or KF), the JCCU invited him to a symposium titled “The Basic Values of Cooperatives in the Case of Japanese Consumer Cooperatives” in

August 1991. At the symposium, the exploratory committee of the JCCU on the basic values of cooperatives submitted five keywords as the cooperative values:

- participation
- self-reliance;
- disclosure;
- cooperation; and
- social contribution.

In parallel with the discussions, a number of cooperation events relating to the agenda of the coming ICA Tokyo Congress or cooperating

with it were organized:

- an international symposium on the global environment
- a symposium in collaboration with the Japan Committee for UNICEF on international cooperation, and
- a series of drama performances on the theme of people's cooperation.

In October 1992 in Tokyo, the 30<sup>th</sup> ICA Congress was held for the first time in Asia in its history of almost 100 years.

**ICA Tokyo Congress, October 1992 (JCCU Reference Room)**



The Congress assembled more than 1,100 delegates from eighty-two nations with 440 Japanese delegates and observers. Prior to it, the committees of consumer cooperatives and women of the ICA and related open discussions, and forums of insurance cooperatives and medical cooperatives, “Youth Seminar” for university students and cooperative researchers’ sessions were organized. During the Congress period, observation tours to Japanese cooperatives, demonstration of Japanese culture and home stay for international guests were

presented. The *Tokyo* Metropolitan Governor gave an official reception for the international delegates.

At the Congress, the ICA presented “Cooperative Values in the Changing World” as the main agenda consisting of:

- 1) Economic activities to meet people's needs;
- 2) Participative democracy;
- 3) Development of human resources;
- 4) Social responsibilities; and
- 5) National and international cooperation.

In the discussions on the agenda, many speakers appreciated Japanese consumer cooperatives as a model of “participative democracy”.

The Congress adopted resolutions “The Basic Values of Cooperatives” and “The Environment and Sustainable Development”.

### **Definition of Cooperative and New Charter of Cooperatives**

Following the discussions on the cooperative values, the ICA proceeded with its works to establish “Charter of Cooperatives” and amend the existing “Cooperative Principles”. It convened its Congress marking the 100<sup>th</sup> anniversary in Manchester, England, in 1995, and adopted “Statement on Cooperative Identity” consisting of:

- 1) Definition of cooperative;
- 2) Cooperative values; and
- 3) Cooperative principles.

## **Statement on the Cooperative Identity**

### **Definition**

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

### **Values**

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

### **Principles**

The co-operative principles are guidelines by which co-operatives put their values into practice.

#### **1st Principle: Voluntary and Open Membership**

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

#### **2nd Principle: Democratic Member Control**

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

#### **3rd Principle: Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

#### **4th Principle: Autonomy and Independence**

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter to agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

#### **5th Principle: Education, Training and Information**

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their

co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

**6th Principle: Co-operation among Co-operatives**

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

**7th Principle: Concern for Community**

Co-operatives work for the sustainable development of their communities through policies approved by their members.

### **International Cooperation Centering on Asia**

International cooperation of Japanese consumer cooperatives in the 1990s was concentrated on assistance for consumer cooperatives in the rest of Asia utilizing the “Asian Consumer Cooperative Development Fund” established in 1987, which reached 505 million yen in 1992. It was mainly dedicated to the “Asian Consumer Cooperative Development Project” of the ICA, accepting trainees from the regions and sending consultants there.

Friendship with Chinese and Korean consumer cooperatives was deepened through exchanges of personnel and acceptance of

trainees. Exchanges with and assistance for consumer cooperatives was initiated: India, the Philippines, Thailand, Malaysia, and newly developing Viet Nam, Mongolia and Nepal.

The NFUCA continued cooperation with its peer cooperatives in Asian nations, and medical cooperatives played a leading role in establishing the Health-Medical Organization of the ICA and international exchanges under it. In addition, bilateral cooperation between consumer cooperatives of Japan and overseas ones continued.



#### 4. Power of Cooperation Demonstrated in the Occasion of the Great *Hanshin-Awaji* Earth Quake

In the early morning of January 17, 1995, the Great *Hanshin-Awaji* Earth Quake occurred, causing massive casualty of 6,432 human deaths and about 250,000 of collapsed buildings.

The quake caused fifty consumer cooperatives including the Co-op *Kobe* in *Hyogo* prefecture catastrophic damages. Twenty-four business facilities completely collapsed, while six and thirty facilities were respectfully half and partly collapsed. The damage amount including equipment damage reached 30 billion yen. Sixteen employees of four cooperatives died, fifty-nine of six cooperatives injured.

Personnel of the Co-op *Kobe* and other local cooperatives soon began to rescue their member and other sufferers, and recover their facilities to continue the business. The JCCU and member cooperatives soon sent rescue forces to *Kobe* and cooperative members nationwide began relief-fund raisings. The number of rescue-force members from nationwide sent to the Co-op *Kobe* averaged at ten thousands a day, and medical cooperatives dispatched nearly five thousand doctors and nurses to the local medical cooperatives. Volunteers who worked for more than five days amounted to 1,200 or more.

The estimated number of volunteers from cooperative members, who provided food dispensing and other services, amounted to 1,000, and 2,500 volunteers from medical and

A destroyed store of the Co-op Kobe



university cooperatives worked in the afflicted area.

The relief fund raised by cooperative members throughout the nation, within counted by the JCCU, totaled 15.5 million yen. The NFUCA, in addition, built make-shift dormitories, 300 million-yen worth, to accommodate afflicted students, and medical cooperatives independently raised a fund of 123 million yen.

#### **“There Are Consumer Cooperatives in the Disaster Sites.”**

In spite of severe damages they suffered, the Co-op *Kobe* and other local consumer cooperatives at once began not only works to continue their businesses but also rescue afflicted residents including cooperative members. Provision of necessary goods and medical services by local cooperatives, and food dispensing services by the local university cooperatives were highly appreciated by the people saying “There are consumer cooperatives (to help us) in the disaster sites.” The human and material supports from peer cooperatives nationwide were also distinctive

compared with other business circles, gathering large social attentions.

Learning from these experiences, consumer cooperatives throughout the nation began to prepare countermeasures against natural disasters and organize volunteers, and make agreements with local governments on emergency provisions of relief supplies from cooperatives.

Following the earth quake, the JCCU, in response to the advocacy of *ZENROSAI*, in cooperation with its member cooperatives and national centers of worker unions, initiated a campaign for enactment of a law to establish a

state disaster indemnification system. The total number of signatures for this issue collected by consumer cooperatives amounted to 13.7 within a half year, and the total number of signature collected by the organizations concerned nation-wide resulted in 24.8 millions.

In Japan, a disaster-prone country, earthquakes, typhoons and volcanic eruptions, etc. hit the land wave after wave following the Great *Hanshin-Awaji* Earthquake. Consumer cooperatives addressed relief actions including volunteering by members and personnel in each case. Their works attracted social attentions with high appraisal.

## 5. Overcoming Crisis in Management and Reliability

### Management Crisis: Co-op Sapporo and others

In 1994, when the total sales of consumer cooperatives recorded year-on-year decrease, the Consumer Cooperatives of *Nerima* and *Shimouma* in *Tokyo* became bankrupt and it was loudly reported by the media. Following that, consumer cooperatives of *Yuri* in *Akita* prefecture and *Tsukumi* in *Oita* prefecture also went into bankrupt. Most of them lagged behind in management modernization, nevertheless opened large stores ignoring their own capability and were managed by dictatorial top managers. Although the prefecture cooperative unions and its member cooperatives tried to rescue these cooperative, they failed in rebuilding the cooperatives excepting *Shimouma* consumer cooperative which merged with another local cooperative.

In 1996, the *Kushiro* Citizen Cooperative of *Hokkaido* went into bankrupt, and reached a settlement out of court to rebuild with guidance and assistance from the JCCU and the prefecture union. In spring of the next year, when it began rebuilding works, the *Do-o* Citizen Cooperative and the Co-op *Sapporo* went into fund shortage. The *Kushiro* and *Do-o* Citizen Cooperatives had been juggling the books.

If the *Do-o* Citizen Cooperative collapsed, the neighboring cooperatives of *Sapporo* and *Kushiro* would be severely affected. The three major cooperatives of *Hokkaido* fell into a shared crisis.

If the Co-op *Sapporo*, then the second largest consumer cooperative of Japan, collapsed, the possible damages would not be limited within the three cooperatives and their

one million members but also cooperatives all over the nation in terms of reputation and trust. For this reason, the JCCU began relief actions. It reported the situations and backgrounds of these cooperatives (\*) and proposed countermeasures at its 1996 General Assembly, and decided to give financial assistance to them and request the member cooperatives to dispatch rescue teams to them.

#### **Original Author Note:**

(\*) The report pointed out the common problems among the 3 cooperatives as follows:

1) They lacked consistency in business strategy and did not concentrate their efforts on Super Market (SM) format centering on food items;

2) They camouflaged deficits by juggling the books, and increased borrowings to maintain the business; and

3) Their capitals depended on large-amount investors expecting high returns, and, therefore they could not disclose the weakened management conditions.

The report summed it up that they went into a typical “Bubble Management”.

The rescue fund was temporarily financed by the JCCU and *ZENROSAI* with assurance of the JCCU. In the prediction that the conditions of the three cooperatives would worsen, the JCCU at its General Assembly of 1998 proposed establishing “National Consumer Cooperative Solidarity Fund” and “Management Guidance Organization”.

The “Fund” is proposed to be consisted of

10 billion yen; 5.5 billion yen contributed by the JCCU itself plus 4.5 billion yen contributed by the member cooperatives, and to be lent to cooperatives in need. The proposal was discussed by the member cooperatives for a year after the Assemble, and most of the major community cooperatives contributed 5 billion yen in total by the end of 1999.

Other than the three cooperatives of *Hokkaido*, several number of community cooperatives requested guidance and funding, and were recognized: the *Akita* North Consumer Cooperative (1998), the Co-op *Fukushima* and the *Saga* Citizen Cooperative (1999), the *Takasaki* Citizen Cooperative (2000).

This rescue scheme based on funding from donations from the JCCU and its member cooperatives was the first trial for Japanese consumer cooperatives to give individual cooperatives financial supports.

#### **Crisis in Reliance: Misconducts by Top Managers**

In 1997, misconducts by the top manager of the *Osaka Izumi* Citizen Cooperative were revealed by its three internal “whistle blowers” attracting much media coverage. The JCCU judged those as supposedly impermissible conducts by the cooperative top managers and urged the cooperative to solve the problem by auto-purification procedures.

Contrary to the advice, the cooperative fired indicters or ordered furlough, and tried to camouflage the facts calling it complete fabrications, creating doubled misconducts.

Due to the bigotry of the cooperative, the case was brought to the courts by the indicters and voluntary cooperative members demanding damage-compensations. The complainants won all the cases or accepted the official apologies by the defendants.<sup>(\*)</sup> The case took four years to be solved.

A series of misconducts in management or product purchase for which top managers were responsible was revealed including the *Saga* Citizen Cooperative and others, and media reported them calling “Crisis of Consumer Cooperatives”.

The management slump, bankrupt or dissolution of some cooperatives and a series of misconducts by top managers caused a kind of “Crisis in Reliability” on consumer cooperatives, which had become a social entity as the largest consumer organization of the nation. The main causes of the failure of cooperatives were premature store operations and excessive investment ignoring their own human and financial resources. Misconducts by the top managers taking root in their swelled heads with misunderstanding of success of the cooperatives as a result of their own personal capability and neglecting the cooperative principle of democratic administration based on members.

The JCCU urged its member cooperatives to discuss appropriate and justifiable administration of cooperative organization and management of business including code of conduct of top managers, and published “Guideline for Conducting Cooperative Organs” based on “Participation,” “Justice,”

“Transparency” and “Honesty”.

In addition, the JCCU emphasized conformity with “Cooperative Accounting Criteria”, disclosure of information and democratic conduct of organizations.

**(\*) Editor-Translator Note**

The top manager of the *Osaka-Izumi* Consumer Cooperative was accused of using a training facility of the cooperative as his house, and invested the cooperative fund to buy condominiums in Hawaii to use for his private pleasures. He also applied the cooperative fund to his personal expenditures.

The “whistleblowers” sued the cooperative, the top manager and his royal managing director for their illicit acts. Later on, one-hundred and eighty-five (185) voluntary cooperative members sued fifty-three (53) board members of the cooperative for damages to the cooperative caused by neglecting their due care as a good manager. Many cooperatists throughout the nation supported the “whistleblowers” and the complainant members.

The courts in series concerned judged that the disclosure of the facts by the “whistle blowers” was justifiable because the facts were true or had grounds to believe so and their disclosure met public interests, ordered the cooperative to cancel the dismissal and furlough, and ordered the defendants to compensate the damages of plaintiffs. The complainant cooperative members discontinued the lawsuit after the official apology by the defendants. The decision was remarkable

because although the Consumer Cooperative Act does not provide the shareholders' representative law-sues against their

cooperative, it authorized the right, making an epoch.

## 6. Fortifying Organizations and Management Restructuring

### Deterioration of Cooperative Management

Although the average current profit rate of community cooperatives in 1990 and 1991 was 2.3 % and 2.4 % respectively, it stayed at about 1.0 % after 1994. That of joint buying business, which maintained about 4 % from 1990 to 1993, dropped and stayed about 3%, and that of store business, which slightly maintained black until 1993, turned red after 1994 and got worse from year to year in the latter half of the 1990s. That of retailing cooperatives in total fell below 1 % in 1994 and stayed there after 1995.

In 1997, the total annual sales of consumer cooperatives recorded a year-on-year decrease. During this period, community cooperatives increased their income depending on the profit from the insurance business rather than the retailing business. Without including the profit from the insurance business, one third of community cooperatives, including leading twelve cooperatives, were estimated to be in deficit.

Meanwhile, the total membership of consumer cooperatives continued growing and reached 21 millions in 2000 accounting for 17 % in the total population (not household) of Japan. That of community cooperatives reached 12.5 millions in the same year accounting for 43 % in the total number of households with over two persons, which meant that almost a

half of Japanese population were using community cooperatives for their living. Thus Japanese consumer cooperatives were coming close to the saturation point in terms of unionizing of consumers.

The joint buying business in *han* unit stopped expansion, and individual delivery business barely supported the increase in membership and sales of the non-store business. It meant that it became impossible to cover the deficit produced by store business with the profits earned by joint buying business.

### Reviewing Products and Business with Participation of Members

In the situation of crisis in management and reliability, consumer cooperatives addressed reviewing administration of organizations and operation of business from view points of their members, and innovating and fortifying their activities returning to member-based running.

They made efforts to furbish organizational culture integrating with "work innovation" placing members' voices in the center of daily operations. Because these efforts were made in the conditions that their organizations had been enlarged and members' needs had been diversified, their efforts were also directed toward improving member activities to appreciate their independence and creativity.

Many consumer cooperatives addressed in various forms collecting and reflecting members' opinions on product developing and popularization. While many national-brand products of major producers and PB (private-brand) products of chain stores were catching up CO-OP brand products in quality and safety, they and the JCCU concentrated their efforts on reviewing their original products.

The COMO-Japan initiated developing fair-quality and lowered-price CO-OP goods along with integrated purchase of national-brand merchandises. The JCCU defined its business function as development and whole sale of CO-OP brand products scaling back brokerage business, and promoted developing characteristic produces such as eco-friendly goods and atopia-cared foods.

The "Big Chains" were caching up consumer cooperatives also in developing *sanchoku* products including organic produces, which had been characterizing cooperative products. In response, consumer cooperatives directed their efforts to reviewing and upgrading contracts with producers including identifying farming methods and criteria, and began to pursue freshness and taste in addition to safety.

In response to changes in shopping practices of consumers and taking the advantage of weakened regulations on them, consumer cooperatives began to expand their business hours and days.

### **Expansion of Individual Delivery Business**

As mentioned earlier, the total annual sales of joint buying business of community cooperatives registered a year-on-year decrease in 1994 and continued stagnating or descending after then. After the mid-1990s, they began full-wing expansion of individual delivery business, and it began contributing to maintaining the total sales amount of non-store business joint buying in *han* unit plus individual delivery business).

The JCCU facilitated introduction and experience-exchanges of individual delivery business for its member cooperatives. It rapidly grew after the latter half of the 1990s beyond disputes whether individual delivery business should be a supplement to joint buying business in *han* unit or a new business format for community cooperatives. The total annual sales of it exceeded 100 billion yen in 1997 and reached 335 billion yen in 2000, establishing its position as the main business format of community cooperatives.

### **Efforts by the JCCU and COMO-Japan for Store Business**

However passionately the JCCU advocated developing large-scaled stores, it hardly had experience, expertise or even theory of store operation. It was mostly because of the weakness in the "Fukushima Assembly Conclusion" on the failure in incorporation and operation of the *Tokyo* Consumer Cooperative and negative acceptance of it by the JCCU itself.

The JCCU accommodated the head office of the COMO-Japan, which gathered

staff-members from its member cooperatives. The COMO-Japan began integrated purchase of NB products to provide at their stores, development of CO-OP brand goods at lowered-prices, and cooperative development of mission-critical computer systems for shared use with the JCCU, and other projects. Unfortunately, however, its intentions were not completed enough due to the differences in the business strategy which should had been initially shared by the members, and, in the latter half of the 1990s urgent managerial problems emerged in front of the leading cooperatives.

Although the COMO-Japan dissolved itself in 2000 and handed over some of its functions to the JCCU, its training function for store operations presented by the Co-op *Kobe* was much valuable for other cooperatives developing store business. In addition, the COMO-Japan integrated contracts for auto-truck lease into one leasing company, giving considerable degree of profits to cooperatives operating joint buying business. This business was also succeeded by the JCCU.

In spite of these efforts by the JCCU and COMO-Japan for their member cooperatives, the total annual sales of store business of consumer cooperatives stagnated from 1996 to 1998, and recorded year-on year decreases in the following two years. The amount, which recorded 1.2 trillion yen in 1996, dropped by 9 %, amounting to 1.1 trillion yen in 2000.

The ordinary profit rate of the total store business of consumer cooperatives successively recorded red after 1994, forcing consumer

cooperatives to close stores producing deficits and reduce operation costs. The personnel cost rate and labor distribution rate of cooperatives, which had been originally higher than that of leading “Big Chains,” stayed still at a higher level. This problem became the focal task to improve profitability of consumer cooperatives.

Facing further deterioration of profitability of store business in parallel with stagnation of delivery service, business restructuring was an urgent task for consumer cooperatives of this time.

### **Addressing Business Restructuring**

The JCCU in its 1998 policy statement pointed out that “consumer cooperatives should be aware of that they are facing a crisis in their continuation,” and set priority subjects:

- establishing business on the basis of member participation
- “renovation of administration and conducts of top management”; and
- “improving profitability and business restructuring.”

In the policy statement of the next year it stressed:

- reduction of labor costs by streamlining head offices and reviewing man-hour productivity and compensation systems
- supply-cost reduction including tenancy rates;
- withdrawal from money-losing business sectors and stores” and;
- reconsideration on investment plans.

Some consumer cooperatives such as the Co-op *Tokyo* and the *Saitama* Co-op had been creating good results in management

restructuring through renovating store business and personnel systems from the latter half of the 1990s. Other cooperatives such as the *Chiba* Co-op and the Co-op *Miyazaki* enhanced soundness of management by actively hearing and collecting members' voices by the personnel to improve their business, winning appraisals of the members and utilize the activities to motivate the personnel. Unfortunately, however, many of the cooperatives could not change their habitues created in the growing years and had to continue tough fights especially in store business. Even the Co-op *Kobe*, the number one (No.1) consumer cooperative of Japan, recorded a large deficit in 1998 and began

business restructuring including downsizing of surplus manpower.

The JCCU at its policy-discussion sessions and management seminars introduced experiences in business restructuring by the above mentioned cooperatives and the *Miyagi* Consumer Cooperative, which had been creating good results in improving store business performance, and the Co-op *Sapporo* and *Kobe*, which had been addressing bold reforming in the process of reconstruction. Especially after 1999, it principally emphasized necessity of business structure renovation including review of personnel cost and system.

## 7. Full-Swing Evolution of Insurance Business

The JCCU in its "Vision toward the 1990s" and "The fifth (5<sup>th</sup>) Medium-Term Program" put emphasis on insurance business as the pillar of service businesses in addition to product providing businesses, and improved its "Mutual-help Insurance" program (for life and hospitalization).

Meanwhile, the member cooperatives built systems to automatically subtract from members' bank accounts the insurance dues together with their purchase money. Thanks to this infrastructure, the number of insurers reached 530,000 at the end of 1992. The member cooperatives put muscle into insurance business by making efforts to increase insurers including setting special campaign periods. In addition, some cooperatives initiated their original insurance systems and expanded the insurers of joint programs with the JCCU

program after the latter half of the 1980s. The number of such cooperatives increased from three in 1992 to thirty-three in 2000.

In 1994 the total number of insurers exceeded one million and the JCCU organized a national campaign to celebrate the 10<sup>th</sup> anniversary of its own insurance business and the achievement of one million insurers in 1995. Soon after the great *Hanshin-Awaji* Earth Quake in the same year, the JCCU staff entered the disaster site and paid insurance benefits and consolation payments of 320 million yen to 14,000 insurers in cooperation with member cooperative staff gathered from all over the nation.

The cooperative insurance business under the JCCU rapidly developed in the latter half of the 1990s being contributed by initiation of "Children Insurance" program. The total



number of the insurers exceeded 2 million and recorded 2.4 million in 1998, 2.8 million in 1999, and exceeded 3 million in 2000.

In 2000 the number of community cooperatives operating insurance agency business reached 132 out of 155 community cooperatives under the JCCU. The total amount of insurance dues including joint programs with

member cooperatives increased from 22 billion yen in 1995 to 40 billion yen in 1998, and 54.8 billion yen in 2000. The ratio of insurance business in total profits for the JCCU and its member cooperatives gradually increased and the profits from insurance business greatly contributed to the profitability of the cooperatives.

## 8. Member Actions for Social agendas

### (1) Features of Member Activities in the 1990s

#### Reviewing Member Organizations and Activities

The great progress of consumer cooperative movement in the 1980s was supported by members' voluntary activities and participation in cooperative administration based on *han* organizations. In rapid expansion of size of organization and business, and, at the same time, changes in social and economic conditions which impacted consumer cooperatives as the increased ratio of working housewives, various problems emerged in member activities and participation in cooperative administration.<sup>(\*)</sup> The taskforce committee of the JCCU on organizational policy in 1989 and 1992 pointed out a tendency of "bureaucratization" of cooperative personnel who cannot work for their cooperatives with the sense of unity and sympathy with cooperative members, and, on the other hand, a concern that cooperative members were becoming mere "customers" rather than main

constituents of cooperatives without the sense that the cooperatives are "their own cooperative."

The 1992 report by a JCCU committee suggested three priority issues as organizational renovation:

- 1) Multi-phasic evolution of member participation in product-providing business;
- 2) Development of network-type member activities; and
- 3) Decentralization of operations in large-sized cooperatives.

The report further stated that:

- 1) Being still based on operation in the hierarchy of board of directors, district/store-unit committees and *han*, the operations should enhance inter-active communications between cooperatives and their members;
- 2) Consumer cooperatives should develop voluntary member activities such as group activities free from the hierarchy and create networks of these actors; and
- 3) Consumer cooperatives should establish multi-layered organizational operations able to

include various voices and activities of their members.

### **Editor-Translator Note**

(\*)

The main problem was that attendance rate at *han*-leader meeting, periodically held twice a year, was gradually decreasing after the latter half of the 1980s. Although system renovations in joint buying greatly reduced the heavy load of *han*-leaders to collect and tally members' orders and purchase money, they also began to work out and became difficult to attend at *han*-leader meetings. At the meetings district committees, in principle, are elected from attending leaders annually. To attend at the meetings is to be possibly elected as a committee member, who is requested to attend at committee meetings once a month and show up at various events organized by the cooperatives. It was a heavy duty for them. At the same time, unionization rate to *han* of store members stayed within about 20 % in spite of offered benefits and motivations meaning that the rest of the store members had few opportunities to present their voices to their cooperatives as alike as individual delivery service users. It was a sort of inequality in terms of democracy. On the other hand, however, many cooperative members had interests in cooperative products and consumer issues, and had willingness to participate in cultural and sports activities to be organized by cooperatives and to make pals with the same interests.

### **Promotion of Various Voluntary Activities**

According to the 1990 attitude survey on consumer cooperative members by the Consumer Cooperative Institute of Japan, "the best merit they are enjoying by being a member of a cooperative member" (in multiple selection) was "getting safe and quality goods" 88%, and "product test, sampling party and study session on food safety" was ranked at the top among "activities they want to participate." Among "interests in and expectations to cooperatives," "food safety" topped being followed by "environmental issues such as recycling, group activities on hobby and culture of life". In the 1994 survey, "volunteer activities for welfare" was ranked at an upper ranking.

Consumer cooperatives originally had been promoting such voluntary member activities based on their interests and needs. The feature of this era was that these activities expanded the variety and became more voluntary.

The Co-op *Tokyo*, for instance, began to subsidize members' voluntary group activities for their own theme instead of subsidies for *han* activities. Similar activities were promoted by other cooperatives including the *Miyagi* Consumer Cooperative and the Co-op *Kobe*.

### **Addressing Social Issues Corroborating with Business Performance**

Consumer cooperatives in the 1990s addressed social issues such as food additives, labeling and gene-altered foods, corroborating with their own business performance. They established their own criteria for use of food additives,

labeling criteria and policies on gene-altered foods, and advocated policies and measures for the issues to be adopted by the government and private corporations based on their own achievements.

Among environmental protection issues, for example, they were first in reviewing and reducing containers and packages for their products in addition to charging on plastic shopping bags, recycling of containers and packages in cooperation with members, and using recycled materials for their own products, in parallel with advocacy on policies and measures to be adopted by the Government and private businesses to reduce container/package garbage and build social recycling systems for them.

Members' voluntary activities for welfare such as "Mutual Help Association" spread in the 1990s, and, responding to enactment of the Long-term Care Insurance Act in 2000, many consumer cooperatives initiated new businesses to take care of the elderly/handicapped persons such as care centers to send care-workers for at-home care and lend care equipments.

Stores and other cooperative facilities were gradually reformed to be friendly for elderly/handicapped persons by setting slopes alongside stairs and rest-rooms for wheel-chair users. In the environmental aspect, they began installing high-frequency fluorescent lamps and inverter-controlled refrigerators to save electricity consumption.

The Product Liability Act was enacted in

1994 as a result of a campaign by consumer cooperatives and other consumer groups. This law was ground breaking because it rules non-fault liability of producers or providers to protect consumer rights, meaning that damaged consumers can claim liability without establishing faults of producers or providers. This legal theory was already established and applied in industrialized countries in the 1960s, and Japan was late to adopt it symbolizing the backwardness of Japan in establishing consumer rights. This legislation formed the foundation to develop legal systems for consumer rights and administration for consumers.

Through this campaign consumer groups learnt the importance of advocacy on administrative policy-making and law-making, which were apt to be considered as arbitrary acts of governments. Consumer groups began to design social systems by themselves to protect and empower consumers not relying on governments, utilize existing legal systems to do the same, and advocate new laws and regulations when necessary.

Slogans employed at the annual National Consumer Rallies transited symbolizing the changes in features of consumer movement gradually developing toward a policy advocating style, such as "Let's Establish Consumer Rights Rooting in Living Field Sites" in 1998, "We Insist and Create A Faire Society Where We Can Live in Security" in 1999, "We, Consumers, Propose and Create the 21<sup>st</sup> Century Appreciating Every Individual" in 2000.

In the latter half of the 1990s, new problems occurred including gene-altered foods and environment hormones, which were not easy for consumers to understand, occurred. The JCCU and consumer cooperatives provided consumers with comprehensive information on them. To these scientifically complicated and anxious issues, consumer cooperatives avoided emotional reactions, and, instead, made efforts to inform consumers of updated scientific perceptions.

## (2) Addressing Focal Agendas of the Society

### Demanding State Disaster Indemnification System

There was almost no indemnification for damages of houses by the Great *Hanshin-Awaji* Earthquake. The public demanded incorporation of a state disaster indemnification system to prepare against such disasters and retroactively indemnify for house damages by the Great *Hanshin-Awaji* Earthquake. ZENROSAI designed a system, in parallel with the Japan Federation of Bar Associations and the *Hyogo* Prefecture Government. The JCCU in cooperation with the Co-op *Kobe* discussed with the parties concerned to organize a joint national campaign.

In July 1996, “National Assembly to Demand A State Disaster Indemnification System” was organized and began signature collection. Within a half year, consumer



**Rally demanding enactment of Product Liability Act, Tokyo 1993 (JCCU Reference Room)**

cooperatives collected more than 13.7 millions of signatures and the total number of national signatures reached 24.8 millions. Unfortunately, however, the central government denied the demand saying “Indemnification for private assets is impossible in legal theory.”

Under the pressure of the public opinion, however, the Government called up a bill of “Natural Disaster Victims Relief Act” to subsidize 1 million yen for a household with annual income under 5 million yen, 500,000 yen for those with annual income under 8 million yen and a home owner 60 years old, including the victims by the Great *Hanshin-Awaji* Earthquake, adding “consideration on a system establishing house rebuilding subsidiaries.” The bill was adopted in May of the same year, and the JCCU and its allies accepted the result regarding it as a step forward.

### Relief Activities for Natural Disaster Victims

Other than the Great *Hanshin-Awaji* Earthquake, consumer cooperatives unfurled relief activities, mainly fund raising, for victims

of natural disasters such as *Fugendake* Volcano Eruption, *Nagasaki* prefecture in June 1991, *Okushiri* Ireland Earthquake, *Hokkaido* prefecture in July 1993, *Kagoshima* Concentrated Heavy Rain in August 1993.

In January 1997, *Nakhodka*, a Russian oil tanker boat sank off-*Okinoshima*, *Shimane* pref. spilling a volume of crude oil. The oil was washed ashore to the neighboring shores polluting the environment. In response, consumer cooperatives, which had experienced in organizing relief volunteers in the Great *Hanshin-Awaji* Earthquake, sent volunteers to the damaged areas to cleanup the shores, and raised a relief fund of 121 million yen.

After that, a number of natural disasters occurred: concentrated heavy rain in Northern *Fukushima* prefecture in August 1998, *Usuzan* volcano eruption in *Hokkaido* March 2000 and *Miyakejima* Ireland volcano eruption in *Tokyo* July 2000. Consumer cooperatives, in cooperation with the local cooperatives, sent volunteers and raised relief funds.

These actions of consumer cooperatives at the occasion of natural disasters attracted attentions of the society with appraisal.

### **In Quest of Safety of Food and Other Kinds of Products**

The issue of food safety in the 1990s involved many elements relating to “international equalization” of safety criterion and market opening of agricultural and livestock products in the transition period toward the new system under the WTO. The Ministry of Health and Welfare newly authorized eight (8) items of

food additives from 1990 to 1992., responding to this move in 1994, the JCCU added eight (8) items of food additives to its “Z List” containing fourteen (14) items of food additives, which consumer cooperatives should not use and be eliminated from the list of those authorized to use by the Government.

In 1995, the Food Sanitation Act was amended to include natural food additives under the food-additive authorizing system and review criteria for agricultural chemical residue. Based on the research by its advisory body consisting of experts, the JCCU and consumer cooperatives addressed making the use of natural additives, agricultural chemicals and drugs for animals to be appropriate. At this time, for consumers’ convenience, the labeling system for quality keeping period was discussed to be altered from “date of production” to “final date for consumption” or “final date for relish”. Consumer cooperatives approved this change requesting derogation for dual indication with “date of production” on milk and other refrigerated foods considering consumers’ common shopping practice. This derogation was authorized by the Food Sanitation Act amended in 2002.

After 1995, inexperienced problems for consumers emerged one after another: *escherichia coli* O157, bovine spongiform encephalopathy (BSE), dioxine, environment hormone, gene-altered foods and atopic disease.

The safety of gene-altered foods including influences on descendants caused alarm among consumers, and indication of it on the food

products became a focal issue.

### **Protecting Consumer Rights and Living**

In 1993, the coalition cabinet of the Liberal Democratic Party (LDP), the Japan Socialist Party (JSP) and *Shinto Sakigake*, led by *Tomiichi Murayama*, Chairman of the JSP, submitted a bill to raise the consumption tax rate from 3 % to 5 %. Because the raise would burden consumers, the JCCU in cooperation with *Shodanren* and other organizations in various fields organized a campaign against the bill including a number of rallies and petitioning diet. Consumer cooperatives collected signature against the raise. Above their bend, however, the bill was passed and the new rate was applied effective on and after April 1, 1997.

Distribution of rice and other cereals has been under the control of the Government since 1942, the midst of the Asia-Pacific War, in accordance with the Food Control Act enacted to respond to the food shortage in the war time. Even though excessiveness of rice production became apparent in the 1970s, this control system continued pouring in a large amount of government expenses to compensate the differences between production costs and retail prices. At the same time, rice distributing business has been strictly regulated by the law, putting consumer cooperatives practically impossible to enter the rice retailing business. As a matter of fact, the control system has been functioning to give sanctuary for rice farmers and existing rice distributors. Meanwhile, rice exporting nations, such as the USA and Asian

nations, have been demanding Japan to liberalize rice imports as trade-off with their imports of Japanese industrial products.

Under the circumstances, the Government partly liberalized rice imports with high-rate tariff and abolished the law by enacting the new Food Demand and Supply and Price Stabilizing Act in 1995. Under the new law, rice import and distribution business was liberalized. Although the JCCU confirmed its position against the liberalization of rice imports at its General Assemble in 1993, there were fierce disputes on the issue among its member cooperatives. Consumer cooperatives located in areas including a large rice farming population were against the liberalization, and those in urban areas were for the liberalization.

Following the enactment of the Product Liability Act in 1994, a series of laws relating to consumer rights were enacted. The Act on Access to Information Held by Administrative Organs in 1999 authorized the rights of citizens to direct administrative organs to disclose information held by them. The Consumer Contract Act in 2000 was intended to protect consumers from forceful inducement and unfair contract, and amended in 2006 to authorize judicial acts by qualified consumer organizations representing damaged consumers. The Act on the Protection of Personal Information in 2003 was intended to protect personal information of consumers/citizens from abuse and careless disclosure by organizations. In addition, the Act on Promotion of Activities of Specified Non-profit

Organizations was enacted in 1998 to authorize citizens to establish non-profit organization working for public interests relatively easily than incorporating public interest associations or foundations.

These laws have been longtime desires of consumers/citizens and the enactment was a great deal of progress in consumer/citizen rights in the Japanese society.

### **Wide-spreading Environment Protection Actions**

The environmental issues such as global warming, ozone layer depletion and acid rain, etc. attracted a greater deal of concerns of people than ever before. The JCCU and its member cooperatives, at the beginning of the 1990s, put the global environment protection as a fundamental task for consumer cooperative movement. They sent delegates to the UN Conference on Environment and Development held in 1992 in Rio de Janeiro, Brazil, and it created a momentum for environmental actions among them.

In addition to member activities for environment protection such as waste reduction, recycling and study on dioxine, etc., the JCCC and its member cooperatives addressed promotion of the “Environment Household Accounts” activities among cooperative members. They recorded consumption of electricity, gas, water and other items impacting the global environment, and compared them with their previous data and average amounts to devise how to reduce their consumption in cooperation with their family members.

In parallel with the member activities, consumer cooperatives established comprehensive policies and programs to reduce impacts on the environment caused by their products and business activities. In addition to recycling used containers/packages and reducing use of them for their products, they addressed developing environment-friendly products with original “eco” labeling, replacing chlorofluorocarbons (CFCs) used in refrigerator and air-conditioning systems with alternative CFCs with less global-warming effects, introducing liquid-petroleum-gas (LPG)-fueled vehicles, and reducing and recycling garbage discharged from their facilities.

After the mid-1990s, they began to build environment management systems under the International Organization for Standardization (ISO) standard, which is intended to continuously improve the management for reduction in impacts of organizations on the environment in the Plan-Do-Check-Act (PDCA) management cycle, to be certified by third-party accredited certificating bodies. The number of certified cooperatives reached twenty-nine in December 2000.

### **Welfare Works and Care Business**

Members’ voluntary activities for welfare and mutual help continued spreading and the “National Network of Mutual-Help Associations” in the JCCU was built in 1996 to exchange experiences and train coordinators.

The total number of mutual help associations increased from 4,460 in 1990 to 60,000 in 2000. The number of consumer

cooperatives providing lunch services and meal delivery services for the elderly spread from 30 in 1995 to 44 in 2000.

In parallel with the members' voluntary activities, consumer cooperatives began to set salesrooms for nursing care products and elderly care equipments. The JCCU published the first catalogue specializing in these products in 1994.

In response to enactment of the Long-Term Care Insurance Act in 1997, consumer cooperatives began to set daycare facilities combined with offices to dispatch care-workers to the elderly and the handicapped. The Ministry of Health and Welfare, which expected consumer cooperatives to play a great role in the care services, authorized non-member use of the elderly care facilities operated by them in 1996.

The number of such retailing cooperatives reached forty with the total sales amount of 3 billion yen in 2001. In addition, some cooperatives began to establish special elderly nursing homes. The total sales of care business by medical cooperatives reached 23.6 billion yen in 2000.

### **Actions for Peace and UNICEF**

During the 1990s beginning with the collapse of the Cold War structure of the world, regional conflicts such as the Gulf War was unceasing. Nuclear bomb tests continued: by France in 1996 and China, India and Pakistan in 1998. The USA and Russia adopted the new method of sub-critical tests.

Consumer cooperatives annually organized

Citizen Peace March and *Hiroshima-Nagasaki* Rally, contributing to enactment of the Hibakusha [A-bomb Survivors] Assistance Act in 1994. They collected more than 5.3 millions of signatures out of 10 million in total to demand the enactment in cooperation with *Hidankyo*.

In 1995, the JCCU and its member cooperatives sent delegates to the World Court held in Hague 1995 intended to judge the illegality of nuclear weapons submitting 3.3 million signatures. The massiveness of the signatures attracted attentions and influenced the hortatory remark (judgment) stating that nuclear weapons are against the international laws.

In 2000, consumer cooperatives nationwide sent sets of photograph panels featuring atomic bombings at *Hiroshima* and *Nagasaki* to be exhibited to one-hundred and thirty-nine city/organizations in fifty-one nations, following a lead of the Co-op *Tokyo* which sent the equivalent to a British cooperative in the mid-1980s.

During this period, for UNICEF, consumer cooperatives nationwide raised between 200 million to 300 million yen annually and the funds were used by UNICEF for specific projects and nations designated by cooperatives regionally united in most cases. The total amount of the fund raised by consumer cooperatives accounted to 4 % of the total amount of the fund collected from individual citizens, playing the central part in the fund raising by the Japan Committee for UNICEF. A number of cooperatives or their prefecture



unions assumed regional branch offices or fund raising offices of the Committee.

## 9. Consumer Cooperatives in Each Sector in the 1990s

### Three Units of the JCCU

#### Work Place Consumer Cooperatives

While mother corporations were facing business slump and proceeding business restructuring, many work place cooperatives were forced to dissolve and in a tempestuous time.

In 1990, 146 workplace consumer cooperatives organized the National Chamber of Workplace Consumer Cooperatives in the JCCU to survive the severe time with solidarity.

The Chamber addressed delivering vision of workplace consumer cooperatives and policy making on businesses of canteen, store and services, promoting exchanges and trainings for personnel at the regional and prefecture level.

On the other hand, workplace consumer cooperatives which had expanded their business area to residential communities merged with community cooperatives. In addition, the Chamber exchanged experiences with the NFUCA in their catering business.

Under the prolonging economic slump after the “Bubble Economy”, however, private companies began introducing private catering and other service providers or entrusting these services with their affiliate companies, dissolving consumer cooperatives. Thus, the number of workplace consumer cooperatives based on private companies continued decreasing during the decade.

#### School-Teacher Consumer Cooperatives

While the number of students and teachers was decreasing, school-teacher consumer cooperatives were also facing a difficult time. The Unit for school-teacher consumer cooperatives of the JCCU facilitated discussions on and exchanges of business policies among them. They addressed activating businesses involving the members in product selection, factory visits, cultural-group activities and environment actions.

The Unit began publishing a catalogue for school teachers in 1991, reviewed its online system for product order taking in 1993 and 1998, and addressed business format reformation of catalogue and joint buying business. They initiated joint sales promotion and physical distribution in the *Kanto* district. The *Nagano* School-Teacher Consumer Cooperative merged with three community cooperatives to incorporate the Co-op *Nagano* in 1992.

The total number of school-teacher consumer cooperatives were forty-six with the total membership 760 thousands and the total annual sales of 60 billion yen in 2000.

#### Medical Cooperatives

Incorporation of medical cooperatives continued through this decade, increasing the total membership by about one million and more than doubling the number of *han* and

share capital.

The draft of a “Bill of Patients’ Rights ”<sup>(\*)</sup> was submitted to the 1990 General Assembly of the medical cooperative unit in the JCCU and it was adopted in the next Assembly after nationwide discussions among member medical cooperatives. The rights include the right “to be informed,” “to self-determine,” “of privacy,” “to learn,” “to be cared of,” “to participate and cooperate”.

The medical Unit set a number of committees to develop policies responding to the patient rights, and drove member expansion, capital increasing, *han* organization and activists cultivation among its member medical cooperatives. At the same time, they addressed entrenching the patient rights, enhancing health-medical services and fortifying management. They also actively went into care business for the elderly such as facility operation for health care, visit nursing, care supporting and day cares, in addition to home medical care business. They also organized campaigns to oppose backspacing of public medical-welfare systems.

In the international arena, the Japanese medical cooperatives participated in the second (2<sup>nd</sup>) International Forum of Health-Social Care Cooperatives held in association with the 1995 Congress of the ICA, greatly contributing to the success. They also contributed to incorporation of the International Health Cooperative Organization (ICHO) under the ICA in 1996, and *Shoji Kato*, the Chairperson of the medical unit and board member of the JCCU, was

elected to the first Chairperson of the Organization.

In 1999, the number of medical cooperatives affiliated with the JCCU reached 119; the total membership reached 2.2 million, the total number of medical facilities amounted to 802, and the elderly care facilities such as visiting nursing centers increased to 227. In the same year 67 % of these medical cooperatives recorded plus on the ordinary gain basis, increasing the percentage from 51 % in 1995.

### **University Co-op, labor Insurance Co-op and Housing Co-op**

#### **University Cooperatives**

The number of people under the age of 18 began a rapid decrease after 1992, and the future vision of universities became a center of debate during the decade. Nevertheless the incorporation of university cooperatives still continued. The 1994 NFUCA General Assembly adopted “The Vision and Action Plan toward the 21<sup>st</sup> Century” addressing “contributing to creation of appealing university communities”.

University cooperatives improved businesses supplementing educational functions of universities such as PC provision and instruction, introduction to vocational schools, and care for international students, and encouraged students’ actions for peace and environment protection and volunteer activities, and international exchanges with Asian student organizations.

The membership of the NFUCA increased

from 166 in 1990 to 223 in 2000: the total membership of university cooperatives from 970 thousands to 1.4 millions, the total annual sales increased from 171.2 billion yen to 207.2 billion yen.

### Labor Insurance Cooperatives

ZENROSAI, improving its “National Cooperative Insurance” programs, cultivated insurance planners and advisors, home-care workers, and initiated a campaign for enactment of a law to establish a state disaster indemnification system following the relief works for victims of the Great *Hanshin-Awaji* Earthquake. The Federation entered into automobile liability insurance business and absorbed insurance cooperatives of *Gunma* and *Aichi* prefecture.

In 1999, the Federation recorded 344 billion insurance contracts, four-hundred and

478 trillion-worth insurances in force, 57.8 billion yen of share capital and 1.5 trillion yen of total assets. Based on this achievement, it established “Basic Policies to Realize the Vision toward the 21<sup>st</sup> Century”.

### Housing Cooperatives

While the most part of business of housing cooperatives was entrusted by the Japan Labor Housing Association (a government-backed corporation), they addressed expanding their own business of housing services financed by employee pension funds and house reforming services. Unfortunately, however, their business conditions after the “Bubble Economy” was much severe, and the Association itself was targeted at by the dissolving policy on government-backed corporations, giving the housing cooperatives more difficulties.

The total membership of consumer cooperatives (m: million, b: billion)

Year	1990	1995	'95/' 90	2000	'00/' 95
1) Consumer coops (general)	14.10 m	18.63 m	132 %	21.04 m	113 %
2) Community coops	9.16 m	12.83 m	140 %	14.50 m	113 %
2) / 1)	65 %	69 %	—	69 %	—

The total annual sales of consumer cooperatives (m: million, b: billion)

Year	1990	1995	'95/' 90	2000	'00/' 95
1) Consumer coops (general)	2,777 b	3,274 b	118 %	3,283 b	100 %
2) Community coops	2,159 b	2,594 b	120 %	2,592 b	99 %
2) / 1)	78 %	79 %	—	79 %	—

Unionization rate of community cooperatives: total membership in total households (%)

Year	1971	1975	1980	1985	1990	1995	2000

Rate	2.6	5.4	8.0	14.7	21.9	29.0	30.8
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**(The End of Chapter Six)**

## 1. Social Situations and Outline of Consumer Cooperatives at the Beginning of the 21<sup>st</sup> Century

### Expanding Disparities among Living Conditions of People

Entering the 21<sup>st</sup> century, the Japanese economy still could not sneak out from stagnation and disorder caused by the collapse of the “Bubble Economy”. Financial institutions and other industries were busy to dispose of bad loans, and bankruptcy and restructuring of corporations continued in increasingly fierce competition and overseas transfer of industries. At the end of 2001, unemployment rate recorded a historically high level of 5.5 %, and stock prices hovering at low levels also recorded a historically low level of 7,600 yen in the 2003 spring.

As unemployment and irregular employment increased, the average earned income of cooperative members’ households in 2004 dropped by 1.6 % from the 2000 average, and average consumption expenditure decreased by more than that rate, according to a survey on cooperative members’ domestic accounts by the JCCU. The same survey showed that average expenditure for food items dropped by 10 % in the decade from 1996 to 2005.

Responding to declining birthrate and a growing proportion of the elderly, the Government reviewed pension systems and

medical-care systems, along with abolishing tax reduction for waged workers. These reformations increased burden of waged workers and the elderly.

The Liberal Democratic Party (LDP), which had recovered in 1993 its ruling status by coronating *Tomiichi Murayama*, the socialist party head, as the prime minister of their coalition cabinet, maintained its ruling under the consecutive coalition cabinets with the *Komei* party, a centrist party initiated and supported by a huge Buddhism sect, and assigned in 2001 *Junichiro Koizumi* to the Prime Minister, who had been insisting “structural reconstruction without asylums”. He tried to carry through “market mechanism” in

### The 50<sup>th</sup> anniversary celebration of the JCCU, Tokyo May 2001 (JCCU Reference Room)



the economy and society with a “small government” symbolizing privatization of the post-office services and the public highway corporations, which had been his pet theory,

and slashing off public construction projects. He got much popularity among urban voters and taxpayers by daring to say “I will break up my LDP dominated by anti-reformers”. His policy damaged the traditional LDP constituency, giving a clear-cut victory in the 2005 general election.. At the same time he paved a road to advent of a new administration led by the Democratic Party of Japan, which overwhelmingly won the 2009 general election.

In the 2005 summer, the Government declared that Japanese economy has “bailed-out from the post-bubble time” and began to recover. In the reality, however, the unemployment and irregular employment rates increased, and the number of households on welfare relief continued growing, demonstrating widening disparities among people, and making safety-net stretching a critical issue of the society.

### **A Series of Camouflage of Food Materials**

In the realm of consumer issue, a cow with BSE disease was found for the first time in Japan in 2001, and the Government banned beef import from the USA in 2003 out of concern on the disease. While the Government was taking up domestically-grown cows to prevent the disease, the Snow Brand Food Products Co. Ltd, an affiliated company of a major milk products corporation, defrauded the Government of its money by camouflaging imported beef as domestic beef. They gained profits from the price differences between the domestic beef and imported beef. The same cheatings were brought to light from one after

another.

Fraud acts by food producers, including suppliers for consumer cooperatives, relating to raw materials, growing areas, production date, labeling and others frequently occurred, raising fears and angers of consumers. In addition, bird flu infection spread among chickens in 2004 and 2005, creating massive disposal of chickens and fears of human infection.

In these situations surrounding consumers, the JCCU, playing a central role in consumer groups, organized a campaign to demand fundamental changes in the Food Sanitation Act, succeeding in the amendment of the law and enactment of the Food Safety Basic Act in 2003. Following that, the Basic Consumers Act was enacted amending the Basic Consumer Protection Act in 2004.

### **The Iraq War and North Korea**

In the international arena, the USA president George W. Bush took office in 2001 in the world situations in unilateral domination structure of the States, and fortified oppression against Iran, Iraq and North Korea calling them “axis of evil”. Under the circumstance, on September 11, 2001 two airplanes hijacked by al-Qaeda terrorists crashed into the twin buildings of the World Trade Center, New York, killing 2,801 people and shocking the US and international society. In March 2003, the US forces opened fire at Iraq on the ground that the nation maintains mass-destruction weapons against the resolutions by the United Nations and has relations with al-Qaeda. In response, Japan sent its defense forces to non-combat

areas of Iraq, by enacting a special measure law, with query of constitutional violation, to assist in reconstruction of people's livelihood of Iraq. It was the first-time dispatch of Japanese armed forces overseas.

Meanwhile, North Korea was irritating and straining Japan and the neighboring nations. Starting in the 1970s, the self-isolated nation abducted many Japanese and other-national citizens to abuse them for its use violating human rights. The Japanese Government laid down that at least seventeen Japanese citizens were abducted, succeeded in making North Korea admit the facts and place back four survivors in 2002 and their three family members in 2004. On the other hand, North Korea continued missile launching tests over the Japanese archipelago from 1998, and dared the first underground nuclear test in 2006. In response to the strained circumstance, the Government fortified its security policies by establishing laws on war contingencies, amending the Self-defense Forces Act, and grading up the Defense Agency to the Ministry of Defense.

### **Entering the 21<sup>st</sup> Century**

At the end of the twenty-first (20th) century, 2000, the total membership of consumer cooperatives amounted to 21 millions with annual sales of 3.3 trillion yen. In the 1990s, the total membership increased by about 7 millions, or 50 %: the annual sales likewise by 500 billions, or 18 %. The unionizing rate of community cooperatives in total households rose by 10 percentage points reaching 31 %.

The share in the total sales of the national retailing industry, however, almost stayed at 2.6 %.

On the eve of the 21<sup>st</sup> century, at the 1997 General Assembly, the JCCU decided that consumer cooperatives will address "creating human livelihood and realizing sustainable society" in "The Ethos and Vision toward the 21<sup>st</sup> Century. Following that, the JCCU established the first mid-term program for ~~the~~ the new millennium at the 2001 General Assembly, stating that "consumer cooperatives are expected to become absolutely necessity in the society" and "play a role greater more than ever in the new society of the 21<sup>st</sup> Century as a cooperative social system to enhance consumers' security and reliance".

In order to respond to this expectation, the program put emphasis on "creation of a new social system for food safety by cooperative business and member actions" and on necessity of reforming business structure centering on enhancement of soundness of business and producing a surplus in store business for that purpose.

### **Features of Consumer Cooperatives at the Beginning of the 21<sup>st</sup> Century**

The evolution of organization and business of consumer cooperatives in the five years after 2000 leveled with that of the five years in the latter half of the 1990s. The total membership increased from 21.04 millions to 23.41 millions, an 11 % rise, and annual sales from 3,286 billion yen to 3,317 billion yen, a 0.9 % rise.

Excepting insurance and other fringe businesses, the annual sales of retailing business decreased to 2.9 trillion yen (a 0.5 % slip).

While Japanese economy continued stagnating and business of department stores and volume retailers backed down, fierce competitions between retailers continued in sales promotion and store opening. Under the circumstance, although retailing business of consumer cooperatives were also forced uphill battles, their share in the retailing industry rose from 2.6 % in 2000 to 2.9 % in 2005.

Business of community cooperatives also stagnated in the same period: only a 1.3 % rise in total annual sale, a 0.3 % drop in annual retailing sales. Separating into formats, store business sales slipped by 9 % and *han*-joint buying dropped by 27 %, while individual delivery service jumped by 2.2 times.

The total membership of consumer cooperatives, however, still increased in these five years by 11 %. The total membership of community cooperatives increased by 14 % and

reached 16.53 millions. Their unionizing rate in total households rose from 31 % to 33 %.

Member activities of community cooperatives centering on diet and products in corroboration with business continued evolution along with activities for environment protection, welfare, child raising and peace. Especially for the food safety and consumer right issues, they succeeded in amendment of the Food Sanitation Act, enactment of the Basic Food Safety Act and establishment of the Food Safety Committee in the Government, and contributed to building social systems for consumer rights including the enactment of the Basic Consumers Act.

The regional business consolidation beyond the prefecture borders, initiated in the 1990s, became to cover the entire area of the nation including the *Kinki* and *Chugoku-Shikoku* regions. These regional business unions began to cooperate with the JCCU for product development nationwide, characterizing the consumer cooperative movement at the beginning of the 21<sup>st</sup> century.

## **2. Pursuing Sound Business**

### **(1) Expansion of Individual Delivery in Business Stagnation**

The slump in retailing business of consumer cooperatives continued in the early 2000s. Particularly in 2004, when the consumption tax system was changed to indicate total prices (real price plus the tax). This change hiked prices in appearance, depressing consumers'

buying motivation.

Be that as it may, average monthly shopping amount of members of community cooperatives continued dropping by about 2 % year after year. Although they tried to recover from the slump by expansion of their membership, they could not stop the slippage because incoming members in total did not buy more than existing members and most of them



had used to have distanced themselves from cooperatives.

What prevented a steep drop was individual delivery business. The ratio of it in non-store retail business jumped from 22 % in 2000 to 46 % in 2005.

The convenience of individual delivery service attracted consumers especially out-working housewives and the elderly, and many of the existing members began to use this service dropping out from *han*-joint delivery service.

The individual delivery business was originated by consumer cooperatives in the *Tokyo* metropolitan area where severalty of consumers is relatively notable and relatively many housewives are working out, making them difficult to join and use *han*-joint delivery service. The Pal System Consumer Cooperative Union (renamed form the Metropolitan District Consumer Cooperative Business Union in 2005), one of the initiator of this business format, developed and improved its business system, and rapidly enlarged the membership of its affiliated cooperatives in the Metropolitan area factually concentrating on this format. Following it, the Co-op Net Business Union and its member cooperatives began full-swing expansion of individual delivery service. The both parties and other cooperatives in this area accelerated expansion of this business in competition with each other.

In addition, consumer cooperatives began to introduce order taking system via the internet. The number of users of this system increased from three-hundred and 350 thousands in 2003

to 750 thousands in 2005. The JCCU contributed to this expansion by developing and providing the information system named “e-Friends”.

### **Uphill Battle of Store Business**

Consumer cooperatives continued closing unprofitable stores following the 1990s. The total number of stores of community cooperatives decreased from 1,400 in 1995 to 1,214 in 2000, and 1,100 in 2005. By contraries, the average sales area of the stores was enlarged from 815 m<sup>2</sup> in 1995 to 1,080 m<sup>2</sup> in 2005. The average sales area of new twenty-one stores of 16 cooperatives in 2005 was 1,525 m<sup>2</sup>, meaning that they concentrated on developing large-sized stores which can provide foods and domestic articles for daily life without vacuity.

Improvement of balance of the store business had been a focal task of consumer cooperative following the previous decade. The average current profit rate of store business slightly improved from minus 2.9 % in 1999 to minus 1.6 % in 2002. Due to dropped sales, however, the rate slipped down to minus 2.3 % in 2004. The task was left to the following time.

### **(2) Reforming Business Structure and Provisions of Assistance for Slumped Cooperatives**

#### **Addressing Reformation of Business Structure**

The average current profit rate of community cooperatives still remained at low levels and

sometimes recorded below zero. Even including insurance and other business categories, the average rate of total current profit rate stayed about 1 % after the latter half of the 1990s.

In the realm of the store business, an increasing number of community cooperatives set criteria to close unprofitable stores and open new stores.

Meanwhile, the average current profit rate of non-store business gradually decreased from 3.6 % in 1999 to 2.6 % in 2004. Excepting leading cooperatives, many of the consumer cooperatives were delayed in developing distribution systems for individual delivery and faced recession of *han*-joint delivery service. They are now addressing the system developing along with store business restructuring.

In the realm of business structure of consumer cooperatives, the high rate of personnel costs in sales amount or gross profit amount and the increasing rate of sales administrative expenses in sales amount such as supplies costs had been the killing problems. Community cooperatives addressed cutting in workforce and replacing regular employees with part-timers. As a result, they lowered the personnel cost rate in gross profit of 47.7 % in 1999 to 41.4 % in 2005. This reduction was partly contributed by personnel transfer to regional business unions for business integration, resulting in rises of the rate of sales administrative expenses in sales amount of affiliated cooperatives. In return, large-lot buying by regional business unions contributed to rises of gross profit rate of their member

cooperatives. As a total result, the current profit rate of community cooperatives slightly improved from 1.2 % in 2003 to 1.5 % in 2005. However, it still remain at a lower level in comparison with leading and growing retailers, and the task of reformation of business structure is left to the following time.

### **Rebuilding Co-op Sapporo and Integration of Community Cooperatives in Hokkaido**

As mentioned earlier, the Co-op Sapporo and other two community cooperatives nearly went into bankruptcy in the latter half of the 1990s, and the JCCU and its member cooperatives raised a relief fund for loan and dispatched rescue teams to assist in their rebuilding. The JCCU sent its active Managing Director and Executive Director to the Co-op Sapporo to build up its top management.

Among them, the Co-op Sapporo addressed scrap-and-build of money-losing stores and expansion of individual delivery business. Although its sales continued decreasing until 2001, the current profit rate turned to a rise in 1999 and the rate rose to 1.9 % in 2005, the highest level among store-business-centered cooperatives, completing the five-year rebuilding plan moving up two years.

Meanwhile, the *Do-o* Citizen Cooperative, which failed in its rebuilding, consolidated its business with the Co-op Sapporo in 2002. The *Kushiro* Citizen Cooperative also merged with the Co-op Sapporo in 2003. The remaining six community cooperatives in *Hokkaido* in sequence merged with the Co-op Sapporo by

2006.

In this way, the vision of the JCCU and its affiliated cooperatives to rebuild the community cooperatives of *Hokkaido* centering on the Co-op *Sapporo* saw bright prospects for completion. Now, the Co-op *Sapporo* is struggling with paying back the piled up debts including those of the merged cooperatives.

### **Rebuilding Failed Cooperatives**

Other than community cooperatives of *Hokkaido*, 5 cooperatives applied to accommodations of the relief fund. They addressed regeneration of themselves with assistance from their affiliated regional business unions or neighboring major cooperatives, or merger with neighboring major cooperatives.

### **(3) Establishing Compliance in Business Enhancement of Supplier Management**

Following the case of the Snow-Brand Foods, Co., serious raw-material cheating cases were detected in suppliers for consumer cooperatives. The most serious case among them was the cheating by the *Zenno* Chicken Foods Co., an affiliated company of *ZENNO* (the National federation of Agricultural Cooperative Associations) in 2002.

While it had been providing the Co-op Net Business Union consisting of major consumer cooperatives in the *Kanto* region with broiler chicken grown without animal drugs, its production volume became impossible to meet the increased demands of consumer

cooperatives. In a mal-response, it cheated the Union by providing broiler chicken grown using animal drugs. The fraud was revealed by a “whistleblower” in the company. The consumer cooperatives concerned refunded 1.4 billion yen in total to their members. In addition, the Union did not have alternative suppliers at all, and it could not provide consumers with broiler chicken for a considerably long time. This case gave an important lesson on supplier policies of consumer cooperatives. The Union should have inspected the production practice of the supplier, and cultivated multiple suppliers of broiler chicken even using animal drugs responding to increasing demands for the product to ensure the provision of the product for members. The time had come for consumer cooperatives to establish supplier policies meeting their enlarged size of business responsible for providing products to a massive number of consumers.

Even after the *Zenno* case, similar frauds by suppliers including those for the JCCU occurred. Among them, the most serious case in 2004 was that a purchase manager at a major cooperative in Kyushu intentionally gave a silent approval to his supplier’s cheating on meat production area, discrediting consumer cooperatives in general. The media reported these cases even suggesting “crisis in consumer cooperatives”.

In response to the situation, consumer cooperatives began to enhance supplier management including inspecting factories and farms against specifications and labeling

criteria, and review labeling criteria and product systems.

### **Traceability and Quality Management System**

According to the 2003 survey by the JCCU on *sanchoku* purchase of the member cooperatives, composition ratio of *sanchoku* products in the total sales peaked in 1998 and turned to decline ~~ing~~: rice; from 79 % to 51 % in 2003, egg and milk; from 65 % to 49 % in 2003. It was because they stiffen up *sanchoku* trading criteria and, therefore, even if almost all of the products meet the *sanchoku* criteria, the category is not accepted as *sanchoku* product unless it is 100 %.

Pursue for traceability of produces began at this time. The Co-op *Sapporo* in 2005 joined the Japan Traceability Association and participated in an experimental program by the Ministry of Agriculture, Forestry and Fisheries to demonstrate a “ubiquitous” system, an identification system for an individual product or production lot. The *Miyagi* Consumer Cooperative followed it in the next year. The JCCU proposed “Quality Assurance System for Produces” in 2005 and the member cooperatives in cooperation with its suppliers began to build the system.

In parallel with the process in which product developing function of individual cooperatives for CO-OP brand goods was handed over to regional business unions in cooperation with the JCCU, standards for product development and control was also reviewed and upgraded.

**Additional product inspection lab of the JCCU completed in September 2001 (JCCU Reference Room)**



Many regional business unions and their member cooperatives addressed certification of their quality management systems in conformity with the ISO 9001 standard, the international standard for quality management systems, and the number of certified cooperative organizations under the standard reached 15 in 2005.

The JCCU and its product inspection laboratory organized a study group with the member cooperatives to improve their testig competence through exchanges of experiences and know-how. The participants reached 33 cooperative organizations in 2005.

In this way, the JCCU and its member cooperatives in cooperation addressed trust building among consumers in their *sanchoku* and CO-OP brand products.

### **Restoring Confidence and Establishing Compliance**

While the beef cheating cases by the Snow Brand Food Products Co. and other food-related companies raised questions on corporate compliance with laws and regulations, consumer cooperatives addressed establishing compliance in business in parallel with

reformation of management and corporate culture. The 2005 JCCU survey showed that 70 % of community cooperatives had set programs for compliance or were planning such schemes, and university cooperatives and other cooperatives established code of conduct and appointed personnel in charge.

Ensuring safe driving had been a critical task for consumer cooperatives operating delivery services and they had been continuously providing drivers with instructions and trainings for safe driving. As a result of these efforts, they had relatively few

fatal and injury accidents in spite of the huge number of trucks they use.

In addition to safe driving, environment and quality management system under the ISO standards, consumer cooperatives addressed personal information protection programs in compliance with the Personal Information Protection Act enacted in 2003. These actions to comply with laws and regulations were intended to secure trust of cooperative members and the society in consumer cooperatives as business entities.

### **3. Business Consolidation and International Exchanges**

#### **Regional Business Unions Entirely Cover the Nation**

In the 2005 amendment of JCCU organizational system, many university cooperatives which had not been members of the JCCU became indirect members of the JCCU. Reflecting the change, the membership of the JCCU increased from 588 in 2001 to 629 in 2005. The number of community cooperatives stayed as same as 161, being canceled each other by incorporations and mergers.

The consolidation between community cooperatives in this 5-year period was featured by incorporation of regional business unions following the 1990s. Their regional consolidation was combined with national consolidation under the JCCU centering on joint development of CO-OP brand products.

New regional business unions were

incorporated: the Co-op *Kinki* Business Union of 7 cooperatives in 2003, the Co-op *Chugoku-Shikoku* Business Union (C Net) of 9 cooperatives in 2005. Both being headquartered in *Osaka*, the Naturalistic Co-op Business Union of 10 cooperatives in 2002, and the *Kirari* Co-op Union of 4 cooperatives in 2003 were incorporated. As a result, these regional cooperative business unions in all entirely covered the nation excepting *Hokkaido* where most of the consumer cooperatives merged with the Co-op *Sapporo*.

Among existing regional business unions, the Co-op *Tohoku* Sun Net Business Union, initiated by 3 cooperatives, became to cover entire *Tohoku* district of 6 prefectures by 2005. The Co-op Net Business Union, starting with 5 cooperatives in eastern *Kanto* district, expanded its membership to include the Co-op *Tokyo* in 1999, the Co-op *Nagano* in 2004. And the *Niigata* Citizen Co-op is expected to join. The

U Co-op Business Union of 6 cooperatives in the district south to the Metropolitan discussing merger with the Co-op Net Business Union. The Pal System Cooperative Union expanded its coverage to 8 prefectures by 2005. The *Seikatu* Club Cooperative Business Union expanded its membership to 26 cooperatives in sixteen prefectures.

The total membership and annual sales of cooperatives covered by these business unions were 8.2 millions and 1.2 trillion yen in 2000, 12.8 millions and 1.9 trillion yen in 2005. The ratio of their total annual sales in those of the total community cooperatives plus workplace cooperatives operating in residential communities was 45 % in 2000 and it jumped up to 71 % in 2005.

### **Joint Development of CO-OP Brand Products**

Prior to this time, the JCCU developed its CO-OP brand products for consumer cooperatives nation wide, and regional business unions purchased some of them by choice for their member cooperatives and developed their own CO-OP brand goods seeking opportunities to demonstrate originality in specifications and buying competence. It was wasteful duality of the costs.

The Co-op Net Business Union, in 2000 after the affiliation of the Co-op *Tokyo*, began to eliminate this duality and generate upgraded buying power with volume purchase by joint development of these products with the JCCU. They called this scheme “areal joint development”.

At the same time, the JCCU organized the joint development committee with regional business unions nationwide to develop CO-OP brand goods to be purchased by cooperatives nationwide. This scheme was called “national joint development”. The number of products developed in this scheme reached 230 in SKU (stock-keeping unit) in 2005.

The “areal joint development” expanded with other regional business unions and the number of these products amounted to 1,620 in SKU in 2005.

In parallel with product development, the JCCU fortified functions for integrated purchase of NB (National Brand) goods, and integrated physical distribution facilities and co-developed information systems with regional business unions.

The CX Cargo, Co. and the CX Info-net, Co., both the JCCU affiliated corporations, contributed to the logistics and information system building.

The Co-op Net entrusted the product development business to the JCCU transferring its personnel concerned to the JCCU. They also began to discuss “Grand Design for Consolidation and Integration of Business Functions toward 2010”.

### **International Exchanges Centering on Asia**

Following the 1990s, Japanese consumer cooperatives continued exchanges and cooperation with Asian consumer cooperatives utilizing the “Asian Consumer Cooperatives Cooperation Fund”. The Fund purveyed the

costs to accept trainees and delegates from the region in “Consumer Cooperative Development Project” of the ICA. The Co-op *Kobe, Tokyo, Kanagawa, Miyagi* Consumer Cooperatives and the NFUCA cooperated with the JCCU to accept these international visitors.

After 2000, the Fund was used for the same programs organized by the member cooperatives of the JCCU. In 2005, 18 cooperative organizations accepted trainees and delegates from seven (7) nations in 36 bilateral projects.

The Fund reached eight-hundred and seventy (870) million yen in 2005 accepting donations from one-hundred and 107 member cooperatives. Other than the Fund, member

cooperative organizations raised their own funds for international cooperation, and also medical cooperatives actively developed their own international activities.

The JCCU participated in various ICA projects, assisted in consumer cooperative development projects and gender equality programs in the Asia-Pacific region, and kept stationing personnel at the Asia-Pacific Regional Office of the ICA in India. With the All China Federation of Supply & Marketing Cooperatives, the JCCU organized commemorating events for the 50<sup>th</sup> anniversary of their exchanges and established an agreement for further cooperation.

#### **4. Enlarged Insurance Business and Developed Welfare Business**

##### **Co-op Insurers exceed 5.8 millions**

Cooperative insurance business of the JCCU greatly grew through the 1990s, and the number of agent cooperatives reached one-hundred and thirty-two (132) and total insurance premium including that of 33 co-underwriters with the JCCU reached 55 billion yen in 2000. The insurance business had the second place to retailing business of consumer cooperatives and they further propelled expansion.

A life time insurance program was developed in 2001 and the main insurance branch “Mutual Help” added to itself programs for children, women and medical care. Life plan advisors who completed the JCCU training courses contributed to expansion of insures of

these various programs. The number of them reached 1,370 and a national exchange meeting was organized in 2004.

Thanks to canvassing activities by delivery service personnel and insurance counters placed in increasingly many cooperatives stores, the total number of insures annually grew by about 10 % and reached 5.8 millions in 2005. The total insurance premium doubled from 2000 to 103 billion yen and the total insurance in force reached 7.7 trillion yen in 2005. The total insurance payment reached 40 billion yen in the same year.

While the insurance business expanded, clerical works of co-underwriters for payment were integrated with the JCCU and the JCCU set a call center for one-hundred and 125 agent cooperatives in 2005.

In addition, the insurance programs for cooperative personnel also expanded thanks to an increased number of insures of part-timers. The number of insures reached 130 thousands, insurance premium 35 millions and payment 11 million yen in 2005.

### **Evolution of Care Businesses**

Businesses to provide care services for the elderly/handicapped centering on care attendant dispatching by community cooperatives under the Long Term Care Insurance Act enacted in 1997 expanded to involve 45 cooperatives with 162 facilities. The total income from the businesses reached 3 billion yen in 2005.

Medical cooperatives addressed the care businesses as one of their pillar businesses, realizing a total income from it of 41 billion yen in 2004. The number of social welfare corporations established with assistance of community cooperatives amounted to 6 with total income of 4.4 billion yen. Including this, the total income from care-related business reached 53 billion yen in 2004. In addition, new projects to initiate joint ventures between

**Insurance counter placed in cooperative store (Co-op Tokyo)**



community cooperatives and medical cooperatives are emerging.

Although care businesses by community cooperatives varied from home help, day service, care planning to care equipment renting, only ten cooperatives recorded black in 2004 and achieving black has become an essential task for them. Increasing income by improvement of the care system provided by the Government and recruiting and training care personnel are necessary. Under the circumstance, the JCCU positioned the care business at the third place in consumer cooperative businesses to “create security in life” in its “Vision toward 2010” and is organizing discussions how to rebuild the care business.



## 5. Member activities and Addressing Social Issues

### (1) Member Organizations and Activities

#### Changes in Member Constitution and Member activities

Differently from stagnating sales, the total membership of community cooperatives increased by more than 2 % every year from 2001 to 2005, reaching 16.5 millions. The unionizing rate in total number of households resulted in 33 %, placing *Miyagi* pref. of 65 % at the top being followed by 9 prefectures over 40 % such as *Hyogo* and *Hokkaido*. Since it began a full-swing expansion in the latter half of the 1960s, community cooperatives at last became not to say “universal existing” but “natural existing” in the Japanese residential communities at the beginning of the 21<sup>st</sup> century.

Including other categories of consumer cooperatives, the total unionization rate of Japanese consumer cooperatives rose to 87 % in *Hyogo*, over 70 % in *Niigata* and *Miyagi*, and over 50 % in many other prefectures.

What mostly contributed to the growth of the membership of community cooperatives in this time was individual delivery service. Reflecting it, *han* unionization rate in total membership dropped from 47 % in 2000 to 38 % in 2005. Although the number of *han* marginally rose, the average number of *han* members dropped from 4.0 to 3.3 in this period.

According to the JCCU survey, the average age of members rose from 48.6 years old in 2000 to 51.4 years old in 2006, and the main

age-groups were split into “senior class” at 50s to 60s and “child-raising” class at 30s to 40s. While their common expectations to consumer cooperatives were “food safety and security”, younger classes put more emphasis on “convenience”.

Responding to the changes in member constitution, community cooperatives had been addressing review on operation of member organizations in order to create opportunities and routs for members other than *han* organizations from the latter half of the 1990s. This continued after 2001 under the JCCU policy presented by its 9<sup>th</sup> mid-term program which intended to “appreciate links between individuals and links between groups, and make them function as networks” and “to widely open a gate for members to participate in decision making”.

#### Addressing Dietary Education

The 2003 JCCU survey and others showed the tendencies that time consumed for cooking was shortening, consumers were increasingly dependent on eating out and eating fast foods, delicatessens and lunch boxes, and, at the same time, they were conscious about nutrition and health. Among the issues, diet for children has become a social concern of the society and dietary education for them has become an important agenda.

Under the circumstance, the JCCU, as one of programs to celebrate its 50th anniversary,

**Opening ceremony of “*Taberu Taisetu*” [importance of diet] Festival, Kobe, November 2006 (JCCU Reference Room)**



organized “*Taberu Taisetu*” [importance of diet] campaign, publishing six-hundred and fifty (650) thousand copies of “*Taberu Taisetu* Book.” Along with actions to secure food safety, consumer cooperatives had been organizing cooking classes and study gatherings, and began this time providing information such as balanced diet and menus coupling with sales promotions.

Dietary education spread among parents with young children through their studies and exchanges to make children themselves get interested in and informed of diet. The JCCU is prompting these exchanges by organizing work-shops, and dietary education programs easy to practice are in the making by members gathering at cooperative stores and venues.

In the 2005 autumn, the JCCU organized “*Taberu Taisetu* Festival” in *Tokyo*. This Festival, which attracted 17 thousand delegates, was intended to report and exchange policies and actions on dietary education of not only cooperative members but of producers, their related organizations and government institutions. Consumer cooperative organizations in the Metropolitan area cooperated for planning, 24 consumer cooperatives from nationwide presented their

activities in their booths, and ninety-one (91) producer-related organizations, educational and international institutions participated. In the next autumn, the same event was successfully held in *Kobe* with presentations by 110 organizations and 20 thousand participants.

**Care for the Elderly and Support for Child Raising**

Activities of “Mutual Help Association” centering on homemaking assistance by cooperative members continued at the beginning of the 2000s and the total membership of 73 cooperatives concerned reached 61,200 with 1,030 thousand working hours in 2005.

Lunch services were provided by 31 cooperatives and meal delivery services by 21 cooperatives in 2005.

Support for young parents raising their infants and facilitation for their experience exchanges were provided mainly in “Child Raising Plaza” held at cooperatives stores and venues for children and parents to casually join plays and exchanges. This was initiated by two (2) cooperatives in 2000 and rapidly spread to 52 cooperatives with 270 places in 2005.

Mutual help and “Child Raising Plaza” activities delivered “High Touch Saloons” where cooperative members and their family members freely join tea parties and singing in chorus, etc. and it spread to 30 cooperatives in 2004.

## (2) Addressing Social Agendas

### **Amendment of the Food Sanitation Act and Enactment of the Basic Consumers Act**

From 1999, consumer cooperatives in cooperation with consumer groups collected 13.7 million petition signatures for amendment of the Food Sanitation Act and the petition was adopted in the Diet in 2001. In this campaign, they campaigned to request local assemblies to submit opinions in writing to the central Government for amendment of the law. As a result, 972 opinions in writing including 43 prefecture assemblies were submitted.

Following that, consumer cooperatives campaigned for enactment of the Food Safety Basic Act and review of food labeling system along with amendment of the Food Sanitation Act, succeeding in 2003. According to the new law, the Food Safety Commission was established in the Cabinet Office intending to conduct food risk assessment from scientific perspective independently from government institutions.

In 2003 *Shodanren* published an amending draft of the Basic Consumer Protection Act, and in cooperation with the JCCU and other consumer groups made petitions to local assemblies to submit opinions in writing for amendment of the law. As a result in 2004, the Basic Consumers Act was enacted amending the Basic Consumer Protection Act. In this way, Japanese consumers eventually caught up those of other industrialized nations by obtaining these laws to establish consumer rights after a

long fight.

Following that the JCCU in cooperation with *Shodanren* addressed a campaign to establish a consumer-organization lawsuit system under the Consumer Contract Act, and succeeded in incorporation of the Consumers Organization Japan being qualified to go to lawsuit on behalf of damaged consumers.

In parallel with the consolidation of the consumer-related legal system at the central level, consumer cooperatives and other consumer groups addressed demanding local governments to enhance administration for food safety, obtaining many preferable results. Ordinances to ensure food safety were enacted in 40 prefectures; action plans for that purpose were established in 36 prefectures.

### **In Quest of Peace**

Against the armed attack by the United States to Iraq in 2003, the JCCU and many of its member cooperatives protested it by submitting “Appeal for Peaceful Resolution”.

The “Peace Marches” and “*Hiroshima & Nagasaki* Actions” in August, initiated in the

**(No.32)**  
**“Peace Concert in Remembrance of the A-bomb 60<sup>th</sup>, Nagasaki, August 2005 (JCCU Reference Room)**



1980s, continued in the period after changing the names to “Peace Relay” and “Peace Action in *Hiroshima & Nagasaki*.” in 2002. Instead of increasing the number of participants in the central events in the bombed cities, consumer cooperative attached a high values to organizing various events held in local sites so that many members can casually join them.

In 2005, the 60<sup>th</sup> anniversary year of the atomic bombing, the JCCU proposed to organize various local events by its member cooperatives in the name of “Peace Actions 2005”. Many actions were organized in 2,100 sites with the total participants of 470 thousands. The “No More *Hiroshima-Nagasaki* Peace Action” gathered one-hundred and sixty (160) representatives from 37 cooperatives, and 1,730 delegates of 160 cooperatives participated in the “Peace Action in *Hiroshima & Nagasaki*” in the same year. Thirty-seven delegates from consumer cooperatives observed the review conference on Nuclear Non-Proliferation Treaty (NPT) at the UN head office in New York in the same year.

#### **Cooperation with UNICEF Especially Rescue Fund Raising for the Victims of the Sumatra Earthquake**

Fund raising activities by cooperative members continued in this period and the annual amount of the fund maintained at 200 to 300 million yen. Especially in the case of the earthquake and tsunami in the Sumatra Island, Indonesia, which occurred in 2004, killing 230 thousand people even within the nation, the JCCU and its 105 member cooperatives in cooperation with

UNICEF organized relief fund raising campaign. An emergency relief fund of 300 million yen was raised through stores and joint-buying organizations, exhibitions and bazaars. In addition, a rehabilitation relief fund for children amounted to 110 million yen. Medical cooperatives addressed assisting in cooperative development in Sri Lanka and dispatching medical doctors to the devastated areas. Following that in 2005, consumer cooperatives are raising a relief fund for sufferers of the earthquake in Pakistan

The accumulated total amount of the fund for UNICEF raised by Japanese consumer cooperatives, initiated in 1983, reached 5 billion yen by this time, greatly contributing to the fund raising by the Japan Committee for UNICEF as one of the pillar supporters for it.

#### **Relief Actions for Sufferers of Natural Disasters**

Relief actions for sufferers of domestic natural disasters were continued by consumer cooperatives also in this period. The volcano eruption in the *Miyakejima* Ireland in 2000 resulted in evacuation of the island’s entire population, and the Co-op *Tokyo*, which had about 200 members accounting 10 % in the total households of the island, visited them at their evacuation houses to provide rice and other necessities free of charge and continue insurance contracts. Consumer cooperatives in *Tokyo* raised a fund of 11.2 million yen to assist the evacuator in returning to their home island and sent volunteers to help the rehabilitation of the houses and facilities.

The 2003 heavy rain in the *Niigata* and *Fukui* pref. caused severe damages. Responding to that, volunteers from consumer cooperatives surrounding the devastated area dashed off.

Following soon that in October, an earthquake attacked the central part of the *Niigata* pref. The surrounding consumer cooperatives provided relief materials and volunteers along with fund raising for the sufferers. Medical cooperatives dispatched medical staff. The JCCU collected a relief fund of one-hundred and 150 million yen from its member cooperatives, and its insurance section in cooperation with the member cooperatives sent staff to visit suffering cooperative members and pay insurance benefits.

### **Environmental Actions Fulfilling a Great Social Role**

Environmental measurement activities by cooperative members continued in this period involving 33 cooperatives for NO<sub>x</sub>, 20 for acid rain and river waters in 2005. These activities are evolving to nature experience and observation activities, environmental classes and planting activities by children and their parents. Recycling of used containers and packages, starting with paper milk packages, continued expanding its coverage, and the total annual reduction of CO<sub>2</sub> emission by this recycling was estimated to be 26 tons in 2005 by the JCCU survey. For actions to reduce CO<sub>2</sub> emission by households, centering on “environmental housekeeping book”, various programs were developed involving children.

Charging on plastic bags and campaigns to encourage customers to bring them contributed to a reduction in use of them by almost 300 million pieces, or 49 % by estimate in 2005. Most of community cooperatives receive the charge as donation from the customers and utilize it to subsidize environment protection activities by other organizations.

Efforts to reduce environmental impacts of cooperative business activities continued in this period. Following the *Kyoto* Protocol, which came into effect in 2005, the JCCU and its fifty-five member cooperatives jointly established an objective to reduce CO<sub>2</sub> emission based on a survey on stores and other cooperative facilities. The target was to cut back CO<sub>2</sub> emission per one piece of goods sold by 4.5 % by 2008 comparing with the 2002 record. They began the actions to achieve it in 2005.

Many consumer cooperatives are replacing refrigerators and air-conditioners with those of electricity-saving models and delivery trucks driven by gasoline/diesel engines are being alternated with hybrid drive of engines and electric motors. Along with these hardware measures, software measures such as environment management and accounting were also developed. The number of consumer cooperatives with environment management systems certified by third party institutions under the ISO14001 standard significantly increased from 29 in 2000 to 86 in 2006.

## 6. Arrangement of JCCU Organization Structure and Activities of Consumer Cooperatives in Each Sector

### Arrangement of JCCU Organization Structure and Its Three Units

The JCCU used to have 6 regional chambers to discuss policies for the JCCU and its member cooperatives. In 2004, it integrated the *Hokkaido* chamber, whose component had shrunk due to mergers among community cooperatives, with the *Tohoku* chamber, and established the *Chugoku-Shikoku* chamber, where the number of community cooperatives had increased separating from the *Kansai* chamber. University cooperatives, who have the independent national union, the NFUCA, resolved the double affiliation with the JCCU, and medical cooperatives began discussing to incorporate their own national federation apart from the JCCU.

### Workplace Consumer Cooperatives

Following the 1990s, dissolution of workplace consumer cooperatives continued during this period. The member of their unit of the JCCU decreased from 116 in 2000 to 82 in 2004. Workplace consumer cooperatives in prefecture and municipal governments maintained their number at 33 and those operating in residential communities stayed almost same, meaning that most of the resolved cooperatives were those operating only in workplaces of private companies.

In order to maintain their business, they held workshops for policy making on retailing

and catering businesses.

### School-Teacher Consumer Cooperatives

School-teacher consumer cooperatives had been placed in severe business conditions due to reduced number of students and teachers themselves. In addition, after the introduction of full-fledged five-day weeks and new curriculum guidance in 2002, teachers increasingly became busy, making them refrain from cooperative activities and their business situations difficult.

In response, the school-teacher consumer cooperative unit of the JCCU in 2001 established “The Vision toward the Early 21<sup>st</sup> Century” and “The 13<sup>th</sup> Medium-Term Program” to overcome these difficulties.

In order to cover the shrinking sales, they tried to increase commission incomes and save the operations costs. The unit organized top management seminars twice a year for management fortifying including business compliance and organization operation.

In the end of 2005, the total number of school-teacher consumer cooperatives amounted to 41 with a total membership of 680 thousands and total annual sales of 42 billion yen..

### Medical Cooperatives

Although the medical cooperative unit of the JCCU established the 3<sup>rd</sup> five-year program

titled “The 21<sup>st</sup> Century Plans to Clear Up the Future” in 2001, the conditions surrounding medical cooperatives continued to be severe because of serial modifications of medical systems for the elderly, increased charges to patients and health insurance costs and decreased medical service fees paid to medical institutions by insurance systems.

Under the circumstances, they addressed “Dream Map Charting” (networking of health, medical treatment and welfare in communities) and health-improving activities. Intending “open businesses in health, medical and nursing”, they addressed “checking practices of the “patients’ rights bill” including disclosure of patients’ charts along with installing electric chart systems. Some of them were certified under the ISO 9001 standard for quality management systems.

Decreased number of out-patients and medical service fees damaged the financial balance of medical cooperatives. Although the increase of care facilities in the long term care insurance system contributed to expansion of income, even the balance of care business began to deteriorate after 2004. In response, the medical cooperative unit of the JCCU is emphasizing the necessity of reforming their management structure including reviewing their salary and pension systems.

In the international arena, medical cooperatives assisted in hospital building in Nepal, and exchanged experiences in dentistry with Mongol and medical cooperative activities with Korea.

The results of medical cooperatives in total in 2005 were: 116 cooperatives; 2.5 million

membership; 265 billion yen income; 233 visiting nurse centers; 60 at-home-care support centers; 179)helper stations.

## **University cooperatives, Labor Insurance Cooperatives and Housing Cooperatives**

### **University Cooperatives**

Since the Ministry of Education, Culture, Sports, Science and Technology declared “university reformation” in 2001, universities, mainly national and municipal, entered the time of “university upheaval” and national universities in 2004 began to reform themselves into national university incorporations, which are required to make more efforts to obtain research funds by themselves and cover their expenditures with the government subsidiary to be cut back by 1 % every year.

The NFUCA initiated establishing “The Vision and Action Plans” responding to the situation, confirming the role of university cooperatives as part of university communities. They addressed concluding memorandums of agreement with universities concerned to afresh determine the relations with them. Some of the national universities introduced private convenience stores to gain rent from the tenants (university cooperative were free from rent), cooperative projects between cooperatives and universities were pursued.

Although some of the university cooperatives worsened their business balance, the number of cooperative with accumulated deficits decreased during this period.

The results of university cooperatives

under the NFUCA in 2005 were: the number of cooperatives; 227, the total membership; 1.47 millions; the total annual sales; 204 billion yen.

### **Labor Insurance Cooperative**

ZENROSAI developed a new insurance programs in this period: life insurance accompanied by care services (2001); volunteer insurance (2003); and new long-term life insurance (2004), etc., along with improving existing life insurance programs (2005). In addition, they expanded the insurance agents ~~ies~~ including convenience stores. As a result, the total policy contracts increased from 35 millions in 2000 to 36 millions in 2005, insurance in force increased from 495 trillion yen to 637 trillion yen, premium income

increased from two-hundred and 232 billion yen to two-hundred and 288 billion yen.

Labor insurance cooperatives addressed life-security planning for the members by bringing up planners and consultants.

ZENROSAI is now discussing establishment of another long-term program intending further development and a corporate identity toward their 50<sup>th</sup> anniversary.

### **Housing Cooperatives**

The house residence distribution business of housing cooperatives is now shifting to small size development, remodeling, maintenance and mediation businesses.

## **7. Toward Further Development**

### **The First Substantial Amendment of the Consumer Cooperatives Act**

To drastically amend the Consumer Cooperative Act containing many provisions not meeting the status of the greatly developed consumer cooperatives, had been a critical agenda for a long time. Although the JCCU organized the last discussion to develop a revision proposal in 1997, it was suspended due to the business situation: the so-called “Crisis in Management and Reliability”.

In 2003, the JCCU afresh set a taskforce to develop a draft for the amendment, and accumulated discussions on the draft presented by the taskforce to create consensus among

member cooperatives.

While they were negotiating the amendment with the Ministry of Health, Labour and Welfare, Diet members and retailers’ associations, the Ministry set a advisory body for the issue in 2006 and was presented a amendment draft at the end of the year.

The draft pointed out the necessity of fortifying organizational operation and governance responding to the developed cooperative organizations and businesses, deregulation on non-member use of cooperatives and operations beyond prefecture zone, and contractor protection and ensuring business soundness in cooperative insurance business, along with the



exact provision of medial and welfare businesses by cooperatives.

The JCCU and consumer cooperatives accepted the draft and requested Diet members to adopt the amendatory law. As a result, the law was unanimously adopted by both of the upper and lower houses in April 20, 2007.

The major issues of the amendment were as follows.

#### **Non-member use of consumer cooperatives**

The JCCU insisted that banning of non-member use of consumer cooperative should be left to the cooperatives themselves within a certain percentage equal to that of the other categories of cooperatives. The amended law, however, maintained the principal banning and restrictively listed the grounds for authorizing non-member use. Considering the present situation that few small-size shop owners demand the regulation on consumer cooperatives on the ground of the non-member use of cooperatives, the JCCU and consumer cooperatives accepted it as a good step forward the solution in the future.

#### **Operations beyond prefecture zones by community cooperatives**

The amended law admitted the operations by community cooperatives beyond prefecture zone even beyond straits, authorizing the mergers between neighboring peer community cooperatives. This meant that community cooperatives may, in the long run, build a single consumer cooperative operating nationwide in the legal framework. Consumer cooperative

welcomed it as a new opportunity to expand their business areas instead of organizing regional business unions.

#### **Separation of retailing business and insurance business**

The amended law ruled the separation of retailing business and insurance business in order to block off risks to insurance business from risks which could be caused by deficits of retailing business. Consumer cooperatives accepted it as a necessary measure considering the enlarged business sizes of the both businesses.

#### **Upgrading organizational administration systems**

The amended law newly provided the position of representing directors, deciding mergers and resolutions of cooperative at member representative assembly instead of all-member assembly and the position of external auditors.

In this way, the Consumer Cooperative Act was at last amended fifty-nine years after its enactment. The media reported it saying “the first fundamental amendment in about 60 years”. The JCCU published a statement saying “taking this occasion, we anew intend to carry out the social responsibilities and contribute to the local communities where we exist.”

#### **Looking Forward to Further Development**

Japanese consumer cooperatives at the beginning of the 21<sup>st</sup> century have united one out of three households as their members with a business size of 3.4 trillion yen (2006). They are contributing to creation of consumer-oriented social systems centering on ensuring food safety. Their member activities have expanded to various fields: welfare, child raising and diet education, environment protection, UNICEF and peace.

While their store business has been in a continual slump in the severe economic conditions of this period, their share in the national retailing business has slightly jumped. Their CO-OP brand and *sanchoku* products supported by consumers and the home-delivery services, their own “invention” taking the rag off the bush, are being fortified in the national and regional business consolidation in a developing process.

Based on these results, the JCCU is presenting “The 10<sup>th</sup> National Mid-term Program” toward its 2007 General Assembly.. The draft program proposes the following five (5) themes along with objectives and tasks toward 2010:

- business more useful for daily life of consumers;
- management persisting cost structure reforming;
- business consolidation at maximum contributing to consumer life;
- socially opened organizations (coexistence with local communities) ; and
- playing a social role as consumer

organizations.

These themes identify “ambitious objectives toward more fruitful activities” needed to achieve “The Vision toward 2010” established in 2005. They are now actively making effort to complete this mid-term program.

(m: million, b: billion)

Year	Total membership of consumer cooperatives			Total annual sales of consumer cooperatives		
	2000	2005	'05/' 00	2000	2005	'05/' 00
1) Consumer co-ops (total)	21.04 m	23.41 m	111 %	3,286 b	3,317 b	101 %
2) Community co-ops	14.50 m	16.53 m	114 %	2,592 b	2,626 b	101 %
2) / 1)	69 %	71 %	—	79 %	79 %	—

**(The End of the Epilogue)**

## Afterworlds by the Editor-Translator

Taking the advantage of this opportunity, I would like to explain the background of my attempt to edit and translate this chronicle.

I was given an opportunity to write “*Fifty (50) Years of the Co-op Tokyo*” published by the cooperative to commemorate its 50<sup>th</sup> anniversary in 2007. Afterward I was asked by the cooperative to translate the outline of the chronicle for the use of presentation with the power-point for international delegates and trainees visiting the Co-op Tokyo. Completing the job, I realized that a chronicle in English language on Japanese consumer cooperative movement as a whole would be necessary for international delegates, trainees and others interested in consumer cooperatives of Japan.

Mr. *Saito* is the leading and actually only authority of history editor on consumer cooperatives of Japan. He edited “*History of Consumer Cooperative Movement of Tokyo*”, published in 1983 by the Tokyo Consumer Cooperative Union to commemorate its thirtieth (39<sup>th</sup>) anniversary in 1981 during his term of office at the Union, and he was the chief editor and writer of the “Chronicle of the Modern Japanese Consumer Cooperative Movement” of two volumes along with the related “Information Packet” of three volumes published by the

Japanese Consumer Cooperative Union (JCCU)

Commemorating its 50<sup>th</sup> anniversary, which was a big project taking \*\* years. After completing these works, he wrote a paperback pocket edition of the Chronicle published by the Cooperative Publishing Inc in 2003. These works of Mr. *Saito* were much valuable references for me to edit the chronicle of the Co-op Tokyo. Furthermore, he gave me precious advice to edit the chronicle including measures to collect and sort historical materials and to use retrieval software for them.

While translating his paperback pocket edition of the Chronicle for the above-mentioned purpose, I realized that directly translating into English may not be much helpful for international readers would be, and then began adding many translator notes. It caused me to fear that my work may result in another version of chronicle. Under the circumstance, I got wise that it would be ideal to grade up the work to editing a brief chronicle of the Japanese consumer cooperative movement in English under supervision by JCCU President *Toshifumi Yamashita*, who factually supervised my writing of the chronicle of the Co-op Tokyo in his last term as the president at the cooperative. Through that work, Mr. *Yamashita* and I shared many view points on critical events occurred in the history of Japanese

consumer cooperatives. Considering that reflecting our shared view points on the chronicle would lead to utilizing Mr. *Saito*'s writing to satisfy the interests of international readers to be, I presented my idea to Mr. *Yamashita*, who is also good at English language. Fortunately, he approved my intention and decided the edition and publication in an electric edition.

As the editor and translator, I hope that this chronicle would help international readers to understand the background of the Japanese consumer cooperative movement and learn much from its experiences.

My thanks, along with thanks to Mr. *Saito* and Mr. *Yamashita*, go to Mr. *Haruyoshi Amano*, manager at the International Department of JCCU, who facilitated the publication of this chronicle, Mr. Isaac Yaw-Asiedu ,Assistant Manager at the International Department of JCCU, who carefully read and corrected my written English and took

care for the electric publishing, and Ms. *Keiko Misaki*, at JCCU Reference Room, who retrieved and presented the related photographs.

June 2010

*Takeshi Suzuki* (\*)

(\*) **Career Summary**

He was born in *Miyagi* prefecture 1945. and involved in the consumer cooperative movement during the student-time at the Tokyo Metropolitan University. After working at NFUCA and university cooperatives in Tokyo (1969–1981), served as manager at the Co-op Tokyo (1981–1990), as executive director at the Tokyo Consumer Cooperative Union (1990–1993) and as manager at JCCU and its affiliated corporation (1993–2004). Served as the chief editor of the chronicle of the Co-op Tokyo (2004–2007).

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