

Co-operatives and Trade Unions: from occasional partners to builders of solidarity-based society

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Introduction

In tandem with the industrial revolution, co-operatives and trade unions were founded to improve living conditions of workers and farmers since late 19th century. They had reached a stage of development in early 20th century, however they were crushed or integrated into state organs during the Second World War. The US occupation brought a revolutionary change to socio-economic context of co-operatives and trade unions since 1945 introducing a process of democratizing economy with the Anti-Monopoly Act to break *Zaibatsu* and the Agrarian Reform to break landlord system as pillars of militarism while legitimizing unions through the Trade Union Act. Trade unions had flourished but competed to gain political hegemony. Co-operatives were regulated by separate legislations and had evolved quite differently.

During the 1950's consumer co-ops and trade unions developed a variety of worker-oriented co-ops with mixed results. The labor banks and insurance co-ops established themselves as financial institutions while housing co-ops could not take roots. The worker-oriented retail co-ops had short-lived while occupational co-ops in work places were established often with supports from unions and employers. The councils for worker's welfare (Rofukukyo) were organized to coordinate activities of these entities.

However, co-operatives and trade unions took the diverted trajectory since the 1960's when rapid economic growth brought a socio-economic shift and ecological consumerism. The former started to grow from housewives' buying clubs to businesses and took part to consumer and environmental campaigns while the latter concentrated to "spring labor offensive" for wage increase. This evolution also reflected the shift in organizational culture in co-operatives (from worker culture to consumer culture) and unions (from class struggle to material gains).

Under such circumstances, the relationship between co-operatives and trade unions became occasional but there has been persistent collaboration in some areas. The labor banks and *Zenrosai* (insurance co-op federation) have developed as labor-oriented co-operatives while these organizations and consumer co-operatives have jointly tackled

with social exclusion and assisted victims of natural disasters. Now they seek further collaboration to tackle with social problems.

This paper begins with the early history of consumer co-operatives and trade unions in the formative Japanese capitalism. Then it explains the socio-economic context of development of these organizations after the WWII. It describes how worker-oriented co-ops had emerged in the 1950's and explains why co-operatives and trade unions took the diverted trajectories since the mid-sixties. Finally it showcases some collaboration areas and suggests the future direction.

Emergence of Co-operatives and Trade unions in the formative capitalism

Japanese consumer co-operatives can trace their history back to the late nineteenth century. After the Meiji Restoration of 1868, the knowledge on consumer co-operatives had been imported in conjunction with modern economics. In 1878, Takeyoshi Baba published an article on the establishment of co-operative shops in a newspaper *Yubin Hochi*, widely introducing the Rochdale Equitable Pioneer's Society in the UK. The first co-operative shops based on the Rochdale model were set up in Tokyo, Osaka and Kobe in 1879-1880.¹ These pioneering co-ops had been supported by elites such as bureaucrats, business and media leaders, but they disappeared in a few years due to the lack of wider social background. At the turn of the century, a number of trials and errors had been made in the course of industrialization that generated the working class. *Rodo Kumiai Kiseikai* was set up by Fusataro Takano to establish trade unions in 1897 and helped to organize trade unions of mechanics and railway workers that opened *kyodoten* (co-operative shops) as their subsidiaries. In 1900 the Public Order Police Act was passed to make organizing difficult while the Industrial Co-operative Act was enacted in the same year following Raiffeisen model.² These unions had been oppressed by the police while *Kyodoten* was succeeded by worker-oriented co-ops in the 1920's. After these short-lived co-operative shops, the workplace co-ops were created by the benevolent owners of factories and mines while some co-ops were organized by the middle-class people such as civil servants and teachers. Thus, three types of consumer co-operatives emerged around 1920: worker-oriented co-operatives associated with the labor movement, co-operatives attached to companies/factories serving

¹ Kyoritsu Shosha and Doekisha in Tokyo, Osaka Kyoritsu Shoten and Kobe Shogisha Kyoritsu Shoten were set up.

² This can be referred to Bismarck's policy combining labor protecting social policy and anti-socialist laws as a carrot-and-stick approach but these legislations in 1900 had targeted different target groups such as workers and farmers/SMEs.

employees, and citizen co-operatives organized by middle-class people.³ These streams were deeply split by different ideologies: Marxism, paternalism, and liberalism. They were all small-sized and short-lived because of the lack of institutional backing and support structure in Meiji era.

In the wake of “Taisho democracy” in the interwar period, a series of citizen co-operatives were set up to protect living against inflation. They were called “*Sinko Shohi Kumiai*” (emerging consumer co-ops) and often encouraged by local governments. Katei Co-op (Family Co-op) founded in Tokyo in 1919 was chaired by Sakuzo Yoshino, a proponent of *Minponshugi* (politics of the people), and grew to the largest co-operative with 20,000 members in 1941. Kobe Co-op and Nada Co-op⁴ were established under the influence of Toyohiko Kagawa⁵ and Zenji Nasu, a business leader, in 1921. They grew as major co-ops in Kobe and introduced women’s organizations called *kateikai* to support co-ops and enhance women’s consciousness in 1924 modeling the British co-operative women’s guild. Other citizen co-ops were set up in Osaka, Kyoto and Tokyo in this period while a number of *Gakusho* (student consumer co-ops) were set up in Tokyo and Kyoto. Outside Japan, the South Manchuria Railway Co., Ltd. as a spearhead of the Japanese colonial rule in north-eastern China helped to set up a consumer co-operative for its employees in 1919. These co-ops operated retail shops or *goyoukiki* home delivery.⁶

The worker-oriented co-ops established *Kanto Shohi Kumiai Renmei* (*Kanshoren* or Kanto Consumer Co-op Federation) in 1926 while many of citizen and companies/factories-attached co-ops that were affiliated with the *Sangyo Kumiai Chuokai* (Central Union of Industrial Co-ops) set up *Zenkoku Shohi Kumiai Kyokai* (*Zenshokyo* or National Consumer Co-op Association) in 1931. The former designated itself as a wing of the proletarian class movement and some affiliated co-ops in Tokyo started to organize *Han* groups for *kyodo konyu* (joint buying) and communication among members in 1929.⁷

³ Okutani 1935.

⁴ Kobe Co-op and Nada Co-op grew steadily and became the largest consumer co-op in Japan. They merged into Nada Kobe Co-op in 1962 that was renamed as Co-op Kobe in 1991 when it marked one million members.

⁵ Toyohiko Kagawa, a Christian social reformer, founded Kansai Labor League (*Kansai Rodo Domeikai*) in 1919 and led historical industrial disputes against Mitsubishi and Kawasaki Shipyards in 1921 with a serious defeat. He also founded a number of co-operatives to improve worker’s and farmer’s life. His book “Brotherhood Economics” in 1936 became a best-seller and widely contributed to dissemination of co-operative idea worldwide. He was a founding president of the JCCU.

⁶ *Goyoukiki* is a kind of home delivery system in which roundsmen regularly visit patrons to take orders and deliver goods or services. A co-op employee visited each member’s home every morning to take orders and then delivered the items in the evening.

⁷ Yamamoto 1982, pp.386-389. *Han* means a small unit of organization. The co-operative *Han* group was organized by several members living in the proximity. *kyodo konyu* means joint buying of

When the Second World War ended, most of consumer co-operatives were destroyed; the left-wing co-operatives were liquidated by the militaristic government while citizen co-operatives were deprived of trading licenses by the Staple Food Control Act of 1942 and their facilities were largely destroyed by air raids. Needless to say, co-operatives had to start from scratch after World War II, although the legacy of the co-operative movement was inherited through prewar leaders. Trade unions were also dissolved and integrated into *Sangyo Hokokukai* or *Sanpo* (Patriotic Industrial Service Federation) aiming to mobilize workers in the war regime.

Socio-economic context of co-operatives and trade unions after WWII

In 1945, the General Headquarters of the Supreme Commander for the Allied Powers (GHQ-SCAP) declared 5 major reforms (abolishment of secret police, encouragement of trade unions, liberation of women, liberalization of education and democratization of economy) to dismantle the Japanese militarism. These reforms were crystalized in the new constitution with fundamental principles of popular sovereignty, pacifism and basic human rights in 1946. The Anti-Monopoly Act was enacted to dissolve industrial/financial business conglomerates called *Zaibatsu* while the Agrarian Reform was carried out to curtail landlord's power and create owner farmers. The basic labor legislations (Labor Standard Act, Trade Union Act and Labor Relations Adjustment Act) were made during 1945-1947.

Under such circumstances, the labor and other social movement had rapidly expanded with strong request for survival in the heavy shortage of food and daily necessities. The legalized trade unions organized 56% of workers in 1949 while the coalition government headed by socialist Katayama was born in 1947. However under the intensified tension in American-Soviet relations, the GHQ took "reverse course" to oppress the left wing unionism through banning public worker's strikes and implementing a wide range of "red purge". The General Council of Trade Unions of Japan (*Sohyo*) was set up to consolidate right wing and neutral unions in 1950 while All Japan Trade Union Congress (*Zenro Kaigi*) was founded by right wing unions to check *Sohyo's* turn to the left in 1954. In this period a number of radical unions went on strikes that often ended with organizational split on the political and ideological reasons. The surge and defeat in labor disputes over Mitsui mines and campaigns against Japan-US Security Pact in 1959-1960 changed trade unions to concentrate on

members who place and receive orders in *Han* groups. From co-op's viewpoint, it is an arrangement of product delivery to *Han* groups.

economic improvement to obtain a larger share of the high economic growth while new social movement for consumerism, ecology and peace emerged to tackle with inflation, hazardous products and environmental deterioration as the side effects of such a growth. The unions' competition for hegemony continued among civil servants while enterprise unions became a dominant form, often supported by employers.

Co-operatives joined labor movement to cope with shortage of food through revelation and fair distribution of hidden goods and petitioning for democratic control of daily necessities. A large number of small consumer co-operatives were organized in communities and work places aiming to procure scarce food. These "food buying co-ops" had mushroomed throughout the country and reached ca. 6,000 in 1946. Co-operative League of Japan (CLJ) was set up by Toyohiko Kagawa and co-operative leaders with different ideologies in 1945 seeking to become a federation embracing all types of co-operatives. However, the Agricultural Co-operative Act was enacted in 1947 to protect numerous smallholders created as a result of agrarian reform. Thereafter separate co-operative legislation in line with the industrial policies became the norm. Japanese Consumers Co-operative Union (JCCU) was founded in 1951 based on the Consumer Co-operative Act of 1948. In the post-war period agricultural co-ops and consumer co-ops made quite different evolution in relation to the public policies and political parties. The former had been promoted under the protectionist agricultural policy backed by a coalition of LDP, MAFF and *Zenchu*⁸ while the latter had been hampered by the protectionist commercial policy and anti-co-op campaigns often staged by small retailers associations which saw consumer co-ops as competitors and political opponents since a large part of co-ops had been close to opposition parties. Such divided institutional setting hampered co-operatives to cultivate a sense of identity and promote common agenda although the direct transaction between consumers and farmers had been encouraged by consumer co-ops, later by agricultural co-ops as well.

Emergence of worker-oriented co-ops in the 1950's

In the 1950s, trade unionism greatly expanded and took on the role of supporting *rodosha fukushi jigyo* or worker's welfare businesses to supplement its main function of collective bargaining in the industrial relations. Trade unions and consumer co-operatives worked together to set up worker-oriented co-operatives such as *Rodo kinko* or *Rokin* (labor banks), *Rodosha Kyosai* or *Rosai* (worker's insurance

⁸ LDP stands for Liberal Democratic Party, MAFF for Ministry of Agriculture, Forestry and Fisheries, Zenchu for Central Union of Agricultural Co-operatives.

co-operatives) and *Kinjukyo* (worker's housing association).

The first labor bank in Okayama was set up by consumer co-ops as a credit co-operative based on the SME Co-operative Act in 1950 while the second one in Hyogo (Kobe) was founded by the trade union's initiatives in the same year. JCCU's Managing Director Sadao Nakabayashi served as CEO (later Vice President) of the National Association of Labor Banks in 1953-1963 and contributed to the enactment of Labor Bank Act in 1953 while JCCU's office was located in *Rokin* Building in Tokyo in 1958-1964.

JCCU also helped to set up *Rosai* and their federation *Rosairen* (National Federation of Workers & Consumers Insurance Co-ops) in 1957, which was consolidated with primary co-ops and renamed as *Zenrosai* in 1976. When Niigata *Kyosai* faced a great fire in Niigata City in 1955, it had not accumulated premiums to pay insurance benefits just 5 months after its inception. Niigata *Rokin* offered urgent loans backed by funds which major trade unions in the prefecture had accumulated. Such an action of solidarity rescued *Kyosai* from insolvency and raised worker's confidence in it.

To promote joint actions between trade unions and consumer co-operatives, *Fukutaikyo* (Central Council for Trade Union's Welfare Businesses, later renamed as *Rofukukyo* or Central Council for Worker's Welfare) was set up by trade union centrals with different background and CLJ in 1950. It sought to coordinate *Tansan's* welfare activities, enhance welfare through activating mutual help functions, establish social security systems, and promote public policies for solving worker's livelihood problems, transcending different *Tansan* and trade union centrals. The prefectural *Fukutaikyo* were organized throughout the country in 1951-53.

In this period, worker-oriented retail co-operatives were created under the sponsorship of trade unions and often with support of local government's labor offices. They undertook economic activities to meet various needs of workers and brought about the second epoch of consumer co-op's growth. The local trade union councils assisted in setting up *chiiki kinrosha seikyo* or worker-led local consumer co-operatives in the 1950s. These co-operatives operated relatively large stores in comparison with prevailing small retailers at that time, providing a wide variety of food and consumer goods in local cities prior to the advent of supermarkets. They earned quick success by automatically enrolling unionists as co-operative members and attracting a wide range of consumers, which triggered strong reaction from retailers, which led to an intense anti-co-operative campaign. However success of these co-operatives was short-lived due to lack of management skill and member education. In particular, they failed to compete with the emerging supermarkets introduced by more progressive retailers in

the late 1950s. Learning from failure, some of these co-operatives transformed themselves to citizen co-operatives by adopting consumer-oriented policies. For example, Tsuruoka Co-op started organizing housewives in *Han* groups to disseminate information on how to use self-service system in 1956.⁹

On the other hand, work place co-ops were founded by initiatives of trade unions, often under the personnel and in-kind support from employers (e.g. seconded managers/employees and rented premises for canteens/stores with no or nominal fees). They were widely set up by public workers unions at municipal, prefectural and national government levels, school teachers at primary and secondary schools, coal miners and seamen while they were sponsored by trade unions to cater to the unionist's needs of daily necessities (Table 1). When they faced union's strikes and ensuing organizational splits, a number of difficulties arose. In many cases, they tried to maintain neutrality to the divided unions but tended to serve the majority unions often supported by employers while quitting relationship with the minority unions.

The relationship with employers had been an important issue in promoting worker-oriented co-ops. The employers in large companies had introduced beneficial treatments to their employees to retain/enclose them in the time of high demand for workforce accompanied with rapidly growing economy. They offered company housing, staff's canteens or special benefits including high-interest deposits or low-interest loans aiming at strengthening sense of belongingness to companies, stabilizing labor relations and raising labor productivity. Worker's organizations contrasted these enterprise-based benevolent welfare with worker's autonomous welfare that was promoted by and for workers. On the other hand, coal mine owners often set up staff canteen or shops for employees. Miner's unions had opposed these arrangements as "a truck system" or the second exploitation on the top of low wages and mounted campaigns to transform them to miner's co-ops. As a result, a majority of them were transformed to facilities owned and run by miner's co-ops.

Table 1 Organizational relationship between trade unions and consumer co-ops

Institution/occupation	Trade unions	Consumer co-ops
Governments	Ministry/prefectural/municipal workers unions	Ministry/prefectural/municipal workers co-ops
Schools	Teachers union	School teachers co-ops
Mines	Miners' unions	Miner's co-ops
Seamen	Seamen's union	Seamen's Co-op
Toyota Motor Corp.	Toyota Motor Workers Union	Toyota Co-op

⁹ Kurimoto 2006. Tsuruoka Co-op's President Hideo Sato took the idea of *Han* groups from *Seikyo Binran* (Consumer Co-op Guidebook) published in 1949 which described practices initiated by *Kanshoren* co-ops in the 1920's.

Japan Airlines	JAL trade unions	JAL Co-op (JALOP)
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Diverted Trajectories of Co-operatives and Trade Unions since the 1960's

The rapid economic expansion started in the late 1950's through large-scale investment in the infrastructures (highways, rapid trains, airports etc.) and development of heavy industries for domestic consumption and export. This process had accompanied with the energy shift from coals to oil and nuclear power, causing major labor disputes in abandoned mines and environmental degradation. Japan became the second largest industrial state in terms of GDP in 1968. The economic boom had drastically enhanced the population's standard of living and brought a massive migration of people from villages to large cities. The industrialisation and urbanisation was synchronized with revolutionary changes in production, distribution and consumption patterns. Manufacturers developed a system of mass production and distribution of packaged food for mass consumption by utilizing chemicals as food additives, which might cause serious health problems. Even fresh food was produced increasingly in an industrialized way, making wide use of pesticides and antibiotics. Consumers were concerned with these chemicals as well as high inflation, misleading labeling and air/water pollution. Such circumstances gave momentum to consumerism searching for safer food and a better environment. With the oil shock in 1973 the Japanese economy experienced the negative growth for the first time after the war and shifted from the rapid growth to the moderate one (from 9.1 percent p.a. in 1956-1973 to 4.2 percent in 1974-1990). Japan suffered from wild price spiral of land and commodities while drastic export drive of cars and consumer electronics caused trade conflicts with the US. The Plaza Accord of 1985 brought the sharp appreciation of Japanese Yen and prompted the government to adopt the large spending and low interest policy that resulted in the bubble economy. In this period, the Japanese-style management characterized by lifetime employment, seniority system, enterprise labor union and convoy system (ministries-industries coalition) was often praised as a world-class practice.¹⁰

The rapid economic expansion generated a range of by-products such as consumer and environmental problems. The arsenic-contained milk or PCB-contaminated edible oil caused serious damages to human bodies while thalidomide brought about deformed babies. Such circumstances gave momentum to consumerism seeking safer food, consumer rights and a better environment. In the 1960s and 1970s massive consumer campaigns were organized against food additives, controlled prices, misleading labeling,

¹⁰ Ezra Feivel Vogel, *Japan as Number One*, 1979.

water pollution and skin eczema caused by detergent, air pollution causing asthma and so on. The inspired housewives started 10 yen milk movement organizing buying clubs in many places to secure unadulterated pure milk for their families, particularly children. They formed *Han* groups for ordering and receiving milk. From these buying clubs emerged citizen co-operatives since the mid-sixties with various backgrounds; university co-operatives assisted housewives to create and run consumer co-operatives by providing staff and expertise in Sapporo, Saitama, Nagoya and Kyoto, while trade unions backed to organize Seikatsu Club Co-operatives in Tokyo and Yokohama. The existing co-operatives also joined them; Nada Co-op and Kobe Co-op merged into Nada-Kobe Co-op in 1962 (renamed as Co-op Kobe in 1991) and shifted from *goyoukiki* to joint buying in 1977 while labor-oriented Yokohama Co-op adopted *Han* groups in the sixties and joined with other co-operatives to create Kanagawa Co-op in 1975 (renamed Co-op Kanagawa in 1989). Tsuruoka Co-op was founded in 1955 with assistances of local trade union council and local government's labor office but soon transformed to involve housewives in addition to unionists and initiated *Han* groups learning from experiences before WWII. Until 1985, citizen co-operatives were operating in all the prefectural capitals. JCCU developed the alternative products reflecting consumer campaigns; CO-OP milk to promote 10 yen milk movement, CO-OP detergent/soap to reduce impacts to water and health, CO-OP color television sets to help consumer campaign against controlled price. In this process, the Japanese-style consumer co-operatives were generated with characteristics; predominant female membership, in particular housewives, joint buying through *Han* groups (collective home delivery) and strong dimension of social movement for consumerism, ecology and peace. Their membership continued to grow; 27.3 million in 2013, or ca. 49% of total households. It mean they are the largest NGO in Japan.

Trade unions embarked on campaigns for wage hike and better work conditions through annual *Shunto* (spring laborer offensives) since mid-1950s. It was intended to contribute to the overall improvement of working conditions by the process that if the forerunning powerful unions such as JC Metal could achieve higher pay such an achievement could give impacts to other industries and SMEs and contribute to the overall improvement. During the high economic growth period, it worked well and the wage level has risen in the stabilized labor relations while the emphasis was shifted to safeguarding employment after the oil shocks in the 1970s. In this process, the Japanese-style management was established with characteristics; life-long employment, seniority-based wage system and enterprise unions. However, the changing industrial

structure from manufacturing to services and heavy industries' shift of production to overseas gave a negative impact to union membership consisting of fulltime workers. The organization ratio of unions decreased to 30% in 1983. The Japanese Trade Union Confederation (*Rengo*) was formed by merging four national centers in 1989 while the left wing unions set up the National Confederation of Trade Unions (*Zenroren*) and National Trade Union Council (*Zenrokyo*) respectively¹¹. It is often said such a political divide has given the negative impact to trade union movement as a whole. Due to the prolonged economic downturn and industrial restructuring since 1990, the formal employment that constituted a hard core of unions has been restrained while non-unionized informal employment has sharply increased. As a result, the union membership ratio came down to 17.5% in 2014¹².

As such, consumer co-operatives and trade unions have followed the diverted trajectories since the 1960's and cultivated different organizational culture. To some extent it reflects the shift of dominant cultures from worker culture to consumer culture, but rather seems to reflect the gender bias. Women account for 32.3% of trade union membership and 9.3% of their leaders (in case of *Rengo*) while they account for 95% of consumer co-op members and a majority of board members. It mirrors the division of labor in which male workers earn money for households while their wives are working as part-timers or housewives who bear major responsibilities of caring family members (children and the elderly). Such a single bread-winner model had been intensified by the taxation and social security system. However it is facing a serious challenges of rapid aging combined with fewer birth rates, increased difficulties for the young people to form families, weakening functions of families and communities as safety nets and so on.

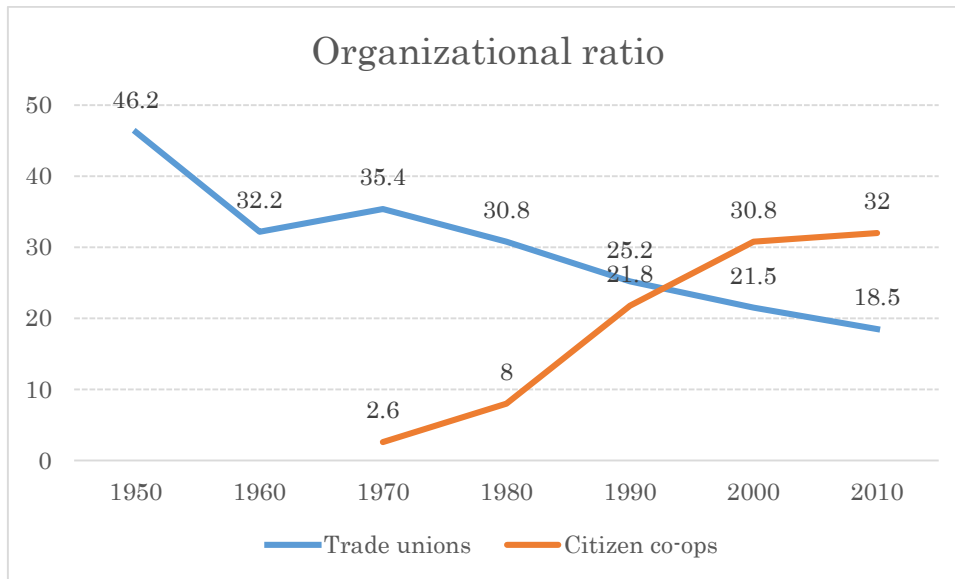
Under the prolonged recession precarious workers and working poor are increasing especially among youngsters and elderly people. In particular, these workers were easily laid off and sometimes lost means of livelihood including houses. The homeless people seeking low-cost or free shelters also drastically increased. Both co-operatives and trade unions have grown as self-help organizations of middle-income group, however they are expected to tackle with such social problems.

¹¹ *Rengo* had 33,940 unions with 6,507,000 members in 2005, while *Zenroren* had 7,351 unions with 730,000 members and *Zenrokyo* had 1,625 unions with 158,000 members.

¹² The organization ratio of unions in the large companies with more than 1,000 employees decreased to 45% in 2013 while that in the SME with 100-999 was 13% and that in small companies with less than 99 was 1%. In contrast, that of part-time workers grow from 2% to 7.6% during 1990-2013. The public sector workers shrank from 3.6 million to 1.5 million during 1981-2013 mainly due to staff cut, privatization, outsourcing and replacement by inform workers.

The diverted trajectories of co-operatives and trade unions can be seen in statistics. The organization ratio of trade unions as of members in total employees has been declined over decades while consumer co-operatives as of members in total households has grown since the 1970's and reached a plateau in the 2000's.

Figure 1 Organizational ratio of trade unions and citizen co-ops*



*Organization ratio of trade unions means union membership in total workforce while that of citizen co-ops stands for co-op membership in total households.

Typology of consumer co-ops and link with trade unions

Consumer co-ops are classified by industries/functions and locations. The industries/functions range from retailing, insurance, banking and housing to health/social care. The locations are local communities, work places and universities. The dominant citizen co-ops operate in local communities and serve residents-consumers living therein while work place co-ops operate in the companies' premises or government offices and serve employees. There is a hybrid type called "extended work place co-op" that serve both employees and residents¹³. University co-ops operate in university/college campuses and serve all constituencies including students and faculty members.

Table 2 Typology of consumer co-ops

	Location

¹³ For instance, Toyota Co-op was founded as a work place co-op for employees of Toyota Motor Corp. but later extended its services to residents in neighboring areas.

Industry/function	Communities	Work places	Universities
Retailing	Citizen co-ops	Work place co-ops	University co-ops
Insurance	<i>Rosai, JCIF</i>	<i>Rosai, Tansan kyosai</i>	Univ. <i>kyosai</i> Co-ops
Banking	Labor banks	Labor banks	
Housing	Housing co-ops		
Health & social care	Health/social co-ops		

The majority of the Japanese trade unions is organized as enterprise unions (in-house unions) embracing all employees in enterprises or government offices while they form the industrial federations called *Tansan*. There are occupational unions such as school teachers unions and seamen's unions while general unions are organized by independent workers regardless of employers. They are federated at local, prefectural and national levels.

Both *Rokin* and *Rosai* are organizations based on trade unions and consumer co-ops, but they are different in some respects (Table 3). *Rokin* has only corporate members such as trade unions and consumer co-ops while *Rosai* has individual members such as workers and consumers. 13 labor banks are affiliated with the National Federation of Labor Banks (*Rokin Rengokai*) and sought further consolidation into a nation-wide *Rokin* but that was not allowed by the FSA. *Zenrosai* accomplished the national consolidation with 46 prefectural *Rosai* co-ops (except for Niigata Sogo Co-op) in 1976 while it integrated businesses of 4 out of 8 *Tansan kyosai* which were organized by *Tansan* covering several prefectures¹⁴.

Table 3 Comparison of labor banks and insurance co-ops

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

As mentioned earlier, the first *Rokin* had been founded by consumer co-ops in Okayama while the ensuing ones were set up by trade union's initiatives. Today they are fundamentally owned and controlled by trade unions. In contrast, consumer co-operatives have marginal presence in deposits and loans of *Rokin* while they deal

¹⁴ *Kyosai* co-ops in All Japan Prefectural and Municipal Workers' Union, National Forest Worker's Union, Japan Tabaco Workers' Union, National Water Supply Worker's Union are integrated while those in Japan Teachers' Union, Japan Post Workers' Union, Japan Communication Workers' Union and National Transport Workers' Union are not integrated.

with other financial institutions including mega banks and local banks. *Rokin's* board is mostly composed of representatives of affiliated trade unions. Such characteristics of *Rokin* as trade union led banks are often referred as *Dantai shugi* (an approach to prioritize union's actions) where individual workers are treated as the indirect constituency. In view of potential conflicts of interests between union's and worker's interests, *Rokin* needs to listen to voice of individual savers/borrowers. *Rokin* promotes distinguishing activities such as consultation on revising loan repayment plans, awareness raising on excessive debt problems, employment security fund loan program and support loans to NPOs and community organizations.¹⁵

Some areas of collaboration between Consumer Co-operatives and Trade Unions

Consumer co-ops and trade unions are supporting *Rokin* labor banks and *Rosai* insurance co-ops while these organizations are affiliated with the *Rofukukyo* as a network of organizations that seek to promote worker's welfare. They are also collaborating in some areas such as lobbying for the improved social security system, tackling with social exclusion and assisting victims of natural disasters.

Rengo, *Rofukukyo*, *Rokin* and *Rosai* at the prefectural level set up local "Life Support Centers" (LSC) to provide one-stop counseling for working people on issues ranging from employment and pensions to social services and legal matters since 2005. 120 LSCs are set up throughout the country; for example, 3 LSCs and 2 satellite offices are in operation linking more than 100 organizations in Shizuoka Prefecture. Each LSC is staffed with full-time or part-time advisers who listen to visitors and give advises to solve problems linking those constituting organizations and channeling to public agencies, nonprofits and specialists when necessary. After 10 years of operation, they seek to expand services to wider scope of people including retired persons and housewives to support lifelong living.

The initiatives for assisting victims of natural disasters both in rescue and rehabilitation phases have been the most prominent area of collaboration. When the Kobe Earthquake hit Kansai area in 1995, co-operatives and trade unions sent tens of thousands volunteers to assist victims in order to save and rehabilitate lives in the affected area. Co-op Kobe initiated a campaign for the enactment of new legislation to help rehabilitating victims' lives. Then JCCU, *Zenrosai* and *Rengo* joined and collected more than 24,000,000 signatures that accounted for a half of total households. Such a

¹⁵ Shoko Ikezaki, ROKIN Bank: The story of workers' organizations that successfully promote financial inclusion, ILO, 2012, pp. 13-16.

campaign resulted in the enactment of the Act for Assisting Rehabilitation of Victims' Lives in 1998 breaking bureaucrat's opposition against public spending for the private properties. Since 2000 Tokyo Consumer Co-op Union, *Rengo* Tokyo and other civic organizations continued to raise funds and send volunteers for several years to Miyake Island located 175 km south of Tokyo, after the volcano erupted and all the residents had evacuated.

There are some business links among consumer co-ops, *Rosai* and *Rokin*. *Zenrosai* is affiliated with JCCU while Japan CO-OP Insurance Consumer Co-operative Federation (JCIF) as a spin-off of JCCU sells fire insurance products of the former. *Zenrosai* also sells its fire insurance for housing loans through *Rokin's* branches based on the partnership agreement since 2009. However, the opportunities of cross marketing need to be explored to meet stiff competition in the industry. Iwate Consumer Credit Co-op was approved under the Consumer Co-operative Act in 1969 to provide a safety net for multiple debtors through consultation and small loans. It has been supported by *Rokin's* matching loans to local government's loan since its inception. It expanded to the neighboring Aomori Prefecture in 2011 while it became a model of government's policy to tackle with problems facing heavy debtors.

The workers co-ops are emerging from two origins since the 1980's. The All Japan Construction Workers Union (*Zen-nichi Jiro*) organized daily workers who conducted public works (cleaning, garbage recycling etc.) financed by municipal relief work project (*Shittai Jigyō*). It launched workers co-operatives since late 1970's when governments quitted *Shittai Jigyō* on the ground that it's inefficient and tended to retain precarious status of workers. On the other hand, Tokyu Railways Workers Union helped setting up Seikatsu Club Consumer Co-operative from which "workers collectives" were organized by dominant female members as a spin off since the 1980's. As such both streams were created by trade unions but had quite different constituency and organizational culture; the former was made of aged male workers who wished to earn full salary to feed families while the latter was made of female workers who meant to supplement household income. Today they seek to enact a new supportive legislation to legitimate and promote worker's co-ops as a whole.

There exist both successful and failed examples of collaboration. In Singapore, the National Trade Union Congress (NTUC) developed union-based consumer and insurance co-ops; the NTUC Fair Price commands more than half of the retailing while NTUC Income has a dominant position in insurance sector. They enjoy the preferable treatment by the government. On the other hand, German trade unions sponsored labor-oriented enterprises (so-called *Gemeinwirtschaft*) such as BfG bank,

Volksfuersolge insurance, Coop AG retail giant, Neue Heimat housing and GUT travel agent since the 1960's but they were all bankrupted or sold to the private sector in the 1980's. The Confederation of German Trade Unions (DGB) announced that it would not be involved in business operations any more.

Conclusion: Search for Solidarity-based Society

Consumer co-operatives and trade unions were born from common roots to improve living and working conditions of workers which had deteriorated in the wake of the industrial revolution. There existed ample examples of mutual supports between them; the former supported the latter in strikes while the latter assisted to organize the former. However, after the WWII they have taken different trajectories in adapting to the changing socio-economic context and resulted in the institutional and political divides.

Today consumer co-operatives have more than 27 million membership or ca. 49% of total households but their impact to the politics is marginal while trade unions have still strong presence in relation to governments and political parties but their membership shrank to 8 million or ca. 17.5% of total work force. *Rokin* labor banks and *Rosai* insurance co-ops have established themselves as worker's welfare businesses but their linkage with unions is diluting both in their business and members/employees consciousness. It is imperative for these organizations and consumer co-ops to have the common agenda and promote joint actions since they share the basic values as mutual organizations and have a very close vision for a solidarity-based society.¹⁶

To promote the collaboration among worker-related organizations, inter alia to develop future leaders and cadres, *Rengo* took an initiative to create a graduate school for a master degree since 2010. Together with *Rokin*, *Rosai* and JCCU, it launched the Institute for Solidarity-based Society at Hosei University (ISS-HU), Tokyo in April 2015. ISS-HU provides higher education for future leaders bridging political science and public policy schools, conducts studies to categorize the Solidarity-based Society and promote the Third Sector. It is not an easy task given the Abe Administration's very little attention to the Third Sector but co-operatives and trade unions are expected to create the policies that can offer effective alternatives and demonstrate capacity to implement them.

¹⁶ JCCU's 2020 Vision "To build a new society where people link together, feel happiness and trust prevails", *Rengo's* Proposal in 2010 "Toward a secure society based on work" and *Rofukukyo's* 2020 Vision "To build a secure and symbiotic welfare society through solidarity and co-operation" have a common idea toward a solidarity-based society.

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