



# **Building a Worker Cooperative Movement: Japan's Experience**

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Good morning everyone.

It is such an honor to be here with you today.

Before starting the presentation, I would like to thank all of you for the wonderful support you have given us since the disasters in March 2011.

Thanks to you, we are now moving forward.

# Outline

1. Who We Are
2. What We Do
3. Overcoming the Disaster
4. Historical & Social Background
5. Legislative Movement
6. Lessons Learned

This is an outline of my presentation this morning.

First, I would like to make a brief introduction of our organization.

Then I will talk about what kind of business activities we are involved in, and I will touch upon the disaster last year and how our organization has been responding to it.

After that, I will talk about some changes in Japanese society. I think this is important information in order to understand how our organization has grown. And it is also helpful to understand why we need a worker coop law, the next topic.

Lastly, I would like to summarize what lessons we have learned from our 30 years of movement.



## Who We Are: What Is JWCU?

- ❖ Japan Workers' Co-operative Union (JWCU) represents and unites worker co-operatives throughout Japan
- ❖ Founded in 1979
- ❖ 11,869 worker members in 63 member organizations (as of March 2010)
- ❖ ICA & CICOPA member
- ❖ Each worker cooperative is owned and democratically controlled by the worker-members and dedicated to creating jobs to promote the well-being of communities through associated work of the members and community residents.

Now, I'd like to talk a little bit about our organization, Japan Workers' Co-operative Union, or JWCU.

JWCU is a national federation of worker cooperatives in Japan. It represents and unites worker cooperatives nationwide.

Our organization was founded in 1979 as a national federation of several initiatives to create jobs for the unemployed.

As of March 2010, JWCU had 63 member organizations, and almost 12,000 people worked there as members.

Our organization is also a member of ICA and CICOPA.

Our goal goes beyond job creation. We create jobs to promote the well-being of communities, and we do that through associated work.

## Who We Are: What Is Associated Work?

- ❖ In associated work, workers cooperate with each other, users and communities.

### 3 Levels of Cooperation



The expression “associated work” may not make any sense to English-speaking people, and “working cooperatively” may be the better one. But we intentionally use “associated work” as an English translation of Spanish expression “Trabaho Asociado.”

When we say “associated work,” we are talking about 3 levels of cooperation. The first level is cooperation among worker members. We share experiences, ideas and opinions and work together to improve ourselves, create more jobs and to improve our communities.

The second level is cooperation with users. As I will explain in a few minutes, most of our business activities are in the service industry. Our goal is not to treat them as “customers” but rather as “part of us.” In order to improve our services, we ask for input from the users, and sometimes these users contribute more as advisors and volunteers.

The third level is cooperation with communities. For example, our members have meetings with the community residents and discuss the issues they are facing. Ideas for new business activities and events emerge through these discussions, and community residents play active roles as volunteers, advisors, financial contributors and in many other ways.

This is how we work through associated work.

## Who We Are: Our Mission

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- ❖ To place the greatest value on our lives and decent work
- ❖ To achieve “good work” through practice of associated work
- ❖ To develop a worker- and citizen-centered “New Business Model”
- ❖ To build “New Welfare Society” where all persons cooperate and coexist in harmony

This is our mission, but because of the time limitation, I will not go over this in detail. Basically, we are here to create decent work and good jobs through associated work to build a better world, just as the International Year of Cooperatives slogan says.

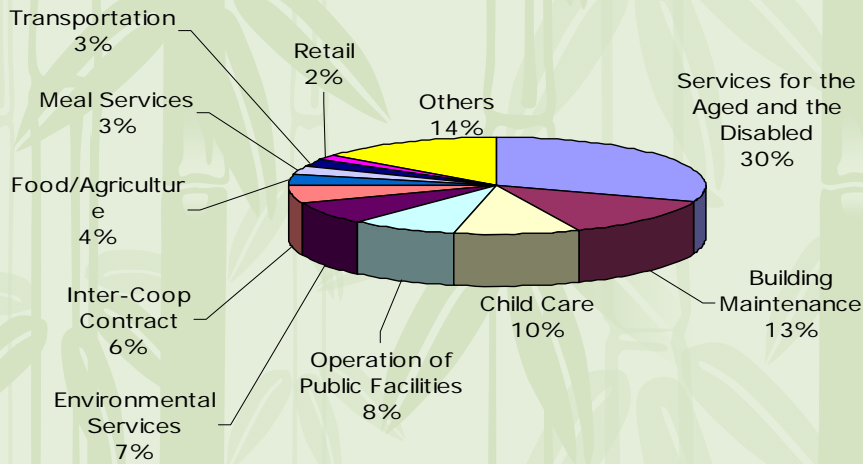
## Who We Are: Our Principles

- ❖ To create and develop good work with **involvement of worker-members and citizens**
- ❖ To pursue **democratic management** of, by and for all members
- ❖ To promote **community development** businesses and activities
- ❖ To advocate the **co-operative spirit** through people's growth with “independence, cooperation and compassion”
- ❖ To consolidate the associated worker cooperative movement through **social solidarity**
- ❖ To **expand the network** of “not-for-profit and cooperation”
- ❖ To aim for a society with coexistence and cooperation in **solidarity with people around the world**

Our organization also has 7 principles. I think I can summarize them with several key words, such as: involvement of worker-members and citizens, democratic management, community development, spirit of cooperation, social solidarity, expanding network, and solidarity with the global community.

# What We Do: Turnover in FY 2009

Performance in FY 2009: 27 Billion Yen



Now, I'd like to talk about our business activities.

Our turnover in fiscal year 2009 was 27 billion yen, or about 350 million US dollar. About 30% of it came from services for the elderly and people with disabilities, such as home care and day care.

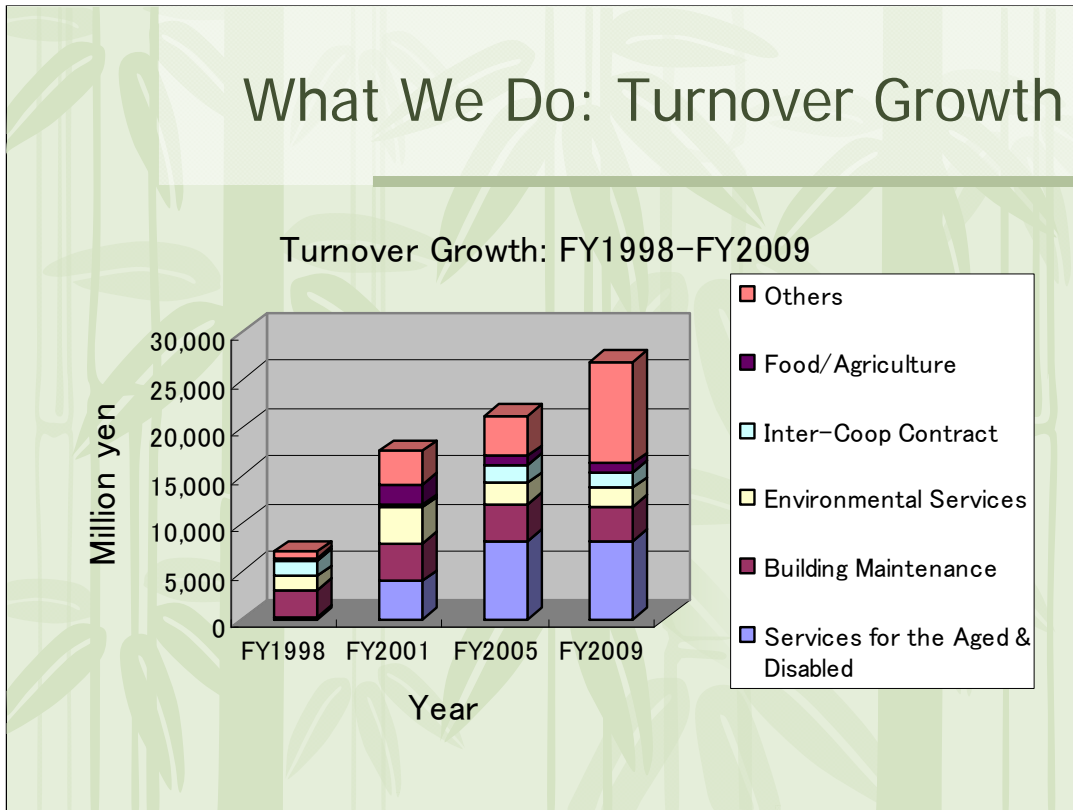
Building maintenance, such as cleaning services at hospitals and public buildings, accounted for 13% of the turnover.

We are also active in child care services, such as nurseries, children's halls and after-school programs.

Operation of public facilities includes management of community centers and senior centers.

Other major business activities include environmental services, such as park maintenance, inter-coop contract such as commodity distribution at consumer coops, food services, and transportation.

# What We Do: Turnover Growth



This slide shows how our businesses have grown over the last decade by activity.

The turnover in 1998 was 7 billion yen, so it almost quadrupled in about a decade. The services for the elderly and people with disabilities have been growing especially since the year 2000, when the national long-term care insurance started.

The other activities showed dramatic growth especially since 2005, and the majority of this growth consist of child care and operation of public facilities. In 2003, so called “designated administration system” started. Since then, what used to be “public” work can be commissioned to the private sector.



# Overcoming the Disaster: The Great East Japan Earthquake

- ❖ As of May 2012:  
(By Reconstruction Agency)
  - ❖ Killed: 15,857
  - ❖ Missing: 3,057
  - ❖ Evacuated/Relocated: 341,235
- ❖ Nuclear power plant accident in Fukushima
- ❖ Loss of jobs (100,000+), communities & livelihood



In addition to these activities, we have also been working hard to reconstruct the communities in northeastern part of Japan since the disaster in March 2011. Before I talk about our reconstruction efforts, I would like to go over the damage of this disaster briefly.

Last month, the Reconstruction Agency of Japanese government reported that almost 16,000 people were killed, over 3,000 people were still missing, and over 340,000 people were still living as evacuees.

The situation of the nuclear power plant in Fukushima is far from “stable,” and the problems with radioactive contamination are still very serious.

Also, over 100,000 people are believed to have lost their jobs, and the communities and people’s livelihood have been destroyed. The losses are not just physical but also emotional and spiritual.

This picture is the president of our member organization, Ishinomaki Jigyodan, in Miyagi Prefecture. She is standing where her head office used to be. Since the area was damaged not only by the tsunami but a fire, the building was completely gone. Standing on top of the foundation, she is showing a blade of a lawn mower. This is all that’s left. Fortunately, a day care center for the elderly they operate was not damaged, and the members restarted that service soon after the disaster. The relief fund has been used to support the lives of these members, to create jobs and to develop communities in these disaster areas.

## Overcoming the Disaster: JWCU's Responses

- ❖ Emergency support
  - ❖ Material, financial & human support
- ❖ Long-term reconstruction efforts
  - ❖ JWCU Reconstruction Head Office in Tohoku (July 2011 - )
  - ❖ Vocational training & job creation
  - ❖ Toward FEC (food, energy & care) self sufficiency

In the wake of this horrible disaster, our organization has been putting as much energy as possible to support and reconstruct the region.

Immediately after the disaster, JWCU provided the emergency relief to support our members and their communities. We collected goods, such as foods, water and clothes, from our members across the country and sent them to the members in disaster areas. We have also raised funds to support our members financially, to cover their wages and to purchase necessary goods. Some of our members also went to the disaster areas to remove debris, clean up the areas, and provide care.

The emergency phase ended in a few months, but the region is still facing the long-term challenge of rebuilding lives and communities. In July 2011, JWCU set up Reconstruction Head Office in Miyagi Prefecture to support job creation and community reconstruction.

One of its major efforts is a series of vocational training programs. These programs are commissioned by several municipalities in disaster areas. What is unique about our program is that we not only provide training itself but also work with trainees to create actual jobs that benefit communities after graduation, rather than waiting for someone to hire them.

This disaster and nuclear power plant accident have also reminded us how much we rely on outside for our basic needs. So, another thing we are working on is to improve self-sufficiency in food, energy and care at a community level, and the business activities the trainees are currently preparing to start are also related to foods and care, such as agriculture and elder care. JWCU's research department is also working with a university to explore possibilities to produce and distribute renewable energy in cooperative ways.

## Historical & Social Background

- ❖ Traditional Japanese employment (e.g. “We don’t care what skills you have. We’ll train you.” “Lifetime employment”) is disappearing



- ❖ ↓ OJT (on-the-job training)
- ❖ ↓ Vocational skills
- ❖ People lose jobs without skills → Hard to find another job
- ❖ ↓ Permanent jobs
- ❖ ↑ Gap bet. regular & non-regular employees
- ❖ ↑ Working poor: 1/3 of workers (=17 million)

Now I'd like to talk about some historical and social background that may explain how our worker coop movement developed and why we need worker coop law.


As I mentioned before, our turnover grew dramatically since the late 1990s. That was also when the traditional Japanese employment system gradually disappeared. In Japan, lifetime employment was very common, and employers would train their employees.

However, as the traditional system disappeared, most of such training in workplaces was also gone. As a result, employees could not attain vocational skills, and many people lost their jobs without any marketable skills. It is really hard for them to find another job.

In addition, permanent, regular, full-time, and stable jobs became less and less available, and the gaps between those who have such a job and non-regular employees with unstable jobs became bigger and bigger.

The number of working poor is also increasing. The latest data show that 17 million workers, or one-third of all workers, are considered working poor.

## Historical & Social Background, cont.

- ❖ ↑ Need for social care
    - ❖ Arrival of a super-aged society (65+ pop: 23%)
    - ❖ Difficulties in child care
    - ❖ ↓ community tie, ↑ isolation
  - ❖ People on public assistance: 2 million
  - ❖ Suicides: 30,000+ / year
  - ❖ Almost all of 1,800 municipalities are in deficit
- 
- ❖ How can we create and sustain jobs that are needed in our community?

### **WORKER COOP!**

But We Don't Have Worker Coop Law...

We are also facing a number of challenges outside of labor market.

First, the need for care is growing so much that communities now need to provide care. For example, the proportion of the elderly has reached 23% in Japan. Elder care used to be provided by family members, but it is becoming more difficult due to fewer young people. This is one of the reasons why the national long-term care insurance started. Child care is also becoming more difficult because the young parents do not have the kind of support they used to have from grandparents and neighbors. Even in Japan, 3-generation households are becoming less common. The community bond is also weakening, and people are more isolated in a community. Many people do not even know their neighbors' names.

Another problem in our society is poverty. About 2 million people are now on public assistance, and over 30,000 people kill themselves each year mainly for financial reasons.

While local municipalities are expected to respond to these problems of care and poverty, they are also facing their own problems. Almost all of 1,800 municipalities are in deficit, and they do not have enough resources to provide sufficient care and support.

Under these circumstances, how could we create and sustain jobs that are needed in our community? The answer is, Worker Coop.

Unfortunately, however, there is no law to recognize worker cooperatives in Japan.

## Our Legislative Movement

- ❖ 1998: Established a lobbying office
- ❖ 2008: Non-partisan all party parliamentary group was founded
- ❖ Currently:
  - ❖ The parliamentary group has 226 members
  - ❖ 10,000+ groups/organizations nationwide have signed to support the law
  - ❖ 800+/1,800 municipalities have sent the Diet letters calling for the immediate approval of the law
- ❖ Learning from worker coops in other countries
- ❖ Proposed outline of the Law

In order to win legal recognition, our organization has been working on legislative movement for over a decade. For example, we established a lobbying office in 1998. And in 2008, a non-partisan all party parliamentary group was founded to support this law. Currently, 226 out of 721 Diet members belong to this parliamentary group.

In addition, over 10,000 organizations throughout the nation have signed a letter to support the law, and more than 800 out of 1,800 municipalities have sent the Diet letters to request the immediate approval of the law.

In the process of our legislative movement, we have also received so much support from our international colleagues. For example, fellow cooperators in the United States have given us valuable information on interpretation of worker cooperative laws in some states like Massachusetts. And worker cooperatives in such countries as Canada and France have kindly hosted a Japanese government official. I would like to take this occasion to thank all of these people for the great support.

We have also prepared a proposed outline of the law, and it is now discussed among the Diet members.

## Associated Worker Coop Act: Proposed Outline

- ❖ Based on our experiences, mission, principles & 3 levels of cooperation
  - ❖ Voluntary initiative to create jobs
  - ❖ Decent work
  - ❖ Members = Workers
  - ❖ Work-life balance & autonomy of workers
  - ❖ Social solidarity among workers
  - ❖ Promoting cooperatives politically
  - ❖ Importance of indivisible reserve

Our proposed outline is based on our experiences, mission, principles and 3 levels of cooperation I just mentioned, and it can be summarized in these 7 points.

First, a worker coop is people's voluntary initiative to create job opportunities through their joint contribution to the capital.

Second, the goal of its activity is to enable people to attain decent work with the power of cooperation.

Third, in order to do that, members will be involved in work, and workers will become members.

Fourth, working conditions should meet basic labor standards and be decided by the members cooperatively.

Fifth, the law should treat members as workers, not as employers. And the workers should be able to receive various insurance benefits that are set out as systems of workers' social solidarity.

Sixth, in order to promote this type of work to build more sustainable communities, some political measures should be taken, such as exemption of public dues.

Seventh, indivisible reserve is an essential component of worker cooperatives. This part is approved by Diet members.

## Lessons Learned

- ❖ Importance of Worker Coop Law
  - ❖ Needed for recognition & development
  - ❖ Needed to receive public support
- ❖ Our Identity: Business + Social Movement
  - ❖ Promote cooperation w/ local community & gov't to build a sustainable society (e.g. child & elder care)
- ❖ Foundation of Autonomy = Economic Participation
  - ❖ Promote active involvement among members

In conclusion, I would like to summarize what we have learned from our 30 years of worker coop movement.

First, I would like to stress the importance of worker coop law. The United States and Canada have laws that provide legal recognition for worker cooperatives, and it may be something you would take for granted. But the importance of worker coop law cannot be overstressed. The law is essential for us to gain social credibility, and it is important for cooperatives in general to develop socially. Even now, people still think of us as labor union. Moreover, without proper legal personality, we cannot receive public support, such as tax exemption.

The second lesson is a reminder that we are more than just a business body. We are also a part of the social movement to build a better world. While we need to keep our businesses healthy, our activities should also benefit the society. But there is only so much we can do on our own. For example, issues surrounding elder care are so complex, and sometimes neighbors' support is needed to make sure that our service users are safe. We need to promote cooperation with local community and government to build a sustainable society.

The third lesson is members' economic participation as the foundation of autonomy. By making capital contributions, members become more interested in their business management and how they can contribute to their community. In other words, they will become more active stakeholders.

# Thank You Very Much!



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## JWCU Web Site

<http://english.roukyou.gr.jp>

If you would like more information about our organization, I have brought several copies of our English brochure. So please stop by after the session. Or please check our web site or e-mail me.

Thank you very much.