

Japan's Lost Decades and a Women-led Socio-Solidarity Economy

(1) The Burst of the Economic Bubble

Since the bursting in 1991 of the bubble economy, which was a product of real estate and stock price inflation, Japan has experienced what are known as the "two lost decades," with zero or minus growth and price deflation.

Consumers have stopped buying commodities except food and daily necessities with minimum amounts. Luxury department stores have few customers except just before the summer and winter holidays when people exchange gifts. Thus most of them have gone to either just bankrupt or merger with each other. In addition, small-scale shops have closed and nearly all the shopping districts have become shuttered streets with nobody wondering in all the towns.

Small and medium-sized manufacturing factories, which were once a source of Japan's economic vitality and technological innovation, have gone bankrupt. They acted as subsidiaries for the big corporations, and were forced to close when the big corporations scaled down their production

2) Non-existent Social Security

As a result, the unemployment rate rose sharply, from 2% before 1985 to 4.9% today. It is particularly serious that youth are unable to find regular jobs for decades after graduating from school. They are called the lost-generation, and many call themselves *freeters* ("free part-timers") as they look for miscellaneous part-time jobs. They numbered 1,870,000 in 2006, with an average annual income of \1 million (about \$10,000.00).

Starting from the end of World War II, the Japanese economy grew rapidly until the signing of the Plaza Accord by the G5 finance Ministers in New York in 1985. At that time, Japan was forced to accept an appreciation of the yen to deal with its huge trade surplus with the US and the EU.

During the period of post-war economic growth, Japan enjoyed full employment under the seniority wage system. Therefore, the Employment Insurance Agency, to whom both workers and employers paid monthly employment insurance fee, was unnecessary to spend. The Agency accumulated a huge surplus, which it spent building luxury resort hotels. When the bubble burst, the asset value of those hotels plummeted.

Today, there are no longer ample funds to cover the massive unemployment. Unemployed workers are paid 40-80% of their previous salaries for just six months. If they are unable to find new jobs, they have no

choice but to become homeless or to die. It is very difficult and complicated to receive social welfare under the Livelihood Protection Law.

The same Agency is also in charge of the pension system. It is a universal system in Japan, with every person being obligated to contribute to the Agency until the age of 60. However, the Agency has been irresponsible in the management of its fund, which is based on the monthly payments by both workers and employers. In 2004, it was revealed that pension records for around 50 million people had been lost. Eventually, the Social Insurance Agency was dissolved.

(2) The Koizumi neoliberal policy

When the Koizumi cabinet was formed under the Liberal Democratic Party (LDP) in April 2001, Prime Minister Junichiro Koizumi launched a full-fledged neoliberal program, two decades after those in the US and UK. His mantra of neoliberalism was “self-responsibility” and “everything is determined by the market”. This means that all social security should be borne by individuals. His favoured method was deregulation, in particular of the labour market, and the privatization of public services in particular in the area of social security.

During his term (2001-2006), for example, the landscape of the labour market was totally changed. Non-regular employees increased from 5,000,000 in 1980 to 16,770,000 in 2008, to make up 33.9% of the overall labour force. Looking from a gender perspective, women non-regular workers amounted to 53.6% of all women workers in 2009, up from 37.9% in 1990, while men non-regular workers amounted to 17.7% in 2009, up from 8.7% in 1990.

The reason that the ratio of women non-regular workers is so high is the peculiar practice of Japan’s labour market. Women begin to work as cheap labour, and then stop working upon marriage to raise children at home. When their children reach a certain age, they begin working again as non-regular worker (usually part-timers). This working pattern of women workers is known as the M-shaped pattern.

The gap between rich and poor became increasingly visible, with no social security provided by the government to the poor, and with everybody becoming fearful of dismissal.

3) Regime change

Eventually, the Japanese people became fearful of their lives and angry with the successive LDP governments. The social security system began to collapse, and their bank savings yield no interest.

In reaction, they voted for the Democratic Party, throwing the LDP out of

power for the first time in a half century. First, they were fed up with the widespread corruption among LDP politicians and their anti-poor policies. Secondly, the DP promised pro-poor and human-faced politics.

Although the new government under Yukio Hatoyama came into being in September 2009, revelations of corruption involving the DP leadership have emerged one after other. Even worse, the new government found itself unable to implement the policies of pro-poor and human capitalism that it had promised during the election campaign, because of the lack of money in the government treasury. For 2010, the government's tax revenues amount to less than a half of the expenditures. Deficits have been covered through the issue of Japanese government bonds (JGB), and the ratio of debt to GDP has reached 197.2%, the highest figure among the developed countries, and the debt service ratio of JGB amounts to 21.7% of the 2010 budget. This is a much larger figure than the 11.2% the government spends on education.

People understand that even following the regime change, pro-poor and human-faced policies cannot be obtained from the government.

4) Solidarity-based economic activities

Neoliberalism is the most extreme form of capitalism. Big corporations and financial institutions seek to maximize their profits. Meanwhile, the solidarity economy is just the opposite. Its economic activities are based on solidarity between people. The solidarity economy takes into account environmental protection and human rights, as well as unpaid work by women.

In Japan, we can find the solidarity economy in the practices of the daily lives of people and communities. We find it in the area of cooperatives, mutualities, and NPOs.

(a) Agricultural cooperatives

Beginning with cooperatives, there are two major types, made up by farmers and by consumers.

First, the farmer's cooperatives, organized under the Central Union of Agricultural Cooperatives (Nokyo) have a membership of 4 million farming households plus 2.5 million non-farmers in 2008. Nokyo is organized at the national level with 733 branches, and it is shaped like a big multinational corporation.

Nokyo manages a diversified business, providing agricultural machines, seeds, and fertilizers on credit, collecting produce from farmers and selling it in

the markets. Nokyo also has financial and insurance schemes.

However, the individual members of Nokyo are just customers and its decision-making power is in the hands of top management. Nokyo claims to be a cooperative, but it is definitely not part of the solidarity economy.

Case study: women farming entrepreneurs

Some women Nokyo members, amid the decline of agriculture as well as the deepening economic recession, began to set up joint workspaces to process agricultural products. They earn additional income through this work. They are known as women farmer entrepreneurs and there are 9,444 such groups all over rural Japan. Each workspace is normally small, with capital of 3 million yen (\$30,000.00) and an average of 30-50 women working in each unit. They borrow the capital and operating funds from the financial department of Nokyo.

Although these workspaces are very small in scale compared to the national Nokyo organization, their members work collectively and the profits are shared evenly among the participants. The Ministry of Agriculture has encouraged the entrepreneurs to merge into larger scale -- ¥10 million (\$100 million) -- units in the name of efficiency and competitiveness. However, this would lead to a loss of the solidarity economy aspect. Consequently, women farmers oppose this policy.

(b) Consumer's cooperatives

Secondly, consumer's cooperatives (co-ops) in Japan are very large, with a long history dating back to the 1930s.

There are 1,097 large and small co-ops, and together they form the Japan Consumer's Cooperatives Union (Nisseikyo). It has a total membership of 60 million, the majority being women. It has capital of ¥1 trillion (\$10 billion) and total annual sales amount to ¥3 trillion (\$30 billion).

This large scale of co-ops in Japan leads to a number of problems. They are organized into 51 prefecture-level units, and run 2,668 shops around the country. Therefore, co-op members are basically the same as customers of commercial supermarkets. Co-op shops even sell imported vegetables and processed foods simply because they are cheaper than locally produced ones. As with Nokyo, individual members of co-ops have no voice in the leadership. In all aspects, it would be inappropriate to call it part of the solidarity economy.

Case study: the Seikatsu Club Consumers' Co-operative Union

Among cooperatives, there are some exceptions that could be said to belong to the solidarity economy. One such group is the Seikatsu Club

Consumers' Co-operative Union, which won the Right Livelihood Award in 1989. Although it only forms a small group within Nisseikyo, it has 310,000 members in 29 cooperatives spread over 19 prefectures.

In Kanagawa Prefecture, where I live, we have Kanagawa Seikatsu Club Consumer's Cooperative. It has 68,424 members.

It is composed of various units, including small groups with 10-20 members (*han*) and *depots*, which have 1,000- 2,000 members. They argue that the depot is not a commercial shop but a space for storing items. They call commodities consumption items rather than merchandise.

The depot is run by a workers' collective. Those who manage the depot originally and collectively invested into renting the space and purchasing consumer's goods. The members of the workers' collective are equal in decision-making and decide how to work collectively.

. Kanagawa Seikatsu Club makes a yearly contract in advance with producers such as farmers who practice organic farming, GMO-free food processing factories, and organizations carrying out fair trade of goods from the developing countries. The members of Seikatsu Club regularly have exchanges with producers. For instance, they help farmers to weed their fields.

Although Kanagawa Seikatsu Club has a fairly long history, going back to 1971, and it is still a consumer's cooperative, it presents a model for the solidarity economy. In particular, since the 1980s the number of workers' collectives has grown to 187 units including depots, with a total of 5,296 members. The workers' collectives have been organized into federations in nine prefectures. Their memberships are increasing rapidly.

C) Mutual aid cooperatives

There are number of mutual aid cooperatives established at the local government, trade union, and workplace levels. These mutual aid cooperatives collect funds from their members and provide loans to them when needed.

These cooperatives are very large in scale, and are similar to Nokyo and Nisseikyo. For instance, the mutual aid cooperatives in trade unions are organized into a national federation (ZENROUKYO) and there are 46,340 participating units. In 2009 alone, they provided 35 million loans, amounting to ¥669 trillion (\$6.7 trillion).

Although they use the term "mutual aid," they do not form part of the solidarity economy. In this sense they are no different from commercial banks.

Case study: the Women and Citizens Community Bank

As indicated by its name, this organization is run by women and provides loans exclusively to women's non-profit economic activities. It was established

in 1998 in Yokohama, Kanagawa prefecture with capital of ¥120 million (\$1.2 million), and in 2009, it provided 110 loans with a total of ¥400 million (\$4 million) to non-profit enterprises.

When the economic bubble burst in 1999, the Bank of Japan lowered the interest rate to nearly zero. This posed a dilemma for people who were fearful of losing their jobs, and particularly for aged people who were uncertain about the future of the public pension system. They wanted to save money, but had no other way than to put their money in banks with zero interest rate. Today, the total volume of savings in banks and insurance companies amounts to ¥736 trillion (\$7.3 trillion).

This situation has provided a good chance for citizen's banks which invest in non-profit activities. However, there is no legal status for the newly emerging citizen's banks. They have no choice but to operate under the law set up for moneylenders, because previous governments never encouraged citizen initiatives to develop non-profit banks. Since the regime change, we can expect some improvement on his issue.

d) Non-profit organizations (NPOs)

In 1998, at the initiative of women legislators belonging to the Democratic Socialist Party, the NPO Promotion Law was enacted by the National Diet. Prior to it, all citizen's organizations were regarded as non-legal entities, neither controlled nor protected by law. Under the newly stipulated law, NPOs have to register with the national or local authorities and obtain the status of legal person.

In fact, the new law did not offer any public support to NPOs, but it encouraged citizens to work as volunteers for the benefit of the vulnerable people such as the aged, the handicapped, infants, and immigrant workers.

During the time since the passage of the law, the number of registered NPOs has risen to 41,154 all over Japan. Most are run by workers' collectives.

Case study: the Human Support Network in Atsugi City

Atsugi City is situated in Kanagawa Prefecture. It has a population of 230,000, most belonging to the middle class.

In 1989, a group of approximately 20 women in the city decided to establish a daycare center for the aged with funds donated by the members themselves and people around the neighbourhood. It was a typical NPO, created 10 years before the NPO Promotion Law was enacted.

Those women, who were mostly housewives, were initially members of the Seikatsu Club Consumer's Cooperative in Atsugi city, and they later formed the Atsugi branch of the Kanagawa Network Movement.

The Kanagawa Network Movement was founded in 1989 as a political wing of the Seikatsu Club Cooperative in Kanagawa. Its strategy is to make a claim as a “local party,” and it participates exclusively in local elections. It has 30 members of local assemblies in Kanagawa prefecture.

The daycare center for the aged, named the Asahi Welfare Center, proved very successful. Then same women’s group has set up 22 NPOs in the last 20 years. They operate homes for the aged, childcare facilities, in particular for handicapped children, kitchens providing meals to aged people who live alone, second-hand shops, pharmacies selling traditional Chinese medicines, schools to teach Japanese language to migrant workers, and a rehabilitation center for people injured in traffic accidents. The Atsugi Human Support Network is an alliance of 22 NPOs managed by workers’ collectives.

NPOs are the most promising part of the solidarity economy. However, they should not be large-scale, but should retain a human scale. The solidarity economy is only possible if there is trust among the people who participate in it.

What is needed for the solidarity economy in Japan now is to form loose networks, like the Atsugi Human Support Network, at the regional, national and global levels and to engage in political action to fight against neoliberalism.

Is it possible to simply destroy the globalized market economy and replace it with a solidarity economy? The answer is no.

For instance, big corporations cannot be entirely replaced by cooperatives: Big financial institutions cannot be replaced by citizen’s banks. All foreign trade cannot be replaced by fair trade.

Instead, we must place restrictions on the excessive, rampant, highly speculative and unaccountable activities of big corporations and financial institutions and the market economy’s search for maximum profits. We must rein in the excessive exploitation of workers, unlimited destruction of the environment, and economic and political domination by big corporations, as well as the concentration of power, decisions, options and functions by small elites.

This control will only be possible if we can promote the solidarity economy at the local, regional and global levels.