

## Les Points de Vue Asiatique a ESS

Akira KURIMOTO, Directeur de CCIJ

### 1. L'intégration régionale juste commencée

L'Asie a été en grande partie colonisée jusqu'aux années 60 et ensuite morcelée par la guerre froide et des guerres « chaudes ». De plus, l'Asie connaissait une très grande diversité de régimes socio-économiques, de niveau de développement, religieuse, etc. Jusqu'aux années 80, il n'était donc pas possible de parler d'intégration. Mais la région a transformé des champs de bataille en marchés par l'industrialisation, essentiellement tournée vers l'exportation, avec l'émergence successive de nouveaux pays industrialisés, de l'ASEAN (Association of Southeast Asian Nations), de la Chine, de l'Inde, du Vietnam, etc. Cette croissance économique a engendré l'apparition d'une classe moyenne ce qui a permis un passage des régimes autoritaires à des régimes plus démocratiques aux Philippines, Corée du Sud et dans d'autres pays. Les nations asiatiques ont commencé à penser à l'intégration régionale après le succès de la Communauté européenne. La crise financière de 1997 a démontré la nécessité de renforcer l'intégration. Ce processus a été lancé par « l'ASEAN + 3 » (Chine, Japon, République de Corée) et le Forum régional asiatique. Les négociations dureront des années en raison de l'attitude ambiguë du Japon qui cherchait, en même temps, le consentement des Etats-Unis.

### 2. Le secteur naissant d'ESS dans la région asiatique

Dans la région Asie Pacifique, la notion européenne de la coopérative a été introduite dans les colonies comme en Australie et en Inde. Le « Co-operative Credit Society Act » de 1904 a été instauré en Inde par l'Empire britannique et est devenu le modèle de législation coopérative dans les pays en voie de développement. Les nouveaux gouvernements indépendants ont hérité de cette législation fortement marquée par des ministres autoritaires avec omnipotence. Ces gouvernements ont toutefois vu dans les coopératives un moteur pour le développement national. Mais la politique structurelle d'ajustement a conduit à une forte diminution des subventions publiques et à la fin du traitement préférentiel des coopératives. Depuis 1990, les différentes conférences ministérielles prônaient l'autonomie des coopératives alors que des directives de l'ONU et une nouvelle recommandation de l'Organisation internationale du

travail (OIT) visaient le renforcement des politiques gouvernementales en direction des coopératives. En plus des formes traditionnelles coopératives, de nouvelles coopératives et organisations sans but lucratif sont apparues, à partir des années 90, avec l'émergence d'une société civile. Ces organisations ont cherché à répondre aux besoins sociaux qui étaient, auparavant, pourvus par la structure familiale, la communauté ou bien encore par des groupes religieux. Elles ne se sont pas intégrées dans des structures nationales. Il existe une très grande diversité sur le plan national en Inde, en Iran, en Australie, à Singapour, aux Philippines, en Thaïlande, au Vietnam, en Chine, en Corée et au Japon. Ainsi, il est prématuré de parler d'un processus d'intégration de l'ESS en Asie Pacifique.

### 3. Les groupes de recherche asiatique sur économie sociale et solidaire

La région Asie Pacifique a montré une évolution dynamique en termes d'économie de marché de développement de la société civile depuis la fin des années 80. Un certain nombre de chercheurs ont commencé à travailler sur l'émergence du secteur coopératif et des organisations sans but lucratif dans cette région. Deux groupes de recherche sur les domaines couverts par ESS ont été ainsi créés à la veille de ce siècle. Le premier est la conférence asiatique de recherche sur les coopératives créée en 2000 en collaboration avec l'Alliance coopérative internationale (ACI). Nous préparons la 4<sup>ème</sup> conférence qui se déroulera en août 2006 à Colombo, capitale du Sri Lanka. Le second groupe est constitué par les conférences asiatiques de l'ISTR (International Society for Third-Sector Research) qui se concentrent sur la recherche portant sur les organisations sans but lucratif (des associations et fondations). Ces conférences ont débuté en 1999 et leur 4<sup>ème</sup> réunion s'est tenue en 2005. J'ai lancé la conférence asiatique de recherche sur les coopératives et participé à la création des Conférences de l'ISTR en Asie. Mais il y a très peu de chercheurs qui couvrent les deux secteurs. Il y a peu de collaborations entre ces deux groupes. La notion d'ESS n'a pas été reconnue et n'a pas fait l'objet d'une discussion approfondie. La réalité que revêt le terme d'ESS varie considérablement d'un pays à un autre, ce qui rend sa généralisation très difficile. Le fait que même en Europe le dialogue entre EMES et ISTR n'ait seulement commencé qu'en avril 2005 à Paris, démontre la nécessité d'accentuer nos efforts pour inscrire l'ESS à l'ordre du jour dans la région Asie Pacifique.

#### 4. Quelques initiatives de recherches au Japon

La seule exception serait le Japon (et l'Israël). Au Japon, quelques chercheurs ont présenté le concept de l'économie sociale et ont traduit quelques livres à ce sujet au cours des années 90. Ces chercheurs ont introduit le terme de « secteur coopératif et sans but lucratif » recouvrant celui d'économie sociale mais avec un impact limité. Depuis 2000, quelques groupes de recherche ont effectué des études approfondies sur les entreprises sociales au Royaume-Uni et en Italie tandis que Seikatsu Club (fédération de coopératives de consommateurs) lançait le projet « social économie » et éditait un livre à ce sujet. Quelques chercheurs et coopérateurs de Seikatsu Club ont participé aux Rencontres du Mont Blanc en 2004. J'ai suggéré la création d'un groupe d'étude sur les entreprises sociales (Social Enterprises Study Group, SESG) regroupant des « Think Thanks », des organismes intermédiaires coopératives, des organisations à but non lucratif et des syndicats. SESG a organisé des ateliers mensuels et a tenu un forum international sur l'économie sociale et les entreprises sociales à Tokyo en novembre 2005 avec M. Thierry Jeantet (CJDES) comme principal intervenant. En plus de ces cercles d'universitaires et d'entreprises sociales, le gouvernement et les médias s'intéressent de plus en plus à l'exclusion sociale et aux entreprises sociales. Mais nous sommes toujours à la première étape de la mise en réseau, de la recherche et de l'identification.

## **Asian point of view of Economie Sociale and Solidaire**

Akira Kurimoto  
Director, CCIJ

### **Introduction**

The notion of Economie Sociale and Solidaire (ESS) was originally born in France and widely recognized in many European countries and finally institutionalized by the EU. It found supporters in Canada (Quebec) and Latin America where the idea is publicized both in the socio-political and socio-economic context. But ESS is not visible in the Asian political, business or academic scenes. It is still remaining to be a peripheral phenomenon although the co-operatives have been so long established and grown to become influential economic entities in some sectors and/or countries while nonprofits are emerging to cope with new needs in the emergent civil society. In addition, these organizations portray an enormous diversity in the different countries/sectors reflecting on the stage of economic development, levels of democratization and forms of government, which makes any attempts of generalization difficult.

The co-operatives had been created under the strong western influence brought by colonialism and development assistances. But they had evolved quite differently under the Asian political and socio-economic context. They had been protected from competition by licenses and trade restrictions, given subsidies and tax concessions and supported by legal/administrative measures while they had to accept government's stringent control and scrutiny. Now they are transforming to more independent and viable organizations to fulfill their objective of serving members. The nonprofits and NGOs (non-governmental organizations) were also set up more or less by public funds and overseas aid. They are expected to play an important role in the governance of the society although they have tensions with governments that wish to retain control.

This paper will introduce the changes undergoing in the Asian economy and society at large, which may lead to the regional integration in the years to come. Then it will describe the characteristic features of co-operative and nonprofit sectors in the region. Finally it will give an overview on the Asian research initiatives on ESS with special emphasis on Japan.

## **1. Regional Integration Just Started**

### **1.1. From Asian Backwardness to Economic Miracle**

Asia has been largely colonized by the Western powers since 19<sup>th</sup> and split by the competing ideologies, which brought cold and hot wars after the 2<sup>nd</sup> World War. In addition Asia has been characterized by its enormous diversity in political regime, level of development, religion and culture, and so on. Asia embraces market and planned economies, both the highest income nations and the lowest. Asia has been the cradle of the major civilizations and the birthplace of all the worldwide religions. It has been an object of exotic pursuit for centuries, not a locus of industrial innovation. It has been divided by feudal lords and western powers, needless to say the different religions, cultures and languages. So, it was not realistic to talk about the regional integration until the 1980s.

As a matter of fact, Asian economy had been based on primary industries where farmers were doomed to live with very low productivity in the populous areas with limited farmland. First, Japan accomplished the industrial revolution since late 19<sup>th</sup> century and rose to challenge the western powers. After the World War II it revived as a major industrial power under the strong government's support. Four dragons later labeled as NIES including Singapore, Hong Kong, Taiwan and South Korea followed Japan since the 1960s. Then ASEAN nations took off transforming battlefields into markets by the export-driven industrialization. Since the 1990s we are witnessing hyper economic expansion in China, India, Vietnam and so on. It should be noted that most of economic growth took place under the authoritarian governments, which were both interventionist and protectionist.

In 1997-98 many of economies faced the serious contagion of financial crisis starting from the crash of Thai Bahts and resulting in the 3-10 folds

unemployment in those affected countries. Although the crisis led to collapse of Suharto regime and forced Thailand, South Korea and Indonesia to turn to the IMF, they could recover in a few years after implementing the emergency relief programs and numerous constraint policies imposed by the IMF. Now Asia is seen to be the most vibrant growth center in the 21<sup>st</sup> century. There will be a number of bottle necks for further expansion including the limitation of resources and energy, environmental degradation, uncertain political stability etc. but the region seems to have an enormous potential as an engine of the world economy. Ex-Reagan administration trade official Prestowitz forecasts China and India will become economic superpowers in 10-20 years focusing on trade and industrial policies while the U.S. will face economic decline under globalization with crushing trade and budget deficits, a zero savings rate, failing schools, dwindling investments in scientific training and research, a collapsing dollar and a debt-dependent economy.<sup>1</sup> But the power shift to the east is a challenge facing all the industrialized world.

## **1.2. From Authoritarian Regime to Emerging Civil Society**

Such an economic expansion has resulted in the emergence and expansion of working and middle classes in the region where overwhelmingly populous farmers had been ruled by a few elites composed of royal family, bureaucrats and ex-military. They expressed dissent to the development dictatorship that was often associated with military intervention in politics and urged the shift to more democratic regime. They pursued political reforms through the parliaments in some countries or mobilized demonstration on the streets in other countries and succeeded to change the political leaders in late 1980s. For instance the Peoples Power revolution ousted the dictator Marcos in the Philippines. The persistent protest movement of workers and students led the democratization of South Korea where the ex-Presidents or ex-generals were deprived of power or even imprisoned. In these processes the traditional and new social movements had played the important roles. Therefore newly elected political leaders claimed themselves as coming from people's movement.

But the reality cannot support the assumption of linear development from the economic growth and appearance of middle class to the advent of civil society. There exist gaps among new and old movements, competing sectionalism,

paternalism within the organizations and so on. The emerging third sector has not been organized nor coordinated to promote more comprehensive political reforms and democratization of the society at large.<sup>ii</sup> Another example is a stark contrast between Singapore and the Philippines; the former has been reluctant to the democracy despite being among the highest per-capita GDP (US\$20,895 in 2003) and thick middle class while the latter has accomplished western democracy despite being among the lowest per-capita GDP (US\$939) and lacking basic public services.<sup>iii</sup>

Another dimension of the social changes accompanied with the rapid industrialization is linked with the large-scale demographic shift from rural areas to large cities, resulting in the formation of large-scale slums at the outskirts of capitals such as Delhi, Manila and Bangkok. Therefore there is a growing gap between demand and supply of social services, especially in such deprived areas, and the vast abandoned villages. The historic extended families are being downsized and giving way to the nuclear families, which makes domestic care of weaker members (infant, handicapped or elderly) more difficult.. Therefore the traditional family and community ties are loosening while the government's social security system is yet to be installed. In this sense, most countries are still not at the stage of welfare state and need to develop their own model of the welfare society.

Such changes have been accelerated by socio-economic globalization and revolution in information/communication technology. The middle class is equipped with information beyond boundaries, recognized the problems which were not hitherto addressed and expressed their voice to them. Such moves led to the political changes or emergence of the civil society.

Politically, the end of cold war and globalization deprived the legitimacy of the authoritarian regimes but there still exists stringent control over independent popular movements in China and Vietnam while communist regimes are slowly transforming into a kind of market economies, which invalidate all inclusive protection and regulation of every aspects of social and economic life. The emerging third sector at the grassroots is not without conflicts with the state and party apparatus but authorities are reluctantly encouraging media to support their anti-corruption campaigns and admitting a slow transformation of hitherto

party controlled mass movement organizations into a relatively independent third sector.<sup>iv</sup>

Therefore it is premature to see the clear-cut perspectives towards liberal democracy or the civil society in Asia. We are still facing the mixed situation; there are backlashes by military coup in Myanmar and Nepal, setbacks by political disputes in Malaysia and the Philippines, Islamic fundamentalist takeovers in Iran and Palestine and so on.

### **1.3. Slow Move to Regional Integration**

Asian nations started to think about regional integration after witnessing the deepening and enlarging integration in the European Community. The financial crisis in 1997 urged Asian leaders to prompt this process when Japan proposed the creation of a new Asian IMF to help countries in the region but the idea was rejected by the U.S. and received little support from China. Instead, the countries in the region launched a new forum called "ASEAN plus three" (10 countries + China, Japan, South Korea) to promote regular dialogue between finance ministers and central bank governors. They established \$36 billion of currency swaps to help countries suffering from balance of payments problems. The region has also accumulated \$2.5 trillion of foreign exchange reserves. In order to reduce customs and other barriers in international trade, the negotiations amongst nations are being made to conclude the Free Trade Agreement (FTA). After 15 years of Mahatir's proposition of East Asia Economic Caucus, the first East Asian Summit was held in December 2005 and the agreement to create Asian Currency Unit (ACU) was made in May 2006 but it will take many years to materialize the vision of 'East Asian Community' because of Japan's domestic resistance from some industries and ambiguous attitude toward the Asian integration. The U.S. is concerned with the regional integration without it and expects Japan to play a Britain's role in Europe.

## **2. Emerging Third Sector in Asian Region**

### **2.1. Tradition of Mutual Help and Philanthropy mingled with Foreign Influence**



In this section ESS involving co-operatives and nonprofits as basic components is referred to as the third sector organizations since this is widely accepted label in Asia. Also the civil society organizations (CSO) will be used when some authors are cited.

Asia's third sector is enormous in numbers and varied in contents. In all countries there are strong traditions of both mutuality and philanthropy. In most countries, there is a long tradition of village level mutual aid activities; often to manage commonly held resources such as irrigation and commons. Also there are strong religious traditions providing social services and practicing charity to help the disadvantaged members of the community by giving and volunteering. These traditional elements provided the basic substructure of the third sector. They have survived to some extent and mingled with the foreign influence to create the contemporary organizations.<sup>v</sup>

For example, India's inheritance of British common law tradition, its cultural diversity, its huge regional variations, and federal system of government had all combined to encourage a wide variety of third sector organizations. Bangladesh has an Islamic heritage of mutual help and is the home to a number of famous NGOs supported wholly or partially by overseas aid. In Thailand where Buddhism underpins a strong tradition of reciprocity, there are many traditional organizations, built around villages and temples. In the Philippines, Catholicism remains deeply rooted in the popular psyche and the third sector has grown rapidly since the middle class overthrew unpopular regime through a widely ramified network of NGOs. In Korea, which was colonized by Japan and dominated by the Confucian tradition, many people adopted Protestant Christianity from the U.S. missionaries along with various charitable institutions and credit unions.<sup>vi</sup>

## **2.2.Co-operative Promotion as Agents for Socio-economic Development**

In Asia and the Pacific region, co-operatives have been promoted by the colonial and post-colonial governments to attain their goals of socio-economic development. The European co-operative idea was imported in the British colonies in 19<sup>th</sup> century. In Australia some of Robert Owen's utopian methods

were tried among emancipated convicts in the Hunter Valley as early as the 1820s and a variety of production and retail co-ops was set up by the 1830s when free immigrants began to arrive. Then co-operative ideas came to Japan; the first consumer co-ops were created on the Rochdale model in 1879 while the government guided farmers to set up credit co-ops (along Raiffeisen lines), marketing, purchasing, and production/service co-ops, all of which were recognized by the Industrial Co-operative Law in 1900. But the legislation that brought the far-reaching impact was the Co-operative Credit Societies Act of 1904 installed in India by the British Empire. It was aimed to check farmer's enslavement to moneylenders and support the Raiffeisen-style agricultural credit co-ops. Because there was no indigenous support for the co-operative idea, it had to be promoted by a specialized government agency headed by a registrar with almighty power. This 'classic British-Indian pattern' spread throughout the British colonies and became the proto type of co-operatives legislation in the developing countries. <sup>vii</sup>

The highly authoritarian or top-down approaches by co-operative registrars or ministers were inherited by the new independent governments, which promoted co-operatives as an engine for the national development. As most Asian countries had been based on the agriculture before they took off the industrialization process since the 1970s, agricultural co-ops had been promoted as a way of modernizing rural economies. Birchall distinguished two phases in development. The first, lasting until around 1960, was characterized by a top-down, 'brue-print' based approach, with new co-operative sector being organized by the state. In China, multipurpose village co-ops achieved considerable success in the early 1950s, until they were turned by decree into People's Communes, which led catastrophic famine. In Malaysia agricultural, non-agricultural and fishery co-ops were sponsored and controlled by different authorities. In India co-operatives received tremendous boost after independence in 1947; the governments decided to promote all forms of co-operatives, contributing share capital, seconding officers as CEOs and setting up powerful development agencies. In Iran multipurpose agricultural co-ops were set up and supervised by a central body with direct assistance from government. The second phase from the 1960s onward was accompanied by a change of emphasis. Against a background of economic growth and rapid urbanization in some countries, co-operative were expected to become a major

tool of rural development. To enable them to fulfill this ambitious role, the widespread amalgamations between co-ops were promoted by state subsidies or brought about by government decree. In most countries federal bodies were created and their leaders nominated by governments. In this process emerged some powerful organizations including Zen-noh, Zenkyoren, Norinchukin Bank (Japan), NACF (Korea) and IFFCO (India).<sup>viii</sup> In this sector the Japanese IDACA (Institute for the Development of Agricultural Co-operation in Asia) has been a major provider of technical assistances using the ODA fund.

But the globalization and deregulation has given unprecedented impact to agricultural co-ops since the late 1980s. They have been under pressure from the lowering trade barriers and increased competition from foreign food imports. They have been exposed to the competition even in the domestic markets losing monopoly or dominant position through a number of deregulation measures in transaction of goods and services. They have faced government's structural adjustment policy urging the withdrawal of public subsidies and preferential treatment for them although governments did not necessarily give up their control on co-ops. To cope with such situation and facilitate the necessary changes in the co-operative legislation and policy, the ICA ROAP convened biannual Co-operative Ministers Conferences (CMC) since 1990 while the UN's Co-operative Guidelines in 2000 and ILO's new Recommendation 193 on Promotion of Co-operatives in 2001 set out for the government's co-operative policy to promote the co-operative autonomy and forge equal partnership. But the state withdrawal from control of co-operatives is occurring at different rates in different places. The ICA's critical studies on co-operative legislation and policy reforms revealed that the progress on implementation of the CMC resolutions was rather slow and needed to gather momentum in many countries while government's control over co-ops continued and still prevalent in some countries and place them at a disadvantageous position in comparison with the private sector.<sup>ix</sup>

In contrast the governments have shown much smaller attention to urban consumer co-ops or financial co-ops although the registrars had exercised their dictating powers on them. In consumer sector the development has been very slow except for Japan and Singapore. It has been attributable to their small size, weak member participation, shortage of capital, lack of managerial capacity and

effective federative system. In some countries the shift from regulation to market economy brought both threats and chances; the Indian consumer co-ops faced stiff competition after losing monopoly in trading basic commodities while Saigon Co-op established itself as a major supermarket chains in these 10 years. KF Project center and JCCU are extending technical assistances to this sector. In financial sector, there are co-operative banks and credit unions in many countries. They provide financial services to members ranging from micro credit at grassroots to full-fledged services through regional and national networks such as CUSCAL, Australia. There exist strong insurance co-ops in Singapore and Malaysia. In this sector, Canadian co-ops have extended technical assistances through Canadian Co-operative Association and Desjardin International.

In addition to these traditional co-ops, there are specific types of co-ops in Asia. Medical co-ops have been organized by users (Japan, Korea, the Philippines, and Singapore) and providers (India, Malaysia, Mongolia and Sri Lanka) to provide medical services at hospitals and clinics. The JCCU's Health Co-operative Association has offered technical assistances and formed a regional network. University co-ops have been organized mainly by faculty members to provide text books, food, appliances and credit/insurance to them and students. The National Federation of University Co-ops (NFUCA) of Japan has extended technical assistances to them and persuaded them to involve students as full-fledged members. Women's co-ops have been formed exclusively by women in India, Iran and Malaysia to encourage them to take leadership position, which would be difficult in the mixed membership, or on the religious ground. Recently new worker co-ops were born to create employment and cater to unattended needs since the 1980s. They sought to fill the gap of welfare provision, which had been done in the families/communities supplemented by religious groups.

As a whole the Asian co-operatives are obliged to strengthen autonomy and independence and improve governance and management. They need to adapt to the shift in public policy from protectionist to pro-competition under the pressure of globalization.

### **2.3. Non-profits Proliferating as an Actor in the Civil Society**

In Asia the third sector is often associated with a small group commonly referred to NGO. In fact NGO is the dominant type of nonprofits in Asia. Most of NGOs are wholly or partially supported by overseas aids from both governmental and non-governmental agencies, which are mainly financed by the official development assistance programs of the OECD countries or the international organizations like the United Nations and its specialized agencies. Such a way of financing may lead to the dependent culture and disguise the development of the truly independent organizations. In fact there are many NGOs, which will not be able to survive without foreign support. But to focus on the development NGOs that have been sustained by such aid is to miss much of Asia's third sector.<sup>x</sup>

As mentioned before, most of countries in the region have witnessed the extremely rapid growth and emergent civil society in recent decades. The nonprofits or NGOs are proliferating in many countries regardless of stage of economic development, degree of democratization or form of government. As background to such evolution, the limits to government's ability to cope with the numerous and increasingly complex socio-economic issues are increasingly recognized and as a result bureaucrats have started turning to the civil society organizations (CSOs) to shoulder greater responsibility in serving the public interests. In China, with the reform of the entire economic system including privatization of state-owned enterprises and the transition to a kind of market economy, the government is no longer able to bear the social burdens and gradually delegating responsibility to the society through community/social organizations and other groups. In Taiwan CSO have become more involved in providing services directly to disadvantaged groups, thus taking on a responsibility previously exclusively assumed by the government. In Bangladesh, where a robust growth of NGOs in many areas of intervention such as micro credit, women's empowerment and primary education has gained global attention, there is a growing recognition of the sector's important contribution to development, especially for the poor, vulnerable and disadvantaged sections of the society. In Pakistan growing size and number of organizations has come increased recognition and influence of the CSO. In the Philippines, NGOs has continued to show great influence in socio-political life as demonstrated in the peaceful ouster of a corrupt president and the government's recognition of them as an extension of 'people power' was

enshrined in the Constitution. These examples illustrate CSOs are increasingly involved in the tasks of improving the governance of each society, which has reinforced the changing relationship between the public sector and the third sector and put strong pressure on CSOs to improve their effectiveness in carrying out their missions as they are expected to fill the widening gap of social needs that have been left unattended.<sup>xi</sup>

However the growing role of nonprofits and NGOs in areas once considered to be exclusive domain of government bureaucracy has naturally given rise to considerable tension in the relationship between the public sector and the third sector in Asian countries. This can be attributable to the dramatic rise of CSOs in a relatively short period of time on the one hand and the continuing dominance of a traditional state-centric power structure over the public interest on the other. Governments have shown signs at times that they want harness their power for their own purposes rather than allowing themselves to become reliant on CSOs. There is a growing concern among CSO leaders that government bureaucracy will attempt to recapture their control over CSOs through regulatory actions that ostensibly target the need for greater accountability and transparency in the nonprofit sector. In fact the growing pressure on CSOs from the public, the media and donors to improve internal governance on the ground that they are major players has proven to be a convenient excuse for government bureaucrats to strengthen their control over NGOs and nonprofits. With the higher profile of CSOs, there have been more revelations of financial and other irregularities within CSOs that have made such government intervention appear to be desirable.<sup>xii</sup>

Therefore, nonprofits and NGOs face government's ambivalent attitude in many part of the region. They have growing support among government officials while they may face the stronger supervision as their influence expands. Faced with such situation where government's perspective on CSOs are found in precarious balance, their leaders and researchers are unanimously opposing to stronger government control which may undermine the critical contributions that CSOs have started making toward the better governance of the society. At the same time there is a growing sense of urgency among them about the need to strengthen their own internal governance with greater emphasis on accountability and transparency.<sup>xiii</sup> They may create the autonomous self-

regulating bodies to strengthen the governance practices. In the Philippines, an umbrella organization, which had encouraged its members to adopt good management and governance practices via an accreditation scheme, successfully lobbied the government to retain tax deductions for donations to organizations that were properly accredited when a new tax bill threatened to remove all tax deductions. Thus the Philippine Council for NGO Certification (PCNC) was born. NGOs certified by the PCNC are eligible for tax exemptions while corporate donors can claim tax reduction only for donations to organizations that have been accredited by this process.<sup>xiv</sup>

### **Creating Asian Models but Slow Integration of the Third Sector**

The Asian third sector organizations had been created under the strong influence from the west. But it does not mean it is just a copy of the western forerunners; rather it has evolved into the Asian entity adapting to the existing political regimes, socio-economic structure and traditional culture. Even it had created the distinct Asian models, which gave some impact to other regions. For example, Amul dairy co-operatives in India provided a model to the development program that began in 1965 and was termed the 'white revolution'. Highly integrated in village, district and state levels, and under the members' control, they have proved the worth of a system, which offers every necessary service. Grameen Bank in Bangladesh was praised as the successful formula of the micro credit and empowerment of the poor at grassroots by the World Bank and its model is diffused in many parts of the third world. The NTUC Fairprice and NTUC Income in Singapore became the showcase of the trade union based consumer and insurance so-ops. The Japan's multipurpose agricultural co-ops or Han groups in consumer co-ops were once commended by Dr. Alex Laidlaw or Mr. Sven Ake Book in their reports to the ICA Congresses (1980, 1992) and copied in Korea and Taiwan. But all these cases had been so deeply embedded in the socio-economic environment and local culture that their impact to the west has been rather limited.

At the regional level the consolidation of the third sector is very slow except for the co-operatives and credit unions. The ICA has established its first regional office in New Delhi in 1960. Today the ICA Asia Pacific Region consists of 55 national organizations from 22 countries, representing 61% of co-operators in

the world. The ICMIF had set up its Asia and Oceania Association (AOA) in 1984, composed of 26 insurance co-ops in 13 countries. The Asian Confederation of Credit Unions (ACCU) set up in 1971 covers 15 credit union centrals in 13 countries. In the voluntary or nonprofit sector, national groupings are underway in some countries but their diversity hampers to create federal bodies at the regional level except for network organizations such as the Asian NGO Coalition (ANGOC) founded in 1979 and the Asia Pacific Philanthropy Consortium (APPC) created in 1994.

However, the concept of ESS is not recognized by the governments, academics or media in Asia: the integration process within ESS is not visible in most of countries while the third sector is often equated with the voluntary/nonprofits sector. Nonprofits often see co-operatives as state-sponsored bureaucratic organizations while the latter sees the former as heavily dependent entities relying on the public or foreign money. Between South and North there exist some sporadic examples of collaboration such as fair trade bananas from the Philippine producers to the Japanese consumers but their impact is very limited.

### **3. Research Initiatives on ESS in Asia**

#### **3.1 Weak Liaison between Co-operative and Nonprofits Studies in Asia**

Asian and the Pacific region showed a dynamic evolution both in terms of market economy and civil society since late 1980s and a number of researchers started investigating on the changing co-operative sector and emerging nonprofit sector in this region, where two research groups on the fields covered by ESS were created on the eve of the millenium. One was the ICA's co-operative research group founded in 1998. We organized the first Asian Co-operative Research Conference in Singapore in 2000 in conjunction with the ICA Regional Assembly and held the succeeding conferences in Cebu, the Philippines (2003) and Chiangmai, Thailand (2004). We will hold the 4<sup>th</sup> conference in Colombo, Sri Lanca in August 2006. Co-operative researchers



from 14 countries joined this network. The CCIJ has played a leading part in organizing network and providing scholarship.

The other group focusing on nonprofits (associations and foundations) started almost at the same time. The Johns Hopkins Comparative Nonprofit Sector Project (JHCNP) depicted case studies on India and Thailand in early 1990s.<sup>xv</sup> The inaugural Asia and Pacific Regional Conferences of ISTR (International Society for Third-Sector Research) was held in Bangkok in 1999 and the ensuing conferences were held in Osaka, Japan (2001), Beijing, China (2003) and Bangalore, India (2005). It had been predominantly a research network of nonprofit studies based on JHCNP's international classification but at the same time covered co-operatives as a kind of CSOs. This network attracts more young people than co-operative research group. There are a few researchers who cover both co-operative and nonprofit sectors in Australia, India and Japan. I took part in the 2<sup>nd</sup> conference in Osaka and presented a paper, which was included in the volume.<sup>xvi</sup> The APPC also run the website named 'Asia Pacific Philanthropy Information Network' and conducts comparative studies of Asian nonprofits/NGOs from time to time.<sup>xvii</sup>

However, there has been very little collaboration between them and the notion of ESS has not been recognized or discussed. In addition the contents of the third sector vary widely from one county to another, which makes generalization very difficult. In view of the fact that even in Europe a dialogue between EMES and ISTR has just started in April 2005 in Paris, we need to make extra efforts to place ESS on the agenda of researches in this region.

### **3.2. Some Research Initiatives in Japan**

The only exception would be Japan (and possibly Israel). Prof. K. Tomizawa and Prof. K. Kawaguchi introduced the concept of social economy into Japan and translated some books with other researchers on this subject during 1990s. They created a new term 'nonprofit and co-operative sector' as an equivalent to social economy but with limited impact to academicians and practitioners. Prof. K. Kitajima wrote some articles on both social economy and solidarity economy to Japan. The CCIJ hosted a research project on social economy headed by them during 1995-1998 and organized a international research conference in

1998 in Tokyo inviting 7 researchers including Prof. J. Defourny, A. Evers, I. Vidal, and V. Pestov from EMES network. The result of these studies and conference proceedings were published in two volumes. In addition, Prof. J. Nishikawa chaired a study group on solidarity economy in 2004, which will publish a book soon.

Since 2003, two research groups based on Meiji University and Rikkyo University made the extensive studies of the social enterprises in the UK and Italy using research grants. They organized the open fora and published some books/papers. The Policy Research Institute for the Civil Sector founded by Seikatsu Club Co-op organized the Social Economy Promotion Project aiming at popularizing the concept among MPs and published a book entitled "Toward Promotion of Social Economy" in 2003.

After Prof. N. Kasuya and co-operative leaders of Seikatsu Club took part in the Mont Blanc Meeting organized by Mr. Thierry Jeantet of CJDES in 2004, I suggested them to create a Social Enterprises Study Group (SESG) inviting think tanks and intermediary organizations of co-operatives, nonprofits and trade unions. SESG organized monthly workshops and held an International Forum on Social Economy/Enterprises in Tokyo and Osaka in November 2005 with Mr. Thierry Jeantet of CJDES as a guest speaker. On that occasion a network of social enterprises was created among nonprofits, co-operatives and trade unions tackling with social exclusion in Osaka. SESG will publish a volume including proceedings and hold the second forum inviting Prof. C. Borzaga in coming December.

In addition to these academic circles and study groups, the government and media started showing interests on social exclusion and social enterprises. However we are still in the initial stage of recognition, networking and research of ESS. There exist some reasons. First of all, Japan is characterized as a strong control of bureaucrat-industrial complex over a wide range of economic and social life by many observers. The ministries organized in line with industrial sectors had exercised a strong influence through their industrial policies and licensing authority. They have protected the interests of industries in a 'convoy' system while showing little attention to voices of the civil society. The co-operative legislations had been enacted industry-wise; there are more

than 10 co-operative laws under the jurisdiction of 4 ministries. The separate political and legal framework contributed to the contrasting development paths; agricultural co-ops had grown to major agribusiness under the strong supports of the perpetual conservative government backed by farmers' votes while consumer co-ops had evolved to be the largest consumer organizations, often fighting with adversarial legal provisions introduced under the pressure of small retailer's lobbying. Such development had hampered co-operatives to forge a common identity among them. There is no umbrella organization representing and promoting the co-operative sector's interests except in the sub-sector (Japan Co-operative Insurance Association) or the international relations (Japan Joint Committee of Co-operatives).

On the other hand the nonprofits had the different roots. There had been traditional schemes of philanthropy based on religions or rural communities, but volunteerism was not so visible especially in megalopolis. The tragic events caused by Kobe earthquake in 1995 brought about significant changes in voluntary activity and the government's outlook towards the nonprofit sector. They mobilized millions of volunteers, helped formation of new nonprofits and inspired the government to such an extent that the MPs themselves introduced the bill that became the NPO Law in 1998. Since then, the government has supported the nonprofit sector.<sup>xviii</sup> More than 26,000 NPOs were registered under this Law until March 2006 and its number is still growing, but most of them have very limited human and financial resources. Although the tax deduction scheme for donation was introduced, only 40 nonprofits were admitted to benefit from it because of too rigid requirements. The intermediary organizations had been set up in most of prefectures with government's subsidies while some national networking bodies are engaged in research and development, business support, advocacy and lobbying to create supportive environment. But the collaboration between nonprofits and co-operatives is still limited because of different organizational culture.

In the academic scene there is very weak liaison as well. The co-operative studies in the universities had been established as a special field of agronomics. But the number of courses and researchers is dwindling year by year in proportion with shrinking agriculture. On the contrary, the nonprofit studies are gathering momentum and partly replacing co-operative courses in the

universities. There is very little communication between the Japanese Society for Co-operative Studies (JSCS) and the Japan NPO Research Association (JANPORA).

## Conclusion

While the concept of ESS has not been widely recognized in Asia, there exist the phenomena explained by ESS. The co-operatives had been set up and promoted more or less by the state as agents for the national development but now face the challenges of major transformation from government's wing to autonomous entity in much competitive economy. The nonprofits and NGOs are gathering momentum at varied pace in different countries and expected to cope with new problems and unattended needs. But there has been very weak linkage between co-operative and nonprofit sectors both in practice and theory. They need to strengthen mutual understanding and collaboration to solve the problems and enlarge the scope of intervention as indispensable actors in the civil society, thus contributing to the socio-political democratization to match the economic growth in the region.

---

<sup>i</sup> C. Prestowitz, *Three Billion New Capitalist: The Great Shift of Wealth and Power to the East*, Basic Books, 2005

<sup>ii</sup> Hyuk-Rae Kim "Unraveling Civil Society in South Korea", D.C. Schak and Wayne Hudson(ed.), *Civil Society in Asia*, 2003, pp.192-208.

<sup>iii</sup> J.A. Camillieri, *States, Markets and Civil Society in Asia Pacific*, 2001, Y. Yamaguchi, "Reviewing Civil Society Problem from Asian Cases", *Contemporary State and Civil Society*, 2005

<sup>iv</sup> Samiul Hasan and Mark Lyons eds. *Social Capital in Asian Sustainable Development Management*, Nova Science Publishers, Inc. New York, 2004, pp.1-2

<sup>v</sup> *ibid.*

<sup>vi</sup> *ibid.*

<sup>vii</sup> J. Birchall, *The International Co-operative Movement*, Manchester University Press, 1997, pp.163-166.

<sup>viii</sup> *Ibid.* pp.167-177.

<sup>ix</sup> P.V.Prabhu, *Third Critical Studies on Co-operative Legislation and Policy Reforms*, ICA ROAP, 2004, pp.1-19.

<sup>x</sup> Hasan and Lyons, pp. 1

<sup>xi</sup> T. Yamamoto, Overview of Twelve Country/Region Studies, APPC Conference Papers on September 5-7, 2003, Manila, pp.3-5.

<sup>xii</sup> *Ibid.* pp.5-8.

<sup>xiii</sup> *Ibid.* pp.5-8.

<sup>xiv</sup> Hasan and Lyons, pp. 3-4.

---

<sup>xv</sup> L.M.Salamon and H.K.Anheier, *The Emerging Sector*, 1994

<sup>xvi</sup> Hasan and Lyons, pp.145-155.

<sup>xvii</sup> Thomas Silk (ed), *Philanthropy and Law in Asia: A Comparative Study of the Nonprofit Legal Systems in Ten East Asian Societies* (San Francisco: Jossey-Bass Publishers, 1999); *Investing in Ourselves: Giving and Fund Raising in Asia* (2001, 2002) ; *Governance, Organizational Effectiveness, and the Non-Profit Sector* (2003);, *Philanthropy in Disasters: TSUNAMI and After* (2005)

<sup>xviii</sup> Hasan and Lyons, p.3.