

Chapter 2

Civil Society in Japan: Democracy, Voluntary Action, and Philanthropy

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Introduction

This chapter describes civil society in Japan: its historical contexts, its present state, and the challenges it faces in the twenty-first century. Civil society is translated as “shimin shakai” in Japanese. Shimin means citizen and shakai means society. Shimin is a rather confusing concept because shimin refers primarily to the resident of a city. Of course, when we talk about shimin shakai or civil society, shimin does not mean resident of a city. In this chapter, I define the term “shimin” or citizen as “any people who participate in civic engagement.” Civic engagement here means participation in public life. I use the term civil society to express the structure or system of society which allows any person to become civilly engaged.

Public life can be divided into three spheres: the political, economic, and social spheres. I will, among many forms of civic engagement, refer to (1) democracy, (2) liberal capitalism, and (3) voluntary organizations and philanthropy. Democracy can be seen to exist as one system of civic engagement within the political sphere. Here I use the concept of procedural democracy formulated by Joseph Schumpeter (*Capitalism, Socialism, and Democracy*): “The central procedure of democracy is the selection of leaders through competitive election by the people they govern.” A system of civic engagement found within the economic sphere is liberal capitalism. By liberal capitalism I mean capitalism with virtue and ethics not based on market fundamentalism, in other words, capitalism with social responsibility. Lastly, civic engagement exists in the social sphere as carried out by nonprofit voluntary organizations supported by private philanthropy. It is vital for nonprofit organizations to have a voluntary fund source. Philanthropy is an act of voluntary private giving for social causes. Philanthropy is a system of civic engagement operating in the social sphere, facilitated by people in the economic sphere. The economic system which allows philanthropy by corporations, or corporate philanthropy, is liberal capitalism.

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Table 2.1 shows the transitions that civic engagement has gone through within and across the three spheres in the modern history of Japan.

In Japan in the late Edo period, the middle of the nineteenth century, primitive capitalism emerged. The merchants of this Edo period, especially those in Osaka, engaged in commercial activities as well as philanthropic activities. The philosophy of these merchants was expressed as a three-way bottom line, “good for the firm, good for the customer, and good for society.” Primitive voluntary organizations emerged during this period. In 1868, Japan experienced the Meiji Restoration and became a nation state. In 1889, the Constitution of the Empire of Japan was proclaimed, a full 22 years after the Restoration. This Constitution opened the way to parliamentary government. Although in a very limited form, democracy was formally established in Japan.

From 1889 till 1938, three spheres of civic engagement coexisted. I call this period “ephemeral” civil society in Japan. From 1938, however, when the National Mobilization Law was enacted, Japanese society became a militaristic centralized bureaucratic country. After World War II, Japan’s economic development progressed, largely due to the iron triangle of politicians, economic leaders, and bureaucrats. Economic activities were planned, led, and regulated by bureaucrats. This economic scheme continued until the Plaza Accord of 1985. In this period, voluntary action and organizations were not so active. After the Plaza Accord, however, the Japanese economy was plunged into the global market. Voluntary action became more active. This point in history represents a rebirth of civil society in Japan.

The Kobe Earthquake of 1995 made many people realize the important role that voluntary actions and organizations play, and had a great impact on Japanese society perceptions.¹ Masaaki Honma and Masayuki Deguchi called this phenomenon a “volunteer revolution.”² This revolution led to the enactment of the NPO Law to

Table 2.1 Three spheres of civic engagement

	Democracy	Liberal capitalism	Voluntary organizations
Before 1868 (Meiji restoration) ~	×	○	○
1868 (Meiji restoration) ~	×	○	○
1889 (Promulgation of constitution) ~	○	○	○
1938 (National mobilization law) ~	×	×	×
1945 (End of the WW II) ~	○	×	×
1965 (Osaka voluntary action center) ~	○	×	○
1985 (Plaza accord) ~	○	○	○
1990 (Philanthropy renaissance) ~	○	○	○
1995.1.17 (Kobe earthquake) (volunteer revolution) ~	○	○	○
1998 (Nonprofit law) ~	○	○	○

¹Kobe Earthquake took place on 17 January 1995. Its magnitude was 7.2 and more than 6,430 people were killed and over 100,000 houses and buildings were destroyed. Formal denomination of the Earthquake is “Hanshin-Awaji Great Earthquake.”

²Honma, M. & Deguchi, M (Ed.) (1996). *Borantia Kakumei (Volunteer Revolution)*, Toyo Keizai.

promote voluntary action in 1998. In the twenty-first century, while global economic competition accelerates, enlightened business corporations have become more aware of corporate social responsibility and the collaboration between business corporations and voluntary organizations are being promoted. At the same time, local governments are eager to collaborate with voluntary organizations.

Civic Engagement Before World War II

Democracy

Freedom and Citizenship Movement: Meiji Democracy

Before the Meiji Restoration of 1868, Japan was under the social class restraint. Social classes were warrior (samurai), farmer, craftsman, and merchant. The Meiji Restoration is carried out by warriors of four powerful “Han’s,” that is, Satsuma (Kagoshima Prefecture), Choushu (Yamaguchi Prefecture), Tosa (Kochi Prefecture), and Hizen (Saga Prefecture).³ As a result, the new Meiji government was organized by leaders of four Han’s, and among these, the Satsuma and Choushu leaders took initiative. Those who were unsatisfied with this political scheme, former warriors excluded from political power and land owners, began a social movement demanding a democratic constitution. One of the leaders of this movement was Taisuke Itagaki (1837–1919) of Tosa Han. He was a member of the government, but afterward resigned and formed a regional political group, the Aikoku Koto (Public Party of Patriots) in 1874. The Aikoku Koto was the basis for the founding of the Jiyuto (Liberal Party), the first national political party established in 1881. Shigenobu Okuma (1839–1922) of Hizen Han, who was also member of the government, after being forced to resign, formed the Rikken Kaishinto (Constitutional Reform Party) in 1882. This movement, called “Freedom and Citizenship Movement” resulted in the promulgation of the Meiji Imperial Constitution in 1889.

Promulgation of the Imperial Constitution

In February 1889, the Imperial Constitution was promulgated and put in force in November 1889, when the Diet was opened. The Imperial Diet consisted of a House of Representatives and a House of Peers.⁴ The House of Representatives was elected by the people, according to the provisions of the Law of Election. A seat in House of Peers was either appointive or hereditary. Thus Japan became a

³Han is domain ruled by lord (daimyo) in feudalistic Japan.

⁴After the Meiji Restoration, in 1889 a new nobility class was created which continued until 1947. They were former court nobles and former daimyo’s of feudal lords.

democratic country meeting the criteria of procedural democracy of Schumpeter. However, voting rights were limited to males who paid an annual tax of 15 yen or more. The number of voters was less than 500,000 or 1.5% of the population, although this number grew to 3 million over the next 30 years.

The Imperial Constitution stipulated the freedom of religious belief (Article 28), the liberty of speech, writing, publication, public meetings and associations (Article 29). Hence it meets the criteria of Robert Dahl.⁵ However, freedom of religion was permitted within limits not prejudicial to peace and order, and antagonistic to citizens' duties as subjects. The liberty of Article 29 was permitted within the limits of the law. Thus democracy under the Imperial Constitution was a limited democracy under monarchy.

In the 1898 election, The Kenseito (Constitutional Party)⁶ won the election and Shigenobu Okuma organized the cabinet and Taisuke Itagaki joined. This was the first cabinet organized by political party. Until this time, prime ministers were oligarchs of Satsuma and Chosyu.

Taisho Democracy

The period between 1905 and 1932 is called the Era of Taisho Democracy. Although the Taisho Era begins in 1912 and ends in 1926, usually the period called Taisho Democracy begins with the riot in Hibiya Park in 1905 and ends with the assassination of Prime Minister Tsuyoshi Inukai (1855–1932) in 1932.

In 1904, the Russo-Japanese War broke out and ended in 1905 with the signature of the Treaty of Portsmouth. Japanese citizens believed that Japan won the War. However in reality Japan could not continue the War anymore. So the war indemnity was much less than citizens expected. Citizens unsatisfied with the Treaty of Portsmouth gathered in Hibiya Park to demonstrate their protest against the signature of the Treaty. Sakuzo Yoshino (1878–1933), political scientist and advocate of democracy, described this incident as the first time that ordinary people expressed their political opinion.

Taisho Democracy is characterized as a cabinet organized by political party. Until then, many cabinet members were not from political parties but from military power or oligarchs from old Han's. The cabinet formed by Takashi Hara (1856–1921) in 1918, was the first viable party cabinet and he was the first prime minister who was not from the nobility class. And from then until 1932, the leaders of major political parties became prime minister.

⁵Democratic citizens must be free regarding such matters as speech, assembly, and conscience. (Terchek and Conte 2001: 3).

⁶The Kenseito had been formed prior to 1898 election by merger of the Shinpoto (Progressive Party), which was reconstituted from the Rikken Kaishinto in 1896, and the Jiyuto.

In the Taisho Era public interest in political affairs grew and political reform was realized. In July 1922, the Japan Communist Party was established. However it was dissolved by government pressure in 1924. The Universal Manhood Suffrage Law was passed in May 1925, which granted the voting right to all male citizens over the age of 25. With the passage of this law, the number of voters quadrupled. It must be noted that in the same year the Peace Preservation Law was enacted. This notorious repressive law enabled the suppression of radical social actions such as communist, anarchist and leftist labor movements.

In September 1931, Japan's military conquest of Manchuria occurred. This was the beginning of the 15-year war which continued until August 1945. On May 15, 1932 Prime Minister Tsuyoshi Inukai was assassinated by young military officers in a military coup (May 15th Incident). And on February 26, 1936 a military insurrection took place (February 26th Incident). These military officers tried to establish a cabinet led by military power. Democracy was being threatened. In 1938 the National Mobilization Law was enacted, and all materials and human resources were mobilized to pursue the war. In 1940, all political parties were dissolved and absorbed by the Imperial Rule Assistance Association. The fledgling Japanese Democracy had all but been extinguished.

Liberal Capitalism and Philanthropy

In Japan, which had been an agrarian society, the market economy developed in the late Edo period, the mid-nineteenth century, and during this time Japan became a highly modernized and commercialized economy. Again, the business principle of Edo merchants is expressed as “good for three stakeholders”, that is, “good for the firm, good for the customer and good for society.”

After the Meiji Restoration of 1868, Japan began to develop as a capitalistic modern nation state. The Meiji Government tried to strengthen economic and military power. To strengthen economic power, the Meiji Government promoted industrialization and established national factories managed by the government. These national factories included mining, textile, shipbuilding, or cement works and were sold very cheaply to private merchants closely connected to the government. Later, these merchants formed the *zaibatsu* (financial and industrial combine) and led the Japanese economy up until World War II.

The management philosophy of business leaders in the Meiji period combined profit making with social responsibility just as was the case with their Edo merchant predecessors. I would say that the capitalism in the Meiji period was a liberal capitalism, as is defined in the introduction of this chapter. Eiichi Shibusawa was a prominent business leader in the Meiji period. He established many business firms during his lifetime and at the same time was a philanthropic leader of the economic sphere. His management philosophy was “Rongo to Soroban” (Confucianism text in one hand, abacus or handy calculator in another hand), that is, profit making with social responsibility. Many successful business firms had a code of conduct proclaiming

the importance of social responsibility. In these firms are included Zaibatsu firms such as Mitsubishi, Mitsui, Sumitomo and others. As is mentioned later, many voluntary organizations in various areas were supported by zaibatsu and other corporations or business executives.

Perhaps the most famous Japanese philanthropist of the period was Magosaburo Ohara (1880–1943).⁷ Many Japanese people remember his name as founder of the Ohara Museum of Arts. He said that “my fortune was given by God for philanthropy” and made many contributions to education and social welfare. For example, he supported the Okayama Orphanage by Juji Ishii and founded the Institute of Social Science Research.

Mitsui group companies were active in corporate philanthropy. They established Mitsui Charitable Hospital for low income people in 1906, where wives of executives and employees of Mitsui group companies engaged in volunteer activities. In 1911, companies belonging to the Mitsui group decided to donate 2.5% of their profit to charitable purposes. The Mitsui Foundation (Mitsui Hoon-kai) established in 1934 was the largest grant-making foundation in prewar Japan. Zaibatsu other than Mitsui, such as Mitsubishi, Sumitomo, Yasuda, and Okura, made sizable charitable donations. However, with the enactment of the National Mobilization Law in 1938, liberal capitalism disappeared.

Voluntary Organizations

The Meiji government’s fundamental policy was “Enrich the Country, Strengthen the Military.” As a result, social welfare was largely ignored. Social welfare services were provided by private nonprofit voluntary organizations. The Meiji government was eager to provide elementary level education and higher education. On the other hand, education for the working class and for women was neglected, left to private nonprofit schools.

Legal Framework

In 1896, the Civil Code was stipulated and put into force in 1898. Article 34 of the Civil Code enabled voluntary organizations to be incorporated. Article 34 stipulates that “an association or foundation relating to rites, religion, charity, academic activities, arts and crafts, or otherwise relating to the public interest and not having for its object the acquisition of profit may be a legal person subject to the approval⁸

⁷Magosaburo Ohara was president of Kurashiki Textile Company in Okayama Prefecture.

⁸Approval (kyoka in Japanese) means action at the discretion of the government.

of the competent authorities.” Almost all of voluntary organizations and grant-making foundations established before the enactment of Civil Code were incorporated as foundations.

Settlement Houses

In the early stage of Meiji era, settlement houses played an important role in providing various services for low income people and laborers. In Tokyo in 1897, the Christian activist Sen Katyama (1859–1933), founded Japan’s first settlement house, where many volunteers participated in teaching laborers. In 1919, foreign Christian women opened a settlement house in Tokyo’s old downtown district. This settlement house, Kobo-kan, still nowadays actively provides various social welfare services. The social reformer and evangelist Toyohiko Kagawa⁹ (1888–1960) opened settlement houses in Osaka and in other places. Students and professors from Tokyo Imperial University (present-day the University of Tokyo) volunteered for the rescue and relief of victims of the great Kanto Earthquake in 1923.¹⁰ Afterward, they founded a settlement house and engaged in laborer education, medical care, child care, youth programs, and so forth.

Social Services

One of the most famous voluntary organizations in social welfare is the Okayama Orphanage, established by the Christian social worker Juji Ishii (1865–1914) in 1887. In 1899, another Christian, Kosuke Tomeoka (1864–1934) opened a home for delinquent children in Tokyo. Many nursing homes for elderly people were provided by voluntary organizations, such as Ono Yofuen in Kanazawa City in Ishikawa Prefecture, in 1873, or Osaka Nursing Home established by Buddhist Tamijiro Iwata (1869–1954) in 1902.

Medical Services

Many hospitals were established by business firms or business men. Besides Mitsui Charitable Hospital mentioned above, hospitals for needy people were established in Osaka by the textile merchant Gendo Yamaguchi (1863–1937), called the king of donors in the Kyoto-Osaka region, the Nippon Life Insurance Company, and Kotobukiya (present-day Suntory Ltd.).

⁹Toyohiko Kagawa (1888–1960) was also a great leader of labor movement and cooperative movement.

¹⁰On September 1, an earthquake of magnitude 7.9 hit Tokyo and Yokohama area and killed 140,000 people.

Schools

Higher education institutions were established by private initiative in the Meiji era. Keio University was launched by Yukich Fukuzawa (1835–1901)¹¹ in 1868, before the Meiji Restoration. Doshisha was established by Christian Joseph Neesima (Jo Nijjiima) (1843–1890) in 1875. Statesman Shigenobu Okuma established Waseda University 1882. Ichizaemon Morimura (1839–1919), founder of the china manufacturer Noritake Co., Ltd., contributed very much to education for women in Japan. The Sumitomo group opened a training school for laborers in 1916. Other characteristic schools were established with the financial support by business leaders.

Grant-Making Foundations

In 1901, the Morimura Homei-kai, the first grant-making foundation in Japan, was established by Ichizaemon Morimura to support mainly education. The above mentioned Mitsui Foundation made grants to social welfare activities, academic research, and especially to research and activities for rural development. Many other grant-making foundations were established by business corporations or business leaders to support researchers of science and technology.

Volunteer Efforts

Some people argue that volunteer activities appeared suddenly when the Kobe Earthquake occurred in 1995. But this is simply not the case. We can see volunteer activities decades before World War II. Volunteer activities in the Meiji era were undertaken mainly by Christians and Christian organizations, such as the Salvation Army. Volunteers were active in settlement houses. Notable volunteer activity before World War II was seen in Tokyo following the Great Kanto Earthquake of 1923. Taking rescues funds, Toyohiko Kagawa¹² went to Tokyo from Kobe and organized volunteers for rescue activities. As mentioned before, students of Tokyo Imperial University volunteered for the rescue and relief of victims. Many Kwansei Gakuin University students went from Nishinomiya City in Hyogo Prefecture. The Nippon Life Insurance Company sent a rescue crew of doctors and nurses from Osaka. Youth associations and women's associations engaged in volunteer activities for the rescue too.

¹¹ Yukichi Fukuzawa was advocator of freedom and citizenship movement. He was great educator and journalist.

¹² See footnote 7.

Community-Based Organizations: Neighborhood Organization

Before the Meiji Restoration, there were neighborhood organizations which served as the administrative body of local government especially in Edo. These neighborhood organizations disappeared after the Meiji Restoration. Instead, new neighborhood organizations of various types were organized voluntarily. In 1940, the Home Ministry ordered that community councils (chonaikai) be organized in city block areas and villages, with mayors, and town and village chiefs as heads. These councils were made of neighborhood associations (tonarigumi) responsible for the policing and welfare of the areas. In 1943, Town and Village Code was revised enabling chonaikai to execute part of the administration of towns or villages. Thus, chonaikai became an administrative body under the National Mobilization Law.

Cooperatives

In the late Edo period, there existed many mutual help associations based on the Houtoku philosophy of Sontoku Ninomiya (1878–1856).¹³ Houtoku philosophy or “returning virtue” is the mixture of Shinto, Confucianism, and Buddhism. Members of association bring in money and this money was lent to needy members. Lent money should be returned in 7 years. After returning money, members who were lent money were asked to contribute one-seventh of the lent money to a social fund to help farmers reconstruct agriculture. When the Civil Code was enacted in 1898, 26 Houtokusha’s were incorporated as public-purpose voluntary organizations.

The first Rochdale¹⁴ style cooperative, Kyoritsu Shosha, was established in 1879 by Yuteki Hayashi¹⁵ (1837–1901). However, this cooperative was not successful. The Sino-Japanese War (1894–1895) accelerated industrialization in Japan and as the number of laborers began to increase they began to establish unions. In 1898, the first consumer cooperative Kyodosha was established within a labor union. Some other cooperatives were established around the same year. Steel and iron labor unions established consumer cooperatives from 1898–1899. However, cooperatives based on labor movements were banned by the government. Instead the government provided cooperatives law.

Industrial Cooperative Law was inaugurated in 1900. The main purpose of this law was to provide money to farmers through finance cooperatives. Under this law, consumer cooperatives were admitted and many consumer cooperatives were established. Among them, two cooperatives established in Kobe were active and well-known.

¹³ Well-known leader of rural development in late Edo period.

¹⁴ Rochdale is a town near Manchester, England. The Rochdale Society of Equitable Pioneers is established in 1844. It is known as the first successful cooperative.

¹⁵ Yuteki Hayashi was a student of Yukichi Fukuzawa and well-known as the founder of Maruzen bookstore, the first foreign books retailer.

Both of these were established in 1921, and the adviser of these two cooperatives was Toyohiko Kagawa.¹⁶ One is the Kobe Consumer Cooperative, which was planned and launched by the Labor Union of the Kawasaki Shipbuilding Company. Seed money was provided by Kagawa. The second cooperative was established in Sumiyoshi Village, nowadays part of Kobe City. The Nada Consumer Cooperative was established by leaders of big companies in Osaka on the initiative of Zenji Nasu (1865–1938)¹⁷ following the advice of Kagawa. This cooperative was very unique in that it was established by wealthy people and it set up a charitable fund within it.

Social Action

Although after the Meiji Restoration the strict pre-Meiji social class orders were technically removed, there remained people excluded from society. While industrialization advanced, laborers' working conditions were terrible. Although in 1929 universal suffrage was enacted, it was in the form of universal male suffrage only. Women were excluded from politics. Against these circumstances, those concerned undertook social action. Because some of these social actions are described in other chapters, I will only briefly mention women's action for political engagement here. In 1924, Fusae Ichikawa (1893–1981) and others established "Association to Obtain Women's Voting Rights." It declared that women, representing half the nation, should not be left without voting rights. It insisted that it is clear that women should engage in political decision-making both as human beings and as a vital component of the nation. In March 1931, the bill to accord political right to women with some restrictions passed in the House of Representatives but was denied in the House of Peers. It was only after World War II that women were given the right to vote.

Civic Engagement After World War II

New Constitution and Democracy after the War

On August 15, 1945, Japan surrendered and the War ended. On November 3, 1946, the New Japanese Constitution was promulgated and became effective on May 3, 1947. The new Constitution proclaims that sovereign power resides with the people. It guarantees universal adult suffrage. Thus Japan became a procedurally perfect democratic country. In April 1946, the first general election under the new Constitution was held and Shigeru Yoshida, who led the conservative party after the War, organized the cabinet. At this election, the communist party, which had been

¹⁶ See footnote 7.

¹⁷ Zenji Nasu was successful speculator and made a fortune during the World War I.

illegal till then, got five seats. At the second general election of 1948, the socialist party got the majority and Tetsu Katayama organized the cabinet. Between 1946 and 1955 many new political parties were established and political situations were unstable and disordered.

In 1955, this disorder ended when the Liberal Democratic Party and the Japan Socialist Party were formed. Under this 1955 regime, the main political issue was US–Japan Security Treaty and the rearmament of Japan. Economic issues and social issues were left to bureaucrats. Ordinary citizens were satisfied with the bureaucrats led economic and social policies and, except for activists, were not so interested in political engagement.

Capitalism Governed by Bureaucrats

When the War terminated, Japan's economy was completely devastated. To cope with the economic distress, the government adopted the Priority Production Program. This program was a policy to give priority to selected industries and to concentrate assistance. After the fundamental products of these selected industries were secured, these materials were channeled into other industries. Priorities shifted from coal and food in 1946 to iron, steel and fertilizer in 1948. This scheme represented a highly planned economic policy directed and controlled by the government. This policy worked well and was effective in achieving the nation's economic recovery.

In the 1960s, Japan enjoyed tremendous economic growth owing to an iron triangle of politicians, government officials, and big business leaders. Some people argue that this triangle was a very successful socialist system based on planned economic policy. Although ordinary Japanese people were left behind in policy making, they were satisfied with the iron triangle as long as their income increased and their well-being was secured. During the rapid economic growth, corporate philanthropic activities were not so active with some exceptions. Some exceptions were the corporate foundations that provided scholarships for needy students. In the 1960s, new corporate foundations providing grants to researchers in the natural sciences and technology fields were established.

In the 1970s, the fields of interest of grant-making foundations became diversified and many foundations focusing on social welfare fields were established. Major grant-making foundations established in the 1970s, such as the Toyota Foundation (1974), Suntory Foundation (1979) and Nippon Life Insurance Foundation (1979), began to support citizen activities and/or volunteer activities.

Social Reform after the War

Until April 1952, Japan was ruled by the Supreme Commander for the Allied Powers (SCAP). The American-led occupation brought with it many social changes. The main beneficiaries of postwar reform were farmers and labor unions.

Absentee landlords received nominal compensation for land distributed among the tenant farmers who actually cultivated the soil. The Labor Union Law enacted in 1945 guaranteed the right to establish labor union and to strike. Woman's status was improved tremendously. Article 24 of the new constitution stipulates as follows. "Marriage shall be based only on the mutual consent of both sexes." Under the Civil Code before the World War II, marriage was legally conducted under the *ie* (household) system and the agreement of the heads of the two households was necessary. By the Public Election Law of 1950, women became eligible to vote.

Voluntary Organizations

Legal Framework Reform

During the war, many institutions run by voluntary organizations, especially social welfare institutions, were destroyed by air raids and those which were not destroyed suffered from a financial crisis. It was very difficult to continue providing services. Article 25 of the postwar Constitution declares: "All people shall have the right to maintain the minimum standards of wholesome and cultured living." On the basis of this philosophy, the government made efforts to build a welfare state.

What is bothering for voluntary organizations is the article 89 of the Constitution which says that "no public money or other property shall be expended or appropriated for the use, benefit or maintenance of any religious institution or association, or for any charitable, educational, or benevolent enterprises not under the control of public authority." This article prevented the government supporting voluntary organizations independent of the government. Thus it became rather difficult for the voluntary organizations to undertake innovative activities.

After World War II, new laws for voluntary organizations were enacted. Those laws are applied to various areas of voluntary organizations. Thereafter many voluntary organizations incorporated under the Civil Code transformed themselves to new corporations according to their activity areas and new voluntary organizations in the area shown below have to be incorporated based on new laws:

- Private School Law (1949) stipulates the establishment and regulation of private school corporations. It can be established by recognition¹⁸ of the competent authorities.
- Social Welfare Service Law (1951) stipulates the establishment and regulation of social welfare corporations. It can be established by recognition of the competent authorities.

¹⁸ Recognition (*ninka* in Japanese) means action of the government to see if documents are legally written and business plans conform to the requirement of the law.

- Religious Corporation Law (1951) stipulates the establishment and regulation of religious corporations. It can be established by authentication¹⁹ of the competent authorities.
- Medical Law (1848) stipulates the establishment and regulation of medical corporations. Medical corporations include incorporated associations and foundations. It can be established by recognition of the competent authorities.

Volunteer Activities

After the War, volunteer activities are not so active with some exceptions. In the early 1960s, independent volunteer bureaus were beginning to be established. In 1965, the Osaka Voluntary Action Center was established to promote and coordinate individual volunteer activities. Since then, volunteer activities began growing. In the 1970s, local social welfare councils²⁰ began to establish volunteer bureaus, or volunteer centers, within the council. In 1975, the government began to provide financial assistance to local volunteer centers affiliated to social welfare councils.

Social Action

Rapid economic growth caused many social problems, particularly environmental problems such as air pollution and water pollution. Residents affected by the pollution and supporters developed nationwide protest movements. Particularly, social action against Minamata's mercury poisoning led to the establishment of the Environment Agency in 1971.

Social actions gradually became global. Against American bombing to North Vietnam in February 1965, many citizens joined the "Citizens Coalition for Peace in Vietnam." In the 1970s, nongovernmental organizations (NGOs), dedicated to international cooperation were beginning to be formed. Some of them are SHAPLA NEER (established in 1972 to render aid in Bangladesh), the Shanti Volunteer Association (established in 1980 by the Soto Zen sector to support refugees in Indochina) and the Japan International Volunteer Center (JVC) (established in 1980 also to support refugees in Indochina).

¹⁹Authentication (ninsho in Japanese) means action of the government to see if the documents are legally written.

²⁰Social welfare council is an organization to promote welfare in the community. The system of social welfare council is stipulated in the Social Welfare Service Law (present-day Social Welfare Law). It consists of a national council in the capital and a local council at various local levels, and it plays a central role in private welfare activities.

Neighborhood Organizations: Chonaikai

After the end of the War, in January 1947, GHQ ordered the dissolution of chonaikais due to their role in the promotion of the War. However they revived in other forms. Some kind of association was necessary in the confused society after the War. For example, an allocation system was necessary for insufficient food and daily goods. Support for local functions and supplement of public administration were needed. Many neighborhood organizations organized consumer cooperatives. Although no legal status is given to chonaikai, some kind of neighborhood organization exists in almost all communities in Japan nowadays.

Cooperative

In 1948, the Consumers Cooperatives Law was enacted and at the same time Industrial Cooperative Law was abolished. After the enactment of the new Law, many small consumer cooperatives established before the new Law dissolved because of mal management. In the 1970s, consumer cooperatives began to increase and almost all of them operating supermarket type retailing shops. The Seikatsu Club Cooperatives or Daily Life Cooperatives are very unique cooperatives. They do not have shops and stick to a preorder collective purchase system which enables well-planned consumer life as well as well-planned production. They work on problems such as GMOs (genetically modified organisms) and environmental and hormone issues. They engage in international activities outside the arena of their cooperative, becoming involved in political issues such as disarmament and the environment. Members of the Seikatsu Club Cooperatives are forming workers' collectives to create employment opportunities and benefits in the local societies. While cooperative laws for the agriculture industry and fishery industry have been enacted, Japan does not have a law for workers' collectives to be incorporated into the system.

Coming of the Global Age

Democracy

In the 1970s and 1980s, political corruption by Liberal Democratic Party (then ruling conservative party) politicians was repeatedly exposed and caused a great deal of public anger. The LDP failed to carry out political reform and was defeated in the 1993 election. At the same time, the Japan Socialist Party reduced its seats. A coalition of newly established opposition parties formed the cabinet under Prime Minister Morihiro Hosokawa, the head of the Japan New Party. It marked an end to the 1955 regime. The Hosokawa cabinet lasted only 8 months. Political disorder began and continues to this day.

The Japanese bureaucratic system has found adapting to globalization after the Plaza Accord difficult to say the least. Politicians and economic leaders began to think the bureaucratic-heavy system harmful to Japanese society and have been making efforts to weaken the power of bureaucrats. The second Ryutaro Hashimoto cabinet of the LDP began administrative reform in 1996, with very limited success. Japan has found it difficult to weaken the power of bureaucrats and can perhaps be best thought of as a country led by bureaucrats rather than the citizens.

Another big problem about democracy in Japan is decentralization. Although local autonomy is stipulated in the Constitution, this had not been enough. In 1999, 475 laws were amended to bring about decentralization. However politicians and bureaucrats of central government still want to dominate local governments. Sometimes local autonomy is said to be the school for democracy. James Bryce writes that “localized government is the best guarantee for civic freedom” (*The American Common Wealth*). Those laws are, one hopes, a very big step toward building Japan’s civil society.

Rebirth of Liberal Capitalism

The Plaza Accord of 1985 brought a rapid appreciation of Yen and Japanese society plunged into global society. Japanese corporations depending on export were obliged to construct factories in the United States. Politicians and economic leaders, through contact with American civil society, understood the importance of civil society and began enhancing civic engagement in Japan.

In September 1988, Keidanren (the Federation of Economic Organizations)²¹ sent a study team to America to study corporate citizenship. Keidanren and enlightened business leaders realized the concept of corporate citizenship. In April 1990, the “One Percent Club” similar to the percent clubs in America, was established within the Keidanren. In July 1990, Keidanren organized a committee to promote corporate citizenship activities. In November 1991, Osaka Community Foundation was established, as an initiative of the Chamber of Commerce and Industry in Osaka.

The year 1990 was the peak of accelerated growth, Japan then entering a period of economic depression in the last decade of the twentieth century. However under the economic depression, corporate citizenship activities continued. In the 1990s, many big companies began to establish special sections to promote corporate citizenship activities and began to support and to collaborate with voluntary organizations. As I mentioned before, Japan has a long history of corporate social responsibility. Thus liberal capitalism can be seen to go through a kind of rebirth in the 1990s.

²¹ Keidanren is a membership organization of large corporations established in 1946. It became Nippon Keidanren in 2002.

Voluntary Organizations

Upsurge of New Voluntary Actions

In the late 1980s, corresponding to growing needs for international cooperation, aggravation of environmental issues, growing number of aged people, insufficient child care, or deterioration of the community, voluntary action became diversified and various kinds of voluntary organizations were established. The first Japan Networkers' Conference (JNC) was held in 1989. This was the first nationwide conference of citizens' organizations endeavoring to "make a difference" through voluntary activities.

After the Kobe Earthquake²² in 1995, disaster relief became an important voluntary action. In November 1996, the Japan NPO Center was established as an infrastructure support organization for voluntary actions akin to the Independent Sector in America. The Japan NPO Center was established by the initiative of leaders of voluntary organizations. Keidanren cooperated with them and the Economic Planning Agency (present-day Ministry of Internal Affairs and Communications) supported it. The aim of the Center is to build a civil society that is transparent and just. They thought that for this kind of society to materialize, nonprofit organizations as champions of voluntary activities driven by individual choice, not by business or government, will play a pivotal role. Nowadays, many infrastructure organizations are established all over Japan.

New Legal Framework

It was rather difficult for the above mentioned new voluntary organizations to be incorporated, because many were small scale grassroots organizations and did not meet the criteria of approval or recognition of incorporation. Besides, when they are established under the existing laws, they must be controlled and regulated by the government. Hence, new voluntary organizations began lobbying for new legislation. In November 1994, the Coalition for Legislation to support Citizens' Organizations (C's) was established with the intention of achieving legal and tax benefits for citizens' organizations. In 1998, the Law to Promote Specified Nonprofit Activities was enacted. This Law is called NPO Law.

NPO Law enabled small voluntary organizations to be incorporated through authentication when they engage in specified nonprofit activities, more precisely:

1. Promotion of health, medical treatment, or welfare
2. Promotion of social education
3. Promotion of community development
4. Promotion of academic research, culture, the arts, or sports

²² See footnote 1.

5. Conversation of the environment
6. Disaster relief
7. Promotion of community safety
8. Protection of human rights or promotion of peace
9. International cooperation
10. Promotion of a society with equal gender participation
11. Sound nurturing of youth
12. Promotion of information technology
13. Promotion of science and technology
14. Promotion of economic activities
15. Development of vocational ability or promotion of employability
16. Consumer protection
17. Administration of organizations that engage in the above activities or provision of liaison, advice, or assistance in connection with the above activities

Challenges in the Twenty-First Century

After the 9.11.2001 incident, the global political situation has dramatically changed. Japan could not be independent of this situation. The Koizumi cabinet inaugurated in April 2001 supported American policies and Japanese society is moving to nationalistic power politics and a fundamentalist market economy. In February 2002, the Japanese economy recovered from the long depression and since then has enjoyed economic growth. However this economic growth at the macro level resulted in the disparity of income among people. It is because the global market competition became so keen that companies have to strengthen their financial stability. After Junichiro Koizumi resigned in September 2006, political disorder revived and continues until now.

Capitalism with CSR

While economic globalization has been accelerated, the new global concept of Corporate Social Responsibility was introduced in the last decade of the twentieth century. There are many definitions of CSR. Among them the definition of CSR by the EU is simple and clear – “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” In 1994, John Elkington coined the term Triple Bottom Line, which became popular as a new measure of organizational success: economic, environmental, and social.

In 1997, The Global Reporting Initiative (GRI) was launched sponsored by the Coalition for Environmentally Responsible Economies (CERES) – a coalition of environmental groups, socially responsible investors, and public pension administrators.

It is a multistakeholder international organization undertaking to develop and disseminate globally applicable sustainability reporting guidelines for voluntary use by organizations reporting on the economic, environmental, and social dimensions of their activities, products, and services. In 2002, GRI became a permanent institution. In Japan, “Sustainability Forum Japan” has close relations with GRI to promote CSR.

In January 1999, at the World Economic Forum, Kofi Atta Annan, the then United Nations Secretary-General, proposed the Global Compact, a framework that is committed to aligning their operations and strategies with ten universally accepted principles. There are some reasons why the new CSR became important. One is the aggravation of environmental issue. In 1997, “Kyoto Protocol to the United Nations Framework Convention to Climate Change” was adopted. Thereafter the global environmental issue has become more important for CSR. Another phase of new CSR is compliance and ethics. After the collapse of communism, the global economy became more and more market oriented. Keen market competition too excessive caused corporate misdeeds and scandals in the United States, Europe and Japan. Of course these revealed misconducts that were criticized and sometimes these corporations were dissolved. Thus, corporations became more conscious of compliance and corporate ethics, which compose an important phase of CSR.

Japanese corporations are now facing new CSR challenges. Keizai Doyukai (Japan Association of Corporate Executives)²³ and Nippon Keidanren²⁴ are making efforts to promote CSR.

Voluntary Organizations

After the enactment of NPO Law, more than 35,000 NPOs have been established and are active in various fields. Just 10 years after the enactment of NPO Law, three new laws were enacted. These laws are intended to change the fundamental law for voluntary organizations. As is mentioned above, article 34 of Civil Code stipulates that voluntary organization can be incorporated subject to the approval of the competent authorities. Under the new legal system, starting in December 2008, the establishment of voluntary organizations became much easier than under the present legal system, because the approval of the government is not required. However, to obtain tax benefits, they must proceed to the next stage to be qualified as public interest organizations. The criteria for the qualification are very complicated and difficult to follow.

Existing voluntary organizations established under the Civil Code must move to the corporation under the new laws. For the time being, this new system is not applied to other corporations established under other laws than Civil Code. I cannot foresee the influence of these new laws on voluntary action.

²³Keizai Doyukai is an association of rather liberal corporate executives established in 1946.

²⁴See footnote 20.

Conclusion

Nowadays, civic engagement in Japan is facing new challenges. The subprime lending problem is one such challenge. In July 2007, the subprime lending scheme failed and the global economy became unstable, Japan being no exception. Under these circumstances, political leadership is weak and political situation is unstable.

To cope with these hardships, business corporations are beginning to fire their employees. The jobless are increasing. Corporations are beginning to have difficulty meeting very important criteria of social responsibility: employment. Liberal capitalism is under threat. Even under current economic situations though, enlightened business corporations are becoming more aware of corporate social responsibility. To meet CSR, corporations seek to collaborate with voluntary organizations because they have more information on social and environmental issues. The collaboration between business corporations and voluntary organizations are being promoted and contact between business corporations and voluntary organizations, especially NPOs, became more frequent and tighter.

Voluntary organizations can also offer a watchdog function. There are two types of watchdog function, one is to criticize corporate behavior from outside corporations and the other one is to evaluate the CSR as a consultant. Unfortunately, there are very few voluntary organizations which can be evaluator or consultant for corporations as yet.

Governments, central and local, are suffering from financial stress. Local governments began to recognize voluntary organizations as public service providers and began to collaborate with them. In providing public services collaborating with local governments voluntary organizations can employ people who were and are excluded from ordinary labor market. Usually local governments collaborate with voluntary organizations on contract basis. However, in many cases, sum contracted is not enough for voluntary organizations to make ends meet.

Voluntary organizations cannot charge enough fees for their service delivery to their clients, because sometimes general public confuse voluntary organizations with volunteer groups and do not think it is necessary to pay for the services delivered. Another reason why voluntary organizations cannot charge enough fees is that they are short of expertise and lack management ability.

On the other hand, private giving is not enough to support them. Thus most voluntary organizations are financially fragile. Some voluntary organizations are aiming at business-oriented social enterprises. Social enterprises are trying to provide job opportunities in solving social problems at the same time. Social enterprise represents civic engagement in social sphere as well as in economic sphere. The role of voluntary organizations is not only in service delivering. Another important role of voluntary organization is advocacy and policy analysis. Such roles illustrate the importance of voluntary organizations in the political sphere.

Against the present social issues, voluntary organizations are becoming more important as a system to promote civic engagement in the social sphere. Voluntary organizations are very important to promote people's quality of life. In this multicultural age, they have a very important role to realize social inclusion.

Therefore, the empowerment of voluntary organizations as a whole is urgent for Japanese society. To empower voluntary organizations, it is necessary for every citizen to have a powerful and independent spirit not depending on government, with the power of logical thinking and a sense of morality. If this can be achieved in the coming years and decades, Japan's long history of community organizations, voluntary organizations, and corporate social responsibility, may at last successfully integrate with a global age offering new challenges and opportunities.

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<http://www.springer.com/978-1-4419-1503-0>

Civic Engagement in Contemporary Japan

Established and Emerging Repertoires

Vinken, H.; Nishimura, Y.; White, B.L.J.; Deguchi, M.

(Eds.)

2010, IV, 300 p., Hardcover

ISBN: 978-1-4419-1503-0