ISSN 0023-6055

THE
KYOTO UNIVERSITY
ECONOMIC REVIEW

MEMOIRS OF THE FACULTY OF ECONOMICS
KYOTO UNIVERSITY

VOL. LVI, NO. 2 OCTOBER 1986 Whole No. 121

CONTENTS

PUBLISHED BY

THE FACULTY OF ECONOMICS, KYOTO UNIVERSITY

SAKYO-KU, KYOTO, JAPAN

THE
KYOTO UNIVERSITY
ECONOMIC REVIEW

MEMOIRS OF THE FACULTY OF ECONOMICS
KYOTO UNIVERSITY

VOLUME LVI NUMBER 2 (OCTOBER *1986*) WHOLE NUMBER 121

CONSUMER CO-OPERATIVES IN JAPAN

By Hidekazu NOMURA*

I Co-op Movement at the Turning Point

Consumer Co-operatives in Japan have intensified their social influence and role in various aspects more than thought inside the circle of Co-op movement. Autonomous and diversified activities of Consumer co-operatives are developed to the extent that it is difficult to correctly and minutely grasp the total image of the movement.

Since each Consumer co-operative is different in its development stage and has diversified individuality, it may superficially seem that different types of Co-op movement are being made. Now, however, the Co-op movement in Japan which packs these elements as a whole has, upon the common basis of the Co-op principles (Rochdale principles), grown to organizations consciously play realistic role enough to be recognized as social existence.

Not only in large cities but also in local towns or agricultural villages, the Co-op movement, without exception, extends the membership and increases quantity of supply. While many forerunning experiences had been reported from previous days, development of the Co-op movement in these ten years, or more strictly, in 1980's has been surprising at least in terms of quantitative indices. As hereinafter described in detail, the Co-op movement is in status to be daily faced with new experience which it has never had.

This may be reflected, for example, by the facts that it is rather common status of many Consumer co-operatives that rapid increase of members makes membership periods of the majority of current members less than two years, and further that there are not

* Professor, Faculty of Economics, Kyoto University.

a few Consumer co-operatives which propose as a realistic task to organize majority of households in respective areas.

Such facts are indices showing quantitative development of the Co-op movement and also indicate that it is the time when the quality itself of the Co-op movement must be considered a new. They are connected with circumstances that it has become more difficult than ever to take up and raise energy of increasing members and make good use of it as vitality of the Co-op movement and also that new idea different from that in the past is required in commodity policy, store policy, business operation, etc. in the course of intensifying participation in management by influential members.

Certainly, number of members and quantity of supply grow, but amount of utilization per member remains on the nearly same level. This shows that Consumer co-operatives do not fully take up needs of new members who constitute the main force in development of the Co-op movement. In this sense, it can be said that the Co-op movement has reached a stage where the movement must, under the existing circumstances, review its own constitution in the midst of its development process. This may be a springboard for new development like "ecdysis" in a certain stage of the growth process.

In addition to the recognition of being at the turning point arisen from the development itself of the Co-op movement, the external environment surrounding Consumer co-operatives also urges the Co-op movement to mark a turning point. This has for the moment appeared on stage in the form of regulation on Consumer co-operatives by the Liberal-Democratic Party which is aiming at "amendment of the Consumer Co-operatives Law" with an opportunity of raising problems on the relation with retailers and big distributors (big Supermarket chains) who compete with co-operatives in the aspect of business activities.

While the share of Consumer co-operatives in the retailing distribution market is less than 2 percent, intensity of confidence to Consumer co-operatives by ever-increasing members in addition to high growth rate of Consumer co-operatives in these several years proves a great threat to retailers and big distributors. Even big distributors who are self-confident in being not behind Consumer co-operatives in shop scale, facilities, management of employees, etc., they simply cannot be superior to co-operatives' activities for members in services such as monitor systems, troubleshooting and various cultural schools. It can be said that, being supported by power of members' organizations, business activities by Consumer co-operatives have rapidly enhanced and solidified their status within the business circle from a type of consumer movement.

Consumer co-operatives within the distribution world were, except Nada Kobe Co-operative, never recognized as competitors in the past, but they have now come to be given attention to as influential business entities all over the country. The attention appeared on stage as "ambivalence" between trends to co-operate and be affiliated with Consumer co-operatives in the form of development of direct transaction between the Consumer and the Producer, town building or the like on the one hand and hostile behavior such as prohibition of utilization by nonmembers or suppression of opening shops on the other hand. Besides, the latter trends are abused by some sections of the Liberal-

Democratic Party as an excuse for regulating Consumer co-operatives against members' activities of culture, peace, sports, etc. which are performed as autonomous activities by members.

However, such trends are nothing but showing that Consumer co-operatives have grown to entities with power and ignorable as social existence. The Co-op movement is now in the stage where Consumer co-operatives must behave under the consciousness of their own social responsibility, considering influence exerting on the outside of co-operatives. Nevertheless, it is requested to drive groundless regulating attack into self-destruction by making people in general recognize an error of unreasonable regulation on Consumer co-operatives and organizing the Co-op movement with social sympathy.

The co-operative movement has now reached the status where it is practically ascertained that, without deliberately emphasizing integration of organization and business, democratic operation of the organ within their integration is a base of development of the movement.

II Present Stage of Distribution Industry and Business Activities of Consumer Co-operatives

(1) Status of distribution industry and arrival point of Consumer co-operatives

Transformation in the industrial structure in Japan has been realized with a feature of increase in weight of the tertiary industry. Table 1 reviews the circumstances from data of transition in both production of value added and number of employees by industry. As clearly shown in this table, the main force of growth of the tertiary industry is, of course, service industry, but there is no change in the fact that another pillar of the growth is assumed by commerce.

Therefore, the distribution industry which closely adheres to the national life seems to maintain a stable constitution in contrast with a dynamic structural change in the manufacturing industry in Japan which has strengthened international competitiveness in the midst of development of productive force. Turning our eyes inside the distribution industry, however, it can be found that there is going on a great structural change without exception. The opportunity began with entrance of large-scale general supermarket capital commonly called "Big" (in many cases, such capital is also a nationwide chain store organization).

Showing an example of "Daiei" situated at the top of "Big", it was 1957 when its first store opened in front of Senbayashi Station in Osaka, but its amazing growth was achieved in 1970's after it experienced hard effort during ten years. Fig. 1 shows progress of its growth.

The secret of its success is nothing but that the business policy of Daiei, which carried out its "cheap sale philosophy", obtained support by consumers. The distribution industry before then was composed of a small number of department stores concentrating on urban districts and an overwhelming number of petty retailers, but department stores came to evacuate their positions to "Big" with the opening of 1970's.

Table 1. Transition in Production of Value Added and Number of Employees by Industry (Unit: %)

	Production of value added							Number of employees						
	Component ratio				Growth rate			Component ratio				Growth rate		
	1965	1970	1975	1980	65→70	70→75	75→80	1965	1970	1975	1980	65→70	70→75	75→80
Agricultural and fishery	9.2	6.0	5.2	4.2	45.5	76.8	26.2	24.6	19.4	13.9	10.9	△14.1	△26.9	△17.7
Mining	1.2	0.8	0.5	0.5	61.7	28.7	45.4	0.7	0.4	0.3	0.2	△33.2	△38.0	△19.5
Construction	7.3	8.1	9.6	9.3	151.3	141.2	51.3	27.1	7.6	9.0	9.6	15.8	20.5	12.9
Manufacturing	31.9	34.1	28.3	28.4	139.7	69.6	57.3	24.2	25.9	24.8	23.6	17.7	△2.8	△0.1
Commerce	12.4	13.5	14.1	13.1	144.8	114.3	44.3	18.0	19.3	21.4	22.7	17.5	13.0	11.2
Finance and insurance	4.7	5.0	5.4	6.2	138.5	121.0	78.3	2.0	2.1	2.6	2.9	15.2	26.7	14.6
Real estate	6.2	6.6	8.1	7.8	139.0	150.4	51.0	0.4	0.5	0.7	0.8	35.9	36.9	15.6
Transport and communication	7.5	6.9	6.1	7.2	105.6	81.4	85.8	6.1	6.2	6.4	6.2	11.4	4.9	3.1
Electricity, gas and water supply	2.6	2.3	2.2	2.4	97.8	92.2	74.8	0.6	0.6	0.6	0.6	8.4	11.8	8.2
Service and miscellaneous	17.0	16.7	20.5	20.9	120.4	152.0	59.1	16.3	18.0	20.3	22.5	20.5	14.8	16.0
Total	100.0	100.0	100.0	100.0	124.6	104.6	56.3	100.0	100.0	100.0	100.0	9.4	1.7	5.0
Primary industry	9.2	6.0	5.2	4.2	45.5	76.8	26.2	24.6	19.4	13.9	10.9	△14.1	△26.9	△17.7
Secondary industry	40.4	43.0	38.4	38.2	139.6	82.3	55.7	32.0	33.9	34.1	33.4	16.2	1.9	3.2
Tertiary industry	50.4	51.0	56.4	57.6	127.0	126.6	59.5	43.4	46.7	52.0	55.7	17.7	13.5	12.3

Source: Research Bureau of Economic Planning Agency, *Present State of Japanese Economy*, 1982 edition, pp. 244–245.

Note: 1. Arranged from Administrative Management Agency, et al., *1965–1970–1975 Connecting Input-Output Tables,* Ministry of International Trade and Industry, *Input-Output Tables (Extention Table), 1979,* Prime Minister's Office, *Population Census of Japan* (1965, 1970, 1975), *Prompt Report of Population Census of Japan* (1980)

2. The component ratio and growth rate of production of value added are counted on the nominal basis.

3. "Service miscellaneous" includes service, public service, education, R&D, medical treatment, health service, social security service, etc.

Fig. 1. Daiei, its History of 28 Year's Growth

	Sales (billion yen)		
1957	0.3	'57	"Housewives' Store Daiei" established. No. 1 store "Sembayashi-ekimae-ten" (Osaka) opened.
		'58	No. 2 store "Sannomiya-ten" opened. Chain building begun.
1960	31		
		'64	Debut in Tokyo.
1965	328		
		'66	Established "Asahi Overseas Travel".
		'69	Established "Captain Cook", "Robert", "Cordova", etc.
1970	1,428	'70	Changed the company name into "Daiei". Affiliated with Sanko. Established "Volks", "Daiei Meat", etc.
		'71	Listed on Osaka Stock Exchange. Capital tie-up with Crown.
		'72	Listed on Tokyo Stock Exchange. Became toplisted retailer in Japan overtaking Mitsukoshi. Established "Dipperdan Ice Cream Japan", etc.
		'73	Affiliated with Sakae. Established "Roberia", "Pacific Sports", etc.
		'74	Affiliated with J. C. Penny (U.S.A.)
1975	7,059	'75	Established "Daiei Lawson" (Now, Lawson Japan"), "Asahi Credit", etc.
		'76	Established "Hokkaido Daiei".
		'77	Established "Marche", "Dina Dina", etc. for sale of dress and ornaments.
		'79	Affiliated with "Daiichi Construction Industry". Established "Big A" of box store and "Achine" of book seller, etc.
1980	10,259	'80	Grew to trillion enterprise. Established "Kyushu Daiei". Affiliated with Au Printemps S. A. (France) and established "Au Printemps Japan". Affiliated with K Mart (U.S.A.), Seifu Chain, CGC Japan, etc.
		'81	Kyushu Daiei merged with Yunido and Sanko with Maruetsu. Became large shareholder of Takashimaya. Established "Daiei International Hotels" etc.
		'82	Daiei Group declared "Orange United States". Purchased Alamoana Shopping Center in Hawaii State U.S.A.
1983	12,519	'83	Sold Crown shares to withdraw.
		'84	Opened Printemps Ginza. Asahi Credit merged with Maruko.

Source: *Nikkei Business*, Mar. 4, 1985, p. 11.
Note: Amount of sales is obtained from the Daiei's individual settlement of account.

In such process, new supermarket type stores have built today's position by mass penetration through small self-service stores on the one hand and by customer gathering power by large general self-service stores on the other hand. Table 2 summarizes such present state of the retailing distribution industry. This table shows number of stores and number of employees as of June 1, 1982 as well as amount of sales for fiscal 1982. Among these data, stores operated by supermarket capital marks 13% as to number of employees and 19.7% as to sales in contrast with 5.2% as to number of stores, flaunting power per store. On the other hand, speciality stores and other retailing stores occupies 94.7% as to number of stores but marks 84.7% as to number of employees and 72.3% as to sales, reflecting weakness of their ability per store.

Here is an episode showing intention of discount sale of big distributors. Matsushita Electric Industry, a large home electric appliances manufacturer, which had controlled retailers concerning resale price maintenance issues, suspended shipment to Daiei with the intention of opposing to discount sale by Daiei which ignored indicated prices. "Wives' Store, Daiei" confronted squarely against Matsushita's tactics. Through such action, big distributors were applauded that they took back price fixing ability from ruling manufacturers who had disregarded consumers and became protectors of consumers' right, and mass communications in these days reported such action as appearance of "distribution revolution".

However, great strides of Daiei stopped on entering 1980's. The special feature titled "Frank Speech to Daiei" in the issue of March 4, 1985 of "Nikkei Business", a famous business and management semimonthly magazine, concluded "Both manpower and commodities are sleeping; Promote New Distribution Revolution getting back to a Challenger" on the basis of the analysis of "Standard-bearer of distribution revolution in distress", "Remarkable decline of competing ability", "Flabby constitution in relief" and "Serious illness of related business". Since it "was 'land price inflation' that supported from the financial side" the rapid growth of Daiei, its weak points emerged with disappearance of such condition. Thus, it has been forced to retrogress to circumstances where "new discount sale philosophy" is now urged.

Contrasting with the above, the position of Consumer co-operatives held in the retailing industry is surely elevating. Table 3 shows that the position of Consumer co-operatives within the retailing industry where local consumers' co-operatives operate rose to 1.6% in fiscal 1982 from 1.1% in fiscal 1972 in the share calculated from amount of supply which Japanese Consumers' Co-operative Union (JCCU) can systematically grasp. In case the object is restricted to groceries, the share of Consumer co-operatives greatly increased to 2.5% from 1.1% in the same period.

While a slight slump has been appearing on the side of big distributors on entering 1980's, a steady advance of Consumer co-operatives came to attract considerable attention within the distribution industry and not a few reports and studies on business activities and organizing movements have been inserted in economic papers and magazines. Indeed, development of Consumer co-operatives can be confirmed also by the latest data.

Table 4 shows that the growth of number of members, amount of contribution,

Table 2. Numbers' of Stores, Employees and Annual Sales by Business Type of Retailers

Type of retailing	Number of stores	Number of employees	Annual sales (million yen)	Component ratio (%)			Annual sales per store (million yen)	Annual sales per employee (million yen)
				Number of stores	Number of employees	Annual sales		
1. Large department store	416	197,764	7,207,984	0.0	3.1	7.7	17,326.9	36.4
2. Other department store	45	3,607	106,076	0.0	0.1	0.1	2,357.2	29.5
(Total department store)	461	201,396	7,314,000	0.0	3.2	7.8		
3. Large general supermarket	1,293	175,858	5,175,876	0.1	2.8	5.5	4,003.0	29.4
(1) Type A store	1,063	158,599	4,711,995	0.1	2.5	5.0	4,432.7	29.7
(2) Type B store	230	17,259	463,878	0.0	0.3	0.5	2,016.9	26.9
4. Other general supermarket	214	2,058	47,452	0.0	0.0	0.1	221.7	23.1
5. Clothing supermarket	606	19,779	455,091	0.0	0.3	0.5	751.0	23.0
6. Grocery supermarket	4,358	161,564	4,120,066	0.3	2.6	4.4	945.4	25.5
7. Housing related supermarket	531	12,194	410,103	0.0	0.2	0.4	772.3	33.6
8. Convenience store	23,235	129,996	2,177,609	1.3	2.0	2.3	93.7	16.8
9. Other supermarket	58,777	327,617	6,131,619	3.4	6.1	6.5	104.3	18.7
(Total supermarket)	89,014	829,096	10,517,013	5.2	13.0	19.7		
10. Speciality store	1,093,601	3,707,727	45,996,058	63.5	58.2	48.9	42.1	12.4
11. Other retailer	536,934	1,621,378	21,951,537	31.2	26.5	23.4	40.9	13.5
(1) Miscellaneous goods store	2,117	7,073	107,778	0.1	0.1	0.1	50.9	15.2
(2) Clothing centered store	76,708	279,043	3,778,099	4.5	4.4	4.0	49.3	13.5
(3) Grocery centered store	282,385	723,967	8,107,475	16.4	11.4	8.6	28.7	11.2
(4) Housing related store	175,724	611,295	9,958,185	10.2	9.6	10.6	56.7	16.3
12. Other (unclassified)	1,455	9,829	191,723	0.1	0.2	0.2	131.8	19.5
Total retailer	1,721,465	6,369,426	93,971,191	100.0	100.0	100.0	64.7	14.8

Source: Ministry of International Trade and Industry, *Commerce in Japan,* 1985, p. 49.

Table 3. Share of Consumer Co-operatives

	Commercial statistics						
	Annual sales of retail industry			Annual sales of co-operatives			
	Retail industry I ①	Retail industry II ②	Foods and beverages retail industry ③	Annual sales ④	④/②	Sales of foods and beverages ⑤	⑤/③
1966	10,683,623	10,153,560	4,209,149	—	—	—	—
1968	16,507,256	13,300,756	5,443,726	100,585	0.8	46,257	0.8
1970	21,773,438	17,173,607	6,741,682	140,350	0.8	59,247	0.9
1972	28,292,696	22,538,154	8,689,923	204,492	0.9	89,570	1.0
1974	40,299,895	32,127,482	11,634,228	307,203	1.0	142,032	1.2
1976	56,029,077	44,297,791	16,585,648	497,560	1.1	271,848	1.6
1979	73,564,400	57,948,827	21,925,559	698,825	1.2	378,626	1.7
1982	93,971,191	73,071,344	28,716,604	1,000,378	1.4	697,706	2.4

Source: Ministry of International Trade and Industry, *Commercial Statistics*; Ministry of Health and Welfare, *Results of Co-operatives' Census*; Japanese Consumers' Co-operative Union, *Operation Statistics of Co-operatives*.

Note: 1. Retail industry I (column ①) shows the total amount of sales of all retail industry and Retail industry II (column ②) value obtained by subtracting from ① the annual sales of retailers of cars and bicycles (including motor cycles), those of agricultural machinery and those of gas station used goods.

2. As the data on co-operatives for 1966 of *Commercial Statistics* is lumped together with data on agricultural co-operatives as "association", the data is omitted here.

3. The data of "Japanese Consumers' Co-operative Union Statistics" for and before 1970 are omitted here because of their inadequateness.

4. The shares of co-operatives for 1983 and 1984 are hereunder shown for your reference.

amount of supply and total volume of business transaction have continued as before. Not only it is certainly estimated that the total number of members will exceed ten million within 1985, but also it should be noted that, though on the level barely exceeding that of one big distributor in the total absolute amount of all Consumer co-operatives belonging to the JCCU, the amount of supply has recorded every year (except 1982) two-digit growth against the preceding year.

Consumer co-operatives have many matters especially in the field of business activities from know-how of big supermarket chains. This is remarkable especially in numerical management, personel and education, commodity knowledge, etc. What is the cause of rapid growth in the national scale in 1980's of Consumer co-operatives which have many weak points in business abilities as mentioned above?

Needless to say, that is nothing but power of members. Especially, housewives as members are promoters of expansion of organization and business continuing mainly in in Certain Statistics Materials

Ministry of Health and Welfare Statistics				Japanese Consumer's Co-operative Union Statistics			
Total amount of supply except land and building ⑥	⑥/②	Amount of supply of foods and beverages ⑦	⑦/③	Total amount of supply ⑧	⑧/②	Amount of supply of foods and beverages ⑨	⑨/③
101,626	1.0	45,426	1.1	—	—	—	—
135,540	1.0	61,326	1.1	—	—	—	—
199,210	1.2	95,001	1.4	—	—	—	—
276,776	1.2	141,168	1.6	242,483	1.1	97,276	1.1
483,102	1.5	270,121	2.3	430,821	1.3	205,754	1.8
664,499	1.5	394,699	2.4	617,148	1.4	325,833	2.0
895,803	1.5	542,243	2.5	843,125	1.5	460,925	2.1
1,273,952	1.7	819,781	2.9	1,200,941	1.6	710,672	2.5

(Unit: million yen)

	Total sales of retail industry (estimate)		Ministry of Health and Welfare Statistics			Japanese Consumers' Co-operative Union Statistics		
	Retail industry I ①	Retail industry II ②	Total amount of supply except land and building ③	③/①	③/②	Amount of supply ④	④/①	④/②
1983	78,078,800	74,898,128	1,415,693	1.8	1.9	1,347,976	1.7	1.8
1984	80,343,000	76,770,581	—	—	—	1,511,400	1.9	2.0

Note: 1. Retail industry I (column ①) is estimated from the Nippon Keizai Shimbun, *Survey of Retail Industry in Japan.*
2. Retail industry II (column ②) is obtained by multiplying the data in column ② of the main Table 3 by the estimated growth rate of the total sales of retail industry by the Nikkei Survey (82–83: 2.5%; 83–84: 2.9%).
3. The Ministry of Health and Welfare Statistics are available up to the 1983 survey.

local Consumer co-operatives. If Consumer co-operatives did not captivate heart of housewives who hold purse strings and are quite concerned about living and health of their families, Consumer co-operatives must not have such large business scale.

Elevation of organizing ratio and expansion of business scale make the Co-op movement consciously assume a certain realistic role relating to living. The price negotiation of kerosene was a typical example of such role. The members of Shimin Seikyo (Hokkaido inhabitants' Consumer co-operative) told, with pride, about their grave responsibility as a nationwide price leader for kerosene. The price negotiation for kerosene indispensable to winter life in northern districts of Japan is one of the greatest matters of concern of all Hokkaido inhabitants not restricted to members of Shimin Seikyo. It is said that there are some inhabitants who become members of co-operatives only for the purpose of co-operative purchase of kerosene.

Even though this price negotiation started from naive life sense of housewives, it was

Table 4. Results of Operation during these Five Years of Consumer Co-operatives Belonging to the Japanese Consumers' Co-operative Union and their Business Plan for 1985

(Unit: million yen, person, %)

	1980	1981	1982	1983	1984	1985 (Plan)
Number of co-operatives	661 (100.6)	659 (99.7)	653 (99.1)	656 (100.5)	649 (98.9)	649 (100.0)
Number of members	6,734,798 (105.6)	7,227,438 (107.3)	7,848,900 (108.6)	8,443,736 (107.6)	9,207,336 (109.0)	10,514,778 (114.2)
Contribution	51,901 (105.4)	59,418 (114.5)	69,641 (117.2)	82,033 (117.8)	96,179 (117.2)	119,262 (124.0)
Borrowing by members	52,612 (120.1)	58,420 (111.0)	62,541 (107.1)	63,934 (102.2)	71,479 (111.8)	77,912 (109.0)
Amount of supply	979,217 (116.1)	1,101,366 (112.5)	1,203,151 (109.2)	1,347,331 (112.0)	1,511,400 (112.2)	1,765,315 (116.8)
Total volume of business transaction	1,104,345 (117.3)	1,239,575 (112.2)	1,358,803 (109.6)	1,516,125 (111.6)	1,691,270 (111.6)	1,956,799 (115.7)

Source: Japanese Consumers' Co-operation Union, *Summary of "National Conference on Organization Policy for 1985"*, pp. 66–67.

Note: Figures in brackets show ratios against the preceding year (%).

negotiation between the oil capital as a representative of the monopolistic capital and Shimin Seikyo concentrating wisdom of consumers' movement and it was supported also by negotiation between wholesalers of kerosene or gas stations in all over Japan and Consumer co-operative members of respective districts.

The winter extending to early 1986 from the end of 1985 was an extremely cold winter. In such period of heavy demand of oil for heating, the oil capital, though obtaining profits from the strong yen, declared a price increase instead of rebating the profits and exerted intimidation including suspension of shipment against co-operatives rejecting the increase.

The Co-op movement, which is going to realize on the basis of organizing consumption improvement of living through reasonable resistance based on data against living control by the monopolistic capital, is confronted with abnormal power of the monopolistic capital as typified in the price negotiation of kerosene. Is it overthinking to believe that there is something common in the depth between the trend of regulating Consumer co-operatives by the Liberal-Democratic Party beginning from 1985 and the attitude of the monopolistic petroleum capital appeared in the kerosene issue in the winter of 1985?

It may be deemed that, in the midst of slump of big distributors developed under the banner of distribution revolution, the demand to regulate Consumer co-operatives placing very small retailers at the front is foresight by the monopolistic capital side including big distributors against Consumer co-operatives which take root profoundly in the national life and local areas and develop as autonomous co-operative organizations, and also is caused by an additional element of irritation of some LDP members of the Diet against autonomous activities such as culture, peace and sports by Co-op members.

Consumer co-operatives have been misunderstood and oppressed many times up to now but, at every instance of such misunderstanding and oppression, they have overcome ordeals and succeeded in bringing up vigorous members and Co-op staffs. Efforts to overcome ordeals are requested more pressingly in subjectively self-checking the arrival point of Consumer co-operatives, because many Consumer co-operatives experienced the tendency already appeared from the end of fiscal 1984 that the growth rate of amount of supply was lower than that of numbers of members. While such fact is reflected on the index of flat movement or decline of amount of utilization per capita, the regulation of Consumer co-operatives by LDP can be characterized as an ideal chance to appeal to concentrate anew energy of members through of democratic administration of organization in order to develop movement based on members. It is because, though tactically severe situation lasts for a while, such situation is strategically deemed to be birth pains to truly fix the Co-op movement among members and to develop it to the extent of playing a responsible role in respective local society.

(2) Structure of business activities of Consumer Co-operatives

Consumer co-operatives bear incessant relation with members through business activities directly relating to daily life of members. In case of capitalistic enterprises such as joint stock companies, business independently walks on the management side and users only have options to commodities or services to be supplied. In case of Consumer co-operatives, some members may deal with Consumer co-operatives in the relation similar to private enterprises in general, many members afford considerable influence to business activities of Consumer co-operatives through active participation to their operation.

Commodity policy

The core of business activities is commodity policy after all. What attracts the greatest attention in members' meeting is always and everywhere matters concerning commodities supplied by Consumer co-operatives. In other words, it is needless to say that a motive to become a Consumer Co-op member is basically reliability to commodities supplied by Consumer co-operatives. Therefore, it becomes a key of success or failure of business activities of Consumer co-operatives whether or not voice of members can be reflected on their commodity policy. Concentration of energy of members toward formulation of commodity policy will be a base of organization activities of members and, even though being ruled by economic principle proper to business activities, diversified, original and autonomous activities of members will therefrom come into flower. The reason why the Co-op movement is said to develop under the unification of organization activities and business activities herein has its origin.

It is common to all Consumer co-operatives that the foundation of reliance to commodities is safety and security first of all. However, safety and security are not absolute but relative. Such elements of commodities mean very realistic level of quality expressed "the better". Such contents of commodity policy have contributed to extending sympathy support by housewives members. Thus, Co-op commodities appeared before consumers as cohesion of such commodity policy.

The Co-op commodities have now developed to have diversified contents. As a further analysis of the feature "the better", classification of commodities such as the Standard Co-op, Economy Co-op, Healthy Co-op and Local Co-op has been materialized and the commodities are roughly divided into nationwide Co-op commodities and unit association Co-op commodities. Together with the nationwide Co-op commodities developed by JCCU, many unit association Co-op commodities developed by respective unit associations are really provided. Through interassociation affiliation to provide the unit association Co-op commodities to other Consumer co-operatives, joint development of commodities by two or more unit associations has also been realized.

Reliance on commodities generally leads to joining Consumer co-operatives as mentioned above. Such tendency can be found especially in Consumer co-operatives just organized. In the creation period, organizing ratios for membership are low and, as a result, the average model of membership is often composed of strata more than the average in the income level and academic background. This leads to inclination to the commodity policy seeking safety and security more and more. Since major commodities of Consumer co-operatives at the time of establishment are usually foods, especially "seisen sampin" (fresh foods of three categories—meat, fish and vegetables) also from their ability, pursuit of safety and security would be a symbol of the Co-op movement.

Priority in business activities and organizing ratio

The Co-op movement in Japan was led by some Consumer co-operatives with world-wide appreciation such as Nada-Kobe Co-op established in 1921 having history from prewar days, but many of Consumer co-operatives were established in postwar days. Among these, the outstanding are Consumer co-operatives established from the latter part of 1960 s to 1970 s when big distributors entered the growth period. For example, we can list Shimin (1966), Miyagi (Kenmin: 1970), Saitama (1966), Kyoto (1965), Osaka Izumi Shimin (1975), Nagoya Kinro Shimin (1969), Seikatsu Club Tokyo (1968), Nara Shimin (1974), Seikatsu Club Kanagawa (1971), Kagoshima Kenmin (1971) and Morioka Shimin (1969).

This fact means that these Consumer co-operatives have now history of the movement for the duration from ten years to twenty years. The economic environment in 1970's including so-called oil shock, where big distributors could "acknowledge oneself" to be the standard-bearer of distribution revolution, greatly contributed also to the development of Consumer co-operatives.

Aside from the growth of amount of supply, the clearest index of the development is the rise of household organizing ratio in the local society. Concretely saying, success in raising household organizing ratio to 30% or more in any of medium-scale districts with a population of about 50,000 shifts Consumer co-operatives from the minority to the majority. Then, resistance to joining Consumer co-operatives disappears and there is brought about atmosphere to join Consumer co-operatives as extension of neighborhood.

Under the environment where "Consumer co-operatives covering the whole prefectural region as their scope of business activities now count about 30", there are considerable number of Consumer co-operatives attaining or approaching such goal and, based on such situation, some Consumer co-operatives come to appear which presents as a realistic task the goal of organizing a majority of house holds of local inhabitants. Consumer co-operatives with a certain level of ability often organize a majority of households of inhabitants in the unit of city, town or village not restricted to zones around stores or active in group activities. In one example of Ashiya City of Nada-Kobe Consumer co-operative, the household organizing ratio numerically exceeds 100%.

Elevation of organizing ratios necessarily exerts an important influence upon the composition of members. For example, "members with 'experience two years or less' occupied parts as high as 47% (54% for joint purchase)" at the time of 1985 when development of the Co-op movement was grasped.

It is common to rapidly developed Consumer co-operatives that the greater part of members have experience less than two years. Needless to say, what this implies is important. For members with career of ten years or more, experience such as commodity development and food material test involved in safety, which creates today's Co-op movement and has developed it to a certain business scale, as well as store building movement have taken root. However, the fact that members without such original experience occupy an overwhelming majority should be recognized. In this regard, the same will apply to Co-op staffs.

Further, another point is that, while safety and security were naturally centered on the commodity policy in case of organizing ratio between 10% and 15%, inclination for prices naturally becomes more intense as the ratio breaks the barrier of 30% and approaches 50%. Furthermore, diversification in commodity constitution and price zones is requisite for Consumer co-operatives in recent years and mere joint purchase of single commodity concentrated type a decade ago causes not only failure to satisfy needs of members but also loss of support by earnest members.

It is the reality in capitalistic distribution that response to the needs of diversification of commodity lineup and low prices necessitates compromise in quality. While Kanagawa Co-op has 520 thousand members and is absolutely confident in prices, Seikatsu Club Co-op (Kanagawa) with quality inclination which devotes itself to natural food movement has only 40 thousand members. Such difference in organizing ratios caused by clear difference in the commodity policy in the same district of Kanagawa Prefecture is extremely suggestive. Such district is very rare where the features of Co-op movement operated abundantly in individuality by respective Consumer co-operatives emerge typically in respective commodity policy. Both Consumer cooperatives are engaged in respective movement with confidence in their policy.

Analyzing the actual state more closely, many of members of Seikatsu Club Co-op are also members of Kanagawa Co-op. Commodities to buy from Kanagawa Co-op and those from Seikatsu Club Co-op for living must be clearly sorted in their brain. It cannot be said that either one of contents of their business is correct. Activities of both Consumer co-operatives are required for living of members. Such fact would clearly show that price inclination is given a high weight as the organizing ratio of Consumer co-operatives becomes high. In any Consumer co-operative not restricted to Kanagawa Co-op, a certain extent of compromise for price conditions at the limit of pursuit of purity in quality may be supported by many members, but the support by all members cannot be expected. There are many cases where some members are going to attend circles of natural food movement other than Consumer co-operatives.

At any rate, it is questioned what policy Consumer co-operatives should have for basic commodities in daily life and how they should respond, on the basis of the policy, diversified needs one after another according to their ability.

Diversification of business type

Each Consumer co-operative is different in three elements of its development stage, feature of located areas and individuality of the top executive especially when the founder is actively working as a top executive. It has its respective movement pattern and diversified business type which are prescribed by these three elements. Even under different patterns or types, of course, a common point of their undercurrent is pursuit of active participation based on autonomous energy of members and this very point assures success in business of respective Consumer co-operative.

Business types are phenomenally divided into the joint purchase type (typically Nagoya Kinro Shimin Co-op, etc.) and the store type (Nada-Kobe, Shimin Co-op, etc.). In addition to these types, there are many cases of complex type (Kyoto Co-op, etc.).

Joint purchase[1)]

Some people maintain that business of Consumer co-operatives should essentially be of joint purchase type and the store type business, especially business by large stores, is

1) The joint purchase is as popular as the buying club in the U.S.A. The Japanese Consumers' Co-operative Union explains this system as follows;

1. Forming Han group is the precondition of this system. Han functions as the interface between members and the Co-op.
2. Han members assign works among them and decide duty person either on lotation basis or dividing works.
3. Duty person receives blank order sheets as well as other information such as Co-op news and distribute them among Han members.
4. Ordering is done by filling out a blank order sheets which list the items available and their price. The order sheets are collected and tallied by duty person. Then a Han order is placed with Co-op by handing over to Co-op staff. If the Co-op operates an OCR (Optical Character Reader) system, tallying is done by computer in the Co-op's office.
5. One week later the ordered goods are brought to the house of duty person or other depo by Co-op. There the various group orders are broken down into individual orders and carefully stored, esp. for fresh foods. Han members come to pick up their goods. In case post-payment system the goods are paid for at this time or one week later.
6. As ordering, distributing, collecting money are done by member themselves, 2% of purchase amount is paid back as dividend.

the same as supermarkets. However, we consider such opinion to be a commonplace view not worthwhile to adopt. Such criticism for the store type business may be logical if weakness of participation in store operation by members is regarded as character proper to store type co-operatives as claimed in the opinion, but we would not believe it to be inevitable.

Most of so-called late coming co-operatives started as those of joint purchase type, where organizing groups for joint purchase will be a premise and organization building by members will be developed according to contents of business such as order, collecting money, distributing and troubles hooting from the special features of such business type. In this type of business, there is a field of contact and communication between Co-op staffs and group members called "unloading group meeting" (Nagoya Kinro Shimin Co-op) and the basic unit organization of members called "han"[2] (a small group) meet, co-operate, help each other and talk out on each occasion of receiving and distributing.

Considering from the side of business, there is no other type which is highly efficient in business activities and little in risk than this type. For example, planned purchase becomes possible by advance order and collecting money is made with cooperation of members and sometimes in advance. Therefore, plant investment only for trucks and the distribution center assures the least business activities. It may produce opinion to idealize this type as handmade Co-op movement that business activities can be developed with the least fund in the midst of energy of Co-op staffs and co-operation of members and also that co-operative energy of members is considered as indispensable premises.

Certainly, it is confirmed in all consumer co-operatives with experience of joint purchase that good fight of young co-operatives though small results from support by business merits and experimental solidarity with members. However, we are confronted with the fact when such joint purchase type co-operatives reach a certain development stage, they often grow to the store and joint purchase complex type with slight difference in weight of policy. From this process, we hereinafter consider the meaning of stores.

Meaning of stores

First, the members extension movement has run up against a brick wall owing to changes in life style of working citizens. All group members must spare a certain time on a certain day of the week once a week. When it is difficult to secure this condition, temporary help may be received comparatively easily, but mutual burden rests in mind in case of receiving always continuous help. Elevation of organizing ratios cannot allow

2) The Japanese consumer co-operative movement has developed a unique organization called Han. Japanese Consumers' Co-operative Union (NISSEIKYO) describes it as follows; After the members have joined the Co-op they form groups of 5–10 people known as "Han" groups, an increasingly well-known concept. The Han group is the basic unit of the Co-op and it is the key to most of the members' activities such as Joint Buying or communication with the management. In the Han group, members discuss such problems as safety of food, children's education, health tips and improvement of the quality of life.

to avoid such problem. Due to burden of duty in case of a group leader by turns, troubles in human relations in case of existence of a person who is hard to get with in the group, consumption of time for various meetings not restricted to distributing, or similar causes, negative members tend to be discarded. On the contrary, stores enable members to choose time of utilization, etc. according to their individual condition.

Entrance to Consumer co-operatives must not be high and narrow. What is required at least for members is only the investment duty. Utilization, participation in operation and other co-operative action should autonomously and consciously be fulfilled in the width, depth and height after passing a wide entrance. The balance of co-operative action such as investment, utilization and participation in operation should be required in the whole life cycle of members. If such balance is strictly treated as necessary conditions at each time as a cross section of the cycle, possibility of extension of Consumer cooperative organization might be picked off.

Secondly, restriction of business activities of Consumer co-operatives to the joint purchase type causes limitation in items of commodities to be transacted, so development of supply activities to wholly respond diversified needs of members will be difficult. Store facilities are indispensable to development of various combination of three elements of quality, brand and price. Stores are clearly better in condition for freshness control than joint purchase. Besides, stores are also more highly convenient than joint purchase because stores are available for shopping during business hours every day except holidays. In case of joint purchase, for example, considerable quantity of reserved food material should always be purchased and stored in preparation for shortage of food material purchased according to plans caused by unexpected guests.

Thirdly, distribution work by trucks may be not so laborious when Co-op staffs are young. In order to provide workshops suitable to middle-aged and elderly staffs, stores may be appropriate for Consumer co-operatives with history of twenty years or more.

Furthermore, if also becomes an important task to provide location where members can gather together easily and discuss plans of various events in their residential zone other than the headquarter of Consumer co-operative. Majority of Consumer co-operatives use space at the second story of stores as meeting rooms of members. Thus, stores not only are places for supply of commodities but also become bases of various activities of members.

The more the Co-op movement take root in the local community, the more such character of stores will be intensified. Now, stores are not mere stores, but play functions as members' center both in name and in reality. Furthermore, stores come to consciously should roles as facilities open to residents of the district not restricted to members.

Issues involved in development of stores

As store type business is introduced to Consumer co-operatives, management issues which the distribution industry is confronted with extend to Consumer co-operatives. For example, scale and location of development of stores should be considered in the status quo and future forecast of the Co-op organization and the financial plan and positioned in the long-range operation plan. The preliminary consideration is decisively important for business activities. Thus, store operation mainly related to management responsibility of Co-op staffs such as commodity planning, commodities lineup, supplement of necessary commodities and loss control after opening occupies an important position in addition to fund raising for facilities investment.

Since amount of supply as an index of scale of business activities is predetermined by floor space of stores, various issues which of small-sized stores, middle-sized stores and large-sized stores be established and how location of stores be determined will be presented for the time being. While the store opening plan to open several small-sized stores and to position a large-sized store as their supervising store is usually adopted by leading store type co-operatives, this has been learned from store development by the supermarket capital establishing its chain. As a result, it will be impossible that business activities of Co-op stores avoid competition with big distributors and trouble with nearby retailers. Besides, consumer co-operatives are more strictly required to observe the regulation of prohibition of utilization by non-members and burdened with great handicap in the aspect of business competition with big distributors.

Members utilizing stores can express their opinion on store operation and commodity policy in the store operation commission or similar organs, but connection between members or activity in participation tends to be still weaker than members of joint purchase type co-operatives. In order to overcome such tendency of members, who utilize consumer co-operatives but are negative in participating in their operation, organizing store users' group or other circles is now groped. Though established type of such organizations is not yet created, there are groups as "receptacles" of rebates and trial of store users' group for joint purchase of specific commodities. Another trial is developed for grouping as circles of hobbies, sports or other liking.

Aiming at building of Consumer co-operatives which anyone is accepted by as a member, the store type cannot be abandoned in order to realize living needs reflecting diversification of life style and life cycle of members, while cherishing common points to bring about improvement of living conditions even a little than now. Since, however, attitude toward improvement of living conditions through co-operation by members of store type cooperatives tends to be weaker than those of joint purchase type co-operatives, various types of participation in organizations of members involved in store operation is now experimented.

While further enriching as a base of Co-op operation "han" (a group) as an excellent organization type of Japanese Consumer co-operatives which is "unparalleled in the world and in other co-operative associations in Japan" as stated above, various types of action has begun concerning participation in operation other than group activities.

When business activities by Consumer co-operatives reaches a certain level of concentration based on extension of organizations, a role played by Consumer co-operatives within local community or national economy becomes realistic. First of all, what can be summarized as advanced experience is "Sanchoku" (direct transaction between the consumer and the producer) movement and "Machizukuri" (town building) movement.

Direct transaction movement

JCCU held the first National Study Meeting of Direct Transaction in February 1985. Up to this moment, we can trace the progress that not only Consumer co-operatives having experience of direct transaction have increased throughout the country but also it has played a locally very important role and taken root as business activities beyond appreciation in the aspect of movement. The feature of this movement has completely been formalized as in the example of Kyoto Co-op establishing the three principles of direct transaction, that is, (1) that producers are obvious; (2) that methods of cultivation are clear; and (3) intercommunication between members and producers are available.

As shown in many experiences, direct transaction has abundant contents not restricted to narrow-minded appreciation such as effects reducing distribution costs and commercial profits which are obtained by off-market distribution. It attempts to reconstruct the local industry and the primary industry under the leadership of organized consumption against general tendency of declination of the primary industry. In the process where direct transaction is taking root as agreements between Consumer co-operative associations with agricultural co-operative associations and fishermen's co-operative associations, it is, though partial and regional, becoming one of influential measures to revive the local food self-sufficient system.

It depends on transition of future price and quality competition with imported foods whether direct transaction movement extending utilization of the primary industry in the process where Consumers' co-operative associations appreciate efforts by producers of the primary industry and are acquainted with the status quo of Japanese agriculture and fisheries through personnel intercommunication is confined to the level of "static maintenance" of the primary industry or may have broader meaning, and it is now in the stage where policy of Consumer co-operatives based on the above has decisive meaning. In other words, Consumer co-operatives are going to tackle tasks based on organization of consumption which the agriculture and fisheries administration of the governments both national and local could not attain.

Town building movement

In scrap and build projects of shopping centers deprived of customers due to entrance of big distributors, some trends to invite Consumer co-operatives as core stores have appeared. Aiming at revitalization of shopping centers, it will increase more and more after this that small retailers will select not big distributors but Consumer co-operatives as partners of prosperous coexistence. It began to be understood by some earnest retailers that efforts of coexistence with local retailers are what many Consumer co-operatives have pursued.

Big distributors forming national chains do not judge on the local standpoint but give precedence to decision as capital on the national viewpoint. On the contrary, local Consumer co-operatives which are allowed to establish only in the unit of prefecture would take up concrete circumstances and needs in the region with top priority, so here is basis of coexistence between local retailers and Consumer co-operatives. In the background where some small retailers are "mobilized" for regulation of Consumer co-operatives by LDP, a bud of new solidarity concerning town building has already appeared.

III Meaning of Organizing Consumption

As control of production and distribution by monopolistic capital becomes extremely strong, highly developed capitalist economy promotes control of consumption and export of commodities and capital under chronic excessive production capacity.

Control of consumption by monopolistic capital has produced structural consumers' damage as a model of decayability of capitalism. Division of the world by monopoly has created "co-operation" by the seven-nation summit on the one hand and intensified trade friction and competition involved in material resources on the other hand. We are in the circumstances where our living is greatly influenced by changed of the international situation—for example, trends concerning crude oil and change of yen-dollar rate.

Such situation has come to produce and develop consumer movement which started from defense for living and intends inprovement of living. While Consumer co-operatives are also organizations playing a role in consumer movement, they have features discriminated from other organization in organizing consumers by business activities of supplying directly necessities of life.

First of all, supply of food, especially perishable foods, is the center of Consumer co-operative business from the standpoint of protecting health among living. Local Consumer co-operatives come to have a clue of success in organizing consumption by organizing housewives as members, because housewives who take care of dietary practice of families and undertake operation of household have been given no opportunity to acquire experience of autonomous and systematic movement and field of social activities. The field of consumer co-operatives obtained by housewives became a field of fresh encounter with society without influenced by the competition principle in the enterprise society. And the living inprovement movement in the first experience directly connected with desire for health of their own families, and extended surely and developed through selection and purchase of foods. The reliance as the base of food living i.e. safety and security would lead housewives members to participation in the Co-op movement.

By heightening organizing of consumer into organizing of consumption, Consumer co-operatives have accumulated and intensified their own ability in the weakest part of production and distribution controlled by monopoly, that is, the field of perishable foods where competitive conditions are left. Such movement has abundantly developed in various types with diversification of personality and policy of top executives and regional features by Consumer co-operative.

It is natural that organizing of consumption within a region has started from perishable foods and has been extended to all items of necessities of life according to ability of respective co-operatives. It is going to expand from basic living supplies to luxuries and commodities in leisure and service fields.

Extension and deepening of business contents leads to not only further concentration to Consumer co-operatives of consumption expenditure of members as consumers but also extension of conditions to accept new members. Thus, extension of organizing of consumption within local societies produces in a genuine sense emulating power against monopoly of production and distribution. It was once called "distribution revolution" that big distributors confronted industrial capital through controlling distribution. While they originally pretended friends of consumers, it could not conceal that the substance was strife between industrial capital and distribution capital targeting consumers.

For the first time, Consumer co-operatives have organized, within the economic society, essential emulating power against monopolistic capital by organizing consumption which was nothing but object of exploitation before then.

Obtaining results in some industrial fields with weaker control by monopoly for the time being, organizing of consumption is intensifying co-operative relation with local industries and smaller industries. Experiences obtained there are effective for fostering power of consumer demanding democratic regulation and price control against electric power and petroleum companies which are now the most powerful monopolies. The emulating power of organized consumption against monopoly of production and distribution is still partial, but its future prospects are very favorable if a majority of inhabitants are successfully organized.

However, organizing of consumption is, for the time being, developed as organizing of consumers in the form of invitation to Consumer co-operative associations. In this case, we present a hypothesis that there is a barrier to jump at 30%.

We believe it will be a very important index for obtaining citizenship of Consumer co-operatives in a region in the level of city, town or village (therefore, it is not a small area but a region with population of at least 50 thousand) whether or not joining to co-operatives of 30 percent of households in such region is realized.

Although organizing ratios of Consumer co-operatives in Japan are different in respective regions at this moment, the level of 10–20% of the total households in the regions is not so difficult goal. Under such level of organizing ratio, however, influence in the respective region is comparative small and the situation is that something is made by group of whimsical persons. If 30 percent or more of households join Consumer co-operatives in considerable wide areas, majority in local communities comes to be realized by Consumer co-operatives. On such occasion, non-members of Consumer co-operatives tend to be isolated and join to Consumer co-operatives is treated as extension of association with neighbors.

Since households in local communities include various type of households such as single-person households, old aged households and co-working households, success in organizing 30 percent or more of households on the average means obvious formation of majority among housewives in the local community. However, expansion of the ratio to 30 percent from the 15 percent level cannot be realized without qualitative growth of the Co-op movement as shown various experiences. We should not forget that there is such a high barrier between these ratios.

Therefore, the first goal of extending membership will be organizing 30 percent of households in wide areas. Achieving such first goal, the task of organizing of majority is not so difficult. However, organizing of 30 percent is any way organizing of consumers, and organizing of consumption is not realized by that only. Organizing of consumption is not more than how concretely living needs of members are satisfied in business activities of Consumer co-operatives. If seceders appear, members without record of utilization increase, or amount of utilization per capita does not grow, it cannot be said that Consumer co-operatives succeeding in organizing of consumers succeeded also in organizing of consumption.

Organizing of consumption should be examined in the comprehensive judgment such as growth of amount of utilization per capita and expansion and deepening of business contents in addition to organizing ratios. Development of organizing of consumption obtained in such comprehensive judgment should always be accompanied by extension of living improvement through cooperation between members, intensification of solidarity between local industries and consumers in the local community and advancement of movement requesting democratic regulation against control by monopoly.

Organizing consumption comes to seek genuine articles, prevent primary and local industries from destruction and pursue construction of balanced local economy with assumption of utilization of highly developed production power. With great difficulty, the Co-op movement in Japan has grown to accumulate ability to accomplish such movement of comprehensive living improvement in the conscious and effective manner.