

JAPAN CHAIR PLATFORM

November 5, 2010

The Untapped Potential of Japanese Civil Society

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Civil society in Japan is far more vibrant than it was 20 years ago as Non-Profit Organizations (NPOs) and Non-Government Organizations (NGOs) have grown significantly in number and expanded their range of activities.¹ There are some 80,000 civil society organizations now operating in Japan engaged in various endeavors, so it is hard to generalize about this sector except to say that Japan gains much from their efforts and from citizen mobilization in support of their tasks.

It is now a dozen years since legislation was passed that facilitated the establishment of NPOs, but few observers are satisfied with the prevailing regulatory environment. Gaining official recognition for a NPO remains time consuming and costly, and it is hard to see any need to maintain all the red tape. Given that most NPOs suffer from scarce financial resources and understaffing, it is clear that the tedious demands of the bureaucracy are an unhelpful diversion from their tasks.

The number of officially registered NPOs is 40,510 and out of this only 176 qualify for tax-deductible status, a common practice in countries where NPOs and NGOs thrive. The problem is that the Finance Ministry is in charge of such approvals and has shown a determined reluctance to make this a norm. As a result, NPOs are kept financially weak, limiting their capacity and effectiveness, suggesting that the government remains leery of organized citizen groups.

A 2010 Cabinet Office survey found that the average income of NPOs is about \$200,000, while the median income is only about \$60,000. With such threadbare budgets it is amazing that NPOs are still having an impact, suggesting what might be possible if the government loosens its grip, liberalizes tax treatment, and allows them to realize their potential.

Impetus for the 1998 NPO legislation came from the Kobe earthquake in 1995 when citizens around the country mobilized to help the quake victims and participated in recovery efforts. Suddenly the media was taking up the cause, pointing out how the public could make a difference on a range of issues while reminding everyone how the government's response to the earthquake was pathetically slow and inadequate.

Following the more recent 2008 Lehman Shock (as the global economic crisis sparked by the subprime mortgage debacle is known in Japan) it was NPOs that took the lead in focusing national attention on the plight of the 250,000 contract workers who suddenly lost their jobs. Progressive deregulation of the labor market since the late 1990s has led to one-third of workers joining the "precariat" of non-regular employment, where low pay and scant job security are the norm. While dismantling job protections, the government was also shrinking the safety net, meaning that when workers were fired they found little in the way of government assistance.

In order to attract media attention and pressure the government into action, a number of small, underfunded NPOs established a tent village for the fired workers in Hibiya Park just in front of the Ministry of Health, Welfare and Labor. This was a game-changing event, eliciting public sympathy and sparking national debate about growing disparities in Japan that was a key factor in helping the Democratic Party of Japan (DPJ) oust the Liberal Democratic Party (LDP) from power in the 2009 elections. As with the Kobe quake, NPOs responded to this crisis much more quickly and effectively than the government, demonstrating just how valuable they can be. Alas, the potential of NPOs is not being tapped and many are withering on the vine.

¹ NPOs tend to focus on domestic issues while NGOs concentrate on international activities. I discuss civil society in my previous book, *Japan's Quiet Transformation* (2004).

According to Ayumi Suzuki, deputy director of the Coalition for Legislation to Support Citizens' Organizations (C's for short), an NPO advocacy organization, it is important that NPOs empower and involve citizens by nurturing their skills in identifying and addressing social issues. In this sense, she believes that NPOs are "stuck" and need to work harder to involve the public in their activities. Polls show that more people show an interest in participating in and contributing to NPO activities, but overstretched NPO staffers are so consumed by daily activities that they don't have much time or energy for outreach and mobilizing public participation.

In some respects it is easier for NPOs to apply for grants and subsidies than to raise money from individuals. Thus the image of Japan lacking a tradition of charity may be misleading, she argues, in that polls show one out of four people express an interest in contributing yet NPOs have not been aggressive enough in trying to raise contributions. Suzuki believes that it is not so much that Japan lacks of culture of giving as much as it lacks a culture of asking. (In full disclosure, she did ask me for a contribution!) The direct mail campaigns and marketing favored by leading NGOs in the United States are virtually absent in Japan, making it unnecessarily difficult for people to give even if they are so inclined.

In considering the role of NPOs, Suzuki does not think they can play a central role in solving problems, but can contribute most by raising awareness, involving citizens, and making a difference in the lives of citizens, in local communities, and in how the government operates.

C's revised the regulations governing NPOs seven times in ten years under the LDP administration, with small steps each time. Getting the bureaucracy to revise the system so often despite reluctance to do so shows the value of persistence and how civil society can make a difference, if only gradual and incremental. Suzuki is hopeful for significant tax reform under the NPO-sympathetic DPJ, pointing to draft reforms submitted by tax authorities earlier this year.

According to Akihiro Ogawa, author of *The Failure of Civil Society: The Third Sector and the State in Contemporary Japan* (2010),

The Japanese NPO world is becoming bifurcated. On the one hand, you see NPOs that become service providers as subcontractors to the local government. Since they have money from the government, they are still surviving. But participants are totally lost and frustrated in terms of their visions and organizational missions. Apparently they are miserable. The government's commitment is not enough. I believe it is time that the government reconsiders its NPO policy. Otherwise, these kinds of NPOs will disappear since the volunteers will leave.

Ogawa adds,

On the other hand, I also see something like the opposite extreme; some NPOs are trying to establish themselves as social enterprises (*shakaiteki kigyo*). People who are empowered enough see NPOs as a chance to achieve social entrepreneurship in local communities. I feel the dynamism recently. They do not get any money from the government; basically they are collecting money by themselves, mostly membership fees, money from foundations by writing funding proposals, and selling originally invented goods.

Ogawa also sees a trend towards businesses partnering with NPOs in order to fulfill CSR (corporate social responsibility) commitments.

Fan Li, a Chinese social activist whose Global Links Initiative works in Japan and China, sees dynamism in Japanese social enterprises but is discouraged by the government's interaction with them:

The Hatoyama administration launched an initiative called the New Public Round Table Committee two years ago. The idea is to provide a stage for the voices from civil society and social business to be heard by the policymakers. I don't know what happened to the Committee since Naoto Kan took over. It looks like it will take more than a half dozen prime ministers to make anything happen in Japan!

Yuki Akimoto of BurmaInfo, an NGO that lobbies the government on its Burma policy, shares Fan Li's pessimism:

NGOs do not have much influence over government policy nor are they a powerful force of reform unless the NGO is closely tied to a government agency or to for-profit corporations. The problem is twofold: One problem is lack of funding, which has a direct impact on what sort of people NGOs are able to hire and therefore on the quality of products the NGOs put out. The other problem is Japanese society in general in that it is not used to NGOs having expertise on an issue, and much of it is still suspicious or skeptical. There are

many NGOs including my own that have good staff, put out good products, and have a certain level of influence over issues they work on, but I feel we are still the minority.

Akimoto adds,

Since the DPJ became the government, we've had much better access to high-level officials. Whether that 'matters' is another issue. I felt that the DPJ likes the idea of working with NGOs, but does not necessarily understand how NGOs work, and there is no streamlined way of reflecting our proposals and expertise in what it does. Second, the composition of both the cabinet and parliament has been very unstable, which makes it very difficult to conduct efficient advocacy.

In terms of urgent reforms, she says,

Becoming and operating either an NPO (*tokubetsu hieiri katsudo hojin*) or a certified nonprofit corporation (*koueki houjin*) needs to have a much simpler and less expensive process, and the benefits, tax breaks for example, made much greater. Further, the media needs to give more visible credit to NGOs when they use NGOs as a source. Since most everyone here reads some sort of newspaper and watches TV news, this will go a long way in giving due legitimacy to the expertise and work of NGOs.

Sarajea Rossitto, a veteran Tokyo-based consultant on NPO development, argues that,

Some people in nonprofit NGOs will say fundraising and not having enough money is the main problem. That is a symptom, not the root cause of the problem. Skill-wise the bigger issues are PR and outreach (developing a broad and solid base of support and brand can help raise funds, make an organization sustainable) and leadership development (many nonprofits are developed by and around one person, making it hard to grow beyond that one person, vision, or mission—classic founder's syndrome as opposed to organizational development).

Rossitto doesn't think that the lack of management skills per se is the problem, although she acknowledges that "there are still people who do not believe in concrete quantitative goal setting or the applicability of general organizational management skills to nonprofits."

Rossitto points out that there are many programs for capacity building, suggesting that the lack of public interest remains the key impediment, something for which NPOs have themselves to blame. In her view, NPOs suffer from a "nonprofit martyr complex." They feel under-valued and thus focus on the constraints of operating in Japan while overlooking the opportunities.

She is also critical of groups that see beneficiaries as *kawaiso* (unfortunate) instead of as stakeholders, whether they be homeless people in Tokyo or *nikkeijin* in Hamamatsu (Brazilians of Japanese ancestry) or orphans in India. This condescension or separation of themselves from the stakeholders can cause problems in the development of effective solutions.

Asked about the prospects for NGOs, Rossitto said,

I feel positive because I believe in the power of individuals to change social conditions. I think some people and organizations will burn out, but some driven individuals will grow and develop their groups into more professionalized organizations. My gut has been telling me we need to see a number of organizations die out—too many are doing similar things, there is too much founder's syndrome and charisma reliance, too much financial dependence on a few donors. From this [winnowing] I think we will see more positive growth.

To improve the operating environment, Rossitto believes it is imperative that the government:

1. nurture "an NPO career mind" through investment in universities to develop nonprofit professional courses (NOT by employing sociology or business management professors with pet projects);
2. require more accountability and transparency both within the sector and from funders;
3. reform the laws and regulations that govern nonprofit organizations, making the tax-deductible giving system easier.

Rossitto concluded our interview stating,

I am positive about the potential for social change in Japan because I see opportunities in many challenges, but sometimes I am disappointed that so many negative people or people with low expectations for change can

work in this field. My own goal is to inspire one person in every workshop to do something new to make a difference. I used to think that was a low target, but getting one out of eight people to take concrete action to solve a problem is not as easy as it may seem!

In my view, the incredible developments in civil society over the past decade are encouraging about the future, especially given the impediments and constraints. There is considerable justified impatience among civil society professionals who have high expectations that are stymied by prevailing realities. They look enviously at the situation in other countries and it is understandable that they want to fast forward through the painful pioneering phase. It is a slow, incremental, and frustrating process, but these efforts are not in vain.

What is clear is that civil society is evolving and developing new strategies, suggesting it is a force with staying power that will play an ever more critical and positive role in Japan.

Jeff Kingston is director of Asian studies at Temple University Japan. This article first appeared in Policy Innovations (www.policyinnovations.org), a publication of the Carnegie Council for Ethics in International Affairs. It is reprinted here with permission.

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