

Present Stage of Agricultural Co-operative Mergers and Structural Reorganization in Japan

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1. Introduction

The food self-sufficiency rate (in calories) of Japan has already declined to 37 % in 1993. Japan is probably one of the largest importer of agricultural products in the advanced countries. In addition, the Japanese Diet ratified the WTO agreements which included the liberalization of rice import in this December. That will deal a serious blow to Japanese farmers and agricultural co-operatives. Because the rice has been a center item of marketing business of agricultural co-operatives.

Under the import-liberalized process of agricultural products, Central Union of Agricultural Co-operatives in Japan decided to promote the merger and structural reorganization in 1988. Though there existed about 4,000 multi-purpose co-operative societies in 1988, the number has been sharply reducing, and a target figure at a goal point in the year 2,000 is 1,000 societies. As the enlargement of primary societies by mergers, their affiliated organizations are going to restructuring from three tiers (municipal level, prefectural level, national level) to two tiers (more extended municipal level, national level).

With the merger and structural reorganization, Japanese characteristics of agricultural co-operative have been changed. Multi-purpose co-operatives in Japan are advancing toward the direction where multipurpose in itself is lost, though they were appreciated by Dr. A.F. LAIDLAW in his report "Co-operatives in the Year 2000" presented at the ICA Moscow Congress in 1980. Among co-operative businesses, already advanced putting out of balance, and financial business has been becoming a center business because of its profit-making. Marketing business and farm guidance activities have a tendency to neglect because of their low profit, and the gap with the expectation of farmers is caused. The scale presented now as a model of amalgamation is based on a reasonable one as a financial company and it is not a scale as a marketing business unit. Previous target of amalgamation was different and it had aimed at the extent of municipality, therefore we have a new stage of agricultural co-operative merger. It will more expand the imbalance among businesses. In addition, structural reorganization to two tiers is advancing separately by business, and each business is going to be carried out by the

vertical system through two tiers.

Generally speaking, Japanese co-operatives have reached a stage of as a modern business enterprise. Many agricultural co-operatives are going to select the way toward as a modern financial business enterprise rather than a co-operative in itself to survive in the fierce competition. It is problematic that they leave membership and member participation behind. But there are new co-operative movements based on farmers' and co-operative employees' needs. It might be not impossible that both co-operative democracy by member participation and modern business administration are compatible (see S. Á. BÖÖK, 1992). Moreover, we are able to have the idea that "*democratic enterprise*" with membership has a competitive power based on member participation in business, that is difficult to have for a capitalistic enterprise, in the fierce competitive surroundings.

2. What was Japan type of agricultural co-operative ?

Agricultural co-operatives in Japan are classified into multi-purpose societies and single-purpose ones. Table 1 indicates the change in the number of multi- and single-purpose societies. Both have been decreasing the number to one fourth during the three decades, but there are more single-purpose societies than multi-purpose ones. But the latter have had a dominant position, because multi-purpose co-operatives virtually cover all municipalities across the country, and also cover all farmers in their districts. They have carried out wide range of business, including farm and better living guidance, marketing, purchasing, credit service and mutual insurance, and handled all major crops, especially rice, in their districts. Such multi-phase activities are geared to the actual needs of Japanese farmers, who are often engaged in mixed farming. On the contrary, Single-purpose societies are organized by the farmers of specific crops and areas, and marketing is their principal business. Almost all members of single-purpose societies are concurrently members of multi-purpose societies.

Japan type of agricultural co-operatives, i.e. multi-purpose co-operatives had the following features (OTAWARA, 1992) ; first, they have carried out wide range and comprehensive businesses. There were linkages and integrated approach between businesses to improve farm production and life of members. Farming and life cycle of members, i.e. farm plan - procurement of funds and materials - production - marketing - saving - purchase of consumer goods, corresponds to the wide range of co-operative businesses. Secondly, each multi-purpose co-operative had its territorial zone that coincided with municipality, and cover all farmers in its zone. In its establishment times, a hamlet had been a initial unit of each co-operative society, and became a basic organization of membership after mergers. Therefore, the departed multi-purpose co-

Table 1 Change in the Number of Agricultural Co-operatives Societies

| | Multi-purpose co-ops | Single-purpose co-operatives | | | | | | Total | Total |
|-----------------------|----------------------|------------------------------|------------|---------------|-----------|----------------|--------|--------|--------|
| | | Seri-culture | Live-stock | Horti-culture | Set-tlers | Rural industry | Others | | |
| 1960 | 12,050 | 6,293 | 3,052 | 679 | 4,789 | 597 | 1,436 | 16,846 | 28,896 |
| 1970 | 6,049 | 2,557 | 2,670 | 571 | 3,484 | 334 | 925 | 10,541 | 16,590 |
| 1980 | 4,528 | 1,190 | 2,216 | 557 | 452 | 214 | 562 | 5,191 | 9,719 |
| 1990 | 3,574 | 533 | 1,947 | 523 | 323 | 191 | 506 | 4,023 | 7,597 |
| 1991 | 3,373 | 515 | 1,934 | 521 | 318 | 192 | 497 | 3,977 | 7,350 |
| 1992 | 3,073 | 503 | 1,908 | 513 | 315 | 192 | 490 | 3,921 | 6,994 |
| with ¹⁾ | 3,073 | 33 | 1,054 | 461 | 186 | 172 | 181 | 2,087 | 5,160 |
| without ²⁾ | — | 470 | 854 | 52 | 129 | 20 | 309 | 1,834 | 1,834 |
| 1992/60 | 25.5% | 8.0% | 62.5% | 67.9% | 6.6% | 32.2% | 34.1% | 23.3% | 24.2% |

Source : "Statistics on Multi-purpose Agricultural Co-operatives",
Ministry of Agriculture, Forestry and Fisheries (MAFF).

1) with share capital

2) without share capital

operatives had characterised as a traditional co-operative based on "*Gemeinschaft*". Thirdly, multi-purpose co-operatives had functioned as a governmental administrative institution. They had been exclusively located in the rice government control system as a collecting agency by the recent-abolished Staple Food Control Law, and in the government programmed loans for agriculture as a financing agency. This was the background of territorial coincidence between a co-operative and a municipality.

These three features had mutual linkage, and, in general, we could say that traditional "*sociality*" and "*collectivity*" or bureaucracy were characteristics of Japanese agricultural co-operatives. But with enlargement of co-operative business and diversification of members' needs, "*individuality*" (J. NILSSON, 1986) has been gaining the force in stead of traditional "*sociality*", and a new bureaucracy as a modern business enterprize has been generated instead of old one as a governmental administrative institution.

Table 2 indicates that, during the three decades from the 1950s, agricultural co-operative amalgamation had aimed at the scale of a municipality. The number of multi-purpose societies and municipalities (towns and villages) almost corresponded in 1950, but owing to the Town and Village Merger Acceleration Act, the latter decreased drastically to half in 1955. The former had followed its decrease under the Amalgamation Aid Law, and almost caught up in the 1980s. So, during the one decade from the mid-1970s, the number of cases and societies participated in amalgamation had decreased. But, recently it has been increasing again, because Central Union of Agricultural Co-operative decided to promote the merger. Recent amalgamation, beyond the extent of a municipality, is different from previous one in the aim, as above men-

tioned. Therefore we have a new stage of mergers, and agricultural co-operatives are also going to lose the third feature as a administrative institution.

Table 2 Change of Amalgamation in Multi-purpose Societies

| | No. of cases of amalgamation | No. of societies participated in amalgamation | No. of Multi-purpose societies | No. of Cities, Towns and Villages |
|------|------------------------------|---|--------------------------------|-----------------------------------|
| 1950 | | | 13,314 | 10,414 |
| 1955 | | | 12,985 | 4,813 ¹⁾ |
| 1960 | 211 | 947 | 12,050 | 3,511 |
| 1961 | 137 | 541 | 11,586 ²⁾ | |
| 1962 | 210 | 912 | 10,813 | |
| 1963 | 216 | 967 | 10,083 | |
| 1964 | 237 | 1,066 | 9,135 | |
| 1965 | 578 | 2,599 | 7,320 | 3,376 |
| 1966 | 35 | 135 | 7,209 | |
| 1967 | 58 | 169 | 7,074 | |
| 1968 | 218 | 829 | 6,470 | |
| 1969 | 99 | 378 | 6,185 | |
| 1970 | 42 | 162 | 6,049 | 3,276 |
| 1971 | 102 | 439 | 5,688 | |
| 1972 | 101 | 393 | 5,488 | |
| 1973 | 67 | 285 | 5,198 | |
| 1974 | 119 | 434 | 4,942 | |
| 1975 | 60 | 225 | 4,803 | 3,257 |
| 1976 | 25 | 65 | 4,763 | |
| 1977 | 56 | 160 | 4,657 | |
| 1978 | 31 | 101 | 4,583 | |
| 1979 | 18 | 54 | 4,546 | |
| 1980 | 35 | 85 | 4,528 | 3,256 |
| 1981 | 65 | 172 | 4,473 | |
| 1982 | 44 | 116 | 4,373 ³⁾ | |
| 1983 | 27 | 77 | 4,317 | |
| 1984 | 17 | 49 | 4,303 | |
| 1985 | 19 | 55 | 4,267 | 3,254 |
| 1986 | 24 | 75 | 4,214 | |
| 1987 | 38 | 126 | 4,072 | |
| 1988 | 62 | 250 | 3,898 ⁴⁾ | |
| 1989 | 92 | 306 | 3,685 | |
| 1990 | 60 | 187 | 3,574 | 3,246 |
| 1991 | 54 | 221 | 3,294 | |
| 1992 | 94 | 385 | 3,105 | |

Source : Yearbook of Agricultural Co-operative and the Population Census.

1) Owing to the merger of towns and villages under the Town and Village Merger Acceleration Law.

2) Amalgamation Aid Law was enacted.

3) Amalgamation Aid Law was expired.

4) Central Union of Agri. Coop decided to promote amalgamation.

Regarding the first feature, multi-purpose co-operatives have already lost the balance of businesses. Figure 1 indicates the growth in co-operative businesses. Mutual insurance and credit business have grown vigorously, while marketing has been stagnant.

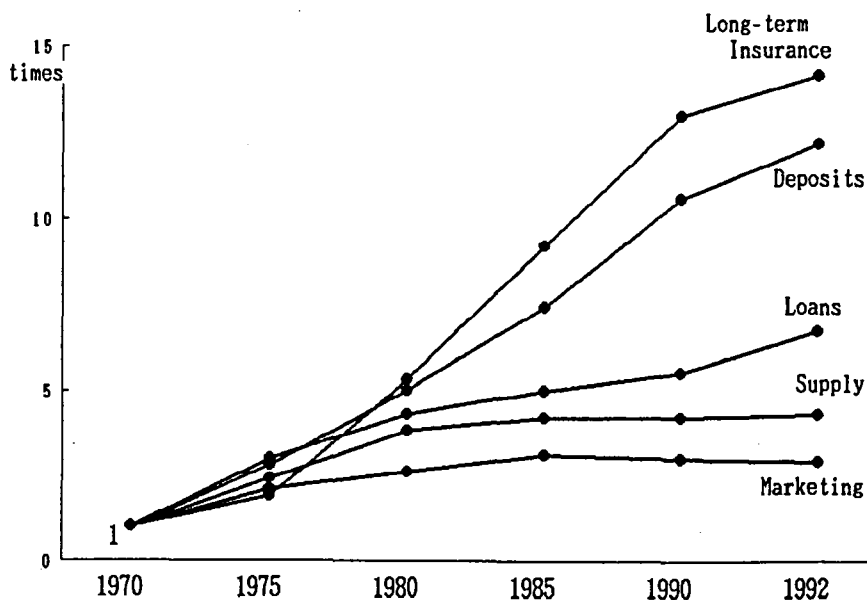


Figure 1 Growth in Multi-purpose Co-operative Businesses (1970=1)

The same point is shown in table 3. The number of employees in charge of financial (mutual insurance and credit) and purchasing businesses have increased rapidly from the 1970s, and held a high rate, to the aggregate about 67% in 1992. While marketing and guidance have been stagnant, and held a low rate, only about 14%. Namely, financial business has become a center business because of its profit-making, while marketing business and farm guidance activities have a tendency to neglect because of their low profit, in spite of their importance as a co-operative business.

Decreasing the rate of rice in marketing business was one reason for losing the balance of businesses from the 1970s. As we can see in table 4, it has decreased from about 51% in 1970 to 32% in 1992, owing to a policy of reducing rice cultivated acreage under rice overproduction. Until 1970, the half or over of marketing commodities had been held with rice. Under the exclusive location as a collecting agency of rice, marketing business of rice and particularly a huge sum of rice proceeds that had been paid directly co-operatives' saving account had brought a big profit. After the 1970s, instead of rice, livestock products, vegetables and fruits have grown, but stopped the growth in the early '90s. Under a background of urbanization in

Table 3 Change in the Number of Employees by Business in Charge

| | 1964 | 1970 | 1975 | 1980 | 1985 | 1990 | 1992 |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Credit | 43,109 (22.9) | 58,796 (23.8) | 68,184 (25.1) | 75,515 (26.4) | 78,169 (26.3) | 77,187 (25.9) | 76,715 (25.6) |
| Mutual insurance | 7,235 (3.8) | 11,589 (4.7) | 14,741 (5.4) | 17,327 (6.0) | 19,904 (6.7) | 22,866 (7.7) | 24,287 (8.1) |
| Purchasing | 47,649 (25.3) | 71,522 (28.9) | 85,185 (31.4) | 91,419 (31.9) | 98,319 (33.1) | 98,836 (33.2) | 100,199 (33.4) |
| Marketing | 16,858 (8.9) | 18,539 (7.5) | 19,063 (7.0) | 19,648 (6.8) | 19,299 (6.5) | 19,299 (6.5) | 19,367 (6.5) |
| Guidance | 14,086 (7.5) | 17,490 (7.1) | 18,318 (6.8) | 20,955 (7.3) | 22,719 (7.6) | 22,603 (7.6) | 21,286 (7.1) |
| Other business ¹⁾ | 33,439 (17.8) | 35,686 (14.0) | 28,488 (10.5) | 22,285 (7.8) | 20,341 (6.8) | 19,587 (6.6) | 20,447 (6.8) |
| Other | 26,078 (13.8) | 34,514 (14.0) | 37,220 (13.7) | 39,228 (13.7) | 38,344 (12.9) | 37,081 (12.5) | 37,861 (12.6) |
| Total Surveyed | 188,454 (100.0) | 248,136 (100.0) | 271,199 (100.0) | 286,377 (100.0) | 297,095 (100.0) | 297,459 (100.0) | 300,162 (100.0) |

Source : "Statistics on Multi-purpose Agricultural Co-operatives", MAFF.

1) Agri. warehousing, Transportation, Processing & manufacturing, Utilization, Supplying home-lots & others, etc.

rural areas, as marketing business has not brought a high profit compared with financial one, multi-purpose co-operatives have inclined to intensify financial business. In the result, they have come off members as a farmer, and had a tendency to change into profit-oriented organizations.

Table 4 Marketing Turnover of Multi-purpose Co-operative (100 Million Yen)

| Commodities | 1955 | 1960 | 1970 | 1980 | 1990 | 1992 |
|----------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Rice | 2,956 (66.9) | 3,662 (61.0) | 10,812 (51.3) | 19,766 (35.9) | 20,027 (31.2) | 20,129 (32.4) |
| Wheat | 414 (9.4) | 479 (8.0) | 311 (1.5) | 1,277 (2.3) | 1,611 (2.5) | 1,306 (2.1) |
| Cereals & pulses | 100 (2.3) | 126 (2.1) | 186 (0.9) | 589 (1.1) | 761 (1.2) | 736 (1.2) |
| Potatoes | 125 (2.8) | 152 (2.5) | 301 (1.4) | 697 (1.3) | 609 (0.9) | 575 (0.9) |
| Silk cocoon | 177 (4.0) | 250 (4.2) | 702 (3.3) | 1,000 (1.8) | 308 (0.5) | 188 (0.3) |
| Vegetables | 172 (4.2) | 172 (2.9) | 1,766 (8.4) | 8,258 (15.0) | 13,422 (20.9) | 12,640 (20.3) |
| Fruits | 184 (4.2) | 291 (4.9) | 1,989 (9.4) | 5,659 (10.3) | 7,804 (12.2) | 7,760 (12.5) |
| Livestock products | 105 (2.4) | 485 (8.1) | 3,998 (19.0) | 13,805 (25.1) | 14,295 (22.3) | 13,108 (21.1) |
| Others ¹⁾ | 357 (8.0) | 382 (6.4) | 1,023 (4.9) | 3,956 (7.2) | 5,274 (8.2) | 5,681 (9.1) |
| Total | 4,418 (100.0) | 5,999 (100.0) | 21,080 (100.0) | 55,009 (100.0) | 64,113 (100.0) | 62,123 (100.0) |

Source: "Statistics on Multi-purpose Agricultural Co-operatives", MAFF.

1) Flowers & ornamental plants, Industrial crops, Green tea and Others.

Table 5 Membership of Multi-purpose Co-operative Societies

| | Regular members | | Associate members B (1,000) | Total C= (A+B) | Rate of associate member B/C |
|------|--------------------|-----------------------|--------------------------------|----------------------|------------------------------------|
| | Total A (1,000) | Households (1,000) | | | |
| 1960 | 5,780 | 5,072 | 756 | 6,536 | 11.6% |
| 1965 | 5,837 | 5,266 | 953 | 6,790 | 14.0 |
| 1970 | 5,889 | 5,304 | 1,387 | 7,276 | 19.1 |
| 1975 | 5,773 | 5,253 | 1,899 | 7,672 | 24.8 |
| 1980 | 5,641 | 5,088 | 2,244 | 7,885 | 28.5 |
| 1985 | 5,542 | 4,968 | 2,526 | 8,068 | 31.3 |
| 1990 | 5,544 | 4,859 | 3,065 | 8,609 | 35.6 |
| 1991 | 5,533 | 4,837 | 3,203 | 8,736 | 36.7 |
| 1992 | 5,514 | 4,806 | 3,329 | 8,844 | 37.6 |

Source : "Statistics on Multi-purpose Agricultural Co-operatives" MAFF.

Table 5 indicates membership of multi-purpose societies, particularly a increase of associate members without voting rights compared with regular members. Regular members are farmers, while associate members are non-farmer inhabitants living in the locality where the co-operative society in question is situated. The proportion of associate members have increased from about 12% in 1960 to 38% in 1992, i.e. about two-fifths of multi-purpose co-operative members is non-farmers. They mainly utilize financial business.

3. Structural reorganization / a case of purchasing business

Connecting with mergers, present three-tier system of agricultural co-operatives is going to be reorganized into a two-tier system. Present three-tier system is as follows (see Figure 2).

Primary co-operative societies have corresponding federations at the prefectural level, those are organized by function, therefore federations are classified into two categories: those mainly composed of

- multi-purpose agricultural co-operatives such as prefectural economic (marketing and supply), credit, and mutual insurance federations, and
- single-purpose agricultural co-operatives such as dairy, sericultural, and horticultural co-operative federations, and so on.

Each of the 47 prefectures in Japan has a prefectural union whose members are primary societies and prefectural federations. And, each prefectural federation has a national counterpart, such as National Federation of Agricultural Co-operative Associations (ZENNO), etc. Then Central Union of Agricultural Co-operatives (ZENCHU) whose membership is held basically by primary coops, prefectural unions and federations, and various national federations, is a nationwide organization.

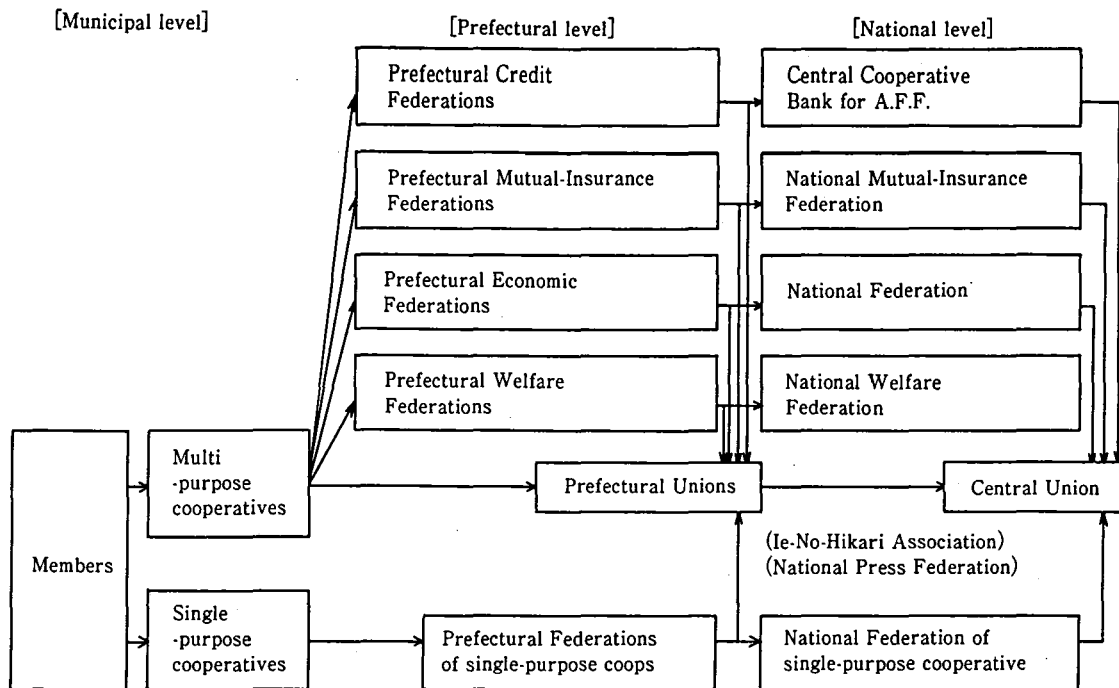


Figure 2 Structural organization of agricultural co-operatives

In these three-tier system, the upper two tiers have organized separately by business, despite, in the primary level, co-operative businesses have been carried out comprehensively in integrated manner. As the enlargement of business scale, each business has been organized by vertical system respectively, as a consequence, those businesses virtually have been carried out also separately in the primary societies. In addition, structural reorganization into two tiers is advanced separately by business. In many cases and businesses, the functions of prefectural level will be dismantled into primary and national level, such as supply of fertilizer, agricultural chemicals and livestock feed, but purchasing business of consumer goods is a exceptional one, where voluntary "A-coop" chain store of primary societies is reorganizing into regular one by prefectural economic federations.

"A-coop" chain store has been organized in 1973 in order to survive in growing competition with other chain stores, however member stores were owned and managed by respective co-operatives, only "A-coop" brand products were distributed. But member stores were bigger and more standardized than the other agricultural co-operative stores. Table 6 shows chronological change of member coops and stores, and so on. In this table, notable points are; first, A-coop chain store has grown rapidly during about a decade from 1973, consequently aggregate sales

of member stores has held about three fourths of total sales of agricultural co-operative stores, despite number of member stores was only about one fourth of total agricultural coop stores. Secondly, however, after the latter half of 1980s, A-coop chain store has been stagnant in number of member stores and the rate of sales (B/D). This is the background of recent consolidation to prefectural level in A-coop chain store.

Table 6 Change in the "A-Coop" Chain Store of Agricultural Co-operatives

| | 1973 | 1975 | 1980 | 1985 | 1990 | 1991 | 1992 | 80/75 | 85/80 | 90/85 |
|--|------|------|------|-------|-------|-------|-------|-------|-------|-------|
| No. of Affiliated coops | 346 | 846 | 997 | 1202 | 1131 | 1080 | 1038 | 1.18 | 1.21 | 0.94 |
| No. of Member stores A | 714 | 1471 | 1812 | 2065 | 1813 | 1764 | 1668 | 1.23 | 1.14 | 0.88 |
| Sales area per store (m ²) | 214 | 254 | 308 | 330 | 388 | 396 | 412 | 1.21 | 1.07 | 1.18 |
| Sales of A-coop (100M¥) B | 800 | 2743 | 5884 | 8602 | 9629 | 9972 | 9787 | 2.15 | 1.46 | 1.12 |
| Agri. coop stores C | — | 9936 | 8961 | 8394 | 7696 | 7382 | 7258 | 0.90 | 0.94 | 0.92 |
| Sales of (100M¥) D | 4397 | 6763 | 9025 | 10849 | 12687 | 13222 | 12884 | 1.33 | 1.20 | 1.17 |
| A/C | — | 14.8 | 20.2 | 24.6 | 23.6 | 23.9 | 23.0 | — | — | — |
| B/D | 18.2 | 40.6 | 65.2 | 79.3 | 75.9 | 75.4 | 76.0 | — | — | — |

Source ; Data of National Federation of Agricultural Co-operative Associations and "Statistics on Multi-purpose Agricultural Co-operatives", MAFF.

Reorganization of A-coop chain store is now advancing by several prefectural federations. Instead of primary societies, those prefectural federations are beginning to administer member stores, though those owners are still primary societies. Moreover as store employees of agricultural co-operatives also go on loan to the federations, head offices of A-coop chain store in the federations become to administer personnel affairs, beyond the extent of primary societies, exclusively as a store clerk. So far, in general, employees of primary societies had been engaged in multifaceted businesses in turn every several years, not only store clerk but also the person in charge of marketing and guidance activities, etc.. Hence they had have many opportunities to contact with member farmers. However they may improve their expertise as a store clerk by becoming A-coop staff exclusively, chances to contact with members will decrease un-faillingly. Moreover authority of primary societies about store administration will be lost.

New A-coop stores which come under member articles are more restricted to bigger scale stores, while the other smaller stores are going to consolidate and abolish. Table 7 shows that small stores for 100m² or below have decreased drastically during the two decades and got to less than half of the stores in 1970. In general, co-operative small stores locate in the old hamlets, and function a haunt of members. Those have been consolidated into bigger ones in the suburbs, however, hold half of the stores yet. But upwards of 300 m² stores gradually have been increasing, this tendency is going to be forced nowadays by structural reorganization.

Structural reform of co-operative stores will be accelerated, and the functions of store administration are belonging to federations, which has not a structure of member direct-participation.

Table 7 Number of Agricultural Co-operative Store by Sales Area

| | 1970 | 1975 | 1980 | 1985 | 1990 | 1991 | 1992 |
|--------------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| — 100m ² | 8021 (77.6) | 6867 (69.1) | 5564 (62.1) | 4834 (57.6) | 4173 (54.2) | 3949 (52.7) | 3748 (51.9) |
| 100 — 300m ² | 1815 (17.6) | 3069 30.9 | 2580 (28.8) | 2640 (31.5) | 2487 (32.3) | 2490 (33.2) | 2400 (33.2) |
| 300 — 500m ² | 500 (4.8) | | 522 (5.8) | 611 (7.3) | 740 (9.6) | 746 (9.9) | 739 (10.2) |
| 500 — 1500m ² | | | 269 (3.0) | 288 (3.4) | 274 (3.6) | 291 (3.9) | 308 (4.3) |
| 1500m ² — | | | 26 (0.3) | 21 (0.3) | 22 (0.3) | 22 (0.3) | 26 (0.4) |
| Total (%) | 10336 (100.0) | 9936 (100.0) | 8961 (100.0) | 8394 (100.0) | 7696 (100.0) | 7498 (100.0) | 7221 (100.0) |

Source; "Statistics on Multi-purpose Agricultural Co-operatives", MAFF.

4. The perspective towards "democratic enterprize"

To Become large scale and vertical business system of agricultural co-operatives are, in itself, not problematic, because large-scale co-operatives and modern business system are not always to have weak member involvement. For example, Japanese consumer co-operatives combined successfully development of business operations and movement through member participation (KAWAGUCHI, 1993). But we could say the above mentioned process of mergers and structural reorganization has left membership behind.

Becoming a modern business enterprize means that business operations are carried by professional staffs and employees, and there, a co-operative has two organizations, one is a business, the other is a member one. The former has its own logic to be obliged, such as efficiency, profit making, and so on. The most recent definition of co-operative, that will be presented at the ICA Manchester Congress in 1995, is that "a co-operative is an autonomous association of persons united voluntarily to meet their common economic and social needs through a jointly-owned and democratically-controlled enterprize." This defines well the nature of the co-operative, but the question here is how could "a enterprize", when it has its own logic, be "democratically-controlled", and be related with "an autonomous association of persons".

By the way, we can see a relation between scale of a co-operative and member participation in table 8-10. For a start, let's see the change of member-scale in multi-purpose co-operatives

in table 8. In the early 1960s, before mergers, about 60% of those had the scale less than 500 households of regular members, almost corresponding to the scale of a village, and almost all were less than 1,000 households. But, with mergers, member-scale has been enlarged, and the scales above 1,000 households have increased to almost half (at the rate, not absolute figures).

Table 8 Number of Multi-purpose Co-operatives by Regular Member Household

| households | 1960 | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1992 |
|----------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| — 499 | 7,078 (62.7) | 5,694 (58.4) | 2,547 (41.9) | 1,711 (34.4) | 1,499 (33.4) | 1,323 (31.2) | 1,003 (27.9) | 843 (26.3) |
| 500 — 999 | 3,686 (32.6) | 3,181 (32.6) | 1,954 (32.1) | 1,417 (28.5) | 1,306 (29.1) | 1,238 (29.2) | 962 (26.8) | 819 (25.6) |
| 1,000 — 1,999 | 532 (4.7) | 670 (6.9) | 1,026 (16.9) | 1,013 (20.4) | 983 (21.9) | 992 (23.4) | 904 (25.2) | 810 (25.3) |
| 2,000 — 2,999 | | 318 (5.2) | 385 (7.7) | 368 (8.2) | 363 (8.5) | 357 (9.9) | 335 (10.5) | |
| 3,000 — 4,999 | | 203 (2.1) | 196 (3.2) | 274 (5.0) | 263 (5.9) | 255 (6.0) | 261 (7.3) | 263 (8.2) |
| 5,000 — | | 42 (0.7) | 69 (1.4) | 68 (1.5) | 71 (1.7) | 104 (2.9) | 134 (4.2) | |
| | | | | | | | | |
| Total Surveyed | 11,296 (100.0) | 9,748 (100.0) | 6,083 (100.0) | 4,765 (100.0) | 4,488 (100.0) | 4,242 (100.0) | 3,591 (100.0) | 3,204 (100.0) |

Source: "Statistics on Multi-purpose Agricultural Co-operatives", MAFF.

Table 9 Types of the General Meeting by Regular Member Household (1992)

| Households | No. of multi-purpose co-ops | General meeting | |
|----------------|-----------------------------|-----------------|-----------------|
| | | By members | By delegates |
| — 499 | 843 (100.0) | 759 (90.0) | 19 (2.3) |
| 500 — 999 | 819 (100.0) | 587 (71.7) | 177 (21.6) |
| 1,000 — 1,999 | 810 (100.0) | 326 (40.2) | 425 (52.5) |
| 2,000 — 2,999 | 335 (100.0) | 60 (17.9) | 256 (76.4) |
| 3,000 — 4,999 | 263 (100.0) | 25 (9.5) | 217 (82.5) |
| 5,000 — | 134 (100.0) | 1 (0.7) | 131 (97.8) |
| Total Surveyed | 3,204 (100.0) | 1,758 (54.9) | 1,225 (38.2) |

Source: "Statistics on Multi-purpose Agricultural Co-operatives", MAFF.

Table 9 indicates two types of general meeting by regular member household, one is by direct participation of members, the other is by delegates representative members. There is a

boader between less than and more than 1,000 households, in a type of general meeting, the former smaller scales have higher distribution ratio to the member direct-participated meeting, the latter larger scales have to the delegate meeting. That is, a co-operative above 1,000 regular member households are likely to change from a general meeting by direct member participation to one by delegation system. It is reasonable to introduce a delegation system with the enlargement of the scale, however, it is also natural that member participation becomes indirect and inclined to a mere shell.

Actual participation, not by proxy, to the general meeting is shown in table 10. In the case of direct-participated meeting by members, it decreases with member enlargement, and particularly in the scales above 1,000 households it gets the proportion less than 50%. But in the case of by delegate, it is stable and does not decrease at the rate of about 75%. Apparently, this date indicates that the delegate system is indispensable for member participation,

Table 10 The Rate of Participation to the General Meeting and Member Commitment by Regular Member Household (1992) (% , person)

| Households | By members | | By delegate | | No. of members per a delegate | No. of members per a board of director |
|---------------|-----------------------|------------------------------------|-----------------------|------------------------------------|-------------------------------|--|
| | Rate of participation | Actual participation ¹⁾ | Rate of participation | Actual participation ¹⁾ | | |
| — 499 | 72.3 | 60.3 | 81.1 | 73.7 | 2.7 | 29.2 |
| 500 — 999 | 70.4 | 52.3 | 78.7 | 74.2 | 4.0 | 54.0 |
| 1,000 — 1,999 | 71.7 | 40.4 | 78.2 | 72.4 | 4.6 | 77.5 |
| 2,000 — 2,999 | 75.1 | 32.0 | 81.0 | 74.5 | 5.4 | 106.9 |
| 3,000 — 4,999 | 80.6 | 19.4 | 82.3 | 76.4 | 8.1 | 139.0 |
| 5,000 — | 50.4 | 20.8 | 86.1 | 75.1 | 14.5 | 189.8 |
| average | 72.2 | 45.2 | 81.0 | 74.4 | 4.1 | 86.3 |

Source : "Statistics on Multi-purpose Agricultural Co-operatives", MAFF.

1) not by proxy.

especially above 1,000 households membership. But, simultaneously, its system has a problem that the number of members a delegate representative increases with scale enlargement, i.e. a delegate gets more distant for members and inclined to limit the indirect responsibility of attending the annual general meeting (see PESTOFF, 1991, chapter 6 on Swedish agricultural co-operatives).

So it probably may be difficult for the large scale co-operatives to strengthen and revitalize member participation by only delegate system, in other words, only an aspect of member organization. Referring to the above mentioned definition, it should be necessary that an operational organization of "enterprize" contains a organization as "an association of persons". There should be no separation between business organization and member one, and that is called

"a democratically-controlled enterprize". For example, the "HAN", which means a group consisting of members and the group buying system of Japanese consumer co-operatives, is a unit of both business and member participation. Japanese consumer co-operatives have successfully combined business operational organization and member participation, namely member participated directly into business as a user, not only delegate system, i.e. utilized business and expressed his/her "voices". While the business organization has a system of listening members' "voices" and improving business in itself. Contrarily, we could say the enlargement of business and structural reorganization in Japanese agricultural co-operatives are a result that development of the "enterprize" has separated from membership.

Co-operative staffs and employees are located a crucial position that combines business operations and member participation as a user. They work in charge of business, contact with members as a specialist and listen members' "voice" (HIRSCHMAN, 1970) to improve their expertise and business, while with their professional support member's production and life are improved and developed. Some practices that pays attention to "listening members' voices" by co-operative employees have appeared in several consumer co-operatives (Coop Chiba and Miyazaki Prefectural Coop are famous), and they has vitalized employees and members. This interaction between co-operative employees and members is called "partnership" (NAGAYAMA, 1991) or "dialog" (TANAKA, 1992b) in Japan. The "dialog" system is a remarkable feature of Japanese co-operatives, and we could say this system is another way for co-operative "employee participation" (BÖÖK, 1992, TANAKA, 1992b).

On the contrary, with getting to intensify the pursuit of profit-making in the business of agricultural co-operatives, so-called "Suishin" activity, that is a quota system of sales must be fulfilled by a employee in addition to his/her regular work, have been stressed. For example, each employee have to sell out his/her quota, such as a few suits, jewelry or some long-term insurances, etc. within a given period of time. Members used to keep away from employees during a "Suishin" period, because of getting into a fix for buying unnecessary things. And employees also are inclined to get into a fix buying remained quota out of their own pocket, so-called "Jibaku". We can find a reverse "dialog" system in the "Suishin" activity.

Recently, there has appeared a movement based on a demand to work worth doing as a co-operative employee, that is a useful work for member farmers, in the labor union movement of agricultural coop workers. A strong demand of agricultural co-operative employees to work worth doing is changing the construction of co-operative businesses into those based on members' needs. As mentioned above, co-operative business organization should contain the system of member participation, and co-operative employees locate a crucial point of contact between business and members. Change the contents of their works into those based on members' needs

means a reverse of business system in order to foster local development of agriculture, not the pursuit of profit-making first. Accordingly marketing business has been becoming to play an important role among co-operative businesses in some societies, and there, farm guidance activities for raising local farm products and marketing efforts have been strengthened.

Besides this movement, a lot of direct transactions of agricultural co-operatives with consumer co-operatives have appeared and a new agricultural co-operative that purpose is exclusively direct transactions also has come into being. Direct transactions with consumer organizations have linked with organic farming in many cases, and done under the background of health-oriented dietly life in urban areas. It is another important point to combine marketing business of agricultural co-operatives with near consumer organizations and promote mutual reliance of co-operative members in order to vitalize the organization and survive in the fierce competition (TANAKA, 1992a and 1993).

5. Conclusion

In Japan, multi-purpose agricultural co-operatives have had a dominant position, and they cover all farmers in their districts, corresponded to the extent of municipality, and carry out wide range of business. They have handled all major crops, especially rice, in their districts. They had been exclusively located in the rice government control system as a rice collecting agency by the recent-abolished Staple Food Control Law. Under the location, farm guidance for raising other farm products and marketing efforts have been neglected. During the three decades from the 1950s, mergers of agricultural co-operative had aimed at the extent of municipality by the characteristic as a governmental administrative institute.

Under the recent import-liberalized process of farm products, agricultural co-operatives decided again to promote the merger and structural reorganization. In this time, the scale presented as a model of merger is not a municipality, but a reasonable scale as a financial company. Therefore we have a new stage of agricultural co-operative merger. It will more expand the imbalance among co-operative businesses. In addition, structural reorganization to two tiers is advancing separately by business, and each business is going to be carried out by the vertical system through two tiers.

Japanese co-operatives have reached a stage of as a modern business enterprize, in general. Many agricultural co-operatives are going to select the way toward as a modern financial business company rather than a "*democratically-controlled enterprize*" as a co-operative in order to survive in the fierce competition. While Japanese consumer co-operatives had successfully combined business operational organization and member participation, namely member participated

directly into business as a user. In this present stage of co-operatives, it is one of most important questions that how could “a enterprize”, when it has its own logic, be “*democratically-controlled*”, and be related with “*an autonomous association of persons*”.

Recently, there has appeared a movement based on a demand to work worth doing as a co-operative employee in the labor union movement of agricultural coop workers. A strong demand of agricultural co-operative employees to work worth doing is changing the construction of co-operative businesses into those based on members' needs. As mentioned above, co-operative business organization should contain the system of member participation, and co-operative employees locate a crucial point of contact between business and members.

Another remarkable co-operative movement is direct transactions of agricultural co-operatives with consumer organizations, particularly consumer coops. Under the background of health-oriented dietly life in urban areas, direct transactions with consumer organizations have linked with organic and sustainable agriculture. It is another important point to combine marketing business of agricultural co-operatives with near consumer organizations and promote mutual reliance of co-operative members. Understanding the multifaceted role of agriculture and farmers by consumers has supported local agricultural production and co-operative business, and interchange activities with direct transaction between farmers and consumers as a member have vitalized the organization of co-operatives. It will also a co-operative resource in order to survive in the fierce competition.

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日本における農協合併と系統組織再編の現段階

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日本の農協の特徴は、事業の総合性、組織における属地主義と全員加盟性、機能における行政補完の3点が指摘されてきた。確かに、従来の1980年代初めに至る農協合併の経過は、市町村規模を目指したものであり、ほぼ市町村数と一致するところまできた。農協規模の市町村規模との一致は、この3つの特徴と密接に関わってきたが、この間の輸入自由化の促進は、農協の制度的位置づけを取り払い、その性格をより競争的なものへと再編しようとしている。今回の農協合併の目標は、貯金規模を目標としたものであり、系統組織の2段階再編は、総合農協の事業の総合性を縦割に解体する方向で進められている。

現段階のわが国の協同組合はすでに「企業」として成熟した事業を営む方向に向いつつあるが、現段階の協同組合としての生き残り策のポイントは、営利企業としての方向ではなく、「民主的企業」としての方向性であろう。その点で、事業の仕組みの中に組合員参加を位置づけることが大切であるが、2つの実践がヒントを与えている。1つは、協同組合労働者自身が仕事のあり方を組合員に役立つものへと変えようとする動きであり、もう1つは、消費者と結びついた組織的産直の取り組みである。営利企業に比べてより以上に協同組合としての競争力が人であることを考慮する時、「民主的企業」としての農協のあり方を選択する上でどちらも大切なポイントとなる点であると考えられる。