

# **The Importance and Role of NPO Activities in Depopulated Areas: The Example of “NPO eco-Otoineppu” in Otoineppu Village, Hokkaido**

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## **1. Introduction: Paper Topic**

There are two main causes to the destabilization and long-term recession currently affecting the world economy as evidenced by the Lehman Shock and other issues. The first cause is globalization, a phenomenon that affects both financial and real economies. The second cause is the reduction of regional economic activities accompanying globalization and its subsequent weakening of the policy safety net. The ideologues that have supported this globalization are absolutist in regards to the function of the market, and assign to it maximum importance. They believe in a kind of “neo-liberalism”<sup>1</sup> that seeks small government, the relaxation of regulations, and privatization.

There are several theories<sup>2</sup> as to when this “neo-liberalism” first came to be genuinely reflected in policy in Japan, but fundamentally, it began with the 1987 privatization of Japan National Railways (the present JR Group; hereafter referred to as “National Railways” and “privatization”). This “privatization” was not limited to simple organizational and managerial alteration of a public enterprise, and was highly political in nature. The political nature of this privatization is evidenced in the following two points.

The first is the following declaration made by the driving force behind privatization, former Prime Minister Nakasone: “It was a policy enacted to destroy Sohyo, the national center of labor unions opposed to the Liberal Party administration, the National Railway Workers’ Union (hereafter referred to as Kokuro), as it was a union central to that organization, and finally the opposition Socialist Party of Japan.”<sup>3</sup> In fact, Sohyo was dissolved alongside the Socialist Party of Japan. Kokuro became a small union with less than 10% of its peak membership.

The second point is the complete scrapping of the supplementary Diet resolution that stated, “Persons working at National Railways will not lose their livelihood as a result of privatization.” Kokuro union members opposed this “privatization” to the end, and in actuality there were many instances of union members being nominated for dismissal. Dismissed union members entered into a “self-support system” to protect their livelihoods in the form of a labor dispute group (known within Kokuro as the Kokuro “Struggle Group” (Kokuro Tosodan)). Most of these union members worked and lived in Hokkaido, Kyushu, and other depopulated areas.

The expulsion of union members from their jobs began several years prior to privatization in 1987. Most National Railways workers were discriminatorily separated from their regular occupations and were forced to “work” at offices with neither work to perform nor air-conditioning. Their human rights were trampled. The reason for this was the labor union members’ opposition to privatization. Managers and other labor unions in favor of privatization worked fiercely to ouster Kokuro by “not employing (union members opposed to privatization) at JR under current conditions”. As a result, many individuals were forced to leave. In the midst of such discrimination, most union members that remained with Kokuro and other unions opposed to privatization were not hired (which is to say, they were dismissed) by the JR Group, the successor to National Railways. The number of employees dismissed in this manner totaled 7,628 nationwide. The dismissed Kokuro union members were from 1987 given three-year assignments with the “JNR Settlement Corporation” (Kokutetsu-Seisanjigyodan). After being subjected to what was referred to as “Re-Hiring Mediation and Education”, they were dismissed for a second time at the end of March 1990. The number of persons dismissed numbered 1,047, of which 966 (92.6%) were Kokuro union members. Among these, 99.2% were members of one of the three unions opposed to privatization. This is clearly anti-union discrimination and can only be described as “unfair labor practice by the state”, but to this day, no one in the government or in management has taken responsibility.

In this manner, a giant labor dispute group was created, the likes of which have seldom been seen in the history of Japanese labor unions. The assertion of the JNR Settlement Corporation was that, “We have mediated job changes and provided work guidance. These men were not in compliance and it is natural that they would therefore lose their jobs.” This would later become generalized as the “National Railways Style of Restructuring.” These 1,047 dismissed workers, coming mainly from the Kokuro “Struggle Group”, fought for 23 years from privatization in 1987 and 20 years from the time of their 1990 dismissal from the JNR Settlement Corporation until a “collective settlement” was reached in June 2010. This fight is known as the “National Railways Struggle.”

Kokuro “Struggle Group” (Kokuro labor dispute groups; Kokuro Tosodan) were formed under this system of extreme privatization, primarily in depopulated areas across Japan. This paper will examine the conditions of one of these Kokuro labor dispute groups, that of the Otoineppu Labor Dispute Group (Otoineppu Tosodan) in Otoineppu Village, Hokkaido. The growth of organizations such as the Otoineppu Labor Dispute Group and other groups formed across Japan represented the extension of the self-support system. As these led to the organization of NPOs and other groups, one of the goals of this paper is to clarify the important roles played by these groups in the regional societies of depopulated areas. At their peak in 1994, there were 16 such labor dispute organizations across Japan with 317 active members.<sup>4</sup> These organizations serve more than their original purpose of being a means for pursuing labor disputes or for the “self-support” of union members; they play an important additional role.

One goal of this study is to clarify that non-profit sector organizations realized by the “social

economy” of workers’ cooperatives and NPOs formed by the investments of workers themselves are socially useful. In the midst of receding public services, the role of the non-profit sector that realizes “social economy” is increasing worldwide. This has been systematically analyzed and considered by Defourny,<sup>5</sup> Jeantet,<sup>6</sup> Tsukamoto,<sup>7</sup> and Borzaga,<sup>8</sup> among others. The actual conditions of labor dispute group organizations and the Otoineppu Labor Dispute Group as of 1994 have been described by Kaneko,<sup>9</sup> who was a concerned party, and others. This paper will take into consideration this kind of previously conducted research in an attempt to further clarify the societal utility of NPOs in depopulated areas.

## **2. Conditions in the Area of Investigation<sup>10</sup>**

The area of investigation for this paper is Otoineppu Village, located in Hokkaido’s Nakagawa District in the northernmost part of Kamikawa Subprefecture. This is an area with extreme differences in temperature between summer and winter. It is an area with one of the heaviest snowfalls in Hokkaido, with some winter days seeing snow accumulation exceed 12 meters. Of the village’s total area of 27,564 hectares, 23,631 hectares are forested, 4,062 hectares are suitable for habitation, and 1,830 acres are cultivated mountainous areas. The population of the area is the smallest of all of the self-governing regions of Hokkaido, and had decreased to only 894 residents in 2010. This is a depopulated area that has seen its population shrink to 1/5 of its 1954 population, which was in excess of 4,200 persons. However, this population data takes into account the students of a residential high school, and the actual population barely reaches 900. The high school students almost always leave the village upon graduation. Because of this, the number of individuals starting their careers in the village is low. Generally speaking, depopulated areas see an increase in the average age of the population, but the rate of aging in Otoineppu Village is lower than that in the surrounding communities. For example, neighboring Bifuka Town has more urban areas than Otoineppu Village, but its rate of population aging is 31.0% compared with Otoineppu Village’s 25.4%. Sato<sup>11</sup> calls this condition “secondary depopulation”. In his analysis, he highlights the situation as follows: “The deterioration of living conditions in Otoineppu Village is particularly striking, and has progressed to the point that even households of elderly individuals cannot continue to live there.”

Agriculture and forestry are the main industries of the village. Large-scale planting of crops also occurs, with processing-use potatoes being planted in the past and specially produced buckwheat and other crops being planted today. However, as the scale of dairy and crop farming expands, the rate at which people are giving up farming is increasing. There are only 25 farming households remaining in the village, and the number of persons engaged in agriculture has fallen to below 50. Forestry can also hardly be called a mainstay industry given the lackluster demand for domestically produced timber. However, woodworking and handicrafts are one of the few special industries of Otoineppu, and are known in part because the late Bikky Sunazawa established his studio in the area. The village refers to

itself as the “village of forests and master craftsmen”, and is working hard to train the successors of the woodworkers. The Otoineppu Arts and Handicrafts High School is the only village-run residential high school with an independent handicrafts department in all of Japan.

### **3. History as a Strategic Transportation Location and Movements to the Present<sup>12</sup>**

Otoineppu Village is an area the history of which cannot be told without mentioning the railroad. Otoineppu Station is in the center of Otoineppu Village, and is located on the JR Soya Main Line about halfway from Asahikawa City to Wakkanai City, the northernmost city in Japan. In 1912, the Soya Main Line extended as far as Otoineppu, and work began on a line to Wakkanai City through Hamatonbetsu Town (the old Tenpoku Line). This line was completed in 1935. The current Soya Main Line was completed in 1937 to Wakkanai City through Horonobe Town. For this reason, Otoineppu Village became a strategic transportation location as it was the point at which these two east-west lines diverged.

However, in the period around 1970, National Railways was experiencing problematic losses and widespread rationalization of operations began to take place. At the same time, roads were being constructed along the railroad lines and freight shipments began to be delivered by truck. Furthermore, in 1989, immediately following privatization, the Tenpoku Line through Hamatonbetsu was eliminated and the area came to be serviced by private bus. Presently, a limited express train operates on the Soya Main Line, and this train stops at Otoineppu Station. However, in recent years, there have been an increasing number of intercity buses in operation and the night train that ran through Otoineppu has been eliminated, further reducing the position of the railroad.

In the past, there were tens workers permanently stationed at Otoineppu Station, including maintenance and other workers. Presently, there are only one or two workers at the station in the afternoon. The wide lot surrounding the station is empty and covered in weeds. The old National Railways apartments located there have been taken over by the village, and the members of the labor dispute group continue to live in the now village-operated apartments. Inside the seldom-used station building is the “Stand-and-Eat Soba Noodle Restaurant”, which is known throughout the country and is doing good business. Unfortunately, “stand-and-eat soba noodles” clearly cannot be a mainstay industry of the village.

### **4. The Development of Self-Support Organizations in Otoineppu Village<sup>13</sup>**

#### ***(1) Self-Support Systems in the Early Period Around 1990***

When the members of the Otoineppu Labor Dispute Group were dismissed from the JNR Settlement Corporation in April 1990 they lost the entirety of their incomes, and as such were forced to create a system of self-support. Members first took part-time jobs in road construction and in other on-site

industries. One Otoineppu Labor Dispute Group member stated the following regarding the period around 1990:

“In my first job, I was hired by the day as a construction worker. We would go into the mountains to construct roads, repair rivers, and do other on-site construction work. We would pool our pay for the day and divide it evenly between us, and that’s how we got money to live. At the construction site we group members were labeled as ‘the lazy ones that got fired’, and were discriminated against. However, in those first days, the economy was good and work could be found. Also, no matter what job we were at, we always worked our hardest, proud of being ‘National Railways Men.’ Our reputation at the worksites also gradually improved.”

However, as this is an area of heavy snowfall, the only work available in winter is snow removal. Because of this, the next step was to leave for other areas to find work. Long periods working in Tokyo followed, with some instances of members being unable to return. Having reached their limits, they resolved to somehow create work in their hometown.

## ***(2) Development from Self-Support to Organization: The Establishment of the Workers’ Cooperative***

The first efforts were made in the area of woodworking. Woodwork was already the signature product of Otoineppu, and was also one of the administrative policies for village development. The village lent the group woodworking machines free of charge, and work began in earnest. The beginning was marked by a period of trial and error. Finally, orders began coming in for the group’s woodcarvings from unions in other areas for products such as the “Struggle Resolution Commemoratives.” In this way, the group was supported. Recently, the group’s skills have increased, and orders have begun to be received from village residents. The group’s goods are even sold at highway rest areas.

With the local business taking root, the group established the “Otoineppu Workers’ Cooperative” (Rokyo Otoineppu) in June 1991 to develop the self-support organization into an enterprise organization. Investments in Rokyo are made by the workers themselves, and the workers jointly manage the organization. However, this kind of “Manufacturing (Workers) Cooperative” is not recognized under Japanese legislation regarding cooperatives.<sup>14</sup> Before legislation was passed allowing NPOs, in order to become a corporation various requirements had to be fulfilled, after which the organization could become a cooperative such as a medium- or small-scale enterprise cooperative or livelihood cooperative, or alternately could become a limited company or other kind of business. Those were the only two choices available, neither of which was appropriate for the labor dispute group organization. As a result, the organization operated without corporate status.

### (3) Organization Development into Yokan Jelly Bars and Miso Soy Bean Paste Production

The next business the group became involved with was the production of *yokan*, a kind of jelly bar made from sweetened beans. Two people were sent to an established confectioner in Kamakura City, Kanagawa Prefecture, where they studied *yokan* manufacturing methods. While this confectioner was not directly related to the labor dispute group, they understood and were sympathetic to their situation and taught them the trade. Hokkaido is a production area for *adzuki* beans, which are an ingredient used in making *yokan*. The group's *yokan* became popular when they began making new products with other Hokkaido-produced ingredients such as haskap (blue-berried honeysuckle) and pumpkin. At that time, the Kokuro's integrated sales were developed across the country and production was expanded in a satisfactory manner. Woodworking and *yokan* production were not temporary part-time jobs that simply made use of laborers; these were jobs that required the use of one's own facilities. The three individuals that became "craftsmen" have been able to be continuously engaged in production, leading to the prospect of future stability within this Rokyo project.

In 1993, Rokyo established a Three-Year Project Plan, but as the direction of both village and area revitalization were in harmony, Rokyo was afterward able to advance projects in coordination with the administration. At that time, close to 200 individuals with ties to the group (including families) were residing in the village. The village itself also had no choice but to give project support to the group as there are less than 1,000 residents in the village, one out of five of whom is unemployed.

With increasing support in 1998 the group began its next undertaking, namely, the manufacture and sale of "Otoineppu *Miso* Soy Bean Paste." It is said that this enterprise was started because the family of group member 20 on the chart was once engaged in rice malting. Group member number 20 learned how to make *miso* paste as he helped out with the family business, and worked hard at product development. Only Hokkaido-produced soybeans and rice were purchased from the agricultural cooperative for use as ingredients in the *miso* paste. The resulting paste used only ingredients made in Japan and contained no additives. Of course, the soybeans used were not genetically modified (non-GM). As *miso* paste must be left to age for one and a half to two years and then blended to taste, it is a product that requires both time and effort. From 1998, production stabilized and the *miso* paste could be commercialized. Before long, the group was producing five to six tons of *miso* paste each year. The decision to produce *miso* paste was rooted in the fact that there is no construction work in the area during the winter, making it necessary to look for work in other areas. *Miso* production was selected because it is carried out during the winter months. The investment funds required to buy the ten million yen worth of machinery needed for *miso* production were accumulated through a five million yen contribution from the labor dispute group fund, and a 50% grant from the village. In order to reduce expenses, the group members remodeled the Rokyo offices themselves, and constructed their workshop by hand.

From this, *miso* production has increased to 40 tons a year, but as production requires two years, the current yearly output is about 20 tons. The retail price is set at about 600 yen per kilogram, making

this an enterprise the gross profits of which reach twelve million yen. If one assumes an earnings rate of 60 percent then 7.2 million yen of revenue enters into the labor dispute group. If production could be expanded to 100 tons a year, then 30–40% of the yearly salaries of all of the group members can be covered through *miso* production alone. *Miso* paste is an indispensable everyday condiment, and is more advantageous than *yokan*, which is a non-essential item. For this reason, the expansion of *miso* production will play an important role in establishing the independence of the organization.

As Otoineppu *Miso* has no additives and uses only non-GM soybeans, the number of repeat customers is rising considerably. Together with *yokan*, it is presently a central part of the labor union's sales, and is sold at agricultural cooperative supermarkets and highway rest stops. Direct sales are also made to co-ops in other regions, as well as to consumer groups in Kansai. Internet sales have also begun. Recently, word has spread about the good flavor of the *miso*, and hotels and restaurants in Tokyo have begun placing orders as well. Sales have developed beyond the original framework of "labor dispute group sales."

#### **(4) From Rokyo to NPO**

Because of depopulation, the village is in a difficult situation financially. The administration has had to outsource various types of projects from direct management to the private sector. Within this environment, Rokyo Otoineppu has had success in a number of projects and can be counted on in terms of labor, making the group an important outsourcing partner. Concrete examples of work outsourced to the group include management of woodworking classrooms at the Mountain Community Exchange Center, management of the village ski area, weeding of areas managed of the village park, and cleaning work at schools and other facilities. While there is competition with other companies, there are now some types of outsourced work that would not be performed if Rokyo did not exist.

However, many types of problems have arisen owing to Rokyo not possessing corporate status. From regulations such as the requirement that vehicles be registered under private names, the group experienced many inconveniences when accepting work outsourced from the administration. From this, an application for NPO authorization was made, and on October 25, 2006, the group was recognized as "NPO eco-Otoineppu." Because of its recognition as an NPO, the number of outsourced projects the group receives is expected to increase, and in addition, the group was in 2010 seeking new ways to secure employment through new projects such as green tourism and resource surveys.

At present, annual gross revenues from *miso*, *yokan*, and woodworking only amount to 20 million yen. The remaining 100 million yen worth of expenses is almost entirely earned through construction and other part-time jobs. When one considers the age of the group members, it is easy to comprehend the difficulties inherent to their living conditions. The expansion of outsourced work from the administration is therefore becoming an issue for the group.



## 5. Conditions of Otoineppu Labor Dispute Group Members<sup>15</sup>

### *(1) Wage Pooling System and Organizational Scale*

Labor dispute group members can be divided into two groups. The first group is that of “organizational self-support”, a type in which members support themselves under the auspices of this kind of worksite organization. The second group is that of “individual self-support”, a type in which the group member had to leave the worksite and return to his hometown to care for ill parents or for some other unavoidable reason. These members only give donations to the labor dispute group. In either case, the money earned by the group member from construction or other work is given to the labor dispute group and pooled together with the revenues earned by the business organization. Afterwards, this money is paid out to each person in the form of wages. In the past, the Otoineppu Labor Dispute Group even performed allocations of wages to each person. It is said that, of all the labor dispute groups (Kokuro Tosodan) across the country, only the Otoineppu group was able to establish this kind of even allocation and complete pooling of funds. The high level of solidarity within the Otoineppu Labor Dispute Group is evidenced in this fact. During the hearings, interviewees spoke of the organization possessing a strong atmosphere of being able to “talk and help one another on a free footing” when problems arose. The limited characteristics of the region are also likely to have promoted this kind of mutual support. Whichever is the case, it can be considered that the environment played a part in the development of the original ideas of the group members into new enterprises, from woodworking to *miso* and *yokan* production.

The Otoineppu Labor Dispute Group was an organization of 48 members at the time of the “second dismissal” in 1990. For various reasons, four of those members later “went to the front”, and, by 2002, the group consisted of 44 members. Subsequently, two group members passed away, leaving 42 group members in March 2010. Of these, 34 members are engaged in on-site “organizational self-support.” Including family members, 158 people (as of 2002) in a village of less than 1,000 people have been engaged in a “cooperative living” arrangement as a single, large family for 20 years. At the time of dismissal, most of the group members were in their 20s and 30s; at the time of writing, their average age is 53.5 years.

### *(2) Lifestyle Conditions of Group Members*

Even today, in a fundamental sense, wages are pooled. However, with the growth of children of the members, differences have emerged by household in terms of the amount of income required for living. As a result, upper and lower bases were set from the group’s earnings, and different allotments came to be made in accordance with the worker’s declaration as well as family and lifestyle conditions. As an aside, the average yearly salary of a worker in Northern Hokkaido is three million yen, and divisional chiefs in construction companies can make five million yen a year. In comparison with this, the yearly wage for a group member is about two million yen. This is only two-thirds of the area’s average salary,



Chart: Conditions of Otoiueppu Labor Dispute Group Members (Units: Persons, Age)

Group Member Number	Age	Job at National Railways	Work Location*	Family Details (As of 2002)**		Notes
				Number of Children	Average Age of Children**	
1	53	Station Sales	A	2	21.0	Yokan Production
2	66	Station Transportation Management	A	—	—	
3	54	Rail Line Maintenance Management	A	2	24.0	
4	53	Station Sales	A	2	22.0	
5	50	Rail Line Maintenance Management	A	2	13.5	
6	53	Station Operations	B	2	22.5	
7	63	Station Operations	A	—	—	
8	58	Station Internal Guidance	A	2	28.5	
9	60	Station Operations	A	2	28.5	
10	49	Rail Line Maintenance Management	A	—	—	
11	48	Station Internal Guidance	A	—	—	
12	51	Station Internal Guidance	A	—	—	
13	63	Rail Line Maintenance Management	A	1	8.1	
14	52	Station Internal Guidance	A	—	—	
15	52	Station Sales	B	2	22.0	
16	59	Station Sales	A	2	32.0	Yokan Production
17	55	Station Operations	A	3	24.7	
18	54	Heavy Machinery Line Maintenance	A	2	20.5	
19	61	Heavy Machinery Assistant Manager	A	—	—	Yokan Production
20	54	Rail Line Maintenance Assistant Manager	A	—	—	Miso Production
21	52	Station Internal Guidance	A	1	27.0	
22	50	Station Sales	A	2	21.5	
23	54	Station Internal Guidance	A	2	22.0	
24	55	Station Sales	A	2	28.0	
25	54	Rail Line Maintenance Assistant Manager	A	1	25.0	
26	(Deceased)	Electric Technology Foreman	B	3	27.3	
27	47	Station Sales	A	1	—	
28	52	Rail Line Maintenance Management	B	3	17.7	
29	58	Heavy Machinery Line Maintenance	A	2	24.5	Office Manager
30	54	Rail Line Maintenance Assistant Manager	A	1	29.0	
31	51	Station Sales	A	3	26.7	
32	51	Station Internal Affairs	B	—	—	Miso Production
33	50	Station Internal Affairs	B	2	24.5	
34	49	Station Internal Affairs	B	—	—	
35	55	Station Sales	B	2	18.0	
36	54	Station Internal Guidance	A	2	23.5	
37	53	Station Internal Guidance	A	1	24.0	
38	55	Station Internal Guidance	A	2	20.0	Group Leader/NPO Representative
39	(Deceased)	Station Internal Guidance	A	2	24.5	
40	50	Station Sales	A	2	—	
41	49	Station Internal Affairs	B	—	—	
42	47	Station Sales	B	—	—	
43	50	Rail Line Maintenance Management	B	—	—	
44	48	Heavy Machinery Line Maintenance	B	—	—	
		Station Sales	A	—	—	
Average Age	53.5		A=31/B=13	Overall Average	22.2	

(Documentation) Based on the information from the Kokuro Otoiueppu Labor Dispute Group Pamphlet Creation Committee (2002), and on-site hearings conducted in 2006 and 2010.

(Note\*) Work Location "A" refers to Otoiueppu, and "B" refers to other locations (stations along the old Tenpoku Line such as Hamatonbetsu).

(Note\*\*) Family details are based on 2002 information, whereas the average age of children is based on 2010 information.

and it can be said that the lifestyle conditions of group members are harsh indeed.

Conditions of the group members are as shown on the chart. Three-quarters of group members were working in Otoineppu during the National Railways era, and are now supporting themselves within view of the workplace from which they were dismissed. Within the labor dispute group are also people who worked at more distant areas of the old Tenpoku Line. In 2002, the average age of their children living at home was 22.2 years, and while the group members have now gotten past the childrearing period, this period overlapped with the time in which the group members were dismissed and had to find a way to support themselves. There is no doubt that the difficulties faced by the group members during that period were considerable.

The author conducted hearings with a number of representative group members, and put together records of their lives, struggles, and mental states. Summaries of these accounts are as follows.

“At that time, if you wanted to work locally, you chose between the village office, the post office, the agricultural cooperative, or National Railways. Given those choices, most of my friends chose National Railways. (...) National Railways had a strong sense of being a stable and dependable place to work. There were many parents that felt peace of mind when their children went to work at National Railways. Never in my dreams did I imagine that National Railways would disappear, and that I would be fired. (...) This is a depopulated region with few trains, but the railroad was the only means of transportation. There was always tension in terms of safe transportation.”

“At that time everyone that entered National Railways was a Kokuro union member, and because everyone in the area was in some way related to Kokuro, it was a given that I would join. They say that Kokuro is a left-wing group, but it was a natural thing to be involved in as both the union and the battles we fought were engrained in our lives within the context of our on-site work and industrial relations. (...) Management was aware of our everyday struggles, and so while it was technically an issue of capital and labor it had an idyllic quality to it. We had a family-like relationship with management. (...) The term labor dispute group is easily misunderstood. Most of the members of our group were neither radical nor were they union leaders. Most of us were just regular union members. We only did what we had to do, and our actions were in line with union policy. (...) At that time management did a lot of nonsensical things, and what we did was oppose that. (...) We were young then and that might have had something to do with it, but we stuck with it, refusing to betray our fellows. By the time we realized it we were the only ones left. (...) Within the ‘smart’ Guidance Department there were a lot of people who took the lead to side with management. I still cannot accept the fact that JR hired them and fired us.”

“The organization (NPO) was created to facilitate the labor group’s activities demanding a

return to work at JR. In our minds, our only goal at the beginning was for a ‘quick resolution and a return to work at JR.’ However, as the Struggle turned into a long-term endeavor, our thinking changed dramatically. (...) Our lives are here in this place. We cannot run or hide. Because of that, at some point we have to resolve this Struggle. Afterwards, we have to create a framework for ourselves in which group members and their families do not starve to death. Because of this, even after a resolution has been achieved, the NPO organization will be very important. (...) Most of our group members are over 50 years old, but they still have the strength to work and possess knowledge. Here in our hometown, we have up until this point received the support of the entire region, but in some ways we have been able to contribute to the region and have come to be relied on by it. In addition to our activities to support our own lives, there is a need for us to act as members of the region and repay the region through our activities.”

## **6. Significance of the Organization and Labor Dispute Group Campaign: Settlement and Conclusion**

As described above, the Otoineppu Labor Dispute Group (NPO eco-Otoineppu) has in a depopulated area of less than 900 people, more than 10% of whom are group members, developed signature products that make use of regional resources, such as woodworks, *yokan* and *miso*. Although the primary goal of the group was to support their own livelihoods, the fact of the matter is that they have realized enterprises in the area that amount to 20 million yen in revenues per year. Additionally, they have come to receive various kinds of outsourced public works projects from the village, and are carrying out an important organizational role in the region. The members also, at the same time that they demand a return to work at JR, have in order to live in the region come to be determined to continue their regional projects with the NPO at the center. This is clear evidence that the non-profit sector of workers’ cooperatives and NPOs is socially useful in limited environments, and has realized “social economy.”

In 2000, the government and the Liberal Democratic Party advanced the “Four Party Agreement”,<sup>16</sup> a dispute resolution proposal in regards to the National Railways Struggle. Under the terms of the Four Party Agreement, each person would only be given 800,000 yen in “consolation money.” Kokuro Headquarters was in favor of accepting the agreement but the majority of labor dispute groups were against it, placing the two sides in Struggle with one another. A detailed sequence of events will be provided separately,<sup>17</sup> but the Otoineppu Labor Dispute Group opposed the “Four Party Agreement”. As a result they were attacked in various ways including being cut off from assistance money from Kokuro Headquarters and obstructions to sales. The labor dispute group was therefore forced to fight not only against the government and JR management, but for a time also Kokuro Headquarters itself. Additionally, in 2003, the Supreme Court annulled the Central Labor Relations Commission’s

Assistance Order, making defeat of the union seem likely. However, in two lawsuits, one of which was against the Japan Railway Construction Public Corporation (Tekken Kodan), partial recognition was given to the claim of “union discrimination in hiring” in both lower and upper court decisions. Under difficult conditions, the labor dispute group was through its actions able to secure a partial victory.

With this success, rapid developments towards a resolution began to be seen following the change of administration to the Democratic Party of Japan in the fall of 2009. The Kokuro labor dispute groups were cooperating again, having overcome their temporary confrontational stance. The “Four Person, Four Group”<sup>18</sup> assemblage that included the Kokuro labor dispute groups saw the change in administration as an opportunity to achieve the political resolution they had been seeking. At the same time, the Democratic Party administration also saw the need to put an end to this long-standing dispute and worked vigorously towards that end. By March 2010, the three governing parties together with the Komeito Party had submitted a settlement proposal, and following consultations, this proposal saw widespread consent. As a result, on April 9, 2010, a settlement proposal was presented to the government entitled “Towards the Political Resolution of the Problem Involving the 1047 Persons Affected by the Restructuring of National Railways.” The administration approved the proposal.

On June 28, 2010, a settlement was reached in which Kokuro and other involved parties would withdraw their lawsuit before the Supreme Court demanding the retraction of their dismissals in return for a state pay-out of more than 19.9 billion yen. This disbursement was actually made by the Japan Railway Construction, Transport and Technology Agency (the old “Tekken Kodan”) upon the request of the state. The amount gave a lump settlement for claims including 20 years worth of resolution money, and was paid out to 904 of the 910 labor dispute group members (six members refused the settlement). Four hundred and forty of these labor dispute group members are from Hokkaido. The average payout to each individual household amounted to 20.9 million yen (organization support money is excluded).

However, in regards to employment, the terms of the settlement stated, “The government would work to have JR employ (the group members). (...) JR cannot be forced into a hiring position and employment is not guaranteed.” At present, there are 183 individuals under the age of 55 that are seeking a return to the various JR entities, and although efforts towards that goal are continuing,<sup>19</sup> there are no signs from the JR group that any of these group members will be re-hired. It is highly unlikely that the labor dispute group members will return to their places of work. Much criticism of the settlement has been made regarding the difficulties of institutional restorations of pensions, as well as the fact that there was no apology in the settlement for the unfair labor practices taken.<sup>20</sup>

However, the labor dispute group (Kokuro Tosodan) chose to accept the settlement. The first reason for this was the desire for a “swift resolution”, which is to say it was deemed that, if a settlement was not reached during the period immediately following the change of administration, it would take even longer to resolve the issue. Second, in response to the humiliating “800,000 yen per person” proposal previously reached by the four parties, the labor dispute groups started their own lawsuit, and because of this the level of the settlement had been increased to over 20 million yen per person. While

nowhere near the level they were originally demanding, it was a level to which they had to compromise.

## **7. Conclusion: Future Projects and Social Economy in Depopulated Areas**

Now that the Struggle is approaching its final chapter, what will be the future of the NPO? No concrete future plans had been decided upon as of summer 2010. However, as the average age of the group members is over 50 years old, the settlement amount for their pensions was almost zero, and there is little chance that even the younger members will return to work at JR, the group members are even after the settlement likely to resolve to continue the organization and their businesses in Otoineppu. However, the traditional sales routes to labor unions that they had come to depend on have begun to close down, as the settlement has brought about the dissolution of the sales organizations. The settlement money allocated to the group members is also likely to change the wage pooling system and other routines that had been practiced until now.

Efforts to create new sales routes and develop new products have become pressing issues in order to continue the organization and make it independent. However, within the Otoineppu Labor Dispute Group are the mutual assistance of resolute compatriots and an environment that allows for free inventiveness. As long as these conditions remain unaltered, these issues will likely be overcome.

During the time when the Four Party Agreement was causing in-fighting at Kokuro, there was a point at which a mass meeting had descended into chaos. From the platform, the wife of an Otoineppu Labor Dispute Group member shouted, “Do not unilaterally decide our lives for us! Do not unilaterally decide the lives of others!”.<sup>21</sup> Kokuro Headquarters at that time had not carried out sufficient debate or achieved sufficient agreement on the issue, and simply wanted to bring the dispute under one-sided control. This can be said to mean that Kokuro Headquarters was at that point positioned in the same manner as the government and the JR managers who “unilaterally” pulled up the railroad tracks, abandoned the regions, and tried to destroy the livelihoods of those who lived there. The words spoken in response to this were a “call from the heart,” stressing the minimum level of rights to self-determination of the oppressed. At the same time, within the process by which the Otoineppu Labor Dispute Group turned what began as “self-support” activities into unique organizations that spread across the region, the group members saw their way of thinking change from the “safe enterprise” of National Railways to living with the region. This “road of self-learning” overlapped with the “call from the heart.” The reason for this is simple; if in a limited and depopulated area, such as the one given in this example, one does not live with the region, one’s own existence is impossible.

For “social economy” organizations, the activities of which are not for profit but for a “new communality”<sup>22</sup> and operate in difficult environments, these kinds of self-determination and self-learning are vital and necessary elements. I feel that the analysis of this example has demonstrated this point.

## Notes

1. For information on the history and structure of neo-liberalism, see David Harvey's *A Brief History of Neo-Liberalism*, 2005; Translated by Osamu Watanabe (2007) "*Shinjiyushugi: Sono Rekishiteki Tenkai to Genzai*" Sakuhinsha Publishing (in Japanese), Etc. For the author's discussion on the safety net, see Iwao Takahashi (2008) "Co-operative and Social Capital: A Consideration Based on Characteristics of Agricultural Co-operatives", *Journal of Co-operative Studies*. Vol.27, No.1, pp. 11–27.
2. Osamu Watanabe (2007, op. cit.) states in David Harvey's work (2005, op. cit.) that neo-liberalism in Japan began in the mid-1990s. However, it is thought that the author is minimizing the wide impact that the National Railways privatization had on hiring relations and in encouraging neo-liberal policy.
3. The NHK television interview program is recorded in the "AERA" interview article of December 30, 1996, in a 2001 Video Press video entitled, "*Hitorashiku Ikiyou: Kokuro Fuyumonogatari*" (in Japanese), and the statement can be confirmed there.  
<http://homepage3.nifty.com/videopress/hito.html>
4. Kaneko, Junichi (1995) "*Kokuro Tosodan Jigyoutai Katsudou to Wada*" Workers' Collective Chousei Center Edition "*Roudousha no Taian Senryaku Undou: Shakaiteki Yuuyou Seisan wo Motomete*" Ryokufu Shuppan, Inc., pp. 117–127 (in Japanese).
5. J. Defourny and J.L. Monson, Translated by Tomizawa, Kenji, et al. (1995) "*Economie sociale: Entre economie capitaliste et economie publique*" Nihon Keizai Hyouronsha Ltd.
6. T. Jeantet Invitational Forum Edition ed. (2006) "*Bokkou Suru Shakaiteki Kigyō to Shakaiteki Keizai: 21 Seiki no Shakai/ Keizai System wo Tenbou Suru Tame ni 'Saado Sekutaa' kara 'Shakaiteki Kigyō' he*" Doujidaisya (in Japanese).
7. Tsukamoto, Ichiro, Furukawa, Shunichi and Amamiya, Takako (2005) "*NPO to Atarashii Shakai Dezain*" Dobunkan Publishing (in Japanese).
8. C. Borzaga and J. Defourny, Translated by Tetsuro Uchiyama, et al. (2004) "*The Emergence of Social Enterprise*" Nihon Keizai Hyouronsha Ltd.
9. Kaneko (1995, op. cit.) See Also, Sugiyama, Hitoshi (2010) "*Initiatives for Self-Sustainment in 'Otoineppu', the Smallest Village in Hokkaido*" (2009 General Symposium No. 29), *Journal of Co-operative Studies*, vol. 29, No. 2, pp. 8–12.
10. The account below is an essay based on reportage from: Yoshimura, Masaaki (Takahashi, Iwao) (2006) "*A Letter from Village (6) The Ultimate DIY: Dispute and Self-Management in Depopulated Area*" "Anarchism" Vol. 8, pp. 70–89, which was based on on-site hearings conducted in July 2006. Overall corrections and revisions were made using information from on-site hearings conducted in March 2010, as well as later movements. Local data and other information may be found at the Ministry of Agriculture, Forests and Fisheries' "Wagamachi, Wagamura" page at: <http://www.machimura.maff.go.jp/machi/> Otoineppu Village: "Village Administration Survey," and elsewhere.
11. Sato, Makoto (2008) "*Jinkou Ryuushutsu to 'Futatsu no Kaso'*" Written and edited by Kinzaburo Kanuma, et al. "*Hokkaido Hokubu no Chiiki Shakai: Bunseki to Teigen*" Tsukuba Shobo, pp. 63–72 (in Japanese).
12. Based on the Wikipedia description and on-site hearings.  
<http://ja.wikipedia.org/wiki/%E9%9F%B3%E5%A8%81%E5%AD%90%E5%BA%9C%E9%A7%85>
13. The conditions of the Otoineppu Labor Dispute Group to 2002 can be found in the Kokuro Otoineppu Labor Dispute Group Pamphlet Creation Committee's (2002) "*Hitorashiku Ikitai Kodomotachi no Mirai no Tame ni: Kitakuni 'Otoineppu' kara no Houkoku*" (in Japanese). Furthermore, an introduction to the Otoineppu Labor Dispute Group/Rokyo can be viewed here:  
<http://www.yotuba.gr.jp/life/04480/youkan.htm>
14. There are many diverse production (workers') cooperatives such as regional Rokyo groups and workers' collectives active and contributing to regional areas, but there is no fundamental law that they are based on. These groups must choose to be an NPO, as in the example in the paper, a cooperative, a company, or a medium-/small-



scale enterprise union as their organizational format. At present, the cooperatives' camp has been pushing for the adoption of the "Cooperative Labor Cooperative Union Bill", and with the change of administration it was thought that approval was near. However, owing to the opposition of unions and other groups, this law has yet to be realized.

15. Based on information from the Kokuro Otoineppu Labor Dispute Group Pamphlet Creation Committee (2002, op. cit.) and local hearings.
16. Digests of the Four Party Agreement and other aspects of the National Railways Dispute can be found in issues of Roudou Jouhou, or at the following links:  
<http://www.ne.jp/asahi/nru/takasaki/keika.htm>  
<http://www7b.biglobe.ne.jp/~tomonigo/>
17. For the most easy-to-understand account of the early days of the National Railways Struggle written by a concerned party, consult: Satoshi Roppongi (1988) "*Hito toshite Ikiru: Kokutetsu Roudou Kumiai Chuou Shikkou Iinchou 339-Nichi no Tatakai*" Kyouiku Shiryō Shuppankai (in Japanese). Also reference Note 16.
18. It was thought that the opposition to the "Four Party Agreement" brought about by disagreement between the majority of Kokuro labor dispute groups and Kokuro Headquarters could not be mended, but through the efforts and coordination of many concerned parties coupled with the bringing of lawsuits by individual Kokuro labor dispute groups, the situation was altered. For this reason, from 2008, Kokuro Headquarters, the Kokuro labor dispute groups, the Zen-doro labor dispute groups, and others formed the "Four Person, Four Group" assemblage to negotiate a political resolution to the issue. In 2010, their negotiations resulted in a settlement.
19. The below request was again submitted in October 2010 but, since Prime Minister Hatoyama was the individual most concerned with resolving the "JR hiring problem" and he had left the government, negotiations with JR have advanced little.  
<http://kokuro.la.coocan.jp/news/4sha4dan/moushiire20101013.pdf>
20. Of the 1,047 individuals wrongfully dismissed, the nine associated with *Doro-Chiba* (National Railway Motive Power Union of CHIBA) have consistently been opposed to the settlement. They have joined with six members of the Kokuro labor dispute group who claimed to have been wrongfully excluded from the "Four Persons, Four Groups" and have rejected the settlement. Together they have announced they will continue the "National Railways Struggle."  
<http://www.doro-chiba.org/index.htm>
21. The main purport of this appeal is as follows. The "decrease in income" mentioned here refers to the decrease in income stemming from the labor fight campaign freeze instituted by Kokuro Headquarters as regulatory punishment against those labor dispute groups opposing the Four Party Agreement.  
*"Our anger stemmed from the fact that my husband's reputation was damaged, and the life of our family put into chaos. Unless the correctness of my husband's position is acknowledged and an apology given for the 17 years of suffering our family has endured, neither I nor our children will be satisfied. At the time the government publicly promised that no one would lose their livelihood, and that unions would not be discriminated against. In spite of this we have been neglected for 17 years. It has been reported that the Supreme Court will issue its judgment on the 22nd. Regardless of the decision given, no matter what happens, as long as our husbands' keep fighting, the responsibility for these illegal state-sponsored labor actions cannot be erased. Most of all, I want the government to take responsibility through the decision given in the Japan Railway Construction Public Corporation lawsuit. My fellows! Let us win through this decision! In order for the plaintiffs and their families to continue the fight, we ask for everyone's support in enlarging enrollment in the 'Protection Society' and with efforts for the winter campaign."* Video Press video (2001, op. cit.).
22. Kashiwadani, Shinji (2006) "*Naze, T. Jante-Shi wo Shouhei Shite, Shinpojiumu wo Kaisai Suru ka: 'Shakaiteki Kigyō' ni Yoru 'Saado Sekutaa' no Kakushin, Soshite 'Rentai' ni Motozuku Keizai Shisutemu no Kouchiku wo Mezashite*", in T. Jeantet Invitational Forum Editioned (2006, op.cit.).



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