

Human Resource Development for Social Businesses

– Experiences at KS Academy –

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*<Abstract> 2010 can be regarded as the inaugural year of the social business era in Japan, as Prime Minister Yukio Hatoyama gave his Declaration of New Public Commons, calling for citizens and corporate citizens to step up as players in resolving policy issues. It emphasizes the social nature of citizens and corporate citizens, calling for them to fulfill their roles through donation, participation, investment and support. Thus, social business incubation and relevant human resource development have become important issues. This article explores how these aims can be attained, by focusing on the experiences of the KS Academy, an institution jointly founded by Kawasaki City and Senshu University for the promotion of social businesses.**

Keywords: community, NPO, CSR, innovation, partnership

2010 can be regarded as the inaugural year of the social business era in Japan. 2010 was the year that then Prime Minister Yukio Hatoyama gave his Declaration of New Public Commons.¹ This declaration calls for citizens and corporate citizens to step up as players in resolving policy issues and take on public services which had previously been handled by the government sector. The same declaration also emphasizes the social nature of citizens and corporate citizens, calling for them to fulfill their roles through donation, participation, investment and support. The declaration led the Cabinet Office to start the Local Job Creation Project, a job support project utilizing social businesses, as a part of its Emergency Job Creation Program (Cabinet decision

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¹ Cabinet Office homepage, New Commons Roundtable Discussion. <http://www5.cao.go.jp/entaku/> (1.14.2012)

on December 8, 2009). The point of the program is social business incubation and relevant human resource development.

As background to the declaration, it should be noted that, whether they functioned or not, related specialized companies, legal system and infrastructure in the general venture business field prerequisite to promotion were either underdeveloped or insufficient before the declaration. Simply put, the social capital for social businesses is still underdeveloped. For the most part, organizations supporting and funding start-ups similar to how venture capitals provide capital resources did not exist. Those that did exist only amounted to a small fraction of existing specialized financial institutions and NPOs providing small-scale funding. Human resource development initiatives were limited to a few cases of mainly NPOs like ETIC aiming to be pioneering social entrepreneurs, as well as efforts by Keio University, Rikkyo University, Kyoto Sangyo University and a handful of other higher education institutions. In short, we need to acknowledge that at this stage, we have yet to establish the structures and business models for providing social business management resources. Here, there is a big gap between Japan and other developed countries which already have initiatives for both progressive social business development and regional development. An example of this would be the Big Society enacted by current UK Prime Minister Cameron of the U.K. Conservative Party.²

In 2008, predating the Declaration of New Public Commons, I started and taught the community business human resource development program at the Kawasaki-Senshu Community Business Academy in the Senshu University Graduate School of Economics. In this paper, I shall discuss the many factors behind why Japan has just now started to increase its expectations towards social businesses, and then speak to what I have taken from this experience and clarify the issues moving forward.

In Section I, I will overview the impact of industrial development on both urban and rural communities and speak to the challenges and limitations of community revitalization policy. In Section II, I shall then expand on this to cover the background, progression and challenges for the joint Kawasaki-Senshu University project for (community) social business human resource development.

I . Behind the Expectations for Social Businesses

As the backdrop to increased expectations for citizens and corporate citizens to start up social businesses, several limitations and strains have come to surface in Japanese regional economy development, which is based on industrial policies that now take local policies as a given. For one, the cities housing the giant corporations pushing globalization are becoming more built up, and a distinction is forming between the cities that can and cannot answer the call. Also, more individuals and corporations are "voting with their feet," so to speak, based on high expected utility coupled with low cost of living and location costs, again clearly delineating the

² "Let's hear those ideas.". *The Economist*, Aug 12th 2010.

regional haves from the have-nots. As a result, we are seeing polarized issues: the growing cities are negatively affected by concentrated populations and overcrowding, and the rural areas are negatively affected by increasing depopulation. The impending crisis here is the reduction and eventual extinction of the communities themselves, the basic living sphere for people.

Thus, society demands versatile, overarching urban policy packages that will go beyond the dimension of prolonging traditional social policy. It wants policies to tell us how to cope with the build-up industrial development has thrust upon our cities and to serve as a recipe for the community revitalization at issue.

Further, regional areas are increasingly feeling the strain of the underlying factors of overcrowding and depopulation. They look to strike a balance in basic policy in terms of the trade-off between economic development and community. These regional areas have no choice but to come back to these historical issues which have existed since the industrial revolution. (See Figure 1)

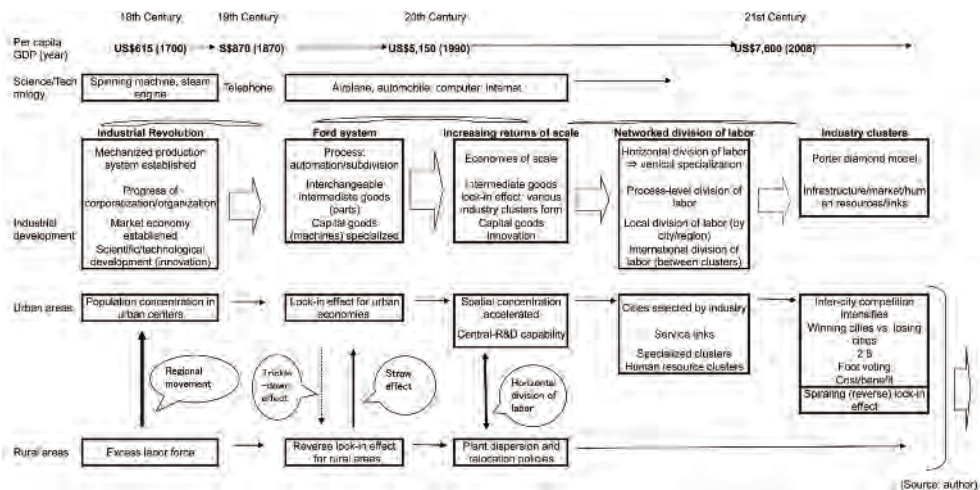


Figure 1: Industrial development and local economy

1 . From industrial development to intercity competition³

The industrial revolution. Taking per capita GDP as our indicator for economic growth, the global economy has grown more than tenfold in the 300 years since the industrial revolution, going from USD 615 in 1700 to USD 7,600 currently. The factors behind this economic growth are well known: the establishment of mechanized production systems, starting with the invention of the spinning machine; new science and technology, exemplified by technical development of railroad transportation with the invention of the steam engine; and progress in the modern industrial development process to begin the industrial revolution. With the industrial revolution

³ Noriyuki Sugiura, *The Theory of Urban Economy* (Iwanami Shoten, 2003), Section 1.

of the 18th century, the introduction of mechanized production expanded production scale, in turn leading to the emergence of organized companies. Developments in transportation have also further expanded market growth and ushered in progression of the market economy that brings us to today. With the expanded production scale, companies became more organized and formed a development cycle to expanded their markets. Inextricably linked with this expanded production scale, surplus labor forces migrated from rural communities to the cities. The more concentrated cities then entered a development process joining production and market.

The Ford System. Following the invention of the telephone in the 19th century, the automobile moved towards commercialization, being widely offered to the general public in the early 20th century. From within the automotive industry, Henry Ford created the assembly line, a mass production system using belt conveyors. Ford's assembly line system became the model for the modern production system. The Ford system further divides labor to automate and subdivide processes. It promotes specialization of capital goods (machines) to handle each process and encourages expanded production scale of intermediate goods (parts) by making such goods interchangeable and common. At its heart, the Ford system links production of capital goods and intermediate goods in the developing process.

As related industries became more intertwined, industrial clusters began to form in urban areas in what is called the lock-in effect of urban economics. Mass production systems provide various goods, which in turn increases the economic standard of living and utility of cities. Urban population grows, and the market sphere expands. Market sphere expansion then leads production scale to further expand, completing the development cycle. It should be noted, however, that as the more lock-in effect develops urban areas, the converse is true for rural areas. In rural areas, the cycle is one of population decrease, shrinking markets, reduced production scale, and declining utility in rural areas. However, the developments of rail and the automobile in terms of transport technology have increased the economic ties between urban and rural areas. Rural areas are beneficiaries of a trickle-down economic effect, which helps to offset economic power taken by cities in the so-called "straw effect." The plusses and minuses from the above effects will gradually come to affect the dynamics of rural economic development.

Increasing returns of scale. The Ford system's contribution to subsequent industrial development was in establishing a production system with increasing returns. This contrasts with traditional diminishing returns, in which marginal product decreases with additional production elements. Increasing returns are tied into the lock-in effect with production of intermediate goods. Accelerating intermediate inputs prompts more efficient, more profitable mass production and business expansion. In turn, the increase in business opportunity increases the number of small and medium-sized subcontractors used to supply intermediate goods. Tying the intermediate goods lock-in effect with capital goods innovation results in built-in increasing returns.

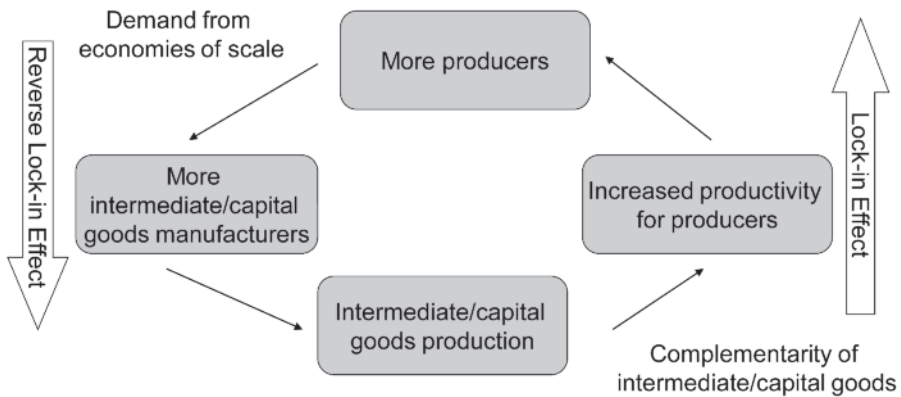


Figure 2: Lock-in effect

Source: Masahisa Fujita. "East Japan Reconstruction Measures From the Perspective of Spatial Economics," Research Institute of Economy, Trade and Industry, April 1, 2011.

When the bonds intensify between the main industries and the various intermediate goods industries as well as the innovating capital goods industries, these industries begin concentrating spatially. This forms process-level vertical division of labor between central and R&D capability in major metropolitan areas like Tokyo and regional production capability. Company headquarters and research institutes gather in the cities as the brains of the industry, and factories are pushed to rural areas.

Networked division of labor. In the pursuit for a more efficient production system, networked division of labor uses networks to link the best production centers in terms of cost and production, whether domestic or international. This system procures intermediate goods for assembly from clusters of specialized companies and industrial centers across the globe through high-speed transportation system. This has been made possible by combining fragmentation and specialization of components with the increased speed of transport between centers. Thus we have the system for division of labor by which global corporations cross international borders.

The problem with this for rural areas is that global corporations and their global expansion are pushing rural and urban areas further apart. Global corporations demand much functionality from cities: fast transportation and information networks that can smoothly connect them to other base points, an accumulation of science and technology for advanced technical development, a collection of specialized services well-versed in international accounting and tax systems, and living environments that will satisfy specialists for the above functions. Two particular keys are development of specialized services and what are called service links. These service links are for communicating and coordinating between production blocks to supply as

many intermediate goods and semi-finished products as needed when they are needed from production lines spanning multiple countries to the necessary production blocks.⁴ These are both high hurdles for urban areas.

Industry clusters. Currently, industrial clusters will converge in regional centers as networks disperse from these centers. This basic concept is called industrial cluster formation. Industrial clusters are based on the diamond model as proffered by Michael Porter. The basis of this model is that competitive environments, related industries, infrastructure, market spheres, human resources, and technical supply must be mutually set and developed, and that this grouping forms a.⁵ In reality, however, clusters fitting and not fitting these requirements coexist in industrial clusters both at home and abroad.

Cities that do not fit the requirements of a global city, are not suited to form clusters, or otherwise cannot offer the utility corporations and industries demand fall by the wayside. Corporations vote with their feet, and intercity competition heats up. As a consequence, the usual winners and losers start to become more apparent. The winners experience a lock-in effect, gaining industries and population in an upward spiral, and the losers experience reverse lock-in and fall into a negative spiral. Both effects become more and more ingrained over time. For the cities, the problems with the lock-in stem from persistent population increases for the winning cities and population decreases for the losing cities. The growing cities cannot keep up with the rapid population increases in terms of infrastructural development and maintenance and become overcrowded. Meanwhile, the shrinking cities fall below the optimal sizes in terms of things like markets and lifestyle as the damage from depopulation become more apparent.

2 . A Crisis of Community⁶

Communities. According to Jane Jacobs*, a city is a place of residence which has the power to economically grow of its own volition. Meanwhile, a metropolitan area is a city that politically and administratively engulfs many towns and grows larger than its administrative division. A nation's economy can be measured by the extensional growth ability of these cities. In this sense, cities are both a place for people to live and areas with production activity generating income. What makes a city a city is that all its constituents are consumers and not self-sufficient. They have economic support and are home to various forms of entertainment and educational cultural activity. Thus, the income generated by cities gets returned to its residents and invested in the goods and services needed for life as well as the entertainment and educational activity. A portion of this income is also returned to the city government to support urban life through administrative services and maintenance of public facilities. The city maintains a sustainable life based on this

⁴ *Ibid.*, Section 1.

⁵ Michael E. Porter. *Competitive Advantage of Nations*, Free Press (1998). Translated by M. Toki, T. Onodera, M. Nakatsuji, F. Tonari, Diamond-sha (1992).

⁶ Kenji Tokuda. "Life Behavior and Awareness of Kawasaki Residents" (Kawasaki Municipal White Paper: Senshu University Institute for the Development of Social Intelligence, 2007).

cycle.

Thus, city residents are more than just residents; they fulfill a number of roles: residents, consumers, workers and cultural providers. However, these multifaceted roles complicate the behavioral sphere of city residents. A resident's behavioral sphere is an overlapping stratification of his living sphere as a resident, his market sphere as a consumer, his commuting sphere as a worker, and his cultural sphere in terms of education and entertainment. Further, they belong to the city's administrative sphere as beneficiary of public goods and administrative services. City residents freely choose their residence for the opportunity to seamlessly juggle these stratified spheres and to economically maximize the benefit of their gains by making effective use of their time and money. People choose their city based on an extremely large number of factors. Community overlaps with the living sphere forming the foundation of one's behavioral sphere. **Foot voting.** The way city residents go about selecting a city is by foot voting. There is a limit to how far the benefits for public goods and services will extend. When cities and rural areas compete on differing provision of such public goods and services, residents can compare the utility gained by the goods and services provided and the associated taxes and costs and then voice their preference by moving. This concept was developed by American economist Charles Tiebout. City residents choose a city or area just as consumers select goods and services providing the most satisfaction at the lowest cost. The problem with choosing cities and areas is that cities and regions get divided into winners and losers.

Of course, people have different behavioral spheres on which to base their decision. Each has his own method of deciding and evaluating what weight to give each factor, whether it be free time, minimizing expenses, or being able to do what satisfies them. If a location does not meet your expectations, you can cast your foot vote and move. If it does meet your expectations, you will continue to live there. Whether a person exercises their foot vote depends on their total assessment of each behavioral sphere. In other words, they take many different factors together, assess the utility of the city, and decide whether they should stay or leave.

Each resident evaluates each behavioral sphere individually and has a total assessment of the whole. A housewife may focus more on the market sphere, while a worker might focus on the commuting sphere as it relates to commuting and employment. For those deeply interested in culture and education, the decision may rest on the cultural sphere. Also, assessment of the administrative sphere applies for all residents as beneficiaries of administrative services and public facilities. The overall assessment of a living area starts to rest on how the resident evaluates these stratified behavioral spheres in total. If overall assessments are low, we start to see people moving from the area. If assessments are high, residents will choose to continue living in the area without moving.

Whether a city can establish a basic living sphere and community greatly influences its benefit.

From communities to associations. From the industrial revolution to the present, industrial development has changed how people relate. It has transformed the traditional personal community based on regional and blood ties into the modern association, formed by people as

functional organizations for common interests.⁷ By prompting the population to concentrate in cities, industrial development downplays *gemeinschaft*, or primary society which overlaps with our basic living sphere. Meanwhile, it increases the relative importance of *gesellschaft*, or secondary society which overlaps with the market sphere. According to *The General Laws of Social Ties* by Japanese sociologist Yasuma Takata, this falls under the law of fixed quantity of ties, which states that the product of a society's population scale and its level of social ties are fixed. The same law says that constituents in societies with decreasing populations will be more connected and the community will shrink; conversely, in societies with increasing populations, people become less connected and the relative importance of the community decreases. Thus, both overcrowded and sparsely populated societies will face serious issues with a breakdown or reduction of the community. How these issues are resolved is directly related to resident foot voting.

3 . Community Policy Issues⁸

Personal and Regional Ties. The appeal of rural areas for residents is their strong ties with and deep attachment to the local society. People are connected to the region from childhood and need the interpersonal connections to nurture this attachment.

In *Emile*, Rousseau said that man is created by education. Children are born with the innate ability to survive. Rousseau called this ability nature, and showing respect for this ability is education. He believed that it was the mission of every educator to draw on this natural ability and guide a person from childhood to adulthood to become a member of society. In early childhood, children should be taught to suppress their own desires to the extent possible. In later childhood, children must think for themselves in accordance with their own interests. In adolescence, they must learn to live in harmony with the social order rather than trying to have their own way.

In Japan, this is not exactly how things have played out. In a climate stressing academic supremacy, children stay at cram schools until late at night because a studious child is considered to be a good child. As such, they do not eat dinner together with the family and have fewer opportunities to interact with their parents. Meanwhile, with the social advancement of women, children get neglected as mothers leave the home and fathers are indifferent. In many cases, families are having less children, and parents are becoming overprotective and imposing excessive expectations on their children. With urbanization on the rise and neighborhood ties disappearing, social life is suffering. Factors such as environmental deterioration and atopy from economic growth, and other adverse affects on child growth are on the rise.

The most effective plan to counteract the decline of local communities should be to view the problems from the viewpoint of the neglect-prone children and start to restructure by

⁷ Hiroshi Matsuno, "What is a Community?", *Introduction to Community Business for Residents*, Senshu University Press (2011).

⁸ Kenji Tokuda, *The Regional Economy Big Bang*, Chapter 5, Toyo Keizai (1998).

rebuilding our local communities. The only way for this to happen will be for individuals to step up and push for creation of better towns, villages and cities.

Even so, simply screaming about decentralization and regional development has no meaning if our own local communities and hometowns collapse. Raising income levels and pushing for regional development would not bring things back. This would mean the collapse of traditional local communities and the base beneath the low productivity of our rural communities. It would weaken the sense of community while increasing weight on the highly productive urban society. If our sense of community weakens, so too will the notion of preserving region-specific natural environments, historical resources, and other local resources. First, we must advance local social policies and organize the issues. Professor Ken'ichi Tominaga of Tokyo University has said that the main social structure of modern society is a triangle of family, school and company.⁹ Each of the below are becoming serious issues. Whether dealing with overcrowding or depopulation, communities are facing the following specific policy issues:

- 1) City residents with ever weakening regional awareness
- 2) Decreasing numbers of rural residents with regional awareness
- 3) Lowered sense of family due to the social advancement of women, etc.
- 4) Reduced significance of schools due to norm-based education, etc.
- 5) Companies vacating regions due to the advance of international division of labor, etc.
- 6) Erosion of natural and historical resources due to development

In the sustainable sense, community revitalization policy is needed to sustain industrial development while working to maintain our communities. The themes of community revitalization policy are given below¹⁰:

- A. In conjunction with regional development, put a halt to the decline of regional and blood tie-oriented primary society. Support activities, NPOs, volunteer and neighborhood councils, elders' groups, youth groups, women's groups, children groups and other local organizations with regional awareness. Promote town-wide events and other activity key to community identity.
- B. Increase capacity for secondary society including companies and other forms of association to help introduce market principles to the region. For example, strengthen ties between internal and external labor markets in companies and promote a flow of labor within and outside the region by hiring locally and from other regions. On the flip side, suppress inner city problems, increase of crime rates, social conflicts, and other negative effects of the secondary society.
- C. Develop a school education system with market and regional ties in mind. In terms of market ties, promote training and capacity development for capable financial experts

⁹ Ken'ichi Tominaga, *A Lecture on Sociology*, Chuo Koron (1995), 120.

¹⁰ Kenji Tokuda, *The Regional Economy Big Bang*, Toyo Keizai (1997), Chapter 5.

and businesspeople, industry-academic exchange, and support for technical innovation. In terms of regional ties, continuing education for the elderly and children alike, local studies, and local history research will form a center for regional culture and life. Provide sufficient services and infrastructure for libraries, schools and community centers.

- D. Support the ties between family, market and the region. The development of the social security for left behind family members and the elderly, systems for elderly care and medical care, childcare systems and other social programs becomes the base for families to advance into society.
- E. Support ties between companies and the region. Things such as regional contributions and communication with local residents form the base for companies to become rooted in, hire from, and both give and receive orders from the region.
- F. Preserve the basic living sphere environment. This includes everything from the ecosystem and natural environment to maintenance of the townscape, historical sites and other historical and social environments. This will stress the importance of and preserve the natural environment, historical landscape, traditional skills and other local resources.

Local community reorganization. Regional awareness can be seen as a sense of belonging to the local community. First off, a sense of belonging manifests itself in people's intent by them settling in the region. This intent is directly seen in terms of fluctuation in the local population and number of households, and indirectly seen in voting rates and level of interest for local government. Secondly, sense of belonging is shown by the level of local civil participation. It shows in how much time and expenses a household devotes to volunteering, community activity, and other such activity. Indicators for companies would be community participation levels in terms of social contribution costs and environmental preservation costs.

Yasuma Takata saw modernization as primary society or *kiso shakai* breaking down to be replaced by secondary society or *hasei shakai*, resulting in rationalism and individualism being given precedence. In other words, this means that people will throw away their sense of belonging to their community along with its regional and blood ties to chase profits. As cited by Ken'ichi Tominaga, this can be called a rivalry between *homo economicus* (the "economic human") and *homo sociologicus* (the "social human"). Professor Takata's secondary society is nearly equivalent to associations based on mutual interest (*gesellschaft*), which can be seen as market socialism at its utmost extreme.

Professor Tominaga sees the triangle of social structure as an island floating in the market's ocean. Further, he does not see the borders between the ocean and island as being that fixed. From a regional perspective, the market comes in a form that becomes intertwined with local community. As Professor Takata's primary society shrinks and secondary society expands, the family, as well as schools and companies, place more importance on market connections as a household economy and economic entity, respectively. First and foremost, the household lives its social life based on its basic living sphere, centered around its blood and regional ties. This

has a very strong social dimension to it, with a focus more on the world shared with the neighborhood than the market. The market sphere is in the top order of the basic living sphere. The household shops not in the neighborhood, but in a shopping center, supermarket or other market institution. Any number of these market spheres come together to form a local cultural sphere. In turn, this local cultural sphere is a collection of any number of living spheres. It is a given that there are idiosyncrasies specific to that local cultural sphere. Within the local cultural sphere, there is a central regional city. Such a large local cultural sphere needs a central city that can hold a market of that size.

Following Professor Takata's law of social ties, as economic development and market-oriented economic reform become advanced, the basic living sphere will shrink and the secondary society or market sphere and local cultural sphere will expand. However, the market sphere and local cultural sphere cannot exist without the basic living sphere. A market sphere with no basic living spheres has no bonding force, as if it were built of sand. It degenerates into a mob that just happened to gather in a particular region. Schumacher's concept of strengthening regions and reorganizing the entire society based upon them¹¹ is key.

Revitalizing civil sector initiatives. The civil sector's commitment to social issues overlaps with activity in reorganizing the communities forming the base of the region. In addition to government sector efforts, the civil sector is stepping up action on social issues. The government has taken the public's perspective into account on even with social policies. There are several examples of such town development movements, including the role revisions for public libraries in Hino and other smaller cities in the 1960s and Kakegawa's declaration of lifelong learning in the 1970s. In particular, the civil sector seizes economic crises and disaster as chances to be more active and participatory. Modern era examples include the oil shock and bubble era regional development, as well as the devastating damage of disasters like the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake. Further, the civil sector has been pushed to participate and seen increased social opportunity due to factors like the recent return of baby boomers to their locales and financial limitations on the local governments themselves. Disasters in particular have sparked support. A total of 1.3 million volunteers from around the country helped disaster areas in the Great Hanshin-Awaji Earthquake, and both civil and corporate sectors offered support, funds and volunteers in the Great East Japan Earthquake. The Great East Japan Earthquake in particular has increased the presence of social business through businesses, international NPOs and other supporting bodies. (Appendix of modern regional economic system)

4 . Expectations for Social Businesses

What is a social business? The Ministry of Economy, Trade and Industry (METI) estimates

¹¹ E. F. Schumacher. *Small Is Beautiful: Economics as if People Mattered*, Harper (1989). Perennial. Translated by K. Kojima, T. Sakai, Kodansha Gakujutsu Bunko (1986).

the market size for social businesses in the U.K. to be around five trillion yen. In contrast, Japan's market size is a mere 200 billion yen. This figure is directly comparable to a mature Japanese film industry and the growth industry of social media. As with social media, experts believe social business also possesses high growth potential. Going by estimates from the METI Social Business Research Council, that market potential is two trillion yen. Accordingly, only a tenth of the market's potential as come to surface. The issue of social business is how to bring about the remaining 90%.

Put simply, a social business is one that addresses social issues. For general businesses, having business viability and innovation is enough. Social businesses, however, add to this a social aspect. Thus, social businesses continuously address social issues as a business while creating new social value and social structures. In this sense, our experienced impression is that in building a curriculum, human resource development for social business should be a higher hurdle than the standard MBA.

Now let us look at the differences between community business and social business. The two are almost synonymous. The two primary examples are public interest companies and business-minded NPOs. Residents also enter the equation with NPOs. In terms of scale, social businesses are bigger than community businesses. Social businesses also handle a wider range of social issues over larger geographic spreads. Community businesses put more weight on individual residents, whereas social businesses lean more on companies. Still, their intentions are not far from each other. Also, there are two types of NPOs: those based on business income and those based on donations and trusts. Business-oriented NPOs are central to both social businesses and community businesses. Still, while these operations know their focal points are viability and social benefit, it is no small task choosing where to draw the line between the two.

NPOs are expected to produce great public merit. There are five common points that make an NPO beneficial to the public: they must be a formal organization, non-governmental, non-profit distributing, self-governing and voluntary.

Social businesses sometimes call related activity civic engagement. This also shows their public good and volunteering nature. The Kawasaki Citizen Activities Center has criteria stipulating that residents volunteer for activities on an on-going basis. They are not-for-profit. These activities have public merit and are open to the public. They help to solve social issues. Thus, their criteria for selecting grants are that they have public merit, are specific, are pioneering, are independent, and offer practical capacity. A few examples include the following: Mamatonkids, a parental support NPO providing a child enrichment program; Smile Skip, a children's cram school supporting emotional development ; the Kawasaki Dementia Support Center, an NPO supporting those with dementia and their families, and Family Orchestra, a child-based Musashi Kosugi orchestra. Another is Rire, an NPO run by a KS Academy alumnus that holds rakugo story gatherings. All of these are working to revitalize the community from diverse perspectives. The Kawasaki Citizen Activities Center reviews at least 100 grants a year, and prepares aid for NPOs for start up, step up and other stages of development.

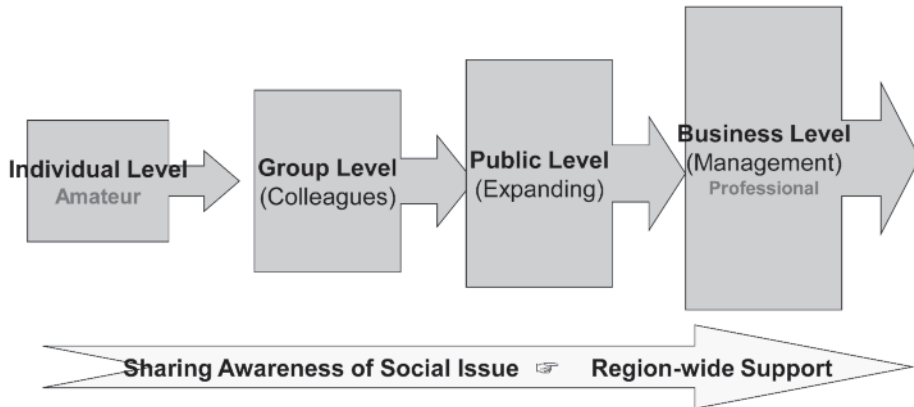


Figure 3: Development process from volunteering to a business

Source: Satoshi Kanbara, “What is a Community Business?”, Introduction to Community Business for Citizens, Senshu University Press (2011). Chart by K. Tokuda.

Those in the venture business sector are familiar with the process from startup through business development. Community businesses start as a civic engagement. They may start small at an individual level, but they actually have the same worries and issues as other startups and bring them to the gates of the Citizen Activities Center. This is the starting point. To put it simply, development for social and community businesses goes from volunteerism to a business. From the individual level, they expand to the group level with colleagues, then grow a network at the public level. Finally, they move to the business level and form management. Over the process, they will share an awareness for their social issue and develop region-wide support. The process is the same as normal manufacturing: it all starts with one.

There are any number of fields for social businesses, from town development to childcare to independent support for persons with disabilities. They may deal with insurance, medical care, welfare, human resource development, or the environment. There are also social businesses for Ikuta Ryokuchi Park in Kawasaki. A number of NPOs are active in Ikuta Ryokuchi Park. None other than KS Academy is contemplating a social business in the field of human resource development. In short, social businesses target any and every social issue.

Next, we will look at the economic aspect of social business. This comes down to the social expenses borne by citizens and corporate citizens. Local government finances are based on transparent financial costs. They are in a sad state with fiscal reform and debt burdens. Theoretically, however, even with a financial surplus, they likely would not have enough to cover the enormous social expenses needed to solve our social problems. The problem is how to finance this insufficiency. Government was thus compelled to seek help from the corporate and civil sectors as parts of the public sector. This is the financial aspect of social business.

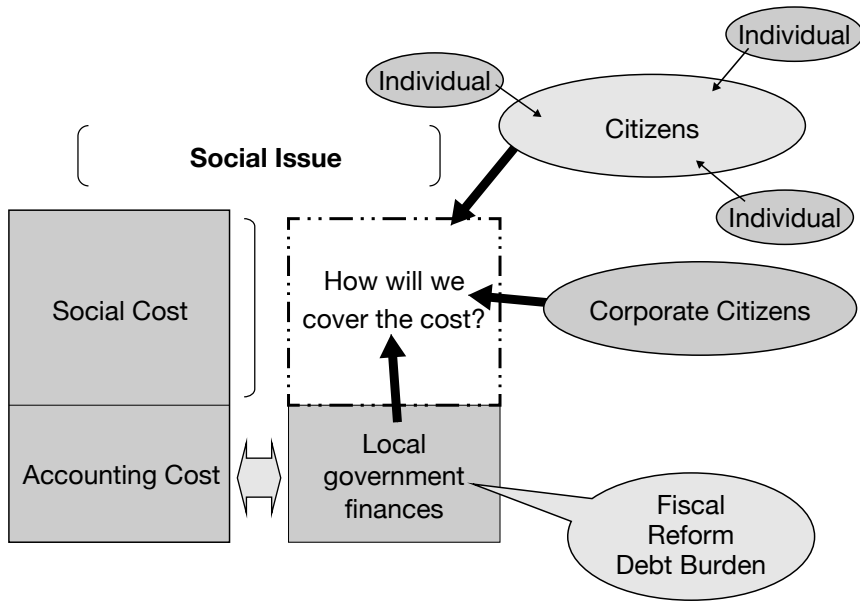


Figure 4: Economic Significance Social cost burdens for citizens and corporate citizens

The civil sector is a collection of individuals. The power of individuals is limited, even with people donating to NPOs on an individual basis. They cannot cover the high social costs. With the restrictions currently in place, individuals cannot directly support those providing support for the elderly or care for those with dementia. People can, however, donate to support groups to provide indirect support. In this fashion, funds from individuals are collected as the civil sector's part in covering expenses. Companies will also make donations. This is the economic position of social business.

Financing is a big problem for social businesses. In reality, the financial structure in place for social businesses is largely insufficient. It is also not realistic for finances to depend on local government. Further, there are many defects in the system for financing from the civil and corporate sector. This is a large problem in terms of practicality. In the U.K., for instance, financing is comprised of political funding that goes to regions, fields and issues of need, as can be seen in the figure below. Social capital development is crucial in this systematic sense.

Helping hands Social Innovation Fund		
Organisation	Grant	Project
Jobs for the Future	\$7.7m over 2 years	Training for 23,000 poor people and more than 1,000 employers
Local Initiatives Support Corporation	\$4.2m; 1 year	Teaching poor families to make better financial decisions
Mayor's Fund to Advance New York City	\$5.7m; 1 year	Replicating NYC's anti-poverty programmes in other cities
REDF	\$3m; 2 years	Finding jobs for the homeless, ex-prisoners and mentally ill people in Californian non-profit organisations
Foundation for a Healthy Kentucky	\$2m; 2 years	Improving access to health services and reducing health inequality in several poor communities in Kentucky
Missouri Foundation for Health	\$2m; 2 years	Tackling smoking and obesity in Missouri
National AIDS Fund	\$3.6m; 1 year	Helping HIV-positive people receive professional care
New Profit	\$5m; 1 year	Working with non-profit groups to help young people make the leap from high school to college
Edna McConnell Clark Foundation	\$10m; 1 year	Helping youngsters stay in school and out of trouble
Venture Philanthropy Partners	\$4m; 2 years	Helping "vulnerable" people aged 14-24 find education and jobs around Washington, DC
United Way of Greater Cincinnati	\$2m; 2 years	Investing in education and career guidance in Cincinnati
Source: Corporation for National and Community Service		

Source: "Let`s hear those ideas," *The Economist*, Aug. 12, 2010.

Background on expectations for social businesses. This is an economic explanation of the background on why citizens and corporate citizens are encouraged to work together in social businesses on the issue of community revitalization.¹² Local governments are hitting up against their limits and are left no recourse but to seek help from its citizens who themselves are interested parties. On the government side, this is due to administrative optimizations and staff cuts because of the character of income from taxes and fees used as resources as well as budget deficits. Government cannot cover the great expenses required to solve the community problems touched on previously with such limited fiscal revenue and staff. The public sector cannot handle the new public services emerging with their limited financial resources. It is particularly difficult for them to bear economic costs pushing the limits of their accounting costs as well as the potential costs for social issues.

Many local economies in rural areas are in a particular state of structural crisis. The questions at hand are what has become of local economic structures and how they have changed, as well as what they need to revise and how they need to do it. An analysis of income and

¹² Kenji Tokuda, "A New Generation of Citizens: An Opportunity for Town Self-Realization," *Introduction to Community Business for Residents*, Senshu University Press (2011).

expenditure is an effective approach to these questions.¹³

$$\text{Citizen income} = \text{private consumption} + \text{private investment} + \text{fiscal expenditures} + \text{imports}$$

This shows that the expenditures and demand on the right side of the equation produce citizen production and citizen income.

Citizen income above is distributed as follows:

$$\text{Citizen income} = \text{private consumption} + \text{private savings} + \text{tax} + \text{imports}$$

This shows how income is distributed.

Here generated income equals the income to be distributed, meaning that:

$$\begin{aligned} \text{private consumption} + \text{private investment} + \text{fiscal expenditures} + \text{exports} = \\ \text{private consumption} + \text{private savings} + \text{tax} + \text{imports} \end{aligned}$$

From this, we find that¹⁴:

$$(\text{private investment} - \text{private savings}) + (\text{fiscal expenditures} - \text{taxes}) + (\text{exports} - \text{imports}) = 0$$

This equation shows the economic structure of a region. If private investment is weaker than private savings, chances are greater that the regional productivity, and consequently its competitive power in exporting, will decrease. As a result, there is an increasing danger of imports exceeding exports for a negative trade balance. Weakened productivity can lead to sluggish tax revenue, and the danger arises of fiscal expenditures exceeding taxes for a budget deficit. This vicious cycle is a typical pattern for regional areas. It is also the most common pattern in many regions. According to the same equation, many regions have trouble proactively enacting policies due to deficits in a vulnerable private sector, a government sector chronically in deficit and an externally dependent external sector.

On individuals, however, there is a greater limitation. All of the issues are simply too much for any one individual to bear, and will cost at least a certain amount to resolve. As a

¹³ Kenji Tokuda, *The Regional Economy Big Bang*, Chapter 2, Toyo Keizai (1998).

¹⁴ The value of each item depends on the following base calculations:

I : Private investment = gross fixed capital (nominal and private)

S : Private savings = I + (G - T) + (X - M)

G : Government spending (Federal and municipal) =

final government consumption expenditures + gross fixed capital (public)

T : Tax revenue (Municipal, prefectural and federal) = city tax + prefectural tax + federal tax

X : Exports - M Imports net goods and services imported/exported

matter of fact, the power to bear economic costs—including the time these issues require—will differ from household to household, thus making it nearly impossible for all households to afford equal service. Further, these are issues common to all households and the community alike, and a business is not likely to be compensated enough to cover the enormous costs. Thus, it makes logical sense for the public sector to provide these services. Also, policy-wise, the government feels that smoothly providing services that help resolve issues will increase the overall opinion of the region with residents and increase motivation for them to settle there long term.

Therefore, the government sector has no choice but to request help from companies and households as part of other sectors in the local community to bear these social costs, and the contributions requested are substantial. They are forced to rely particularly hard upon the accumulated assets and income of the household sector, which also shares an interest. The substantial burden of costs asked of citizens themselves, including their time and funding, is why such activity must be done by volunteers and non-profit corporations.

The various issues facing communities do not stop with mere civil engagement—this is another advantage of using social businesses to resolve issues. For childcare, support for the elderly and many other issues, businesses are not likely to be highly compensated given the financial capacity of the service beneficiaries. In order to ensure the solution is sustainable and universal, however, businesses need enough income and expenditures to secure a certain amount of profit in order to maintain the organization and its ability to execute. It is thus essential for them to adopt businesslike solutions which efficiently utilize management resources in terms of people, things, money and information and limit the enormous costs while providing the necessary services. Nonetheless, business limitations will arise if the business sustainably provides a service for which individuals are expected to pay a certain amount without clearly sharing the social significance and philosophy of its services with all its beneficiaries. In this sense, social businesses are more difficult to run than normal businesses simply looking to maximize their returns. In establishing such a management philosophy, social businesses can secure status as pioneers in unexplored fields which are hard to enter. From an industrial sense as well as a public sense, social businesses have untapped potential.

II . Human Resource Development for Social Businesses: Experience from KS Academy

While the expectations for social businesses is great, the supply structure for management resources is very incomplete. Business-oriented NPOs in particular are not centered on business revenue; their income is based on donations, loans, grants and contract revenue. Human resource development is also very limited compared to the system in place for general businesses. Initiatives in place include those by ETIC and a limited other number of NPOs and the Cabinet's Community Employment Creation Project started in the 2010 fiscal year. Those in higher education institutions are limited to Keio University, Rikkyo University, Hosei University, Kyoto Sangyo University, and a handful of others. Given this, the Kawasaki-Senshu Community Business Academy (hereinafter "KS Academy") opened in 2008 by Senshu University is a pioneering initiative. The KS Academy is a community business human resource development

program run for three years now by Senshu University in cooperation with Kawasaki City Hall as a part of the MEXT 2008 Worker Retraining Program¹⁵ The discussion on human resource development for social businesses herein is based on experiences at the KS Academy.

Kawasaki social businesses. First, a look at the state of social businesses and community businesses in Kawasaki. While this is not limited to Kawasaki, the field is imbalanced in terms of supply and demand. Likening the two to a seesaw, the demand is the much heavier adult keeping the much lighter child's feet from ever touching the ground. How to resolve this imbalance is often an acute concern.

We will start with the supply side. The base players are citizen-based NPOs and corporate citizens. First off, there are 317 specified non-profit organizations under Kawasaki jurisdiction compared to about 40,000 nationally. Looking at this as a function of the national population, Kawasaki has 1.1% of the national population but only 0.7% of the country's NPOs. Also, a Kawasaki Citizen Activities Center survey of Kawasaki NPOs shows that they are extremely small in scale. There are some larger NPOs with annual budgets of 50 million yen or more, but the majority are under 500,000 yen. In essence, they are smaller operations. Management is vastly smaller than that of smaller manufacturing industry companies.

Regarding business revenue, the Kawasaki Citizen Activities Center survey shows that membership fees are 37% and business revenue only 21%. For business-oriented NPOs, business revenue is the main income with the remainder comprised of private subsidies, public subsidies and private grants. Support is provided by Suntory, Benesse and other private businesses. There is also business contract revenue from government and private contracts. Donations provide additional income; some NPOs are kept going by private donations. They do get income from membership fees, but donations play a very large role. Accordingly, donations would decrease with no business revenue, and if they dried up completely the business would not be able to continue. Decreases in revenue are a big problem.

The issues are in people and funding. In the Citizen Activities Center survey, most all the problems given by the groups were related to financial and human resources. They do not have sufficient financing for their activity, business revenue or grants coming in, and they do not have enough supporters, participants and staff. They work hard every day while juggling an amazing number of issues. It is almost enough to make them forget the philosophy they share over the course of their daily work.

Corporate citizens in Kawasaki have not been sufficiently investigated, but social business from their perspective is a major theme. There are a number of issues in figuring how much social business there is within company activity in the name of their corporate social responsibility, or CSR. It comes down to how their core business and local contributions relate. Last year, the Nippon Foundation conducted a survey of the 100 most advanced Japanese

¹⁵ Senshu University (2011). "Report on The Kawasaki-Senshu Community Business Academy, an Education Promotion Program for the FY 2010 'Worker Retraining Program.'"

companies in terms of CSR. According to the survey, overseas the ratings company Morningstar already factors CSR ratings into their stock price index. In 2009, the Nippon Foundation also started a CSR rating system for advanced Japanese companies. Taking examples from overseas examples, a company's stock will drop if it purchases something from a company with a low CSR rating or has some scandal. Socially irresponsible activity will also make the stock drop. International awareness regarding CSR is high, forming a foundation for social business by corporate citizens.

Taking Odakyu Railways as an example, the railway on which Senshu University is located focuses on child education through living environments and nature. Meanwhile, it is running a social business to turn recyclable food waste collected from its food-related companies as livestock feed. According to a Nippon Foundation survey, 66% of businesses surveyed had initiatives with an NPO or NGO, 92% were volunteering as a corporation, and 51% had a leave system in place for volunteering. However, only 3% had projects working with citizens or embedded in their core business. This shows that it is exceedingly difficult to get corporations to link contributions with their core business in the way social businesses do. Nonetheless, many companies are thought to have great latent potential and awareness in how to link local contributions to their business.

Pro bono work is another new development. Pro bono comes from the Latin phrase *pro bono publico*, meaning "for the public good." This describes Earth Day Money, an NPO for local currency headed by KS Academy instructor Ikuma Saga. Businesspeople and professionals can put their skills to work to make social contributions in their spare time pro bono. They donate their skills on Saturdays and Sundays over the weekend. For example, a professional systems engineer might gather some town children on the weekend and teach a computer class. This is a point worth taking note of, and is also a way to help the work-life balance. Pro bono work allows professionals to use their expertise and make tangible contributions to society.

In the broader sense, social business is part of the welfare industry. Kawasaki is holding a contest for ideas on commercializing welfare products. Ibuki Electronics with its Clear Voice products and Associe Chaco with its clothing for the elderly and disabled, allowing easy dressing and undressing, are but two examples of smaller Kawasaki companies that have gotten involved. According to a Kawasaki survey, 30% of businesses are interested in the welfare sector. Welfare-themed businesses extend beyond just services, also including manufacturing. There are also possibilities in this field.

Ideal city model according to Kawasaki residents

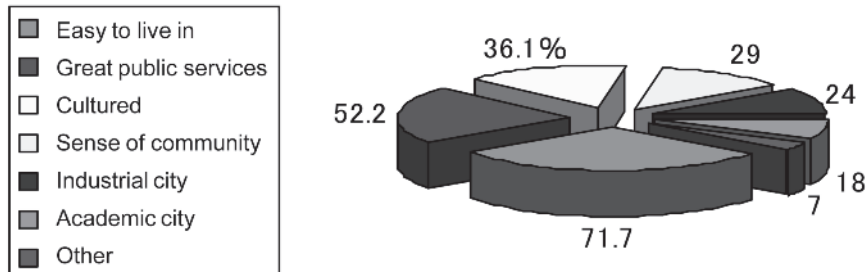


Figure 5: Citizen Needs: Ease of Living

Source: 2009 Senshu U. ORC Survey

Now, let us look at the demand side. This is the problem for the civil sector. The civil sector presence in Kawasaki is very high. According to a joint survey by Senshu University and Kawasaki, the value added by the manufacturing industry and net employee salary brought in by Kawasaki residents working in Tokyo and by the residents of outside the city working in Kawasaki are almost the same at 1.2 trillion yen and 1.3 trillion yen, respectively. When asked their needs as a resident in the joint study, 71% of Kawasaki residents stated that their ideal city model was a "city that is easy to live in," and 52% wanted a "city with great public services." The response rates for things like "city with culture," "city with a sense of community," or things synonymous with Kawasaki like "industrial city" or "research city" did not score highly.

In terms of social fluctuation, Kawasaki is an exceedingly fluid city. It has an especially high moving rate. There is a net outflux in the 35-39 year-old range. Kawasaki has a high rate of influx, but also has very high outflux. This can be taken as there being an extremely high number of people moving out in search of the place they want to live out the rest of their lives. For example, here is a rush for condominiums in Kawasaki's Musashi Kosugi and land prices are on a steep rise, but the question is whether these new Kawasaki residents will settle down or not. A related survey had a section on living environments, and residents rated Aso district very highly for Kawasaki. Even Aso district though has comparatively low standards; the districts of Tama, Miyamae, Takatsu, Nakahara, Saiwai and Kawasaki scored even lower.

Despite this, recently a high number of Kawasaki residents have taken up an interest in civil participation, as shown in the National Survey of Lifestyle Preferences by the Cabinet Office. According to the White Paper on National Lifestyles, 38% of respondents have not volunteered, but would like to in the future and 11% want to volunteer more. Another 6% want to reduce their volunteering efforts. Overall, however, the majority are interested in civil participation of their own volition. This is the latent potential of the civil sector.

The Kawasaki-Senshu Community Business Academy. We started the KS Academy in light of the above. In a way, there are things that we never would have known had we not tried, and we still have plenty left to learn. In any case, we just wanted to improve the supply-demand imbalance by providing human resources. There was too little supply, so despite our small size, KS Academy was looking to put our weight into pushing the seesaw down, even if just a bit. This is the project we have been putting our all into together with the Kawasaki Economic Affairs and Labor Bureau.

The KS Academy has opened a satellite campus in front of Mukogaoka-Yuen Station. There is a high-rise apartment building here that is symbolic of the Noborito redistricting project and the 69 block. Senshu University purchased the second floor of this building and is using it as a satellite campus, with KS Academy holding night classes. Having night classes and good access to the train is absolutely essential for the working class. Our idea is to ready citizens and return civic power to the region. We started classes for the 2008 school year with MEXT support. This was a MEXT Worker Retraining Program and a university Good Practice program and was completed in March 2011. The KS Academy conducted the program as a special program of the Graduate School of Economics with a certificate issued. It was a course program for a certificate, not a master' degree course.

Building a structure for producing community role players at KS Academy

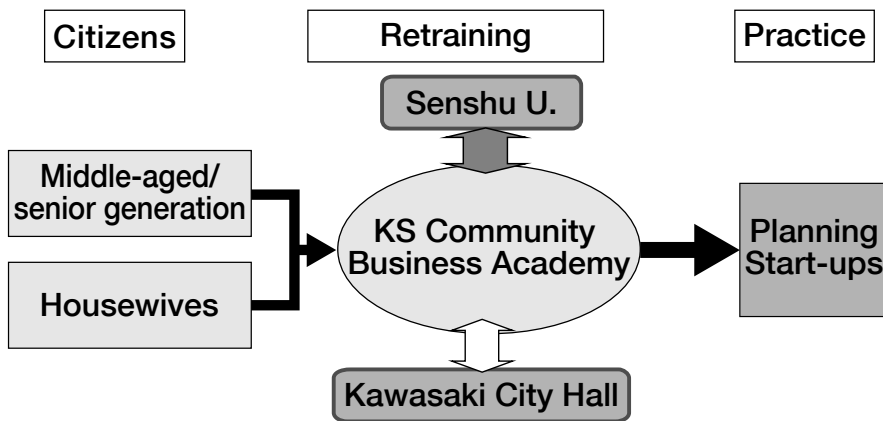


Figure 6: KS Academy establishment

Our aim is for innovation not in the industrial sector, but in the civil sector. We look to create a community in which local citizens solve local problems for themselves. This is the civil sector innovation which we envision, and KS Academy is just the first step. In response to the

resident desire to develop Kawasaki into a city where they can feel at home, we will search out and build a way to make it happen. We look to train the people that will make this happen.

People need support for many things in life. Childcare is one of them. Many of the younger generation moving to Kawasaki have no ties here. Younger married couples have no idea who to talk with. Childcare and support for the elderly are problems common to us all. Shopping district revitalization, environmental preservation of Ikuta-Ryokuchi Park, child education—the community has any number of issues, and there are too many limits on individuals to solve them alone. Community businesses may use the word "business," but depending on your point of view they represent sustained, continuous activity that needs to be done. What is more, the people able to do something about it are few and far between.

As such, in an effort to build a system for producing such players, we exchanged ideas with the Kawasaki Economic Affairs and Labor Bureau and Tama Forum members and opened the KS Academy. Attendance is mostly middle aged to seniors and housewives, but we have students from their 20s through 70s. Keeping up ties with Kawasaki City Hall and the Tama Forum, the KS Academy solicited these groups for people looking to retool their skills, volunteer and start up businesses. We thought of the KS Academy as a piece in a bigger puzzle. When we started, the goal was not clearly visible.

Our teaching staff of researchers and practitioners teach a graduate level curriculum. We gathered people from various schools, not just Senshu University, and were able to use a lateral network of researchers and practitioners. As with the student base, the teaching side aged from young to old. The systematic learning program progressed gradually step-by-step, going from introduction to sharing, then application and finally practice. Even those with no prior field knowledge could follow the steps and master the program. It was an intensive 120-hour course so that students could master the subject quickly.

Our aim was a balance of theory and practice. For field training, we took them to different places, including a locavore group called Mimizu House and the Noborito shopping district. The theme at the shopping district was to figure out how a character named Namazun should make its debut. In accordance with the graduate program, students had to write a research paper on this theme, present it and get graded. There were 10 such themes.

If anything, the KS Academy has created battle-ready graduates in numbers. We have 150 graduates already. These numbers include a deputy mayor and people that have worked for, volunteered for and started NPOs. Others have become community leaders, worked for local companies, advanced to graduate school and become university faculty members.

The program alumni association is called the KS Tokoton Club. In a sense, it is a professional group. Their network and ability to get things done really is a sight to see. One graduate overcame odds of 1:1,500 to assume the position of Deputy Mayor in Hyogo Prefecture's Toyooka. Originally from Kyocera, he learned about local problems at the Academy and applied for Deputy Mayor. There is also Lire, KS Academy's first original NPO. Run by Akemi Kikuchi, Lire works together with academy students. Rather than on an individual basis, Lire works on new initiatives with the support of academy graduates.

There is also Yasuko Kasahara of Sakurano Oka. Sakurano Oka operates as a day nursing service care managing business and community salon out of Yurigaoka. Ms. Kasahara won at Kawasaki Institute of Industry Promotion Kawasaki new business audition and opened her business in early March 2011. We provide support for our graduates' initiatives, and a number of academy graduates have also joined us as a support group on a grassroots pro bono basis. If someone has the will, the point is to figure how to make it materialize or commercialize it, and then expand the process to include how it will be supported.

There are four factors that have contributed to the level of success that KS Academy has enjoyed. First was coordinating with Kawasaki City. Grass Kawasaki has supported our graduates and helped in conducting field training. Second is the support of MEXT who has spoken highly of the achievements of KS Academy. The university saw the project itself as a social venture. It was a rather high hurdle to jump for a private university, but Senshu accomplished it with MEXT approval and support. The third and biggest point was the high motivation of the citizens who participated. The heated debates were enough to keep the younger instructors a bit on edge. Having such highly motivated students with such life and academic experience ask questions was quite the experience. Finally, the lateral network of teaching staff in participation was quite helpful. The project was accomplished with a lateral network of practitioners, educators and researchers. The teaching staff was motivated as well.

Collaborative partnership formed the base of our success, and by partnership, we mean people joining forces to work together.

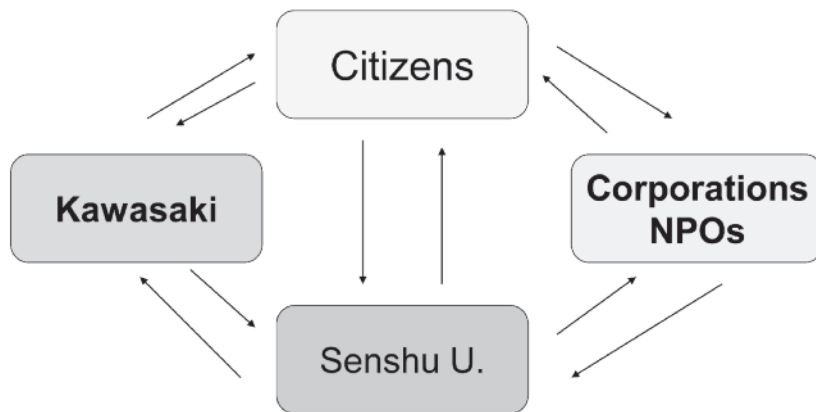


Figure 7: Partnership – the base of success

These four factors work together like a team, and citizens play the key role. Kawasaki, businesses, NPOs and other parties have steadily supported us by accepting our field training. Senshu University and corporate bodies will continue to stand behind the program in favor. This partnership has done well in supporting KS Academy.

Conclusion

In the future, KS Academy is looking to build ties not between industry and the school but between government and school centered on the civil sector and between the people, government and school. As a part of this, our aim is to build our community business models in Kawasaki. However, we must create a system to properly supply management resources. We must create systems to smoothly introduce and supply human, financial and information resources into this system. In this sense, we wish to build Kawasaki into the Japanese center for all social business and community businesses. Kawasaki is one of Japan's leading industrial cities, but we want it to also be Japan's best place to live.

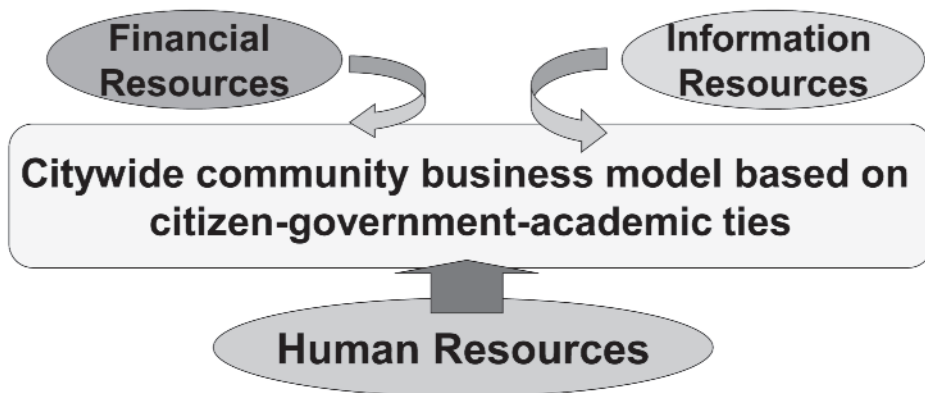


Figure 8: the future of KS Academy

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Appendix History of Circumstances of Regional Economy

	Prime Minister	Economic / Social Developments	Legal System, etc. Developments Related to Local Economy / Society	Civil Sector Actions
1972	Eisaku Sato→Kakuei Tanaka	Kakuei Tanaka publishes <i>Plan for Remodeling the Japanese Archipelago</i>		
1973		First oil shock		
1974	Kakuei Tanaka→Takeo Miki		National Land Use Planning Act enacted	Noise pollution lawsuit for Nagoya Shinkansen
1975		Okinawa Ocean Expo		
1976	Takeo Miki→Takeo Fukuda		Kawasaki Environmental Assessment Ordinance	Injunction to ban night flights from Yokota Air Force Base
1977			Third National Comprehensive Development Plan	
1978	Takeo Fukuda→Masayoshi Ohira	Narita International Airport opens		Residents protest Narita International Airport
1979		Second oil shock	Oita Governor proposes the "One Village, One Product" movement	Rise in town planning activity
1980	Masayoshi Ohira→Zenko Suzuki		City Planning Act revised to include district system	Kakogawa declaration of lifelong learning
1981			Kobe forms Japan's first town planning regulations	Kawasaki pollution suit, Kanagawa's "Brain Center" concept, Kawasaki proposes meeting to discuss industrial structure and employment issues
1982	Zenko Suzuki→Yasuhiro Nakasone	Tohoku and Joetsu Shinkansens open		Injunction on construction of Nagatagawa estuary barrage
1983			Technopolis Law issued	
1984		Japan builds UUCP-based JUNET (Internet)		
1985				
1986				
1987	Yasuhiro Nakasone→Noboru Takeshita	National Railways privatized, JR opens	Law for Development of Comprehensive Resort Areas, and Fourth Comprehensive Development Plan	Tsuneco Maekawa starts mobile library program in Hino (the Himawari-go)
1988		100 million yen subsidy provided to municipalities nationwide under Furusato Creation Project		Desalination project frozen for Lake Shinji and Lake Nakaumi in Shimane
1989	Noboru Takeshita→Toshiki Kaifu	Heisei era begins, consumption tax starts	Ten-Year Strategy to Promote Health Care and Welfare for the Age	Kanagawa Science Park
1990			American Disabilities Act mandates handicapped accessibility in US	Kawasaki establishes Citizens' Ombudsman System
1991	Toshiki Kaifu→Kiichi Miyazawa		Urban Planning Master Plan established, Promotion of Decentralization decided	Rise in civic participation for urban planning and projects
1992				
1993	Kiichi Miyazawa→Morihiro Hosokawa, Tsutomu Hada	Coalition cabinet started with 8 non-LDP parties	Basic Environment Law enacted	
1994	Tsutomu Hada→Tomichi Murayama		Single-seat constituency system introduced, Angel Plan launched	

1995				Act on Promotion of Decentralization Reform established	Total of 1.3 million volunteer nationally to support earthquake-damaged areas
1996	Tomichi Murayama⇒Ryutaro Hashimoto	Great Hanshin-Awaji Earthquake, Sodium coolant leak at Monju NPP	Settlement in Minamata Disease case	Local referendum against NPP construction in Chimata, Niigata	
1997			Kyoto Conference to stop global warming/Kyoto Protocol	Environmental Impact Assessment Law and Long-Term Care Insurance Act enacted	
1998	Ryutaro Hashimoto⇒Keizo Obuchi		School curriculum guidelines revised	Law to Promote Specified Nonprofit Activities (NPO Law), Grand Design for the 21st Century and Central City Invigoration Law	
1999			Regional promotion coupons issued, Tokamura NPP reaches criticality	Information Disclosure Law, New Basic Law of Agriculture, Act on Promotion of PFI and Comprehensive Decentralization Law	Settlement in Kawasaki pollution suit, industrial waste disposal issues in Shinzato-cho, Usunomiya
2000	Keizo Obuchi⇒Yoshiro Mori		Long-term care insurance system starts, Kyushu-Okinawa Summit	Basic Law for Establishing the Recycling-based Society, Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment	K2 Town Campus (Shin-Kawasaki)
2001	Yoshiro Mori⇒Junichiro Koizumi		Support plan for municipal and central government ministry/agency mergers, the great Heisei Municipal Amalgamation	Environmental Agency becomes the Ministry of Environment, Comprehensive Decentralization Law takes effect, final report of Committee for the Promotion of Decentralization, authorized NPO system starts	Ageo merges with Saitama City
2002			2002 strong policy, Trinity Reform	Law Concerning Restrictions on Factories abolished	Yamato enacts Ordinance to Promote Civic Action to Create New Public Services, Nakauimi reclamation and desalination project halted
2003			Japan Post goes private		
2004			Niigata-Chuetsu Earthquake	Law Concerning Restrictions on Factories, Industrial Relocation Promotion Act, and Factory Location Act abolished	
2005				National Spatial Planning Act issued	
2006	Junichiro Koizumi⇒Shinzo Abe			Act on Promotion of Decentralization Reform established, Industrial Relocation Promotion Act repealed	
2007	Shinzo Abe⇒Yasuo Fukuda		Chuetsu Offshore Earthquake, Japanese population starts decreasing	National Referendum Law	Kawasaki-Senshu Community Business Academy opens
2008	Yasuo Fukuda⇒Taro Aso		Collapse of Lehman Brothers, 27 trillion yen economic stimulus	Tax breaks and subsidies for eco-cars, eco-point system for consumer electronics, 2020 greenhouse gas reduction target (medium-term target) set to 25% reduction from 1990 levels	
2009	Taro Aso⇒Yukio Hatoyama		DPI takes power, Futenma relocation issue	Declaration of New Public Commons, Local Job Creation Project	
2010	Yukio Hatoyama⇒Naoto Kan		Japanese population decreases	Reform of tax system for donations (income tax credits introduced), Japan creates planned giving tax system, Basic Act on Great East Japan Earthquake Reconstruction	Rise in reconstruction support after Great East Japan Earthquake, Kawasaki-Senshu Social Business Academy opens
2011	Naoto Kan⇒Yoshihiko Noda		Great East Japan Earthquake, Fukushima NPP incident		

Source H. Matsumo, H. Toki, K. Tokuda ed., *The Study about Current Regional Issues*, p362~369