

Penny saved, penny earned

In this eighth instalment, the pioneer of Japan's co-operative movement lauds the value of thrift and saving

The New Fishery Co-operative Law was enacted early in 1949, and it included a provision regarding the prefectural Credit Federations of fishery co-operatives. Soon, 206 FCAs were established based on the new law, and the chairmen of all the FCAs in Hokkaido gathered in Sapporo on 15 October 1949, to discuss the re-establishment of Dogyoren (the Hokkaido Federation of Fishery Co-operative Associations) and of Shingyoren (the Hokkaido Credit Federation of Fishery Co-operative Associations).

It had been decided that the Hokkaido Fisheries Industry Organization, which had been established to replace Dogyoren during the war and of which I remained the managing director, was to be dissolved. Several of the FCA chairmen had discussed the question of how the property and staff were to be divided between Dogyoren and Shingyoren. They told me that, given the situation of FCAs in Hokkaido, they would not be allowed to establish an independent credit federation. Therefore, they would start by re-establishing Dogyoren, and, after the FCAs had accumulated enough savings, they would then establish Shingyoren.

I suggested that they establish it at once, since a financing system is necessary for the success of any business. The fishermen had to handle their money effectively and prepare to get help through the financial services of the Central Bank of Agriculture, Forestry and Fisheries

Since the total amount of the savings of fishermen in Hokkaido amounted to only ¥400 million, they continued to waver. Therefore, I told them that it was all the more necessary to establish Shingyoren; if the FCA had that amount of savings, it was strange that there was no financial

function at the federation level, even though the total annual production of the fishermen reached ¥30 billion. They then decided to establish Shingyoren along with Dogyoren on that date, and these two federations have continued to exist to the present day.

As I had been involved in the co-operative movement for a long time, they asked me to assume the presidency of one of the two federations, as per my choice. I thought it strange that they would allow me to choose which position I would like, but they left it entirely up to me. I chose to become president of Shingyoren.

Even though I had no experience in the credit business, I believed that the fishermen would remember the difficulties they had in the early 1930s, and that their spirit of co-operation would live on.

The day following my inauguration, I met with the Board of Directors of Shingyoren and stated that, for the first fiscal year, I would like to work with a ¥5 million deficit. All the directors were, of course, surprised; so I explained that we would set up 10 branch offices independent of Dogyoren, at a cost of about ¥5 million. These branches, I said, would contribute greatly to promoting savings by the fishermen. In this way, we would make a sacrifice by running a deficit at present, so that we could save for future development. We could easily wipe out this deficit within two or three years, and then we would continue to provide financial services to the members of the FCAs.

Huge price

If they rejected this plan, I warned, they would have to wait at least five years before they could provide financial

services. The directors understood what I had told them, and the First Plan was adopted.

We were able to wipe out the original ¥570,000 deficit within the first two years, and, by the end of the eight fiscal year, the total savings increased to ¥2,200 million.

I would like to tell how the FCAs managed to increase the savings so much in such a short period. The reason wasn't simply that they had good harvests. The fishermen worked very hard and struggled to make it through the bad times.

In 1950, for example, the squid fishermen had an extremely bad harvest, particularly along the Sea of Japan coast. Many fishing villages were suffering financially, so the Hokkaido government provided ¥30 million in relief funding, of which ¥150,000 was to be allocated to the Sakazuki FCA in the centre of the Shakotan Peninsula.

One day, chairman Takei of the Sakazuki FCA asked me if we could loan his FCA ¥30,000 before they received the government loan, as they had no money to buy even the rice rationed to them by the government. Takei was afraid that the fishermen would not be able to make it through the severe winter season.

I replied that we could not extend such a loan from the relief fund because his FCA had no savings. Takei implored me, saying that they would all die if they didn't receive help, and promised that the loan would be paid back immediately after the fishing season.

I told him that he had things to do before they died. I suggested that he go back to the village and tell all the housewives to save and keep a record of their savings to show us. Takei replied that my suggestion was cruel, since it was impossible to save when they were hungry.

I suggested that they economize first of all by cutting down on the *shochu* potato liquor that all the fishermen drank, and also to try to cut down on many other things in order to save money. I then promised him that if all the member fishermen tried hard to save some money, no matter how small the amount, I would loan them some money, since they would have proved their ability to help themselves. He asked me to visit the Sajazyju FCA twice to speak to all the members and their wives about my plan.

In my speeches, I told them how Shingyoren was still small and not very powerful, since we had only a very small amount of capital. However, if each of the 300 Sakazuki fishermen saved ¥1 per day,

the FCA would save ¥300 per day, or ¥9,000 per month. In one year, they could save up ¥108,000, and I asked them to deposit this money into Shingyoren.

If the savings of all the fishermen throughout Hokkaido were deposited into Shingyoren, we would have not only a great sum of money, but also great credit. We would then be able to extend a helping hand to the

weaker FCAs. The members discussed this idea among themselves, and soon began to save.

At first, chairman Takei and the other directors visited each fishermen's house to collect their savings, but they soon decided to let the fishermen keep savings boxes in their houses.

These boxes would be collected every month and brought to the FCA. This system worked very well and all the other FCAs throughout Hokkaido eventually began to use this system to increase their monthly savings.

Monthly savings

These monthly savings practices were controlled by the women's groups, and the total amount reached ¥2 million within seven years. By the end of 1983, the

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total saved by these women's groups was ¥29 million.

We also developed another saving system in which all the money earned from sales passed through the FCA. The FCA deducted all commission, transportation fees and any other costs which the FCA was owed by the fishermen. The balance was deposited into the fishermen's accounts in the FCA. At the end of 1983, the total savings of this FCA had reached ¥440 million.

These savings movements were all based on a fundamental philosophy, which can be summarized in the maxim "A penny saved is a penny earned."

Eight years after they began to follow my advice, the chairman and the general-manager of the Sakazuki FCA came to me and asked me to write that slogan in large characters on a board which they would hang on the wall of the FCA meeting room. ♪

This is excerpted from the *Autobiography of Takatoshi Ando*, translated by Naoyuki Tao and James Colyn