

Fishery co-operatives-4

Beyond the sneers

The fourth instalment in the series on
the pioneer of Japan's fishery co-operative movement

After training the members of the regional federations for two years, we dissolved those federations and established branches of Dogyoren in their place in those central cities which the merchants were located, such as Nemuro, Hakodate, Hiyama, Kitami, Soya and Kushiro.

We had originally succeeded in having the FCAs jointly market scallop, squid and kelp. With this next step, however, we targeted the strong base of the merchants and attempted to set up our own base. For instance, we opened a Dogyoren branch office in Hakodate on the second floor of a bank building and made our presence known by painting 'DOGYOREN' on the windows in gilded letters.

The marine product merchants sneered at our venture, saying that if such laymen as the FCA members opened shop and tried to market their products without the assistance of the merchants, they would fail within half a year. I placed special emphasis on the Hakodate branch, and thus I sent two of the most competent and experienced men there — Shuzo Ito as the branch manager and Eio Monai as his assistant. They performed excellently in these positions, and the amount of transactions involving squid increased rapidly within a very short time period.

With the success of our venture, an anti-cooperative movement arose among the merchants. The Hakodate Association of Marine Products Traders submitted a petition to the Hokkaido government in the hope of protecting their vested interests in the trade. They contended that Dogyoren and the FCAs had an unfair advantage. They were strongly opposed to our activities, and this created various problems, so Mr Okuno, the Director of the Hokkaido Department of Industry,

called a meeting of the two sides to resolve some of the difficulties. About 100 representatives met in the Sapporo Grand Hotel.

Shortly after the meeting was opened, several merchants delegates arose in succession to criticise our activities. They accused us of having no knowledge of marine goods or trading practices, and of forgetting how much they had helped us. They questioned whether we would be able to repay our accumulated debts, and stated that our joint marketing practices should be halted and that we should leave the professional details to them.

At first, not one person from the FCAs stood up to argue with them. Okuno informed me that, since it was a government-sponsored meeting, he would not be able to close the meeting without hearing from the fishermen, so I encouraged some of the participants from the FCAs to stand up and speak. Finally, Tsutomu Takagi, who had once served as managing director of the Kitami Regional Federation, arose and spoke eloquently about the greed of the merchants. "We are only trying to sell the goods we produce with our own hands," he said. "That isn't so unreasonable, is it? We will definitely repay our debts, but how dare you use our debts as a pretext to protect your own commercial interests." The chairman of the Mitsuishi FCA stood up next and stated that the merchants had no right to meddle in the affairs of the new cooperative movement, and he accused them of appealing to the rules of an outdated commercial system.

New system

"If you want to work with us within the new system, we will welcome you," he said, "but we will not work with you if you cannot agree to change with the times".

The merchants could not respond to these well-reasoned arguments.

Okuno determined that the government must act, and he therefore nominated a certain Mr Suzuki to be the superintendent of the Department of Industry and Commerce. Suzuki said that the merchants had to adapt to the new age so that the businesses could develop. He pointed out that the government always encouraged the use of joint capital. He said, that since the fishermen were finally doing just that, it was shocking to see that the merchants continued to act selfishly and single-mindedly. Again, there was no response from the merchants.

I arose to speak at the end of the meeting. I thanked the merchants for stating their opinions, which we found to be reasonable in certain ways, as well as informative and helpful. However, I told them, it was wrong for them to insist on the commercial rights. Since squid was caught in all the seas around Hokkaido, we could see no reason to sell dried squid to the merchants in Hakodate. "I believe it is your responsibility as merchants to supply Hakodate with goods. It is not that we want to sell to merchants in other regions; we would appreciate it if you would agree to buy our prices. However, you must remember that fishermen must struggle to make a living, and if we cannot get a satisfactory price from you

merchants, we will look for other buyers. We are simply using the cooperative to escape poverty.

"You must understand that the times are changing, and the cooperatives will be established not only in Hokkaido, but throughout the nation. We will soon establish a national federation. You are free to limit the commercial areas of Hakodate or Otaru or other cities as far as they are related to your personal business, but that does not concern us. We respect you for your contributions to the development of Hokkaido, but you must keep in step with the times. We have made up our minds, and we intend to succeed, so please don't worry about us".

After this meeting, we were able to promote joint marketing smoothly. When speaking about this process, I have often described it with the term "cooperative revolution". If we had not severed the relationships between the merchants and the fishermen, we could not have developed the cooperatives. That meeting was therefore a truly significant event. The FCAs of other prefectures did not undergo cooperative revolutions as we did, so the merchants in those prefectures were still able to appeal to the feudalistic concepts of 'favours' and 'obligations'.

Joint marketing

The first step in joint marketing is for the FCA to collect the fishermen's products. In

order to do this, we have to instruct the fishermen regarding the cooperative ideals and have them unite. Then we have to negotiate with the buyers to determine the prices. To do this, we have to collect at least 50% of the total Hokkaido catch so as to gain some control over the market. From my experience, I knew that we would thus change the conditions from those of a buyer's market to those of a seller's market.

When negotiating the prices, we have to determine in advance the estimated cost and the potential supply and demand. At certain times, we must keep the prices down, such as when the buyers have retained stock or if the current year's harvest is good.

The FCAs and the Dogyoren can succeed in joint marketing only if they negotiate properly. If this is done by tender, the merchants will engage in speculation and we will fail, as was evident from so many cases. In 1965, for example, the price of salmon was 40% higher than in average years, since large canning companies were buying up all the salmon. We warned the FCAs that they had to keep the prices low, since selling at such an extraordinarily high price was too risky.

The cooperative must not sell at such high prices simply to satisfy the producers; it must take into consideration the demands of the consumers. The entire society would benefit if prices were kept stable and reasonable. Furthermore, we had to remember that the cooperative was an ongoing venture, not simply a one-time effort, and that we had to rely on continual dealing with our customers.

At the time we were developing the FCAs, the military came to have more and more influence on the central government, particularly after the colonization of Manchuria.

It therefore became difficult for us to export marine products to China, which had been the largest market for such products as dried squid, kelp, scallop, and abalone. Therefore, the Ministry of Agriculture and Forestry was forced to find a way to export marine products through one channel to China. It established the Japan Marine Products

Trading Company, a venture which consisted of three major companies, along with the National Federation of FCAS (Zengyoren), and Dogyoren.

Miyozo Takakusa, the chairman of Zengyoren, was appointed president of this company, and I was appointed the Sapporo branch manager, while retaining my position as managing director of Dogyoren. We recruited Mr Kagato Matsuo, of one of the participating companies, to be managing director. He was not only well-versed in marketing, but he was also very knowledgeable about the role of cooperatives.

All marine products which were to be exported were collected by this company, and the government's control of trade therefore became stronger. Not long after the company was established, I went to Tokyo, and while there, I was surprised to see in the newspapers that the government had applied an 'Official Price Control System' to marine products.

I was shocked by the news. I had never thought that our joint marketing would have to deal with a system of price controls, and I did not know how we could operate under such a system. It was unthinkable that the government would set a price for the various marine products, since the production level fluctuated yearly due to natural conditions. The government seemed to be preparing for the coming war by controlling the economy as well as repressing freedom of speech and the media.

3

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