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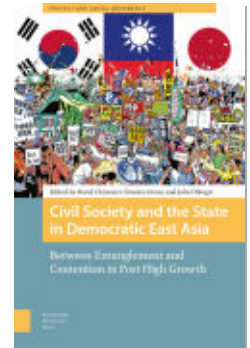
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Part III

Neoliberalism and Social Inclusion

9 Japanese NPOs and the State Re-examined

Reflections Eighteen Years On

Akihiro Ogawa

Abstract

This chapter builds on long-term research at SLG, a pseudonym for a non-profit organization (NPO) in eastern Tokyo, established under the 1998 NPO Law. Incorporated as an NPO in 2000, SLG is one of the largest civic society organizations promoting lifelong learning in Japan. Over nearly two decades, SLG offered more than a hundred courses to the local community. However, SLG faced a crisis and risked dissolution in 2018 due to the municipal government's decision to cut its funding. This chapter argues that SLG was a successful case of neoliberalism-oriented public administration, pursuing decentralization and reduced costs; at the same time SLG did not encourage independent, citizen-oriented activities. This chapter documents current discussions at SLG, reflecting the reality of a Japanese civil society landscape in which NPOs are central.

Keywords: NPOs, neoliberalism, new public management, new public governance, co-production

My field site SLG (pseudonym) is a non-profit organization (NPO) established in 2000. Located in a traditional downtown district of eastern Tokyo, which I will henceforth call Kawazoe (pseudonym), SLG promotes community-oriented lifelong learning. I have been observing this organization since September 2001 and thus my research commitment to SLG now spans nearly 20 years. It is one of the largest lifelong learning NPOs in Japan, in terms of the number of its members and the size of its budget. Furthermore, it offers

more than a hundred courses per year to the local community, in a very innovative way. That is, at SLG, local resident-volunteers create courses for local residents and this course creation reflects the spirit of community development: they decide what they want or need to learn by themselves in support of their own local community. A total of some 260,000 local residents have studied at SLG since 2001, when it was first established.

This chapter presents a new dynamism between the state and civil society in contemporary Japan, shedding light on NPOs. It is based on my long-term research project. NPOs have been important actors in the Japanese civil society landscape since the late 1990s and are established under the Law to Promote Specified Non-profit Activities, colloquially known as the NPO Law. They were the product of a Japanese social movement following the 1995 Great Hanshin earthquake when more than one million volunteers acted to aid victims of the disaster. The government bureaucracy's ineffective efforts to deal with this tragedy paled in comparison to the impressive work of volunteers, then resulting in the institutionalization of volunteer-based NPOs in 1998 (see Pekkanen 2000 for the legislative process). In fact, this was a momentous Japanese civil society project that has given rise to nearly 70,000 NPOs (CAO 2018) over the past two decades. These NPOs have increasingly taken on responsibility for local communities' social welfare, becoming progressively more significant in both providing services and creating social change to better meet the emerging needs of service users. My field site SLG is part of this macro-landscape of Japanese civil society.

My research project at SLG was originally part of my doctoral dissertation, which analysed the institutionalization of NPOs – a new type of civil society organization (CSO) in Japanese society. Employing ethnographic methods such as participant observation, I have been actively involved in this organization, first as an unpaid staff member of the secretariat, and later as a regular volunteer. Meanwhile, I have been an action-minded researcher at SLG since my graduate days (Greenwood and Levin 1998); in other words, I have not simply acted as a traditional silent observer, but have actively collaborated with other secretariat staff members and volunteers to solve real problems that arise at SLG. My long-term engagement in SLG has culminated in the production of two books – *The Failure of Civil Society?* (Ogawa 2009b) and *Lifelong Learning in Neoliberal Japan* (Ogawa 2015), as well as journal articles and book chapters (e.g. Ogawa 2004, 2006, 2008, 2009a, 2009c, 2012, 2013).

In 2017, SLG was in a state of crisis and may be dissolved as an NPO later in 2018, due to a decision by the municipal government to cut its funding. The government's logic for so doing goes as follows: The local lifelong learning

centre, the public building in which SLG is housed, will be renovated next year. During that time, SLG will be unable to offer its lifelong learning courses or to function as a social service delivery provider on behalf of the government. Thus, the government will not fund SLG in the upcoming fiscal year, starting in April 2018. Notice of this was given in April 2017, one year in advance, and SLG was asked to withdraw from the building by 31 March 2018.

Following the notice by the municipal government, SLG volunteers began exploring other possibilities or tools to extend their current community-oriented learning. Practically speaking, SLG stakeholders believe that what SLG has created in the community over the past two decades should not disappear simply due to lack of money. Meanwhile, the head of SLG announced in May 2017 to all 20 of its paid secretariat staff members that SLG would not renew their single-year employment contracts after 1 April 2018. The government funding has largely been used for employment, primarily of local people. Kawazoe is an industrial district with a dense concentration of middle- and small-sized factories, but its businesses have lost momentum under the sluggish economy over the past two decades in Japan. Thus, the government funding created jobs in the local community. Given notice well in advance, the SLG employees have already begun job hunting. Fortunately, the Japanese labour market is currently favourable, probably due to the positive effects of Abenomics – the economic policies advocated by Shinzo Abe since 2012, which combine the ‘three arrows’ of monetary easing, fiscal stimulus and structural reforms. In this chapter, I will document my current research into the relationship between the state and civil society as a record of my long-term commitment to SLG. The institutionalization of SLG represents a distinctive way of moulding civil society in the international third sector scholarship. Their current discussions reflect the reality of the Japanese civil society landscape over the past two decades, in which NPOs were centred.

Neoliberalism and NPOs

One of the major arguments I have made in previous work is that Japanese NPOs are a key form of agency in neoliberalism. I argue that neoliberalism is opening up a space for civil society, claiming that ‘[t]he institutionalization of NPOs is a calculated reorganization of the Japanese public sphere designed to establish a small government in the post-welfare state through the transfer of social services originally delivered by the state to volunteer-driven NPOs’ (Ogawa 2009b: 174). The institutionalization of NPOs was indeed a political

project implemented by the Japanese neoliberal state to mould its population or the state-individual relationship in a specific manner under the name of civil society. Globally, a key feature of neoliberal governmentality since the 1980s has indeed been the devolution of social services. For example, civil society organizations came to play programmatic roles previously assumed by the state. They assumed a new 'function' under neoliberal structural adjustment programmes imposed by the World Bank and the IMF (Goldman 2005: 270-271). Meanwhile, at a local level, SLG delivers social services, or a range of lifelong learning opportunities, that were originally provided by the municipal government. This is in line with the method adopted by neoliberal politics, primarily to achieve cost cutting, as has been pointed out by many third sector research scholars such as Salamon and Anheier (1998), Pollitt and Bouckaert (2011), and Bruce and Chew (2011). This trend is evident across the globe in different national and regional contexts. Japan indeed provides prominent examples of such devolution policies in social services (see Hayashi, in this volume), and substantial work has also been undertaken by Alford and Yates (2016) and Alford (2009, 2002) in Australia and in Anglo-Saxon countries, for example, the UK's Compact.

While neoliberal ideology criticizes state intervention, neoliberal practices involve 'coercive, disciplinary forms of state intervention in order to impose market rule upon all aspects of social life' (Brenner and Theodore 2002: 5). To explain this kind of neoliberal governance, Peck and Tickell (2002) identify two interrelated practices: 'roll-back neoliberalism' and 'roll-out neoliberalism.' 'Roll-back neoliberalism' refers to 'the active *destruction* or *discreditation* of Keynesian-welfarist and social-collectivist institutions (broadly defined)' (Peck and Tickell 2002: 384, italics in the original). This is simply known as 'privatization' or 'sharing or delegating of authority to non-governmental agents' (Handler 1996: 78-80). Following the macroeconomic crisis condition in the 1970s, Margaret Thatcher of the UK and Ronald Reagan of the US favoured the neoliberalism-oriented policy practice in the 1980s. The Japanese conservative government also promoted this policy; for example, in the 1980s, Prime Minister Yasuhiro Nakasone privatized the Japanese national railroad, which is currently called JR. Later in the 2000s, Prime Minister Junichirō Koizumi expanded the neoliberal state-sponsored restructuring programme by creating Japan Post to replace the government-run Postal Services Agency.

Meanwhile, 'roll-out neoliberalism' refers to 'the purposeful *construction* and *consolidation* of neoliberalized state forms, modes of governance, and regulatory relations' (Peck and Tickell 2002: 384, italics in the original). As Peck and Tickell (2002: 388-389) argue, when the shallow neoliberalism of

Thatcher and Reagan encountered their institutional and political limits in the early 1990s, the neoliberal projects gradually metamorphosed into more socially interventionist and ameliorative forms, epitomized by the Third-Way contortions of the Bill Clinton and Tony Blair administrations. Since then, new forms of institution-building and governmental intervention have been licensed within the broadly defined neoliberal project. This is also true in the context of Japan. Although the terms ‘privatization’ and ‘decentralization’ suggest a withdrawal by the state from the field of social welfare, the ways in which the policies have been carried out have, perhaps counterintuitively, strengthened and expanded the state’s role in the provision of social welfare services, as argued by Haddad (2011: 37). This development was supported by an ‘activist state’ model, which Pharr (2003: 324) claimed was used successfully by the Japanese to institutionalize specific kinds of civil society groups in order to promote state ideology through funding and tax incentives.

The neoliberal state is nowadays concerned with the roll-out of new forms of institutional ‘hardware’ (Peck and Tickell 2002: 389), one of which is the new public management (NPM) that has been expanding since the 1980s. NPM consists of the transfer of principles and management techniques of business and markets from the public sector to the private sector. It has good chemistry with neoliberal governance, which aims at minimized government costs with less public activity performed in accordance with the efficiency principle of the free market. Japan adapted and then innovated this management style from Western systems (Westney 1987), while techniques and rhetoric were filtered through Japanese cultural and political factors (Jun and Muto 1995). Furthermore, Yamamoto (2009) explains that NPM-style decentralization and agencification in Japan drew on UK executive agency examples and rhetoric; however, actual flexibility in the management of Japanese agencies was partially stifled by central control manifested through budgeting practices.

Japanese NPOs, including my case SLG, would well fit to this NPM-inspired market-based orientation, and even to ‘new public governance’ civil society reforms, which intend to enhanced effectiveness, flexibility and democratic quality of public services (see Howlett et al. 2017). NPOs played an active role in operating this setup of the institutional hardware. My NPO – SLG – has been called *kōsetsu min’ei* in Japanese, which means ‘established by public authorities like the municipal government but operated by citizens or residents.’ In the terminology of third sector research scholarship, Japanese NPOs of this type would be categorized as GONGOs (government-organized non-governmental organizations) or ‘GONPOs’ in

the Japanese context, as dubbed by *Asahi Shimbun* (2009), a major daily. These comprise organizations created by the political process but that operate quasi-independently of the agencies that established them, as well as organizations that implement government-created responsibilities to oversee areas of economic or professional activity (Salamon and Sokolowski 2016: 1534). SLG could also be described as the local government contracting out the provision of social services, more specifically the offering of lifelong learning courses, as part of its attempts to reduce the size of the state under neoliberal ideology (Pollitt and Bouckaert 2011).

Government funding was a major source of income for SLG from the time of its establishment. In fact, the municipal government injected a total of one billion yen (US\$9 million) into SLG over its eighteen years. Because of its mobilization of local volunteers, the costs of creating lifelong learning courses have been almost halved when compared to the cost of government provision of the same type of services. Thus, based solely on the cost, I would argue that SLG was a successful case of neoliberalism-oriented public administration, which pursues decentralization and cost cutting. Meanwhile, however, SLG has failed to diversify its sources of income as a civil-society organization, although its directors have continuously made serious efforts to change the funding structure, by, for example, raising money from local businesses.

State-Society Relations Framed by ‘Co-production’

With the promulgation of the 1998 NPO Law, the patterns of non-state provision of welfare services in the country changed dramatically. The Japanese government transformed the pattern of social welfare service delivery through privatization and decentralization policies. The resulting pattern continued and expanded existing and largely informal organizations and activities, and fostered the rapid development of a more privatized and decentralized non-profit sector or NPOs dedicated to the delivery of social welfare services. SLG was an experienced public service delivery partner.

Nowadays, the state adopts a stewardship role in moulding civil society in a direct manner, as has been well argued by civil society scholars such as Cohen (1999), who points out the state's fundamental role in helping civil society to develop. In fact, Evers (2013: 155) has asserted that the state, and more precisely democratic statehood, is directly involved in the civil society debate, not only in terms of providing protection and support for the activities of others but also as a cofounding agency. Recently, it has more often been argued that civil society organizations are partners of ‘co-production’

with the state, a currently renewed academic interest building upon work by early scholars like Ostrom (1973) and Parks et al. (1981).

The 2009 Nobel Laureate of Economics Elinor Ostrom (1996: 1073) used 'co-production' to describe a process through which 'inputs from individuals who are not "in" the same organization are transformed into goods and services.' The term 'co-production' suggests a relationship between 'regular producers' (policymakers and practitioners) and 'clients' (service users) (Ostrom 1999), specifically where the 'client' acts not as a 'consumer' of services, but as a 'co-producer' of them (Ostrom 1999: 1073).

The term 'co-production' was rarely used in Japanese studies when I began my research at SLG as a doctoral project. At that time, 'partnership' or 'devolution' were popular terms used to describe such policy collaboration (Ogawa 2009b). The term 'co-optation' was also used, as civil society organizations are co-opted to the state (Ogawa 2009a). Meanwhile, as an anthropologist, I argued the phenomenon in a different way, coining the term 'volunteer subjectivity,' employing Foucault's governmentality (Ogawa 2004, 2008, 2009b). I examined the mobilization of volunteer subjects in Japanese society, and gradually came to realize that the agent was surely the state. The state's motivation was anchored in the idea that volunteer activities could be organized under NPOs to replace the government's own provision of social services. This new Foucauldian subjectivity was expected to contribute to a new space for civil society under the neoliberal regime.

In the framework of co-production, Ostrom analysed the role of citizens in the provision of public services; co-production is a design for democratic governance and social inclusion (Ostrom 1990; see also Parks et al. 1981). Victor Pestoff et al. (2012) recently expanded on the concept of co-production in 'new public governance' scholarship, and argued that co-production can achieve higher-quality services and/or results in the provision of more services, often at a lower price, than is possible without citizen participation. For the state, co-production is an administrative technique of making citizens engage in the improvement of public services. As Lam and Dearden (2015: 64) point out, this 'goes beyond assuring that the users' voices are heard, to engaging service users in developing and deciding on solutions that will affect them.' For citizens, meanwhile, co-production is a participative tool that actively involves them in public affairs. Although co-production emerged and developed as a concept that emphasized citizens' engagement in policy delivery, its meaning has evolved in recent years to include both individuals (citizens and quasi-professionals) and civil society organizations like NPOs collaborating with government agencies in both the design and management of services as well as their delivery (see Pestoff and Brandsen 2010).

SLG is an important case of developing the capacity of the NPO sector in Japan to apply co-production to social services or lifelong learning courses in the local community. Local volunteers create learning contents, mobilizing their local knowledge and networks. The state, meanwhile, funds these citizen-based activities, while local volunteers raise money autonomously. The creation of courses for local lifelong learning was a co-production activity between volunteers and the state: It sought to shift the balance of power, responsibility and resources in society from professionals to ordinary citizens under such a strong state as Japan, as it involved citizens in the production and delivery of their own services. I would argue that neoliberal politics, a dominant political ideology since the 1980s in Japan, has indeed created such a space for civil society organizations to be active in public affairs. Furthermore, I can point out that the neoliberal state employing the practice of co-production offers ordinary individuals new opportunities to participate in various arenas of action, 'to resolve the kind of issues hitherto held to be the responsibility of authorized government agencies' (Burchell 1996: 29). In co-production design (Durose and Richardson 2016), citizens are all potentially creative makers in their own right. For policy design, this means seeing citizens as 'co-designers'; doing so 'turn[s] people into participants. [...] [T]hey become innovators and investors, adding to the system's productive resources rather than draining them as passive consumers waiting at the end of the line' (Leadbeater and Cottam 2007: 98).

Mission Completed

To revert to the SLG case, one of the reasons the municipal government cut the SLG budget was that the government's policy mission is now complete. By its 'policy mission,' I refer to the promotion of lifelong learning activities in the local municipality, which was clearly articulated in the government's policy document on lifelong learning in the 1990s (SWG 1990, 1999a, 1999b). Thus, SLG was created as part of the municipal government's framework of lifelong learning policy. It was planned as an alternative place for learning for local residents in the community as an extension programme to higher education institutions like universities, which often provide learning opportunities. Japan is unquestionably a society that highly values lifelong learning. Informal learning was guaranteed under the Social Education Law in 1949, shortly after World War II, and such learning is recognized as a legal right for ordinary people.

Although documented in full elsewhere (e.g. Ogawa 2009b: 71-77), I will here briefly introduce the history of SLG: The municipal government opened the local lifelong learning centre, in which SLG is currently housed, in 1994. This represented the first attempt to build such a facility in a Tokyo metropolitan municipality. By way of background, this move was also made in direct response to the national enactment of the Law for the Promotion of Lifelong Learning in 1990, which prescribed measures such as the establishment of a Lifelong Learning Council at the national and local levels to promote lifelong learning, provisions for the development of lifelong learning in designated communities, and surveys to assess the learning demands of local residents.

The local lifelong learning project in Kawazoe was buoyed by the euphoric sentiment of the 'bubble' economy in the late 1980s and early 1990s. However, by the time the lifelong learning centre opened, the local government faced huge fiscal difficulties due to the decline in tax revenue. It then occurred to the municipal government to create a local residents' group to operate the centre. The government mobilized local residents as volunteers and assigned them the task of creating lifelong learning courses, thereby delegating an active role of government as defined by the education laws. SLG was originally established as an informal citizens' group in 1995 and then re-organized as an NPO under the 1998 NPO Law. SLG would not generate any additional cost to the government through its establishment as a formal organization, and it even reduced the cost while fulfilling its objectives, due to the mobilization of volunteers as unpaid human resources. This was also in line with the neoliberal ideology of practice.

SLG changed the traditional style of state-led learning (see Kawanobe 1994); instead, local residents explored the intellectual demands of residents, found teachers, negotiated with them, and wrote course plans, including tuition content. In return, the government funded the salaries of the secretariat staff who conducted the administrative work for course operation. It also dispatched staff members to the SLG secretariat to help with administrative work. The head post of the secretariat was occupied by retired officials as part of *amakudari*, literally meaning 'descent from heaven' – a system whereby retiring Japanese bureaucrats gain employment and executive positions in the private sector. This practice facilitated communication with the government.

SLG garnered strong national attention in the late 1990s and early 2000s, and similar types of lifelong learning activity flourished countrywide. Many visited SLG to learn about course creation, while SLG people also visited their counterparts elsewhere. In the mid-2000s, such interactions

were expanded to form a national network of *bunka borantia*, or 'culture volunteers' in direct translation, who were volunteers in local public facilities for lifelong learning, such as citizens' public halls, libraries, museums – that is, traditional social education facilities in Japan (see Ogawa 2015: 74–78). SLG hosted the fourth national conference of *bunka borantia* in 2008.

In my previous work, I labelled *bunka borantia* 'knowledge-constructing subjects' (Ogawa 2015: 73). While interacting with the neoliberal state, the *bunka borantia* are active in learning, producing, accumulating and applying a certain, appropriate knowledge to survive in and deal with the constant changes in their daily lives. I argued (Ogawa 2015: 74) that a profound shift from the Keynesian welfare state to that of neoliberal politics represents a deliberate cultural restructuring and engineering based upon the neoliberal model that Michael Peters (2001) calls the 'entrepreneurial self.' In tandem with the development of *bunka borantia*, Japan's policy on promoting *atarashii kōkyō*, or the 'new public commons,' in the late 2000s, strongly encouraged the building up of such a disciplinary subjectivity.

One of the tangible results observed in the area of Kawazoe was that lifelong learning activities flourished. Copying exactly SLG's style of course creation, other public facilities in the local community, including the environmental centre, the women's centre, and the history museum, mobilized local resident-volunteers, who were assigned to create courses on their topics of choice, such as gender, recycling and local history. Compared to SLG's courses, these courses became more focused and detailed, reflecting the specific interests of each centre. While SLG targeted a general audience, mostly the aging population, such emerging lifelong learning opportunities target specific audiences. One course created at the women's centre, for example, focused on childrearing, targeting young fathers. In fact, the demographics of Kawazoe have been changing since the early 2000s as new high-rise tower apartments are constructed in the area and new young families join the local community. As its demography changes, the demand for new learning grows. However, SLG was unable to respond to this specific demand and I have observed local residents' interests obviously shifting from SLG to the newer learning opportunities that became available. Indeed, some of the SLG volunteers moved to other public facilities to support their course creation as well as to respond to the new learning demands in the community. The numbers of SLG course takers also declined, particularly in the past three years.

Thus, one of the government officers informed SLG management in April 2017 that its mission has now been completed. In the 1980s, the municipal government began a discussion on the promotion of lifelong learning, and

30 years later, lifelong learning is now fully rooted in Kawazoe. I would argue that the renovation of the building was a good excuse for the government to cease its funding. From conversations with government officials over the past couple of years, I had the sense that they were looking for the right time to do so. This seemed not to have been a sudden decision; it was planned in advance but not communicated effectively with SLG management.

Since the mission was deemed complete, there was unlikely to be additional funding from the government. I fully understand that this is the logic of public administration, in which funding is project based. Otherwise, a new proposal to the municipal government from SLG or vice versa would be expected. However, SLG had not produced any new proposals or even predicted future developments to the government. Nor had it taken the formal initiative to lead community learning at the next stage in a timely manner before SLG dissolved.

While I would argue that the government intentionally stepped in at this moment, there were a number of signals that change was imminent. For example, lifelong learning policymaking was originally overseen by the Education Board of the municipal government, while SLG funding was provided under the education categories of the municipal budget. However, in April 2017, lifelong learning policymaking moved to the community development department, which also oversees interactions with civil society organizations in the municipality. Thus, SLG is now being treated as one such civil society organization. No special consideration for funding would be made. Previously, because of the historically close relationship with the government mentioned earlier, SLG almost automatically received funding from the government. At the same time, lifelong learning policymaking was downgraded from the department level to the section level and is now overseen by just two people. Nevertheless, there was no active engagement with these structural changes from the SLG side.

Where Is SLG Heading?

'Mission completed' – Most SLG people agreed with this comment by the government official. In fact, the head of SLG recently wrote in the in-house newsletter that '[o]ur ship is now full of cargo. We get off on the shore, drop the cargo and organize it.' When I enquired what he actually meant by this, he told me that we are moving to the next stage: 'SLG has been providing lifelong learning opportunities to a very broad audience. We are like a department store for lifelong learning. The recent learning activities

could be more tailored. Times have changed.’ Devolution was a fashion and it was successful at delivering social services under neoliberal politics, but what is next?

SLG dissolved in March 2018. People at my field site are now considering its next move, and as an action-minded researcher, I am part of this discussion. One current argument at SLG is whether to develop courses that could compete with other lifelong learning providers as described above. To this end, an area studies course has been created, or what I would call Kawazoe studies – a comprehensive area studies subject that studies local history, culture and people’s lives, combined with classroom lectures and field visits in traditional downtown Tokyo. This course would be expandable in the future since SLG foresees a continuing intellectual demand on the course. The numbers enrolling in Kawazoe studies courses is solid and the head of SLG believes that it can propose Kawazoe studies to the government to secure further funding. Kawazoe studies is a core part of the community-oriented lifelong learning that SLG has pursued. Not limited to local residents, such a course might draw in a new audience, including tourists coming to the Tokyo Olympics/Paralympics in 2020.

Another issue raised by SLG was that the organizational form – as an NPO – is no longer an effective tool for materializing citizens’ interests in public affairs. SLG people realized that while such an organizational form might effectively facilitate the practice of a neoliberal state, it would not be conducive to citizen-oriented activities. Too many documents need to be submitted to the government every year, which accounts for SLG’s hiring of 20 administrative staff to complete these documents, in addition to their regular business. Instead, another form, such as *ippan shadan hōjin* (general incorporated associations), seems to represent another potential tool to extend their interest.¹ The major difference between NPOs and general incorporated associations is the simplification of administrative work for the latter. For example, to establish a general incorporated association, at least two people jointly craft *teikan*, or the articles of incorporation, and the notary office simply certifies those articles together with the registration fee of

1 The establishment of general incorporated associations is part of the reform of public interest corporations (PICs, *kōeki hōjin*). Under the old Civil Code, article 34, PICs are required to apply to be converted to one of six types of newly enacted incorporated organizations: *zaidan hōjin* (public interest incorporated foundations), *shadan hōjin* (public interest incorporated associations), *ippan zaidan hōjin* (general incorporated foundations), *ippan shadan hōjin* (general incorporated associations), *kōeki zaidan hōjin* (public interest incorporated foundations), and *kōeki shadan hōjin* (public interest incorporated associations). See <http://www.koueki-houjin.net/shadan/> and <http://www.jfc.or.jp/eng/introduction/> (10 February 2018).

112,000 yen (US\$1,000). This registration takes one to four weeks to complete and no other procedure is required. Meanwhile, for NPOs, the Cabinet Office or prefectural governments certify the articles of incorporation with no registration fee, but registration takes five to six months to complete. Following the incorporation, they are supervised by the Cabinet Office or prefectural government, and are required to submit annual reports. Meanwhile, there are no such requirements for general incorporated associations to submit documents to the government. Lastly, NPOs are limited to 20 designated areas of activity, which often limits SLG's activities. SLG was registered in four areas: contributing to informal education, community development, arts and sports, and information society. There are other areas in which SLG could be active, but committing to different areas, including community safety, children's welfare, or occupational training, is illegal under the NPO Law, which lacks and sometimes limits the imagination regarding new course creation at SLG. The 1998 NPO Law was itself problematic on some points, as I have already pointed out (Ogawa 2009b: 159-160). Meanwhile, the Act of the General Incorporated Associations does not designate any specific areas of activity. Citizens freely choose their own activities. Thus, *ippan shadan hōjin* seems the most citizen-friendly among these public interest entities.

Conclusion

My research at SLG provides an important case study for considering the relationship between the state and civil society in contemporary Japan. To situate this chapter within the current discourse of third sector research, it can be seen that neoliberalism created a space for grassroots voices through such practices as co-production. Amongst Japanese NPOs, SLG is a leading case because it has been well tailored to provide and innovate for new social needs; as a result, it has created a rich diversity of enabling and locally embedded social services (cf. Table 1 in Evers 2009: 246). Further, SLG volunteers have tapped into their 'entrepreneurial selves.' Armed with what I called 'civic knowledge' (Ogawa 2015: 78), I believe they have been well empowered as independent, active citizens.

SLG was indeed established as part of local efforts to delegate power to citizens in a participatory governance structure for a pluralistic democracy. Thus, the civil society discussion should not be limited to issues of strengthening third sector-based service provision, as recent research has focused more on gains in civility and civicness (cf. Evers 2013: 158; Evers 2009). In

this sense, I understand SLG volunteers to comprise what Wagner (2012: 321) calls ‘civic volunteers’ – that is, volunteers are no longer a means to an end, but an end in itself, by realizing in their daily lives as citizens the organizational mission they serve.

Meanwhile, however, power has not decentralized sufficiently. The practice of co-production was expected to change the power structure. When NPOs entered Japanese society, my memory is that people expected state-held power to be decentralized towards local people, active citizens and communities. However, neither Japanese NPOs, nor the form of governance since the late 1990s, represent a decline in state power as they are, in fact, mostly instituted and controlled by the state, and the state has retained its power and resources, most notably over money. At SLG, decision-making, in particular, strategies for innovation or long-term planning, was indeed always top-down; it came from the municipal government, although detailed planning, such as course creation, was mostly conducted by local-resident volunteers. As Montgomery (2016: 1993) points out, many civil society actors find themselves enmeshed within forms of governance that force them to compete in order to be efficient service delivery providers that play by the rules of the neoliberal game. He also points out that despite neoliberalism’s claims being articulated under the rubric of participation, its outcomes will only serve to entrench the existing vertical distribution of power in society (Montgomery 2016: 1997). The case of SLG presents the internal, complex dynamics of power between the state and civil society, which directly reflects this neoliberal ideology.

Those involved in SLG – that is, its local residents-volunteers – are stepping onto the new stage. Montgomery (2016) calls the style of governance used by SLG ‘technocratic governance’ with its neoliberal foundations, as the state mobilizes the technologies of governance to reduce the space for political dissent. Meanwhile, the new paradigm, which he calls the ‘democratic paradigm,’ sees social innovation as a tool to politicize the very space that neoliberals have sought to depoliticize, challenging the vertical power distribution and seeking to replace it with horizontal alternatives. I observe that SLG is now in transition to the next ‘democratic paradigm.’

After eighteen years, SLG has now begun actual bottom-up mobilization for much better social services delivery and social commitment to the local community. Instead of this being simply the end, however, I observe that former SLG people actually have a chance to empower themselves through co-production activities with the municipal government. They are starting to take the initiative in providing necessary services for their own community

in another organizational form. For the moment, however, they are unsure about collaboration with the government since they do not feel the necessity to do so. They can provide their own community-oriented lifelong learning programme, and in the future, they might include the municipal government if they deem it necessary to do so. The current action reflects upon their persistent concerns regarding how civil society organizations should be, and they should collaborate with the government. Based on the experiences over the past two decades, their strong belief is that civil society should not be manufactured by the state, and citizens should be independent of the government. Civil society is an arena where grassroots people have access to public affairs, and both stakeholders – citizens and the state – should take equal positions to make democracy sustainable. SLG was a successful case of a government project. However, as a civil society project, it failed.

Their new activity will enrich the Japanese civil society landscape by adding a new case study and might lead to another effective method for service delivery that we need to consider. The development of SLG that is now underway may be situated within a much larger picture of the changes in relations between the state and civil society under the shift in the political regime from neoliberalism to ‘post-neoliberalism’² (e.g. Christensen and Laegreid 2008; Torfing and Triantafillou 2013). I will continue to watch these new developments with interest.

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2 This is an emerging term as some claim new public management is dead (Dunleavy et al. 2006) and has been replaced by various alternatives, including post-NPM, ‘new public governance’ (Osborne 2010) and the ‘neo-Weberian state’ (Lynn 2008; Pollitt and Bouckaert 2011). One of the strong criticisms in post-NPM scholarship concerns the strong focus on output efficiency, which encourages disregarding the importance of democratic values and equity.

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