

Philanthropy and Vice-Capital City: new forms of collaboration and culture

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Abstract

Philanthropy is, currently, discussed as a new golden age. Not only new players as philanthropists but also new forms of methods are created. The shared interests of philanthropy with government is considered bigger at all levels. This paper takes a noticeable example Public-Philanthropy Partnership between Osaka Governments and Third Sector. Osaka is the second largest district in Japan and has more historical background than Tokyo.

Osaka Prefecture Governor Ichiro Matsui and Osaka City Mayor Hirofumi Yoshimura collaborate closely with taking a curious policy named “Vice-Capital City” in consideration of Tokyo. “Capital City of Philanthropy” is one of four major “Vice-Capital City” plans.

In Japan, legal personalities of the Third Sector Organization are completely diversified and regulated respectively. Moreover, Accounting Standards are different each other. It is difficult to understand them as “One Sector”. Public-Philanthropy Partnership is conducted as cross-legal- personalities collaborations that have been never found in Japan.

Key words: Philanthropy, Public-Philanthropy Partnership, Vice-Capital City, Capital City of Philanthropy

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1. What are “Osaka Vice-Capital City Plans” ?

Philanthropy is, currently, discussed as a new golden age (Havens and Schervish, 2014) Not only new players as philanthropists but also new forms of methods are created. The shared interests of philanthropy with government are considered bigger at all levels (Ferris 2016). The Public-philanthropic partnerships (PPPs) are a new form of collaborations between philanthropic actors and government in the USA (Abramson, A., Soskis, B., & Toeopler, S. 2014).

For example, Michigan’s non-partisan Governor’s Office of Foundation Liaison (OFL) in the US was created in 2003 and “the first cabinet-level office devoted to brokering partnerships between state government and the philanthropic community” (Abramson, A., Soskis, B., & Toeopler, S. 2014:58)

The discussion described above is in the US, but spread out side of the US. This paper takes a noticeable example partnership between Osaka Governments in Japan and Third Sector.

Osaka is the second largest district in Japan and has more affluent historical background than Tokyo. Osaka has 8 million population and two-thirds of that of Tokyo but tax revenue is only one fifth of Tokyo, because political and economic powers have been concentrated into Tokyo year by year. Japan is notorious for the rapid changes of demographic structure to aging society. Moreover, total population is decreasing because of low fertility ratio. Tokyo is, in spite of this situation, growing and growing and Tokyo centralization is major issue in Japanese society.

Osaka Prefecture Governor Ichiro Matsui and Osaka municipality Mayor Hirofumi Yoshimura collaborate closely with taking a curious policy named “Vice-Capital City” in consideration of Tokyo. Both of them won the election in November 2017 with manifest of “Vice-Capital City”. At beginning, “*Ōsaka-to kōsō*” or “the Osaka Metropolis plan” was targeted. Osaka is consist of two governments, Osaka *Shi* (city) and Osaka *Fu* (prefecture). The Osaka prefecture is consists of satellite cities surrounding the Osaka City. The government services are overlapped and duplicated. On the other hand, Tokyo is “*Tō*” as Metropolitan area different from Shi and Fu. The Osaka Metropolis plan is a plan to transform Osaka into a *Tō*, a metropolis. The plan was defeated by a slim margin of 0.76% in the Osaka Metropolis Plan referendum, in 2015. Therefore, they were not able to take “the Osaka Metropolis plan” as manifest for the election in 2017, they had to set any other plan. “Vice-Capital City Plans” as slogan very similar to “the Osaka Metropolis plan” was taken for the manifest, without any concrete plans.

Although the contents of “Vice-Capital City” were unclear, the Governor and Mayor opened an unified office consisting of prefectural and municipal bureaucrats tasked

with looking into how Osaka play roles as “vice-capital” on December 2015 (Johnson 2015).

2. A capital city of philanthropy

“Osaka Vice-Capital City Plans” are opened on March 2017. The four major plans are to seek for. They are a Capital city as Western Japan, a Back-up Capital city to Tokyo when emergency, Metropolitan city in Asia, and Capital City of Philanthropy (Osaka 2017).

Most of policy plans are only conventional policies redefined as a Vice-Capital City. The fourth item of Capital City of Philanthropy (CCOP) is a new one that has been never considered. Osaka failed again and again to set goals of business enlargement. Most of major companies, however, transformed their head offices to Tokyo from Osaka for these decades.

The number that large companies with capital of 100 million yen or more have decreased is 259 in Osaka between 2001 and 2014. In Tokyo, 545 large business corporations has increased, and those in other urban districts including Kanagawa Prefecture, Aichi Prefecture and Fukuoka Prefecture have also increased (Ministry of Internal Affairs and Communications 2016).

Under these circumstances, Osaka should change the policy. When looking into the third sector, the income of the nonprofit sector is increased 9.4% from the previous year (Cabinet office 2016). The idea of CCOP as Vice-City concept is emerging, because an expert on third sector researcher involved and can push into the empty box. Osaka has rich history of third sector and philanthropy including examples below, while Tokyo is a far big city as government and economy.

Many examples can be found in the history. The Osaka Community Foundation was established in 1992 and the first community foundation in Japan. Its assets are one hundred times of that of the Tokyo Community Foundation (Deguchi 2015 a).

The Osaka castle was originally constructed in 1583 and burned out several times. The current castle was rebuilt in 1931 to raise money from the general public in Osaka. The donation was totaled as 150 million yen those days. It is equivalent to current 60-70 billion JPY and approximately 500-600 million US\$(Figure 1).

The football team’s stadium named Suita City Football Stadium was also constructed in 2015 to raise money of 13.5 billion JPY (approximately 123 million US\$) from the general public and donated to Suita City government that is one of the Osaka Prefectural Municipalities(Figure 2).

Business corporations that own buildings at the main street named *Midosuji Street*

donated sculptures to the Osaka City government and they were decorated along the street as public art. Structures are including those by Henry Moore, August Renoir and Auguste Rodin. Because total 29 donated sculptures by famous artists are decorated along the street, the *Midosuji Street* can be called “Philanthropy Street”(Figure 3).



Figure 1 The Osaka Castle



Figure 2 Suita City Football Stadium



Figure 3 A sculpture at Midosuji street, “Eve” , Auguste Rodin

Capital city of philanthropy plan is treated as one of four main policies. The Vision of Osaka Vice-Capital City Plan was issued in March 2017.

The Vision includes:

- In Japan, the number of new players such as Nonprofit Organizations(NPOs) and social enterprises for public benefits increases and interests in corporate social responsibility(CSR) advance.
- Meanwhile, in the world, public benefit activities through donation and investment etc. are in the trend of a new era as a third way of solving social problems.
- In Osaka, the private powers played a major role in the history of urban development. Linking with the Special Zone System Today, special zone system and concession etc., Osaka is promoting the creation of an environment that can demonstrate the vitality of the private sector.
- By Setting the dynamism of the private sector beyond the idea of the government as the center of society, and creating an environment that can make maximum use of for-profit and non-profit activities, it is necessary to send out from Osaka the creation of a society with the leading role of citizens. (Osaka 2017)

【Direction of initiatives】

- The circumstances in which private citizens can freely work are important to promote the capacities of human resources diversely. To take advantage of tradition as "Osaka's Capital city of philanthropy", further policies will be promoted.
- Osaka will strengthen collaboration between civil society organizations and government, aiming at realization of provision of social services and economic revitalization, while activating citizens' activities by deregulatory reform, and enhance liaison between third sector and government in order to handle solving social issues.
- Pursuing efforts aimed at "an international base city in philanthropy" with a view to reform that stepped into the national system such as the establishment of Office of Civil Society in Osaka in the future (Osaka 2017:46).
- The roles of the citizen and nonprofit sector are growing globally, and philanthropy to solve social problems through donation and social investment is becoming the trend of the world.
- Through the promotion of philanthropy, Osaka will incorporate “the second artery” (Capital City of Philanthropy) into Osaka, and through Osaka's revitalization of the nonprofit sector, Osaka aims to become an "international base city in philanthropy".

- Firstly, we established the "(tentative name) Osaka Philanthropy Colloquium" where administrators, non-profit sectors that operate in diverse fields, intermediate support organizations supporting them, universities, companies, etc. discuss the various themes on an equal footing.(Osaka 2017:47)

According to Vision, Preparatory Committee for the “Philanthropy colloquium” has been launched in April, 2017.

3. Background— Galápagos syndrome of the third sector

In Japan, legal personalities of the Third Sector Organization are completely diversified and regulated respectively. Both for “public interest” and for not-for profit organizations dates back to the old Civil Code, adopted in 1896. They are called “Public Interest Corporations”(PICs), and carries forward into the 2006 reforms. After World War II, Japan enacted special laws to give organizations different types of legal personalities: religious corporations (the Religious Corporations Act 1951), school corporations (the Private Educational Institutions Act 1949), social welfare corporations (the Social Welfare Services Act 1951), and medical corporations (Revised Medical Care Act 1949). The diversification of legal personalities was affected by the new Constitution. Article of 89 of the Constitution of Japan stipulates that no public money or other property shall be expended or appropriated for the use, benefit or maintenance of any religious institution or association, or for any charitable, educational or benevolent enterprises not under the control of public authority. Just after the war, it was necessary for some types of PICs to receive public money in order to survive. One aim of the acts was to have a robust legal background for “under the control of public authority” in the Constitution.

Moreover, Specified Nonprofit Activity Promotion Act was enacted in 1998.

The various types of organizations are overseen by different government agencies, each with its own accounting standards and regulations: School Corporation Accounting Standard for school corporations, Social Welfare Corporation Accounting Standard for social welfare corporations, Religious Corporation Accounting Guideline for religious corporations, Medical Corporation Accounting Standard for medical corporations, and SNC Accounting Standard for SNCs. The complicated situation of Japan’s nonprofit organizations might be called an example of “*Galápagos Syndrome*” (Deguchi 2015; 2016)².

² “Galápagos syndrome is a frequently used term in Japanese business circles to

It is, therefore, difficult to understand them as “One Sector”. (Deguchi 2015 b). The third sector in Japan has been neglected by the urban policy as a whole. All the policies to the third sector are limited to each legal personality. The third sector as a whole in Japan is “invisible sector”.

Accordingly, policy to the whole third sector is very difficult, but much potential. There is no such policy even in Tokyo. Osaka had tried to encourage only business sector as private powers and failed the policy. Osaka try the challenging policies which encourage cross-legal- personalities collaborations (CLPC) and philanthropy, as one of four major “Osaka Vice-Capital City Plans”.

4. The road map, policy and theory

As the “Osaka Vice-Capital City Plan” was empty, all set of policies as “Capital City of Philanthropy” can be embedded according to theory and researches. The key is CLPC and PPPs.

According to organization theory like Gray, collaboration is defined as a process “through which parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible” (Gray 1989:5).

To seek for “Capital City of Philanthropy”, PPPs are conducted following Bryson et.,al (Bryson et.,al 2006).

Members of Preparatory Committee for the “Philanthropy colloquium” are composed from the type of the legal personality; from a Public Interest Corporation, a Social Welfare Corporation, a Specific Nonprofit Activity Corporation, an unincorporated organization and academics. Moreover, members from School Corporation and Medical Corporation will join the committee. The committee with the nature of cross-legal- personalities has never been conformed in Japan.

Based on Bryson et.,al , a framework for understanding Cross-sector collaboration is set for the following factor :initial condition, process, structure and governance, contingencies and constraints, and outcomes and axccountabilities.

mockingly refer to technologies and specifications advancing in a form that lacks compatibility with other countries, much like how animals on the Galapagos Islands evolved uniquely in a closed environment” (Nakamura 2013: 66).

Initial condition

This category focuses on broad themes related to the general environment in which collaborations are embedded. For partnerships focused on public policy or public problem solving, the institutional environment is especially important because it includes broad systems of relationships across public jurisdictional areas that can directly affect the collaborative purpose, structure, and outcomes (Bryson et.,al 2006: 45) .

In Japan, while *Judo* is an original Japanese sport, international federation of *Judo* is located in Europe, and Asian federation is located in India. This is the symbol that Tokyo has no power for inviting the International Peak Body (IPB). There is almost nothing organizations as international peak body in Japan except few exceptions. On the other hand, head offices of the almost all National Peak Bodies (NPBs) are located in Tokyo. This means that Tokyo as city has no power of attracting International Peak Bodies.

In Osaka, the nature of megalopolis is collapsed because of Tokyo Centralization. Although population is 8 million, population outflow to the Tokyo area is remarkable, with about 38,000 being exceeded in the past five years (Osaka 2015:9).

As mentioned, the number that large companies with capital of 100 million yen or more have decreased is 259 in Osaka between 2001 and 2014. As in general the function of head offices is decreasing, the power of professionals is decreasing. As the result, the number of professionals like accountants, lawyers and interpreters is decreasing. This is lack of CHC (Corporate Headquarters Complex) .

These are shared crisis and the Galapagos syndrome of the third sector as well.

Process

The collaboration researcher emphasize that process needs forging initial agreements (Donahue 2004), building leadership (Agranoff and McGuire 2003; Crosby and Bryson2005b), building legitimacy, building trust, managing conflict, and planning.

The leadership is attributes to Governor and Mayer. They set up the proposal to collect ideas from experts.

Osaka governments called for public comments for the proposal of the Vision between 9th February and 10th March 2017. And it was finalized on 30th March 2017. Based on the Vision, preparatory commission for the philanthropy colloquium has been launched.

Structure and Governance

Collaboration types are different between administrative activities and service delivery (Bolland and Wilson 1994). The type of the philanthropy colloquium is former. The former collaboration is considered more difficult (Bolland and Wilson 1994), but members of the colloquium will be the top rank of each organization. Members will be from the vertical legal personalities and the first type of the conference in Japan. On the other hand, the colloquium has inclusive structure consisting of voluntary-sub meeting groups. Any third sector organization can join the colloquium voluntarily. That is to say, the nature of structure is “inclusive”.

The structure is three steps.

Preparatory Committee for Philanthropy Colloquium (formal)

Philanthropy Colloquium (formal)

Voluntary sub-meeting group (Inclusive and informal)

Contingencies and constraints

The strong leadership by Governor Matsui and Mayor Yoshimura will face to the election in November, 2019 as contingencies. Both Osaka governments cannot be a sponsor to the policy as constraints.

Possible Outcomes and accountabilities

The Japanese third sector has developed import ideas from Europe and USA. Especially, Japan's third sector imitated the United States and Europe, and established similar organizations in Tokyo. The Japan Association of Charitable Organizations (JACO) is an organization that imitates Council on Foundations in Washington DC. The NPO Center followed as an example of Independent Sector in DC.. Japan Foundation Center mimicked The Foundation Center in NY. The Japan Association of Chief Executives of Voluntary Organizations (JACEVO) followed ACEVO in England and Wales.

However, they are much different from original organizations influenced by Japanese laws and cultures. They are nationwide, but substantially Tokyo base. Members outside of Tokyo only pay membership fees.

Another knot of networking will be important for Japanese society. Therefore, the targets are new national peak body organizations in Osaka. The same kind new organizations as existing organizations create conflicts with them. Therefore, the target is new organizations that have not yet ever conformed in Japan; Donors forum of Osaka

like of Donors Forum of Chicago, a PPP liaison office like Michigan's Office of Foundation Liaison (OFL), Philanthropy Japan like Philanthropy Australia, Osaka Venture Philanthropy Association like European Venture Philanthropy Association (EVPA).

The Osaka governments will invite The International Peak Bodies, especially, the Asian Peak Bodies, and Osaka will be capital city of philanthropy in Japan.

This plan will removes the harmful effects of Tokyo concentration.

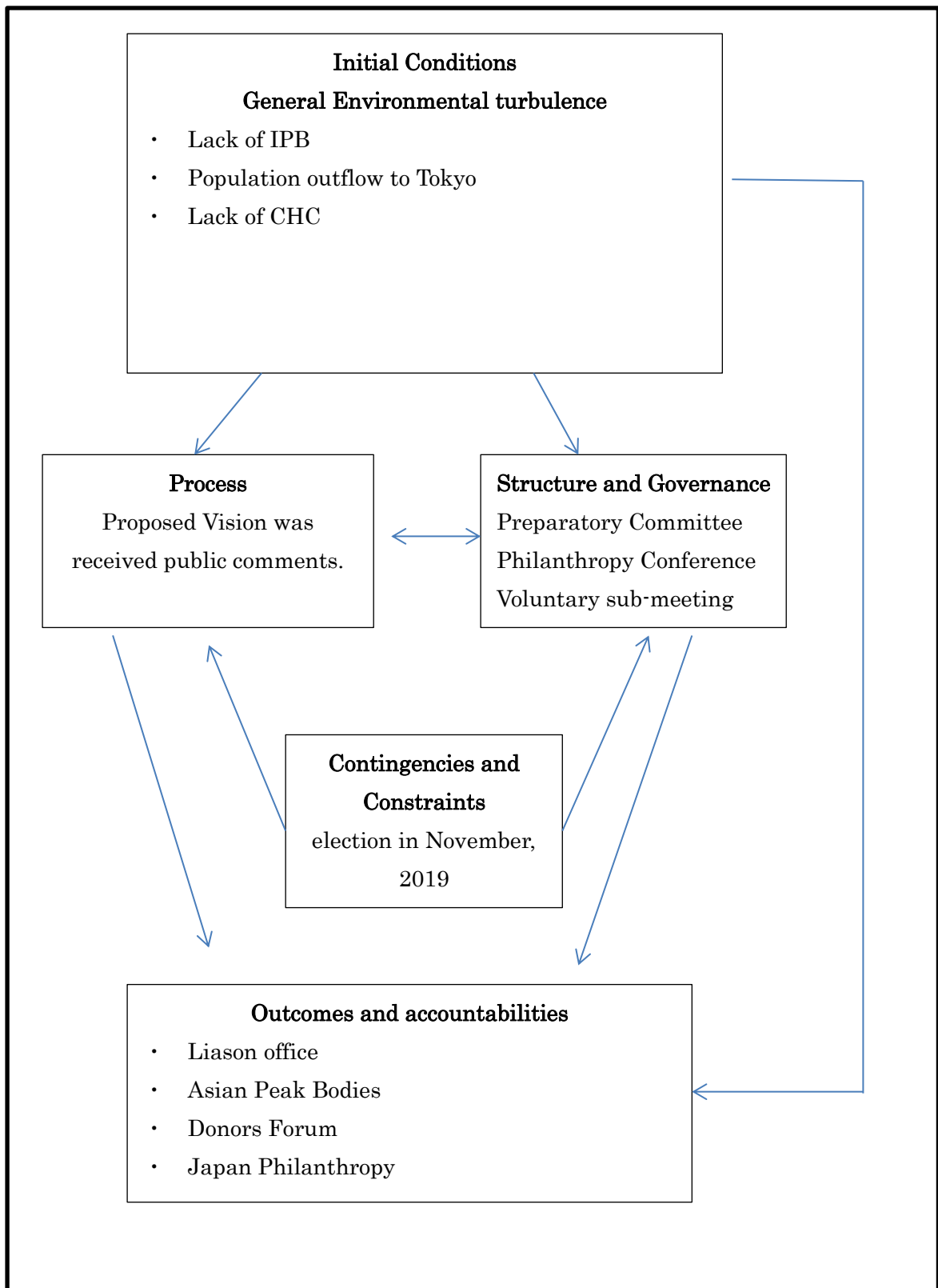


Figure 4 Framework based on Bryan et. al

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