

LAND REFORM AND JAPAN'S ECONOMIC DEVELOPMENT

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There is general agreement among the students of Japan's economic development that agriculture's contribution to the task of building a strong industrial base was a considerable one. It provided export earnings and import substitutes which helped in acquiring the machinery and raw materials which had to be bought abroad. It managed a steady expansion of the supply of staple foods which enabled a growing town population to be fed reasonably cheap food. It contributed through the land tax a substantial portion of the funds which provided the infrastructure of communications, government and education, and through the profits of the landlords some of the capital which developed especially the small industries. And it was in part a growth in productivity which made this "squeeze" possible without such a drastic lowering of rural living standards as to cause uncontrollable political instability.

Was this in part because of, or in spite of, the nature of the land tenure system? It has by now become a truism that one important factor determining the productivity of agriculture is the system of property institutions under which land is owned and used. The question which naturally arises, therefore, is this: granted that agriculture made a substantial contribution to Japan's economic growth, was it the best that it could have made? Or is it possible that under a different land tenure system it could have done more?

This question, like all the other "if" questions about human history, can only be answered by guesses derived from comparison with other countries. For such comparisons it is useful to have a typology. The one I suggest below has no particular merit except that it seems to be applicable to a variety of situations and is a handy basis for generalization.

The typology is little more than a distinction between two types of land reforms based on the kind of landlord whose power and property is affected. The key is therefore the definition of the two types of landlord. The first is typically one who acquires control of a territory by military conquest or by infeudation—being allocated territory by a warrior chief who thereby secures his allegiance. At first he is lord and

master in every sense; he draws produce from the cultivator by virtue of his monopoly of violence; political control and economic exploitation are one and indivisible and there is no conceptual distinction between rents and taxes.

At a later stage of development the autonomy and arbitrariness of his political power may become circumscribed by the development of a central state authority. The central government may claim the sole right to tax and the former feudal magnate now only draws a rent. He may still, however, exercise political power in his hereditary fief by ascriptive right, though he may exercise it through delegates, he himself living in the central capital and only occasionally visiting his estates for supervisory or ceremonial purposes.

The second type of landlord is characteristically one who achieves his position by *economic* means within the framework of a system of established political order; not by warfare or that milder type of warfare that is politics. Sometimes he is a merchant, sometimes a thrifty farmer who acquires land from the improvidence or misfortunes of others, sometimes a money-lender. He may also exercise some political power, but it is power exercised through the framework of a system of government in which he has no ascriptive right, only the power of manipulation gained by virtue of his superior wealth. Such landlords have smaller estates than the first kind, and they generally live near the land they own. They may, in Marxist terms, act as the rural wing of the bourgeoisie, a conservative political force which gains advantages for itself from contacts with the urban politicians, and provides the latter with a necessary basis of support in proto-democratic systems. They are not necessarily obstacles to all economic progress and can in some cases serve as the agents of economic development.

The next distinction follows logically from the first. What will be called a Stage I redistribution is one which expropriates, or in some way drastically reduces the power of, Type I landlords. A Stage II land redistribution is one which expropriates or weakens the second type of landlord.

For some countries the classification seems clearly apposite. One can pinpoint the two distinct historical events representing the two stages of land reform. In Czechoslovakia, Yugoslavia, and other countries of the old Austro-Hungarian Empire the land reforms which took place after the First World War were Stage I reforms; those which came after the Second World War were Stage II reforms. In Russia one may take the land redistribution following the revolution as the first

stage, and collectivization, destroying the power of the kulaks, as the second. There are other countries such as England where there has been no first-stage reform and where the Type I landlords have never disappeared. Their local political power has been whittled away to the point where only in the more remote areas of rural Scotland can the scions of noble families, such as Lord Home, claim a parliamentary seat almost as a hereditary right. Their economic hold over the land remains, however, though it is in no sense different from that of the Type II landlords—those who acquired their land by economic means, often by investing in small estates the profits derived from industry and commerce. (Already by the sixteenth century it is difficult to separate the two types of landlords, as witness the historians' disputes about the rise or fall of the "gentry" or the "aristocracy.")

France, by contrast, quite clearly had a Stage I redistribution in the celebrated events which took place in 1789, but in neither France nor England has a Stage II redistribution taken place. Instead, in both countries, the Type II landlords who supported the bourgeois régimes of the nineteenth century were forced, as their political power waned, to accept tenancy reforms which redistributed income without redistributing the ownership of land. In these countries, and in England especially, industrialization *before* population growth created serious pressure on the land, and the ability of landlords to accept gradual reform (if only because they had already acquired substantial industrial interests too) has created a situation where the entrepreneurial tenant can be counted as a member of the prosperous middle class. In Ireland, on the other hand, greater population pressure, greater tenant distress and a more intransigent unwillingness of landlords to accept reform led, not to evolution, but to drastic changes which saw the virtual elimination of the Type I landlords in the space of a decade.

Again, there are countries where a first-stage land reform has only recently been carried out; India, for example, where the removal of the jagadirs and zamindars did not immediately affect the Type II landlords, and Iran where only the holders of whole villages were affected by the original land reform measure.

A new phenomenon in the modern world, however, is the accelerated spread of communications, education, and political consciousness, one of the results of which is that the political demand for land reform can become irresistible in countries which are otherwise at a level of economic development at which, a century ago, effectively organized popular political demands of any kind would have been unthinkable.

Hence the strong political pressure for a Stage II land reform in India, only a decade or so after the first. Hence the second wave of land reforms in Iran which is aimed, two years after the first, at the estates of the smaller landlords. Hence, too, countries where the land reform which has taken place has been in effect a telescoped Stage I plus Stage II operation, jumping from a structure of large "feudal" holdings to atomized peasant proprietorship. Bolivia is an outstanding recent example.

If the reader still thinks that the typology has any validity he will have no doubt where to fit Japan into the picture. The Meiji Restoration and the creation of a centralized system of government dispossessed (though with handsome compensation) Japan's Type I landlords, the *daimyō*. They remained wealthy, but their wealth was no longer in landed property. They almost entirely lost local political influence and became a metropolitan aristocracy, and although they were granted, to be sure, a place in the political system in the House of Peers, at no time was the House of Peers at the centre of political power.

This fact in itself was of considerable importance for Japan's industrialization. Those who controlled policy after the Meiji Restoration were not landed gentlemen but members of a bureaucracy who depended for their income on their salaries, and on the less formal income channels provided by their more or less corrupt relations with the new industrial class. They had, therefore, no personal interest in protecting agricultural incomes at the cost of slowing the growth of industry. They could, and did, maintain a high level of taxation on agriculture. There is a marked contrast here with the situation in, say, England, where the landed aristocracy, with strong personal agricultural interests, maintained their political influence until a relatively advanced stage of industrial development. It was not until the middle of the nineteenth century that the repeal of the Corn Laws marked the final emergence to political supremacy of industrial interests. Similarly, in a good many Latin American countries today the continued political power of a traditional landlord class (fortified by those who have urban wealth back into the purchase of landed estates and adopted traditional values) remains an obstacle to serious industrial development.

The removal of the *daimyō* left a clear field for the Type II landlords, those smaller village landlords who had been acquiring control over land by economic means in the latter half of the Tokugawa period. The first decades of the new régime saw an extension of their power; various factors, but especially the operation of the new tax

system, increased the amount of land which such landlords controlled, from about 30 to about 45 per cent of the total. They remained the dominant economic and political influence in the countryside until Japan's Stage II land reform put them out of business in 1947-1949.

No one can seriously doubt that the Stage I land reform represented by the dispossession of the *daimyō* was an essential pre-condition for Japan's development. The question whether or not the land tenure system after 1870 was the best one to promote that development resolves itself, therefore, into the question: could the Stage II land reform with advantage have come earlier? Supposing that the Meiji government had insisted that the land certificates issued in the 1870's should always be given to the actual cultivator and that all other claims and liens should be ignored or compensated for; and supposing that it had set rigid limits to the area of land which any family might subsequently acquire by purchase; supposing, in other words, that the Stage I and Stage II land reforms had been telescoped into one, thus establishing immediately a small peasant holding system; would the growth of agricultural productivity have been faster, or agriculture's contribution to economic development in general greater?

There are some good grounds for answering: no. One might list them as follows:

1. These landlords were village landlords, themselves often farmers, with an understanding of agriculture and personal motives for improving their tenants' standards of husbandry. (Though rents were generally fixed rents (in produce) the tradition of rent reductions in years of bad harvest preserved elements of a share system.) Many of them, through experience as village headmen and contact with the *samurai* class, had developed Confucian ideas of paternal responsibility which meant that their economic interests were sometimes reinforced by a sense of moral duty to improve their tenants' production methods for the latter's own good. As a consequence they had the *motive* to use their economically-based political control of village society to improve agriculture.¹

¹ The literature available in English reflects only a fraction of the information available in the works of Japanese scholars, but a good general idea of the development of agriculture in Japan, and in particular of the role of the landlords may be gained from the following: B. F. Johnston, "Agricultural Development and Economic Transformation: A Comparative Study of the Japanese Experience," *Food Research Institute Studies*, Vol. III, No. 3, (November, 1962); T. Ogura, *Agricultural Development in Modern Japan*, Japan FAO Association, 1963; K. Ohkawa and H. Rosovsky, "The Role of Agriculture in Modern Japanese Economic Development," *Economic Development and Cultural Change*, October, 1960, Pt. 2; R. P. Dore, "Agricultural Improvement in

2. Secondly, they also were in a better position than other villagers to have the *knowledge* to do so. Being richer they had more leisure and travelled more. They brought their brides from further afield and consequently had wider kinship connections. They could afford education and were sometimes the only literate members of their village. They were consequently in a better position to learn of superior methods practised elsewhere and to keep in touch with the national centres of technical innovation—as well as sometimes being inventors and experimenters themselves.

3. Many of the productive innovations in agriculture in this period required the creation of new formal organizations. Consolidated schemes for the reorganization of field sizes, irrigation and drainage systems certainly did. So did the creation of new marketing channels, of incentive-creating shows and competitions, of the primitive travelling-lecturer system of agricultural extension, and so on. Such organizations could be created much more easily in an authoritarian manner by use of the landlord's traditional power than they could have been if it had been necessary to persuade the majority of the villagers to come together to form such organizations on a footing of equality in a democratic manner.

4. The landlords' rôle as links in a communication system joining the villages to the centre of government was important for more than just the diffusion of agricultural improvements. They were interpreters of government policies without whom there might have been far more peasant uprisings and general political unrest than there in fact was. At the same time their own political ambitions forced the creation of local government systems which could be gradually expanded to meet increasing demands for political participation, whereas if there had been no landlord class to make demands which were of a nature moderate enough to be acceptable with modifications to the ruling Tokyo oligarchy, concessions might have been delayed and really revolutionary forces built up which might have destroyed the whole structure of administration. The landlords were particularly important as interpreters of the government's educational policy and often played a leading part in the building

Japan: 1870-1900," *Economic Development and Cultural Change*, October, 1960, Pt. 2; R. P. Dore, "The Japanese Landlord: Good or Bad?" *Journal of Asian Studies*, Vol. XVIII, No. 2 (May, 1959); T. C. Smith, "Landlords and Rural Capitalists in the Modernization of Japan," *Journal of Economic History*, June, 1956; J. I. Nakamura, "The Growth of Japanese Agriculture: 1875-1920," in W. W. Lockwood ed., *The State and Economic Enterprise in Modern Japan*, Princeton, Princeton University Press, 1965; S. Sawada, "Innovation in Japanese Agriculture," in *ibid.*

and expansion of schools. As village landlords they sent their own children to the village schools, and hence had a direct interest in them. Even when they became absentees, for one or two generations they maintained close links with their village, and the desire to maintain the "prestige of the house" in the village where the family land and graves were, prompted many of them not to begrudge taxes and contributions for village schools and public works.

5. The landlords commanded the "agricultural surplus." In their hands it was more effectively taxable. Moreover, many of them used their wealth in productive ways—in the education of their children and in investment in food-processing and other local industries. If this wealth had not been squeezed out of their tenants it would have been used for direct consumption; the overall rate of savings would have been lower and economic development slower.

6. By analogy one might argue from situations such as Bolivia where a telescoped Stage I—Stage II land reform left the villages without small landlords and without a structure of local leadership, and where there seems to have been not only no economic development but in fact a decline in production and administrative anarchy.

As against these, one might set the following arguments for the contrary point of view:

1. The landlords may have brought new ideas and techniques to the villages, but this advantage was cancelled out by the well-known drawbacks of a tenancy system; the fact that tenants, with only insecure tenure, had no motive for carrying out improvements with long-term effects, and the fact that the burden of rents kept them so poor that they could not afford the kind of investment in, for instance, fertilizers, which was most capable of bringing big increases in production.

2. It is debatable whether the tradition-sanctioned authority of the landlords was a necessary condition for creating the organizational structure necessary to improve agricultural practices. The tradition of village co-operation between equals is an old one in Japanese rural areas. There were villages, particularly in the commercially more developed areas of central Japan from Gifu to Hiroshima, where landlord influence was less strong and a more egalitarian type of village structure prevailed. These areas were not notably slow in developing the co-operative organization required for agricultural development, and there is no reason to suppose that the more authoritarian villages could not have adapted to more egalitarian forms if the influence of the landlords was removed—as in fact they did after 1950.

3. The landlords may have invested some of the income they squeezed out of their tenants in productive ways, but they also consumed conspicuously, to some extent in luxury imported goods. If there had been greater equality of village incomes there might not have been as much local investment in commerce and industry, but there would have been a quicker and wider diffusion of popular education. Many more villagers might have sent their children to school for, say, six years instead of four.

4. The pre-emption of local formal political authority by the landlords was a loss, not a gain, for agriculture. As soon as they were allowed representation in the national Diet their main interest was directed towards reducing their tax burden. This pressure on the national budget slowed the growth of agricultural research and extension services and of the developmental subsidy system. If the voice of the villages in the Diet had been the voice of practising farmers these things would not have been neglected.

5. The "political stability" of the countryside ensured by the landlords' power was also a loss rather than a gain. If the demand for political participation had built up to revolutionary proportions before concessions were contemplated and a real revolution had taken place, there might earlier have emerged a democratic political system with a government really devoted to the cause of popular welfare.

It is impossible to reach any definite conclusions on this matter. On balance it seems difficult to believe, given the level of violence associated even with middle-class politics and even in the 1920's and 1930's, that a régime of any stability or any power to plan economic development could have emerged from a successful popular revolution at any time in the Meiji period. It equally seems difficult to believe that organizational and technical innovation in the villages could have proceeded as fast without the backing of traditional landlord authority. I am inclined to believe that economic development would have been slower if there had been a Stage II land reform at any time before, say, 1900.

But the situation was already different by 1920. By then most farmers were literate and more capable both of informing themselves individually about new agricultural methods and of forming the organizations necessary to put them into practice. (As Galbraith has recently said, "nowhere in the world is there an illiterate peasantry that is progressive. Nowhere is there a literate peasantry that is not."¹) More

¹ J. K. Galbraith, *Economic Development in Perspective*, Cambridge, Mass., Harvard University Press, 1963, p. 49.

important, if the landlord's traditional authority *had* been put to productive purposes in the Meiji period, this was only because that authority was *accepted* by the tenants. By 1920 tenants were beginning to lose their deferential submissiveness—as the growing number of disputes over rents and the formation of tenant unions testify. Hence, by this time, the advantages of landlord control had all but disappeared. Only the disadvantages of poor incentives and tenant poverty remained. A Stage II reform at any time after 1920 would probably have hastened economic development, as well as conducing to a more satisfactory internal political structure (more satisfactory by our present-day values) and possibly modifying Japanese external policies as well.

There are two further comments worth making on this issue. The first concerns the evaluative implications of the fact—if it is a fact—that the Meiji landlords contributed to the cause of Japanese economic development. Japanese historians are inclined to write of the landlord system in the Meiji period as a social evil. In part this is a back-projection into the past of judgements about recent situations, but in so far as this is not the case, what would they make of the assertion that on balance economic development took place more rapidly with landlords than it would have done without them? One answer, which would probably be favoured by the majority, is that the assertion is wrong and that my summary of the balance between the two sets of arguments is at fault. There is, however, another answer. One can accept the assumption and still argue that a Stage II land reform was desirable at a very early stage. It may be granted that the landlords helped to hasten the pace of economic development, but this was done at the expense of miserable poverty on the part of tenants, and at the cost of preserving a system of social relations in the villages which was an affront to human dignity. It would have been better, it can be argued, to have improved the lot of the Meiji tenant even if this meant a slower pace of economic growth; even if it meant postponing the arrival of television sets in the villages from 1960 to 1980, to the generation of those tenants' great-grandchildren rather than their grandchildren. This is a perfectly valid argument. Economic growth is not the only end in life. Just how much sacrifice of personal welfare by the present generation is justified by how much improved welfare for future generations is a difficult value question which every development planner must face.

The second comment is this: none should try, without very drastic modifications, to draw from the history of Meiji Japan the conclusion that a small village-landlord system is a beneficial factor in the initial

stages of economic growth and seek to apply this as a "lesson" to the situation of the developing countries today. It is inappropriate as a lesson from many points of view. The population growth rate in most of the developing countries is much higher than it was in Meiji Japan, thus adding a new dimension to the problem of rural development. Communications techniques have improved considerably, making less necessary the informal intermediate policy-interpreting function of the Meiji landlord. Many countries have less need to squeeze industrial capital out of the traditional agricultural sector, because of mineral revenues, foreign aid, or the taxation of agricultural exports produced by capitalist plantations. Above all, the political revolution of the twentieth century—the new assumption that all governments ought to derive their power from electoral consent—together with the development of mass media in even poor countries, has created a political demand for land reform even in economies which are characterized by an almost wholly subsistence agriculture. What this means is that the traditional *acceptance* of landlord authority—a necessary condition for landlords to play the kind of useful role they played in Meiji Japan—has already been destroyed. Social relations in the villages have often reached a level of conflict similar to that of Japan in the 1920's, even though agricultural development may remain at Japan's 1870 level.

The trouble with these "if" questions about history is not only that one can rarely arrive at satisfying answers. Even if one gets an answer it is rare that one can draw any simple "lessons" from it for the solution of contemporary problems. For if there are some senses in which the countries of the world are moving in different directions—the poor perhaps getting relatively poorer and the rich relatively richer—there are other ways—in the accumulating stock of scientific knowledge and political ideas—in which the world as a whole moves on.