

# RECENT AGRARIAN PROBLEMS IN JAPAN

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The present agrarian structure of Japan is characterized by the small-scale farming of individual owner cultivators and concentrated in rice cultivation. This structure has been in harmony with post-war economic development. However, the rapid economic growth since 1955 has brought about gaps between the agricultural and non-agricultural sectors in terms of productivity and real income. Therefore, the Agricultural Basic Law was enacted in 1961, and the government has undertaken the selective expansion of agricultural production and the improvement of the agrarian structure. But these measures do not seem to have succeeded in eliminating the gaps. In order to accomplish this, more daring measures are needed, in particular, for enlarging the scale of farming.

## I. THE AGRARIAN STRUCTURE

The purpose of this paper is to describe the problems in the agrarian structure which Japanese agriculture has been confronted with recently. For this purpose, it is first necessary to examine briefly how the present agrarian structure came into existence.

Modern Japan has experienced two stages of land reform. The first was accomplished through the Meiji Restoration beginning in 1867, and the second was carried out after World War II. These reforms paved the way for the development of Japanese agriculture, laying the basic foundations of the agrarian structure.

### 1. *The Land Tenure System*

Through the Meiji Restoration, the feudal system was dissolved, private ownership of land was recognized, and the ban on the alienation of land and other restrictions on property rights were abolished. Thus the *de facto* peasant proprietors and landowners of the Tokugawa period became *de jure* independent proprietors. The feudal land tax in kind was converted by the Reform of the Land Tax into an annual money tax of 3 per cent of the assessed value of the land.

The Meiji land reform may be said to have been quite modern in nature, in that of private landownership was thoroughly established, but on the other hand, the reform might be qualified as being compromising in nature because the abolition of the feudal land system was effected by compensation provided by the government. It is further to be noted that the reform did not emancipate the tenants, but as a result of it, tenant cultivators increased and tenancy rights were weakened. Even after the tax was lightened, the burden

of tenancy remained almost as it was.

Moreover, in the course of this land reform, the principle of private landownership was so thoroughly adopted that perpetual lease rights which were customary in the Tokugawa period were denied most cultivators. Also, in consequence of the discrimination between national and private landownership in the enforcement of the Reform of the Land Tax, the inhabitants of hamlets, mostly cultivators, were denied some of the previous joint-communal ownership or utilization rights on forest and uncultivated land. Thus, part of this communal forest and uncultivated land, and the forest land previously owned by feudal lords was placed under the ownership of the State or the Imperial Household.

On the other hand, the fiscal burden of the landowners was not immediately lightened through the land reform. However, by the subsequent progressive reduction of the land tax in its real value and the secular trend towards a rise in the prices of agricultural products during the Meiji period, the landowner became richer and accumulated land. These landlords or wealthy farmers were by and large coming to lease out most of their land to tenant cultivators, instead of cultivating it by themselves. This was because under the new land tenure system a landlord could, at his will, take back the leased land from his tenant, and the average level of rent in kind was more than half of the crop.

Tenanted land increased from about 30 per cent at the Restoration to about 45 per cent at the outbreak of World War I.<sup>1</sup> Thus the landlord system was steadily brought into existence. Nevertheless, the propertied peasantry remained the foundation of the cultivators. Therefore, the land tenure system thus established may be called "peasant proprietorship under a landlord system."

After the Meiji Restoration, at the time of the enactment of the Civil Code, there was a legislative debate as to whether the land tenure system should be mainly in the interest of the landlord or in the interest of the entrepreneurial farmer. The debate finally ended with the abolition of the first Civil Code, which defined the lease as a real right, and with the promulgation of a new Civil Code which defined it only as an obligation of the lessor. Further, after the outbreak of tenancy disputes, the government endeavoured from 1920 to 1931 to enact a tenancy law to improve tenancy. However, the attempts proved to be almost entirely unsuccessful.

It was in 1938, a year after the outbreak of the Sino-Japanese Conflict that the Agricultural Land Adjustment Law was promulgated. The law included some articles concerning tenant rights which were somewhat favourable to tenant cultivators.

<sup>1</sup> Tenanted land was estimated at 31.1 per cent in 1873, by Yoshitarō Hirano, *Nihon Shihonshugi Shakai no Kikō* (The Mechanism of Japanese Capitalistic Society), Tokyo, Iwanami-shoten, 1934, p. 73, and was 45.5 per cent in 1914, by Ministry of Agriculture and Forestry, *Nōrinshō Ruinen Tōkeihyō, 1868-1953* (Successive Statistics of the Ministry of Agriculture and Forestry, 1869-1953), Japan, 1955.

Now, what caused the definite decline of the landlord system was wartime food controls. It was in 1941 that the government decided to discriminate between the price for rice delivered by owner cultivators and tenants to the government and the price for rice delivered to the government by tenant cultivators in payment of their rents. The gap between the price of producer-sold rice and the price of landlord-sold rice became wider. It should be said that the system of payments of rents in cash was in practice established during World War II, before it became legally established through the Land Reform after the war.

Soon after the war, the government actively began to undertake land reform. This attitude on the part of the Japanese combined with the strong policy of the Occupation Forces brought on a thoroughgoing land reform. Furthermore, as official land prices were kept constant throughout the reform, the post-war inflation resulted in making the reform even more drastic than intended.

As a result of the Land Reform, on August 1, 1950, a total of 1,742,000 hectares of cultivated land were purchased and were transferred to tenants including owner-tenant cultivators, despite some resistance on the part of landlords. If the cultivated land delivered to the government in payment of property tax is included, the total area liberated reached 1,933,000 hectares, one-third of the total area of cultivated land in Japan. In addition to cultivated land, the government purchased 450,000 hectares of pasture land to be resold, and requisitioned 1,330,000 hectares of forest land and uncultivated land which could be reclaimed for starchy food production and on which owner-operators were to be settled.<sup>2</sup> Except for those areas to be reclaimed, forest land and uncultivated land was not included in the Land Reform. However, the forest land held by the Imperial Household has since been consolidated into national forest land through a reform by the forestry administration.

The Land Reform has quite transformed the agrarian structure. First, tenant-cultivated land which had been 46.3 per cent of the total cultivated land area in 1951 is now less than 10 per cent; a downward trend has been continuously maintained. And owner-operators, who constituted 30.6 per cent of total farm households, were 61.9 per cent in 1950. Thereafter an upward trend has been maintained, reaching 75.2 per cent in 1960.<sup>3</sup>

Second, the Land Reform did not intend to and in fact did not abolish tenancy altogether, but it did substantially modify the tenancy which remained. The maximum rent was officially fixed by law. And the security of tenancy was guaranteed; tenancy contracts were not to be cancelled, annulled, or allowed to expire without certain delimited reasons stated by law, and the

<sup>2</sup> Masaru Kajita, *Land Reform in Japan*, Tokyo, Agricultural Policy Research Committee, 1965, pp. 36-37.

<sup>3</sup> Ministry of Agriculture and Forestry, *1960 nen Nōringyō Sensasu Nōkachōsa Hōkokushō, Nōka-Jinkō-hen*, (The 1960 Census on Agriculture and Forestry, Report of the Survey on Farm Households, Farm Household and Population Section), Japan, 1962, p. 99.

above were not to be valid without the permission of the prefectural governor.

Rent has been controlled at a low level, and is paid in cash and not in produce. At the time of the Land Reform, rent represented 13 per cent of yield, a figure based on the average production and on the average controlled rent. After that the price of rice was raised almost every year but the controlled rent was not always raised accordingly. In 1965, the controlled rent represented about 3 per cent of the estimated yield converted to money. Therefore, the leasing of land to tenants has become less and less profitable for landowners since the Land Reform.

Thus, the Land Reform has drastically changed the distribution pattern of agricultural income. The rate of flow from the farm decreased during the war, and declined further to 3 per cent soon after the reform. Before the war about 80 per cent of agricultural income was reserved in the farm and about 20 per cent flowed out from the farm.<sup>4</sup> Further, through various public measures which accompanied land reform, such as the reform of local self-governing system, through the redistribution of arable land property and therefore the redistribution of agricultural income, one of the important aims of land reform, the democratization of the rural communities was realized throughout the country. Also, it cannot be denied that the reform has contributed to the realization of another important objective, the raising up of agricultural productivity, a subject which will be discussed later.

The land tenure thus brought about is quite different from that of the pre-war period. The landlord system must be said to have been abolished. However, it is doubtful that the land tenure thus brought about may be termed a "free and independent owner farmer system." The reasons are as follows:

In order to carry out the Land Reform, it became necessary to restrict transactions on cultivated land. Most of these restrictions have remained in effect even after the Land Reform was complete in order to maintain the owner-cultivators, to protect tenants, and to limit the ownership of tenanted land. It should be mentioned that these restrictions were realized mainly by means of governmental bureaucratic procedure. Among these, two restrictions on holdings must be noted. One is the restriction on the ownership of tenanted land. The resident landlord cannot own more than 1 hectare (4 hectares in Hokkaidō) of tenanted land, and absolutely no absentee land-ownership of cultivated land is permitted. In addition, no one can acquire cultivated land for the purpose of leasing it out. Another restriction is on the size of holding to be cultivated by the operator. The acquisition of cultivated land by one whose cultivated land would exceed 3 hectares (12 hectares in Hokkaidō) after the acquisition or by one whose cultivated land would not exceed 30 ares even after the acquisition is prohibited in principle.

It cannot be denied that the owner-cultivator became the backbone of agriculture after the reform. However, the owner-cultivator system has remained paternalistic, which is to be seen most typically in the measures of

<sup>4</sup> M. Kajita, p. 24.

the Land Reform and in the restrictions on land tenure after the reform. Under the landlord system, the landlord was paternalistic, especially before World War I. As the landlord lost his paternalism, the state came to take it over. Since the post-war land reform, the paternalistic character of the state towards the cultivators has been too strong to qualify the owner cultivator as free and independent. Therefore, the land tenure since then may be called a "cultivator proprietorship system under the paternalism of the state."

## 2. *The Scale of Farming*

It is noteworthy that soon after the Restoration there was an attempt carried out by the government to put large-scale farming into practice, particularly in Hokkaidō and in other newly reclaimed areas, but this attempt was in vain. At about same time there were also some strong demands for land consolidation by which large scale of operation might become possible. Consolidation was in fact carried out. It aimed mainly at increasing the area of paddy fields and the yield of rice per hectare rather than the enlargement of the scale of operations. Furthermore, accompanying the establishment of the landlord system was an emphasis by landlords on the increase of yields per hectare. Thus consolidation works gave way to the improvement of irrigation and drainage.

The continued existence of small-scale farming by individual families, averaging approximately 1 hectare in scattered plots, was due to the characteristics of land tenure and to the level of growth attained in the national economy. On the one hand, high rents and the dominant type of land-ownership encouraged landowners to become non-cultivating landlords but not to become owner-farmers. On the other hand, the agricultural labour force were kept more or less unchanged in number. In addition, the acreage of cultivated land was maintained almost unchanged except for Hokkaidō. Therefore, small-scale farming remained predominant throughout the country, though a tendency towards a concentration in medium-size holdings was seen to a certain extent up until World War II.

Nor did the Land Reform after the war much change the scale of farming; land reform changed mainly the distribution of arable land ownership, and did not include any direct plan concerning scale. The reform itself did not and could not undertake to remedy the intense overcrowding of land which was enumerated in the Memorandum of Land Reform of Occupation Forces as one of the more malevolent of the pernicious ills afflicting Japanese farming.

In fact, it might be said that Japanese agriculture emerged from the reform with an average holding even smaller than before, and in scattered plots as before. This is due to the post-war national economy conditioned by an unlimited supply of labour. There are a number of reasons why this occurred. First, a large number of evacuees, displaced emigrants, and unemployed townspeople returned to the rural communities soon after the war

and established themselves as farm operators, generally on a small scale. Either for securing food for their own consumption or for evading the compulsory purchase of land by the government, some resident non-cultivating landlords, taking back some of their land from the tenants, began farming, and consequently furthered the tendency towards a smaller scale of farming. Though some cultivating landlords expanded their scale of farming by taking back tenanted land, such cases were relatively few. Third, land reform was not favourable to the large holding. The land purchased by the government included 26,000 hectares of owner-cultivated land.<sup>5</sup>

Through a comparison of the statistics, it is apparent that the number of farming households of less than 50 ares increased between 1941 and 1950.<sup>6</sup> However, all these figures somewhat exaggerated the tendency towards a smaller scale because the post-war censuses were biased by a good deal of under-reporting of cultivated areas.

Consequently, small-scale farming has remained prevalent since before the land reform of the Meiji Restoration, up through the post-war land reform and until present. Thus, the agrarian structure of today may be called "a system of small-scale farming of owner-cultivators under the paternalism of the state."

### 3. *The Pattern of Cultivation*

Throughout the two stages of land reform, individual family farming, as well as a small scale of farming, has remained characteristic of Japanese agriculture. Of course, co-operative operations have prevailed to some extent during the busy season, in particular, the co-operative transplanting of rice. This is by custom a kind of labour bank and does not alter the characteristics of individual family farming.

There were a few small attempts at co-operative farming after the outbreak of World War I. However, from just before the outbreak of World War II until the end of it, encouragement of voluntary co-operative farming, of course voluntary, was prohibited by the police which suspected it of being Communist. Even if this had not happened, not much co-operative farming would have resulted, because of economies of scale. At the time of the post-war land reform, the Occupation Forces had no interest in co-operative farming, and the agricultural co-operative was permitted only to carry on the particular co-operative operation of farming, but not running of a farm itself, though some agricultural co-operatives for reclamation carried on co-operative farming during the period reclamation was undertaken. Since the Land Reform, no juridical person, including agricultural co-operatives, has been able to acquire cultivated land except in certain special cases. Thus, the co-operative farm or capitalistic farm has been extremely rare. Even the largest farming household hires only two or three permanent labourers.

Farming has been in the pattern of intensive cultivation, in which rice-

<sup>5</sup> Survey of the Agricultural Land Bureau, Ministry of Agriculture and Forestry.

<sup>6</sup> M. Kajita, pp. 9, 53.

growing has predominated. Needless to say, the pattern of intensive cultivation is due to the unlimited supply of labour which prevailed in the agricultural economy.

The pattern of cultivation in which rice-growing predominates has been inherited, together with intensive family farming, from the feudal period. During the feudal period, the economy depended on rice cultivation, and even after the Meiji Restoration, the fiscal revenue depended to a great extent on the tax on paddy fields. Further, the landlord depended mainly on the rents in rice. This is because rice has been the most important commodity and is relatively more productive per hectare than other crops.

Japanese agriculture has increased in production, in spite of the small scale of farming. The progress can be attributed to technology neutral to scale of farming, that is to say, by improvement of seeds, increasing input of fertilizers and increasing the supply of water through irrigation, all of which are inputs with equal productivity for any scale of farming. The most important result was that the yield of brown rice per hectare, which was 1.81 metric tons at the beginning of the Meiji period (1878-1882), increased to 2.95 metric tons just before World War II (1933-1937), and the total production of brown rice increased from 4,629 thousand tons to 9,414 thousand within the same period.<sup>7</sup>

After the war, the change in the distribution pattern of agricultural income through the land reform brought about an increase in agricultural investment as well as an improvement in the standard of living of farm households. The bumper crops, especially those experienced in rice since 1955, cannot be well understood without considering those results of the reform which laid down the basis of technological improvement in agriculture and increasing material inputs. For example, the yield of brown rice per hectare, which was 3.19 metric tons soon after the war (1946-1950), increased to 3.62 tons in fairly recent years (1956-1960), and the total production of brown rice increased from 9,401 thousand tons to 11,943 thousand within the same period.<sup>8</sup> Such an increase of production contributed to the post-war rehabilitation and to the recovery of the pre-war levels in the national economy.

## II. RECENT AGRARIAN PROBLEMS IN AGRICULTURAL POLICY

It might seem that agriculture not only has been stabilized since the bumper crop of 1955 but has also shown promise of further development. However, the high growth rate of national economy has brought forward new problems which the government has now begun to tackle through agricultural policy.

<sup>7</sup> Takekazu Ogura ed., *Agricultural Development in Modern Japan*, Tokyo, Fuji Publishing Co., 1966, p. 682.

<sup>8</sup> T. Ogura, p. 682.

### 1. *The Enactment of the Basic Law*

Since 1955 the Japanese economy has entered a new stage of development. The tempo of economic growth since 1955, even after both the post-war rehabilitation and the recovery of pre-war levels of production has been nevertheless remarkable, and from 1955 to 1964 real national income maintained an annual growth rate of 10.4 per cent based on 1960 prices.<sup>9</sup> This growth has contributed to agricultural development and in particular to livestock production and to the raising of the farmers' standard of living. However, agriculture has lagged behind the high rate of growth of the non-agricultural sectors. The gap between the standard of living of farmers and of urban working people has widened. The per capita household expenditures of an average farmer in 1960 were calculated at between 60 and 80 per cent of the corresponding expenditures of urban working people.<sup>10</sup> A comparison between agriculture and manufacturing in respect to real income per worker showed that the ratio of the former to the latter has generally continued to decline until in 1961 it reached about 25 per cent, the lowest in the post-war period.<sup>11</sup>

The basic reason for this disparity might be sought in the price of agricultural products. Certainly, in order to eliminate the disparity, the popular demand of agricultural groups has been to raise the prices by means of governmental intervention. However, the price support system has met with some difficulties. One difficulty is the financial burden; another, surplus production, a hindrance in the selective expansion of production; and third, price supports contradict import liberalization. Therefore, it has been necessary to look for other measures.

Even if agricultural growth does not keep pace with the non-agricultural growth, well-balanced development of productivity and also a well-balanced rise in the standard of living in both the agricultural and non-agricultural sectors would not necessarily be impossible, provided that the increasing demand for labour force in the non-agricultural sector absorb the labour force of the agricultural sector so as to make possible the enlargement of the scale of farming and an increase in the productivity of farming.

It is true that during the period of rapid economic growth demand for rural labour has actually been on the increase and the rate of decrease of the agricultural labour force has been about 3 per cent from 1956 until the present.<sup>12</sup> However, such a demand for labour in the non-agricultural sector

<sup>9</sup> Ministry of Agriculture and Forestry, *Shōwa 40 nendo Nōgyōhakusho Fuzoku Tōkeihyō* (Statistical Annex of the Annual Report on the Agricultural Situation in 1965), Tokyo, Nōrintōkei Kyōkai, 1966, p. 1.

<sup>10</sup> Secretariat of Investigation Commission on Basic Problems of Agriculture, Forestry and Fisheries, *Nōgyō no Kihonmondai to Kihontaisaku* (Basic Problems in Agriculture and the Orientation of the Government's Basic Action Programmes in Japan), Tokyo, Nōrintōkei Kyōkai, 1960, p. 367.

<sup>11</sup> Ministry of Agriculture and Forestry, *Shōwa 40 nendo Nōrinhakusho* ..., p. 14.

<sup>12</sup> *ibid.*, p. 14.



has presented itself as a selective one which has converged upon the younger generation such as those persons who have just finished their school education. Thus, in the agricultural labour force the proportion of the old and females has increased, and the number of farm households who have side jobs has increased, but the total number of farm households has not enough decreased. The ratio of decrease of farm households was only 0.1 per cent from 1955 to 1960 and was 1.3 per cent from 1961 to 1965.<sup>18</sup>

Therefore it has been clear that strong public efforts must be made to overcome the disparity between the agricultural and non-agricultural sectors. This is the real reason why the Agricultural Basic Law was enacted in 1961. It may be said that this law is going to cope with agricultural problems common to almost all the developed countries. Accordingly, the Agricultural Law of Germany enacted in 1955 and the Agricultural Orientation Law of France enacted in 1960 were referred to in the framing of the Agricultural Basic Law.

It must be noted here that the Japan Socialist Party and Japan Communist Party also were strongly opposed to the enactment of this law. The reason for this opposition concerned in particular the improvement of the agrarian structure. This improvement entails at least partially the enlargement of the scale of farming through a decrease in the agricultural population: and thus, according to the understanding of the Japan Socialist Party, the promotion of this measure meant the "dismissal of farmers."

It seems more humane to maintain as many of the agricultural population as possible rather than to dismiss any. However, unless it is made clear that maintaining the agricultural population and raising farmers' living standards are both feasible, misunderstandings will arise. Moreover, the agricultural economy has begun to go through the process of changing from a phase of an unlimited supply of labour to a phase of a limited supply of labour. During this process of change, it is almost impossible to stop the farming population from leaving for other employment opportunities. It may be said that the Basic Law is monumental at this point in pointing out the direction in which agriculture must go in order to modernize further. The aim of the law is the parity of productivity of the agricultural sector with that of the non-agricultural sector and thus also the parity of income and living standards, however measures for the realizing this aim enumerated in the law are not very consistent with each other and also are not so easily accomplished. Therefore, it is more important, especially in regard to the agrarian structure, to grasp the direction of measures taken on the basis of this law rather than to grasp the contents of the Basic Law itself. The most important measures are those of the selective expansion of agricultural production, of price support for farm produce, and the improvement of the agrarian structure.

## 2. *Selective Expansion*

<sup>18</sup> Ministry of Agriculture and Forestry, *1965 nen Chūkan Nōgyō Sensasu Kekka Gaiyō* (Outline of Result of the Intermediate Census on Agriculture in 1965), Japan, 1965, p. 2.

According to the Basic Law, the government has to implement measures for the selective expansion of production. Of course, livestock products and fruits are expected to expand, but not rice production; and barley and naked barley production are expected to be reduced.

In order to expand livestock products, it has been, of course, necessary to expand the feed production. However, the agrarian structure is not suited for the production of feed. The producers' price of foodstuffs has been supported by the government by various means. However, the object with regard to the feed price has been not only stabilization but to keep it as low as possible. Most feedstuffs were freed from import duties and import restrictions soon after the war. Naturally, the production of feed and in particular, the production of coarse grains has declined. In other words, the more livestock products have increased the more the import of feed has increased. The government seems to have given up on promoting feed-grain production, but has endeavoured recently to increase the production of feed plants or grass for dairy farming, and in order to do this also endeavoured to develop grasslands. In order to develop grasslands, the procurement of suitable land is as important as acquiring the techniques of development and of management. The procurement of land depends on the land-tenure structure of forest land and uncultivated land which has remained almost the same as before the war, in spite of the Land Reform.

The Agricultural Land Law stipulated that uncultivated land including forest land could be compulsorily purchased by the government. This has been continued since the post-war land reform. But in the meantime compulsory procurement itself has been suspended by the government since 1961. It has been due to the opposition of owners of forest land and uncultivated land, and due to the current high price of this type of land as compared with the price of cultivated land which the government has to buy by virtue of the said law in cases in which it becomes absentee landlords' tenanted land.

This suspension of the procurement of forest land and uncultivated land has hindered the development of grasslands, and has also hindered, though to a lesser extent, the expansion of orchards. The Promotion of Fruit Culture Special Measure Law promulgated in 1961 did not provide for special measures for procuring land.

At the time of the enactment of the Basic Law, rice, wheat, barley, naked barley, and sweet potatoes were not the object of agricultural expansion, though these had been the main object of expansion since the beginning of the war until the enactment of this law. Because the supply and demand of rice had slackened, and further, because somewhat of a surplus in production had been forecast, the supply and demand of barley and naked barley had not only slackened but the supply had so exceeded the demand that the Food Agency held a surplus which could not be sold for food but which was sold for feed. Therefore the government presented the Bill of Special Measures concerning the Production and Governmental Purchase of Barley

and Naked Barley twice, in 1960 and 1961, but it did not pass the Diet. The bill aimed at the limitation of production and provided for a system of deficiency payments somewhat like the price support system in Great Britain. With regard to wheat, Japan since the end of the war has been one of big wheat-importing countries. Recently the difference of prices between domestic and imported wheat has increased, primarily because the Japanese climate and small-scale farming are not suitable for wheat cultivation, and thus wheat cultivation has to be rationalized but not necessarily to be expanded in production.

Since the government presented the Bill to the Diet, but not as a result of this, the production of barley, naked barley, and then later wheat has declined, despite the price-support system through which the Food Agency purchased these with no quantitative restrictions and at the price decided every year on the basis of the price parity index based on 1950-1951 prices. This decline in production must be due to the difficulty of increasing productivity. After the war Japan became a wheat and barley importing country but it soon stopped importing barley. It is surprising that recently Japan has again become a barley-importing country. The production of barley has been not able to meet even the declining food demand for it.

Barley, naked barley, wheat, and also rapeseed are second or winter crops except in Hokkaidō and, thus neither the government nor farmers think highly of them, in particular when as is the recent case, the opportunities for temporary employment are abundant. Consequently, the cultivated area of winter crops has declined from the 2,633,000 hectares of 1956 to 1,562,000 hectares in 1956. Correspondingly, the percentage of the utilization of cultivated land has decreased from 136.9 per cent to 122.8 per cent for the same interval. Thus, the pattern of cultivation has become less intensive.<sup>14</sup>

The potato and sweet potato used to be important food as well as important materials for making alcohol or starch. However, since about 1952 their importance has decreased and a starch surplus has often occurred. Furthermore, after the liberalization of crude sugar imports the starch, and accordingly the price of potatoes and of sweet potatoes, have fluctuated. In certain areas, such as the upland areas of Hokkaidō and of Kyūshū, where these are main products, it has been more important to raise the productivity rather than to increase production.

Thus, the livestock industry, the products of which are in increasing demand, is not well established in Japan; and upland field crops such as wheat, barley, naked barley, and rapeseed are decreasing. Consequently, rice still holds the position of the main crop, though recently its share of the total value of production has been somewhat decreasing, falling from 50.4 per cent in 1955-1957 to 45.3 per cent in 1962-1964.<sup>15</sup> If the share is estimated by the net production or value added, the percentage may not show as large a decrease as this. In short, as far as the composition of agricultural pro-

<sup>14</sup> Ministry of Agriculture and Forestry, *Shōwa 40 nendo Nōrinhakusho* . . . , p.47.

<sup>15</sup> *ibid.*, p. 46.

duction is concerned, the pattern of cultivation in this country is still dominated by rice.

Nevertheless, the rate of self-sufficiency in rice has been decreasing and fell from 98.6 per cent in 1959-1961 to 96.2 per cent in 1964. Not only the rate of self-sufficiency in rice but also in wheat, barley, soybeans, other grains, fruits, meats, and dairy products has been decreasing. Only in sugar is the percentage of self-sufficiency increasing, and the only important food in which Japan is 100 per cent self-sufficient is eggs.<sup>16</sup> The self-sufficiency rate of the total food production (including feed and excepting marine products) which was 84.2 per cent in 1955-1957, was 80.5 per cent in 1963-1964.<sup>17</sup>

This is not because the total production was decreasing. From 1955-1957 to 1964 the annual rate of growth in the agricultural production was less than 3 per cent, while that in its demand was more than 3 per cent.<sup>18</sup> Thus increasing total production cannot meet the increasing total demand. One of main reasons for this decreasing self-sufficiency lies in the agrarian structure.

### 3. *The Price Support System*

Just before the enactment of the Basic Law, the price support system was too heavy a burden, it seemed, in agricultural policy. However, the price support system was strengthened after the enactment of the Basic Law.

Both the Livestock Products Price Stabilization Law and the Soybeans' and Rapeseeds' Grant Temporary Measure Law were enacted in the same year as the Basic Law. The former aims at the price stabilization of milk, dairy products, pork, and eggs, by means of purchase, storage, and resale of dairy products and pork by the Corporation for the Promotion of Livestock Industry, and by means of a buffer stock of eggs by agricultural co-operatives. The latter, which concerns deficiency payments for soybeans and rapeseed, has been a measure for lightening the damage caused by the liberalization of soybean imports.

Also, the Sweetening Materials Resources Special Measure Law was enacted in 1964. This law aimed at the stabilization of prices of beet sugar, dextrose, and cane-sugar produced in the country through and resale of the government. However, just after the enactment, the prices of dextrose and sugars fell drastically under the influence of the price of imported sugar, the import of which was liberated in 1963. Therefore, the government had to establish in 1965 the Sugar Price Stabilization Corporation which undertakes adjustments necessary for the stabilization of the price of imported sugar and

<sup>16</sup> Ministry of Agriculture and Forestry, *Shōwa 40 nendo Nōrinhakusho* . . . , p. 32.

<sup>17</sup> For the percentage in 1955-1957, see, Secretariat of the Investigation Commission, *Nōgyō no Kihonmondai to Kihontaisaku*, p. 301. The percentage in 1963-1964 was estimated by the Ministry of Agriculture and Forestry, but not published.

<sup>18</sup> According to the index number of agricultural production by the Ministry of Agriculture and Forestry, the annual growth rate from 1955-1957 to 1964 was 2.8 per cent. The annual growth rate of demand which is estimated by the domestic production and imported products is 3.3 in the same span of time.

supports the price of domestic sugar.

In addition to these laws, there are the Food Control Law which concerns the price of rice, barley, naked barley, and wheat, the Agricultural Products Price Stabilization Law of 1953 which is concerned at present with the prices of potatoes, sweet potatoes, and starch made from these, the Cocoon and Raw Silk Price Stabilization Law of 1951 which is concerned with the prices of Cocoon and Raw Silk, and the Tobacco Monopoly Law of 1949 which is concerned with the price of leaf tobacco. The price policies covered by these laws cover more than 70 per cent of the total value of agricultural products. The important products whose prices have not been regulated by the government are beef, vegetables, and fruit.

There are some major price problems which the agricultural policy has to cope with at present. The price support system has had to meet one problem relating to the trend in the demands for agricultural products. Since around 1954 when the nation's dietary life had recovered the pre-war level, the rate of increase in food has generally been on the decline. The recent rate has been estimated at about 4.6 per cent.<sup>19</sup> At the same time, there was a big change in the structure of the food demand of the nation. While the demand for starchy foodstuffs has hit a ceiling and levelled off, the increase in the demand for livestock products and fruits has been striking. The daily food consumption in 1960, as compared with the pre-war level, was 80 per cent in rice, three times in wheat, two times in meat, eight times in milk, two times in eggs, and 1.6 times in fruits.<sup>20</sup> The government has had to meet this changing tendency in the structure of the food demand. However, requests of farmers and political pressure have been stronger for price support for starchy foodstuffs, especially of rice.

At the about same time the price of domestic products has risen higher than the price of imported ones, mainly because of the price support system and the limitation of imports. Meanwhile, the liberalization of foreign trade has become an important national economic policy. This has also imposed a very difficult problem for agriculture. Agricultural policy will have to meet this problem.

It has been feared that the rising trend of the prices will affect the daily lives of consumers. Even if the government wants to prevent this, it cannot stabilize such prices as those for vegetables. It is not necessary to mention the reasons. However, it might be noted that there are difficulties in adjusting production and of marketing due to the small scale of vegetable growing and due to the fact that processing facilities are underdeveloped and storage facilities lacking.

The government has been able to stabilize the prices of rice, wheat, and other grains. However, an upward trend in producers' prices has not been avoided. Therefore, the government either has to bear the difference between

<sup>19</sup> Ministry of Agriculture and Forestry, *Shōwa 40 nendo Nōgyō no Dōkō ni kansuru Nenji-hōkoku* (Annual Report on Agricultural Situation in 1965), Japan, p. 53.

<sup>20</sup> *ibid.*, p. 136.

the producers' price and consumers' price or the people have to bear a rise in the consumers' prices. As a consequence, though the seasonable or the drastic fluctuation of price have been avoided, a more or less long-term stabilization of price has not been attained, and so the producers' prices or government purchase prices have come to be nearly about double the prices of imports. This is not only the case in rice, wheat, and other grains. The current prices of dairy products are also about double the imported ones. Generally, the prices of domestic agricultural products have recently been very much higher than the imports and the difference has increased. One part of this difference has been covered by the government budget for the price policy of agricultural products. These expenditures for price support have occupied since 1960 more than 20 per cent of the total budget for agriculture, forestry, and fisheries.<sup>21</sup> The expenditures amounted to 128 billion yen, or 31 per cent of the total budget for agriculture, forestry, and fisheries of 1965, and amount to 134 billion yen, 29 per cent of the same budget of 1966. Most of this amount is for the price of rice.<sup>22</sup>

The prices of rice—both producers' and consumers'—represent the most important and difficult problem in Japanese agriculture. Under the Food Control Law the producers' price must be set in order to secure the future production of rice. Moreover, since 1960 the government has adopted a formula by which the producers' price could compensate the unpaid family labour by the equivalent value of the average wage of manufacturing labour. It is obvious that the average wage of manufacturing labour goes up according to the increase of productivity and more generally according to the growth of the national economy. However, the productivity of rice has not risen enough to meet the rise in manufacturing wages. Wages have risen much more than the general price index, so the producers' price of rice has been in danger of rising more than the general price index. On the other hand, under the Food Control Law the government has to decide the consumers' price of rice so as to stabilize the standard of living of the consumers' household. Therefore, the government has had to avoid the increase in the Engel index or more correctly rice Engel index, that is the ratio of the value of rice consumed to the household expenses, to be caused by the rise of consumers' price as compared at the time of previous decision of the price.

This is the major reason for the financial burden of the government, and is one typical problem of the whole agriculture in Japan. The problem consists in the difficulty of raising the productivity and further in the difficulty of enlargement of the scale of farming.

#### 4. *Structural Improvement*

<sup>21</sup> Takekazu Ogura, *Nihon no Nōsei* (Japanese Agricultural Policy), Tokyo, Iwanami-shoten, 1964, pp. 60-61.

<sup>22</sup> Ministry of Agriculture and Forestry, *Shōwa 41 nendo Nōrin-yosan no Setsumei* (Explanation of the Budget for Agriculture, Forestry, and Fisheries for Fiscal 1966), Japan, 1966, pp. 25-7.

Under the Basic Law, the government has begun the improvement of the agrarian structure. Before and after the enactment of the Basic Law, it had begun to be feared that adherence by the government under the Agricultural Land Law to the system of small-scale farming by the owner-operator would become an obstacle to the development of agriculture, that is, to the enlargement of the scale of farming.

The development of agriculture has necessitated land reform or improvement which deals with the pattern of cultivation and the scale of operations. Therefore, the Basic Law provides that the government may foster the viable family farm, promote the co-operative operation of farming or the co-operative farm, and smooth the business of entrusting cultivated land to agricultural co-operatives. Besides promoting the above, the government has begun since 1962 to promote co-ordinated works for the improvement of the agrarian structure, using the hamlet or a similar area as a unit. The co-ordinated works comprise consolidation of cultivated land and other land improvements, co-operative mechanization of farming, the establishment of co-operative facilities such for the selection, drying, and processing of agricultural produce, and other schemes for the improvement of the agrarian structure. This is being done through both government subsidies and financing.

In addition, works for improving the agricultural infrastructure, for example, land improvement, polders, and reclamation, have been carried on for many years. In recent years expenditures for these works have occupied annually more than 20 per cent of the total budget for agriculture, forestry, and fisheries, second only to expenditures for price supports. In 1966 the total amount to be spent for agricultural infrastructure expenditures is 109 billion yen, 24 per cent of the budget for agriculture, forestry, and fisheries. These projects have been carried out mainly for the purpose of raising the yield, in particular the yield of rice per hectare. Of course, at the same time these have contributed to raising labour productivity, but have not contributed much towards enlarging the scale of farming.

Here, special consideration may be given to measures taken to create viable farms, co-operative farms, and co-operative farm operations. These are not only new measures but also constitute the primary object of the co-ordinated works for the improvement of the agrarian structure. In order to carry these out, both the Agricultural Land Law and the Agricultural Co-operative Law had to be amended and this was done in 1962.

From the end of the war until the enactment of the Basic Law, the government neither prohibited nor encouraged co-operative farming. Now, under the Basic Law, the government has begun to provide assistance for the co-operative farm in addition to assisting various co-operative farm operations. Therefore, organizations called farming corporations which undertake co-operative farming were provided for by an amendment to the Agricultural Co-operative Law. These farming corporations together with limited companies organized on a co-operative basis have been permitted to acquire the ownership or lease to cultivated land by an amendment to the Agricultural

## Land Law.

The number of co-operative farms rose from 3,178 in 1961 to 5,018 in 1965. Of these 5,018 farms, 589 farms were established before 1960. Therefore, most existing co-operative farms have been established since the enactment of the Basic Law. There are two types of co-operative farm, one called a "total" co-operative farm, which consolidates all the farming of its members, and a second called a "branch" co-operative farm which consolidates one or more branches of farming such as dairy farming or rice cultivation, but not all of the branches of farming carried on by the members. As of 1965, the number of "total" co-operatives was 380, while that of branch co-operatives was 4,638. The legal composition of these is as follows: farming corporations number 682; other juridical persons, 215; and the remaining are not juridical persons. The average number of members in a co-operative is not large, being 5.3 families in the total co-operatives and 8.3 families in the branch co-operatives. Neither is the scale of farming large.<sup>23</sup>

It is not clear whether or not those co-operatives such as of rice-growing or of orchard farming have obtained the ownership or the lease of land. It seems, however, that those which have obtained the ownership or lease of land are rare, though the Agricultural Land Law provided the opportunity for co-operative farms to obtain the ownership or lease of land. Therefore, the co-operative farm has only begun to be established; they might be said to be at the experimental stage as far as land tenure is concerned.

At the time of the enactment of the Basic Law, there was a big dispute as to whether the co-operative farm or the viable family farm should be encouraged. The Japan Socialist Party insisted on only the former, while the Liberal Democratic Party insisted on both but with emphasis on the latter. In the Basic Law, however, provisions do not particularly emphasize either one or the other.

The Basic Law provides for the promotion of co-operatives for carrying on only specific farm operations as well as for the promotion of co-operative farming. The development of co-operatives for specific operations is more noticeable than co-operative farms. Recently, co-operatives for specific operations have been co-operatively carrying on such operations as the mechanization of cultivation, control of disease and insect pests, selection of fruits, and the drying and processing of rice. Moreover, just as before the war, there are at present some co-operative rice nurseries and co-operative rice transplanting. More recently, co-operative growing of rice, such as by unifying the species of rice grown and the application of fertilizers, has begun to be expanded within the limits of the hamlet.

Thus the pattern of cultivation is going to move from individual farming to a new type of farming which depends more and more on co-operative activities. Furthermore, it must here be mentioned that most of these co-operatives are being carried on by the younger generation.

The viable family farms occupy much the largest position in comparison

<sup>23</sup> Ministry of Agriculture and Forestry, *1965 nen...*, pp.31-3.



with co-operative farms; however, these viable family farms may constitute only around 10 per cent of all family farms, and their share in agricultural production may be around 30 per cent.<sup>24</sup> The relatively small percentages represent a structural weakness in Japanese agriculture. However, there is a striking tendency towards a larger scale of farming.

From 1950 to 1955, the number of those farmers whose scale of farming was less than 0.5 hectares decreased, but the number of those whose scale of farming was more than 0.5 hectares increased. Further, from 1955 to 1960 the line of demarcation between increase and decrease in the scale of farming rose to one hectare, and from 1960 to 1965 to 1.5 hectares.<sup>25</sup> This is a general tendency favourable to raising productivity. Thus, through the growth of the national economy, which has brought about a downward tendency in the agricultural population as well as a rise in the living standard of farmers, the effects of the land reform have also been felt on the scale of farming. Because of this, the limitations of the size of holdings have had to be reconsidered.

As mentioned above, the Agricultural Land Law prohibited the acquisition of cultivated land by one whose cultivated land will exceed 3 hectares (12 hectares in Hokkaidō) after acquisition. However, an ordinance taken under this law has excepted such cases as when an individual who acquires land can efficiently cultivate the total holding by his family labour even after the acquisition. According to the amendment of the law in 1962, the individual may depend on hired labour if the hired labour is only one portion of the total necessary labour. Thus this amendment concerns only a minor point. Even after amendment the Agricultural Land Law adhered to the above principle on the acquisition of cultivated land.

This principle of self-employment as well as the owner-cultivator system has also limited the acquisition of cultivated land by farm co-operatives. The main restrictions on co-operative farming are the limitation on the area of land which can be leased to be run by the co-operative and the limitation on hired labour. The area leased from non-members of the co-operative must be less than half of the farming area of the co-operative. The amount of hired labour (non-members) must be less than half of the labour necessary for running the co-operative farm.

Even if their scope is narrowly limited, these amendments concerning the co-operatives of the family farms aim at enlarging the scale of operation through the consolidation of holdings by individual families or by co-operatives.

In order to enlarge holdings it is also necessary to make cultivated land more mobile. However, mobility is restricted by such provisions of the Agri-

<sup>24</sup> See, Ministry of Agriculture and Forestry, *Shōwa 40 nendo Nōgyō no Dōkō...*, p. 150.

According to the Statistics of Farm Household Economy in 1964, the percentage of farm households which earned more than 700,000 yen is 9.8 per cent in the total number of the farm households investigated, but the gross agricultural income for this 9.8 per cent came to 33.8 per cent of the total gross agricultural income of all farm households investigated.

<sup>25</sup> Ministry of Agriculture and Forestry, *1965 nen...*, p. 2.

cultural Land Law as those limiting the ownership of tenanted land, those protecting tenant rights, and those controlling rent.

In practice some illegal tenancy exists, particularly on land which was newly leased out after the land reform. In addition, a new type of land-holding or farming has begun to prevail. This type is neither lease nor co-operative farming. In this type some farmer contracts to farm land which the owner does not wish to cultivate himself, and to share the profit with the owner. Such contracts are illegal, it seems, from the viewpoint of the control of leases by the Agricultural Land Law. However, the participants in the contract may say that this is not a lease but an entrusting of farming. It must be noticed that the share of the owner is generally very much higher than the controlled rent, and that the farmer having charge of this land is generally one who wants to make his farm into a viable unit.

Therefore, an attempt has been made to make land more mobile by permitting the entrusting of land to agricultural co-operatives, by which the beneficiary may later retrieve the land, if necessary, without the permission of the prefectural governor. However, the entrusting of land is rare at present.

As a whole, these recent legislative measures are aimed in the right direction for agriculture in the future; however, these do not seem to have succeeded in enlarging the size of holdings. The present agrarian structure needs more daring measures in order to accomplish this purpose.

### III. A POSSIBLE SOLUTION

It is now clear that at least one main obstacle lies in the way of the future progress of agriculture, and this is the present agrarian structure, that is, the owner-cultivator system of small-scale farming under the paternalism of the State. This system was not brought about only through the post-war land reform, but through historical processes going on even before the Meiji Restoration. It will be difficult to tackle the problem of reforming such an agrarian structure. In spite of the difficulties, Japanese agriculture is in need of some solution to the agrarian problem. A drastic change has occurred in the agricultural conditions which existed previously in which an unlimited supply of labour prevailed. The agricultural population, and in particular the younger generation, can now leave the farm and earn wages in the non-agricultural sector, if they wish. The mechanization of farming has made rapid progress. For example, the number of all kinds of tractors owned by the farmers reached 2,156,000 in 1965 and the number of power threshers 3,085,000 in 1964.<sup>26</sup> Of the above tractors, 5,000 are of more than 20 horsepower, and combines have begun to be used in the field, though at an experimental stage. Spraying pesticides onto paddy fields by helicopter or onto orchards by speed-sprayer is not unusual.

It might be said that agriculture is on its way to being modernized.

<sup>26</sup> Ministry of Agriculture and Forestry, *Dai 41 ji Nōrinshō Tōkeihyō* (The 41st Set of Statistics of the Ministry of Agriculture and Forestry), Japan, 1965, p. 80.

However, in order to further this modernization, it is necessary to tackle the agrarian structure. If the second stage of land reform must pave the way for a complete modernization of agriculture, it seems that the final steps must be taken in the near future to complete this second stage.

According to some predictions, the agricultural population which had reached 11,480,000 in 1964, will decrease to about 50,000 by 1985.<sup>27</sup> At that time the economy will approach a phase in which there will be a limited supply of labour and in which a complete modernization of agriculture may be expected. However, there are some measures which must be taken at present, because modernization is still a pressing problem.

The first of these measures is to assist those who want to leave farming so as to make this exodus contribute to the enlargement of the scale of the remaining farms. In other words, measures must be taken so that the decrease in the agricultural population results in a decrease in farm units.

The second measure is land improvement. Until recently, land improvement has aimed at higher yields per hectare through consolidation, irrigation, and drainage particularly, irrigation. However, if priority in agriculture may be put on mechanization in order to save labour, then in terms of land improvement, emphasis must be placed on consolidation and drainage. According to a survey undertaken in 1953, the cultivated land of a farmer was scattered over 5.86 plots and one plot averaged 14.7 ares, except in Hokkaidō.<sup>28</sup> Therefore, in order to mechanize farming, it is very important to consolidate the plots. However, for this purpose, it is essential to perfect both irrigation and drainage systems, especially in paddy fields. At present, paddy fields with complete irrigation and drainage facilities cover only 6.6 per cent of all paddy fields.<sup>29</sup> This means that at present mechanizing with tractors and combines cannot be widely undertaken because the foundation of most paddy fields is too weak to bear the weight of heavy machinery.

The third measure is to remove as far as possible the restrictions on land tenure. Instead of these restrictions, it would be better to establish tenancy rights as clear civil rights. Even if some restrictions are necessary, it is desirable to convert the bureaucratic official control on cultivated land to mutual control by farmers, at least within the area in which such mutual control might be expected. On the other hand, the government must undertake to procure and to develop the forest land and uncultivated land in order to promote the livestock industry.

A few concrete steps should be taken in regard to cultivated land. One is to remove the limits on owner-cultivated land, even if the farming of it depends on hired labour; it is ridiculous to limit the size of holdings, because there is little possibility of many farms depending mainly on hired labour

<sup>27</sup> For the agricultural population in 1964, see Ministry of Agriculture and Forestry, *Shōwa 40 nendo Nōgyōhakusho...*, p. 14. The number in 1965 has been estimated by the Economic Planning Agency, but not published.

<sup>28</sup> Survey of the Agricultural Land Bureau, Ministry of Agriculture and Forestry.

<sup>29</sup> Survey of the Agricultural Land Bureau.

appearing. Other steps are to define the terms of tenancy and to adapt the control of rent to the particular case. Furthermore, it may be suitable to legally approve contract farming under certain conditions which will be provided for by law. Finally, it is necessary to enable the agricultural co-operative to undertake farming on behalf of its members. And on the whole, the mobility of land for the purpose of farming must be secured.

In order to further land mobility, the government is trying to establish the Corporation of Agricultural Land Control. The Corporation's functions are the purchase and resale of cultivated land or uncultivated land, the lease of these lands, the financing of the procurement of these lands, and the holding of these lands in trust. Its final aim consists mainly in the enlargement of farm holdings. The restrictions on cultivated land, such as the provision that the transfer of rights to land is not to be executed without the permission of the prefectural governor, and provisions on the limitation on the ownership of tenanted land shall not be applied to land which the Corporation acquires or leases.

This is one measure for improving the agrarian structure. But the Corporation, having no priority in the purchase of land, is too weak functionally to carry out the final aim.

What agrarian structure ought, in short, to be created?

Viable farms including both family farms and co-operative farms may be the foundation of agriculture, but they cannot in the near future become the predominant form of agriculture, nor can viable farms remain viable without participating in at least some co-operative operations. Co-operative operations are needed for both the viable unit and non-viable unit. Land tenure must be adapted to this need. The owner-farmer system must be modified so as to be compatible with the co-operative utilization of land.

Finally, one question remains. Who will farm the viable units as the backbone of future agriculture? This work must be given to the younger generation. Future farmers, though their number is limited, are striving for the future and are aspiring for better farming on a larger scale. It is necessary to enable them to take part or all of the responsibility for farming, and secure adequate remuneration for their labour. Although this group is in a minority in the agricultural population, the government in executing agricultural policy may have to listen to the younger generation, and agricultural policy must help the efforts of these younger farmers, because they are responsible for the future agriculture of Japan.