

## BOOK REVIEWS

*Can Japanese Agriculture Survive?: A Historical Approach* by Takekazu Ogura, Tokyo, Agricultural Policy Research Center, 1979, ix+851 pp.

The author of this book, who is presently the chairman of the Agricultural Policy Research Center, has so far played a leading role in formulating Japanese agricultural policy, particularly in drafting the Agricultural Basic Law, as the director-general of the Food Agency, the vice minister of agriculture, forestry and fisheries, and in other capacities. The scope of his analysis, however, is not limited to agricultural policy, but includes various aspects in relation to the whole national economy and the international economies as well, as evidenced by the fact that he has held the post of the chairman of the Institute of Developing Economies and is now serving as the chairman of the Tax Commission and a member of the Policy Board of the Bank of Japan. Furthermore, he has also established himself academically through the publication of a number of works, including *Tochi rippō no shiteki kōsatsu* [Historical inquiry into land legislation] (Tokyo: National Research Institute of Agricultural Economics, 1951); *Nōmin no shakaiteki seikaku* [The social character of farmers] (Tokyo: Association of Agricultural Education, 1954); *Nōmin shidō no riron: nōsei riron no shakaigakuteki kōsei* [Theories of agricultural extension services: sociological framework for a theory of agricultural policy] (Tokyo: Association of Agricultural Education, 1954); and *Nihon no nōsei: Kihonhō nōsei towa nanika* [Japanese agricultural policy: what is the agricultural policy under the Agricultural Basic Law?] (Tokyo: Iwanami-shoten, 1965), and the publication of *Ogura Takekazu chosakushū* [Collected works of Takekazu Ogura], in fourteen volumes, is presently being in preparation.

The present book is a voluminous one consisting of more than 850 pages, which is based on the author's past and more recent experience and covers the scope of two earlier works of his in English, *Agrarian Problems and Land Reform in Japan* (Tokyo: Agricultural Policy Research Center, 1977), and *The Food Problem and Agricultural Structure in Japan* (Tokyo: Japan FAO Association, 1977). As such, it can be characterized as his life work.

The author's approach, as evidenced by the subtitle, is a historical one, and it would seem that such an approach is particularly appropriate when dealing with agricultural problems, for it is impossible to consider the agricultural problems of a particular country without giving consideration in depth to its social, institutional, and historical conditions and the way its policies have developed over the years. As a person who wrote such a major work as *Tochi rippō no shiteki kōsatsu* and who himself has grappled with the problems of Japan's postwar agricultural policy, the author can be considered to be the person best qualified to write a book like this. Although he has assumed a historical approach and has been involved in policy

formulation in the Ministry of Agriculture, Forestry, and Fisheries, one should not jump to the conclusion that he is an obstinate agricultural protectionist. More than probably anyone else, he has striven to maintain a golden mean for retaining the desirable aspects of Japanese agriculture while at the same time seeking ways of achieving structural improvement under conditions of international pressure for liberalization.

In order to make Japanese agriculture more readily understandable to foreigners, the present book has a total of 471 photographs and 126 pages of well-arranged, detailed statistical tables and figures. It will therefore doubtlessly serve as one of the important classics for research on Japanese agriculture by foreigners for a long time to come.

The problems taken up in this book are many and diverse. First, agricultural fundamentalism, or "agriculture-is-the-base-ism," is discussed for more than a hundred pages. Next, detailed analysis is made of such topics as the development over time of the land tax system, the food situation and food policy, the development of cooperative organization, revision of the feudal land tax in the Meiji era, postwar agrarian reform, the Agricultural Basic Law, the Japanese-type agricultural structure, and finally, suggestions are made with respect to future Japanese agricultural policy.

In a short review such as this one cannot touch on everything. This being the case, it seems best to start with the seventh and last chapter, "In Conclusion: Some Proposals on Japanese Agricultural Policy," for it is in this chapter that the author addresses the question that he chose for the title of the book, "Can Japanese Agriculture Survive?" The analyses and descriptions presented in the earlier chapters can be considered to have been for the purpose of setting the stage for the conclusions reached by the author from his historical approach.

If one excludes the possibility of leaving everything up to circumstances and the natural course of events and not making any reforms other than when it is absolutely necessary, there are logically two possible future agricultural policy orientations. The first is that of relinquishment of the policy of protection of domestic agriculture and liberalization of food imports, which would result in a rapid reduction in the scale of domestic agriculture, and the second, which is the position taken by the author, is that of seeking a way for Japanese agriculture to survive through structural improvement. In the case of the first of these two policy orientations, structural improvement of agriculture is not considered. In other words, agricultural policy is unnecessary, the only important thing being food policy. The second orientation, on the other hand, is one that emphasizes the national security aspect, recognizing the essential importance to national survival of ties between the people and the land. The idea here is that it would be dangerous to rely entirely on food imports, something that no existing major country has ever attempted, in view of the failure as yet to obtain reliable guarantees of international peace. In other words, what the author is saying is that it would be a much more difficult matter to try to secure the supply of food without national agriculture than it would be to try to find a way for national agriculture to survive.

This viewpoint is reminiscent of the agricultural fundamentalism that the author traces in historical detail in Chapter 1, and the arguments that he gives against the

idea that agricultural fundamentalism is a mere anachronism are worthy of notice. He also argues that by maintaining agriculture to the extent that it is necessary for the purposes of national security it is not only possible to conserve natural resources and rural scenery but also to maintain the important rural community values of humanity, solidarity, social justice, diligence, self-reliance or self-confidence, etc., which are gradually fading away.

In particular, the Agricultural Basic Law attaches great importance to the fostering of the "viable" farmers that can become the nucleus of group farming or rural communities in future as a new structural policy to the Japanese agriculture, and the author thus stresses the importance of the "new" agricultural fundamentalism as the spiritual background of such farmers.

Taking this position, however, one, of course, still has to consider the problem of the market mechanism. Taking into account the fact that most agricultural products are, to some extent or other, subject to price controls or price supports, the author maintains that the main problem in such a mixed system is one of refining the measures for realizing the kind of agricultural structure that is desired and for coping with the needs of foreign trade liberalization. Among the measures that the author has in mind in this respect are the following:

- (1) Systematization of the pricing of different agricultural products instead of determining the official prices in a different way for each of them, thereby making it possible, for example, to avoid overproduction of rice, at least to a certain extent.
- (2) Introduction of an annual price review system for the determination of official prices.
- (3) Development of grasslands, improvement of feed grain varieties and similar measures together with adoption of a dual price system in which feed prices for livestock producers are set at a level not much higher than import prices, but feed prices received by domestic feed producers at a level enough to encourage its domestic production, in view of the fact that in the case of Japanese animal husbandary, which is characterized by a lack of extensive grasslands, the development of livestock industry would result in a decline in feed production and merely an increase in feed imports.
- (4) Replacement of direct controls on rice with indirect controls.
- (5) Adoption of a deficiency payment system compatible with free trade.

Since liberalization of Japanese agricultural product imports without the adoption of such a deficiency payment system and without improvements in the agricultural structure would deal a crushing blow to Japanese agriculture, the author identifies these two factors, i.e., the implementation of a deficiency payment system and the achievement of structural improvements as the key factors in the question of whether or not Japanese agriculture will be able to survive.

As for the land issue, there has not been enough capital investment in farmland because of the rise in the price of land since World War II along with urbanization and construction of expressways. Accordingly, an argument is sometimes presented that unlike the case of the United States and some other countries, rent should be held down in one way or another in Japan's case, for instance by means of nationali-

zation or socialization of the land. The author, who maintains that farmland ownership should be of a cooperative or social nature, is sympathetic to this argument, and in this connection he makes a proposal with respect to the role of cooperatives in Japanese agriculture, i.e., that there should be particular emphasis on "group farming" in the way of new organization, group farming being characterized by smaller area coverage and a far smaller number of members than in the case of general cooperatives.

There may be various types of group farming. For instance, there can be group farming with respect to hardware, so to say, including unification of crop varieties, standardization of fertilization, coordination of farming work schedules and joint use of machinery. There can also be group farming with respect to software, including the pooling of knowledge, technology, information and managerial resources. One type of group farming is joint farm management, and the Agricultural Basic Law has encouraged both the promotion of the viable farmers and cooperative management as two organizational forms that are not at odds with one another.

Recently the market value of farmland has risen above the value calculated on the basis of derived rent earnings, and the break-even point of farming operations has been far surpassed. Furthermore, there is not much buying and selling or renting of land. Under such circumstances group farming has developed, which includes the commissioning of farm work by some farmers to other farmers and the formation of machinery pools (Maschinenringe). While there are many factors to be considered as determinants of the development of such group farming, including technological conditions, social evaluation, psychological attitudes, and the quality and type of leadership, the author gives the greatest specific consideration to what kind of land tenure system there should be to promote development of group farming.

For instance, one of Japan's present food problems is the rapid increase in feed imports as a result of insufficient grasslands. In order to solve this problem, it is necessary that something be done about the situation in which private landownership is not necessarily for efficient land use and farming operations are being stifled by the burden of interest on the value of land. Even from this standpoint alone it can be understood that socialization of landownership and clear indication of social obligations in this respect as well as a holding down of unjust rents, with separation of ownership and management, and promotion of group farming are required for greater land use efficiency, says the author. Furthermore, he argues that there should be decentralization of such regulation by having group farming organizations or individual hamlets serve as the regulating entities so as to make possible to realize the principles of decentralization and self-management to a greater extent. In this framework, the new land tenure system should be called a "cooperative and social land tenure system" and should be a system that will make possible the survival and reorganization of Japanese agriculture.

It should be emphasized, however, that what is discussed above is merely a summary of the conclusions in the last chapter and that attention should also be given to the unique historical analysis made in Chapter 1, "Development of Basic Thoughts on Agricultural Policy," as a detailed analysis of the subjective conditions for the viable farmer's operation that the author emphasizes. The reader of this lengthy work will

be able to see how the so-called agricultural fundamentalism has continued to survive during both the feudal period and the century since the Meiji Restoration and at times met a large number of counterattacks.

While this review is too short to be able to discuss the other chapters, it should be said that there is very little other literature that has dealt with the development of the agriculture and food problems over a century in such comprehensive historical depth in terms of the legislative, institutional, policy, structural, and national economy aspects. The insertion here and there of international comparisons based on the author's own direct acquaintance with agriculture throughout the world leaves a very strong impression on the reader.

Being an economist confined to a rather restricted scope of activity, I myself was particularly impressed, upon reading this book, by the fact that it links the declining ratio of Japanese food self-sufficiency particularly to the increase in feed imports. He also defines Japanese livestock industry as a "facility-intensive" branch of agriculture without grasslands, such a situation, which does not have many parallels in other countries, having developed because of overemphasis on rice farming in Japanese agriculture. Another interesting observation by the author is the fact that average annual Japanese domestic production of grains and pulses during the period 1972-75 was 13,389,000 tons and the average amount imported from the United States was 13,894,000 tons and that Japan is now the biggest importer of grains in the world, and there was also the important observation that while Japan guarantees such imports from the United States, the U.S. government does not guarantee such exports to Japan and the fact that grain stockpiling is left up to the private sector in the United States.

When general economists discuss food and agriculture, they tend to emphasize the international division of labor and comparative advantage point of view. Agricultural economists, on the other hand, stress the problem of ensuring an adequate supply of food in emergencies and also the need to guarantee the income of farmers. Precisely speaking, there is a trade-off relationship between the two, and judgment of which to emphasize is a subtle matter. It is really a question of degree in that there is unlikely to be any modern economist who would approve of the complete demise of agriculture. The author is right in emphasizing the importance of the structural improvement of agriculture, maintaining that without it there can be no liberalization, but the fact that the domestic prices of agricultural products in Japan is far too high at the present time compared with those in other countries seems to indicate that the extent of protection has gone too far. Furthermore, it is still not clear how far this situation might be improved through the structural improvement of agriculture. One cannot help thinking that it would be advisable to reconsider the question of the food self-sufficiency ratio in a context that includes some neighboring countries as well. Nevertheless, although we may be left with an impression of vagueness somehow in this respect, perhaps it cannot be helped in view of the trade-off nature of the problem for it is only natural for policy formulators to be more cautious in their judgment than other people who are not directly involved.

The real value of this book, however, is its comprehensive analysis of Japanese agriculture based on a historical approach, and in closing I should like to point out

the fact that this laborious and elaborate work, which affords Japanese agriculture a wide overall historical and international perspective, fully deserves a great deal of international attention. (Miyoehei Shinohara)

*Industrial Growth, Employment, and Foreign Investment in Peninsular Malaysia* by Lutz Hoffmann and Tan Siew Ee, Kuala Lumpur, Oxford University Press, 1980, xviii + 322 pp.

This book is part of a series of fifteen-country studies on "Import Substitution and Export Diversification in the Industrialization of Selected Developing Countries" carried out by the Kiel Institut für Weltwirtschaft.

Lutz Hoffmann, professor of international and development economics at Regensburg University, West Germany was formerly economic adviser to the Malaysian government. He has published many articles in academic journals on the various aspects of industrial growth in Malaysia. Tan Siew Ee is lecturer at Universiti Sains Malaysia. Together with Lutz Hoffmann he has also published an article entitled "Employment Creation Through Export Growth: A Case Study of West Malaysia's Manufacturing Industries" (in *Readings on Malaysian Economic Development*, [Kuala Lumpur: Oxford University Press, 1975]). These both authors are competent in dealing with the problems of industrial growth in Malaysia.

Since quite a neat and compact outline and summary of the major findings is contained in the book (pp. 2-9), rather than repeating the summary in this review, it would be more useful to pick up the major findings and to discuss them from the reviewer's point of view.

#### A. *Economic Development and Industrialization*

The underlying basic proposition of this book concerning economic development is rather simple and therefore quite clear. "The process of economic development is almost universally associated with the expansion of industry, in particular manufacturing, and the relative decline of agriculture... After Malaysia became an independent nation in 1957, it already possessed a highly productive agricultural sector with a strong foothold in the world market. Though agriculture certainly could still improve—and has done so substantially since then—it was quite apparent that the thrust of further development had to come from industry..." (p. 2).

This rather simple and clear proposition might come from their conclusion in Section 4 of Chapter 2. It is concluded that the flow of resources into agriculture does not appear to have been drastically hampered by the rapid expansion of the manufacturing sector since the 1960s in Malaysia. Convincing evidence, however, is not shown to support this conclusion. Rather contradictory evidence is given in another chapter.