# Japanese Agriculture: Tradition and the Modern Challenge

by

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## I. INTRODUCTION

Agriculture in Japan, for centuries the backbone of the nation, has survived a long and torturous evolution. Once a tool of powerful Tokugawa taskmasters to maintain discipline and obedience in a feudal society, Japanese agriculture has never completely shed its vestigial character. Deeply rooted in history and tradition, the agricultural community has long faced the arduous task of sustaining a native population. The expectations imposed on agriculture and the ability of the Japanese agricultural sector to meet a nation's requirements are, and have been, uniquely tied to significant historical forces that have combined to shape the nation as a whole. The tone during the various stages of Japanese agricultural development is best captured by looking at the uncertain interplay of powerful, but opposing forces in the nation's social, economic and political development.

The clash of external influences with native Japanese traditions is much more than a distant echo from the World War II era. However, patterning of trust has developed between progressive elements in the Japanese government and ancestral farm families traditionally wary of deviations from their accustomed way of life. The basic goal of the Japanese farmer parallels that of the nation—preservation. Japanese farmers embody the virtuous trait of endurance (*gaman*); each maintains a basic loyalty to himself, an expectation of himself. However, under this honorable ethos, Japanese farmers have now manifested their inability to keep pace with their rapidly developing society.

The chain of historical events leading Japan from Tokugawa times through post World War II reconstruction and up to the present industrial-technological revolution has exerted tremendous pressures on successive Japanese governments to shape public policy with a view to the benefit of the nation as a whole. Nowhere in

Japanese society, however, are the contradictions between the dynamic forces of change and persistent traditions more evident or disruptive than in the field of agriculture. Japan's agricultural problems can be attributed not only to an untenable farm structure, but also to basic geographical and economic limitations. The Japanese government, especially in the post World War II era, has taken an active role in the ongoing transition of agriculture from its feudal legacy into a vital and productive sector of the economy, that is responsive to the changing needs of a modern nation. But the transition is far from complete. The Japanese government is currently attempting to balance conflicting interests. On the one hand, the government has enacted socially valuable programs that provide the agricultural community with a relatively decent standard of living. On the other hand, the government would now like to induce small-scale, part-time farmers off the land in order to facilitate the development of a modern, large-scale and full-time agriculture.

The drive toward agricultural modernization has been and continues to be exceedingly difficult in Japan. Existing laws and reform programs are a compendium of multitudinous efforts designed to help Japanese agriculture "catch up" with the rest of society. Repeated legislative attempts at agricultural reform—differing more in detail than in focus—have proven effective only in meeting short-term crises. In the long run, however, legislative aid and reform measures have failed to achieve the fundamental restructuring of Japanese agriculture necessary for further progress.

To tell the story of Japanese agriculture, one must begin with the Japanese feudal period that endured for nearly three centuries. The pivotal position that agriculture and peasants maintained during this extended period of cultural development helps us better understand the bitter struggles involved in transforming the structure and operation of Japanese agriculture. This article will trace the development of agriculture in Japan focusing on the powerful, but often contradictory, socio-economic and political forces at work in the nation's drive toward increased agricultural productivity and overall modernization. Section II of this article surveys the formation and structure of early Japanese agriculture from the Tokugawa Period up to World War II, and emphasizes the feudal

underpinnings of this tradition-bound sector of Japanese social and economic life. Section III examines post World War II land reform measures designed to democratize Japanese agriculture as part of an overall plan to make sweeping changes in the social structure of Japan. Section IV then identifies the significant developments in Japanese agriculture emerging after the great reform, and considers the purpose and value of the Magna Carta of Japanese agricultural legislation—the Agricultural Basic Law. Section V evaluates the current status of agriculture in Japan in the context of renewed and vigorous legislative efforts directed at changing the basic structure of agriculture. Section VI looks to the uncertain future of Japanese agriculture, and considers expert commentators' theories as to why the native agriculture is so ineffective. This section also considers strategies proposing what must be done to prevent total collapse.

A short companion article, *The Developing Japanese Legal System: Growth and Change in the Modern Era*, represents an illustration of the parallel development of Japanese agriculture and the Japanese legal system. The structure of the present legal system in Japan—as in the case of agriculture—represents the unfinished product of conflicting internal and external influences that are uneasy companions on the road to national progress and modernization. Although the long-range solution to Japan's agricultural woes may not be immediately apparent, one thing is certain: so long as the traditional farm structure remains unchallenged and firmly entrenched, the native agriculture has little chance of digging itself out of the current state of stagnation.

## II. HISTORICAL BACKGROUND: TOKUGAWA TO WORLD WAR II

### A. *The Tokugawa Period (1603-1867)*

The early part of the 17th century occupied a place in Japanese history and culture known as the Tokugawa period. Ieyasu Tokugawa, a powerful military authority or "shogun" seized power at this time and asserted control over cultural and social development in Japan.[1] Tokugawa and his descendants were powerful

1. R. DORE, LAND REFORM IN JAPAN 10 (1959). *See also* T. FUKUTAKE, JAPANESE RURAL SOCIETY 1 (1967).

enough to maintain their dominance over the influential provincial lords or "Daimyo" for the next two centuries.[2] The Tokugawa shogunate severely limited foreign trade and commerce, isolating Japan from the rest of a rapidly changing world. The Tokugawa also rigidified class lines, and established distinct social divisions within Japanese culture. Under the shogun, the farm peasantry were the main class governed in feudal society.[3] The feudal overlords controlled virtually every aspect of the farming system as well as the peasant's way of life.[4] A proper understanding of the structure of this feudal society helps explain the development and structure in Japanese agriculture during the last 200 years.

The basic structure of Japanese feudal society derived from Confucian ideology. As a noted Japanese historian observed, "[a]t the heart of the Confucian natural law philosophy and the Tokugawa shogunate and naturally at the heart of its feudal administration was the principle that men are unequal."[5] The shogunate established the "rule of status." Under the rule of status, underlings had no rights and, therefore, could not assert charges against "superiors" for abuses suffered. The shogunate also created "duties"—recognized obligations that underlings owed to those in authority. In essence, those of inferior status lacked any redress against abuses coming from discretionary authorities.[6]

While in Japanese feudal society the shogun held foremost authority, the feudal lords or daimyo controlled the separate territories into which the country was divided. The relationship existing between the daimyo and shogun was that of vassal to lord; the daimyo bound himself to the shogun under oath.[7] The shogun con-

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2. C. SCHIROKAUER, A BRIEF HISTORY OF CHINESE AND JAPANESE CIVILIZATIONS 349-50 (1978).

3. FUKUTAKE, *supra* note 1, at 1. In place was a rigid system of social barriers between "estates," or the "four orders" of society. Each division was defined in order of social honor: the samurai, the peasants, the artisans and the merchants.

4. T. OGURA, CAN JAPANESE AGRICULTURE SURVIVE?—A HISTORICAL AND COMPARATIVE APPROACH 1-7 (1982). Ogura reflects on the line of thought in early Japanese agriculture called "nohon-shugi" (agriculture-is-the-base-ism). Ogura notes that it is most appropriate to use the term in explaining the basic thought of Japanese agricultural policy during the second half of the Tokugawa era.

5. Henderson & Anderson, *Japanese Law: A Profile*, in AN INTRODUCTION TO JAPANESE CIVILIZATION 569, 576 (A. Tiedemann ed. 1974).

6. *Id.* at 577.

7. SCHIROKAUER, *supra* note 2, at 350.

ferred significant status upon the daimyo. According to their high position in feudal society the daimyo required and collected payment of produce from the peasant class.[8]

Under the Tokugawa rule, each member of the peasant class owned the portion of land which he farmed. Not surprisingly, however, the peasant farmer labored under severe limitations on his freedoms. The shogun, for example, placed a virtual ban on land alienation and restricted the number and types of crops that a peasant farmer could grow. Nor did the shogun permit peasant farmers to leave their land; the shogun forceably returned to the farm any peasant daring such a move.[9] The peasant farmers paid a rice tax or rent out of which the daimyo class maintained their position of relative wealth.[10] The daimyo, in turn, paid stipends from this rice tas to his retainers—the "samurai".

The popularly perceived samurai were actually a non-land-owning warrior class in Japanese feudal society.[11] The samurai's high standard of living under the shogun was primarily derived from ever-increasing taxes upon peasant farmers.[12] The samurai exacted taxes that sometimes amounted to 60% of the peasants' crops. The samurai were not hesitant to make advance collections or special levies in order to support their well-heeled lifestyles.[13] The peasants did not take these indignities lightly. As one commentator stated, "The recurrence of peasant revolts, particularly towards the end of the [feudal] period, showed how near these actions brought the peasants to desperation."[14] Peasant farmers were caught in the jaws of an inescapable trap. The shogun's ban on alienation made it virtually impossible to leave the land and escape the taxes which a peasant could rarely meet. The samurai tax sword, however, eventually proved to be double-edged. The privileged samurai in the Tokugawa capital found themselves increasingly unable to support and maintain their accustomed extrava-

8. T. OGURA, AGRARIAN PROBLEMS AND AGRICULTURAL POLICY IN JAPAN 1 (1967).

9. DORE, *supra* note 1, at 11.

10. Ogura comments that the "daimyo" extracted produce from the cultivators by using their political control and through economic exploitation. There was virtually no distinction between rents and taxes. OGURA, *supra* note 8, at 1.

11. DORE, *supra* note 1, at 11.

12. *Id.*

13. *Id.* at 12.

14. *Id.*

gant mode of living.[15] Also, the twin burdens of increasingly high taxes and inability to pay such taxes ultimately led to the wide proliferation and success of money-lenders in feudal society.

The rise of money-lenders highlighted significant problems inherent in feudal society—out of which the origins of tenancy in Japan arose. Money-lenders arose from the merchant or tradesmen class, and sought to profit from the plight of the peasant. Typically, the money-lender would obtain a mortgage on the land to secure the debt owed by the peasant. In effect, the transaction amounted to the de facto transfer of the land to the money-lender. With the restraint on land alienation still in place, the peasant remained the ostensible owner of the land. He produced the crop while the landlord/money-lender acted as manager of the land. Under this arrangement, the peasant farmers now owed substantial rent to the money-lenders in addition to the taxes owed to the daimyo.[16] As the peasants continued to suffer under the burden of heavy taxes, the money-lenders became the "quasi" owners of substantial land holdings—up to one-third of all cultivated land by the end of the Tokugawa period.[17]

Another early form of tenancy developed in which the landlords held actual title to the land.[18] In newly reclaimed areas merchants or samurai would acquire titles to the land and then put up the capital necessary to develop the land. The merchants and samurai depended on the peasants to actually develop the land, and charged substantial rent for the privilege.

Another early form of tenancy developed as some non-cultivators, but long-time influential owners of land, came to depend on the peasants to farm the land and produce crops. This group of non-cultivators included country samurai forced from more luxurious housing, proprietors of Buddhist temples, and non-samurai landowners of long standing whose holdings dated back to pre-Tokugawa times. Traditionally, these groups allowed the peasants to cultivate only a small portion of this land. As conditions changed, however, the landowners permitted the peasants to culti-

15. *Id.*
16. OGURA, *supra* note 8, at 2.
17. *Id.*
18. *Id.* at 1.

vate each parcel of land in exchange for the payment of rent in kind.[19]

During the Tokugawa period in Japanese history, historians find the creation and development of an isolationist feudal society[20] based on strict class divisions, and characterized by inefficient and inequitable agriculture production and management. Extreme taxes on agricultural production led to peasant unrest, and eventually prompted the development of farm tenancy. The de facto transfer of land to money-lenders, the use of newly reclaimed areas as farmland, and changes in the land management style of influential non-cultivating segments of society confirmed the place of tenancy in Japanese agriculture. Ultimately, however, the forces that erected these changes led to the demise of Japanese feudal society.

### *B. The Meiji Period (1868-1912)*

The Tokugawa feudal society experienced increasing upheaval and instability during the mid-nineteenth century. By 1868, forces within Japan had effectively overthrown the Tokugawa shogunate. These internal elements of Japanese society purported to "restore" the emperor to power.[21] The new ruling powers attempted to dismantle the remnants of feudal society and rearrange Japanese culture in light of Western influences.[22] The new government officially eliminated many of the characteristics of feudal society that enforced social status distinctions between classes. Along these lines, the government deposed the samurai, abolished the former domains of the daimyo and reorganized the country into prefectures.[23]

During the initial stages of the Meiji period, the government established a centralized administrative system. The government adopted the taxation system of the old fiefs (feudal societies) as it then existed—collection of taxes in kind.[24] In time, the government

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19. DORE, *supra* note 1, at 13.

20. OGURA, *supra* note 4, at 6-7. Throughout the Tokugawa era, the shogunate adopted a policy of seclusion. Except for limited contacts with China and Holland, Japan had almost no international relationships. Ogura notes that because of Japan's national isolation, the dependence on native agriculture was very great. *Id.* at 7.

21. SCHIROKAUER, *supra* note 2, at 416.

22. *Id.* at 418-19.

23. *Id.* at 418.

24. DORE, *supra* note 1, at 14.

turned its full attention to agriculture and attempted to alter the basic underpinnings of the feudal and post-feudal agricultural systems. Under the reorganization, peasants became recognized owners of their property. Additionally, the government ordered the land resurveyed, assigned new values to the land and established new land registers. The government then issued title deeds to anyone considered to be in possession of the land (those previous "quasi" owners). The government also lifted the shogun's ban on the alienation of land and abolished restrictions on land use. Finally, the government dropped the tax in kind and converted to a money tax based on the valuation of the land.[25]

The Meiji restoration ushered in sweeping social, political and economic changes that ultimately proved adverse to the average farmer. The government encountered and created a multitude of problems as it led Japan in the transition from a federal Tokugawa system to a more progressive and modernized society.[26] The new Meiji programs particularly exacerbated rural problems. The Meiji carelessly disregarded many of the features of the shogunate which actually kept the feudal system stable. The government, for instance, changed the basis of taxation to the value of the land rather than the yield. However, since taxes did not shift with production, tax rates effectively increased.[27] Moreover, the government's land survey determined the ownership of land, but in the process, ignored the traditional rights of permanent tenancy which existed in the Tokugawa period under the ban on alienation. Tenants now lacked certainty as to their supposed right to farm the land. As a result of the government vesting ownership of land in private hands, landlords, free from government restraints, began to exploit tenants by charging exorbitant rents. The agricultural debt of rural Japan ran uncontrolled, with the farm sector at the mercy of inflation and deflation fluctations in the economy.[28]

Overall, governmental economic policies did little to foster any real prospects for agricultural prosperity. The government effectively foreclosed on the agrarian sector, using the land tax to fi-

25. *Id.*

26. S. CHIRA, CAUTIOUS REVOLUTIONARIES: OCCUPATION PLANNERS AND JAPAN'S POST-WAR LAND REFORM 9-12 (1982).

27. DORE, *supra* note 1, at 16-17.

28. CHIRA, *supra* note 26, at 10-11.

nance the industrialization of the country. After 1873, the government extracted fully one-third of Japan's agricultural product through the land tax.[29] Not surprisingly, "indebtedness, the mortgaging of land, and eventually the transfer of ownership was a recurrent pattern."[30] Unable to get out from under their heavy debt loads, a significant number of cultivating farmers resorted to distress sales of land. This pattern of farm debt reduction made possible a growing trend toward tenancy. The new owners of the land profited greatly due to the high rental rates they were able to charge.[31] While some elements pushed to introduce large-scale capitalist farm management techniques in Japan, the idea never took hold.[32] It proved significantly more profitable for the landowners to lease small plots of land to traditional farmer-tenants.

The Meiji Civil Code became law in 1896. To the economic detriment of farmer-tenants, however, "[t]he Meiji Civil Code served to guarantee the stability of this semi-feudal property system."[33] The Code was definitively pro-landlord. The Code, for example, placed restrictions on the freedom to sublet or mortgage land, and limited the possible lengths of leases. Additionally, the Code allowed landlords to cancel tenancy contracts and evict tenants without notice. The Code also directed tenants to pay their rent as a matter of first priority.[34]

Out of the agricultural distress fostered by the Meiji Civil Code, arose a class of wealthy landowners. Once established, these increasingly powerful landlords demanded their tenants to pay rents unparalleled anywhere else in the world.[35] Often, the landlord charged rent equal to half of the crop; local surcharges could amount to another 10% to 25% of the crop. As an additional burden, the farm tenant was solely responsible for his own housing, agricultural tools and fertilizers. Contracts between landlord and tenant were typically verbal, and contained no definition or explanation of tenure. In most arrangements, the local landlord had the

29. *Id.* at 9.
30. DORE, *supra* note 1, at 17.
31. *Id.* at 17-19.
32. *Id.* at 59.
33. Ushiomi & Watanabe, *Agrarian Laws of Japan*, 6 REV. CONTEMP. L. 68, 69 (1959).
34. CHIRA, *supra* note 26, at 11.
35. Ushiomi & Watanabe, *supra* note 33, at 68.

right and power to dispossess the tenant at will.[36] Besides the crippling economic pressure placed on tenants, landlords acting as virtual samurai exerted powerful social and cultural pressures on the tenants. The landlord, for instance, could require the tenant to repair the landlord's house, work in his rice fields, prepare for funerals and attend religious ceremonies or festivals at which the tenant was required to make an offering.[37] The landowner class also monopolized water and forestry rights. Thus, the tenant paid dearly for the water and fuel necessary to maintain the farm.[38]

In daily life, the tenant was virtually the slave of his landlord. The tenants' lot actually worsened as Japanese history moved from the Tokugawa period into the era of the Meiji Civil Code. As was the case under the shogun, tenants and agricultural laborers suffered severe economic hardships during the Meiji period. The tenant's total lack of economic hope or opportunity prevented them from working toward a new prosperity, free from landlord domination.[39]

### *C. The Taisho (1912-1925) and Early Showa (1926-WWII) Periods*

The stirrings of agricultural unrest that originated in the Tokugawa period and continued throughout the Meiji period surfaced again after World War I.[40] Farm tenancy disputes occurred in increasing numbers. These sudden upheavals shook the quasi-feudal rural system and created high levels of tension in the villages.[41] In 1918, Japan's agricultural sector suffered from disastrous harvests and exorbitant prices for the native staple of rice. The Rice Riots of 1918 ensued, in which poor members of the agrarian sector attacked the stocked warehouses of profiteering rice dealers.[42]

Tenants, realizing their common plight, formed their own union. The tenants banded together in order to reduce rents and

36. CHIRA, *supra* note 26, at 6.
37. Ushiomi & Watanabe, *supra* note 33, at 68-69.
38. *Id.* at 69.
39. CHIRA, *supra* note 26, at 7.
40. DORE, *supra* note 1, at 65-69.
41. Ushiomi & Watanabe, *supra* note 33, at 69.
42. DORE, *supra* note 1, at 68-69.

bring them more in line with the amount of harvest.[43] The disputes continued until landlords and tenants reached a critical settlement in 1923. Primarily, this agreement provided for rent reductions in years of a bad harvest. As tenant dissatisfaction with landlords continued to grow, however, so did the number of local tenant unions.[44] The overriding purpose of the unions was to unite tenants and strengthen their position and power in relation to the landlords. The unions agreed not to accept any terms offered by landlords which might possibly harm other tenants. By this unification strategy, the unions hoped to force the landlords into providing fair terms for all tenants.[45] Unyielding, the landlords responded by organizing their own unions.[46]

The government's response to the agricultural unrest was shortsighted and halfhearted.[47] Proponents of meaningful reform measures were purposefully and effectively thwarted by strong opposition from members of the affluent landowner class.[48] The government only managed to enact two ineffective reform measures. The Farm Tenancy Arbitration Law of 1924 provided for the settlement of landlord tenant disputes that might arise. This scheme clearly favored the interests of the landlords.[49] The Owner-Farmer Establishment and Maintenance Regulations of 1926 provided for loans to tenants who were unable to persuade their landlords to sell the land farmed by the tenant.[50] Again, this legislation had a positive effect only for landlords. Tenant advocates attacked the law as a device implemented to keep land prices elevated in the landlord's favor.[51] As tenancy unrest continued, the government began to repress increasingly violent tenant uprisings with force.[52]

The Japanese movement toward militarism in the 1930's facilitated the first significant agricultural reforms to the benefit of

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43. *Id.* at 69-71.
44. *Id.* at 72.
45. *Id.* at 73.
46. *Id.*
47. CHIRA, *supra* note 26, at 13.
48. DORE, *supra* note 1, at 80-82.
49. AGRICULTURAL LAND BUREAU, MINISTRY OF AGRICULTURE AND FORESTRY, AGRICULTURAL LAND REFORM LEGISLATION 1 (1949) [hereinafter cited as MAF, LAND REFORM LEGISLATION].
50. *Id.*
51. DORE, *supra* note 1, at 83.
52. *Id.* at 84-85.

those who worked the land. As the militarists strove to build a strong country capable of withstanding great opposition, they discovered that the depressed rural condition was the greatest weakness of the Japanese nation.[53] As Japan prepared for war abroad, the government attempted to establish domestic peace. The government acted decisively to assuage peasant dissatisfaction, and to assure that agricultural production would meet wartime needs.[54] As part of the overall plan to unite Japan in its time of national alert, the government enacted several significant reform measures. In 1937, the government established another loan program designed to help tenants become owners of the land they farmed. Village commissions were established one year later. Members of the commissions were to assist cultivators in their working relationships with landowners. The government also established rent controls in 1939 in order to hold down the prices of agricultural goods. Soon thereafter, the government took control over rice distribution as a response to high rice prices.

The government ultimately placed price controls on farmland in 1941. Unlike previous attempts at agricultural reform, legislative measures actually contributed to the welfare of the agrarian class by increasing tenant income, reducing rents and lessening landlord domination.[55] Japanese agriculture, however, would not see thorough and comprehensive reform until after World War II.

## III. The Post World War II Land Reform

### A. *Structuring the Reform*

Immediately following Japan's surrender in the Second World War, General MacArthur established the headquarters of the Supreme Commander of the Allied Powers (SCAP) in Tokyo, and set about the arduous task of restructuring Japan's agricultural, economic and political bases. The primary objective of the military government in place during the Occupation was to abolish all forms of Japanese militarism: "Democratic tendencies and processes in governmental, economic, and social institutions were

53. *Id.* at 94-95.
54. Ushiomi & Watanabe, *supra* note 33, at 69-70.
55. Chira, *supra* note 26, at 26-28.

to be strengthened."[56]The Occupation forces quickly learned that a basic flaw underlying Japan's economic woes was the inefficient and unworkable system of land tenure. By 1945, the mounting pressures stemming from overpopulation, land scarcity and inequitable land ownership had created massive disruption in the rural and national economy. Japanese agriculture suffered primarily from the widespread plague of exploitative tenancy. The Occupation forces determined that Japan's agrarian disarray could be successfully transformed through land redistribution measures and farm tenancy reforms. After years of fruitless struggle with the politically potent landlord class, Japanese land reform advocates capitalized on the Occupation forces' displeasure with the unfair and shortsighted Japanese agrarian policies of the past.

One Japanese commentator carefully summed up the popular sentiment for agrarian reform, noting that Japanese political, economic and ideological developments profoundly shaped the ideas and actions of the Occupation reformers.[57] Political reformers in Japan shared with the Occupation reformers a number of assumptions regarding the root causes of agrarian distress and the necessary solutions. The Americans saw a country replete with the cumbersome vestiges of feudal society, attendant with bitter class stratification and a frustrating cycle of poverty. The Americans reasoned that "peasant frustration and class inequities provided the economic and spiritual basis for fascism."[58] Americans also shared Japanese observers' belief that economic stagnation in the twenties, as well as the land shortage that underlay agrarian tensions, had prompted Japanese military expansion.[59]

The Occupation forces' policy of democratizing post-war Japan included specific plans for agrarian reform. By early November of 1945, Japanese political leaders were clearly aware of the Americans' intention to impose sweeping land reform measures and, therefore, decided to act on the agricultural situation themselves. On November 23, 1945, the Japanese government, headed by Shidehara, announced its intention to immediately act on land

56. L. HEWES, JAPAN—LAND AND MEN: AN ACCOUNT OF THE JAPANESE LAND REFORM PROGRAM—1945-51 46 (1955).

57. CHIRA, *supra* note 26, at 31-32.

58. *Id.*

59. *Id.*

reform legislation.[60] On December 9, 1945, MacArthur issued his land reform directive.[61] MacArthur's order directed the transformation of Japanese agriculture to a system based on ownership of land by those who cultivated it. Significantly, the directive called for a drastic overhaul of the Japanese farm tenancy system.[62] MacArthur required the Japanese government to submit a program of rural land reform to his headquarters by March 15, 1946.

The Japanese government's initial attempts at land reform legislation proved futile. One early plan, drafted by the Ministry of Agriculture and Forestry, placed severe limitations on the amount of tenanted land a landlord could hold. The plan would have allowed tenants to purchase any excess land. The full Japanese Cabinet, however, opposed such a plan. In the next draft, there was no sign of the initial zeal for comprehensive reform. The revised plan was markedly pro-landlord. Landlords would retain substantial latitude and power in their dealings with tenants. Additionally, the limits placed on the amount of land a landlord could possess would affect less than half of the farm tenants in Japan.[63] Even this watered down version of land reform legislation met with fierce opposition upon its introduction to the Japanese Diet.[64] Remnants of the landlord class attacked this feeble attempt at agrarian reform as too radical. However, in light of MacArthur's previous directive instructing the Japanese to prepare a meaningful program for agrarian reform, the Diet felt compelled to accept this reform scheme.[65] On December 18, 1948, the Japanese Diet finally accepted a legislative plan for agrarian reform according to its previously stated intention to do just that.[66] Compared to previous attempts at reform, the Diet's plan was significantly more comprehensive. However, the legislation clearly failed to meet the stringent requirements established by the Occupation.[67] The Occu-

60. HEWES, *supra* note 56, at 53.

61. Susan Chira comments, "The SCAP directive was prompted in part by the American's belief that the Japanese government would not take adequate steps to correct agrarian problems without Occupation prodding. . . . As in prewar days, the Japanese government continued to oppose far-reaching reform." CHIRA, *supra* note 26, at 89.

62. HEWES, *supra* note 56, at 52-54.

63. CHIRA, *supra* note 26, at 89-90.

64. *Id.* at 90.

65. *Id.* at 90-91.

66. HEWES, *supra* note 56, at 54.

67. Lawrence I. Hewes, who was a Land Reform Specialist with the Occupation, made

pation realized at this point that they would have to draft a land reform program with little assistance from the Japanese government.

Fortunately for the Occupation, in April of 1946, the uncooperative Shidehara government lost in the national elections. The new government, headed by Shigeru Yashida took control of Japan on May 1.[68] The Yashida government was decisively more cooperative. Aligned with the Occupation, the Cabinet received new land reform legislation in late July, 1946.[69] General MacArthur announced his personal approval of the reform proposals by mid-August,[70] and the Diet completed the actual promulgation of the new laws by December 28, 1946.[71] Despite the expected opposition by the influential landlord class, the government finally adopted an agrarian reform plan that was to completely reorganize the Japanese system of land tenure.

### *B. The Land Reform Law*

The agrarian reformers of the Occupation and their Japanese counterparts felt that effective land reform measures could bolster the Japanese economy and promote a sense of domestic peace. Each side recognized the immediate need to quell the spirit of militarism that had gripped economically desperate villages during World War II. The reformers believed that putting the land back in the hands of those who cultivated it would increase productivity, reduce the social and political power of landlords and remove class tensions. The Occupation strategy also looked to agrarian reform as a means to stabilize and "democratize" villages and exploited peasants who might become susceptible to communism.[72]

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this observation about the first Japanese legislation on land reform after the war: "From the Occupation viewpoint two things were wrong with this proposal. First, the conversion of the program into an attack on wealth with its class conflict implications was a perversion and a distortion of the central purpose of stabilizing and democratizing the agrarian structure. Second, such an approach made only about 3.3 million acres available for transfer to tenants while 49 percent of the rented land remained in tenancy. . . . It was necessary to repeat over and over that the objective was to abolish tenancy, not to punish property owners who happened to be landlords." *Id.* at 60.

68. *Id.* at 61.

69. *Id.* at 62-63.

70. *Id.* at 63.

71. *Id.* at 64.

72. CHIRA, *supra* note 26, at 59-63.

These concerns and considerations led to the enactment of a two-part legislative plan for agrarian reform: The Agricultural Land Adjustment Law, which set up administrative machinery; and the Owner Farmer Establishment Special Measures Law, which delineated objectives and policies.[73]

1. The Agricultural Land Adjustment Law

The Agricultural Land Adjustment Law of 1946 operated as an amendment to the comparatively ineffective law of the same name originally passed in 1938. The legislation adopted in 1946 structured the National Ministry of Agriculture and Forestry to consist of prefectural governors and land commissions established at the central, prefectural and local levels of the agrarian economy.[74] Local farmers elected ten members to sit on the local land commissions. Of these ten representatives, five were tenant representatives, two were owner-farmer representatives, and the remaining three, landlord representatives. The legislation also provided prefectural governors with the authority to appoint three additional persons to the commission upon the unanimous consent of the ten elected commissioners.[75] Under these guidelines, the government hoped to make the commissions representative of the village populace and free from the disruptive influence of powerful landlords.[76] Each of the prefectural commissions consisted of 20 people elected by local commissions voting as representatives of their positions. Each commission at the prefectural level consisted of ten tenants, six landlords, and four owner-farmers. The prefectural governor acted as chairman of the commission.[77]

The Agricultural Land Adjustment Law of 1946 also established procedures for land transactions. The law designated the various commissions as the proper authorities to administer and enforce these new land transaction procedures.[78] Among its more

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73. S. KLEIN, THE PATTERN OF LAND TENURE REFORM IN EAST ASIA AFTER WORLD WAR II 23 (1958).

74. MAF, LAND REFORM LEGISLATION, *supra* note 49, at 13-16, 113-51, *construed in* KLEIN, *supra* note 73, at 23.

75. *Id.*

76. KLEIN, *supra* note 73, at 26.

77. MAF, LAND REFORM LEGISLATION, *supra* note 49, at 13-16, 113-51, *construed in* KLEIN, *supra* note 73, at 23.

78. *Id. construed in* KLEIN, *supra* note 73, at 24.

significant provisions, the law provided that persons could not create or transfer ownership, leases or other property rights in farm land without the permission of the local governor or local land commission. Nor could landlords—not even tenants—terminate or rescind land leases without the prior approval of the local land commission.[79] By law, the sale price of land could not exceed 40 times the official rental valuation of paddy land, or 48 times the official upland valuation. Also by law, landlords were prohibited from charging rents that exceeded 25% of the paddy crop value, or 15% of the crop value in upland fields. In addition, the law forbade the practice of payment of rent in kind. And where leases already required payment of rent in kind, the commission's job was to set a cash rental at a legal rate. Finally, the legislation required that all rental contracts be in writing; all contracts and records pertaining to agricultural land were subject to governmental inspection. By instituting these measures, the Japanese government intended to lessen the peasant-farmers' dependence on dominating landlords.[80] By giving the tenants a strong position in the newly structured land commissions, the new government hoped to remedy the old wrongs perpetrated against those who worked the land.

2. The Owner-Farmer Establishment Measures Law

The Yashida government proceeded with the second arm of its agrarian reform plan through the Owner Establishment Special Measures Law. Conceived to transform the agricultural sector into a predominantly owner-farmer community, this law effectively transferred ownership of agrarian lands from landlords to tenants. To carry out the planned reform, provisions in the law[81] called for the government to purchase all tenant land owned by absentee landlords.[82] The law also directed the government to purchase all

79. This provision was in order to prevent hurried disposal of the land by landlords before they were forced to sell it to the government at a fixed price. The provision also applied to tenants so that they could not be pressured into "voluntarily" terminating the lease. KLEIN, *supra* note 73, at 26.

80. MAF, LAND REFORM LEGISLATION, *supra* note 49, at 9-12, 17-62, *construed in* KLEIN, *supra* note 73, at 24-25.

81. MAF, LAND REFORM LEGISLATION, *supra* note 49, at 9-12, 17-62, *construed in* KLEIN, *supra* note 73, at 24-25.

82. Since farmers in Japan do not live on their land, but live in small villages nearby, an absentee landlord was one who did not live in the village where his leased land was located.

tenant lands owned by resident landlords in excess of one "cho" (2.45 acres)[83] and all grazing land holdings that exceeded 0.735 acres.[84] The plan set three "cho" (7.35 acres)[85] as the maximum amount of land one person could hold. The law also provided that the local land commissions were to administer and supervise the purchase and sale of land; land purchasers were to pay the same price that the government paid to the sellers. Furthermore, the law set the price that the government paid at 40 times the official rental valuation for paddy lands, and 48 times the official rental valuation for uplands—plus a generous governmental subsidy. The government would issue 30-year bonds in order to finance this project. The law also established new local commissions whose purpose was to sell the agricultural lands to qualified tenants and farm laborers. Those persons deemed most likely to devote themselves permanently to farming were qualified to purchase the land from the government on lenient 30-year, 3.2% interest terms. In sum, the land transfer provisions of the Owner-Farmer Establishment Measures Law affected over 80% of the total tenanted land in Japan.[86] Moreover, the law frustrated loophole-seeking landlords[87] by empowering the government to purchase lands cultivated under contract, lands leased to tenants by corporations and nonfarm lands necessary to complete a farm unit.[88] Thus, the government's reform program appeared to have a realistic chance of ending the rural distress that flourished under a domineering landlord class.

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83. On Hokkaido, the northernmost island of Japan, four "cho" was the maximum size for land holding. Due to regional and climatic differences, separate, larger standards were set for Hokkaido. R. P. Dore attributes the different treatment of Hokkaido to the relatively recent colonization of Hokkaido, resulting in a more European method of farming. DORE, *supra* note 1, at 7.

84. These maximum figures are national averages. The amount varied from province to province since the central commission set average rates for each prefecture. Ushiomi & Watanabe, *supra* note 33, at 75.

85. Twelve "cho" or 29.41 acres on Hokkaido.

86. KLEIN, *supra* note 73, at 26.

87. KLEIN, *supra* note 73, at 27.

88. Nonfarm land necessary to complete a unit would be trees, buildings, meadows, etc., which would otherwise force owner-farmers to seek an easement from the landlord who still held that nonfarm land.

### C. *The Operation of the Land Reform*

Despite the laudatory purposes and objectives of the Japanese government's land reform legislation, the agrarian program's initial implementation stage met with significant problems. Initially, for instance, the price that the government paid for land held by landlords was calculated on the basis of the 1938 rental valuations. Coupled with the great devaluation of the Japanese yen after the reform, this development meant that landlords received close to nothing for their precious land.[89] In other words, the government's original plan to give a fair price for agrarian lands transformed into a rigid policy of "de facto" land confiscation.[90]

Significant administrative and managerial problems also highlighted shortcomings in the agrarian reform program. The local commissions, for example, operated ineffectively. The election process was flawed from the outset. Often, the number of candidates equaled the number of potential commissioners, rendering the elections virtually meaningless. While the government addressed this problem by requiring some of these localities to hold new elections, few did so.[91] Additionally, the severe shortage of paper and office supplies in post-war Japan impeded the successful operation of the reforms. In many localities records were filed and stored solely in the memories of the clerks and commissioners. No central filing system existed, no manuals outlining standard operating procedures existed and the land reporting system was practically useless. And while the local commissioners worked only part-time, the clerks working full-time in the local offices assumed significant responsibility and power. Because of their pivotal position, these clerks could either subvert the land reform movement or help it to operate quite efficiently.[92] Despite the proliferation of corrupt clerks and local commissioners and the resulting disruption, the

89. KLEIN, *supra* note 73, at 31.

90. The Japanese government found itself in a very rigid position, being unwilling and unable to give payment in land due to a rice shortage, and due to the reform policy against payments in kind. The land payments which had originally seemed sufficient actually became quite worthless as they only bore 4% interest per annum, while inflation was extraordinary. Klein illustrates the point: "by 1948, each yen purchased less than one-one hundred eightieth of what it did in 1938." KLEIN, *supra* note 73 at 32.

91. *Id.* at 32-33.

92. *Id.* at 34-35.

government pushed the agrarian reform forward.[93]

The influential and stubborn landlord class perhaps created the most significant problems for the agrarian reform programs. In the initial phases of the reform, landlords were able to maintain and exert the power they had wielded for so long. Ironically, a surprising number of politically motivated landlords found their way onto the local land commissions—often holding two or more seats in a particular commission. The Cabinet, however, quickly moved to remedy this anomaly by prohibiting any commissioner from holding more than one seat. Any commissioner accepting another post automatically forfeited his right to the original office.[94] Despite these measures, the landlords still managed to exert pressure on local villagers through schemes designed to subvert the government sponsored reform. The landlords, for instance, started an effective rumor and propaganda campaign that weakened the credibility of the reform. Tenants, afraid of landlord reprisals should the reform ultimately fail, hesitated to take advantage of the government's programs.[95]

Landlords also instituted numerous lawsuits against the government, attacking the constitutionality of the land reform legislation. In reality, these actions amounted to nuisance suits, effective only for their delay value.[96] These subversive actions intimidated many tenants who could not afford costly litigation and feared possible landlord retaliation.[97] It was not uncommon, for example, for dissatisfied landlords to simply repossess their once-held land by either planting a crop or taking it by force.[98] Most significantly, landlords in the early reform period retained their traditional hold

93. Klein comments on this situation: "There was an excessive amount of work of a cumbersome, tedious, and occasionally personally dangerous character on the shoulders of underpaid tenant commission members and clerks, whose real incomes from their work on the commission were rapidly deteriorating in the face of a runaway inflation. Given the refusal of the government to increase their salaries, and further given the fact that these jobs were temporary, and that the clerks faced unemployment upon completion of the land reform program, one has little right to expect anything else." KLEIN, *supra* note 73, at 35-36.

94. *Id.* at 36.

95. *Id.* at 37-38.

96. *Id.* at 38-39.

97. *Id.* at 39.

98. *Id.* at 39-40. In early 1948, SCAP issued a memo to the Japanese government stating that the government must enforce the reform in order to stop the illegal tactics of the landlords. Eventually, the intimidating tactics did, in fact, lessen.

over the forest lands, which were a great source of landlord wealth and power. The government's reform program simply failed to recognize the critical importance of tenant access to the necessary resources contained in the forests. Landlords deftly exploited this gap in the reform program, and forced significant concessions from farm tenants in critical need of fuel and fertilizer products from the forest.[99]

In 1947, the Japanese government amended the Owner-Farmer Establishment Measures Law in order to correct the problems that had developed during the early implementation stages of the reform. The amendment granted broad powers of intervention to the prefectural governors. The government hoped that this action would curb the continuing influence of landlords who were manipulating the prefectural and local land commissions to contravene reform laws. The amendment also provided local land commissions with the authority to review all lease cancellations that landlords may have possibly coerced. And, most significantly, the government finally eliminated the landlords' stranglehold on Japan's forests. To the advantage of farmer-tenants, the amendment established procedures governing the use rights for the abundant grasslands and forest lands.[100]

By mid-1950, the government's job of instituting the agrarian reform was near completion. The government provided that any agrarian lands subject to the reform prior to July 31, 1950, and as yet still in the possession of landlords, remained subject to governmental purchase. The government then removed controls on the price of all other agricultural land. However, the law retained existing limits on the amount of land that an owner-operator could possess. As for tenanted land, the law considered only the tenant to be an eligible purchaser. Furthermore, the law required landlords whose holdings exceeded set limits, or who became absentee, to sell their lands. The government was authorized to buy any of this land not sold within a specific time limit. The government also strengthened the law's land conservation provisions by requiring a permit for the conversion of agricultural land to nonagricultural land. Finally, the government imposed rental ceilings on lands put

99. CHIRA, *supra* note 26, at 105.
100. KLEIN, *supra* note 73, at 27-28.

to agricultural uses.[101] The reform, however, was not yet complete.

Near the end of this agrarian reform period, the Japanese government enacted the Agricultural Commission Law of 1951. The primary objective of this law was to amalgamate the three tiers of rural commissions established at the beginning of the reform. The measure would effectively synthesize the work performed by the local land reform commissions, the agricultural adjustment committees (which advised on crop collection quotas) and the agricultural improvement committees (which performed agricultural and extension work).[102]

Under the provisions of the Agricultural Commission Law, villages were to elect 15 individuals—without regard to their tenure status—to serve on the newly created commission. The law further directed these local commissions to elect a total of 15 members who would serve on the prefectural commission. With the central commissions abolished under the law, the Ministry of Agriculture and Forestry assumed greater responsibility in carrying through the reform—which it did with the help and cooperation of regional land offices and local governments.[103] Substantively, the Agricultural Commission Law of 1951 represented the final leg in the Japanese government's post-war agrarian reform program.[104] Though initially impeded by rebellious landlords and a wary agrarian class, the governmental reforms eventually took hold and helped accomplish the Occupation's objective of stabilizing the agrarian economy and democratizing the Japanese nation.

### *D. Reform Results*

The Yashida government's post-war agrarian reform program indisputably helped restructure the social, economic and political foundations of Japanese life. The overall value of the reforms can be measured in terms of their success in stimulating agricultural progress and productivity, creating new national economic incentives and breaking down undemocratic class barriers. To many ob-

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101. *Id.* at 45-46.

102. *Id.* at 47.

103. *Id.*

104. In 1952, the government also passed the Agricultural Land Law. This law, however, was described as merely a "redrafting of the existing legislation with little change of substance." DORE, *supra* note 1, at 198.

servers, the land tenure reforms that the government legislated and administered in the post-war era represented "a giant step forward over the past."[105] Perhaps the most significant development during the reform was the dramatic reduction of farm tenancy to approximately one-tenth of all cultivated land. And most importantly, "[T]his drastic change took place with relatively little disturbance to the existing farm management pattern, and without interruption of farm operations or serious disruption of the economic lives of the farm population."[106]

The agrarian reforms were largely responsible for the significant post-war increase in the standard of living of farm families. Rural inhabitants benefitting from the reform program found their economic status approaching that of traditionally well-to-do city dwellers. The reform provided the farm community with substantial economic incentives and opportunities. Quick to capitalize, members of the agrarian sector overcame huge social discrepancies and eventually attained social status equal to that of their urban counterparts. Taking advantage of generous government programs and profiting from more efficient farm management practices, rural inhabitants found themselves with more time and money to spend on such necessities as food, housing, furniture, clothing, and even recreation.[107]

The agrarian reform program coincided with the tremendous spurt in agricultural productivity that occurred after World War II. In 1950, for example, agricultural productivity levels per major food crop were anywhere from 10.2% to 48.7% greater than levels in pre-war years. Along with the higher productivity levels, family farm incomes shot up. Farmers with a more stable economic base now began to increase farm capital. During this period of the reform, rural consumption levels increased by nearly 50%.[108] Bumper crops of rice which completely dissolved Japan's post-war food shortage were telling evidence that the agricultural economy had finally turned around. By promoting post-war technological advancements and fostering the use of modern farm equipment, chemicals and irrigation facilities, the government's reform pro-

105. KLEIN, *supra* note 73, at 198.
106. *Id.*
107. DORE, *supra* note 1, at 201-06.
108. KLEIN, *supra* note 73, at 48.

gram contributed greatly to the agricultural boom.[109]

The Japanese government's post-war agrarian reform program lifted the agricultural economy out of its long suppression. As one noted commentator observed, in the short-term, post-war period, "There is no doubt that the land reform promoted more equal assets and income distributions among farmers, thereby contributing critically to the social stability of the rural sector."[110] The reform program, however, did not change the farm-size distribution; small-scale family farms remained the basic unit of agricultural production.[111] As Japanese agriculture developed after the reform, concerned policymakers and commentators shifted their focus from the relative social status of the farmer to the successful advancement and modernization of agriculture.

## IV. Developments in Agriculture After the Reform

### A. *The Decade of the 1950's*

As the government's post-war agrarian reforms made significant strides forward in achieving social objectives, Japanese agriculture remained primarily a private, small-scale enterprise. The land reform program in many ways served to reinforce the traditional structure of small-scale farming.[112] While this system of small farm holdings flourished during the prime reform years, the government eventually realized that "with changing conditions the small-scale farm structure was becoming an obstacle to further increases in agricultural productivity and farm incomes."[113] Although many Japanese economists and policymakers today blame the land reform for the economic imbalances that have developed,[114] the

109. *Id.*

110. Y. Hayami, A Century of Agricultural Growth in Japan 71 (1975).

111. *Id.* Hayami further noted that, "[a]lthough land reform contributed to an increase in the level of living and consumption, its contributions to capital formation and productivity growth in agriculture have not been clearly visible."

112. Growth and Adjustment in National Agricultures 18 (J. O'Hagan ed. 1978). "[The land reform] left the former structure of small-scale holdings practically intact. With greater incentives, new farmer-owners worked more intensively and their incomes improved. They were able to save and could afford to invest more in their farm operations. At least for a certain period of time, they were able to increase their productivity and the output from their holdings, however small."

113. *Id.*

114. Chira, *supra* note 26, at 108.

problems date back to the Meiji period—a time when the government diverted all agricultural resources to the industrial sector, but failed to modernize the very sector upon which the industrial economy depended.[115] After World War II, history seemed to repeat itself.

After the national devastation wrought by World War II, Japan depended on her rural areas to support a great population that fled to the country from crumbled cities and Japanese colonies.[116] Amidst the national turmoil and the apparent success of the reform in boosting agricultural productivity levels, governmental policymakers did not foresee the ultimate economic disparities that lay ahead. Ironically, Ronald Dore, in his well-known 1959 work on Japanese land reform, expressed grave concern that farm overcrowding might ultimately result in an industrial labor shortage[117]—and even to the return of landlord domination.[118] After 1955, however, Japanese industry began a surprisingly rapid recovery, and the farm population depleted just as rapidly.[119] People poured into the cities from rural areas to find new job opportunities and a better way of life. While Japanese industry and commerce reached unparalleled output levels, agriculture lagged behind. As the disparity between non-farm and farm incomes widened and the demand for a greater variety of food increased, the agricultural labor force grew smaller and weaker.[120] Japanese farmers were simply not able to meet the increased demand.[121] Agriculture was on the wane—as evidenced by the fact that in 1946, the agricultural contribution to the national income amounted to 30%; by 1960, it was a mere 10%.[122]

By the late 1950's with post-war land reform objectives for the most part accomplished, the Japanese government recognized a growing need to pursue a different line of agricultural policy. Times had changed; Japan had changed. The post-war food crisis was something in the past and agriculture now faced an entirely

115. A. EBATO, POSTWAR JAPANESE AGRICULTURE 9-10 (1973).
116. T. FUKUTAKE, ASIAN RURAL SOCIETY: CHINA, INDIA, JAPAN 59-61 (1967).
117. DORE, *supra* note 1, at 260-69.
118. *Id.* at 298.
119. FUKUTAKE, *supra* note 116.
120. GROWTH AND ADJUSTMENT IN NATIONAL AGRICULTURES, *supra* note 112, at 18.
121. F. SANDERSON, JAPAN'S FOOD PROSPECTS AND POLICIES 6 (1978).
122. GROWTH AND ADJUSTMENT IN NATIONAL AGRICULTURES, *supra* note 112, at 15.

different situation. The government realized that to reestablish the agrarian sector, agriculture and agricultural policies had to adapt and account for the economic realities of lower prices for farm products, less reliance on traditional staples, alternative employment opportunities and rapid growth in the industrial economy.[123]

### *B. The Agricultural Basic Law*

In 1958, the Japanese government set the establishment of new agricultural policy as a top priority. The government searched for a fundamental policy that would facilitate and promote agriculture in light of modern economic trends. In 1959, the newly established Investigation Committee on Basic Problems of Agriculture began an intensive study of agrarian distress. The Commission abandoned the traditional focus on the social aspects of agriculture and instead looked at agriculture from an industrial perspective.[124] The Commission issued its findings, after a year of research directed toward the balanced growth of farm incomes, increased productivity and an innovative overhaul of the basic structure of farming. The Commission's final report served as the basis of the Agricultural Basic Law of 1961.

The Japanese government formulated the Agricultural Basic Law as a basic measure of assistance to farmers and farm organizations.[125] As authorities have noted, this law did not specifically stipulate or create rights, liabilities or relationships.[126] In essence, the government assumed the responsibility of providing agriculture with all the funding and facilities necessary to achieve renewed economic prosperity. The Diet, in turn, had the duty of taking necessary legislative actions in line with the government's stated task and the broad purposes of the law.[127] With the required support and assistance of the government, the sponsors of the Agricultural Basic Law set out to achieve rather ambitious objectives. Proponents of the measure thus began devising ways to adjust agricultural production in order to meet the changing national demands: increase productivity levels, improve the structure of the farm by

123. T. OGURA, AGRICULTURAL DEVELOPMENT IN MODERN JAPAN 286 (1963).
124. *Id.* at 290-91.
125. *Id.* at 294.
126. *Id.* at 293.
127. *Id.*

enlarging land holdings and modernizing technology and management practices; rationalize the marketing and distribution of food products; promote the food processing industries; stabilize agricultural prices and farm incomes; rationalize the production of agricultural goods and materials and stabilize their prices; train farmers in more modern and efficient methods of farm operations, as well as prepare them for non-farm occupations; and improve the overall welfare of farmers and their families.[128] The Japanese government officially committed itself to a policy of agricultural renewal through the Agricultural Basic Law and set the course for agrarian development through the 1960's.

### C. *Agricultural Developments in the 1960's*

Even with the Agricultural Basic Law formally in place, Japan's agrarian sector still faced a variety of obstacles that impeded the growth and progress of the rural economy. The continued and dramatic loss of agricultural laborers to urban industrial markets, for example, threatened the continued viability and existence of the family farm. As the Japanese economy began to experience unparalleled post-war growth rates, attractive job opportunities in the urban industrial sector induced young laborers out of the rural areas.[129] Since the agrarian reform program had removed the traditional barriers against the transfer of land, farmers could more easily sever their economic ties to the land.[130]

With the reform providing the opportunity and unparalleled industrial growth providing the incentives, former agricultural laborers funneled into the cities in astounding numbers. It is estimated, in fact, that by the end of the 1960's, the agrarian sector lost nearly half of its labor force to the cities—over 8 million in number.[131] And as industrial productivity increased by leaps and bounds, agricultural productivity and farm income fell off dramatically. The disparity between farm and industrial sector incomes widened, and began to reflect pre-reform times.[132] Increasingly,

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128. GROWTH AND ADJUSTMENT IN NATIONAL AGRICULTURES, *supra* note 112, at 18-19.

129. OGURA, *supra* note 123, at 317.

130. EBATO, *supra* note 115, at 97.

131. SANDERSON, *supra* note 121, at 11. In 1974, nearly 5 million people worked only part-time in farming.

132. EBATO, *supra* note 115, at 98. Ebato states that in 1973 the average income of an agricultural worker was less than half that of the industrial worker.

farming became an occupation left to old men, children and women, with the few remaining adult males lending a hand at planting and harvest times.[133] During the decade of the 1960's, the number of farm households fell from 6 million to 5.3 million—a 12% reduction.[134] In the most distant rural areas, the population loss meant a collapse of the traditional farm structure that had provided the vocational and social foundation of the community.[135] The economic and social influences that traditionally bound farmers to the land became less and less compelling, until there was practical desertion of certain areas.[136] In rural areas bordering newly developing cities, farm families often succumbed to the pressures of urbanization. Struggling farm households increasingly sold their land holdings at inflated prices, and watched helplessly as developers converted the land for industrial uses.[137] Not all farmers left the business of agriculture, however. In many outlying areas, farmers retained their land, but began to take jobs off the farm as a supplementary or primary source of income.

While economic factors caused a dramatic decline in the total number of Japanese farm households, the traditional farm way of life remained firmly entrenched in many areas of the country. However, there was one significant adaptation. The vast majority of those who stayed on the farm maintained an extra-agricultural source of income.[138] Many farmers, for instance, derived their primary income from non-farm labor, and maintained the farm to supplement their income and provide food for the family. It became very common for the men of the farm household to hold non-agricultural jobs while the women provided the farm labor.[139] Geo-

133. SANDERSON, *supra* note 121, at 11. By 1978, fewer than 2 million males 16 to 60 years old were working full-time on their farms.

134. EBATO, *supra* note 115, at 98-99. Though labor began to leave the farms in the mid-1950's, the number of farming households stayed about the same until the 1960's.

135. *Id.* at 100. In Hokkaido, the northernmost island, this breakdown did not occur despite a great decrease in population. Since Hokkaido was developed relatively recently in the centuries-old history of Japan, such a traditional community structure was never built up. Thus, the loss of population in that area did not lead to a social collapse as it did in other areas of Japan.

136. *Id.* at 99.

137. *Id.*

138. *Id.* at 97.

139. *Id.* at 10. *See also* JAPAN FAO ASSOCIATION, AGRICULTURE AT THE CROSSROADS: WHAT ARE JAPANESE FARMERS THINKING OF TOMORROW? 41-45 (1961). At one point, farmers holding factory jobs on a part-time basis had an inferiority complex as seen in the expres-

graphic factors also played a large role in the rise of the part-time farmer. Japan's interior consists of great forested areas and steep mountains that run the length of the country. The proportion of agricultural land to nonagricultural land is very small—less than 16% of the total area of Japan can be put to agricultural use.[140] Though Japanese farmers were increasingly able to get a high level of productivity from the land, most found it extremely difficult to make a living off their small farms. To illustrate this point, some estimate that for a Japanese farm family to exist solely on farm income, it must work 1.5 to 2 hectares of land. Yet, more than one-third of the total farming households were found to work less than 0.5 hectare. No more than 8% of the households farmed more than 2 hectares.[141] Despite the economic hardships that befell the small-scale farmer, he remained firmly entrenched. In many areas, the opportunities for extra-agricultural employment encouraged struggling farmers to stay on the land and supplement their farm income with outside income.[142]

Part-time farming became very prevalent in the Japanese countryside. Traditional landowners continued to hold on to their land and prevented other would-be agricultural entrepreneurs from consolidating or expanding their land holdings. The situation developed into a national small-farm dilemma. As one commentator characterized the problem, "Landowners have refused to relinquish their land, holding to it as security for old age."[143] Spiraling land prices—fueled by speculation about industry's relocation to the countryside—encouraged farmers' tendency to retain possession and control of their small farm operations. The continuation of small-scale farming, however, posed significant long-range economic problems for the country. Through various incentives and programs under the Agricultural Basic Law, the government hoped to modernize the state of Japanese agriculture and enlarge the scale of farming.

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sion "to degrade oneself to a worker." As the trend toward part-time farming continued in the early 1960's, however, attitudes changed. Part-time farmers became "much more proud of their way of living than pure farmers who [eked] their bare subsistence with [the] insufficient size of their farms."

140. *Id.* at 10.

141. *Id.*

142. *Id.* at 100.

143. CHIRA, *supra* note 26, at 108.

Through the Agricultural Basic Law and several supporting legislative programs, the Japanese government strove to restructure the traditional system of family farms. In various ways the government tried to implement changes and reforms in agriculture and agricultural policy that would encourage small-scale farmers to leave their land in favor of farmers willing and able to increase the size of their landholdings and farming operations.[144] To assist those who wanted to leave their farms, the government provided an employment information service and offered guidance to young members of farm families who were just finishing school.[145] In addition, the government established the Occupational Change Benefit System which provided funding for vocational training programs. The plan's general objective was simply to make more job opportunities available to members of farm families. In some instances, for example, the system paid the travel and incidental expenses of farmers seeking jobs in distant areas.[146]

Under the broad-based Agricultural Basic Law, the Japanese government implemented a variety of programs designed to improve the overall condition of farming and modernize agricultural facilities and machinery.[147] The government then raised the financial stakes of the farm modernization program by implementing the Agricultural Modernization Credit Scheme in 1961 and by organizing the Agriculture, Forestry and Fisheries Finance Corporation in 1963.[148] The stated purpose of these two institutions was to provide farm improvement loans that would encourage and enable farmers to modernize their agricultural operations.[149] The Agricultural Modernization Credit Scheme enabled farmers to borrow money from agricultural co-operatives in order to purchase better equipment and upgrade farm facilities. Under this program, the national and prefectural governments granted subsidies to the co-operatives who then made low interest loans available to farm-

144. Interview with Hitoshi Ikeda, Executive Director, Japanese National Chamber of Agriculture, in Tokyo (April 22, 1972), *reprinted in* M. HAKEL, TWELVE IN TOKYO 27 (1972).

145. ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, AGRICULTURAL POLICIES IN 1966 361 (1966) [hereinafter cited as OECD, POLICIES].

146. GROWTH AND ADJUSTMENT IN NATIONAL AGRICULTURES, *supra* note 112, at 20.

147. OECD, POLICIES, *supra* note 145, at 360.

148. *Id.* at 358.

149. GROWTH AND ADJUSTMENT IN NATIONAL AGRICULTURES, *supra* note 112, at 20.

ers.[150] Meanwhile, the Agriculture, Forestry and Fisheries Finance Corporation made available long-term, low interest loans that would enable ambitious farmers to buy additional farmland.[151] At the local level, many villages got into the spirit of the Agricultural Basic Law, and initiated various projects that aided farmers in their efforts to consolidate farm lands, make improvements, acquire modern farm equipment and upgrade production and marketing facilities.[152]

The Agricultural Basic Law and supporting legislative amendments also aimed to promote co-operative farming and enlarge the scale of resulting farm operations. Under the Agricultural Basic Law, the form of co-operative farming operations ranged from a loose cluster of farms cooperatively using machinery to a tight corporation of farmers, each of whom contributed farmland, livestock, poultry and machinery.[153] These farmers operated their agricultural operations cooperatively; the corporation made all the management decisions. Through legislative fiat, the government next allowed co-operative farms which met certain requirements to acquire additional farmlands. These co-operative farms soon became known as "Farming Corporations."[154] Before long, the government passed additional legislation authorizing the establishment of "Farming Associations."[155] Governmental policies enabled these farm associations to freely engage in co-operative farming and other co-operative activities. Thus, this pattern of legislative actions, designed to increase the size and shape of farming, clearly reflects the government's notion that the centuries old, small scale structure of Japanese agriculture was the major threat to agrarian reform and modernization.

Agricultural co-operatives in Japan flourished during the 1960's as they provided the farm community with a stable, growth-minded economic and institutional base. Historically, agricultural co-operatives were integrated into a semi-governmental organization during World War II. The Agricultural Co-operative Law of

150. OECD, POLICIES, *supra* note 145, at 358.
151. *Id.* at 360.
152. GROWTH AND ADJUSTMENT IN NATIONAL AGRICULTURES, *supra* note 112, at 20.
153. OECD, POLICIES, *supra* note 145, at 363.
154. *Id.* at 363-64.
155. *Id.* at 363.

1974, however, dissolved this organization and established a new system.[156] The law directed the national and prefectural governments to guide and supervise the co-operatives.[157] Under this plan, village agricultural co-operative associations were organized into prefectural and national federations, the most important of which included: the National Federation of Agricultural Co-operatives, for marketing; the Central Bank of Agriculture and Forestry, for credit; the National Federation of Mutual Insurance, for life and casualty; and the Central Union of Agricultural Co-operatives, for political lobbying.[158] Co-operative financial organizations were organized into a system of local co-operatives, prefectural level credit federation co-operatives and, at the national level, the Central Co-operative Bank for Agriculture, Forestry and Fisheries.[159]

Government support of the agricultural co-operative system continued with the Agricultural Co-operative Amalgamation Assistance Act of 1961.[160] With so few farmers participating in local co-operative programs at this time, the system did not function efficiently or productively. Under this legislation, the government encouraged the local co-operatives to amalgamate as a means of increasing farm efficiency and agricultural output. As the co-operative system continued to develop, the "general" type of co-operative became dominant among Japanese farmers. These general co-operatives typically handled a full range of credit and insurance services and provided machinery for common use. And while some single service co-operatives specializing in some particular commodity (livestock, dairy products or vegetables) existed,[161] by 1966, 93% of Japanese farmers belonged to a local co-operative of the general type.[162] These local co-operatives played a pivotal role in the government's plan to modernize agriculture and raise productivity levels. The co-operatives acted as vital communication channels to the farm population and served as the main conduit through which the government channeled agricultural loan funds to finance the agrarian modernization process. And while the

156. HAYAMI, *supra* note 11, at 68.
157. OECD, POLICIES, *supra* note 145, at 363.
158. HAYAMI, *supra* note 110, at 68-69.
159. OECD, POLICIES, *supra* note 145, 358.
160. *Id.* at 363.
161. *Id.*
162. *Id.*

co-operatives exhibited their fair share of flaws, these organizations often seemed to pick up where the government left off in order to meet the changing needs of the farm population.[163] One leading authority, in fact, commented that the efforts of the co-operatives at joint farming were more successful than the government's official efforts.[164]

With the rise of the Japanese system of co-operative farming, the agricultural extension service developed into a significant source of assistance to the farm community. When the government dissolved the old co-operative system following World War II, prefectural level units of government assumed the responsibility of providing local extension services. During the next several years, extension services expanded as the government established and subsidized more extension outlets at agricultural colleges and other regional locations.[165] The development continued throughout the 1960's. The government expanded agricultural research programs and facilitated the widespread availability of extension services to those in need.[166] Local co-operatives also contributed to the expansion of extension activities, providing valuable advice to farmers on improved production and marketing techniques.[167]

The agricultural productivity high that Japan experienced in the late 1950's signaled the relative success of the new agrarian policies. As Japan developed industrially and socially during the next 15 years, Japanese agriculture responded with innovative strategies to meet the increased demand for food. The Agricultural Basic Law's broad aim, of course, was to promote and facilitate increased productivity in Japanese agriculture, particularly in areas where demand was rapidly growing. Productivity levels of the time were impressive, given the conditions. Japanese farmers em-

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163. *Id.* at 358. Oftentimes, the co-operatives had strict lending conditions that discouraged widespread use of the loan program. *But see* JAPAN FAO ASSOCIATION, *supra* note 139, at 27-31. "Why should a cooperative officer be called 'rascal'?" Many rural people still spoke ill of the cooperative officers believing the officers did nothing good for the farmers. While the agricultural Co-operative Associations (over 12,000 in number) represented the "heart" of the local villages, many of the "hearts" were "sick and in disorder." *Id.* at 27-28.

164. Interview with Hisashi Yanagida, Executive Director, Central Union of Agricultural Co-operatives, in Tokyo (April 21, 1972), *reprinted in* HAKEL, *supra* note 144, at 22.

165. HAYAMI, *supra* note 110, at 69-70.

166. OECD, POLICIES, *supra* note 145, at 355.

167. Interview with Keiki Owada, Executive Director, Agricultural Policy Research Committee, in Tokyo (April 17, 1972), *reprinted in* Hakel, *supra* note 144, at 9.

ployed techinques such as heavy fertilizer use, multi-cropping and crop overlapping in order to achieve the highest yield per hectare of land.[168] These techniques allowed production levels to remain relatively high despite the dwindling availability of tillable land and farm labor. Productivity per unit of labor, however, remained low and forced many farmers to either supplement their income by taking non-farm jobs or to leave the land entirely.

In broad terms the government pursued the objectives of the Agricultural Basic Law by coaxing Japanese agriculture into the modern era. Along with expanded research and extension services, the development of land improvement and restructuring projects represented a significant part of the government's overall strategy.[169] In the early 1960's, the government took the first step toward increasing the scale of Japanese farming. On a large and small scale, fields were reconstructed in order to make them wider and longer. The use of smaller-scale agricultural equipment increased since such implements could be used efficiently in the newly restructured fields. Additionally, farmers began using newly developed strains of rice that were more adaptable to the small scale of the farms.[170] Productivity did indeed increase. The trend toward modernization continued throughout the 1960's as Japanese agriculture witnessed two mutually reinforcing developments: the continued rearrangement and expansion of farm fields and the introduction of large-scale machinery. At the same time, roads began to appear. Irrigation and drainage facilities were developed into integral elements of the overall agricultural transformation. These developments, together with the centralized system of handling the finished crop, proved very successful and were the touchstones of Japan's drive toward agricultural expansion and modernization.

The government's commitment to improved agriculture productivity extended to the formulation of helpful economic measures. The government, for example, implemented favorable farm price policies covering all the major agricultural products. The methods and degree of intervention varied from product to prod-

168. W. Yang, *Farm Development in Japan*, 76 in FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO AGRICULTURAL DEVELOPMENT PAPER) 1, 34-36 (1962).

169. EBATO, *supra* note 115, at 10-11.

170. *Id.* at 19-20.

uct. Rice, however, received special treatment.[171] The government purchased the rice on the basis of production cost and income compensation and simply absorbed any resulting losses.[172] In terms of marketing the rice, the government adopted a relatively simple, yet comprehensive, interventionist scheme. In short, the government bought the rice. The producer kept certain reserves for farm consumption or sold to co-operatives and wholesalers under a government approved plan.[173]

Along with the increased production of rice, the government initiated and fostered production and development in areas that had not traditionally been very strong in Japanese agriculture. The Japanese diet in the early 1960's consisted almost entirely of cereals. However, an increasingly progressive population began to diversify its diet, eating much more fruit, meat and dairy products.[174] Fortunately, the government had included among its goals in the Agricultural Basic Law both the promotion of dairy and other livestock products, and the promotion of fruits and vegetables.[175] Prior to World War II, livestock and poultry were extremely unimportant in the Japanese system of agriculture. Farmers kept horses and cattle primarily for transportation or field work. In the post-war era, however, as people began including meat and dairy products in their daily diets, the government and the farm population reassessed the value of farm animals.[176] Such programs as the Livestock Production Development Corporation were specifically established in order to stabilize this growing sector of

171. *See* P. FRANCKS, TECHNOLOGY AND AGRICULTURAL DEVELOPMENT IN PRE-WAR JAPAN 28-29 (1984).

172. GROWTH AND ADJUSTMENT IN NATIONAL AGRICULTURES, *supra* note 112, at 20-21. "In 1960, one fourth of the total national budget for agriculture had been accounted for by rice and distribution policies which, for the most part, related to rice; by 1967, the proportion had increased to nearly one half." *Id.* at 21.

173. *Id.*

174. SANDERSON, *supra* note 121, at 6. *See also* Kaneda, *Long-Term Changes in Food Consumption Patterns in Japan*, in AGRICULTURE AND ECONOMIC GROWTH: JAPAN'S EXPERIENCE 415-428 (1970). Kaneda notes that several significant factors enabled the Japanese to change their dietary pattern. Among these factors are: "(1) massive exposure of Japanese people to the influences of 'foreign' consumption patterns; (2) the rapid acculturation of these influences through mass communication media; and (3) the inauguration in 1947 of a school lunch program (with emphasis on bread and milk)." *Id.* at 416.

175. GROWTH AND ADJUSTMENT IN NATIONAL AGRICULTURES, *supra* note 112, at 19.

176. EBATO, *supra* note 115, at 27.

the farm community and foster its continued development.[177]

While rice remained the traditional mainstay of Japanese agriculture, its dietary importance decreased somewhat in favor of fruits and vegetables.[178] The government actively sponsored the development of fruit farming. As with rice production, a trend away from small-scale fruit farming took hold. Lands—including mountain slopes—were cleared for the planting of new orchards.[179] In some areas, the farm population utilized collective management principles in order to maximize efficiency and production.[180]

Japan's agricultural process in the post-war era represented a hard-fought-for break with tradition. Traditionally powerful elements in Japanese society stubbornly clung to the last vestiges of their one-time dominance. Japan's efforts to break with the past represented new opportunities for the future. However, formidable obstacles to progress arose in the agrarian sector as the government adopted comprehensive legislative schemes designed to increase farm productivity and provide a better way of life to farmers. The dramatic increase in post-war productivity levels contrasted with such developments as the use of the part-time farmer and the continued predominance of small-scale farming. By the end of the 1960's, the modern concerns and evils of Japanese agriculture were well defined. By the beginning of 1970, the fate of Japanese agriculture remained uncertain. Some saw the only hope as encouraging part-time farmers to move off the land, making way for full-time, large-scale farm operations.[181]

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177. GROWTH AND ADJUSTMENT IN NATIONAL AGRICULTURES, *supra* note 112, at 19. *See also* AGRICULTURAL DEVELOPMENT IN MODERN JAPAN 566-90 (T. Ogura ed. 1963).

178. EBATO, *supra* note 115, at 11.

179. *Id.* at 23.

180. *Id.* Ebato notes the change in mandarin orange farming: "Thus has the development of new supply areas been accomplished by a modernization of both production and marketing, the construction with the help of large machines of collective growing areas, the provision of pipelines for irrigation and disinfection, cables for transporting the fruit, special performance sprays for disinfection, together with the construction of large packing houses equipped with conveyor belts and a systematic organization of shipment to large markets." *Id.* at 24.

181. FUKUTAKE, *supra* note 116, at 69. Fukutake's primary concern regarding the fate of Japanese agriculture was the entrenchment of the part-time farmer who stays on the land for security, and uses the yield of the farm to supplement the family diet. Fukutake saw the only hope as encouraging part-time farmers to move off the land and make way for full-time, large-scale farming: "Thus the question is whether structural improvement in Japanese agriculture, even if successful, would mean an equivalent improvement in the condition

## V. A CONTINUING SAGA: THE 1970'S TO THE PRESENT

It has now been 26 years since the Japanese government enacted the comprehensive Agricultural Basic Law and attempted to redirect Japanese agriculture. Since that time, however, piecemeal governmental and legislative efforts have failed to adequately address the basic problems afflicting the agrarian sector. While programs established under the Agricultural Basic Law stimulated agricultural productivity and provided many farmers with increased incomes, age-old characteristics of the basic farm structure remained—and still remain—in full force. Subsequent farm programs, lacking comprehensiveness, have been designed primarily to meet needs and contingencies as they arise. The government's response to the post World War II food shortage, for example, resulted in an over-production of rice. Despite this increase in productivity, agriculture has basically failed to meet the needs of the Japanese consumer.[182] In 1960, Japan had a 90% self-sufficiency rate. By 1980, the country was only 72% self-sufficient.[183] Despite the continued high level of government spending for agriculturally related programs, agriculture occupies a relatively low position of importance in the national economy.[184] Agriculture, in effect, has become a drain on the rest of Japanese society. One noted authority has characterized the conditions of recent agricultural structure as "a high level of wages, opportunities for off-farm jobs, urbanization and urban sprawl, overflow of information, mammonism, materialism, equalitarianism, and so on."[185] Moreover, commentators

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of the farms themselves. . . . Where a decrease in working hours per unit of land is not accompanied by a tangible increase in yields or by the chance to make additional outside income, the farmer is inevitably overwhelmed by the interest he owes on the capital he has invested. If this is to be prevented, there must be, first of all, a substantial decrease in the number of farms, but the Government has made no provision for this in the present plans. Nor has adequate consideration been given to whether modern, mechanized agriculture is really practicable in Japan. . . . One can only conclude that the Government's plans will not save the farms from the crisis afflicting them, except in a few favored areas." *Id.*

182. *See* Ohkawa, *Phases of Agricultural Development and Economic Growth*, in AGRICULTURE AND ECONOMIC GROWTH: JAPAN'S EXPERIENCE 28-31 (1970). For a fuller discussion of the radical changes in post-war Japanese consumption patterns *see* H. Kaneda, *Long-Term Changes in Food Consumption Patterns in Japan*, in AGRICULTURE AND ECONOMIC GROWTH: JAPAN'S EXPERIENCE 415-28 (ed. 1970).

183. Balaam, *Self-Sufficiency in Japanese Agriculture: Telescoping and Reconciling the Food Security—Efficiency Dilemma*, 4 POL'Y STUD. REV. 281 (1984).

184. OGURA, *supra* note 4, at 535 (1982).

185. *Id.* at 538.

agree that Japanese agriculture has never shaken its basic inefficiency. Recent developments in various areas of agriculture highlight the basic problems that presently beset the agrarian economy.

### A. *Agricultural Land Law Amendments*

In 1970, the government took an important step in favor of agriculture, and amended the debilitating and anachronistic Agricultural Land Law. Perhaps the most significant amendment was that which abolished the upper ceiling on land holdings, removed the ceilings on leased lands and abolished rent controls.[186] An additional amendment established non-profit land transfer agencies—run by municipalities. The amendment provided the agencies with authority to buy, sell and rent land as they saw fit. Receiving direct subsidies from the government, the agencies pursued a primary objective—to increase the size of farm operations.[187] One other significant legislative move allowed agricultural co-operatives to engage in actual agricultural production activities.[188] The overall purpose behind these amendments was to encourage the development of viable family farm units. Together, the amendments enabled farmers to increase their access to more land and allowed them to more freely participate in joint farming programs.

### B. *Joint Farming*

The impact these amendments had on improving land management was significant—but, perhaps, they appeared too late to achieve the goal of subordinating land ownership to land utilization.[189] After the government implemented the Agricultural Basic Law, joint and co-operative farming organizations rapidly proliferated. Despite a recent decrease in the number of such ventures, joint farming remains popular and successful in many farm areas of Japan.[190] The advent of joint farming was quite natural. Traditionally, family farms relied on each other, especially for manual labor. In the modern era of Japanese agriculture, the practice of

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186. GROWTH AND ADJUSTMENT IN NATIONAL AGRICULTURES, *supra* note 112.

187. ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT, AGRICULTURAL POLICY IN JAPAN 71 (1974) [hereinafter cited as OECD].

188. GROWTH AND ADJUSTMENT IN NATIONAL AGRICULTURES, *supra* note 112.

189. TOWARDS STRUCTURAL REFORM OF JAPANESE AGRICULTURE 4 (T. Ogura ed. 1983).

190. OGURA, *supra* note 4, at 559.

joint farming includes reliance upon the joint use of machines, facilities and contract services of other farmers or agricultural production organizations.[191] With nearly all small-scale farmers regularly in need of labor, advice and support, many have increasingly turned to farm groups known as "organizations for agricultural production." The most important of these groups include organizations for the joint use of machines or facilities in crop-farming; organizations for group agreement on various matters of crop management (which at times share labor); contract organizations that arrange for labor services, and, in some cases, the total management of farm operations (de facto tenancy); organizations for animal husbandry; and organizations for co-operative farming management.[192]

The government also took various legislative steps to promote the concept and practice of joint farming. In 1972, for instance, the government implemented the Regional Agricultural Production Implementation Program. The program's aim was to achieve regionally integrated units of production through the joint use of machinery. In essence, the government subsidized the costs of organizing the producers by facilitating land improvements and providing machinery.[193] Also in 1972, the government established the "agricultural machinery bank" program. Under direct governmental subsidies, 60 such machinery banks were established by 1974. While the machinery bank program is itself, still in the early stages of development, it has helped spawn other important programs.[194] With the aid of prefectural governments, for example, 167 organizations similar to machinery banks were actively aiding farmers by 1975. Also very popular were the many organizations that helped individual agricultural co-operatives arrange farming activities by contracting among its members.

### C. *Part-time Farming*

The post-war phenomenon of part-time farming has become deeply embedded in Japanese agriculture. In recent times, the continued predominance of the part-time farmer is a matter of fact.

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191. *Id.* at 551.
192. *Id.*
193. OECD, *supra* note 187, at 67.
194. OGURA, *supra* note 4, at 559.

The serious economic problems that derive from this development take on dramatic proportions. In 1950, the number of part-time farmers roughly equaled the number of full-time farms. By comparison, in 1979, 87.5% of the total farm operations were part-time. Of those part-time farms, 69.7% derived less than half of their income from farming.[195]

Counterforces at work in the modern Japanese economy help illustrate why part-time farming has become so popular. Although the scale of land holding is small, farmers are still doing relatively well in economic terms. The total average income of the family farm household is not any lower than that of the nonagricultural worker's household.[196] By supplementing their farm resources with income derived from jobs off the farm, part-time farmers are able to maintain a comfortable lifestyle. At the same time, the government imposes very low taxes on farmers. At one point, in fact, the tax from agricultural income was a mere 0.16% of Japan's total income tax revenues.[197] Additionally, while land prices have continued to spiral skyward, the assessed prices for agricultural land have not changed since 1963—making property taxes extremely low and manageable for the part-time farmer.[198]

Skyrocketing land prices, which took off in the late 1960's and 1970's, are added inducements for part-time farmers to hang onto their land. As the urbanization process continues, the land, of course, becomes much more valuable for speculation purposes than for agricultural purposes. Between 1965 and 1972 overall land prices increased nearly 80%. The price of agricultural land purchased for nonagricultural use rose in three significant increments between 1965 and 1970.[199] With governmental policies designed to facilitate industry's move into rural areas, farmers find themselves with the twin prospects of non-farm job opportunities and lucrative financial deals with land-hungry industries.[200] It is no wonder then that many part-time farmers continue to stay on their land as

195. R. SINGH & S. YUIHAMA, CHANGING JAPANESE RURAL HABITAT: PERSPECTIVE AND PROSPECT OF AGRICULTURAL DIMENSION 16 (1981).

196. OGURA, *supra* note 4, at 21.

197. Noguchi, *The Failure of Government to Reform its Proper Task: A Case Study of Japan*, in ORDO 59, 61 (1983).

198. *Id.*

199. OECD, *supra* note 187, at 31.

200. *Id.*

security for old age—always hoping for higher and higher land valuations. It is particularly difficult to encourage older part-time farmers to leave their farms. Land for part-time farmers represents stability not provided by their off-farm jobs.[201] In many cases, the older farmer's status on the off-farm job is unsettled and his wages are low. The off-farm job, however, is a necessary supplement to his farm income. Many such farmers are reliant on both their farm and non-farm jobs in order to make a respectable living.[202] Some thus think it very fortunate that the children in these traditional farm families are graduating from schools and leaving the country to find industrially-related jobs. By 1977, in fact, only 1.1% of new graduates went into farming.[203] By 1975, the traditionally popular rural youth clubs counted only 67,000 members.[204]

The fact remains that Japan suffers from an entrenched agricultural structure characterized by the highly inefficient, underproductive part-time farmer. Because of pervasive economic and social factors, even full-time farmers must continue operations on a small scale. Of course, with full-time farms operating at three times the productivity level of part-time farms, the most rational and efficient course for Japanese agricultural would be to transfer from part-time farmers to full-time farmers.[205] Japan has, in fact, experimented with various agrarian programs, such as the Agricultural Basic Law, designed to increase the alienability of land and promote modern production methods. Most of these production-oriented strategies have proven ineffective; so long as the part-time farmer remains on his land, he necessarily disrupts any legislative attempts to establish a comprehensive plan for large-scale, modern farming.[206]

The government has more recently tried to ease the part-time farmer phenomenon through more socially-oriented incentive schemes. Under one innovative program, the government hopes to

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201. SINGH & HUIHAMA, *supra* note 195, at 108.

202. OECD, *supra* note 187, at 30.

203. SINGH & HUIHAMA, *supra* note 195, at 25. In 1962, 6.9% of new graduates went into farming.

204. OGURA, *supra* note 4, at 548. In 1954, members numbered more than 700,000.

205. SINGH & HUIHAMA, *supra* note 195, at 21.

206. OGURA, *supra* note 4, at 539-40. Ogura notes that although there has been a steady increase in the scale of farming since 1950, the number of family farms has not markedly increased. *Id.*

entice part-time farmers off the land by providing training courses designed to prepare farmers for off-farm employment. The government provides the grants for the courses in addition to the consultation services rendered by local employment offices.[207] In response to the many part-time farmers of retirement age who held onto their land as security, the government implemented the Farmers Pension Fund Act of 1970.[208] The resulting farm pension scheme offers two types of plans—the farm transfer pension and the farmer's old age pension. Both pensions are contributory and require 20 years of premium payment. As for those farmers who may fail to qualify for either of these plans, the Farmer's Pension Fund provides them with generous allowances upon retirement and release of their land. The Fund is also authorized to buy land from retiring farmers and sell it to those in the agrarian community wishing to enlarge their holdings. The multipurpose Fund also provides the financing for approved applicants purchasing lands from retiring farmers.[209] With these social welfare measures working in combination with such programs as the Governmental Agriculture Committee system, the Japanese government continues to encourage the transfer of land and rights of operation from small-scale to large-scale farmers. Japan knows only too well the troubles that arise in a system where part-time farmers become tied to rice production and fail to respond to changes in agriculture.

### *D. Overproduction of Rice*

Spurred on by the Agricultural Basic Law's generous price support policy for rice, Japanese farmers far outpaced anticipated production levels. By the late 1960's and up through the 1970's, Japan simply had too much rice. However, the problem was extremely complex. Governmental price supports for rice were designed not only to increase agrarian productivity—which they did—but also to provide a reasonable and sufficient income to farmers. Productivity levels, however, created regular supplies of the crop that greatly exceeded demand. The Japanese consumers' demand for rice was on the wane in light of trends toward more diversified diets. The government faced, and continues to face, the

207. OECD, *supra* note 187, at 72-73.
208. *Id.* at 71.
209. *Id.* at 72.

troubling dilemma of bringing rice production in line with demand while continuing to assure sufficient income to farmers.

The Japanese government has experimented with various programs designed to curb rice production without seriously harming farmers. In 1969-70, for instance, the government introduced the Rice Diversion Program. This program offered incentive payments for the diversion of paddy fields to other uses.

In the following year, the government implemented a more comprehensive production control program aimed directly at rice farmers. Under the new plan, farmers received incentive payments if they diverted paddy fields to other crops—or just left the paddy fields fallow.[210] In the face of the continuing overproduction of rice, the government felt compelled to subsidize the machinery and basic land improvement costs of diverting rice paddies to other crops. In order to reduce extensive agricultural spending, the government then lowered the target price for its purchases of rice. A limit was set past which the government would not purchase any more rice.[211]

The government has not failed to take into consideration the consumer's perspective in its approach to the rice problem. During the 1970's, the Japanese population developed Western eating preferences. And, as world economic forces vied for this oriental market, Japan became much more dependent on imports. By the end of 1970, Japan's agricultural self-sufficiency had plummeted; rice, however, was still available in surplus level-quantities.[212] With an eye toward the consumer, the government attempted to change the demand for rice by lowering the price. To offset the funding of this program, the government imposed a tax on wheat sales.[213]

By the late 1970's, the government stepped up its efforts to modernize agriculture and make it more self-sufficient and responsive to the changing Japanese diet. In 1978, for instance, the government launched the Paddy Field Reorientation Program. The

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210. *Id.* at 62. Production levels still continued to remain relatively high.

211. *Id.* at 64.

212. David Balaam blames the condition on an unbalanced support of agriculture in the diet, which resulted in the continuance of the price support policy. Balaam comments that "[w]eak agricultural programs placated farmers while imports met consumer demands for the protein enriched foods of the Western diet." Balaam, *supra* note 183, at 285.

213. SANDERSON, *supra* note 121, at 20.

program was designed to encourage diversion of rice paddies to wheat, barley and oats. The program also provided incentive for afforestation, aquaculture, greenhouse development and paddy improvement. Finally, the program encouraged part-time farmers to divert their land to local co-operatives. The co-operatives then leased the land to full-time farmers who agreed not to produce rice.[214] In 1979, the government introduced a new system for utilizing surplus rice. The system diverted excess rice to the cattle feed market, the industrial market and the export market.[215]

The government programs implemented to deal with the tremendous rice surpluses have not been entirely unsuccessful. Japanese farmers have established new crops and continue to enjoy a relatively comfortable standard of living. The fact remains, however, that Japanese consumers are still paying five times the world market price for rice and the government is taking substantial losses. One consumer noted that as of 1978, "[J]apanese support prices for basic crops are among the highest in the world, substantially higher even than in the European Community."[216] Thus, as long as price supports remain so high, the government's efforts to curb rice production will likely continue to have minimal impact on productivity levels.[217]

### *E. The Environment*

In the early 1970's environmental factors developed into a significant aspect of Japanese agricultural policy. The governmental policymakers were primarily concerned with the increasing use of potent chemicals and the general nuisance problems stemming from animal husbandry practices.[218] The government again followed a legislative approach to the problem. In 1970, the government took its initial environmental step in the modern era with a substantive amendment to the Agricultural Chemicals Regulation Act of 1948. The original act required agents to examine and register all chemicals sold for agricultural purposes. The 1970 amendment provided standards and guidelines for registration revoca-

214. Balaam, *supra* note 183, at 285.
215. *Id.* at 286.
216. SANDERSON, *supra* note 121, at 20.
217. Noguchi, *supra* note 197, at 61.
218. OGURA, *supra* note 4, at 591.

tion, sales bans and anti-pollution restrictions on various uses of chemicals.[219] In 1973, the government also added an amendment to the Food Sanitation Act of 1947. The new measure established residual tolerances for chemicals used in crop production and agricultural products.[220]

The government also recognized the environmental and health threats posed by animal husbandry operations located near rapidly developing urban areas. In response to the concern, the government enacted the Water Pollution Prevention Act in 1970 and the Bad Smells Prevention Act in 1971. Then, in 1972, the legislation was expanded in order to bring livestock operations under these extensive governmental regulations.[221] The government has also attempted to assist livestock farmers by improving their disposal facilities and encouraging them to locate livestock operations in more rural areas where water pollution and foul odors are less likely to present health threats.[222] The government further addressed the effects of increased environmental pollution with the enactment of the Agricultural Land Soil Pollution Prevention Act of 1970.[223] Provisions in this measure primarily serve to protect agriculture lands from the pollution and disruption generated by mining and related industrial operations.

Among the new-found environmental concerns was the perceived need to preserve agricultural land as "green space." Environmentalists saw in agriculture a means to preserve the aesthetic wonders of the countryside. In 1971, the government responded to these concerns and designated "National Recreation Villages" as preserves for the natural environment.[224] This environmental concern for preserving the aesthetic beauty of the countryside was also a significant factor in the government's growing concern with land use designations.[225]

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219. OECD, *supra* note 187, at 75-76.
220. *Id.* at 76.
221. *Id.*
222. *Id.*
223. *Id.*
224. *Id.* at 77.
225. OGURA, *supra* note 4, at 591.

### F. *Land Use Designations*

Japan's dramatic industrial growth in the post-war era has spawned manifest urbanization within Japanese society. A complete lack of land use designations prior to the late 1960's only encouraged the disorderly growth of industry into the countryside.[226] The urbanization process, characterized by its fragmentation of significant rural areas, threatened to continue unabated in the absence of governmental action. Therefore, in 1968, the government responded to the land-use problems and established the City Planning Act. The measure authorizes prefectural governors to designate areas suitable for urban expansion. In these designated areas, the governors permit the free transfer of land to nonagricultural use.[227] As a further protective device on behalf of agriculture, the government implemented the Agricultural Promotion Area Improvement Act. This measure established areas in which no development or nonagricultural use is allowed. Designed specifically to promote agriculture, the Act also authorizes the prefectural governors to designate lands upon which farmers can grow specified crops. The Act also regulates the pattern of agricultural production for specified areas.[228] Overall, the various land use measures have been successful in taming uncontrolled urbanization. Their overall value to agriculture is significant, despite the fact that individual farmers may feel betrayed once their land is designated for agricultural uses and its value significantly drops.[229]

## VI. Alternatives for an Uncertain Future

The description of modern developments in Japanese agriculture largely reveals an entrenched group of part-time, small scale farmers picking and choosing between the benefits of various governmental reform programs. While reform activities have raised productivity levels and the agrarian standard of living, governmental programs seem only to slow the overall decline. The question has certainly arisen as to whether the government should continue its support and subsidization of agriculture. As history and experience have revealed, there is no positive correlation between govern-

226. OECD, *supra* note 187, at 39.
227. *Id.* at 74.
228. *Id.*
229. Hakel, *supra* note 144, at 28.

ment spending and increased efficiency and responsiveness in the agricultural community. In fact, projections have indicated that the Japanese government would spend less by importing necessary food products than by continuing the native agricultural assistance programs.[230] After the production crisis in the early 1970's and the growing Japanese demand for nontraditional food products, however, the government renewed its drive to modernize agriculture and increase the nation's self-sufficiency. Still, the increased spending on agriculture has yielded no significant advancements. Now that the government is increasingly relying upon imports to meet the nation's needs, some analysts are advocating the end of massive budget outlays for agriculture. Experts indicate that traditional price supports, tax benefits and agricultural protection programs are simply too costly for the resulting payoff and should be eliminated. One critic, Yukio Noguchi, contends that the extraordinary costs of agriculture programs to the government represent a serious misallocation of resources. Noguchi, argues that excessive governmental intervention in agriculture must stop. Noguchi even suggests that governmental price supports have the ultimate, unintended effect of encouraging part-time farmers to stay on the land—furthering the stagnation of Japanese agriculture.[231]

Critics and commentators generally agree that the course of Japanese agriculture must change if it is to remain viable and productive. One influential commentator, Takekazu Ogura, suggests that the government has three alternative options in its struggle to build up a thriving, indigenous agriculture. Under option A, the government can simply continue to follow its current approach of meeting problems as they arise and adjusting existing agricultural programs to deal with present needs. Option B calls for the complete abandonment of agriculture. Under this alternative, the government would cease all assistance to agriculture and rely primarily on imports. Ogura's preferred plan, however, is option C—major agricultural reform.[232] Ogura's proposed solution to Japanese agricultural woes is a comprehensive land reform program. Ogura envisions a system of private land ownership infused with

230. OGURA, *supra* note 4, at 579.
231. NOGUCHI, *supra* note 197, at 61.
232. OGURA, *supra* note 4, at 587.

some qualities of socialized property management.[233] The plan would encourage group farming through a structure of the small farming hamlet and the agricultural co-operative.[234] Ogura would vest the Agricultural Land Management Associations with sufficient power and authority to oversee the modernization process in local areas. These organizations would have the authority and responsibility to fix rental prices (by consensus of the members), fix land prices (on the basis of net income capitalization), and coordinate the ownership, development and use of agricultural and forest lands.[235]

Yoshikayu Kano, an agricultural economist, seems to share Ogura's disdain for the government's price support programs.[236] Kano posits that the government's growing dependence on imports is the result of excessive market intervention. According to Kano, lower rice prices would force Japanese farmers to become more efficient. In the process, farmers would convert their operations to produce the crops now in demand in the Japanese markets—products that are presently imported. Kano theorizes that the termination of price supports would set in motion a chain of significant events. First, there would be an exodus from the land of the many half-hearted, part-time farmers. The agricultural sector would then experience an injection of higher-quality manpower and labor. As technological advances continue and more land becomes available for leasing, agriculture will progress into a more highly advanced and competitive industry. However, Kano's scenario is not without its critics.

Ikutsune Adachi, a professor of Japanese agricultural policy, disagrees with Kano's argument and refutes Kano's theory that termination of governmental price support will lead to a virtual agricultural revolution.[237] Professor Adachi is convinced that there are key factors and traditional elements to Japanese agriculture that would prevent the occurrence of any such revolution. Adachi

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233. TOWARDS STRUCTURAL REFORM OF JAPANESE AGRICULTURE, *supra* note 189, at 21-22.

234. OGURA, *supra* note 4, at 579.

235. *Id.* at 6-7.

236. Kano, *Japanese Agriculture—It Can Be Revitalized*, 13 JAPAN ECON. STUD. 34 (1985).

237. Adachi, *Japanese Agriculture: Fallacy of the Revitalization Argument*, 13 JAPAN ECON. STUD. 3 (1985).

suggests that the first unlikelihood of Kano's scenario is the fabled exodus of the part-time farmer from the countryside. Such an urban migration will not be so simple. Farmers will be reluctant to move off their land in the absence of a job and old-age security elsewhere. Even assuming that part-time farmers would leave the land, high land prices would prohibit many full-time farmers from renting large areas of land. Additionally, the proposed transformation of the land for large-scale farming would be a monumental task, requiring great expenditures of time and money. And then there is the basic question of geographic feasibility and practicality. Natural geographical constraints and the haphazard presence of farm households throughout the countryside could be significant barriers to the rapid transformation of the traditional farming structure in Japan.

As the experts suggest, there is no obvious or neat solution to the problems confronting Japanese agriculture. Analysts will continue to propound alternative options and theorize as to what governmental policies would be best for this glaring negative in Japan's otherwise bright economic picture. In the near future, however, the government can be assured that an intense struggle with agriculture lies ahead.

## VII. Conclusion

In the tradition of Japan and Japanese culture, the agricultural and legal sectors of native life combine the paradoxical elements of *Buto* dance: confusion and order. The modern afflictions besetting Japanese agriculture can, in part, be traced to ancestral practices and old-fashioned farm tenacity. Concerted attempts to democratize Japanese agriculture, implant western technological advances, and achieve a fundamental restructuring of the farm community have clashed resoundingly with the accepted, traditional manner of operation. Transformation of the land and lifestyle that has sustained generations of farm families for hundreds of years has not always fit neatly into the framework of post-war Japan's social, economic and political policies. In Japan, where almost everyone shares the same history, language, coloring and rules of good living, the agricultural sector in many ways fails to reflect the dramatic changes that have refigured Japanese society. Particularly in recent times, Japanese society, Japanese culture

and Japanese technologies have undergone revolutions of function and form; Japanese agriculture, however, remains at the crossroads.[238] In a very real sense, the post-war agrarian reform that presaged a new era in Japanese agriculture was a reform that brought no fundamental changes.[239] The present structure of the rural economy leaves little doubt that the Japanese agriculture of today—its values and direction—has been much tempered by the lessons of its journey out of feudal society.

Japan's agricultural problem, however, is more in the future than the past. Tradition and expensive government rice support programs may no longer be sufficient to uphold the continued dignity, vitality and productivity of Japanese agriculture. As long as the restructuring process continues at an unhurried pace, the new era in Japanese agriculture will have to wait; Japan will be forced to increasingly rely on imports in order to meet the changing needs of its people. At the same time, over the last fifty years Japan has taken great strides in the development of a more productive and responsive agriculture. The government has initiated and implemented numerous agricultural reform programs that have indeed changed the face of Japanese agriculture, even though the basic small-scale, part-time farm structure persists. The development of agricultural co-operatives, joint farming ventures and widely available extension services represent almost revolutionary accomplishments in the evolution of Japanese agriculture. In the absence of historical antecedents, post World War II Japanese governments have combined countervailing internal and external forces and planted the seeds of restructuring along the lines of the democratic West. It remains unclear whether the modern visions and goals of Japanese agricultural reformers will ever materialize. It is clear, however, that Japan should prepare itself for a significant uprooting of the traditional farm structure. Although a basic restructuring of the farm system may be the ultimate goal and last hope for Japanese agriculture, governmental policymakers must account for the popular orientations of the people and reassess the role of agriculture in light of newly acquired tastes and needs. That final suggestion of hope for the survival and development of agriculture

238. JAPAN FAO ASSOCIATION, *supra* note 139, at 1-5.

239. FUKUTAKE, *supra* note 1, at 21. Land reform transferred the ownership of land, "but had no effect on the size of holdings."

in Japan depends on a tradition-bound culture's continued economic and social commitment to agrarian reform.[240]

240. Takekazu Ogura sees the issue of whether Japanese agriculture can survive as depending upon "the will of the nation." OGURA, *supra* note 4, at 642.