

LAND POLICY AFTER LAND REFORM IN JAPAN

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Almost fifteen years have passed since the Land Reform was completed in July, 1950. During this period Japan has staged an economic recovery, and is now enjoying a period of so-called "High-Rate Growth." This rapid economic progress rendered inadequate the land policy of just after the Land Reform. The development of agricultural productivity after the Land Reform has also called for a reevaluation in the trend of land policy. The government authorities concerned are now required to chart the way "from land reform to agrarian reform," a slogan which has come into vogue since the early stages of the Land Reform.

It is, however, impossible for land reform to lead to agrarian reform in a country such as Japan, where a remarkable difference exists between the agricultural and the industrial sectors in both productivity and incomes, due to advanced industrialization on the one hand, and predominantly undersized holdings on the other. Land reform inevitably calls for the next step—agrarian reform. The Land Reform cannot be evaluated independently of the process linking land reform and agrarian reform, since its agricultural problems could not be solved without the accomplishment of an agrarian reform.

This paper attempts to analyse the trend of land policy since Land Reform from the above-mentioned viewpoint, and serves to attain a correct evaluation of the Land Reform in Japan.

I. The Heritage of Land Reform

The land policy that Japan has followed since its Land Reform is codified in the Agricultural Land Law (promulgated on July 15, 1952 and enforced on October 21, 1952). The reason for the proposal of this Bill, as given by the Administration, was as follows: The Agricultural Land Law is the basic law for the purpose of maintaining the achievements of Land Reform. Agricultural land in principle should be in the ownership of the cultivating farmers themselves. The Law aims at preventing the diminution of the scale of farm management and also at encouraging the desirable economically stable owner-farmers.¹

In fact, this Law includes provisions for restrictions on farmland transfer and use for non-agricultural purposes, restrictions on the holding of tenant-lands, control of tenant-rents, the purchase and resale of unutilized land, etc.,

¹ Agricultural Land Bureau, Ministry of Agriculture and Forestry, *Nōchi Nemphō, 1952* (Annual Report of Land Policy, 1952), Tokyo, 1955, p. 220.

and names those responsible for regulating the ownership or utilization of farmlands in order to forestall reversion to the previous landowner-tenant relations prevailing before the Land Reform: But it does not contain any article which provides for effective and constructive measures for agrarian reform.

What was the reason for the enactment of this Agricultural Land Law which has such a defensive character? The legislators' explanation was as given below.

Japan is a densely populated country with limited arable land. The individual land holding of each farm household is extremely small and agricultural incomes are low. Industrial sectors can absorb only a limited part of the excess farm population. As a result, in order to obtain food for living, competition is intensified for the acquisition of farmlands among economically powerless farmers. Landowners, taking advantage of this situation, try to rent lands on the terms most favourable to themselves. Thus tenant-rents cannot be kept under control, thus depressing the cultivating farmers' status and also disrupting their tenancy rights. In order to prevent such a reversion to the former land tenure system and to enable farmers to cultivate their own land in a stable manner, it is a prime necessity to enact a strict law regulating the ownership or utilization of farmlands.

Such opinions are now subjected to criticism on the grounds that they were a product of an exaggerated fear of the defects in the old land tenure system. However, in 1949, when the land policy was under consideration after the Land Reform had been enacted, this viewpoint was not completely unreasonable when taking into consideration the agricultural situation of that time. "The Outline of Agricultural Policy" (October 2, 1948) worked out by the then Agricultural Administration Bureau of the Ministry of Agriculture and Forestry reads as follows:

"It had been expected that after Land Reform farmers would become independent owner-farmers who would invest their disposable income for agricultural development on their own initiative. Under the present conditions, however, we cannot expect Land Reform to develop into an agrarian reform. Due to the devastation resulting from the war, industry in Japan has had difficulty in making progress. When a rapid recovery of industry is undertaken in such a situation, a heavy burden will be imposed upon agriculture. Farmers will be obligated to deliver more rice to the Government, delivery prices being unfair, and tax impositions upon farmers heavy. . . . It is imperative to take measures in time to reform the delivery system, delivery prices, and the taxation system in order to remove any obstacle to reproduction."¹

At the end of 1948, "The Nine Principles of Economic Stabilization" was published. This was followed by the powerful "Economic Stabilization Plan"

¹ Nōsei Chōsa-Kai (Agrarian Survey Association), *Nōchi Kaikaku Temmatsu Gaiyō* (The General Aspects of Land Reform in Japan), Tokyo, 1951, p. 479.

known as the "Dodge Line."¹ Financial investments and loans for agriculture were curtailed, and taxation and the compulsory rice deliveries to the Government became a greater burden to the farmers. Thus the farmers' economy rapidly declined, as did their willingness to cultivate their land.

The national average yield of rice per 0.1 hectare, as ascertained by the Ministry of Agriculture and Forestry, was 2.2 *koku*,¹ appraised at 9,350 yen in terms of the price of rice delivered to the Government. Against this price accruing to farmers the production cost was estimated at 12,335 yen, the land rent becoming, therefore, (-)2,985 yen. Moreover, farmers had to pay taxes and charges amounting to 1,622 yen. Under such adverse financial circumstances the only alternative left for the maintenance of the farming economy was a lowering of the standard of living or the black-marketing of rice. In 1949-1950, many farmers abandoned cultivation throughout the country. Large and medium land-holders sold their farmlands. Small-holders scrambled

Table 1. EXPANSION OF HOME MARKET

Year	Home Market			Overseas Market
	Total	Consumer Goods Market	Producer Goods Market	
1934-1936 Average	100.0 (100.0)	100.0 (44.2)	100.0 (41.6)	100.0 (14.2)
1946	39.2 (100.0)	66.4 (86.5)	10.0 (12.3)	3.0 (1.3)
1947	40.7 (100.0)	66.9 (82.2)	12.9 (15.0)	7.2 (2.9)
1948	53.6 (100.0)	75.6 (70.4)	30.3 (26.6)	9.9 (3.0)
1949	65.3 (100.0)	83.2 (62.5)	46.3 (32.7)	19.7 (4.8)
1950	84.7 (100.0)	90.7 (51.7)	78.3 (42.0)	33.6 (6.3)
1951	106.8 (100.0)	91.8 (41.6)	122.8 (52.3)	41.6 (6.1)
1952	125.4 (100.0)	110.5 (43.3)	141.3 (52.0)	36.9 (4.7)
1953	149.7 (100.0)	122.2 (40.2)	178.9 (55.4)	41.4 (4.4)
1954	158.9 (100.0)	127.0 (39.0)	192.7 (55.7)	53.7 (5.4)
1955	169.6 (100.0)	136.2 (38.7)	205.0 (54.8)	70.7 (6.5)
1956	202.8 (100.0)	146.9 (34.9)	262.2 (58.6)	83.8 (6.5)
1957	227.7 (100.0)	158.3 (33.5)	301.4 (60.0)	94.0 (6.5)
1958	246.7 (100.0)	169.1 (33.1)	329.3 (60.7)	97.4 (6.2)
1959	281.0 (100.0)	180.4 (30.9)	388.0 (62.7)	114.4 (6.4)
1960	350.1 (100.0)	199.0 (27.6)	510.6 (66.5)	130.8 (5.9)

Sources: Based on data in Economic Planning Agency, *Kokumin Shotoku Tokei* (Statistics of National Income and Expenditure).

Note: Home market (or total proceeds of sales of goods within the country)=total value of home-produced goods (excluding goods for private consumption)+imports-exports-changes in business inventory . . . (1)

Consumer goods market=personal consumption expenditure of goods (excluding goods for self-consumption)+governmental purchase of consumer goods . . . (2)

Producer goods market=(1)-(2)

¹ Planned by Joseph Dodge, Economic Advisor to GHQ, in April, 1949.

² 1 *koku* equals 180.5 litres.

for them. Though prices of farmlands and tenant-rents were kept under government control, blackmarket prices and rents became increasingly prevalent. This situation lasted until about 1951. The drafters of the Agricultural Land Law thought that the old land tenure system would be restored, because of the unfavourable development of agricultural production after the Land Reform.

The Agricultural Land Law is by no means a law which aims at the reform of the agricultural structure on the basis of the recognized achievements of Land Reform, but a law which protects the new owner-farmers against a reversion to their prewar status by checking feudalistic land tenure practices and exploitation.

It was the deterioration of the condition of the national economy, and especially the farmers' economy, that determined the character of the Agricultural Land Law. But the factor which deserves special attention as contributing more than this, was the failure of Land Reform to promote a Japanese economic recovery; above all, the recovery of the mining and manufacturing industries, by itself and at first hand.

As Table 1 indicates, Japan's defeat in the Pacific War deprived her of her overseas markets and reduced her home market to 39% of what it had been. The maintenance within the home market of a diminished process of reproduction at a minimum scale of national economy, was due to the state

Table 2. EXPANSION OF RURAL MARKETS AND PROPORTION THEREOF IN HOME MARKET

Year	Farmers' Purchases of Consumer Goods (1934-1936=100)	Farmers' Purchases of Producer Goods (1937=100)	Farmers' Purchases of Consumer Goods as %-age of Consumer Goods Market	Farmers' Purchases of Producer Goods as %-age of Producer Goods Market
1946	85.8	58.2	24.5	39.7
1947	105.0	61.8	29.7	32.6
1948	102.3	62.6	25.6	14.1
1949	109.1	39.9	24.9	5.9
1950	118.9	73.5	24.8	6.4
1951	119.0	92.9	24.6	5.2
1952	135.2	109.7	23.2	5.3
1953	145.9	129.8	22.6	5.0
1954	151.5	149.7	22.6	5.3
1955	189.4	172.4	26.3	5.7
1956	178.4	177.0	23.0	4.6
1957	187.9	192.8	22.4	4.4
1958	191.9	200.7	21.5	4.2
1959	202.6	225.3	21.3	4.0
1960	222.0	258.7	21.1	3.5

Sources: Based on data in Economic Planning Agency, *Kokumin Shotoku Tōkei* (Statistics of National Income and Expenditure); Statistics and Survey Division, Ministry of Agriculture and Forestry, *Nōka Keizai Chōsa* (Farm Household Economic Survey).

of agricultural activity, as this primary industry suffered less than the other industrial sectors from the immediate effects of the war, and, moreover, the farmers' economy enjoyed a spell of prosperity during the postwar inflationary period. This situation is summed up in Table 2. The Land Reform, initiated at this period, failed to lead to an immediate expansion of the home market, the size of which was then only 65% of its prewar size. In brief, the factor contributing to the recovery of the Japanese economy was not an internal but an external one, the outbreak of the Korean War in June, 1950.

II. Economic Change: Its Impact on Agriculture

While the Government devoted itself to legislation to prevent a return to prewar practices, some changes had taken place in the agricultural scene. The outbreak of the Korean War in June, 1950, gave momentum to Japan's mining and manufacturing industries which rapidly reverted to their prewar conditions. Agriculture also was brought into a much more favourable situation.

The index of mining and manufacturing activity, calculated on a prewar base (the average of 1934-1936=100), dropped to 28.0 in 1946, thereafter registering moderate gains of 34.6 in 1947, 45.7 in 1948, and 59.5 in 1949. With the outbreak of the Korean War as the turning-point, the index number quickly rose to the prewar level of 100.6 in 1951, thereafter pursuing an ever-ascending course, registering 107.8 in 1952, 131.7 in 1953, 142.8 in 1954, and finally, in 1956, recording 187.9, passing even the highest level of 158.8 in 1944, the year preceding Japan's wartime defeat.

On the strength of the recovery of mining and manufacturing industries the national economy had also regained its prewar level. In witness, the index number of national real income registered a series of gains, for instance, 106.9 in 1951 and 142.4 in 1955, although the index number of per capita real income only reached the level of the 1934-1936 average in 1955, the year marking the termination of the period of Japanese economic recovery.

The factors initiating and completing the Japanese economic recovery after the outbreak of the Korean War were, needless to say, the special procurements by the United Nations Forces, and the expansion of exports owing to the boom brought on by the war. These favourable circumstances enabled the Japanese economy to accumulate capital for its future progress, and, in turn, to provide advantageous conditions for the development of Japanese agriculture. The Government raised the official price of rice it offered producers. Thus farm commodity prices became favourable to farmers. With increased financial investments and loans to agriculture and with an increased income for part-time farmers from outside work, the farm economy could escape from the miserable state of 1949. By 1951, agricultural production had been restored to prewar levels. From this time, the full effects of Land Reform began to become apparent.

The average agricultural production for the three years from 1954 to 1956 increased to 118.4% (1933-1935=100.0%). The real value of gross agri-

cultural products (based on 1934-1936 average prices) rose from ¥3,080 million in fiscal 1933-1935 to ¥3,419 million in fiscal 1951, exceeding the prewar level as early as fiscal 1951. The 1954-1956 average showed a 31% increase. Net agricultural income (gross income minus costs of production materials) for fiscal 1954-1956 exceeded that for fiscal 1933-1935 (¥2,344 million) by 19%. Taking rice as an example, Japan enjoyed an unprecedented bumper harvest in 1955. Since the year 1878 when the Ministry of Agriculture and Forestry first began keeping records of the rice crop, the estimated production of rice registered a peak of 10,624,368 tons (husked rice equivalent) in 1933. By 1955 the rice-crop reached 12,284,737 tons, and the 11 million ton level has been maintained in the subsequent years.

The increase in the government purchasing price of rice proved favourable to those farmers who produced larger quantities of rice as well as those farmers who held larger areas of arable land. The benefits of the agricultural investments and loans were also enjoyed by the larger land-holders. On the other hand, however, due to rising living expenses, the farmers holding one hectare or less began to find it hard to make ends meet, though they had hitherto been able to make a relatively good living. The rise in agricultural productivity since 1951 also gave rise to a new problem, that of the social differentiation of the peasantry.

The criterion of social status in rural communities before Land Reform was the area of land owned, but this became absurd after Land Reform. However, until a new criterion emerged, these old standards were retained to some extent. Discussions on the reversion to the feudalistic and the unfair land tenure system or on the reappearance of parasitic landowners during the period between 1947-1950 were related to this problem. However, from around 1952, with the gradual establishment of new social standards in rural communities for the size of cultivated lands, conflicts and disputes occurred as a consequence. Remarkable was the social phenomena known as the "landowners' movement." In order to keep their social status, the former landowners had no alternative but to acquire larger areas of cultivated lands, as the economically influential farmers did, or to acquire the necessary capital and turn to some other occupation. A landowners' movement for the eviction of tenants and for additional compensation for their compulsorily purchased farmlands took place throughout the country.

The landowners' movement dated back to 1952. In the years in which the Land Reform programme got under way, the former landowners appealed to the courts, contending that the price at which the land was purchased could not be regarded as "just compensation" as stipulated in Article 29 of the Constitution, and therefore, Land Reform was invalid in that it violated the Constitution. After a 7-year-long dispute in the courts, the Supreme Court gave its decision in December, 1953, in favour of the Government. By this decision, Land Reform was officially recognized as constitutional. However, the landowners' movement to demand additional compensation did not fall into abeyance. Large-scale movements for tenant-land eviction have

been repeated every year from 1954 on, chiefly in western Japan.

This movement was strongest in Kagawa Prefecture, where there were 4,335 cases, the parties concerned numbering 1,686 landowners and 3,779 tenants, and the tenant-land area involved amounting in aggregate to 471.6 hectares. The Ministry of Agriculture and Forestry, the prefectural government authorities, and the Local Public Procurator's Office took a firm attitude. With 1958 as a turning-point, the large-scale agitation for the return of land to the former landlords lost momentum. At the same time, the objective of the nation-wide landowners' movement has come to be focussed on one single point: a demand for additional compensation for the lands purchased under the Land Reform Programme.

Thus, it can safely be said that the Agricultural Land Law was not meaningless. For this Law may be regarded as having fulfilled its function in minimizing the social friction which could arise when the social criterion in rural communities was changing from a landowning basis prevailing prior to Land Reform to the new social criterion of a land-cultivating basis.

III. Small-Scale Farm Management as an Urgent Problem

Agricultural production since 1955 has shown a favourable improvement year after year. It is particularly noticeable that it shows a betterment not only in the degree of production but also in labour productivity, as shown in Table 3.

As has been stated before, the improvement in agricultural productivity is one of the achievements of Land Reform derived from a series of agricultural policies which have increased financial investments and loans for agriculture, and have provided price support for the main agricultural products,

Table 3. INDEX NUMBERS OF AGRICULTURAL PRODUCTIVITY, 1950-1958

(1950-1952=100)

Year	Index Numbers of Agricultural Production	Index Numbers of Population engaged in Agriculture	Index Numbers of Working Hours in Agriculture	Productivity Indexes (A)	Productivity Indexes (B)
	(1)	(2)	(3)	(1)/(2)	(1)/(3)
1950	94.7	102.5	104.4	92.4	90.7
1951	97.5	97.8	96.9	99.7	100.6
1952	107.8	99.7	98.7	108.1	109.2
1953	93.4	103.4	95.6	90.3	97.7
1954	102.9	102.2	91.7	100.7	112.2
1955	124.5	102.8	92.3	121.1	134.9
1956	117.4	100.6	89.9	116.7	130.6
1957	122.1	98.5	90.4	124.0	135.1
1958	127.1	94.0	89.5	135.2	142.0

Source: Agriculture-Forestry and Fisheries Fundamental Problem Investigation Council, *Nōgyō no Kihon-Mondai to Kihon-Taisaku* (Fundamental Problems and Measures in Agriculture), Tokyo, 1960.

with the Korean War as an added impetus. Besides, the fact should not be overlooked that the farmers' technical level has been raised by the introduction of new farming machines and new effective agricultural chemicals stimulated by the above-mentioned policies. For instance, the increasing use of power-tillers and farm-purpose tractors is shown in Table 4.

Table 4. INCREASE IN OWNED POWER-TILLERS AND TRACTORS

Year	Numbers of Owned Power-Tillers and Tractors			Numbers of These per 100 Households		
	Total	Individual Owned	Co-operative Owned	Total	Individual Owned	Co-operative Owned
1955	62,000	51,000	11,000	1.0	0.8	0.2
1960	514,000	447,000	67,000	8.5	7.4	1.1
Increase (%)	826	879	590	—	—	—

Source: Statistics and Survey Division, Ministry of Agriculture and Forestry, *Nihon no Nōgyō* (Japanese Agriculture), Tokyo, Association of Agriculture-Forestry Statistics, 1961, p. 228.

In recent years, however, agricultural productivity has reached its peak, and the rapid dissemination of improved means of production has served as a contributing factor to defeat its own ends, and to reveal the true weaknesses of the extremely small-scale farming typical of Japan. In the case of marginal farming, the intensified farming techniques and advantages of heavier applications of fertilizers and agricultural chemicals can easily be adapted by individual farmers within a relatively short period of time, so that results can be achieved quickly because little input is required in bringing these intensive-type techniques into use and the costs of increased applications of fertilizers and chemicals can be quickly redeemed. Once, however, such simple methods have been widely adopted, it is hard to raise productivity beyond a certain limit. Especially in small-scale farming, the decreasing investment efficiency of fixed assets, including farm machinery and implements, would set limits to the development of agricultural productivity. In practice, the investment efficiency of fixed assets (agriculture-income+fixed assets) has been on the decrease since 1952, dropping from 0.901 in 1952 to 0.679 in 1958. The decreasing rate of efficiency is generally lower for larger-scale farming. The national average rate of earning per farm household is equivalent to 3.3%. The rate of earning becomes higher in proportion to the size of holdings, reaching 5.4% in the holdings of 2 hectares and over.¹

Table 5 indicates the changes in the number of farm households according to the size of holdings. During the period from 1950 to 1955, holdings less than 0.5 hectares showed a decrease in number, while holdings of 0.5 or more hectares showed an increase. During the period from 1955 to 1960, holdings less than one hectare showed a decrease in number, while the

¹ Economic Planning Agency, *Neiji Keizai Hōkoku, 1959* (Economic Survey of Japan, 1959), Tokyo, 1959, p. 209.

number of those holdings of 1 hectare or more increased. The number of households engaged in part-time farming is still on the increase, and this is particularly marked in the case of farm households predominantly engaged in outside work (Table 6). In these farm households, 86.1% have their operators or their successors engaged in side-jobs. Among the main employments, salaried employment ranks first, followed by clerical work and day labour. The trend during the period from 1955 to 1960 indicates that the number of full-time farm households shows an increase in the case of holders of 1.5 or more hectares and a decrease in the case of less than 1.5 hectares, and that the number of part-time farm households shows an increase in the case of holders of 0.5 or more hectares and a decrease in the case of less than 0.5 hectares. The decrease in the number of part-time farm households in the lower bracket represents the number of those who gave up farming.

Table 5. CHANGES IN THE NUMBER OF FARM HOUSEHOLDS, BY SIZE OF HOLDINGS (excluding Hokkaidō)

Size of Holdings	Actual Number of Farm Households			Increase (+) or Decrease (-)	
	1950	1955	1960	1950-55	1955-60
Total	5,930	5,796	5,823	-134	+27
Under 0.3 ha.	1,428	1,268	1,266	-160	-2
0.3-0.5	1,032	1,006	992	-26	-14
0.5-1.0	1,952	1,955	1,907	+3	-48
1.0-1.5	945	982	1,001	+37	+19
1.5-2.0	363	376	404	+13	+28
2 ha. and over	203	209	237	+6	+28
Farm Households Holding No Cultivated Land	7	—	17

Source: Research Bureau, Economic Planning Agency, *Keizai Yōran, 1963* (Economic Statistics, 1963), Tokyo, 1962, p. 172.

Table 6. CHANGES IN THE PERCENTAGE OF FULL-TIME AND PART-TIME FARM HOUSEHOLDS (%)

Year	Total	Full-Time Farm Households	Part-Time Farm Households		
			Total	Engaged Chiefly in Agriculture	Engaged Chiefly in Side-Jobs
1950	100.0	50.0	50.0	28.4	21.6
1955	100.0	34.8	65.2	37.7	27.5
1960	100.0	34.3	65.7	33.6	32.1
1950	100.0	100.0	100.0	100.0	100.0
1955	97.8	68.2	127.4	129.8	124.3
1960	98.0	67.3	128.7	116.1	145.2

Source: Same as Table 5.

As indicated above, with the increase in agricultural productivity, the differentiation in the cultivating farmers' strata has become clear, as a result of the growing differences in the improvements in productivity in proportion to the size of holdings, i. e., "the growing differences in economic power within the agricultural sector as the result of intensified competition."¹ A further impetus has been given to differentiation in the cultivating farmers' strata by the rise in the farmers' consumption level. The index number of the rural consumption level dropped from 100 in 1934-1936 to 98.6 in 1950, but rose to 109.4 in 1951 and has risen in the subsequent years, reaching 131.2 in 1955 and 133.6 in 1956. In recent years, there has been a strong demand for furniture of fixtures and particularly for durable equipment such as television sets, motorcycles, kerosene cooking-equipment, wool-knitting machines, electrical equipment, etc. According to "The Forecast for Consumption Trends" made by the Economic Planning Agency,² the percentages of farm households who purchased durable consumer goods in the total of farm households are as given below.

	1958	1960	1962
Sewing Machines	51.3%	54.9%	62.8%
Cameras	15.9	16.1	21.4
Television Sets	2.6	11.4	48.9
Electric Coolers	3.8	9.1	19.4
Electric Washing Machines	5.2	8.7	22.9

Due to the rise in the rural consumption level, the farmers holding one hectare or more who had enjoyed a degree of economic stability are becoming gradually insecure. Such farmers have to have some side-job in order to make up the deficit in their living expenses. If a member of a farm household becomes a factory worker, the mode of living or thinking would become urbanized. Thus the standard of living would be raised further on the hand, and, on the other hand, farmers would become aware of the disparity in incomes between labourers in urban districts and farm workers in rural districts, and their willingness to engage in agriculture would be impaired. A marked difference in agricultural productivity can generally be found between full-time and part-time farm households. Particularly low in agricultural productivity is the case of farm households engaged in part-time farming where the farm operator or his successor is engaged in a non-agricultural job. These are inferior in capital equipment, high in the degree of dependence on female labour, and have the character of subsistence farming.

IV. A New Task for Agricultural Development

The Japanese economy, after a period of recovery from 1951 to 1955, entered the stage of "High-Rate Growth." Parallel with this trend of economic development, the index number of national real income (with 1934-

¹ Economic Planning Agency, *Nenji Keizai Hōkoku, 1959* (Economic Survey of Japan, 1959), Tokyo, 1959, p. 208.

² Research Bureau, Economic Planning Agency, *Keizai Yōran, 1962* (Economic Statistics, 1962), pp. 246-247; and 1963, pp. 258-259.

1936=100 as the base) rose from 106.9 in 1951 to 142.4 in 1955, finally attaining 234.0 in 1960. The return to the prewar level of per capita real income was somewhat later, and the index number (the average of 1934-1936=100) managed to rise from 86.7 of 1951 to 109.5 in 1955, although thereafter it showed a rapid rise, registering 171.9 in 1960.

The years 1955-1960 found the Japanese economy ready to establish heavy and chemical industries. At the same time, the index number of mining and manufacturing industrial production (1934-1936=100) showed a series of rapid rises from 153.5 in 1955 to 326.7 in 1960 and to 390.1 in 1961. Such a rapid growth of mining and manufacturing industries brought about, naturally enough, a profound change in the Japanese industrial structure. Likewise, the sector-wise trends in national income¹ underwent the following change:—

Year	Primary Industry	Secondary Industry	Tertiary Industry
1951	25.2	32.5	42.3
1956	19.7	33.2	47.5
1960	15.6	37.2	47.6

Among the various features that these changes produced the one worthy of notice was the decline in the importance of agriculture in relation to the other industrial sectors, falling to 20.3% in 1951, to 15.0% in 1956, and to 11.2% in 1960, that is, diminishing to one-half of its former magnitude. In the mining and manufacturing industries the heavy and chemical industries expanded more than others, their importance relative to others as in 1959 being attested by the fact that they engaged 44.7% of the labour force, and accounted for 54.6% of national production, and 55.5% of gross value-added.

The disparity between the development of agriculture and manufacturing industries became increasingly pronounced during the period under consideration. In 1955-1961 industrial production increased at the high annual rate of 18.6%, whereas the agricultural production increased at the rate of 1.4%. Likewise, the gap between the income of those occupied in agriculture and in industry continued to widen, and the amount of national real income earned by a person occupied in agriculture, which had been 30.5% of a person similarly employed in industry in the years 1957-1959, continued to diminish, and fell to 25.9% in 1960 and 25.3% in 1961.

This was the state of affairs while the process of reorganization of the agricultural zones was being carried out, urged on by the vigorous process of industrialization as its motive force. This process of reorganization changed the areas adjacent to the old industrial zones (A_1 zone on the following chart) and the intermediate zones thereof, which had previously been agricultural zones, into new industrial zones (A_2 zone on the following chart). Agricultural zones where the process of industrialization was slower, may be divided, in point of mode of adaptation to industrial zones and the regional characteristics of agriculture, into the southwest agricultural zone (B_1 zone on the following chart) and the northeast agricultural zone (B_2 zone and B_3 zone on

¹ Economic Planning Agency, *Kokumin Shotoku Hakusho, 1960* (Annual Report of National Income and Expenditure, 1960), Tokyo, 1962.

the following chart).

Chart 1. REORGANIZATION OF THE AGRICULTURAL ZONE SHOWING THE PROCESS OF INDUSTRIALIZATION

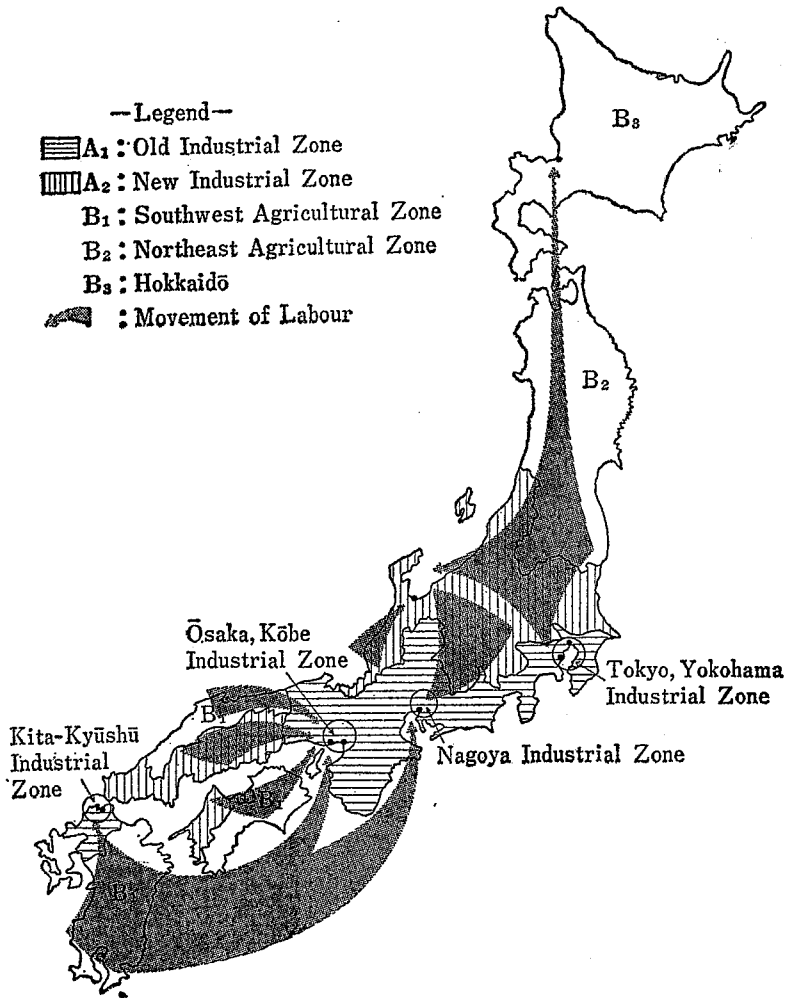


Table 7. RESULTS BY ZONE OF DEVELOPMENT OF INDUSTRIALIZATION AND OF REORGANIZATION OF AGRICULTURAL ZONES

Category	A ₁ Zones	A ₂ Zones	B ₁ Zones	B ₂ Zone	B ₃ Zone	Total of National Average
Total Population in 1960...	46.6	24.1	13.9	10.0	5.4	100.0
Structure of Personal Occupation in 1960:—	%	%	%	%	%	%
Primary Industry...	17.9	42.8	49.7	52.7	35.8	32.8
Secondary Industry...	38.3	25.0	16.9	16.1	23.9	29.1
Tertiary Industry...	43.8	32.2	33.4	31.2	40.3	38.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0
Manufacturing Industry in 1960:	%	%	%	%	%	%
Number of Factories...	65.4	21.7	5.8	4.3	2.8	100.0
Number of Persons Employed...	67.7	21.4	5.0	3.6	2.3	100.0
Value of Production...	72.9	18.3	3.7	2.7	2.4	100.0
Number of Farm Households in 1960:	%	%	%	%	%	%
Farming Only...	28.7	33.0	21.4	13.0	3.9	100.0
Following Subsidiary Occupations...	28.0	34.4	37.6	37.4	50.4	34.3
Mostly Non-Agriculturally Occupied...	33.1	35.4	31.9	36.6	22.2	33.6
Total.....	38.9	30.2	30.5	26.0	27.4	32.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0
Area Under Cultivation per Household in 1961...	ha 0.76	ha 0.91	ha 0.78	ha 1.31	ha 4.12	ha 1.01
Amount of Gross Production per Household in 1959...	88.9	100.5	81.1	126.5	194.6	100
Amount of Agricultural Income per Household in 1959...	86.1	100.7	80.1	135.4	189.2	100
Amount of Production per Agriculturally Occupied Person in 1959...	100.5	97.7	85.9	104.0	162.2	100
Amount of Agricultural Income per Agriculturally Occupied Person in 1959...	97.3	97.9	84.9	111.3	157.7	100
Amount of Production per Unit Area under Cultivation in 1959...	119.1	110.3	106.9	98.3	48.3	100
Amount of Agricultural Income per Unit Area under Cultivation in 1959...	115.2	110.6	105.6	105.2	47.0	100
<i>Total Amount of Agricultural Income per Zone</i>	%	%	%	%	%	%
<i>Total Amount of Industrial Income per Zone</i>						
1950.....	32.0	120.6	216.7	285.1	138.1	76.3
1955.....	19.4	97.5	145.9	241.2	79.6	50.6
1959.....	12.0	69.3	162.3	224.7	111.0	35.9

A₁ zone. This zone comprises 46.6% of the total population of Japan and 46.4% of the gainfully employed population. Of this labour force 38.3% is engaged in secondary industry, and only 16.5% is agriculturally occupied. This zone contains 65.4% of the factories and workshops of industry, 67.7% of the industrially occupied population, and 72.9% of the

total value of industrial production. In this zone manufacturing holds the predominant position, while agriculture is of moderate importance, the earnings from agricultural production being only 12% (in 1950) of that of industrial production (value added). At least 72% of farm households are engaged in some sort of other outside work. The agricultural production of this zone is characterized by the greater importance, when contrasted with other zones, of livestock and vegetable production. That is, the farming as operated in this zone belongs to the type of suburban agriculture.

A₂ zone. In this zone the total amount of income from agricultural production was 120.6% against the income from industrial production (value added) in 1950. This ratio rapidly declined to 97.5% in 1955 and to 69.3% in 1960. Of the gainfully occupied population, in 1960 primary industry absorbed 42.8% (40.9% of the gainfully occupied population being employed in agriculture) and secondary industry 25.0%. In 1950-1960 the former diminished to 18% while the latter increased by 47.9%. The proportion of farm households engaged in other casual work was 65.6%, and thus was second only in importance to the figure for A₁ zone. The area cultivated by each household was 0.91 hectares, or larger than the area of 0.76 hectares in the case of A₁ zone. The income from agricultural production per unit area under cultivation was, in terms of 100 for the national average, 115.2 in A₁ zone and 110.6 in A₂ zone. Both figures attest a process of intensification of farming in these zones.

B₁ zone. In 1960 the breakdown of the gainfully occupied population showed 44.9% employed in agriculture and 16.9% working in secondary industry. In this zone the income from agricultural production represented 162.3% against the income from industrial production (value added), revealing the superiority of agriculture over manufacturing industry. It must be noted, however, that the area under cultivation per household in this zone was 0.78 hectares and that both value of agricultural production per household and income from agricultural production per person were the lowest in the country. In other words, the farming in this zone is in a state of stagnation, and functions solely as a source of labour to which the industrial zones turn for their needs.

B₂ zone. In this zone 48.7% of the gainfully employed work force were occupied in agriculture. The proportion of those working in secondary industry was 16.1%, which, together with the similar proportion found in the B₂ zone, was the lowest. The proportion of income from agricultural production against income from industrial production (value added) was 224.7%, which evidences the preponderance of agriculture over manufacturing industry. Area under cultivation per household, amount of gross agricultural production per household, amount of agricultural income per household, amount of agricultural income per agriculturally occupied person—these are the second highest in the whole country. The yield of arable farming accounts for as much as 90.4% of agricultural production. The zone, just as is the case with B₁ zone, constitutes a source of labour for the industrial zones but, unlike B zone, it is a zone characterized by

the prevalence of arable farming brought about by land reform and the expansion of the industrial zones.

B₃ zone. This zone is remote from the industrial zones, and as such, has been and is a particular agricultural zone. Being adversely affected by a cold climate, the zone offers only a moderate agricultural income per unit area under cultivation, represented as 47.0% of the national average, but the area under cultivation per household is 4.12 hectares, that is, four times as much as the national average. Accordingly, both agricultural income per agriculturally occupied person and agricultural income per household are the highest in the whole country. This zone attracts labour from the B₂ zone.

The steady progress of industrialization and the ever-widening disparity between agricultural and industrial incomes encouraged the migration of labour from agricultural into industrial zones. For this reason the agricultural population has been diminishing annually at the rate of 2%, whereas the whole population of the country has been on the increase at a yearly rate of 1%; the number of those leaving rural for urban districts shot up from 190,000 in 1958 to 300,000 in 1961. This is characterized by the exodus of rural young workers, and, consequently, has raised the problem of how to deal with the increasing senescence of agriculturally occupied persons and the replacement of male by female workers. The migration of the rural labour force among the zones discussed above is illustrated by the following table.

Table 8. LABOUR FORCE MIGRATORY AMONG ZONES IN 1960

Labour Efflux :	Into					Total
	A ₁ Zone	A ₂ Zone	B ₁ Zone	B ₂ Zone	B ₃ Zone	
A ₁ Zone	60,486	3,464	312	34	86	64,302
A ₂ Zone	94,960	22,795	524	709	2,194	121,182
B ₁ Zone	87,165	11,176	1,344	283	119	100,097
B ₂ Zone	54,646	20,008	1	4,899	62,487	142,041
B ₃ Zone	2,281	239	2	205	—	2,727
Total	299,458	57,692	2,183	6,130	64,886	430,349

Source: Recompiled from Employment Security Bureau, Ministry of Labour, *Rōdō Shijō Nempō* (Annual Report on Labour Market), Tokyo, 1962, pp. 248-257.

The land policies based on the need to control the ownership and utilization of farmlands have become outmoded by the advent of new economic situations, as described above. Thus there is a pressing need for the formulation of new agricultural land policies *after* Land Reform, which can meet the changed economic conditions now pertaining.

The Government established the "Nōrin-Gyogyō Kihon-Mondai Chōsakai" (Agriculture-Forestry and Fisheries Fundamental Problem Investigation Council) by Cabinet decision in May, 1959. This Investigation Council is

composed of 30 persons representative of business, academic circles, the press, and agriculture. After one-year's deliberation, its report, entitled "Nōgyō no Kihon-Mondai to Kihon-Taisaku" (Fundamental Problems and Measures in Agriculture) was submitted to the Prime Minister on May 10, 1960. It recommended that (i) the basic objective of agricultural policy should be the increase of agricultural incomes through improvements in agricultural productivity; (ii) farm management should be strengthened economically and part-time farmers encouraged to shift to other occupations; and (iii) the agricultural structure should be improved. The points referring to the improvement of agricultural structure quoted from the report on "The Fundamental Problems and Measures in Agriculture"¹ and its "Commentary"² are as follows:

"The fundamental problem of agriculture lies in the fact that, with the recent rapid improvement in the national economy the lowering of farmers' living standards and incomes has become most marked... It can be said that farmers' low living standards and incomes are a heritage from the inferiority of the agricultural structure arising from the extremely undersized holdings of the prewar years. The present status of the agricultural structure does not admit of the attainment of desired agricultural incomes matching industrial incomes or the desired improvement in productivity."

"The landowner system, one of the characteristics of the prewar agricultural structure, was destroyed by the Land Reform, but the problem of the undersized farm management system remained unsolved. The development of agricultural productivity will require the introduction of new techniques (e. g., farm mechanization) and capital investment. Under present conditions, the national economy will not permit, neither is it feasible to adjust, the disparities in income between the agricultural and non-agricultural sectors merely by means of price support or subsidy programmes. When taking into consideration the economic growth of the future, it is doubtful whether it would be possible to maintain continually a living standard high enough to perform a stabilizing function in society. This is the principle of the industrialism based upon the economic rationalism which intends to establish farm management as a business through agricultural structure improvement."

"Land tenure is regarded as the nucleus of the agricultural system. Careful deliberations will be necessary as to the time and scope of its amendment. Therefore, as the necessity for an advanced farm management structure is becoming imperative, and with the fulfilment of the environmental conditions for the proposed amendments, we should not remain indifferent to the need to make necessary amendments to the present system, acting on the long-range principle of subordinating land-ownership to the development of farm management."

1 Agriculture-Forestry and Fisheries Fundamental Problem Investigation Council, *Nōgyō no Kihon-Mondai to Kihon-Taisaku* (Fundamental Problems and Measures in Agriculture), Tokyo, 1960.

2 Ditto, *Nōgyō no Kihon-Mondai to Kihon-Taisaku—Kaisetsu-hen—* (Fundamental Problems and Measures in Agriculture—Commentary—), Tokyo, Nōrin Tōkei Kyōkai (Association of Agriculture-Forestry Statistics), 1960.

On the basis of the aforesaid report the Ministry of Agriculture and Forestry prepared and submitted to the Diet for deliberation a Bill for the Agricultural Basic Law and a Bill for Partial Amendments to the Agricultural Land Law. The former was enacted in June, 1961, and the latter in May, 1962. The former purports to indicate the new course which agriculture should pursue and the objectives of national agricultural policy, considering the changes occurring in agriculture and conditions attendant thereupon. In compliance with this purpose the law aims at the achievement of the following definite objectives: (1) selective expansion of agricultural production; (2) promotion of agricultural productivity and increase of agricultural gross production; (3) improvement of the agricultural structure; (4) establishment of rationalized marketing of farm produce; (5) stabilization of farm produce prices and assurance of agricultural incomes; (6) rationalization of production and sale of materials used in agriculture and stabilization of the prices thereof; (7) the training of a sufficient number of prospective farm managers; (8) improvement of rural social facilities.

Of these various objectives, emphasis is placed on improving the agricultural structure (prescribed in Chapter IV of the Agricultural Basic Law), and for achievement of this purpose the law includes these provisions; development of family farms and fostering of economically viable farms (Article 15); prevention of fragmentation through inheritance of integral farm management (Article 16); promotion of co-operative farm management (Article 17); facilitation of transfer of agricultural land (Article 18), and others.

The Partial Amendments to the Agricultural Land Law is a legal measure for specifying details of the provisions of the Agricultural Basic Law thus far enumerated. Among the leading items for the amendment are: definition in law of an agricultural production corporation; criteria for permits for the acquisition of the rights of farmlands by an agricultural production corporation; enlargement of the retainable area of tenant-lands to be possessed by a member of an agricultural production corporation; special provisions for the trust business for farmlands carried on by agricultural co-operatives; and amendment of the maximum area limit to the acquisition of rights of farmlands. As the partial amendments to the Agricultural Land Law have failed to secure a sufficient volume of transfers of ownership of agricultural land, the Government has in view a further amendment to the same law.

V. Conclusion

In 1961 the Ministry of Agriculture and Forestry began to operate the ten-year agricultural structure improvement programme in the interest of some 3,100 localities. Up to the present, however, the administrative measures for promoting the enlargement of holdings—the pivot of the programme—have failed to secure a satisfactory result. On this account a further amendment to the Agricultural Land Law is now under deliberation. In other words, an aim has been established for land policy *after* Land Reform, but concrete measures have yet to be taken up for implementation of this policy.

It may safely be said that, in order to attain an improvement in the agricultural structure, greater difficulties are anticipated than with Land Reform. For instance, the compulsory restrictions on landlord-like land ownership were subject to the provisions of the Land Reform or are being made subject to the present Agricultural Land Law, but in the case of an agricultural structure improvement programme it will be hard to impose similar compulsory measures in present-day Japan. The farmers of today are quite different from those before Land Reform. Farmers' cultivation rights were confirmed fully by Land Reform to the fullest extent. Accordingly, it is impossible to deny this cultivation right by compulsion, from whatever quarter. However, in consideration of Japan's extremely undersized farm management system, the proposed agricultural structure improvement programme could not be expected to be carried on successfully if left alone to natural processes, e.g., a process of a natural absorption of rural population by mining or manufacturing industries. The Japan Socialist Party has considered it important to improve the agricultural structure by promoting farmers' co-operative activities on the basis of non-compulsion. However, though some farmers are giving this serious attention, the great majority of farmers are still desiring to carry on farm management in an individually-operated form.

Indeed, agriculture in Japan has hitherto been both a source of labour, furnishing other expanding industrial sectors with the labour they require, and a market in the "High-Rate Growth" economy, but handicapped as it is by the small scale of farm management, agriculture has disclosed more and more its character as an Achilles' heel in the current Japanese economy, as has been evidenced by the recent rise in the price of consumer goods consequent upon the rise in the prices of farm produce.

The problem of agricultural structural improvement must not be neglected. Appropriate measures to meet the present situation are of evidently imperative importance.