

## BOOK REVIEWS

*Japanese Agricultural Policy Reconsidered* edited by Takekazu B. Ogura, Report of Study on International Issues SGII No. 14, Tokyo, Food and Agriculture Policy Research Center,\* 1993, x+322 pp.

Dr. Takekazu Ogura, the editor of this new book, is a former administrative vice minister in the Ministry of Agriculture, Forestry and Fisheries. During his time with the ministry, he was closely involved with the enactment of the Fundamental Law for Agriculture (*Nōgyō kihon hō*) which still remains the basis for Japan's present agricultural policy. He has produced this book with the intent of reexamining Japanese agricultural policy, and to set forth proposals for the restructuring of this policy. The work brings together extracts of important sections from articles and other writings published during the past twenty-five years which Ogura has put together with new articles of his own as well as with those of two other authors, Tsutomu Ōuchi and Aurelia George. It has been published in English which makes it available to scholars and researchers around the world.

The book is composed of twelve chapters divided into two parts. The seven chapters that make up Part I, entitled "Postwar Agricultural Policies," deal with Japan's agricultural land reform and some of the basic characteristics of Japanese agriculture. The first chapter, "Postwar Land Reform and Land Tenure" (and enumerated as Part I-I), deals mainly with political and legislative issues related to rural land reform. The next six chapters (Part I-II through Part I-VII) are titled respectively "Economic Impact of Postwar Land Reform on Japan," "An Overview of Modernization of Landownership," "Socialization of Landed Property and Group Farming," "An Introduction to the Characteristics of Japanese Animal Husbandry," "Countermeasures against the GATT's Proposal on the Tariffication of Rice," and finally "The Politics of Public Spending in the Agriculture, Forestry and Fisheries Sector." This last chapter is the work of Aurelia George.

The principal objective of Part II is "to open a new road for inviting a new perspective on Japanese agriculture, including forestry and fisheries" (p. iii). Entitled "Re-orientation of Japanese Agriculture and the Legal Land Tenure System," this second part is divided into the following five chapters (enumerated consecutively from Part II-I to Part II-V): "The Metamorphosis of Japanese Agriculture," "Overall *Träger* of Agriculture and Agriculturally Related Organizations," "Agricultural Establishments," "Legal Land Tenure System," and "Approaches to Reconstructing Japanese Agricultural Land Tenure." Appended to Part II-I as references are "Thirty Years of the Agricultural Fundamental Law" by Tsutomu Ōuchi and "The Basic Direction of New Policies for Food, Agriculture and Rural Areas—Summary" by the Ministry of Agriculture, Forestry and Fisheries.

As is evident from the above listed chapters, this work takes up numerous topics, and in each chapter Ogura uses his wealth of knowledge and experience to clarify the

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various problems and issues affecting past and present agricultural policies. He also sets out the development of new agricultural policies to deal with changing priorities and the growing importance of environmental issues. Although he himself was deeply involved in the process to enact the 1961 Fundamental Law for Agriculture, in this book Ogura calls for the abolition of this law. The book is severely critical of present-day Japanese agricultural policy, and it poses some very important issues that need to be faced.

Following the publication of this book, a two-day international symposium was held in Tokyo on June 14–15, 1993 to which economists, scientists, and legal experts from around the world and Japan were invited to discuss and evaluate Ogura's book. This gathering produced some very instructive and rewarding debate. Unfortunately the full content of this debate cannot be presented within the limited space of this review. However, as the chairperson of a subcommittee on agricultural economics during the symposium, this reviewer would like to limit his critique to points related to issues of agricultural economics and which were brought out in the debate during the symposium.

1) Ogura takes up the issues of Japan's postwar land reform, the Agricultural Land Law of 1952, the Fundamental Law for Agriculture, and the 1992 New Policies for Food, Agriculture and Rural Areas, and examines the problems involved in respect to their purposes, content, and application. Particularly after land reform was carried out, he has often stated that owners of agricultural land should carry on farming with priority given to the right of land utilization rather than to landownership since this was the social role that the owners were expected to play. If this idea of priority to the right of utilization were expanded, then not only individual farming families but also farming groups cooperatively using farm land in local communities within cities, towns, and villages would be able to upgrade their farming productivity and become the vital element in support of viable agriculture. Ogura sees great importance in promoting the role of these latter groups in particular.

2) In Ogura's view, the Ministry of Agriculture, Forestry and Fisheries has promoted the market economy domestically but has refused to accept this policy so far as international trade is concerned. But Ogura wants to see the market economy applied equally in the domestic and international spheres where government intervention may be taken more or less as a premise. His concept of future agricultural policy calls for the end of protectionist trade policies in the United States and EC. Japan for its part needs to achieve a 50 per cent reduction in the cost of rice production over the next five to seven years. This would allow the consumer prices of rice in Japan and the United States to be brought into balance with each country accepting a tariff of less than 100 per cent.

This reviewer sees problems with this concept, one being that the principles of free trade as postulated in economic theory should not be applied to agriculture. Another problem is that it would be difficult to reduce the production cost of rice by half through structural reform over a short period of five to seven years.

3) Ogura points out that the objective of the Fundamental Law for Agriculture originally was to correct the gap in income between agriculture and industry through the restructuring of Japanese agriculture and expanding the scale of farming. In reality however the correction of this gap came about through the government's rice price policy. This policy was formulated in response to pressure from agricultural cooperatives and could be financed because of the state's improving financial circumstances. As a result, restructuring and increases in the scale of farming were never sufficiently

carried out, and the original objective of the law was not achieved. Even with the sharp decrease in the number of farmers that accompanied Japan's rapid postwar economic growth, there was no effective rationalization and restructuring of agriculture. Rather Ogura sees that the decrease in the number of farmers is bringing on a crisis in agriculture. Having reached such a juncture, Ogura argues that the ineffective Fundamental Law for Agriculture should be abolished.

However this reviewer feels there are a couple of problems with this contention. Firstly, there is no need to abolish the Fundamental Law for Agriculture; rather the law's original policy objective of fostering viable farm households needs to be refocused and redefined from a present-day perspective and then implemented. For example the "New Policies" of the Agriculture, Forestry and Fisheries Ministry call for fostering farm management units and developing both family-run farms and agricultural production organizations into corporations. This policy line is in fact the same as that spelled out in articles 15 and 17 of the Fundamental Law for Agriculture. The former aimed at "promoting agricultural management based on family farming," and the latter sought to "further encourage cooperative farming." Secondly, the fact that progress was not made in expanding the scale of farming was due to the rise in the value of farm land which made farming families less willing to give up their land and instead increased their desire to retain possession because of land's increasing value as an asset. This development was in no way due to a failure of the Fundamental Law for Agriculture.

4) Ogura also makes the following assertions. (1) Since the enactment of the Fundamental Law for Agriculture in 1961, dramatic changes have occurred in Japan's internal and external social and political circumstances (such as the wholesale decline in the rate of the country's food self-sufficiency, the dissolution of the Soviet Union, and the termination of the cold war), changes which have taken away much of the persuasiveness in Japan's avowed policy of maintaining food security. (2) In recent years it has become clear that European and American agricultural policies have made it a primary objective to strengthen environmental conservation which is evident in the policy measures of the United States' Agricultural Act of 1990 and also in the change of policy toward favoring extensive farming found in the revision of EC's Common Agricultural Policy. (3) Given its trade surplus, Japan can no longer refuse to accept tariffication or the import of agricultural products. Because of these recent changes of circumstances, Ogura says that the *raison d'être* of Japan's agricultural, forestry, and fishery industries and its local farming communities needs to be oriented toward environmental conservation.

The concept of environment as Ogura uses here refers more to the environment that surrounds the people themselves rather than to the environment of agricultural products. In other words, he is referring more to the environment in relation to living condition of village and local community residents rather than to production condition for crops, livestock, and other agricultural products. In essence Ogura feels that products are produced as by-products of environmental conservation.

To have environmental conservation, it is Ogura's contention that agricultural, forestry, and fishery products cannot be dealt with as products coming from separate production sectors. They have to be handled as a whole. Moreover, in the villages and local farming communities, it is important for local community farms to be fostered along with individual farms. To achieve this the pertinent laws need to be revised. Ogura makes the following drastic proposals: (1) abolition of the Fundamental Law for Agriculture; (2) fundamental revisions of the Agricultural Land Law and related

laws and ordinances; (3) abolition of the Law to Promote Agricultural Land Utilization; (4) abolition of agricultural committees; (5) consolidation of agricultural cooperatives, forestry cooperatives, and fishery cooperatives into a single agricultural, forestry, and fishery cooperative association; (6) abolition of the food control system; (7) reforming the taxes on farm land in order to facilitate the inheritance of farms; (8) amending or abolishing of the Land Improvement Law and related legislation so that all the bodies concerned such as communal cooperative farms, villages, towns, cities, prefectures, and the state can concertedly implement public works for environmental conservation; and (9) reorganizing government administration by either changing the Ministry of Agriculture, Forestry and Fisheries to the ministry in charge of food administration, or by merging the Ministry of Agriculture, Forestry and Fisheries and the Environment Agency to form a ministry of environment protection.

Ogura has put forward some excellent reform ideas, but this reviewer has questions about a number of his points. (1) Ogura sees the farmers, the forestry workers, and the fishermen as the ones to support environmental conservation. But what sort of fostering program are these people to be given so that they will promote environmental conservation? Ogura does not clearly spell out any program for this purpose. (2) If environmentally friendly farm management methods were to be implemented, it seems likely that, at the present-day price level of agricultural products, annual farm income would decrease and working hours increase. The result would be a sharp drop in the number of farmers, forestry workers, and fishermen, and contrary to Ogura's intentions, such a situation would greatly hinder environmental conservation. To prevent this, it would be necessary to provide income compensation which would have to be borne by state finances, but given the government's present financial straits, it would probably have to introduce an environment tax to obtain the needed funds. (3) In Ogura's concept of environmental conservation, priority is given to human and industrial activity. The question that arises is—would this not cause industrial pollution?

5) Ogura contrasts animal husbandry in Japan with that in other countries and highlights its particular characteristics. He points out that in Japan there was a process of amalgamating communal forest and grazing land into publicly-owned land and as a result grazing land for communal use decreased drastically. Moreover, Ogura's analysis shows that the value of land rose not only because of the rise in the price of rice but also because of other nonagricultural factors (such as the construction of golf courses). Because of this rise in value, there was a decrease in the amount of land used for grassland and grazing land. For this reason, in order for Japan's animal husbandry industry to progress, Ogura says that it will be necessary to promote group farming based on the "socialization" of farm land and local farming communities.

Ogura's economic, historical, legal, and international analysis of animal husbandry in Japan is superb and even seminal. But it is questionable whether group farming based on local farming communities could develop smoothly.

The foregoing review and comments cover only several of the chapters in Ogura's work, and the criticisms expressed by this reviewer are really quite small and do not detract in the least from the value of this excellent book. Having been deeply involved in the legislation of Japan's post-World War II agricultural policy and well versed in the legal and historical issues of this policy, Ogura's abundant experience is evident in his lucid and persuasive analysis, and herein lies the true worth of this seminal study. In most countries of the world, agricultural policy is the most difficult of policies, and Japan is no exception. For this reason there is something of a facile trend of thought

in Japan that if one only criticizes agricultural policy, then it is as though one's research has been achieved. Ogura's work is substantially different from this usual sort of facile analysis. His is a powerful and superb analysis of Japanese agricultural policy. For specialists of Japanese agricultural policy, this book is a must; and having published it in English, Ogura has made it readily available to interested researchers around the world. I highly recommend that all such people give this book a perusal.

(Keizō Tsuchiya)

*China's Exports since 1979* by Hong Wang, Studies on the Chinese Economy, London, Macmillan Press, 1993, xiv+262 pp.

In late 1978 China abandoned its autarkic policy and moved to an open-door policy. Since then it has experienced an enormous expansion of exports. Its exports in 1978 were only US\$9.75 billion, just 0.8 per cent of total world exports, but these have increased at a rate of 16 per cent per year, reaching US\$80.52 billion in 1992, and its share of the world total has risen to 2.2 per cent. Now China is applying for membership to GATT, and upon reentering GATT, it is certain that China will be an even bigger figure in the world economy.

This book by Hong Wang examines the performance of China's exports and analyzes the causal factors and policies that have influenced this performance. The features of this book which make it different from other studies on China's trade<sup>1</sup> are (1) its concentration on China's export sector, (2) its survey of debates on trade theory taking place in Chinese academic circles, and (3) its attempt at a microeconomic analysis of the export performance of Chinese textile and electronics industries.

Before getting into the details of this book, I must inform potential readers that this book, although published in 1993, contains data only up to 1988. Therefore, to those who expect analyses of the most recent details of China's exports, this book may be somewhat disappointing. Yet, since the major characteristics of China's exports in 1988 still remain largely unchanged today, Wang's book will be useful for those who want to know the background of recent structural changes in China's exports.

In Chapter 1 Wang provides a brief review of the history of China's exports before 1976. From the late Ch'ing dynasty up to 1949, China's exports had been largely sluggish. In explaining the reason for this fact, Wang challenges the orthodox view of post-1949 Chinese economists which lay the blame on foreign penetration into China, and argues that the lack of government encouragement and support for international trade were the main reasons for the sluggishness and that foreign penetration rather promoted the growth of exports. This tradition of China to avoid integration into the world economy was reinforced even further under the Maoist government which laid stress on self-reliance, especially after the split-up with the USSR in the early 1960s. Exports were regarded merely as a "necessary burden" to pay for the

<sup>1</sup> An example is a recent book by N. R. Lardy, *Foreign Trade and Economic Reform in China, 1978-1990* (Cambridge: Cambridge University Press, 1992), which concentrates on China's foreign trade system.