

THE POLITICS OF AGRICULTURE IN JAPAN

Aurelia George Mulgan

NISSAN INSTITUTE/ROUTLEDGE JAPANESE STUDIES SERIES



The Politics of Agriculture in Japan

Aurelia George Mulgan's truly magisterial work on Japanese agriculture is simultaneously a masterful analysis of the Japanese political system and the role of powerful interest groups in it. Her new book is the best treatment in English of how the Japanese policy process actually works.

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Agriculture is one of the most politically powerful sectors in Japanese national politics. This book provides the first, comprehensive account of the political power of Japanese farmers. This definitive text analyses the organisational and electoral basis of farmers' political power, including the role of agricultural interest groups, the mobilisation of the farm vote and links between farmers and politicians in the Diet. Agrarian power has helped to produce the distinctly pro-rural, anti-urban bias of post-war Japanese governments, resulting in a general neglect of urban consumer interests and sustained opposition to market opening for farm products.

The book represents a major study of Japanese agricultural organisations in their multifarious roles as interest groups, agents of agricultural administration, electoral resource providers and mammoth business groups. It describes the policy issues that engage farmers' concerns and identifies the agricultural commodities that carry the greatest political significance.

Using extensive primary sources including interviews and questionnaires conducted in Japan, the book taps the vast literature in the Japanese language on the political economy of Japanese agriculture, including studies of agricultural organisations, agricultural policies and farmers' politics, and investigates the standard stereotype of farmers' political power, providing much of the empirical data missing from long-standing generalisations about agrarian power in Japan. In so doing, it reveals a more complex picture of pluralist organisation, diversity of political connection and long-term decline. *The Politics of Agriculture in Japan* is written for specialists in Asian studies, Japanese politics and comparative politics, as well as for agricultural policy specialists and economists.

Aurelia George Mulgan lectures in the School of Politics at the University of New South Wales, Australian Defence Force Academy, and is an internationally renowned authority in this field of Japanese politics and the Japanese political system. She is co-author of *Dynamic and Immobilitist Politics in Japan* and co-editor of *Australian Agriculture* and *Newly Industrialising Asia*.

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Aurelia George Mulgan



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To Richard and Nicholas

Contents

<i>List of figures</i>	x
<i>List of tables</i>	xi
<i>Series editor's preface</i>	xiv
<i>Preface</i>	xvi
1 Introduction	1
2 Interest group politics	39
3 Farmers' politics	164
4 Organisational politics	205
5 The political demography of agriculture	300
6 Electoral politics	380
7 Representative politics	474
8 Policy campaigning	564
9 Conclusion	645
<i>Notes</i>	652
<i>Bibliography</i>	808
<i>Index</i>	830

Figures

2.1	Genealogy of main farmers' union organisations, 1946–58	46
2.2	Organisational chart of the federated Nokyo organisation, 1998	53
2.3	Zenchu's internal structural divisions (1997)	62
3.1	Cooperative and associated parties, evolution and dissolution, 1945–57	172
4.1	Funds flow chart of the federated Nokyo trust business (1986) (units in billions)	226
5.1	Party support rates by occupation, 1983 and 1986 Lower House Elections	337
5.2	Changing party configurations in the Japanese Diet, 1978–99	360

Tables

1.1	Main agricultural product price support and import control systems	8
1.2	Main commodity production profiles	15
2.1	Fiscal 1998–99 national budget subsidies allocated by the MAFF to statutory agricultural interest groups as either primary or secondary works agents	76
2.2	Farmers' political leagues in 1958–59	86
2.3	Fiscal 1998–99 national budget subsidies allocated by the MAFF to MAFF public interest corporations as either primary or secondary works agents	118
2.4	Main public interest corporations representing specific commodity interests	124
2.5	Public interest corporations serving general agricultural sector and agriculture-related industry interests	128
2.6	Fiscal 1998–99 national budget subsidies allocated by the MAFF main ministry to agricultural cooperative organisations as either primary or secondary works agents	146
3.1	Party affiliation of Nokyo Lower House Diet members, 1946–67	174
3.2	Party affiliation of Nokyo Upper House Diet members, 1947–68	176
3.3	Electoral district type and percentage of the total vote obtained by parties (1958–67 Lower House elections)	195
4.1	Zenno-related livestock companies	246
5.1	Farm household voters as a percentage of the national electorate	304
5.2	Farmers' voting strength in Upper House prefectural constituencies, 1983, 1989, 1992, 1995 and 1998 elections	306
5.3	Changing categorisation of Upper House seats based on percentage of population in farm households	320
5.4	Changing categorisation of Lower House seats based on population employed in primary industry, 1976, 1980, 1986 and 1990 election years	321

xii *Tables*

5.5	Changing categorisation of Lower House seats based on population concentration ratio 1980–1990	322
5.6	Differences at the extreme between voting values in the least and most densely populated electorates (1947–98)	330
5.7	Farm, forestry and fishing industry workers' party support rates in Lower House elections	335
5.8	Percentage of the total vote won by the LDP according to occupational categories in the Lower House elections, 1976–90	336
5.9	Percentage of the total vote obtained by the LDP in constituencies categorised according to DID percentage rates in Lower House elections 1972–93	344
5.10	LDP success rates in constituencies according to percentages employed in primary industry, 1976–93 Lower House elections	346
5.11	Correlation coefficient of farm voters and LDP support rate	348
5.12	LDP success rates in constituencies according to percentages residing in farm households, 1977–98, Upper House elections	349
5.13	Percentage of the LDP's total vote supplied by electoral districts categorised according to the DID percentage rates in Lower House elections, 1972–93	351
5.14	LDP dependency rates on constituencies according to percentages employed in primary industry, 1976–93 Lower House elections	352
5.15	LDP success rates in constituencies according to percentage of population residing in farm households, 1977–98 Upper House elections	353
5.16	Changing composition of LDP electoral base by constituency type in Lower House, 1976–93	356
5.17	Changing composition of LDP electoral base by constituency type in the Upper House, 1974–98	357
5.18	Correlation coefficient between party support rates and the ratio of population concentration/shares of primary, secondary and tertiary industries in the 1993 Lower House districts	359
5.19	Opposition party support rates in the 1993 Lower House election	359
5.20	Composition of single-member districts in the new electoral system, according to voter employment characteristics and population concentration ratios	370
5.21	LDP success rates in single-member districts according to constituency type, 1996 Lower House election	371
6.1	Agricultural group affiliations of Diet members supported by the agricultural cooperatives in elections	412

6.2	Variations in the quality of agricultural cooperative support according to agricultural group leadership role	413
6.3	Party affiliations of Diet members supported by the agricultural cooperatives	420
6.4	Variations in the quality of agricultural cooperative electoral support according to party	421
6.5	Self-proclaimed vote-collection capacities of farmers' political leagues as a percentage of the total farm vote	428
6.6	Success rates of national constituency Nokyo candidates, 1950–80	434
7.1	Number of Diet members with agricultural connections, 1986–98	482
7.2	Lower House agriculture-related Diet members by party, 1990–98	484
7.3	Upper House agriculture-related Diet members by party, 1990–98	486
7.4	Total number of agriculture-related Diet members by party, 1990–98	487
7.5	Upper and Lower House distribution of Nokyo Diet members, 1946–98	496
7.6	Party affiliation of Nokyo Lower House members, 1969–98	498
7.7	Party affiliation of Nokyo Upper House Diet members, 1971–98	499
7.8	Agricultural cooperative organisations represented by Nokyo politicians in the Diet, 1995–98	500
7.9	MAFF <i>gaikaku dantai</i> customarily led by Diet members or former Diet members	510
7.10	Profile of land improvement industry group leaders in the Diet	516
7.11	Relevant agricultural policy positions of agriculture-related Diet members	538
7.12	Agricultural committee positions of agricultural representatives according to leadership and electoral support connections to agricultural groups	542
8.1	Weekly round of activities of a Zenchu lobbyist	570
8.2	Main support price targets, price calculation standards and decision seasons	588

Series editor's preface

By the time this book is published, the new millennium will have begun. At the very end of the old one, Japan, widely seen as a 'miracle country' in view of the spectacular achievements of its economy between the late 1950s and early 1990s, was struggling out of its 1990s recession, which became particularly acute between 1997 and 1999. The 1990s have been a time of turbulence in Japanese politics as in the economy, and pressure for restructuring has been strong. Grave weaknesses in the banking system were revealed in the form of a massive overhang of bad debt inherited from the boom period of the late 1980s and subsequent collapse. An ambitious programme of reform of the political system was announced by the Hosokawa coalition Government that replaced single-party rule by the Liberal Democratic Party (LDP) in 1993, but the path towards implementing reform proved far from smooth. Indeed, after a brief period out of office, the LDP was soon back in power as part of a succession of coalition arrangements, during which it gradually clawed back its dominant political position. Even at the end of the decade, however, the LDP was still unable to run the country without help from other parties, and curiously enough this help was beginning to bring about results in the form of the implementation of a reformist agenda. In particular the dominant role of the government bureaucracy over policy-making was now being challenged through parliamentary legislation. Even the 1946 Constitution, which had inhibited Japan from acting as a 'normal nation' in defence matters, was now to be the subject of scrutiny by parliamentary commissions. Although it was too early (as of November 1999) to say that Japan was into a recovery phase, the outlook was certainly rather more optimistic than it had been for several years.

The Nissan Institute/Routledge Japanese Studies Series seeks to foster an informed and balanced, but not uncritical, understanding of Japan. One aim of the series is to show the depth and variety of Japanese institutions, practices and ideas. Another is, by using comparisons, to see what lessons, positive or negative, can be drawn for other countries. The tendency in commentary on Japan to resort to out-dated, ill-informed or sensational stereotypes still remains, and needs to be combated.

The politics of Japanese agriculture have always intrigued observers.

Even though some other countries (notably in Europe) have protected their farmers to an extent hardly justified by contemporary notions of economic rationality, in Japan this process went to extremes after the Second World War. While protection of Japan's rice producers was the most notorious, producers of many other agricultural products (beef, for instance) have enjoyed levels of protection almost beyond the imagination of farming communities elsewhere. Even though protection levels have declined in recent years, the Japanese agricultural world still retains extraordinary degrees of regulation and organisation, in which the state is heavily involved.

In this magisterial work, Dr Aurelia George Mulgan penetrates deep into the structures of agricultural organisation, and unravels their complexities. An astonishing picture emerges of bureaucratic intricacy, enlivened by surprising elements of entrepreneurial spirit. The Agricultural Cooperative Association, which since soon after the war has been the principal interest group representing farmers, is shown to be a mixture of interest group, conglomerate enterprise and branch of government bureaucracy. It exhibits considerable flexibility in the face of pressures caused by the declining agricultural population and predominance of farmers who tend their mini-plots at weekends only.

The book is not only about agriculture. The author provides important new insights into the structure of the Japanese political system as a whole. She shows why it is that despite the pressures of 'globalisation', Japanese politics has proved so slow to change during the recessions of the 1990s. The entrenched position of vested interests at many levels of the political system serve to protect producers in declining industries such as agriculture, but at the expense of the vast mass of people now resident in cities. Perhaps the future of Japanese politics may encompass a revolt of the urban masses against the exploitation to which they have long been subjected by vested interests in conjunction with the political-bureaucratic Establishment. For more reasons than can be enumerated here, this book may well turn out to be the most significant single work on how Japan's politics actually functions in practice to appear for the past decade or more.

J.A.A. Stockwin

Preface

The larger study, of which this book is the first volume, was conceived almost two and a half decades ago and has been that long in the research and writing. Two further volumes are at the penultimate stage of production. Their provisional titles are *Politicians and Bureaucrats: Agricultural Policies and Policymaking in Japan*, and *The Challenge to Vested Interests: Contesting Agricultural Power in Japan*. It is to this larger project that many of following remarks serve as a preface.

The study of agricultural politics in Japan has been a journey of personal discovery. The subject was initially selected not because agriculture was a politically dominant sectoral interest or because political factors appeared to be so central to explaining why foreign agricultural exporters had such a hard time trying to crack open the Japanese market, but because my desired focus of analysis was powerholders and the organised interests that seek to influence them. As a political science graduate newly arrived in Japan from New Zealand in the early 1970s, my selected topic of research was Japanese interest groups. I was advised by my initial supervisor, Professor Hayashi Shigeru of Tokyo University, to examine the Rice Price Advisory Council because it was such a conspicuous locale for the activities of agricultural interest groups. Some months after beginning this work, I learned quite by chance that a doctoral student from Canada, Michael Donnelly, had just completed his PhD fieldwork on the Rice Price Advisory Council. He wisely suggested that I reorientate my focus to Japan's agricultural cooperatives (Nokyo).

It was serendipitous that Professor Ishida Takeshi replaced Professor Hayashi as my supervisor on the former's retirement. Professor Ishida introduced me to his voluminous writings on Nokyo and to the sociological significance of the agricultural cooperatives and their organisational predecessors in the countryside, as well as to their political role as interest groups. In retrospect, I benefitted greatly from his enlightened comparativism, his welcoming attitude towards foreign scholars, and his well-earned reputation as one of Japan's leading political scientists, a meticulous empiricist who could nevertheless explain Japanese politics (and particularly interest groups) in terms and concepts used by Western political scientists. Looking

back, I also greatly enjoyed his sceptical and radical views of the Japanese political establishment, something of which, by the late 1970s, Nokyo had become very much a part. With Professor Ishida's help, I managed to find enough grist for my mill to produce a doctoral thesis at the Australian National University, under the wise and temperate guidance of Arthur Stockwin.

The project began as an endeavour to turn my doctoral thesis into a major publication, but it expanded far beyond that into a broad-brush attempt to locate agricultural politics in all its multidimensional aspects in the system of Japanese politics as a whole. As the project progressed, the need to satisfy academic convention was soon replaced by a wish to respond positively to those friends and colleagues who, over the years, greeted me with the refrain: 'When are you going to finish that book on Nokyo?', and 'Are you *still* studying Japanese agriculture?'

The initial writing began while I was working as a Research Fellow at the Australia–Japan Research Centre, Australian National University. This was a time when Japan's farm trade barriers, and the agricultural interests standing resolutely behind them, began to create a lot of problems for Japan's major agricultural suppliers – countries like the United States, Australia and New Zealand – which gave my research a relevance to policymakers in all three countries. It was also a time when I was introduced to the writings and views of economists, agricultural economists and trade economists, to whom agricultural protection was a cross-national phenomenon dogged by many of the same economic and political problems, and producing many of the same 'pernicious' agricultural trade consequences.

This first volume is an attempt to measure and account for the political power of Japanese farmers and agricultural organisations. The approach of the book is thematic: each chapter is discrete and can be read as a complete whole. At the same time, the chapters are broadly sequenced in a historical way – both in terms of their content and in terms of their order in the book. Moreover, given that the perspective is basically postwar – from 1945 until 2000 – one cannot help but be alert to the advance and retreat of the rice-roots power of Japanese farmers over this period. Why and how this occurred is an integral part of the story. The book is also a story of the preeminent farmers' organisation in Japan – Nokyo – and its rise and decline in the postwar period.

The further I proceeded with empirical research, the more sceptical I became of the futility of two popular academic enterprises in the field of Japanese politics. The first is transposing, without careful analytical modification – as Professor Ishida sought to do – the concepts of Western political science into studies of Japan. For example, even basic concepts like 'interest group' can be called into question by the kinds of organisations one comes up against in conducting a study such as this. If there is a predominant characteristic of Japanese 'interest groups', it is that they are frequently not organised for interest representational purposes at all, but for something else. Their

primary rationale can be economic, or even quasi-bureaucratic. They are often formally apolitical – as Nokyo itself claims to be. Thus, one finds oneself dealing with entities that sometimes behave like interest groups but which do not necessarily conform to the standard Western definition of such bodies in terms of their fundamental rationale, organisational attributes, or relations with government and rice-roots interests.

Likewise, the term ‘lobby’ requires careful transposition in a Japanese political context. To some extent it presupposes clear boundaries between the groups doing the lobbying and those in the legislature or in the government being lobbied. Sometimes clear boundaries can be discerned in the Japanese case; sometimes they cannot. If researchers confine their focus to examples of lobbying in the commonly accepted Western sense, they can miss more important and productive types of interest representation being undertaken by intermediaries from within the political process.

This observation touches on another analytical problem that has to be confronted in the study of Japanese politics: the ill-defined boundary between the public and private sectors. The dividing line is often simply indistinguishable. Countless agricultural organisations operate at the interface between the public and private sectors and incorporate the facets of both. Indeed, some operate in three different institutional settings simultaneously: within the administration as auxiliary agencies of government; in the political marketplace as interest groups combining voluntary membership, internal democracy and interest representational functions; and in the Diet and political parties through the medium of their executive leaders.

Standard Western notions of ‘interest group’, ‘lobby’ and the public/private dichotomy thus have difficulty in accommodating the kind of organisations one encounters in a study of agricultural politics in Japan. Moreover, just as public and private structures are hard to discern, so are public and private interests. Interests can become fused in the same way as organisations and institutions can. This ‘fusion of public and private interests’ – a phrase coined by former US ambassador to Japan, Michael Armacost – is one of the reasons why the agricultural sector represents such a solid bulwark to deregulatory reform and market liberalisation in Japan.

The second popular enterprise in the field of Japanese politics which I have tried to avoid is pursuing the standard methodological approach of a literature survey, followed by an explication and then illustration of a single theoretical framework. As I got deeper and deeper into the subject of agricultural politics, I became increasingly convinced of the ultimate futility of trying to characterise the Japanese political system as exemplifying one type of interest-group politics or another. A dizzying array of concepts greets the student in the literature: the proliferation of hyphenated pluralisms and corporatisms as well as the various power elite and statist paradigms. Applied and adapted to a Japanese setting, these all turn out to be over-generalised constructs based on the observable characteristics of certain key groups and their relations with government. In all cases, they fail to capture the whole convincingly.

This is not to deny the analytical utility of these concepts, merely to point out that their value is primarily heuristic rather than explanatory. They may or may not be a consistently reliable description of the real world; their explanatory value needs to be carefully determined in each case. One can try to establish which terms offer an appropriate description in one's own field of investigation. Hence the exercise in Chapter 2, where the pattern of interest groups in the agricultural sector is tested against traditional notions of pluralism, corporatism and the tripartite power elite model. Even in the agricultural sector, it is difficult to find concepts that sufficiently encapsulate the degree of variation that is present in the organisational form and inter-connections between groups and different parts of the political system. The agricultural sector embraces groups of multiple organisational type which complicates the picture considerably.

Thus, for reasons of both content and preferred methodology, this book does not attempt to generate systemic-level descriptions of Japanese politics or Japanese interest-group politics. In fact it tries to redress the balance of emphasis for students and scholars away from literature-driven studies. Increasingly, students of Japanese politics do not learn about Japanese politics, they learn about the artificial constructs that political scientists have devised to describe and explain Japanese politics – in short, the latest theories, models, frameworks in the discipline. In the end, students get further and further away from the documented realities of Japanese politics; they sometimes reside in an artificial world of spurious scientism, grand theories that exhibit selective blindness to contradictory facts, and studies of Japanese politics that quote from general theoretical texts in order to substantiate specific observations about the Japanese case. Too many students feel obliged to make a literary trek through these writings in order to set their empirical work in a theoretical context. Thesis examiners, and journal article and book referees continually entrench this requirement. The result can be a perpetuation of vacuous theories that are founded on logical deduction and not on empirical research, and which retain their academic currency long after their use-by date because graduate students feel obliged to genuflect to them in order to place their own work in a disciplinary context.

The overarching objective of this book and the larger project of which it is a part, is to uncover the complexities of the real world, rather than simplifying these complexities to fit theoretical assumptions or ignoring them in order to make the real world conform to some deductive theory. The study seeks to impose no 'theoretical order' on the data, or to provide a simple, single-factor explanation for the political phenomena it describes and explains. The methodological approach is inductive and the theoretical aspirations modest.

Towards the end of its writing, the project was motivated by a desire to move beyond Western economic analyses of Japan's agricultural policies, in particular, the works of economists, agricultural economists and trade economists who, meritorious as they are, proceed from the confining

assumptions of neo-classical economic theory. Too often they 'explain' Japan's agricultural 'protection' as just a cross-national phenomenon, or are circumscribed in their scholarly understanding of the Japanese case by their need to define aggregate welfare by the single, measurable phenomenon of price differentials. Their concession to the role of politics in explaining agricultural protection is to resort to the economic theory of politics, the over-simplified, ahistorical, culture-bound, institutionally reductionist premises of rational choice theory. Furthermore, much of their work has a negative, carping quality about it. Western economic analysts of Japanese agricultural policies, in keeping with their presumptions of universal validity, have not delved sufficiently into the voluminous works of their Japanese counterparts writing in their own language – economists and non-economists alike – and the radically different values on which much of their work is premised. More disturbing is the fact that the agenda of Western economists, both inside and outside government, is not always made clear to readers. Many of them have been motivated by the desire to further the trading interests of their own countries, and/or by a belief in the ideological principles of global free trade institutions such as the GATT and now the WTO. Others, particularly Japanese writers, have understandably been concerned about the so-called 'welfare losses' wrought by agricultural protection and the intrinsically unfair distribution of the nation's resources mandated by the government's pro-rural bias. Their policy aim has been to rectify these distortions in Japan's political economy, improve what they saw was an inefficient system of agricultural production, and secure Japan's global trading interests.

The recent bursting of the Japanese economic bubble and some of its associated fallout in the agricultural sector, including the shady deals and investments of the agricultural cooperatives and the extraordinary exposure of Nokyo's financial institutions to the bankrupt housing finance companies (*jusen*), suggest that there is another, more sensationalist story to be told. Clearly Japanese farmers and consumers have both suffered from the fact that one giant cartel – Nokyo – has been running the agricultural economy for most of the postwar period. If Nokyo had been a private corporation, it might have been outlawed long ago, but because it was a cooperative, it got away with practices not permitted to Japanese business. Nokyo's special status has been preserved with the connivance of the agricultural bureaucracy in maintaining a highly regulated and subsidised agricultural sector, and with the benefit of protection from political allies in the ruling Liberal Democratic Party. Because this book is not a journalistic account, however, explicit moral judgements have been eschewed. For the most part, the author has allowed Japanese critics to speak for themselves.

Two notes for readers: the politically incorrect terminology of 'he', 'his' 'man' and 'men' is used throughout because the fact of the matter is that in 99.9 per cent of cases, it is a male that is being referred to. The term 'Socialist' is used to describe the Japan Socialist Party and its predecessor organisations. When the Democratic Socialist Party is lumped together with

the Japan Socialist Party, the term ‘socialist’ is used. Japanese names are in the order in which they are used by the writer/individuals themselves.

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Finally, it is fitting that this book will appear just as Japan's New Food, Agriculture and Rural Areas Basic Law, which will serve as a guideline for

the nation's agricultural policies into the 21st century, takes effect. Although politics has been a significant shaper of the content of the new law, it has also been guided by values that redress the overemphasis on 'rational' efficiency considerations held in such high regard by Western economists and treasuries.

This book is dedicated to my sons, Richard born in Tokyo in 1973, and Nicholas born in Canberra in 1977, whose lives have spanned the writing of the three-volume work.

Canberra,
October 1999

1 Introduction

Japanese agriculture reflects Japanese politics. To understand Japanese agriculture one must know the mechanisms of Japanese politics . . . which in turn leads to an understanding of Japan.¹

An abiding assumption amongst scholars of Japanese politics is that agriculture has been one of the most powerful sectoral interests in the national polity and that, as a result, farmers have sheltered under a broad umbrella of political largesse and administrative regulation throughout most of the post-war period. Certainly the farm sector has been far more politically important than the contribution of agriculture to the national economy warrants. Amongst a number of uncompetitive and low-productivity sectors in the Japanese economy, agriculture has stood out at once as the most highly protected and the most politically powerful.

Although a complete explanation for relatively high levels of agricultural support and protection in Japan requires a complex multifactoral account of the diverse political, historical, economic, bureaucratic, ideological and other elements involved, political factors are often regarded as paramount. Agricultural producers and their organisations have successfully extracted preferential treatment from government almost without regard to the impact of relentlessly high food prices on consumers and the ire of Japan's trading partners.

Why do farmers wield such great political power? The answer lies in a mix of organisational, electoral and party-political factors encapsulating some of the best-known facts of Japanese political life. Firstly, the organisational basis of farmers' political power is formidable. Farmers have been well mobilised across a spectrum of groups at the same time as unifying in a single, universal system of agricultural cooperatives, which has played a comprehensive role in shaping farm politics, the rural economy and society. Secondly, farmers have been a potent political constituency because they form a coherent voting bloc in an electoral system that has overweighted the value of their votes throughout most of the postwar period. Thirdly, farmers have secured the loyalties of large numbers of Diet politicians because the predominant ruling

2 *The politics of agriculture in Japan*

party has been electorally indebted to farm voters and farm organisations. All these factors have combined to produce a highly organised, politically powerful sectoral interest that is well represented in national politics.

This book aims to clarify all these important elements in the rural political equation. On the organisational level, the analysis focuses on how farmers form a cohesive, collective interest, what policy issues engage their concerns, how agricultural organisations interact with political parties and the bureaucracy, what resources and connections they mobilise to make their demands effective, what strategies they deploy to pursue their political goals and what challenges they face in an era of liberalisation and deregulation. On the electoral and party-political levels, the book evaluates the size and composition of the agricultural electorate, the strength of electoral ties between ruling Liberal Democratic Party (LDP) politicians and farmers, how agricultural groups function as electoral organisations, how the farm sector is represented in the Diet, and the various policymaking settings in which politicians act on behalf of agricultural interests.

Importantly, the book unravels the stereotype of farmers' political power, underscoring its elemental truths and revealing its hidden complexities. The accompanying analysis provides much of the empirical data missing from long-standing generalisations about agrarian power in Japan. It also raises the question whether the traditional stereotype of Japanese agrarian power still holds, or whether manifest social, economic and political changes are working to undermine it.

Agriculture in the domestic economy

Farming in Japan represents the classic case of an inefficient, protected industry, which contrasts markedly with Japan's much more competitive manufacturing export sector.² A densely populated mountainous country, Japan has only 13 per cent of land under cultivation.³ The dominant unit of agricultural production is the family farm whose members work mostly in non-agricultural occupations.⁴ All too often the 'farm' consists of scattered plots amounting to little more than one hectare (ha) in total size.⁵

The role of government in the agricultural sector has been markedly interventionist, with most aspects of farm production and the operations of the agricultural market subject to various kinds of assistance and control. The extensive and complex structure of agricultural support and protection encompasses agricultural laws, farm policies, fiscal and other financial measures as well as diverse institutions and organisations designed to assist farm production, to regulate agricultural marketing and commodity distribution, and to promote the farmers' welfare. The effect has been to insulate farmers and the farm economy from the full impact of domestic and international market forces and from the consequences of economic and social change.

The effects of government intervention on Japanese agriculture have been

palliative and insufficient to prevent its slow and inexorable decline. Although farm output and productivity have been elevated by technological improvements, the economic and social significance of farming as an occupation,⁶ way of life, form of land utilisation⁷ and industrial sector contributing to national income and national output⁸ has continued to contract since the mid-1950s.⁹ Japanese agriculture is losing key factors of production such as capital¹⁰ and skilled labour.¹¹ The number of farm households has decreased continuously from 6.2 million in 1950 to 5.4 million in 1970 and 3.3 million in 1998.¹² Farm household population has diminished commensurately, from 37.7 million in 1950 to 26.3 million in 1970,¹³ and 14.8 million in 1998.¹⁴ The very government policies designed to preserve and protect agriculture have also contributed to its wane, chiefly by encouraging small-scale, inefficient farmers to stay on the land.¹⁵

Japanese agricultural policies in comparative perspective

Japan has not been the only country to shield its farmers with an elaborate framework of agricultural support and protection.¹⁶ Assisting weak agricultural sectors has been a global phenomenon, particularly amongst industrialised countries lacking comparative advantage in agriculture.¹⁷ The regime in Japan shares many common features with interventionist systems found elsewhere,¹⁸ including similarities in the instruments used (such as price supports, import restrictions and subsidies on agricultural production inputs), associated domestic effects (such as commodity surpluses, budget deficits and economic 'losses'¹⁹) and consequent impact on international trade in agricultural commodities.²⁰

Furthermore, Japan has not been the only country in the grip of agricultural interests and subject to the lobbying power of farmers and their representative organisations. In spite of the Uruguay Round (UR) agreement to liberalise world agricultural trade negotiated in December 1993, demonstrations of the power of farm lobbies continue to reverberate around the globe. The ingredients in this story are all too familiar: routinised exchanges of farm votes for agricultural subsidies;²¹ electoral promises by politicians to maintain protective tariffs on agricultural imports,²² to preserve farm subsidies and price support,²³ to cut taxes paid by farmers²⁴ and to compensate farmers for loss of income arising from agricultural trade access agreements;²⁵ blatant trading of votes by farm organisations for rural benefits;²⁶ and large political donations by farm organisations to ensure that politicians sympathetic to agricultural interests will be elected.²⁷ Almost no country is blameless when it comes to buying farmers' votes in this fashion.²⁸

Nonetheless, amongst the major trading nations protecting agriculture, Japan has occupied 'a uniquely protectionist niche' in the world market for rice and other agricultural commodities.²⁹ As early as 1965, steady annual increases in the price paid by the government to rice farmers (the so-called 'producer rice price', or *seisansha beika*) made Japan the leading

4 *The politics of agriculture in Japan*

industrialised country in level of support for agriculture.³⁰ Assessed by a range of measures devised by economists, Japan's agricultural sector has revealed itself to be more highly protected than any other in the major world economies.³¹

As in many industrialised countries, agricultural support and protection in Japan is now on the wane, with political action by farmers focused more on retaining benefits rather than on increasing them. In Japan's case, the turning point can be traced back to the early 1980s when the government imposed a zero-growth framework on budget spending for agriculture and froze farm support and stabilisation prices as a forerunner to actual reductions. The government subsequently made both major and minor retreats over import barriers and, in the 1990s, all remaining quantitative restrictions on farm imports have been abolished. Several events stand out in their symbolic importance: the decision to lower the producer rice price for the first time in 31 years in 1987; the agreement with the United States and other suppliers in 1988 to abolish prospectively import quotas on beef and orange imports in 1991, and on citrus juice imports in 1992; and the commitment to allow foreign exporters 'minimum access' to the Japanese rice market along with tariffication of other agricultural import barriers as part of the 1993 UR Agreement on Agriculture. These reforms signalled a regression in the two main Japanese agricultural support and protection policies – measures to support agricultural prices and measures to restrict imports.³²

Further changes have been predicated on the UR agreement. The Food Control (FC) system (*shokuryo kanri seido*, or *shokkan seido*) which governed the collection, distribution and sale of rice and which was administered by the Food Agency (Shokuryocho) of the Ministry of Agriculture, Forestry and Fisheries, or MAFF (Norinsuisansho) underwent an overhaul in 1994. In July 1999, the government passed a new Food, Agriculture and Rural Areas Basic Law (*Shokuryo, Nogyo, Noson Kihonho*) in the Diet which embodies a fundamental shift away from conventional methods of supporting agricultural prices to a market-orientated system in which supply-demand conditions and product quality will determine prices and farmers will receive direct income compensation from the government. The legislation represents the first full-scale revision of agricultural policies since the passage of the original Agricultural Basic Law (*Nogyo Kihonho*) in 1961. The new law was preceded by the release of an 'Agricultural Policy Reform Outline' and 'Agricultural Policy Reform Program' which are being touted as a 'New Agricultural Policy Constitution'.³³ Other policy changes have been less dramatic; nevertheless the cumulative impact of these policy shifts, both incremental and more radical, and their consistent direction, has been to pare back the agricultural support system and reduce expectations of what the government is willing to deliver.

While the changes taking place in the agricultural sector and in agricultural policy give the appearance of an avalanche slowly gathering speed, the forces of resistance remain entrenched and active. In defiance of expectations, the

steadily increasing exposure of Japanese agricultural producers to domestic and international market forces has not signalled the permanent retreat of the Japanese farm lobby or marked the demise of the agricultural support and protection regime. Indeed, many important battles remain to be fought – on a whole panoply of agricultural subsidies, on regulated distribution systems and not the least on questions of market access. Agricultural trade remains a contentious issue in negotiations conducted at a regional level under the umbrella of the Asia Pacific Economic Cooperation (APEC) forum as well as those due to be held under the auspices of the World Trade Organisation (WTO) beginning in November 1999. Although Japan accepted the option of converting quantitative controls over rice imports to tariffs in December 1998, implementing early tariffication enabled the government to reduce levels of obligatory rice imports, ensuring that rice would be one of the key items on the agenda of the WTO farm trade liberalisation talks.

The fact that Japanese agricultural support and protection policies are still generating controversy both domestically and internationally suggests that the power of the farm lobby remains far from negligible. On every occasion, reports of its political demise have proved to be premature. The basis of agrarian power in Japan and the processes of adjustment that it is undergoing are, therefore, worthy of detailed investigation.

The remainder of this chapter identifies the major policy benefits that shape farmers' interests as well as the interests of their agricultural organisations. It sets out the main factors that serve to politicise price and marketing issues relating to particular commodities and isolates the key institutions through which agrarian interests achieve political representation. It also briefly outlines the principal legal and administrative structures through which the agricultural support and protection regime is maintained.

The structure of agrarian interests

Farmers

Policies to assist and protect agriculture have provided farmers with major benefits. From a producer's perspective, the most important programmes are: government-engineered income support through commodity price subsidy and stabilisation schemes operated in concert with controls on imports; crop-related incentive payments such as subsidies to convert farmland from rice to other crops; mutual aid benefits paid in the event of crop damage and other natural calamities; subsidies and subsidised loans for production inputs such as agricultural facilities and land infrastructure development; preferential tax treatment for agricultural income compared to the incomes of wage and salary earners;³⁴ lower fixed property taxes on agricultural land³⁵ compared with residential land; electricity charges that are less than those for urban consumers; and supplementary old age pensions.³⁶ The range of benefits helps to perpetuate a vested interest amongst farm households in some

6 *The politics of agriculture in Japan*

form of agricultural production, even if their level of participation is minimal and their production efficiency is low. The majority of Japan's farmers are accustomed to living their lives as part-timers with the aid of subsidies from government.³⁷ For a variety of reasons, they want to retain their farmland and the benefits that go with it. Thus, although farmers' agriculture-related interests are not necessarily homogenous (given a measure of specialisation in terms of commodity production and the differing needs of full- and part-time farmers), the dominant interest amongst Japanese farmers is that of part-time agricultural producers earning the bulk of their income off the land.³⁸ Furthermore, the fact that this group is the largest (and growing) category of agricultural producers is in part testimony to the extent to which they have been cosseted by the government.

Farmers as well as non-farming residents of farm households also benefit from public works subsidies for the provision of social and economic infrastructure in rural areas (and from the construction jobs associated with this industry), an interest that is shared with rural dwellers generally. Thus, in addition to the benefits that are specific to farm households such as farm income support, government loan assistance to farmers, and the quality of amenities and employment prospects in rural areas, those that advantage both farmers and rural dwellers must therefore be considered as politically significant, such as rural public works.

Of all the policy benefits directed to the agricultural sector, producer prices have the most direct and immediate impact on farm household income from agriculture. Nearly 80 per cent of agricultural commodities in Japan have been subject to administered pricing systems of one kind or another.³⁹ The incorporation of a majority of farm products into price support and stabilisation arrangements has subjected producer prices to regular annual review procedures and to political negotiations between government and farmers' representatives. Although in the official rhetoric the neutral term 'administrative prices' is used and price calculations are subject to the application of certain pseudo-objective mathematical formulae, the final decision is ultimately the responsibility of the Minister of Agriculture, Forestry and Fisheries (Norinsuisan Daijin). Administrative prices are also subject to certain mandatory deliberation procedures by advisory councils and to decisionmaking by LDP agricultural committees. They are, therefore, ultimately political rather than purely administrative decisions.

Japan's agricultural commodity pricing systems involve different types of subsidy and stabilisation schemes and different price calculation methods. They have also been linked to variable systems of import control. Indeed, price support and stabilisation have gone hand in hand with quantitative restrictions on imports, given that in the absence of import controls, foreign agricultural products would enter the Japanese market and undermine domestic price support and stabilisation systems.⁴⁰ As farm trade liberalisation inevitably impacts on domestic agricultural prices, market access issues have thus loomed large politically because of their likely impact on

farm incomes. The principal price and import schemes operating over the postwar period are outlined in Table 1.1.

Not all commodity prices have been of equal political importance however.⁴¹ The demand from farmers for price intervention and other forms of support and protection has been higher in relation to some products than others. Major factors affecting the scale and intensity of their demand include the size of the commodity constituency in question (for example, gross production weightings and values, numbers of producers etc.), the extent of farm income dependence on the sale of a particular product, the scale of production by area or livestock numbers which affects production efficiencies, and the overall level of support and protection afforded to particular products.

The higher the demand for support and protection, the more intense the focus of political action by farmers. In short, some agricultural products have been much more politicised than others. The following section constructs a series of commodity profiles which indicates, using a series of common statistical measures, which products in Japan are likely to have the greatest political significance from this perspective. The results are presented in Table 1.2.

The analysis begins with general indices such as total volume of production, the value of a particular commodity in gross output value and the extent of land utilisation given over to particular products. These provide a general background to the discussion of politically more significant indices of commodity production.

General indices

1. Gross output (tonnage)

The total output of a particular commodity can be sufficiently prominent to give it national importance. As Table 1.2 reveals, rice is clearly the dominant single crop in gross output terms (10.0 million tonnes), although greater tonnages are recorded by the composite categories of livestock products (15.3 million tonnes) and vegetables (13.2 million tonnes). Industrial crops (5.2 million tonnes), fruit (4.4 million tonnes), potatoes and sweet potatoes (4.5 million tonnes) as well as single products such as raw milk (8.6 million tonnes) also register substantial levels of output. Minor products according to this measure are wheat and barley (766,000 tonnes), miscellaneous beans and pulses (307,000 tonnes) and sericulture (3,000 tonnes of silk cocoons).

2. Gross output (by value)

As shown in Table 1.2, the rank ordering of Japanese agricultural commodities begins with the 'big three': rice, which produces a little under one-third of gross output value, or 29.8 per cent; livestock products, which generate more

Table 1.1 Main agricultural product price support and import control systems

<i>Product</i>	<i>Administering agency</i>	<i>Relevant law(s)</i>	<i>Price support system</i>	<i>Import control measures pre-1995</i>	<i>Date of quota liberalisation</i>
Rice for government sale	Food Agency	Food Control Law (1942); Staple Food Law (1994) ^a	Price control system: government controls all aspects of market distribution. Buying and selling prices under government management are officially decided by the MAFF Minister. Government purchases rice from farmers at a guaranteed price.	State trade (Food Agency) monopoly (effectively import prohibition)	1995 – minimum access IQ system; April 1999 tariffication (¥351.17 per kg) – Food Agency buys minimum access amount; private firms may import freely provided tariff is paid
Independently distributed rice (1969–)			Government-administered market distribution system: buying price of rice negotiated between agricultural cooperatives and rice wholesalers; purchase price for government rice acts as floor price; from 1990, auction price for commercial rice became standard price for independently distributed rice.		
Commercial Rice (20% of independently distributed rice) (1990–)	Independently Distributed Rice Price Formation Organisation/Centre		Government-monitored market distribution system: buying price of rice determined at auction where wholesalers may bid.		
Free Market Rice (1995–)	None, apart from the requirement to declare volumes to the Food Agency		Direct sales from farmers to consumers and wholesalers at 'market' prices.		

Wheat, barley and naked barley ^b	Food Agency	Government purchase of wheat, barley and naked barley from farmers at a guaranteed price.	State trade (Food Agency) monopoly and IQ system	1995 (abolition of state trade monopoly; Food Agency remained only buyer of imported wheat and barley within the tariff quota)
Raw milk for processing (into butter, skim milk powder, sweetened condensed whole milk and skim milk, whole milk powder, sweetened milk powder, unsweetened condensed whole milk, skim milk for calf feed and natural cheese)	Livestock Industry Promotion Corporation ^c (LIPC)	Subsidy (deficiency payment) system: LIPC pays subsidies to producers to compensate for the difference between the guaranteed price and the standard transaction price (processors' buying price). ^d	IQ system for milk and cream (fresh)	1995 (a degree of natural protection)
Designated dairy products (butter, skim milk powder, sweetened condensed whole milk and sweetened condensed skim milk)	Livestock Products Price Stabilisation Law (1961)	Price stabilisation system: LIPC purchases designated dairy products if prices drop, or are likely to drop, below 90% of the stabilisation indicative prices and sells stock if prices rise, or are likely to rise, above 104% of the stabilisation indicative prices. ^e	IQ system and state trade (LIPC) monopoly of designated dairy product imports, except skim milk powder for school lunches and for feed; 25–35 per cent customs duty	1995 (abolition of state trade monopoly of designated dairy products; ALIC buys minimum access amount; balance bought by private companies who pay tariff equivalent to ALIC; tariff quotas for skimmed milk powder for school lunches and for other purposes)

Table 1.1 (continued)

Product	Administering agency	Relevant law(s)	Price support system	Import control measures pre-1995	Date of quota liberalisation
Non-designated dairy products (butter milk powder, whole milk powder and whey powder); cheese	No administering agency			Natural cheese – tariff quota system – primary tariff rates applied to imports up to certain quantities and elevated rates levied on quantities exceeding quantity quotas (dairy processors permitted to import 2 kg of foreign cheese free of duty for every 1 kg of domestic cheese purchased for producing processed cheese). Imports above this limit subject to an <i>ad valorem</i> duty of 35 per cent	1995 (tariff quotas for whey, butter, cheese for processed cheese)
Pork			Price stabilisation system: LIPC maintains market price within a certain predetermined price range (i.e. floor and ceiling prices in a price stabilisation band) through buying	Variable levies (a 5% basic tariff which can be raised when prices in the	1971 (Specific duties, differential duties or 4.9% duty applied to import price)

Beef	and selling operations of domestically produced pork.		domestic market fall below designated levels)	1991
	Price stabilisation system: LIPC maintains market price within a certain predetermined price range (i.e. floor and ceiling prices in a price stabilisation band) through buying and selling operations of imported beef 1966–91 and domestic beef 1975–.		State trade; IQ system; 25% <i>ad valorem</i> tariff and import surcharges	
Beef calves	Special Measures Law for Beef Calf Production Stabilisation etc. (1988); original law passed in 1983		Duty (initially 60–100 per cent <i>ad valorem</i> paid per head, later ¥45,000 per head under 300 kg); also a tariff-exempt quota. Because subject to strict quarantine requirements, numbers limited by the availability of quarantine facilities	1971
Sugar beet and cane	Silk and Sugar Price Stabilisation Corporation (SSPSC) ^e	Sugar Price Stabilisation Law (1965)	Minimum price guarantee system: when market price has dropped below a certain predetermined level, the government guarantees minimum price through buying operations by the SSPSC.	1972 (refined beet and cane sugar)

Table 1.1 (continued)

<i>Product</i>	<i>Administering agency</i>	<i>Relevant law(s)</i>	<i>Price support system</i>	<i>Import control measures pre-1995</i>	<i>Date of quota liberalisation</i>
Soybeans, rapeseed	MAFF	Provisional Measures Law for Soybean and Rapeseed Subsidies (1961)	Subsidy (deficiency payment) system: subsidies are paid to compensate for deficit between standard price and producers' selling price.	Initially 13% tariff; in 1973 tariff abolished	1961
Potatoes and sweet potatoes for processing	MAFF	Agricultural Products Price Stabilisation Law (1953)	Minimum price guarantee system.	IQ system (starch)	1995 (starch)
Designated vegetable ^c	Vegetable Price Stabilisation Fund		Stabilisation fund system: when market price has dropped below a certain given level, part of the difference is covered by funds accumulated by the government, producers etc.	Some degree of natural protection (freshness); 5–10 per cent tariff; IQ system for tomato juice, tomato ketchup and tomato paste	1963
Raw fruit for processing, feeder hogs, calves, pulses, hen eggs, broilers			Stabilisation fund system: when market price has dropped below a certain given level, part of the difference is covered by funds accumulated by the government, producers etc.	Oranges (IQ system and seasonal tariff of 40 per cent from December to May); processed pineapple products, fruit	Apples 1971; fruit puree and fruit pastes 1988; apple juice 1990; oranges 1991; citrus juice 1992

juices, fruit puree and fruit pastes (IQ system; pineapple products 55% tariff); poultry meat *ad valorem* tariff of 10–14 % depending on the cut

Feed grains (corn, sorghum, mixed feed)		Cocoon and Silk Price Stabilisation Law (1951)	Price stabilisation band operates for silk cocoons; from 1985 a standard grade cocoon price.	State trade (monopoly) in raw silk and dried cocoons since 1974; Prior Approval (AA – Automatic Approval system); import levy imposed to protect domestic market price	Purchased by bonded feed mills duty free; otherwise subject to a specific duty of ¥15 per kg (corn); and <i>ad valorem</i> 5% duty (sorghum); 15% duty on mixed feed	1995 (tariff quota on corn)
Raw silk	SSPSC			1995 (tariff quota on silk-worm cocoons suitable for reeling)		

Table 1.1 (continued)

Notes:

- a The table encompasses the changes to the domestic rice marketing arrangements which came into effect in November 1995 under the new Staple Food Law. It also includes the 1998 rice tariffication decision, but it does not cover the new income compensation system for rice farmers introduced in the government's 'new rice policy' of November 1997, nor the changes to the operating system of the Independently Distributed Rice Price Formation Centre in June 1998.
- b The table does not encompass the proposed alteration to the domestic wheat marketing system, in which the Food Agency will shift to a free market, combined with compensation to wheat growers for a possible decline in their income.
- c The Livestock Industry Promotion Corporation was renamed the Agriculture & Livestock Industries Corporation (ALIC) in October 1996, when it amalgamated with the Silk and Sugar Price Stabilisation Corporation.
- d The table does not include the anticipated changes to the deficiency payment system for milk for dairy products in 2001 under the reform programme for the dairy and milk sector decided in December 1998, involving a transition to a dairy farmers' farm management stabilisation scheme.
- e The table does not encompass the anticipated changes to the marketing of dairy products with the establishment of a new trading centre for dairy products in 1999, under the reform programme for the dairy and milk sector decided in December 1998.
- f Designated vegetables include cabbage, cucumber, taro, Japanese radish, tomato, eggplant, carrot, Welsh onion, Chinese cabbage, pimiento, spinach, lettuce, onion and potato.

Sources: OECD, *Agricultural Policies, Markets and Trade in OECD Countries*, Paris, OECD 1996, pp. 50, 53; Junko Yamamiya, 'Japan's Declining Food Self-Sufficiency Rate', *Mitsui Research Institute Business Report*, March 1991, p. 4 (quoting MAFF sources); *Norinsuisansho Tokethyo*, 1996-97, pp. 590-591; Tachibana Takashi, *Nokyo: Kyodai na Chosen* [Nokyo: The Enormous Challenge], Tokyo, Asahi Shinbunsha, 1980, p. 335; Foreign Agricultural Service, United States Department of Agriculture, *Agricultural Trade Policy*, June 1972, pp. 5-7; *Livestock Industry Promotion Corporation: Corporate Profile*, 1996; John W. Longworth, *Beef in Japan: Politics, Production, Marketing and Trade*, St Lucia, University of Queensland Press, 1983, pp. 171-238; Loek Boonekamp, *Agriculture in Japan: Current Issues and Possible Implications of the Uruguay Round Agreement*, Tokyo, National Research Institute of Agricultural Economics, Ministry of Agriculture, Forestry and Fisheries, March 1995; Kobayashi, Morison and Riethmuller, 'A Review of Recent Developments', p. 224; *Jiji Press Newswire*, 26 May 1998; *Kyodo News Service*, 18 December 1998.

Table 1.2 Main commodity production profiles^a

Product ^b	Gross output ('000 tonnes)	Agricultural income produced (¥ billion)	% of gross output value	Planted area ('000 hectares)	% of land utilisation	Regions/ prefectures with the highest numbers of marketing households	No's of farm households marketing product ('000 households)	% of gross agricultural income from commodity (average per farm household)	% of commercial farms one hectare or less	% PSE
Rice	10,004 ^c	3,053.4	29.8	1,944 ^c	41.2 ^c	Kanto-Tosan, Tohoku, Hokuriku (Niigata), Kyushu	2,044 ^d	29.7	75.6 ^d	88
Wheat and Barley	766 ^c	92.1	0.9	216	4.3	Hokkaido, Kanto-Tosan, Kyushu	149 ^d	1.2	70.4 ^d	99 (wheat) 94 (barley) ⁿ
Miscellaneous beans and pulses	289	82.1	0.8	199	4.0		n/a	0.7	n/a	n/a
of which soybeans	148			82	1.6	Hokkaido, Iwate	67 ^d			
of which peanuts	30			13	0.3	Chiba	n/a			

Table 1.2 (continued)

Product ^b	Gross output ('000 tonnes)	Agricultural income produced (£ billion)	% of gross output value	Planted area ('000 hectares)	% of land utilisation	Regions/ prefectures with the highest numbers of marketing households	No's of farm households marketing product ('000 households)	% of gross agricultural income from commodity (average per commercial farm household)	% of commercial farms one hectare or less	% PSE
Fruit of which apples of which mikan	3,727 899 1,153	887.1	8.7	288 50 68	5.8 1.0 1.4	Aomori, Nagano Ehime, Wakayama, Shizuoka Kyushu	489 ^d 78 ^d 115 ^d	9.6	87.1 ^d 84.6 ^d 87.0 ^d	n/a
Potatoes and sweet potatoes	4,546	243.7	2.4	151	3.0	Hokkaido (potatoes); Kagoshima (sweet potatoes)	107 ^d 68 ^d	1.7	n/a	n/a
Vegetables	13,541	2,284.6	22.3	475	9.5	Kanto-Tosan, Kyushu, Tohoku	881 ^d	22.6	97.0 ^d	n/a
Industrial crops of which tobacco of which tea of which rape seed	5,200 66 402 1	396.6	3.9	187 26 53 .6	3.7	Kyushu, Tohoku Shizuoka, Kyushu Aomori	27 ^d 59 ^d n/a	5.0	n/a	n/a

of which sugar cane	1,284	24	Okinawa	17 ^d		70		
of which sugar beet	3,295	70	Hokkaido	13 ^d				
of which konnyaku	90	–	Gumma	n/a				
Sericulture	3 ^e	4.9	0.05	–	8 ^f	0.1	–	n/a
Livestock and livestock products	14,649 ^{dg}	2,584.4	25.2	–	Com- mercial farm households raising livestock (⁰⁰⁰ households)	19.7	Average head per household	49
of which raw milk	8,657	708.2	6.9			9.1		83
of which beef	601 ^{dh}							
of which wagyu beef	250	430.9 (beef cattle)	4.2			n/a	20.0 ^e (beef cattle)	43
of which dairy beef	340	801.6 (dairy cattle) ^j	7.8		Tohoku, Miyazaki, Kagoshima Hokkaido, Kanto- Tosan, Iwate	143 ^c (beef cattle) 39 ^e (dairy cattle)	48.2 ^e (dairy cattle)	
of which pork	1,322 ^d	541.5 (pigs)	5.3		Miyagi, Ibaraki, Miyazaki, Kagoshima	14 ^c	618.8	61
of which chicken	1,793 ^d	753.9 (chickens) ^j	7.4 ^j		Miyazaki, Kagoshima Aichi, Chiba, Kagoshima	7 ^c /4 ^k	28,141 ^e / 32,800 ^k	12 18
of which eggs	2,567	466.7 (hen eggs)	4.6					
Total	–	10,248.9	–	4,718 ^c	–	2,522 ^o	–	71

Table 1.2 (continued)

Notes:

- a These figures are for 1996, unless otherwise indicated.
- b Commodities omitted include flowers, seed and seedlings and processed agricultural products. Accordingly there is no figure for total gross output ('000 tonnes) in the table.
- c These figures are for 1997. In the case of rice production, the 1998 crop year is estimated at about 8.95 million tonnes, down 1.05 million tonnes from the 1997 crop year. In the case of rice acreage, the total planted area in 1998 was 1.79 million ha, down 151,000 ha on the 1997 figure.
- d These figures are for 1995.
- e This is the total for cocoon production.
- f This is the number of households raising silkworms.
- g This total is only for the livestock commodities designated below in 1995.
- h This includes beef and veal.
- i This is inclusive of the figure above for raw milk.
- j This is inclusive of the figure below for hen eggs
- k The first figure is for the number of farm households raising layers; the second is for the number of farm households shipping broilers. The extent to which these overlap is unclear.
- l This is the figure for pig raising.
- m This is the figure for hen and chicken raising.
- n Strictly speaking, this is the percentage PSE for 'other grains'.
- o This figure is for 1998.

Sources: Ministry of Agriculture, Forestry and Fisheries, *The Long-Term Prospects for Demand and Production of Agricultural Products*, Japan's Agricultural Review, Vol. 25, March 1996, p. 9; *Norinsuisansho Toketihyo*, 1996-97, pp. 59-405; *Pocketto*, 1998, pp. 100-301; OECD, *Agricultural Policies in OECD Countries*, p. 99; MAFF *Update*, No. 270, 31 July 1998, <http://www.maff.go.jp; Japan Agrinfo Newsletter>, Vol. 16, No. 4, December 1998, p. 2.

than one-quarter, or 25.2 per cent; and vegetables, which yield somewhat less than one-quarter, or 22.3 per cent.⁴² As vegetables can be broken down into a large number of sub-sectors,⁴³ the national significance of any single product is diminished. Livestock products, on the other hand, divide into a few large sub-sectors. The main ones are dairy cattle (producing 7.8 per cent of gross output value, including raw milk 6.9 per cent),⁴⁴ beef cattle 4.2 per cent, pigs 5.3 per cent, and chickens 7.4 per cent (including hen eggs at 4.6 per cent).

The gross output value of fruit farming (at 8.7 per cent of the total) is greater than any single livestock product but again, it consists of multiple sub-sectors, the main ones being apples and Japanese mandarins (*mikan*). In gross value terms, the minor products are non-rice grains, such as wheat and barley (0.9 per cent), miscellaneous beans and pulses (0.8 per cent), sericulture (0.05 per cent), while potatoes and sweet potatoes at 2.4 per cent are marginally more important.

Overall, rice and the broad categories of livestock products, vegetables and fruit are relatively more significant than the other agricultural commodities in terms of production value. As a single crop, however, rice once again dominates by a large margin.

3. *Planted area*

Rice is also predominant in land area terms, with the largest number of ha devoted to its production (almost 2 million ha, or just over 40 of the total area of cultivated land in 1997). In contrast to rice, other 'land-intensive' products such as wheat and barley occupy only 215,000 ha (a little over one-tenth of the area planted in rice). For all other crops or categories of products, production area is relatively small. Fruit cropping is somewhat larger than the category of wheat and barley (274,000 ha), but vegetables are intensively farmed: a greater tonnage than rice is produced from just over one-quarter of the area.

Politically significant variables

Variables that are more important in political terms are total numbers of farm households involved in the sale of particular commodities, production geography (that is the location of producers both nationally and regionally), the extent of farm household reliance on income generated by different products (the nationwide average), and lastly, factors relating to the scale of production.

Numbers of farm households are significant because they point to the quantity of votes linked to particular products (bearing in mind that some households engage in mixed farming). Production geography can be politically relevant if a commodity is dominant nationally, and/or is dominant regionally, because this affects the distribution of commodity-relevant votes. An agricultural product may be relatively minor in national terms, but quite major in regional terms, with a potentially important effect on electoral

outcomes in particular constituencies. National averages for farm household income dependence on particular products are also useful for indicating the size of the stake that the average producer household has in the market for a particular product, and therefore, their interest in the policies that influence that market, such as price intervention, import protection and supply controls. Scale of production management, on the other hand, is an indirect indicator of farming efficiency, and consequently of farmers' need for support and protection.

The percentage producer subsidy equivalent (PSE) is indicative as a composite figure that reveals the level of support received by the producers of particular commodities.⁴⁵ It shows the degree to which producers are assisted by means of market price support programmes, direct payments, reduced input costs and/or indirect support. The higher the percentage PSE, the greater the likelihood of political resistance from farmers to any declines in support.

1. Numbers of farm households

Farm household numbers for all major commodities are shown in Table 1.2. Clearly, as a marketed commodity, rice is by far the most important production item for farmers. More than three-quarters of all Japanese commercial farm households⁴⁶ in 1995 sold rice (2.04 million out of 2.65 million), while just over two-thirds, or 2.3 million of Japan's 3.4 million Japanese farm households harvested rice in that year.⁴⁷ These figures exceed those for any other single product by a large margin. Rice farmers therefore constitute the largest single voting group in the total farming population.

The next largest category of commercial producers is the composite group of vegetable growers who number more than 800,000 households, but they divide into much smaller numbers producing particular commodities or groups of commodities. In comparison with rice and vegetables, all other categories of farm producers are much smaller in total size. Somewhat under half a million farm households market fruit (although the individual totals for *mikan* and apple growers are much smaller), with about one-quarter or less that number marketing wheat, potatoes and sweet potatoes. For other agricultural production sectors such as industrial crops and sericulture, the numbers of farmers involved are too small to be politically significant on a national scale. In the livestock category, farm households raising beef cattle are the most numerous – 143,000 – which is more than three times the number raising dairy cattle (39,000). The pig and poultry sectors have lower numbers of producer households: 14,000 pig farms and 11,000 or so poultry farms nationwide.⁴⁸

2. Production geography

In terms of production geography, the most outstanding characteristic of rice growing in Japan is that it is a nationwide industry. Certain areas of Northern

and Central Honshu such as Tohoku, Kanto-Tosan and Hokuriku (particularly Niigata Prefecture) do, however, have substantial concentrations of rice producers. In these regions, the rice produced constitutes 27.0 per cent (Tohoku), 17.2 per cent (Kanto-Tosan) and 12.4 per cent (Hokuriku) of total rice output.⁴⁹

Most other commodities (apart from vegetables which are grown everywhere) share these general production characteristics: nationwide spread combined with marked regional intensities, although on a smaller scale than rice. They include wheat (more than half of which is grown in Hokkaido, with significant percentages also produced in Kanto-Tosan and Kyushu); two-row barley (Tochigi and Saga produce more than half the total); soybeans (almost half are produced in Hokkaido and Tohoku); sweet potatoes (approximately one-third are grown in Kyushu); grapes (well over a third are produced in the two prefectures of Yamanashi and Nagano); and livestock farming. The regions in which dairy cattle and milk production are prominent are Hokkaido and Kanto-Tosan, and to a lesser extent Tohoku and Kyushu. Hokkaido in particular is the biggest dairy farming region in Japan. Of gross agricultural output in Hokkaido, the dairy cattle sector comprises 28.3 per cent, including raw milk production at 24.0 per cent.⁵⁰ Furthermore, Hokkaido accounts for around 40 per cent of Japan's total milk output and, as far as milk for butter and other processed dairy products are concerned, Hokkaido supplies nearly 80 per cent of the country's total demand.⁵¹ Almost one-third of all farms specialising in dairy production are located in Hokkaido (just under 10,500 farms), followed by Chiba (over 1,800) and Iwate (almost 1,700).⁵²

Beef cattle farms are prominent in Kyushu, particularly Miyazaki, Kagoshima, Nagasaki and Kumamoto as well as in the Tohoku prefecture of Iwate. Altogether, these prefectures account for over 60 per cent of all specialist beef-cattle farms in Japan.⁵³ Keeping 1–2 head, however, is a common sideline for farmers growing crops throughout Japan (only around 32,000 farm households out of 142,000 are specialist beef producers).⁵⁴

Lastly, there are other products that are limited in geographic dispersion, usually for climatic or other physical reasons. For example, major concentrations of *mikan* producers can be found in Ehime, Wakayama, Shizuoka and Kyushu (particularly Kumamoto, Nagasaki and Saga), while Aomori is the premier apple-growing prefecture, producing more than double any other prefecture (Nagano comes in second).⁵⁵ Other farm commodities with a high degree of regional specialisation are peanuts (well over two-thirds are produced in Chiba); *azuki* beans (almost all are produced in Hokkaido); naked barley (Shikoku grows over two-thirds of all of this grain); *konnyaku* (elephant foot, or yam jelly, more than 80 per cent of which is produced in Gumma); sugar cane (nearly 60 per cent is grown in Okinawa, the rest in South-west Kagoshima); green tea (more than 40 per cent of total output comes from Shizuoka, with a good proportion of the remainder produced in Kyushu); sugar beets (all are grown in Hokkaido).⁵⁶ In addition, over one-third of all farm households raising silk worms are found in Gumma, and three-quarters

22 *The politics of agriculture in Japan*

of the entire potato crop (some of which is used for starch) is grown in Hokkaido.⁵⁷ Indeed, almost all potato-based starch is produced in Hokkaido. On the other hand, sweet potatoes grow well in the volcanic ash soil area of Southern Kyushu and so this is a concentrated production region for this crop. For those commodities that are relatively minor on a national scale, regional concentrations help to counterbalance their lower national importance because of the potential for cohesive mobilisation of producer-votes in particular constituencies.⁵⁸ The exception is silkworm-raising farm households which have diminished in number so dramatically in recent years that their political influence has been severely attenuated.⁵⁹

3. *Income dependence*

Average agricultural gross income figures indicate the extent of farmers' reliance on particular farm commodities as an income source. As Table 1.2 reveals, rice once again dominates as the single most important crop. Under the government's farm incomes policy instituted with the passage of the 1961 Agricultural Basic Law (ABL), maintaining high producer rice prices became the most convenient and effective means of raising farm incomes to the level of urban workers because rice producers constituted the majority of farm households.⁶⁰ Rice still provides 29.7 per cent of average agricultural gross farm household income, followed by vegetables (22.6 per cent), livestock products (19.7 per cent) – raw milk generates the most at 9.1 per cent – and fruit farming (9.6 per cent). Wheat and barley (1.2 per cent) are minor products, as are industrial crops (5.0 per cent) and sericulture (0.1 per cent).

Rice is also overwhelmingly predominant amongst those farm households that depend on a single crop. In 1997, more than half of all farm households marketing agricultural products grew only rice,⁶¹ which means that the agricultural income of one-half of Japanese farm households is solely dependent on the price they receive for their rice. This factor, more than any other, helps to account for the central place that the producer rice price issue has occupied in Japan's agricultural policymaking and the electoral sensitivity of rice price, production, marketing and import issues for Japanese politicians. It also helps to explain why policies to curb production through rice acreage reductions (*gentan*) have been so unpopular amongst farmers.

In the beef industry, the two halves of the dairy beef industry are closely linked. Dairy producers earn 10–20 per cent of their income from the sale of steers and culled cows for beef production. This magnifies the significance of any policy issue affecting either side of the industry.

Regional variations in farm income dependence can also be politically important. The most vulnerable regions are those where income from particular commodity sales represent a substantial proportion of the total agricultural income of farm households. For example, in fiscal year (FY) 1996, rice constituted 71.7 per cent of the average farm household gross agricultural income in Hokuriku, 48.0 per cent in Tohoku, with Chugoku

(40.5 per cent) and Kinki (35.9 per cent) also relatively high.⁶² On a prefecture-wide basis, rice was most significant in the Hokuriku prefectures of Toyama (87.3 per cent) and Niigata (72.6 per cent), and the Tohoku prefectures of Akita (69.6 per cent) and Yamagata (50.5 per cent).⁶³ Because farmers in these regions derive the bulk of their agricultural income from rice sales, and only rice sales, they will have a keen interest in rice issues such as producer rice prices, rice acreage set-aside subsidies and rice import policies.

Other notable commodity income dependencies on a regional basis are livestock and livestock products (32.8 per cent of gross agricultural receipts per farm household in Hokkaido and 27.5 per cent in Kyushu); fruit farming (production of fruit, particularly grapes and peaches generates 71.3 per cent of gross receipts in Yamanashi, in Wakayama, fruit – mainly *mikan* – produces 59.5 per cent of gross farm receipts and in Ehime, 45.4 per cent, in Aomori, fruit – mainly apples – accounts for 29.1 per cent); industrial crops (in Gumma, 9.7 per cent of agricultural income comes from industrial crops, with almost all of this generated by *konnyaku* production); and potatoes for potato starch (which generate 7.8 per cent of gross agricultural receipts in Hokkaido).⁶⁴ While most of these products lack significance in gross production terms, they represent important commodity sectors because they support regional economies.⁶⁵

Regional income dependencies can be compounded by farm household specialisation factors. For example, almost all farm households that specialise in the production of *konnyaku* are situated in Gumma, nearly one-third of all specialist dairy farmers are located in Hokkaido, around one-half of specialist sericulture farms can be found in Gumma, and about the same proportion of all specialist beef cattle producers are located in Miyazaki and Kagoshima.⁶⁶

Commodity specialisation usually signifies reduced production alternatives, which makes these farms economically vulnerable to price changes and more competitive market environments. For small-scale beef producers in the mountainous regions of Kagoshima and Miyazaki, the alternatives are limited which increases their vulnerability to enterprise failure in the face of competitive pressures. Similarly, sugar beets, sweet potatoes, potatoes and soybeans are agricultural products that form a crop rotation system in the dry field farming areas of Hokkaido.⁶⁷ This means that policies affecting one of these products ultimately impacts on the whole crop system in such areas.

4. Production efficiency

Generally speaking, most farms in Japan are reliant in varying degrees on assistance and protection from government. Farm viability is extremely low. In 1960 only 8.6 per cent of farm operations were estimated to be viable farm units.⁶⁸ By 1990, this proportion had diminished even further, to just 6.3 per cent of the total number of farm households.⁶⁹ The less viable the farm,

the more dependent the farm household is on government support for agricultural income and on wages and salaries earned in non-agricultural occupations.

Rice farming, for example, continues to be prevalent among the smallest land holders. In 1990, just on 80 per cent of all commercial farms cultivating rice paddy were 1 ha or less; by 1995, the percentage had dipped slightly to 75.6 per cent, as Table 1.2 indicates. Furthermore, even in 1995 the number of commercial farms cultivating rice paddy in the smallest category (less than 0.5 ha) still constituted 45.9 per cent of all rice-producing households.⁷⁰ This proportion is declining only slowly (it was 51.6 per cent in 1990⁷¹). Somewhat less than a half of all farms that market rice in Japan, therefore, cultivate 0.5 ha or less; only 7.8 per cent of the total are larger than 2 ha,⁷² while viable units account for only 10 per cent of gross output in the rice growing sector.⁷³

For a sizeable proportion of Japanese farmers cultivating rice on their minuscule rice paddies, their basic concern is to retain all the direct and indirect benefits of growing rice, even if only on a small scale. These benefits are realised not only through price supports, but also through associated benefits such as mutual aid insurance payouts for crop damage and the whole panoply of general concessions available to farmers such as lower tax rates on agricultural land amongst others. For many farm households, growing rice is a way of profitably maintaining farmland as an asset inherited down through the generations.⁷⁴

The political significance of rice is not, therefore, simply a reflection of its overwhelming predominance in Japan's total agricultural output and the large number of rice cultivators. It is also a question of the scale of agricultural enterprise involved, and the fact that rice farms are, on average, very small and therefore usually inefficient. Most rice farmers are dependent on price supports to yield higher returns than an unfettered market would produce. Rice income is important as supplementary income for the household. The other concessions and handouts from government also generate the necessary economic incentives to keep rice growers in the business of farming. If these concessions were withdrawn, farming would become a distinctly less attractive option. Many of this group are not serious agricultural producers; rice growing suits them for a host of other reasons. They are basically concession seekers and they constitute the vast majority of Japanese farmers.

Most farm households marketing other crops are not much larger than rice farms in terms of their overall scale of enterprise, as the figures in Table 1.2 indicate. Except for wheat and barley producers, they are all on average smaller in scale than rice farms which suggests that the endeavours of the government to expand the scale of enterprise in the rice sector has had some small success. Vegetable farms are particularly minuscule (97 per cent are less than 1.0 ha), while orchards are not much larger on average. Amongst *mikan* growers, for example, the area of land cultivated per unit is still very small. The vast majority have less than 1.0 ha, and only 3,000 have 2.0 ha or more.⁷⁵

Japanese beef farming has also been a small-scale, high-cost sector, although there are now marked variations between the dairy and beef sectors. Dairy cattle farming is now characterised by larger-scale, more efficient farms compared with the beef cattle sector, rationalisation and restructuring steadily taking place from the 1970s onwards. This has meant a substantial increase in dairy beef head per household. In 1996, as Table 1.2 indicates, there was an average of 48.2 head per household, an increase from an average of only 3.4 in 1965.⁷⁶ Nevertheless, by world standards, the number of head per household is still relatively low. Somewhat under half of all dairy beef households have less than 30 head (16,620), while only 950 households have more than 100 head.⁷⁷ Beef cattle-raising households are much smaller again. The average farm has 20.0 head as Table 1.2 indicates. A large number (31,700) have only 1–2 head of cattle (in 1991 the comparable figure was 76,900 indicating some progress in expanding the scale of production), while only 2,540 have more than 200.⁷⁸

The figures for cattle farming in Table 1.2 contrast with those for the pig and chicken sectors which are characterised by a smaller number of farms running much larger and more cost-efficient operations (there are thousands of pigs and sometimes hundreds of thousands of layers and broilers per farm). Despite the fact that most are viable units in terms of production scale, their international competitiveness remains in doubt. According to one study, few or none of the individual farm commodity sectors in Japan, including all sub-sectors of the livestock industry, have a size that would enable them to compete with international market prices: ‘Under the assumption that the critical size of farms to be internationally competitive is somewhere in the neighborhood of 50 ha. of rice, 100 dairy cows, 200 head of beef cattle, 2000 fattening pigs or 300,000 head of poultry, then only a dozen or so rice producers, less than 1 per cent of beef and dairy producers, 2 to 3 per cent of pig and egg producers and about 6 per cent of broiler producers would currently fall into this category.’⁷⁹ This suggests a continuing need for government assistance and protection, although products such as *wagyu* beef caters to a speciality demand, and raw milk enjoys a degree of natural protection.

5. *Producer subsidy equivalents*

The PSE is a measure of current levels of assistance and support to Japan’s farmers (including by commodity) and, therefore, the vulnerability of farmers who produce these commodities to a reduction in government support, and indirectly, to market opening. The percentage PSE for rice in 1995 was 97,⁸⁰ sliding to 88 in 1996 (see Table 1.2). This is the highest of any agricultural product in Japan except for wheat and other non-rice grains such as barley. The figures indicate that rice farmers would need to be paid the equivalent of 97 per cent (88 per cent in 1996) of the producer rice price to compensate them for loss of income if all producer subsidies to rice growers were withdrawn.

Rice also accounted for 65.3 per cent of the total PSE value for Japanese agricultural commodities in 1995,⁸¹ rising to 65.7 per cent in 1996.⁸² Table 1.2 discloses that certain sectors of the livestock industry also register relatively high percentage PSEs, for instance 83 for milk, 61 for pigmeat and 43 for beef and veal. The only livestock products that are relatively low on this scale are chicken and eggs. Sugar also enjoyed a high percentage PSE (70).

The range of variables used in the above analysis, economic and geographic, provide a general indication of the extent to which farmers, their organisations and political representatives are motivated to rally around particular commodity issues and the political cost factors for the LDP relating to farmers' votes nationwide and in particular regions. Rice scores highest on almost all the statistical indices used. Not surprisingly, rice is considered synonymous with Japanese agriculture and the producer rice price the most prominent symbol of Japan's protection of agriculture.⁸³ For most Japanese farmers, an increase in the producer rice price has been the equivalent of a wage hike. The annual producer price decision has dominated the agricultural policymaking agenda, a 'political price'⁸⁴ marked by large-scale mobilisation of farmers in public assemblies, gatherings and demonstrations. Rice has also featured as the most contentious agricultural trade liberalisation issue in the postwar period. For all these reasons, rice excites greater political sensitivities than any other single agricultural product. As Donnelly puts it, rice is 'the political commodity par excellence'.⁸⁵

On a nationwide basis as well as amongst specialist regional producers, livestock products likewise loom large in political terms, particularly the beef and dairy sectors. Livestock price decisionmaking for beef and raw milk for processing has been politicised, as have associated market liberalisation issues.

In contrast, support and stabilisation prices for crops such as soybeans, sugar beets, potatoes and sweet potatoes rank fairly low on the politicisation scale according to most of the above criteria. Because of the relatively small number of producers involved, price policymaking for these commodities passes with little or no public campaigning by farmers. Nevertheless, the farmers' main representative body, the agricultural cooperative organisation, submits formal requests to government in relation to all products subject to price intervention. Furthermore, discussions or negotiations involving MAFF officials, the MAFF Minister and LDP representatives are held on all these agricultural prices. In other cases, because of greater efficiencies of production scale (such as *mikan* and chicken meat) price intervention from government is minimal or non-existent.

Commodities for which price decisionmaking is not contentious have, however, in some cases become politicised in relation to agricultural market access issues. These include citrus, potatoes for starch, sugar beets, apples, *konnyaku*, peanuts, miscellaneous beans and so on. In particular, agricultural items that loom large in regional economies have tended to figure politically when assailed by external demands for market opening.

Farmers' organisations

Farmers in Japan, like farmers in many other developed economies that protect agriculture, benefit from strong organisations with an established voice in government representing a clearly defined sector of the economy. In the Japanese case, one farmers' organisation has been overwhelmingly important – Nokyo – which in April 1992 retitled itself the JA Group (JA Gurusu). 'JA' is short for 'Japan Agricultural Cooperatives'. Nokyo changed its name in order to establish a new corporate identity.⁸⁶ The aim was to revamp the image or impression of Nokyo to the wider public. For the purposes of this study, however, the traditional term 'Nokyo' will be used.

'Nokyo' is an acronym for the nationwide organisation of agricultural cooperative unions (*nogyo kyodo kumiai*, or *nokyo*), terminology that is still used in relevant legislation. Used with the lower case, '*nogyo kyodo kumiai*', or '*nokyo*' is the generic term. It refers to a type of organisation, that is, an 'agricultural cooperative union', or 'agricultural cooperative'.⁸⁷ The term '*nokyo*' used by itself also denotes a single municipal (city, town or village) agricultural cooperative.

On the other hand, Nokyo with a capital 'N' is the name given to the collection of agricultural cooperative organisations operating at municipal, prefectural and national levels, whose core functions consist of a comprehensive range of economic businesses (either as a specialisation or in combination) and which come together as a nationwide grouping.⁸⁸ Nokyo therefore stands for a group of interrelated organisations, all of which are agricultural cooperatives in the generic sense, but which are also components of Nokyo, the nationwide organisation. All prefectural and national agricultural cooperative organisations, whatever their functional specialisation, have Nokyo in their title (and may now be additionally prefixed by the letters 'JA'). At the municipal level, the title 'Nokyo' is combined with the locality in which they operate.

Nokyo's presence in the Japanese countryside is ubiquitous. Almost all farm households, no matter what they produce or the level of their engagement in agriculture, belong to their local agricultural cooperative. In addition to Nokyo's primary functions which involve the provision of a multitude of economic and other kinds of services to farmers and local communities, the wider Nokyo system also encompasses diverse social and political activities. Its coverage of the farm sector, in both membership and functional terms, is comprehensive, projecting an image of a multifaceted organisational giant. Chapter 2 on 'Interest Group Politics' outlines Nokyo's hierarchical structure and details its diverse economic and policy-related functions, while chapter 4 on 'Organisational Politics' analyses its membership, organisational resources and other distinctive features of its organisational setup.

Nokyo has no equivalent amongst rural producer groups in the Western world. Comparison with cooperatives in other industrialised democracies provides only a limited guide to the diversity, scope and state-guided nature of

its operations. Nokyo's character is not simply economic as are most farm cooperatives elsewhere. It is not like the agricultural cooperatives in the United States, for example, which are purely business ventures. Nokyo is a social institution, an entity that encapsulates, expresses and reinforces social and cultural mores in the countryside. It is also a vast bureaucracy with a multitude of officials extending the organisation's reach into the remotest areas of Japan, and an arm of government in the implementation of agricultural policy. In popular and scholarly literature it is called both an interest group (*rieki dantai*) and a pressure group (*atsuryoku dantai*), with policy interests that range over the entire agricultural economy. It has also been likened to a corporate enterprise network (*keiretsu*) that competes with other giant Japanese financial and trading corporations on equal terms. Last, but not least, Nokyo has been identified as an institutional obstacle to structural adjustment and deregulatory reform in the agricultural sector, and a powerful non-tariff barrier to an expansion in farm imports. The fact that Japan's farmers have been a well mobilised and vocal political force is in no small part due to Nokyo. It is an enduring element in the rural political equation and one of the nation's most politically powerful interest groups.

Nokyo's primary policy concerns relating to farmers centre on matters that impact directly on producer incomes. Its agricultural policy activities (*nosei katsudo*) focus on producer prices, market liberalisation, budget subsidies for farm assistance programmes, levels of crop incentive payments and associated questions. The panoply of agricultural policy issues targeted by Nokyo are a measure of the level of government intervention in the agricultural economy. Because agricultural prices have been subject to government intervention, for example, decisions made by the government on agricultural pricing issues have become the direct focus of pressure from Nokyo seeking the highest returns for farmers. Nokyo has submitted 'demand' prices for agricultural commodities and backed these up with public and behind-the-scenes lobbying as well as direct negotiations with government. The scale of organisational mobilisation behind a price demand has been greatest in the case of the producer rice price which has occasioned annual rituals of Nokyo-led public demonstrations and marches by farmers and co-op leaders. During the Nokyo-led rice price campaign (*beika undo*), Nokyo has taken on the characteristics of a pressure group most visibly.⁸⁹ Chapter 8 on 'Policy Campaigning' describes Nokyo's strategies and activities as a farm pressure group on a range of issues and explains how the changing nature of agricultural policy is affecting the conduct of Nokyo's policy campaigns.

The agricultural cooperatives are deeply and intimately involved through their leaders, members and organisational offshoots in a great deal of electoral activity (*senkyo katsudo*), both official and unofficial, at all levels of government. In terms of Nokyo's organisational genre, however, perhaps one of the few things it is not, is a mass *political* movement of farmers. Its formal definition is economic: it is a self-help cooperative that conducts a

range of businesses for its members. Nevertheless, a particular combination of factors support the extension of Nokyo's activity into politics in general and electoral politics in particular.

Firstly, the agricultural cooperatives have incorporated the electorally over-represented farm bloc within their membership. The electoral power of the agricultural cooperatives has been enhanced by the over-representation of more sparsely populated rural districts, which has magnified the political significance of the farm vote. Chapter 5 on 'The Political Demography of Agriculture' provides changing figures for the number of farm voters and discusses their overall weighting in the national voting population. Secondly, the agricultural cooperatives and their associated political groupings have provided a rice-roots electoral infrastructure for the LDP in the countryside, acting as some of the main organisational intermediaries linking conservative party Diet members to their supporters in rural areas.⁹⁰ Indeed, Nokyo's powers as a pressure group are directly related to the role of agricultural cooperative groups as the primary link between farm voters and the LDP.⁹¹ Chapter 6 describes the diverse electoral activities of individuals and groups connected to the Nokyo system, including an assessment of Nokyo's much vaunted vote-mobilisation power.

Nokyo is also an economic group with vested interests in its own right, not simply a farmers' organisation. Its business functions include not only basic farm cooperative activities like marketing farmers' produce and providing farm inputs such as agricultural machinery, equipment and agro-chemicals, they also extend to the manufacture of these inputs such as stockfeed and fertilisers through subsidiary companies. Moreover, agricultural cooperatives and their associated companies are also engaged in agricultural product processing, such as drinking milk, fruit juice and livestock products of all kinds.

Nokyo's financial activities extend beyond providing basic banking services to members to stock and bond purchases as well as channelling large quantities of loans to other financial institutions and investments in agriculture-related industries. Another key area of economic activity has centred around administratively sanctioned monopolies, such as rice collection and distribution, for which Nokyo has been paid commissions and various other service fees and subsidies by the government. Nokyo also receives government financial assistance for rationalising agricultural cooperative management and for carrying out agriculture-related projects, programmes and functions on behalf of the government. Chapter 2 delineates Nokyo's role as an adjunct to agricultural administration, evaluating the costs and benefits of corporatised connections with the bureaucracy.

Profits and other benefits generated by Nokyo's concessionary-related businesses, by its economic and financial enterprises and by agricultural budget subsidies have assumed greater prominence in its policy agenda over the years. These concerns directly affect its own performance and prospects as an organisation as well as the rewards flowing back to its executive and staff

personnel. Such interests can be distinguished from farmers' policy interests. Nokyo's position on many issues is shaped by its long-term organisational maintenance strategies. In particular, Nokyo is concerned with the management viability of individual agricultural cooperative organisations and levels of profit generated by its different businesses. Its political priorities on its own account reflect the size of its economic stake in particular economic or financial enterprises or farm-related industries. Its stake in the domestic production of particular agricultural commodities is also related to the economic benefits it derives from the marketing, supply and distribution businesses associated with these products. These can determine how prominently certain products and issues figure in its *nosei katsudo*. Nokyo's involvement in subsidiary industries has generated considerable resistance to deregulation of agricultural input markets as well as to liberalisation of agricultural product markets where Nokyo processors have long enjoyed near-monopolies. Nokyo's massive investments in domestic livestock processing and feed supply manufacture and distribution, for example, have generated a considerable stake in the survival of the domestic livestock industry and its protection from international competition. Chapter 4 identifies Nokyo's organisational interests in commodity distribution systems and associated businesses as well as the current challenges it faces in an evolving economic, financial and policy environment.

Nokyo is a particular class of Japanese farmers' organisation: a government-sponsored body created to perform designed functions under law. Other farmers' groups also fall into this category, although they do not have the broad functional scope or universal membership characteristics of the agricultural cooperatives. These groups are the land improvement groups (*tochi kairyo dantai*), the agricultural mutual aid associations (*nogyo kyosai kumiai*) and the agricultural committee (*nogyo iinkai*) system, each of which performs a narrower range of functions than Nokyo and has a more restricted farmer membership, although all are involved in policy-related and electoral activities to some degree. Chapter 2 details these organisations as well as other categories of farmers' groups, including associations of commodity producers and the farmers' unions (*nomin kumiai*).

The institutional interface of agrarian interests

The Diet

A dominant feature of the exercise of agrarian power in Japan has been the extent to which farming interests have penetrated Diet and party policy processes. The bias of the electoral system in favour of voters in more sparsely populated rural areas and the active connections between farmers, agricultural organisations and politicians work to facilitate the articulation of agricultural interests from within Parliamentary and party circles.

Nokyo's electoral activities, for example, have resulted in direct represen-

tation in the Diet by its own leaders and indirect representation by politicians on whom it bestows various forms of electoral and organisational backing in exchange for sponsorship of Nokyo's and the farmers' interests in national politics. Chapter 7 on 'Representative Politics' identifies the different types of politicians who receive electoral support from agricultural cooperative organisations, the party alignment of these politicians and the linkages between types of electoral support and quality of representation. This analysis is part of a wider examination of direct and indirect agricultural representation in the Diet and of how this representation has changed over time, both quantitatively and in terms of the party affiliations of politicians with connections to the farm sector. The study evaluates the proximity of different political parties to the range of agricultural interest groups, the extent of policy specialisation amongst agricultural representatives and the locus of their Diet and party activity.

Farmers' parties

The LDP, in power continuously between 1955 and 1993, and back in government since June 1994,⁹² has been overwhelmingly dominant as the party representing agricultural interests in Japan. Although elements of the pre-1993 Opposition – the Japan Socialist Party, or JSP (Nihon Shakaito),⁹³ the Democratic Socialist Party, or DSP (Minshato) and the Japan Communist Party, or JCP (Nihon Kyosanto), particularly the JSP – sought and obtained varying levels of electoral support from rural areas with the help of their farmers' union organisations, these parties were never really serious electoral alternatives for farmers, particularly from the late 1970s onwards. Attempts to organise more distinctively farmers' parties failed in the first decade after the war, as chapter 3 on 'Farmers' Politics' explains.

The LDP's long-standing pro-farmer bias and electoral dominance in rural areas are basic features of the Japanese political landscape. Like all parties in power, the LDP pays close heed to electoral imperatives, which have induced a high level of responsiveness to a strategically important agricultural electorate. The party has rewarded its rural clients with an unwavering predisposition towards transferring financial resources from the cities to the countryside.

The electoral foundation of the LDP's rural bias is documented in chapters 5 and 6. Japan's farmers have provided the electoral bedrock for successive conservative governments since 1955. The LDP forged a broadly based (but not exclusive) alliance with farm voters and Nokyo from the very earliest period of its rule. Lacking party-based, rice-roots organisations in the countryside, LDP candidates turned to the organised power of the agricultural cooperatives and their associated organisations to help them secure electoral victories in rural and semi-rural constituencies.⁹⁴ In this way, Nokyo provided the organisational means whereby LDP politicians could penetrate rural society and mobilise support.⁹⁵ Electoral malapportionment,

meanwhile, guaranteed that farmers' votes continued to be more politically important than their absolute numbers.

Although the LDP diversified the range of its supporting groups over time, farmers have remained a traditional constituency for the party and the core of its electoral support base. The question for the future is whether, in the face of inexorable demographic and economic change, rural support will remain critical to the maintenance of the LDP's Diet majorities and hence to its political dominance as the ruling party.⁹⁶ Chapters 5 and 6 assess the likely impact of socio-economic change on the voting power of farmers and their contribution to continuing LDP victories.

MAFF and the legislative framework

The chief instrument of state intervention in the farm sector has been the bureaucracy, and in particular the MAFF⁹⁷ and its associated agencies. The MAFF administers agriculture through all the legal, institutional, financial and administrative means at its disposal, drafts agricultural legislation and the agricultural budget, and negotiates agricultural policies with the ruling party(ies).

As in the case of the Ministry of International Trade and Industry (MITI), MAFF's basic rights of intervention in the agricultural economy are embedded in its founding legislation, the 1949 Law Establishing the Ministry of Agriculture, Forestry and Fisheries (*Norinsuisansho Setchiho*). The purpose of this law was to establish an organisation to implement the administrative duties and projects within MAFF's jurisdiction⁹⁸ as well as to set out clearly the scope and competence of this administration. MAFF is additionally charged with administering around 121 other laws⁹⁹ as well as ministerial ordinances governing various aspects of the operations of the agricultural economy.

The 'big five' laws have formed the core of agricultural legislation in the postwar period. They are the Food Control (FC) Law (*Shokuryo Kanriho*, or *Shokkanho*) of 1942, the Agricultural Cooperative Union Law, or Nokyo Law (*Nogyo Kyodo Kumiaiho*) of 1947, the Land Improvement Law (*Tochi Kairyoho*) of 1949, the Agricultural Land Law (*Nochiho*) of 1952, and the Agricultural Basic Law of 1961.¹⁰⁰

From 1942 onwards, and throughout most of the postwar period, the FC Law regulated the domestic rice market through price control, distribution control and trade control.¹⁰¹ Although some aspects of Food Control relating to consumer rationing were completely liberalised in the early postwar period, government regulation of rice collection and distribution remained an entrenched feature of the system. So did ministerial intervention in the price-setting process. Imports of rice (and wheat, barley and naked barley) except as state-traded items were also banned under Article 11 of the FC Law. The FC system continued in operation until November 1995, when the Law for Stabilisation of Supply-Demand and Price of Staple Food (*Shuyo Shokuryo*

no Jukyu oyobi Kakaku no Anteiho), commonly referred to as the new Staple Food Law (*Shokuryohō*) came into effect and the FC Law was abolished.

The 1947 Agricultural Cooperative Union Law provided for the establishment of a nationwide system of farm cooperatives in order to promote the livelihood and agricultural production activities of farmers through a system self-help and mutual cooperation. The legislation (Article 1) states that the fundamental aim of the law is 'to encourage the development of farmers' cooperative organisations, and thereby to promote agricultural productivity and elevate farmers' economic and social position, as well as to promote the development of the national economy.'¹⁰²

The purpose of the 1949 Land Improvement Law was 'to lay down the necessary means to implement properly and smoothly projects relating to the improvement, development, conservation and collectivisation of agricultural land with the aim of developing and consolidating the agricultural production base, thereby contributing to rises in agricultural productivity, increases in gross agricultural output, a selective expansion of agricultural production and improvement in agricultural structure. In carrying out land improvement projects, works will be compatible with the advancement of the national economy and will contribute to the comprehensive development and conservation of national land resources.'¹⁰³ In general terms, the law provided a postwar legal foundation for large-scale, government-subsidised land improvement works designed to expand the scale of agricultural production and consolidate land holdings.

The 1952 Agricultural Land Law laid down regulations relating to farmland ownership, use, and transfers through sales and leasing arrangements.¹⁰⁴ In so doing it established the fundamental principle that those who cultivate the land should own the land, thus providing a firm basis for the family farm tradition. Article 1 of the law describes its purpose as 'promoting the acquisition of agricultural land by cultivators and protecting their rights, as well as coordinating land use relationships in order to encourage the effective agricultural use of land and thereby stabilise the position of farmers and improve agricultural productivity.'¹⁰⁵ Following the land reform of the late 1940s and the passage of the Agricultural Land Law, the three primary components of farming – land ownership, farm management, and farm labour – all came under the control of the family farm.¹⁰⁶

The 1961 ABL embodied the government's most fundamental set of aims with respect to the farm sector. Objectives included preservation of agriculture as an industry vital to the nation, improving farm structure, raising agricultural productivity and efficiency, promoting greater responsiveness of farm producers to consumer demand for particular commodities,¹⁰⁷ and last but not least, 'narrowing the gap between agriculture and other industries through . . . higher incomes for those engaged in agriculture so that they may expect to achieve parity in living standards with those engaged in other industries.'¹⁰⁸ This precept inscribed a farm incomes policy into law and

formed the basis on which a much more extensive postwar system of support and assistance to agriculture was built.

MAFF-sponsored administrative groups

The MAFF has established multiple organisational and institutional linkages to bridge the policy implementation gap between administrators and agricultural producers. These auxiliary organs are called government-affiliated agencies (*gaikaku dantai*). They number in the hundreds. Their primary role is to assist the process of administering the agricultural sector. They operate under varying degrees of MAFF supervision and control with funding derived in varying proportions from government sources. They have a dual function: to perform public-policy functions as well as to provide private services to group members (principally other agricultural organisations). In many cases, they form an important channel for the distribution of agricultural subsidies and, in some instances, of funding generated by state trades in farm products. Some are directly represented in the policy process by influential politicians recruited to serve in executive positions in the groups.

Over time these intermediary organisations have developed a vested interest in the maintenance of government support to agriculture, both as a basis for group functioning and as a source of financial benefits. Collectively, they form a substantial organisational and institutional bulwark against the abolition of regulatory controls on the agricultural economy and the largesse flowing from high levels of government intervention.

Advisory councils

Advisory councils or government inquiry organs (*shimon kikan*) are an important vehicle for the expression of special interests in the Japanese policymaking process. Most advisory councils are official standing organs created by a minister and composed of members selected by him to inquire into and discuss policies and legislation proposed by the ministries and agencies to which the councils are attached. One of their basic functions is to provide non-ministry input into the process of bureaucratic policy formulation. In 1996, a total of 213 advisory councils of this type were operating.¹⁰⁹

The ministry-attached advisory councils are theoretically constituted so as to reflect the diversity of opinion and interests of groups most affected by the policies in question. Representation from stakeholders is cross-sectional. It includes leaders of interest groups that come within the ambit of ministerial jurisdiction (including ministry *gaikaku dantai*) who have differing and potentially conflicting interests in the policy in question. For the sake of balance, representatives from groups formally outside the ministry constituency are also included. Partisan representation is tempered by the informed expertise and professional input of 'persons of learning and experience' (*gakushiki keikensha*) such as academics and other kinds of technical experts, as well as

other 'neutral' parties such as journalists. Council deliberations and the compilation of reports on ministry submissions are a means of dealing with 'interest arbitration' amongst the parties to an issue.¹¹⁰

In practice, advisory councils generally support ministry policies and legitimise new policy directions drafted by ministry officials. As consultative bodies, their formal role is limited to suggestion and advice. Nevertheless, the largest and most prestigious of the advisory councils set or endorse basic goals for different sectors of the economy, such as industry, agriculture and the financial system, in the light of which more detailed matters of policy are decided.

In 1996, the MAFF main ministry had 14 advisory councils, the most important being the Agricultural Policy Advisory Council, or APAC (Nosei Shingikai, or Noseishin),¹¹¹ the Livestock Industry Promotion Advisory Council, or LIPAC (Chikusan Shinko Shingikai), the Silk Manufacturing Industry Promotion Council (Sanshigyo Shinko Shingikai), the Fruit Tree Agriculture Promotion Advisory Council (Kaju Nogyo Shinko Shingikai), the Food Distribution Advisory Council (Shokuhin Ryutsu Shingikai), the Central Raw Milk Trading Arbitration Advisory Council (Chuo Seinyu Torihiki Chotei Shingikai) and the Sweet Resources Advisory Council (Kanmi Shigen Shingikai).¹¹² One of the largest is the Agriculture, Forestry and Fisheries Statistics Observation Advisory Council with around 80 members. The Food Agency had one advisory council, the Rice Price Advisory Council, or RPAC (Beika Shingikai, or Beishin), the Forestry Agency two, and the Fisheries Agency five (to make a total of 22) (MITI for example had 20).¹¹³

Of all the MAFF advisory councils, the RPAC has been the best known because of the publicity and Nokyo-sponsored action surrounding its deliberations on the producer rice price. In spite of the focus on the 'political price' of rice, the RPAC has endorsed the government's recommendation in the majority of cases.¹¹⁴ APAC on the other hand is the most prestigious: it proposes basic goals for agriculture in addition to outlining more specific objectives for the development of the farm sector. Its reports are jointly issued with the MAFF, and are used as a policy guide by administrators, the agricultural cooperatives and the farming industry in general.

MAFF advisory councils have representation from Nokyo, other agricultural groups including MAFF *gaikaku dantai*, consumer organisations, academia, business associations including those operating in the food manufacturing sector, private companies, the media, and other interested parties and experts. The RPAC, when first established in 1949, was composed of 32 members: 11 representatives from the producer side (including one from Nokyo), five from the consumer side (consumer and labour union groups), two from business organisations, eight Diet members from the conservative and socialist parties,¹¹⁵ and a miscellaneous category of 'other' members including 'persons of learning and experience' such as university professors.¹¹⁶ Four decades later in 1987, the RPAC was composed of five academics, two representatives from Nokyo, five representatives from various agricultural

organisations including MAFF *gaikaku dantai*¹¹⁷ and the national organisation of agricultural committees, three representatives from consumer groups and cooperatives, one from the rice wholesaling industry (the National Federation of Staple Food Collection Cooperatives (Zenkoku Shushoku Shuka Kyodo Kumiai Rengokai, or Zenshuren)) two mass media representatives (NHK and the *Nikkei* newspaper), one farmers' union representative, one prefectural agricultural guidance expert, two local government representatives (including the Governor of Shiga Prefecture and the vice-chairman of a local government association), one company representative, and two representatives from economic research groups affiliated with the government (one public and one private) for a total of 25 members.¹¹⁸ No radical changes in this membership structure were evident even 10 years later in 1996, except that the actual membership had fallen to 16 and a Managing Director of the Federation of Economic Organisations (Keidanren) was present as a representative of business.¹¹⁹

While most ministry advisory councils have a more or less permanent existence,¹²⁰ others appear from time to time to deal with specific policy issues. In 1990, for example, the Director-General of the Food Agency set up a special inquiry organ entitled the Independently Distributed Rice Price Formation Arena Investigation Committee (Jishu Ryutsumai Kakaku Keisei no Ba Kentokai) to examine the agency's proposal to introduce the market mechanism into the distribution and sale of rice marketed directly to wholesalers rather than to the government, which by 1990, comprised around 70 per cent of the total amount of edible rice marketed in Japan.

In addition, specific-purpose advisory councils are set up from time to time by the Prime Minister. These are often charged with making recommendations in relation to national policy issues that cut across ministerial jurisdictions, or issues that may engage ministries in defence of their own interests. Such councils have often made recommendations relevant to agricultural policy. Because they are not attached to specific ministries, these councils do not function to legitimise ministerial policy initiatives and hence their recommendations often call for more radical innovation than individual ministries are prepared to contemplate in their own spheres. In April 1997, for example, an advisory committee to the Prime Minister called the Food, Agriculture and Rural Areas Basic Problems Investigation Committee (Shokuryo, Nogyo, Noson Kihon Mondai Chosakai) was established to propose new medium- and long-range plans for agriculture, and in particular to review the ABL and to formulate a New Agricultural Basic Law (*Arata na Nogyo Kihonho*).

Basic approach and methodology

As this introductory discussion indicates, the subject matter of this book is predominantly interests: farmers' interests; the interests of agricultural organisations; politicians' interests; how the interests of farmers and farm

organisations are articulated and represented in national politics; how and why these interests influence the decisions of policymakers and so on. Such a subject focus appears tailor-made for the rational choice approach, which applies the assumptions and methods of micro-economics to politics, arguing that individuals in a range of political contexts (as voters, as members of interest groups, as politicians, as organisational leaders etc.) are motivated by rational calculations of their personal utility (self-interest) defined in terms of a single, uniform variable.

The rational choice approach would thus proceed from the fundamental assumption that farmers will invariably vote for the candidate who is most likely to maximise their benefits; that LDP politicians will invariably be motivated to deliver policy benefits to the agricultural sector in order to maximise farmers' voting support; that Nokyo leaders will automatically pursue policies that yield the greatest returns for their organisation and thus increased personal status, job security, monetary rewards and so on. Rational choice theorists, for example, have tried to sheet home all the obstacles to Japan's market liberalisation to the peculiar construction of Japan's electoral system, the incentives this generates for candidates to pursue the particularistic interests of constituents and the LDP's electoral dependencies.¹²¹

The objections to the rational choice approach are both methodological and evidential. Firstly, because the rational choice approach proceeds by means of *a priori* deduction rather than through empirical-inductive analysis, what it gains in analytical clarity and simplification, it loses in accuracy of detail and comprehensiveness of explanation. This work prefers to derive general conclusions from observed evidence rather than pursue evidence to support single-factor universal explanations.

Secondly, while rational choice assumptions about, for example, the motivations that drive the electoral choices of farmers and the policy choices of politicians may be useful as loose working assumptions, they should not be treated as universally valid propositions. There is a considerable 'leap of faith' from one to the other, which no doubt accounts for rational choice theorists' air of doctrinal conviction. Not *all* agricultural policy choices of LDP politicians will be solely attributable to a vote-maximising calculus; not *all* farmers will *always* vote purely on the basis of self-interest (defined in terms of expected economic benefit). The assumptions of rational choice theory are simply too confining and too easily challenged by contradictory evidence.

This work prefers a simpler, basic standpoint: societal groupings (defined in terms of their membership of particular political, institutional, social or economic organisations or categories) are broadly conceived as pursuing their interests in politics; and the extent to which the interests of any particular societal grouping are realised will depend on the relative power of these groups. This approach encapsulates a traditional, political science perspective that defines the focus of analysis in terms of interests and power which are assumed to be multifaceted and multidimensional.

In analysing Japanese agricultural politics from this standpoint, several

analytical objectives are appropriate. The first is to explain in historical-empirical terms the evolution of agricultural interest groups and farmers' parties, the formation and continuation of the LDP-farmer electoral alliance, the expansion and contraction of agrarian electoral power, the penetration of Diet and party systems by agricultural interests, the waxing and waning of Nokyo's economic and political influence, the record of agricultural cooperative policy campaigns, and the conflation of representative and administrative roles by interest groups and semi-governmental institutions in the agricultural sector. The book's historical timeframe extends over the entire postwar period, although the analysis proceeds thematically rather than by means of historical narrative.

Secondly, because the politics of agriculture incorporates some of the best known features of Japanese political life, the analysis of agricultural politics and political economy can be used as a case study to illustrate salient features of Japan's political system, in particular the way in which vested interests wield power through Japan's electoral, party, Diet and institutional structures. At this level of inquiry, the purpose is to explain more clearly the nature of Japanese politics by using agricultural politics to generate some key propositions which are related to existing generalisations, understandings, models and 'theories' in the field.

Thirdly, and less directly, the study is designed to have relevance for a number of broader theoretical questions in comparative politics and comparative political economy relating to interest group behaviour, corporatism, electoral systems, political participation, organisational maintenance, the preservation of protectionist regimes and so on. The analysis of the agricultural cooperative organisation, for example, may be valuable to comparativists studying interest groups in general and farm interest groups in particular. This study provides a good deal of information that is relevant to the common headings under which interest groups are analysed, such as organisational capabilities, resources, goals and constraints as well as group lobbying tactics and strategies of political representation. Likewise, the analysis of how agricultural interests are represented in the Diet, the role of agricultural organisations in elections and the relationship between these organisations and political parties provides rich material for those wishing to adopt a more comparative approach. It is hoped that scholars working in these and other areas covered by the book will find material useful to their theoretical and comparative concerns.

2 Interest group politics

The representation of farm interests in Japan takes diverse organisational forms. The all-encompassing nature of Nokyo's activities ensures its dominance at the rice roots, yet the agricultural cooperatives by no means exercise a monopoly on the organised representation of farm interests. This role is shared by a range of groups with various organisational characteristics, capabilities and functional attributes. The differences are explicable primarily in terms of historical background and legal status, factors that also determine the way in which these organisations operate as interest groups, their proximity to government, their predominant policy concerns and their overall political orientation and strategies.

Agricultural interest groups fall into three main sub-types: statutory interest groups, rice-roots farmers' organisations and institutional interest groups. At the same time, they relate in similar ways to the political world, particularly in their electoral activities and connections to Diet and local assembly members. Many agricultural organisations are led by politicians, a subject that is explored in greater detail in later chapters.

The following discussion traces the evolution of farmers' groups from the earliest postwar years culminating in the establishment of Nokyo in 1947 and its assumption of a dominant role as farmers' representative by the mid-1950s. The structure and functions of diverse agricultural cooperative organisations are outlined and pertinent aspects of their historical, organisational and legal heritage examined. Nokyo belongs in the category of statutory interest group along with three other farmers' organisations representing more narrowly defined interests. These bodies are contrasted with the rice-roots farmers' groups operating without government sponsorship. The latter include Nokyo's organisational offshoots (the farmers' political leagues), various commodity associations and farmers' unions. The overall picture is one of organisational heterogeneity and interest group pluralism, although without the more competitive aspects of the pluralist model.

The third category of agricultural organisation, the institutional interest groups, encompasses the profusion of quasi-governmental entities that assume promotional and protective roles in the course of their administrative duties for the MAFF. Various sub-categories of these organisations are

delineated, along with specific examples illustrating the defining characteristics of each type. That many of them, as well as the statutory interest groups, are so close to government inevitably raises the question of corporatisation in the agricultural sector. This prompts further questions about the complexities of public–private functioning by agricultural interest groups, organisational independence and dependence, and the balance between compliance with government directives and the unfettered representation of agricultural interests, particularly in the case of Nokyo, the ‘peak’ organisation of farmers.

Farmers’ organisations in the early postwar period

The early postwar period was a time of organisational flux, formation, dissolution and reformation. The most visible manifestation of democracy in the countryside was the creation of a number of mass organisations of farmers (*nomin no taishuteki soshiki*). Most were reincarnations of prewar groups, although wartime agricultural organisations initially carried over into the postwar years.

It took at least a decade for the final shape of the agricultural interest group system to emerge and for the full range of organisations to develop. The following analysis discusses the rise of farmers’ groups during this period, tracing their historical roots, extent of government sponsorship, varying political concerns and emerging rivalry for representation of the farm sector during the 1950s and 1960s.

The agricultural societies (nogyokai)

The *nogyokai* comprised a nationwide network of agricultural organisations established in 1943 to serve the wartime economy.¹ Designated by law as state policy organs (*kokusaku kikan*), they provided a medium for state control of farmers.² They were allocated various tasks in accordance with state policies, such as the collection of agricultural commodities and the distribution of production materials and farming techniques. The main focus of their economic business lay in the collection and distribution of commodities under the FC Law, especially rice.³ The *nogyokai* were permitted to impose production quotas on farmers; membership of all farmers, both landowners and tenants, was compulsory; and *nogyokai* executives were effectively appointed by government. As Mitsukawa observes, the *nogyokai* were one of the eminently powerful wartime institutions.⁴ Immediately after the war, they were democratised by the Occupation authorities⁵ and continued to operate as a transitional type of group until their abolition in 1948. During this period, they retained their primary functions in the area of rice collection and distribution on behalf of the government.

At the time of their formation the *nogyokai* brought under a single organisational umbrella the two principal farmers’ organisations that had been

operating in prewar Japan: the industrial or producer cooperatives (*sangyo kumiai*)⁶ and the agricultural associations (*nokai*). In this respect, the *nogyokai* were an amalgam of prewar farmers' organisations that had been dominated by the large landholders and owner-cultivators and which had incorporated a strong tradition of supervision by agricultural administrators and association with conservative parties.

The *sangyo kumiai* were established by the Industrial Cooperatives Law (*Sangyo Kumiaiho*) of 1900. The government's original purpose was to provide a source of credit at non-usurious rates for petty or smaller landholders, the large group of hard-pressed owner-cultivators (*jisakuno*) who came to dominate the *sangyo kumiai*.⁷ The industrial cooperatives also helped to rationalise the distribution process for agricultural and other products,⁸ with a 1906 amendment to the law empowering them to expand their operations to include marketing of agricultural commodities, purchasing of farm inputs and processing of agricultural products through joint-use facilities.⁹ In this respect, the industrial cooperatives became the prototype of the postwar multi-purpose agricultural cooperatives.¹⁰

The *sangyo kumiai* were organised into a tri-level pyramid of municipal (city, town and village) cooperatives, prefectural federations and national federations, with the National Central Union of Industrial Cooperatives (Zenkoku Sangyo Kumiai Chuokai) at the top. The central union was established in 1909 by an amendment to the *Sangyo Kumiaiho*. Its tasks were guidance and inspection of the cooperatives as well as education, information and publication activities.

From these beginnings, the number of *sangyo kumiai* multiplied rapidly until by 1912, 10,455 cooperatives were operating and 57 per cent of farm households were members.¹¹ By 1915, 93 per cent of cities, towns and villages had a local chapter of the *sangyo kumiai*.¹² Apart from the provision of credit, active business areas were fertiliser sales, and rice and silk marketing. In some areas specialist producer cooperatives were established to handle the needs of specialist farmers such as cocoon producers and orange growers.

Further expansion of the producer cooperatives took place in the 1920s when a number of national federations were set up for handling economic functions such as marketing, and a Central Bank for Industrial Cooperatives (Sangyo Kumiai Chuo Kinko) was established under its own organising legislation.¹³ During the depression years of the 1930s, the government provided considerable stimulus for a further strengthening of the *sangyo kumiai* system, including support for federations of producer cooperatives and the marketing and purchasing divisions of the local *sangyo kumiai*. Pro-active government efforts to revise laws, assist with the necessary subsidies and allow the cooperatives to diversify their activities into new and different areas provided much of the impetus behind the growth and consolidation of the producer cooperatives during this period.¹⁴ The *sangyo kumiai* were also singled out by the government to coordinate cooperation amongst farmers with regard to alleviating rural debt which reached crisis proportions during

the 1930s. The critical role of the *sangyo kumiai* in the government's Rural Rehabilitation Programme of 1932–35 enabled them to achieve greater control over village economies and encourage all farmers to join.¹⁵

As offshoots of the *sangyo kumiai*, youth divisions were established from 1927 onwards, and a Federation of Industrial Cooperative Youth Leagues, the Sangyo Kumiai Seinen Renmei, or Sanseiren was formed in 1933.¹⁶ This became the most politically active and progressive sector of the producer cooperative organisation. As Ishida describes it, the movement 'embraced some young socialists and, supported by the presence of widespread grievances in villages, strove to safeguard the interests of middle-class farmers against the expansion of the interests of the landowning class and business man. The government feared that the activities of this movement might become extreme and go beyond their control, so they tried to suppress it, while at the same time attempting to use it as a means to strengthen the integration of the nation under government control.'¹⁷

The impetus behind the establishment of the *nokai*, on the other hand, came from a government anxious to hasten the technological advancement of agriculture in order to improve agricultural productivity. The 1899 Agricultural Association Law (*Nokaiho*) required every municipal and prefectural political unit to have an agricultural association 'to serve as agricultural extension associations for the state.'¹⁸ The state dictated the conditions of membership: it was made compulsory for landlords and optional for other farmers giving 'large landholders de facto domination'.¹⁹ The *nokai* were basically semi-official organisations supported by public funds²⁰ and were, therefore, subject to a high degree of bureaucratic control. They not only functioned as state-sponsored guidance organisations to disseminate new farm technology and improvements in agricultural management, they also acted in a broader sense as organs for implementing government agricultural policy.

In 1910, the Imperial Agricultural Association (Teikoku Nokai) was set up under legislation as the national-level organisation of the prefectural and municipal *nokai*. The government appointed its leadership. The Teikoku Nokai was permitted by law to conduct *nosei katsudo* which involved it in making recommendations on the producer rice price almost every year as well as undertaking activities for maintaining cocoon prices, promoting the agricultural insurance system and advancing various other policies for agriculture and forestry.²¹ It was particularly active during periods of agricultural crisis after WWI and in the late 1920s. In addition, it issued reports on the state of the *nokai* and agriculture in response to government requests.²²

Nevertheless, as organisations articulating farmers' interests, the *nokai* were quite circumscribed. In essence, they were 'sounding boards for the interests of landlords',²³ and were 'under the control of landlords and bureaucrats'.²⁴ Over time, their state-sponsored functions grew even stronger.²⁵ Compared to the *sangyo kumiai*, however, the *nokai* were very active in *nosei katsudo*.²⁶ Whilst the *sangyo kumiai* were economic organisations of farmers, the *nokai*

specialised in lobbying as well as technical training in the agricultural villages. Close personal ties were forged with farmers in the course of these technical activities. *Nokai* advisers came to act as advisers of farmers on a day-to-day basis. Because of the utility of this technical training and the power of landowners as executives of the *nokai*, the latter became a powerful political force in the agricultural villages.²⁷

On the other hand, as part of the government's pro-active policy for the *sangyo kumiai* during the 1930s, it put a lot of effort into expanding the membership of the producer cooperatives to include the poorer class of farmers. The aim was 'to bring all classes of the village community [into the cooperatives in order to] . . . make even tighter the social-collectivity aspect of the bonds between members'.²⁸ By 1936, all towns and villages had cooperatives and all farmers were affiliated with them. While the government's drive to expand the producer cooperative movement was successful, it also entailed a commensurate entrenchment of government control over the organisation.²⁹

In the late 1930s and early 1940s, the *sangyo kumiai* came under even greater state direction and the role of the *nokai* in policy implementation was strengthened and expanded. After the outbreak of war, rice control regulations were instituted and progressively applied to all agricultural products. Under this regime, agricultural organisations took on the function of collection and distribution groups. The *nokai* controlled the production of agricultural products and the *sangyo kumiai* worked as collection organisations. In 1943 the passage of the Agricultural Groups Law (*Nogyo Dantaiho*) created the *nogyokai* organisation which unified these two groups (as well as other lesser farmers' groups).³⁰ With the establishment of the *nogyokai*, the government-control features of the cooperatives and the *nokai* became absolute. In the same year, the Central Bank for Industrial Cooperatives became the Central Bank for Agriculture and Forestry (Norin Chuo Kinko, or Norinchukin).³¹

The farmers' unions (nomin kumiai)

The lead in representing the interests of non-landowning farmers immediately after the war was taken by the farmers' unions around the issue of land reform. Abolition of the landlord class and the distribution of their land to tenants had been the primary plank in the activities of the prewar farmers' unions, first organised in the 1920s. Land reform and the democratisation policies of the Occupation provided the impetus for the spectacular early development of the farmers' unions.³² Initial development and consolidation of the movement took place with the formation of a national organisation, the Japan Farmers' Union (Nihon Nomin Kumiai, or Nichino), in February 1946.³³ Its speedy foundation was assisted by a veteran Socialist agrarian leadership poised to resume the struggle for land reform immediately the war was over.

The membership of Nichino underwent rapid expansion. By April 1946, more than 2,000 branches had been organised with over 282,609 members.³⁴ Land reform began in December 1946 but there was rising rural frustration at the slow pace of the reform effort in its initial stages. This prompted further membership growth with 1.25 million members organised into 6,000 affiliated farmers' unions by the time of the second national convention in February 1947,³⁵ reaching a peak of 1.7 million when the third national convention was held in early 1949.³⁶ The farmers' unions attracted the support of farmers by promoting agricultural land reform and organising protest campaigns against heavy taxes and compulsory deliveries of rice.³⁷ Official endorsement of the farmers' unions was granted in the form of encouragement to participate in the administration of land reform as representatives of tenants on the land committees (*nochi iinkai*).³⁸

The climax of land reform in 1947 is generally regarded as coinciding with the peak in the political influence of the farmers' union movement. The completion of both stages of land reform deprived the farmers' unions of their principal *raison d'être* and undermined the basis of their popular appeal.³⁹ When the business of land reform came to an end, the farmers' unions faced 'a virtual impasse . . . At this point their organizational weaknesses came to the surface and they could not find a way to realize their interest demands through legitimate organizational activities.'⁴⁰ These were more readily expressed through the newly established and legally authorised agricultural cooperatives which were all-inclusive of farmers and which gradually assumed the role of the farmers' unions as a representative organisation of farmers.⁴¹ The *nomin kumiai* could not find either a clear function to perform (the farmers' economic interest group function, for example, was taken over by Nokyo), nor any major national issue around which to organise a vigorous national movement.⁴²

Another potent factor weakening the farmers' unions was the refocussing of their leaders on other causes. Many of those active in these groups in the immediate postwar period were later elected to positions of responsibility in other agricultural organisations, such as the agricultural cooperatives⁴³ and agricultural committees,⁴⁴ as well as in local, prefectural and national politics, and lost interest in protest movements.⁴⁵ Furthermore, some of the other issues that had driven the early protests and activism had been resolved or lost their urgency, such as food requisitions and democratisation of the agricultural societies. The last was achieved in the form of the newly established agricultural cooperatives.⁴⁶

The party-political connections of the farmers' unions were another complicating factor. Although the movement was non-partisan in theory, in practice it was highly political and led by politicians.⁴⁷ The main parent party of Nichino was the JSP, although activists engaged in the farmers' union movement were members of both the JSP and JCP. The politicisation of the farmers' unions by these parties increasingly identified them as no more than farmers' departments of left-wing political parties or as sources of votes for

JSP or JCP candidates. As a result, the farmers' unions lost their independence and became more distant from farmers.⁴⁸

The politicisation of Nichino made it vulnerable to political and ideological disputes taking place within the JSP in particular. Intensification of conflict within the party along ideological and factional lines produced serious divisions in the farmers' union movement from 1947 onwards (see Figure 2.1). The extreme right wing of the farmers' union movement was expelled from Nichino in February 1947, forming the League for Revivifying the Japan Farmers' Union (Nichino Sasshin Domei) under the leadership of Hirano Rikizo,⁴⁹ finally establishing a separate organisation, the National Farmers' Union (Zenkoku Nomin Kumiai, or Zenno) in July 1947. At the time of its formation this group claimed 705 affiliated local farmers' unions and a total membership of 163,092.⁵⁰

A subsequent division separated Nichino along Socialist–Communist lines in April 1949. The JCP and JSP had often confronted each other over the direction in which the movement should go and had competed to take control of Nichino.⁵¹ The mainstream Nichino organisation fractured internally into two practically separate groupings, the Independence Group (Shutaiseiha) of Socialist supporters and the pro-Communist Unity Group (Toitsuha). These two organisations tended to be stronger in certain prefectures and not in others. The Shutaiseiha, for example, was strong in Yamagata, Akita and Tottori.

The organisational decline of the farmers' unions was most evident at the local level where membership numbers fell dramatically after the 1949 split. In many agricultural prefectures, farmers' union organisations became moribund. From a peak membership of 1.7 million just prior to the split in April 1949, in December 1949 the membership of the Independence Group stood at 209,614, while the Unity Group had a membership of 121,387.⁵² A year later membership figures had halved – to 133,372 and 68,792 respectively.⁵³ Membership of the right-wing farmers' union group, Zenno, meanwhile declined commensurately from 219,355 in December 1949 to 144,203 in December 1950.⁵⁴

The JSP's split into the Right and Left Socialists in 1951 contributed to a further splintering of the farmers' union movement, with the formation in November 1952 of a New Village Construction Group of the Japan Farmers' Union (Nichino Shinnoson Kensetsuha) led by agrarian leaders of the Right Socialist Party. At that time, members in affiliated farmers' unions numbered 85,398.⁵⁵ This group later merged in January 1953 with a break-away group from Zenno (with 101,608 members) to become a loose federation called the General Federation of Farmers' Unions (Nomin Kumiai Sodomei). This meant that by early 1953, four national federations of farmers' union were operating: Zenno, Nomin Kumiai Sodomei, Nichino Shutaiseiha and Nichino Toitsuha (plus a breakaway group from the latter) – as shown in Figure 2.1. Nevertheless, despite the divisions amongst the farmers' unions, the movement as a whole started to show signs of recovery

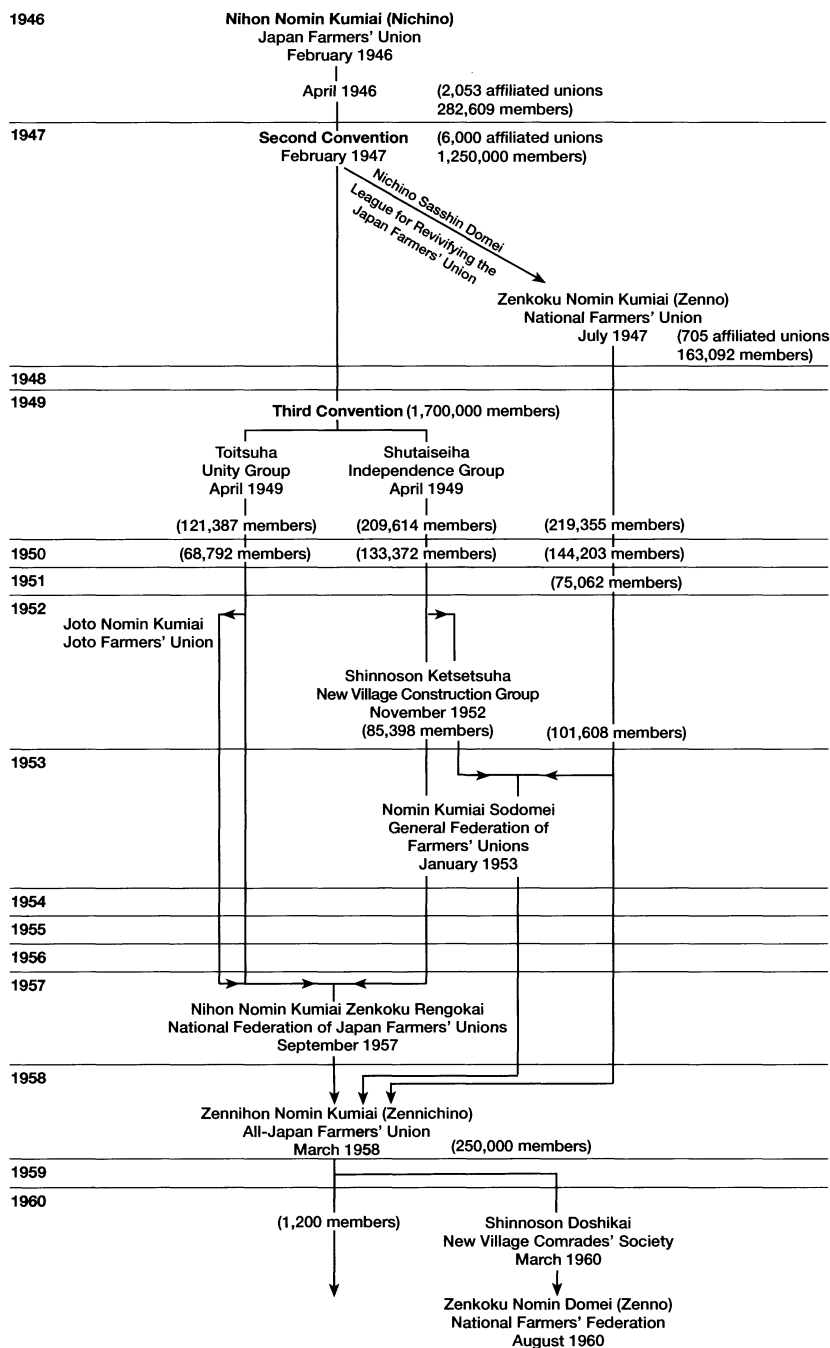


Figure 2.1 Genealogy of main farmers' union organisations, 1946–58

Source: *Nihon Kindaishi Jiten*, Furoku No. 36; Dore, 'The Socialist Party', pp. 372–373, 401.

in 1953. Several factors were responsible: a poor harvest, natural disasters, US military base issues, the establishment of landowners' groups and so on. The farmers' union movement also gained strong support from labour, including the General Council of Japanese Trade Unions (Sohyo).⁵⁶

The rural youth leagues

Local agricultural leaders, many of whom had previous histories in the government-sponsored *nokai* and *sangyo kumiai*, and who rejected any connection with left-wing farmers' unions, helped to establish a number of voluntary farmers' groups in the initial years after the war. The most important of these were the rural youth leagues (*nomin seinen renmei*, or *noseiren*). Prefectural rural youth leagues comprising town and village associations combined to form a nationwide body, the National Rural Youth League (Zenkoku Noson Seinen Renmei, or Zennoseiren) in June 1946. It claimed a founding membership of 363,886, which grew to 432,499 by 1949.⁵⁷

Although described by some writers as a farmers' union (*nomin kumiai*), the Zennoseiren had a separate and distinct organisational genealogy.⁵⁸ The term 'farmers' organisation' (*nomin no soshiki*) was considered by others to be a more appropriate label for these groups.⁵⁹ The rural youth league organisation shared with the farmers' unions their goals of land reform, abolition of the landlord system and the modernisation of agriculture, but differed from the Socialists on key points of political ideology. It acknowledged a social class standpoint but rejected the notion of farmers as workers for wages, preferring to equate emancipated tenants with members of the managerial class.⁶⁰ It also included non-farmers as members, although core members were relatively larger-scale, full-time owner-farmers and group activities were orientated around the demands of these farmers.⁶¹ Zennoseiren had strong links with the newly democratised but conservatively-orientated *nogyokai* and received considerable organisational support from them.⁶² Historical ties between the *nogyokai* and the *noseiren* were strong. The rural youth leagues traced their origins back to the youth leagues of the industrial cooperatives, which later became incorporated into the wartime *nogyokai*.

Zennoseiren's associations with the prewar industrial cooperatives also influenced its objectives.⁶³ The establishment of a postwar equivalent of the producer cooperative organisation was its primary aim, and it invested this with an ideology of political independence, democratisation and freedom from bureaucratic control. Its basic objective was to ensure that the newly established agricultural cooperatives would be free from the coercive organisational aspects of the *nogyokai* (such as compulsory membership) and the bureaucratic authoritarianism of the prewar period at the hands of the Ministry of Agriculture and Forestry (MAF). Zennoseiren conducted the first producer rice price campaign after the war in 1946.⁶⁴

The Agriculture Reconstruction Council

Around 40 groups, including Nichino and the national body of the *nogyokai* (the National Agricultural Society, or Zenkoku Nogyokai),⁶⁵ Norinchukin and the National Rural Youth League participated in an Agriculture Reconstruction Council (Nogyo Fukko Kaigi) organised in June 1947. Such a conference had been advocated by Nichino at its second convention in 1947.⁶⁶ The task of the conference was to act as an official channel for the presentation of agricultural policy demands to the government.

In the new climate of democracy that flourished under the Occupation, the producer rice price quickly became subject to pressure from farm organisations on all sides. In 1947, council members cooperated in a rice price campaign, and in 1948 the council coordinated the first general meeting of farmers after the war – the National Farmers' Convention (Zenkoku Nomin Taikai). The focus of the convention was the producer rice price and more particularly farmers' objections to the government's method of calculating it (the so-called 'Parity Method').⁶⁷ In 1948, the council coordinated another rice price campaign, requesting that the state-guaranteed rice price be decided in the Diet. This was followed up by a national farmers' representatives' meeting, where participants decided to raise the demand price to a level higher than the council's.⁶⁸

The high rate of participation by farmers' groups in the council was due to a number of factors. Firstly, it reflected the encouragement given by the Occupation authorities to the establishment of consultative and participatory groupings in which the opinions of reorganised, democratic farmers' associations could be canvassed on matters vital to their membership. Secondly, it reflected the desire for mutual cooperation and joint action which leaders of the entire spectrum of farmers' organisations shared at that time.

Thirdly, one of the main subjects of debate in the council was the establishment of an agricultural cooperative organisation in which it was duly recognised that all farmers had a stake. With the publicised intention of the Occupation authorities to recreate a system of agricultural cooperatives and the democratisation of the *nogyokai*, heightened interest in the issue of organisational reform was evident amongst all groups in the agricultural sector. The role of the *nogyokai* was limited to filling the organisational vacuum until the re-establishment of the agricultural cooperatives, given the order of the Supreme Commander of the Allied Powers (SCAP) that the agricultural associations be dissolved and agricultural cooperatives be set up.⁶⁹ The question of what legal form the proposed cooperatives should take became the subject of continuous consultation between the government led by the Occupation's General Headquarters (GHQ) and the MAF, and various organisational representatives of the farmers under the aegis of the council, which became the main instrumentality in the creation of the cooperatives.⁷⁰

In summary, the radical initiatives emanating from the Occupation authorities contributed to the rapid growth and distinctive shape of postwar Japanese farm groups. The issue of land reform provided a political focus for the early revival of the farmers' unions while its implementation sustained their organisational rationale until the late 1940s. Meanwhile the urgent priority of policies to increase agricultural production and to supply food to the national population raised the additional question of the official powers of the agricultural cooperatives and their assistance in areas such as rice production and distribution. This encouraged the formation of local farmers' groups linked to the notional idea of an agricultural cooperative system and their participation in the national debate on this issue. The postwar atmosphere of political freedom and democratisation was also conducive to demands for a voluntary agricultural cooperative organisation independent of government supervision and control. Indeed, this concept of a revived agricultural cooperative organisation accorded with the basic vision of the Occupation authorities.

During this early postwar period, farm organisations thus participated in a common struggle for official recognition of farmers' demands of all kinds, rather than for concessions to particular organisational interests.⁷¹ A platform shared by almost all groups was the need for land reform and the redevelopment of the agricultural cooperatives.⁷² These shared goals were underscored by an awareness amongst agrarian leaders of all political colourings that unprecedented changes in the nature of farm organisation were inevitable under the Occupation. Farm leaders were keenly aware of the historic nature of the decisions in which they were involved, and that unprecedented times called for unprecedented action. Cooperation amongst farmers' groups was institutionalised in the Agriculture Reconstruction Council which oversaw concerted lobbying on issues such as the producer rice price.

The agricultural cooperatives

On 19 November 1947, the coalition government led by the Socialists passed the Agricultural Cooperative Union Law, or *Nokyo Law*.⁷³ The aim of the law as set out in the legislation was to support the production and economic activities of the newly established owner-farmers and elevate their social and economic status through agricultural improvement based on the agricultural cooperatives.⁷⁴ In the same month, the Cabinet decided that the role of food collection should be undertaken by the *Nokyo* organisation.

Following the passage of the legislation, numbers of local *nokyo* proliferated rapidly – from 4,256 in April 1948 to 14,120 in August⁷⁵ and 27,819 by December.⁷⁶ As the farmers' unions retreated, the agricultural cooperatives became the dominant force in the villages.⁷⁷ *Norinchukin* was reorganised with an increase in its capital on 1 April 1948. Prefectural federations of

agricultural cooperatives were launched in July 1948 with 330 federations established by October 1948 and 350 by December; national federations first appeared in September 1948, with 13 operational by November 1948.⁷⁸ In March 1949, the first national Nokyo representatives' convention was held.

The structure and functions of the Nokyo organisation⁷⁹

Nokyo Law describes the purposes for which the agricultural cooperatives were established, outlines the structure of the agricultural cooperative organisation and makes its democratic operation mandatory. Article 10 of the law itemises the 'businesses' (*jigyo*) that agricultural cooperatives or federations of agricultural cooperatives may undertake, all or in part.⁸⁰ These are comprehensive and include: supplying the necessary funds for members' business or livelihood (credit business, or *shinyo jigyo*); receiving members' savings or fixed deposits (also credit business); supplying the necessary goods for members' business or livelihood (purchasing business, or *kobai jigyo*); installing necessary joint-use facilities for members' business or livelihood (*riyo jigyo*)⁸¹ excluding medical facilities; providing facilities for increasing farm labour efficiency or for promoting cooperation amongst farmers (*nogyo rodo no koritsu no zoshin ni kansuru jigyo*); developing, improving or managing lands supplied for agricultural purposes, selling, leasing or exchanging agricultural lands, and installing or managing agricultural irrigation facilities (*noyochi kyokuyo no jigyo*); transporting, processing, storing, or marketing of goods produced by members (*hanbai jigyo*); providing facilities for rural industries (*noson kogyo jigyo*), for mutual aid (insurance business, or *kyosai jigyo*), for medical use, or *iryo jigyo* (hospitals, clinics etc.) and for the welfare of the aged (*rojin fukushi jigyo*); providing educational facilities for achieving improvement in the management and techniques of members' farming and facilities for improving rural life and culture (*shido jigyo*); concluding collective agreements for improving the economic status of members (*dantai kyoyaku no teiketsu*); and undertaking any other business incidental to the foregoing items.

Under Article 10, Paragraph 2 of Nokyo Law, the agricultural cooperatives may also undertake the business of farm management on trust from members (*nogyo no keiei no jigyo*), i.e. contract farming or agricultural production business;⁸² under Paragraph 3, it may sell or lease agricultural lands or grasslands on trust from members (*nochi shintaku jigyo*), i.e. farm real estate; under Paragraph 5, it may sell converted-use agricultural lands and construct residences or other facilities on these lands (*takuchito kyokyu jigyo*), i.e. commercial real estate; under Paragraph 7, it may supply credit to local public organisations, banks, or other banking institutions; and under Paragraph 10, it may engage in the discounting of bills for the benefit of members and undertake domestic exchange transactions (restricted to federations of agricultural cooperatives only).⁸³

The above items were not all contained in the original Nokyo Law passed in 1947. They represent the sum total of agricultural cooperative activities listed when the law was originally passed, plus a number of amendments made in subsequent years permitting the co-ops to conduct additional businesses.⁸⁴ In one of the more recent amendments, for example, agricultural cooperatives were permitted to conduct agricultural management business involving the utilisation of agricultural land which had been leased or purchased through agricultural land sales business.⁸⁵

In their entirety agricultural cooperative activities cover a wide range of financial, management, service, technical, social, educational, advisory, welfare, social and cultural activities relating to agriculture and the farmers' lives as well as those of non-farmers.⁸⁶ Businesses divide roughly into two groups: those that produce income for the cooperatives – such as marketing, purchasing, financial and mutual aid – and those that do not. The latter fall into the broad category of guidance activities, such as education, farm management and life guidance activities.⁸⁷ In terms of businesses, unlike farm cooperatives in Western countries which are organised by function or type of business, Nokyo's businesses are highly diversified, with individual co-ops carrying on a number of different enterprises.⁸⁸

Compared to the original four functions of the *sangyo kumiai* in relation to credit, marketing, purchasing and managing joint-utilisation facilities, the activities of the modern-day agricultural cooperatives are all-encompassing. One of the reasons for this is the integrated nature of the farm household economy, with no discrimination between household accounts and farm management accounts owing largely to the part-time and small-scale nature of much of Japanese farming. This structure calls for comprehensive agricultural cooperative services that accommodate both the daily living and farming needs of farmers and non-farmers in the household.⁸⁹

In terms of its organisational set-up, Nokyo, in its totality, comprises a massive and highly complex grouping with a multitude of organisational offshoots. It brings together a collection of several thousand separately-constituted agricultural cooperative organisations that are independent in organisational set-up and internal decision-making structures, but highly interdependent in the flow of goods, services and finance.

The core structure of Nokyo is referred to as the 'federated Nokyo organisation' (*keito Nokyo soshiki*)⁹⁰ which is constructed along hierarchical lines in a federated three-tiered system (*keito sandankaisei*) corresponding to the three-stage pattern of national politico-administrative divisions (i.e. municipal (city, town and village), prefectural and national government). Nokyo thus forms a pyramid-shaped structure with a base line made up of primary agricultural cooperatives (*nokyo*), also called 'unit cooperatives' (*tani nokyo*, or *tankyo*, now called *tani JA*, or *JA*) to distinguish them from upper-level groups. Primary co-ops operate at local level as city, town and village agricultural cooperatives (*shichoson nokyo*). They group into secondary organisations at prefectural level, known as prefectural federations (*fukun*

rengokai, or *kenren*), which in turn come together to form national federations (*zenkoku rengokai*, or *zenkokuren*). The Nokyo federations are now also referred to as JA *rengokai* and JA *zenkokuren*.

Within this horizontal structure a vertical division separates general-purpose or multi-purpose agricultural cooperatives (*sogo nokyo*), which conduct the full range of economic and other services, from special-purpose or specialist agricultural cooperatives (*senmon nokyo*), which perform a more limited range of functions in relation to particular farm products or which are specialised according to business function.

The unit co-ops

According to Nokyo Law, the members of unit cooperatives can be farmers (either as individuals or farm households); farmers group corporations or juridical persons (*noji kumiai hojin*) undertaking farm management,⁹¹ and other types of juridical persons (*hojin*)⁹² undertaking farm management; persons living in areas serviced by the cooperatives but not necessarily involved in agricultural activities; other agricultural cooperatives; other organisations composed chiefly of farmers which aim to promote the common interests of the farmers through the cooperative system; or organisations that have farmers as their main members or capital stock contributors. All categories except for the first (i.e. individual farmers or farm households) are classed as 'group members' of Nokyo. The first two categories are 'regular' members (*seikumiaiin*), while the latter categories are 'associate' members (*junkumiaiin*).

Depending on their place of residence, farmers join city, town or village agricultural cooperatives. They join the multi-purpose cooperatives, and depending on their production or other specialised interests, they may also become members of one or more special-purpose cooperatives. In 1975, there were 11,489 agricultural cooperatives (4,942 *sogo nokyo* and 6,547 *senmon nokyo*); in 1980, 4,546 *sogo nokyo* and 5,314 *senmon nokyo*; in 1990, 3,688 *sogo nokyo* and 4,097 *senmon nokyo*; and in 1996, 2,472 *sogo nokyo* and 3,513 *senmon nokyo* – making a total of 5,985 local co-ops nationwide.⁹³ By 1998, their numbers had dipped further to 5,369: 2,006 *sogo nokyo* and 3,363 *senmon nokyo* (see Figure 2.2).⁹⁴

Within the Nokyo organisation, the difference between the general- and special-purpose cooperatives is striking. Firstly, the *sogo nokyo* have blanket coverage of all agricultural areas in Japan while there are many areas where *senmon nokyo* are not established.⁹⁵ Secondly, the *sogo nokyo* are geographically-based cooperatives, with organisational boundaries matching those of municipal (i.e. city, town and village) entities. This means that each Nokyo recruits its members from only one particular area, which puts a geographic limit on its business activities.⁹⁶ The *senmon nokyo*, however, are organised to conduct a specific functional or commodity-related purpose, with members drawn from areas that cut across fixed politico-administrative

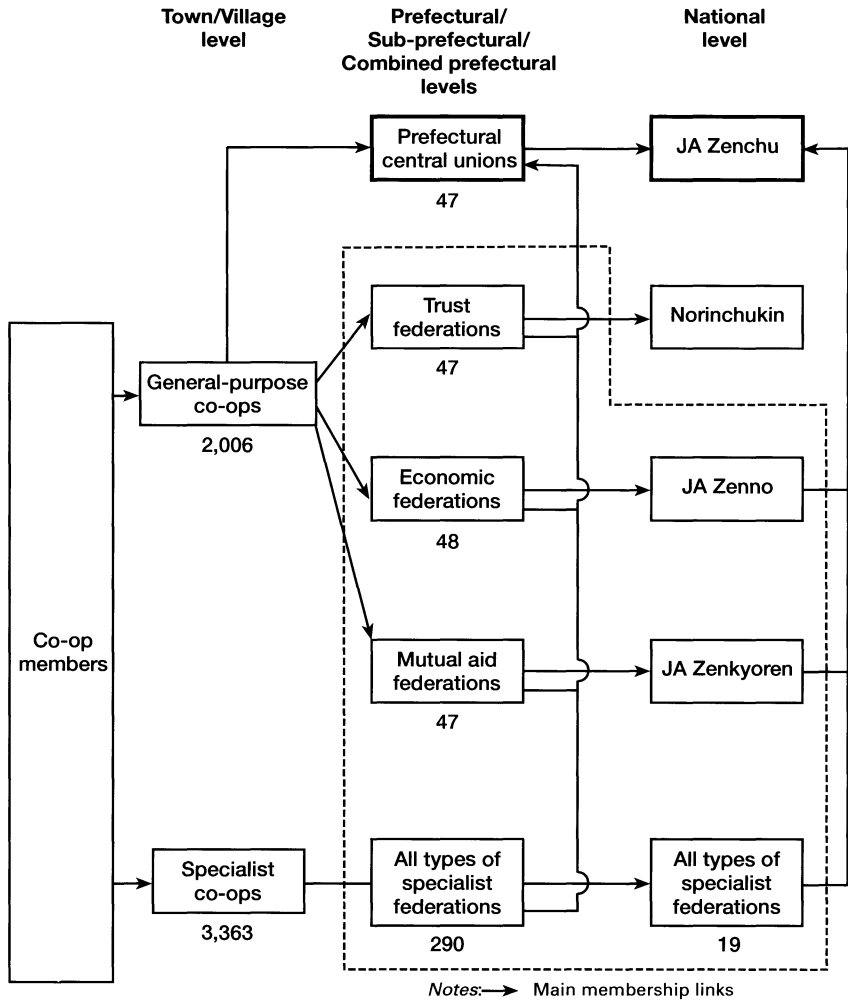


Figure 2.2 Organisational chart of the Federated Nokyō Organisation, 1998
Source: *Norinsuisansho Tokeihyo*, 1996–97, pp. 578–581.

boundaries and the *sogo nokyō*, although most members of the *senmon nokyō* are simultaneously members of the *sogo nokyō*.

Secondly, a multi-purpose cooperative is exactly what its name indicates. It simultaneously conducts a range of businesses and services permitted to the cooperatives including trust (i.e. deposits and loans), purchasing, marketing, mutual aid, utilisation, farm guidance as well as welfare, cultural, informational and other activities related to the daily living of farmers. In short the *sogo nokyō* are all-round organisations that cater not only to members'

agricultural production activities but also their daily lives. Moreover, the *sogo nokyo* are virtually the only co-ops that undertake general financial business in addition to their other commodity-related activities and services, effectively keeping the purse strings of Nokyo within the *sogo nokyo* side of the organisation.⁹⁷

The *senmon nokyo*, with their more specialised functions and interests, fall into six main categories: sericulture (*yosan*), livestock (*chikusan*), horticultural and speciality production (*engei tokusan*), reclamation (*kaitaku*), rural industry (*noson kogyo*) and 'other'. In relation to specific commodities, *senmon nokyo* functions are limited to activities like farm guidance, processing, marketing and processing. The largest single category by numbers of co-ops is livestock, followed by horticulture.⁹⁸ The specialist livestock cooperatives engage in marketing, purchasing, technical guidance and production activities but only in relation to livestock farming. They do not handle the whole range of farm products as do the multi-purpose co-ops, which may be involved in all aspects of business in connection with rice, vegetable, fruit and milk production in one area.

Another contrast is to be found in the differing membership composition and characteristics of these groups. The membership of the *sogo nokyo* is all inclusive given its territorial basis of organisation. On the other hand, although the *senmon nokyo* operate for the producers of particular agricultural products, not all producers of these commodities are necessarily members.⁹⁹ Furthermore, the *senmon nokyo* are predominantly organisations of full-time specialist farmers,¹⁰⁰ whereas *sogo nokyo* membership covers all the farm households within a given district irrespective of management type, management scale, full- or part-time operations or whatever.¹⁰¹ In practice, because they make up the large majority of the membership, part-time farmers (mainly rice farmers) dominate the *sogo nokyo*.

The specialist unit cooperatives also tend to be more self-sufficient in contrast to the *sogo nokyo* which are dependent on upper level organs for channelling goods and services. The upper level federations of the *senmon nokyo* undertake processing, facility utilisation, guidance and liaison adjustment activities.¹⁰² Little duplication of function exists between the unit and upper-level federations unlike the multi-purpose cooperatives and their federations. In some cases, business functions (e.g. marketing) are undertaken by the unit specialist co-ops, whilst non-business functions are undertaken by their federations.¹⁰³ The *senmon nokyo* sometimes maintain close connections to private companies depending on their speciality (this is particularly true of the livestock and sericultural cooperatives).

The *sogo nokyo* and their upper-level federations, although outnumbered by the *senmon nokyo*, administer the most wide-ranging programmes and form the core of the Nokyo federated organisation.¹⁰⁴ They comprise the *keito Nokyo soshiki*. When compared with farm cooperatives in other countries, it is the *sogo nokyo* that give Nokyo its distinctive, multi-functional character as an agricultural cooperative organisation.¹⁰⁵

The Nokyo federations

Nokyo federations exist at sub-prefectural level (primarily county, or *gun* level), as well as at prefectural, combined prefectural and national level, with prefectural and national federations predominating. Organisationally speaking, the base-level *tankyo* and the upper-level *rengokai* are characterised by two striking differences. Firstly, the federations are essentially bureaucratic entities with an organisational rather than an individual membership. Their regular membership is made up of other agricultural cooperative organisations (*tankyo* and other federations).¹⁰⁶ In terms of the Nokyo organisational hierarchy, each level of cooperative tends to form the membership of the federations above it, although *tankyo* can also be direct members of national federations.¹⁰⁷

Secondly, the federations of the *sogo nokyo* are functionally specialised. While individual Nokyo branches are permitted to conduct various businesses from finance to the sale of producer goods, their prefectural and national federations have to be organised separately by type of business.¹⁰⁸ The upper level federations are, therefore, specialised according to the three core functions of the *sogo nokyo*: trust, economic (marketing and purchasing), and mutual aid (see Figure 2.2). The trust function of the multi-purpose cooperatives is represented at prefectural level by the prefectural credit Nokyo federations (*shinren*), the mutual aid function by the prefectural mutual aid Nokyo federations (*kyosairen*) and the marketing and purchasing functions by the prefectural Nokyo economic federations (*keizairen*). By law, these federations are not permitted to conduct activities relating to more than one type of business. Their regular membership is predominantly made up of multi-purpose co-ops, and to a lesser extent the *senmon nokyo* (the latter are more likely to join the trust and economic federations for obvious reasons), as well as other Nokyo federations (once again the trust and economic federations have relatively large numbers of members from the specialist side of the organisation).

Above the specialist *tankyo* sit the specialist federations (see Figure 2.2). They more frequently operate at sub-prefectural and combined prefectural levels than the mainstream federations, depending on the predominance of particular types of specialist agricultural production within and across prefectures.¹⁰⁹ Many *senmon nokyo* also effectively operate in a two-stage system as far as basic business functions are concerned.¹¹⁰

The members of the specialist federations are drawn from essentially the same categories as the mainstream prefectural federations: from *sogo nokyo*, from *senmon nokyo* and from other federations, including prefectural *keizairen*. In 1995 there were two sub-prefectural marketing federations, 30 prefectural welfare federations and 8 sub-prefectural federations, one sub-prefectural transport federation, five prefectural and 33 sub-prefectural sericultural federations, 11 prefectural and 47 sub-prefectural livestock federations, 24 prefectural and 29 sub-prefectural dairy federations, one prefectural

poultry federation and one sub-prefectural poultry federation, eight prefectural and 35 sub-prefectural horticultural federations, and 29 'other' prefectural and 80 sub-prefectural federations, including rural industry federations, reclamation federations, guidance federations, settlers' federations¹¹¹ and agricultural broadcasting federations.¹¹² This made a total of 344 such federations, a figure which fell in 1998 to 290 (see Figure 2.2) as part of Nokyo's internal rationalisation and restructuring process. This resulted in the demise of the two sub-prefectural marketing federations, one sub-prefectural welfare federation, 16 sub-prefectural sericultural federations, 15 sub-prefectural livestock federations, six sub-prefectural dairy federations, eight sub-prefectural horticultural federations, 20 'other' prefectural federations and 57 'other' sub-prefectural federations.¹¹³

The prefectural federations of the *sogo nokyo* are organised in turn into national Nokyo federations: the National Federation of Agricultural Cooperatives (Zenno,¹¹⁴ also spelled Zen-noh, or JA-Zenno), which is the national body for the prefectural Nokyo economic federations; the National Mutual Aid Nokyo Federation (Zenkyoren,¹¹⁵ or JA-Zenkyoren); and Norinchukin, the national banking institution for the agricultural cooperatives (see Figure 2.2).¹¹⁶ Of these main national Nokyo federations, Zenno is the most recently established. It was formed in 1972 when the National Purchasing Nokyo Federation (Zenkoren)¹¹⁷ and the National Marketing Nokyo Federation (Zenhanren)¹¹⁸ amalgamated.

One of Norinchukin's most important tasks is to act as a channel for public funds into agriculture via the cooperatives. Its own source of funding is limited to the agricultural, forestry and fisheries cooperatives and their federations, but the use of the capital that is collected is diverted widely into stocks and bonds, loans to related and non-related industries and other financial ventures.¹¹⁹ In the opinion of the JCP, it performs a capital supply role for large enterprise.¹²⁰

The organisational chart of the federated Nokyo organisation in Figure 2.2 shows that although the various components are formally independent, their membership structure is linked through a vertical hierarchy. Business systems are also linked in the same way. Most enterprise (particularly in the case of the multi-purpose cooperatives and their federations) is done internally amongst the different parts of the three-stage system of national federations, prefectural federations and local co-ops. For example, in marketing business, the *tankyo* utilisation rate of the *keizairen* is 93 per cent¹²¹ and the *keizairen* utilisation rate of Zenno is 56 per cent.¹²² These figures indicate that the vast bulk of agricultural commodities produced by members is delivered to the market through at least the two-stage *tankyo-keizairen* system, while some moves through all three stages. With respect to purchasing, the *tankyo* utilisation rate of the economic federations is 74 per cent,¹²³ while the *keizairen* utilisation rate of Zenno is 62 per cent,¹²⁴ and thus most purchasing is conducted through the three-stage federated system. As far as trust business is concerned, excluding 'system capital', a large proportion of

loans are debts of the federated upper organs, and in the case of surplus capital, the *tankyo* trust federation utilisation rate is 85 per cent (1997), and the *shinren* utilisation rate of Norinchukin is 53 per cent (1997).¹²⁵ In other words, when it comes to the *sogo nokyo*, the three layers of business operations overlap to a great extent. This suggests that the unit cooperatives are not self-sufficient in their management. Rather they are dependent on upper-level organisations.¹²⁶

Horizontal cross-linkages also characterise Nokyo's various business activities. All Nokyo's enterprises are systematically connected to one another. Take economic activities (*keizai jigyo*)¹²⁷ with respect to rice, for example. The National Central Union of Agricultural Cooperatives (Zenkoku Nogyo Kyodo Kumiai Chuokai, or Zenchu) discusses the state-guaranteed producer rice price with the government,¹²⁸ while Zenno negotiates with suppliers about the prices of producer goods such as fertiliser, pesticides and machinery.¹²⁹ The *sogo nokyo* are in charge of the collection of rice from farmers which is sold to the government as well as to private wholesalers through the federated three-stage system involving the *keizairen* and Zenno.¹³⁰ The *sogo nokyo* have some facilities for rice processing as well as outlets for selling rice to consumers, including members. In addition, the *sogo nokyo* organise the storage of rice and seeds, and the shipping to buyers at the request of producers. If members are in need of funds, they are eligible for loans from the *sogo nokyo* credit business. Thus although the activities of agricultural cooperative organisations are formally categorised as different businesses, the various enterprises are actually inseparably connected with each other,¹³¹ both vertically and horizontally. The horizontal linkages also extend to the specialist side of the organisation through cross-cutting membership and because specialist cooperatives rely on the *sogo nokyo* and their federations for some services such as credit, although their main connections are vertical with their own upper-level federations.¹³²

The national specialist Nokyo federations outnumber the mainstream multi-purpose federations by a considerable margin (see Figure 2.2). The top-level national specialist cooperative federations for the livestock and dairying industries are the National Livestock Nokyo Federation (Zenkoku Chikusan Nogyo Kyodo Kumiai Rengokai, or Zenchikuren), the National Dairy Nokyo Federation (Zenkoku Rakuno Nogyo Kyodo Kumiai Rengokai, or Zenrakuren)¹³³ and the National Raw Milk Demand and Supply Adjustment Nokyo Federation (Zenkoku Seinyu Jukyu Chosei Nogyo Kyodo Kumiai Rengokai).

The Japanese sericultural cooperatives are led by the National Sericultural Nokyo Federation (Zenkoku Yosan Nogyo Kyodo Kumiai Rengokai, or Zenyoren) and the Japan Raw Silk Thread Marketing Nokyo Federation (Nihon Kiito Hanbai Nogyo Kyodo Kumiai Rengokai, or Niseiren),¹³⁴ the poultry and egg industries by the Japan Poultry Nokyo Federation (Nihon Yokei Nogyo Kyodo Kumiai Rengokai, or Niyoren) and the National Egg

Marketing Nokyo Federation (Zenkoku Keiran Hanbai Nogyo Kyodo Kumiai Rengokai, or Zenkeiren); the fruit and vegetable industries by the Japan Horticultural Nokyo Federation (Nihon Engei Nogyo Kyodo Kumiai Rengokai, or Nichienren), the Japan Fruit Juice Nokyo Federation (Nihon Kaju Nogyo Kyodo Kumiai Rengokai, or Kajuren), the Japan Carrot Marketing Nokyo Federation (Nihon Ninjin Hanbai Nogyo Kyodo Kumiai Rengokai, or Ninhanren) and the Japan Shiitake Nokyo Federation (Nihon Shiitake Nogyo Kyodo Kumiai Rengokai, or Nishiiren); the hop (tobacco) industry by the National Hop Nokyo Federation (Zenkoku Hoppu Nogyo Kyodo Kumiai Rengokai, or Zenhoppuren); the reclamation and settlers' industries by the National Reclamation Nokyo Federation (Zenkoku Kaitaku Nogyo Kyodo Kumiai Rengokai, or Kaitakuren), and the National Settlers' Nokyo Federation (Zenkoku Takushoku Nogyo Kyodo Kumiai Rengokai, or Zentakuren).

Nokyo's cultural and welfare activities are represented nationally by the National Welfare Nokyo Federation (Zenkoku Kosei Nogyo Kyodo Kumiai Rengokai, or Zenkoku Koseiren) and the National Culture and Welfare Nokyo Federation (Zenkoku Bunka Kosei Nogyo Kyodo Kumiai Rengokai) and its information and PR industry by the National Newspaper and Information Nokyo Federation (Zenkoku Shinbun Joho Nogyo Kyodo Kumiai Rengokai, or Shinbunren). In addition there is a general marketing specialist federation called the Japan Marketing Nokyo Federation (Nihon Hanbai Nogyo Kyodo Kumiai Rengokai) and a National Transportation Nokyo Federation (Zenkoku Unyu Nogyo Kyodo Kumiai Rengokai, or Zenunren).¹³⁵

Nokyo's policy leadership groups

With the establishment of the agricultural cooperatives and with the land reform completed, government rice policies provided a pivotal focus around which farmers' organisations attempted to mobilise politically and the star item in a lobbying process that Nokyo shared and increasingly came to dominate.

In November 1948 a National Guidance Nokyo Federation (Zenkoku Shido Nogyo Kyodo Kumiai Rengokai, or Zenshiren) was established as the central guiding body for the agricultural cooperatives. It was replicated at the prefectural level by prefectural guidance federations (*shidoren*). Zenshiren provided guidance to the agricultural cooperatives in three main fields: production, organisation and agricultural policy.¹³⁶ It launched *nosei katsudo* as an interest representative organ (*rieki daihyo kikan*) of the farmers and of the agricultural cooperatives on issues relating to compulsory rice deliveries, producer prices, agricultural taxes and other policy problems.¹³⁷ As a decision governed by ministerial responsibility, the producer rice price was a political as well as an administrative and economic issue affecting the vast majority of farmers and co-op members. In order to increase farmers' returns, the

agricultural cooperatives turned their attention to increases in the price of rice they delivered to the government. For example, during the 1948 rice price campaign under the aegis of the Agriculture Reconstruction Council, the newly formed agricultural cooperatives led by Zenshiren decided to increase the demand price to a level higher than that requested by the council. This action proved to be successful with a government settlement at the midpoint between the two demands.¹³⁸

Possibilities for the presentation of producer rice price demands to government by farmers' groups were considerably enhanced with the establishment of the RPAC as an inquiry organ (*shimon kikan*) of the MAF in August 1949. The call to 'democratise' the process of deciding the prices of commodities distributed through the FC system (namely rice, wheat and barley) had been made by both Nichino and the *noseiren* in 1947. They wanted farmers' representatives to be involved in the process through an agricultural commodity price council and a pricing committee respectively. In 1948, the National Farmers' Convention called for the establishment of a central advisory organ that would include both farmers and consumers' representatives in order to democratise what they considered a one-sided, bureaucratically-dominated decisionmaking process, although formally speaking the producer rice price was decided by the MAF Minister.

These various calls from the rice roots were taken up by the Lower House (LH) Agriculture, Forestry and Fisheries Committee which issued a proposal for the creation of an advisory council consisting of farmers, consumers and learned persons (*gakushikisha*) to be involved in rice price decisionmaking. This was subsequently realised with the formation of the RPAC with members appointed by the MAF Minister.¹³⁹ Eleven producer representatives were selected to the first council, including officials of Zennoseiren, Zenkoku Nomin Kumiai, Nichino, Zenshiren and Zenhanren. The main task of the RPAC was to receive and discuss a government-proposed producer rice price presented to it by the MAF Minister and to compile a final report containing the council's views on the government's recommendation. The RPAC was, therefore, established very early on as a formal consultative channel for the presentation of producer opinions to government.¹⁴⁰

The early 1950s were a period when agricultural cooperative leaders were primarily concerned with internal matters of organisational establishment, financial viability and functional scope,¹⁴¹ but Nokyo also consolidated its position as the political voice of farmers in relation to rival agricultural organisations at this time.¹⁴² As a group commissioned almost exclusively by government with the task of collecting rice and selling it to the Food Agency under the FC Law,¹⁴³ Nokyo was able to voice the interests of all rice producers.¹⁴⁴ In many respects, Nokyo's pressure group activities evolved as an extension of its principal economic functions in relation to Food Control.¹⁴⁵ After the abolition of direct government control over wheat and barley distribution in 1950–51 (which Nokyo opposed), issues such as rice delivery quotas and the producer rice price became paramount. The pressing

need to increase rice output assisted Nokyo's assumption of a representational role on rice-related issues. It naturally acceded to the position of policy leader in relation to requests for government subsidies to enable farmers to acquire key inputs such as fertiliser, agricultural chemicals and tools to expand rice production. Nokyo's position as spokesperson for farmers was bolstered as it inevitably found itself channelling all demands on rice production as well as price supports.¹⁴⁶ The assumption of the Zenshiren chairmanship by a pro-active Nokyo leader in 1951 also assisted Nokyo to assert its national leadership of the producer rice price campaign.¹⁴⁷ Nokyo's representatives became the most influential farmers' advocates on the RPAC.

The strength that the agricultural cooperatives were able to muster contrasted with the growing disunity of the farmers' unions and the decay of the National Rural Youth League – both dispossessed of their primary *raison d'être*. In 1950–51, a distinct turning point in the farmers' movement could be detected. As Tanaka puts it, the movement changed its character from one that took the farmers' unions as its core to one centring on Nokyo's agricultural policy activities. Nokyo started to take the lead in farmers' campaigns, replacing the farmers' unions.¹⁴⁸

The producer rice price issue also spawned new divisions amongst farmers' groups as the era of organisational cooperation around such issues as the formation of new agricultural cooperative unions and organisational democratisation came to an end. Policy differences emerged between groups over levels of price demands. One indicator of this was the appearance of major differences between Nokyo and Nichino's attitudes to the producer rice price. The farmers' unions began to demand much higher prices compared to those being requested by Nokyo. Their different perspective largely stemmed from their divergent ideological worldviews. The membership of the farmers' unions largely derived from a select group of ideologically committed supporters of the Socialist and Communist parties. They sought to equalise 'wages' in the agricultural sector with those of modern factory workers.¹⁴⁹ Their appeal to some farmers at the time was their call for higher rice prices, with the enemy identified as 'monopoly capital' and the conservative government depicted as its main instrument out to plunder and sacrifice the workers and the farmers.¹⁵⁰ The agricultural cooperatives, on the other hand, were government-sponsored organisations acting as agents of the MAF in relation to rice collection and distribution. Their proximity to government inevitably moderated their stance compared with those of the farmers' unions.¹⁵¹

The early 1950s were also significant for the passage of an amendment to the Nokyo Law setting up a new system of agricultural cooperative leadership groups called central unions (*chuokai*) to replace the old system of guidance federations. Zenshiren lacked the status of a peak organisation of agricultural cooperatives. Nor was its role in representing the interests of the agricultural cooperatives to government clearly spelled out in the legislation. As a result, it operated on equal terms with the national Nokyo economic federations

which also assumed agricultural policy functions.¹⁵² This made it difficult for Zenshiren to unify the common will of Nokyo as a whole.¹⁵³

At the first national Nokyo convention in 1952, a resolution to establish a National Central Union of Agricultural Cooperatives (Zenchu) as a comprehensive guidance organisation that would also oversee the conduct of agricultural policy activities was seen as urgently required.¹⁵⁴ In June 1954 the amendment to the Nokyo Law was duly passed. For the first time Nokyo's agricultural policy activities came under the supervision of a peak, national body.¹⁵⁵ At the same time, prefectural central unions (*ken chuokai*, or *kenchu*) were established in each prefecture. Like the *shidoren*, the central unions were a special type of non-economic agricultural cooperative.

The 'business' (*jigyo*) of the central unions as listed under Article 73(9) of Nokyo Law are as follows: 'providing guidance on matters of organisation, business operations and management of agricultural cooperatives; auditing of the accounts of member cooperatives; furnishing information and providing educational services for agricultural cooperatives; liaison with and mediation of disputes amongst member cooperatives; research and investigation on matters relevant to the agricultural cooperatives; and, in addition to the activities under the foregoing items, any other activities required for attaining the objectives of the central union.'¹⁵⁶ The central unions are different from the other agricultural cooperative organisations whose main purpose is to provide services to agricultural cooperative members. The principal function of the *chuokai* is to supervise the other agricultural cooperative groups and adjust their interests. In this respect the central unions occupy a more elevated position on the organisational ladder. They are the powerful central institutions of Nokyo which direct the lower-level organisations.¹⁵⁷

The *kenchu* serve as coordinating and guiding bodies for the agricultural cooperatives within each prefecture. Because they do not conduct economic business, they are funded by levies on their organisational members, principally the *sogo nokyo*. They also receive subsidies from the government to conduct their activities. The membership of Zenchu primarily consists of the *kenchu* and the other Nokyo national federations, including the specialist federations.¹⁵⁸ Zenchu performs functions for its members that are the same as the prefectural central unions and derives its funding in the same way from levies on its organisational members and from government subsidies. Under the internal division of labour, the prefectural central unions serve as leadership organs for the agricultural cooperatives within individual prefectures, while Zenchu's task is to act as the overall leader of the Nokyo organisation in the nationwide sphere. Taken together, the *chuokai* have the function of concentrating the will of the agricultural cooperatives and representing it to the outside.¹⁵⁹

Legal provisions establishing the central unions were not, therefore, part of the original 1947 Nokyo Law. They were added later in order to correct what were thought to be the organisational and financial deficiencies of the existing system of national and prefectural guidance federations and to

- General Affairs Department (Somubu)
 - Public Relations Department (Kohobu)
 - Agricultural Policy Department (Noseibu)
 - Agricultural Policy Section (Noseika)
 - International Planning Section (Kokusai Kikakuka)
 - International Cooperation Office (Kokusai Kyoryoku Shitsu)*
 - Agricultural Countermeasures Department (Nogyo Taisakubu)*
 - Agricultural Management Countermeasures Office* (Eino Taisaku Shitsu)
 - Rice and Wheat Section (Beibakuka)
 - Livestock and Horticulture Section (Chikusan Engeika)
 - Rice Consumption Expansion Policy Department (Beishohi Kakudai Taisakubu)*
 - Regional Policy Department (Chiiki Taisakubu)*
 - Youth and Women's Section (Seinen Joseika)
 - Livelihood Section (Seikatsuka)
 - Regional Promotion Section (Chiiki Shinkoka)*
 - Management and Auditing Department (Keiei Kansabu)*
 - Organisational Countermeasures Department (Soshiki Taisakubu)*
 - Organisational Adjustment Promotion Section (Soshiki Seibi Suishinka)*
 - Education Department (Kyoikubu)
 - College Department (Gakuenbu)*
-

Notes: New and renamed departments are signified by an *.

Figure 2.3 Zenchu's internal structural divisions (1997)

Source: Nokyo Pamphlet, *JA Zenchu Soshiki Kozu* [*JA Zenchu Organisational Composition*], 1998.

strengthen the agricultural cooperative movement generally. The formation of Nokyo's bureaucratic system was considerably accelerated by the creation of the *chuokai*.

The most politically significant aspect of the creation of the central unions, however, was the formal ascription under the law of what might be broadly called an 'agricultural policy function'. Central unions were allocated the task of representing the interests of the agricultural cooperative movement to government. Article 73(9)-2 of the Nokyo Law lays down that: 'A central union may make proposals to administrative authorities on matters concerning the cooperatives'.¹⁶⁰ Although the legislation does not include the terms *nosei katsudo* or phrases directly relevant to it, the interpretation of this

Article provides legal authority allowing *nosei katsudo*.¹⁶¹ Nokyo's conduct of *nosei katsudo* was thus laid on a firm legal foundation. The *chuokai* were formally charged with coordinating Nokyo's agricultural policy activities, with Zenchu acting as the peak representative body for the agricultural cooperatives on policy-related matters.

By 1955 the stage had been set for the development of a distinctive system of Nokyo-led agricultural policy campaigns, and from this time onwards, these activities were bolstered and expanded. Located in Tokyo, the seat of government, the 'administrative authorities' in Zenchu's case were clearly the MAFF and its agencies, although in practice this provision has included all branches of the government, including the ruling party.

Zenchu's policy concerns encompass issues concerning the cooperatives as well as larger questions of state-wide farm policy. Although the legislation appears to limit its policy concerns to 'matters concerning the cooperatives', in practice these naturally extend to issues concerning its membership as a whole, and thus agriculture and farmers in general.¹⁶² In addition, the articles of incorporation and bylaws of Zenchu greatly expand its range of activities in the policy representation sphere. According to these provisions, Zenchu is the 'sole and supreme national body that unifies the intentions, represents the interests and determines the directions of the whole movement'.¹⁶³

Zenchu is also the supreme 'staff' body of the cooperatives and combines with the *kenchu* to form the administrative branch of the federated Nokyo organisation. Central union 'business' is mainly concerned with internal organisational matters involving the operations, management and finances of the cooperatives. Only one paragraph of the Nokyo Law concerns the relationship between the central unions and outside groups (administrative authorities).

The Zenchu secretariat constitutes its internal bureaucracy (each *kenchu* also has a secretariat). It is divided into nine departments (*bu*), seven offices (*shitsu*) and 17 sections (*ka*) in which Zenchu's salaried staff manage its affairs. Departments and their respective subdivisions (offices and sections) have been renamed and reorganised over the years as new foci of organisational interest have emerged. The 1997 setup is outlined in Figure 2.3. The department charged with formulating agricultural policy proposals for Zenchu is the Agricultural Policy Department (Noseibu). It has an Agricultural Policy Section, International Planning Section and International Cooperation Office. The latter is a new acquisition. Previously there used to be a separate International Department (Kokusaibu) in the secretariat. The structural reorganisation reflected the growing link between agricultural policy and international affairs consequent upon successive rounds of agricultural trade liberalisation, with the Noseibu now handling all questions relating to agricultural market access. Some restructuring has also gone on between the Noseibu and the Agricultural Countermeasures Department. The former lost its Livestock and Horticulture Section to the latter when it strengthened its international sections. The Agricultural Countermeasures

Department is now subdivided along the main agricultural product lines (these are concerned mainly with price and domestic production issues relating to these commodities), although it also has what amounts to a 'structural improvement' section (the Agricultural Management Countermeasures Office) in addition to a Rice Consumption Expansion Countermeasures Office, which underlines the importance of this issue to Nokyo. Zenchu's Merger Promotion Department, which operated in the early 1990s, has been taken over by the new Management Guidance Office when organisational management issues were subsumed by an expanded Management and Auditing Department (the latter used to operate as a single department). In fact, the particular subdivisions within the Zenchu secretariat are indicative of the organisation's main priorities at any particular time.

By and large the main structural divisions within the *kenchu* correspond to those of Zenchu, although not all departments are replicated exactly. The prefectural central unions have general affairs departments, public relations departments, education departments and management and auditing departments. Some also have merger promotion departments, livelihood departments and agricultural countermeasures departments. Almost all have agricultural policy departments, although these are sometimes amalgamated with agricultural management or public relations sections.

The agricultural policy departments of the central unions, particularly Zenchu, do the basic leg work of drafting various demands, requests, resolutions etc. that become the building blocks of Nokyo's *nosei katsudo*. These departments are staffed by salaried employees who are urban white collar workers and who have only indirect links to the farming world. The task of directing and monitoring their activities falls to Zenchu's full-time managing directors and its elected executives, who hold the reins of agricultural policy leadership within Nokyo.¹⁶⁴

Taking the organisation as a whole, one of its most salient operational features is that the agricultural cooperatives conduct their activities in each prefecture as a block. Prefectural directors of the various Nokyo federations supervise the administration of agricultural cooperatives in each city, town and village and coordinate the differences between them. Similarly, it is up to the leadership of the prefectural central unions to adjust confrontations between different agricultural cooperative groups and to mitigate regional antagonisms of blocks of groups, or the regional antagonisms of city, town and village unit agricultural cooperatives on the policy level.¹⁶⁵ These conflicting interests arise because each of the cooperatives is a fundamentally separate group, and acts on the basis of its own ideas. On occasions the cooperatives may even compete with each other for business.¹⁶⁶

Nokyo's historical, organisational and legal heritage

The analysis of Nokyo's historical antecedents, organisational establishment and functional attributes underlines the fact that the agricultural cooperative

organisation originated as 'a creature of the government'.¹⁶⁷ In fact, the overall historical process of the birth and development of the agricultural cooperatives in Japan was in reverse order to the traditional pattern of the formation of agricultural organisations in industrialised nations of the West.¹⁶⁸ Unlike farmers' cooperatives in Europe which were established on the spontaneous initiative of their members, Nokyo's predecessors were government-sponsored groups set up under organising legislation drafted by the Japanese bureaucracy.¹⁶⁹ Like the *sangyo kumiai* and *nokai* that were creations of the Meiji state and which set out to organise and control farmers for purposes of agricultural development as well as for farmers' own betterment, the modern Japanese agricultural cooperatives were founded on the initiative of governing authorities rather than agricultural producers themselves.¹⁷⁰ The state passed the necessary law governing their set-up, cooperatives were then established, and only then was cooperative membership organised.

Nokyo's heritage as a state-sponsored institution was reinforced by its *de facto* inheritance of the nationwide structure of the *nogyokai* in 1947–48, including buildings, members, employees and facilities.¹⁷¹ Although GHQ expected the agricultural cooperatives to play an important role in the democratisation of agricultural villages, in fact, little difference existed between Nokyo and the *nogyokai*.¹⁷² In the poverty and confusion that followed Japan's defeat, and in the controlled economy of the early postwar years, it was inevitable that the newly formed agricultural cooperatives would simply take over where the *nogyokai*, which were in the process of being dismantled, left off.¹⁷³ As one Nokyo 'old hand' commented, 'the old senior officials of the *nogyokai* and the meddling bureaucrats of the government offices got together and soon nationwide *tankyo*, prefectural federations and national federations were established.'¹⁷⁴

The lack of any tradition of free and independent action by villagers, who remained bound by the communal traditions of village society,¹⁷⁵ also facilitated the direct transition from the *nogyokai* to the *nokyo*. A comment that is ubiquitous in the analysis of the times notes that *nogyokai* signboards were simply taken down and replaced with *nokyo* signs.¹⁷⁶ As Kawagoe explains,

the previous agricultural associations were disbanded in August 1948. Their assets, business and staff were passed on, just as they were, to the new Nokyo. This was done to avoid unnecessary social upheaval, but in addition, the government needed an implementing agency working at the local level to handle the many agricultural products and raw materials, which were still under control at that time. So the newly launched Nokyo inherited a lot from the wartime agricultural associations . . . Though the agricultural associations were disbanded, the new Nokyo inherited many of the functions as control agency in the former.¹⁷⁷

The one-union-for-each-village formula was adopted 'in order to facilitate the maintenance of continuity and similarity between the old agricultural