Recent agricultural development

1. I would like to point out the recent development of Japanese agriculture and change in its food consumption, which requires new orientation of agricultural policy.

(i) The first feature is a relative decrease of the importance of agriculture in the whole national economy which has been caused by a rapid development of non-farm sectors. The ratio of the net value of agricultural products to that of total domestic products fell from 10.2 per cent in 1960 to 5.5 per cent in 1970. The number of employees engaged in agriculture also decreased very rapidly; its ratio to the number of total employees changed from 26.8 per cent to 15.9 per cent in the same period. Furthermore, though the labour productivity per farm employee rose by 70 per cent (at an annual rate of 5.6 per cent), the remuneration per farm employee remained only at 60 per cent of that of non-farm employees.

(ii) The second feature is a change in food consumption structure, which has taken place in response to the increase of national income. The consumption of starchy food has been stagnant or decreasing and that of other foods has continually increased by various degrees. The most characteristic feature in the change of food consumption is that per capita rice consumption has continually declined from a record peak in 1962 and reached 86 per cent of the consumption level of 1960 in 1970. On the contrary, the consumption of animal products, fruits and vegetables increased rapidly. In the first place, such a change in the pattern of food consumption has necessitated a change in production pattern, and so-called selective expansion of agricultural production in response to this change has been vigorously encouraged so that the production of animal products and fruit has increased markedly. But, on the other hand, as to rice which is the most important agricultural product in Japan, surplus has emerged, mostly due to an unexpectedly rapid decrease in its consumption in these years in spite of its stagnant production trend.

Secondly, changing food consumption has brought about a substantial increase of agricultural imports. Total import of agricultural products (excluding natural rubber, cotton, wool, tobacco and alcoholic beverages) increased by more than three times in the last decade, (from less than $0.9 billion in 1960 to $2.6 billion in 1969 and $3.2 billion in 1970). The
rapid growth of agricultural imports seems to have contributed substantially to the expansion of world agricultural trade. On the contrary, agricultural exports stayed at about $0.2 billion excluding exports of rice which sporadically took place in concessional terms in the past few years and are expected to diminish before long. Agricultural trade balance of Japan, therefore, is in a large excess of imports over exports. It would be also necessary to point out here that the Government's continuous effort toward import liberalization seems to have contributed to such an expansion of imports. For instance, in a very short period of two years or so since February 1970, quantitative restrictions on forty-five agricultural items were eliminated, despite oppositions and frustrations among farmers and farm organizations.

(iii) The third feature of the recent agricultural development is the change in farm structure. While the number of agricultural employees has declined in the past ten years at an annual rate of 3.8 per cent, the share of women and old men in agricultural employees has increased year by year. On the other hand, the number of farm households has decreased annually by only 1.2 per cent, so that a clear contrast has emerged between a sharp decrease in the number of agricultural employees and a slow decrease in the number of farm households. Such trends can bear a very difficult problem in structural improvement, since they are apt to impede accelerated enlargement of farm scale. Thus, farmers who want to raise their living standard more and more tend to seek out-farm jobs.

(iv) The fourth feature is that agricultural labour productivity has been improved through a new development in production techniques. It would be appropriate to point out here that technical level of production of each farmer has been generally raised through wider application of various types of labour-saving techniques which are strongly promoted by new prevailing group-production organizations throughout the nation. In particular, the labour productivity increase in certain sectors is conspicuous; in livestock and fruit sectors, largely due to the achieved enlargement of unit production scale, and in the vegetable sector, due to the development and extension of new techniques.

Agricultural policy

2. Basic objectives of the agricultural policy of Japan are (i) to provide a stable supply of food and other agricultural products and (ii) to assure agricultural employees to obtain the income comparable to that of employees in the industrial sectors.

In response to the recent development of agriculture and change in food consumption, agricultural policy in Japan has been carried out to achieve these objectives. In more concrete terms, following priority measures have been carried out.
(i) To promote a further structural improvement in agricultural sector to achieve a higher productivity in response to the development and internationalization of the whole national economy. To this end various policy measures are under way such as the second structural improvement programme, promotion of mobility of farm land, annual pension and vocational training schemes for farmers, guidance and assistance for a systematic introduction of manufacturing industries in rural areas and so forth. These policy measures aim at fostering viable farming units so that they may share a substantial part of the total agricultural production.

(ii) To reorganize the composition of agricultural production both to ensure a stable supply of requisite food and to realize a desirable pattern of agricultural production in accordance with advantageous natural conditions of different agricultural areas. "Regional Guidelines on the Agricultural Production" publicized by the Ministry of Agriculture in 1970 shows desirable future targets for the agricultural production in various areas. In this connexion the most critical and sensitive matter is, in particular, how to direct future rice production. As to rice, a six year production adjustment programme has been implemented since 1970 which aims at attaining to its annual production level corresponding to the level of annual domestic demand. The envisaged reduction of rice production under this programme was 1.0 million metric tons (brown rice basis) for 1970 (actual performance; 1.39 million tons), 2.3 million tons for 1971 (actual performance; 2.26 million tons) and 2.15 million tons for 1972 and so forth. On the other hand, in order to utilize 500,000 hectares of paddy fields provided with irrigation facilities which are refrained from rice production and to alter the farmers' income sources from rice to other product, diversion of the refrained paddy fields into farm land suitable for other production is strongly encouraged by the Government. Fodder crops, including grass, fruits and vegetables for which national demand is increasing are the main products encouraged by the Government.

(iii) To stabilize the prices of agricultural products so as to ensure farm income at a reasonable level and to contribute to stabilizing the economy of consumers' households. It is generally recognized in Japan that the price of agricultural products needs to be a stable and reasonable one which has to be acceptable both to producers and consumers (in certain main products, price is determined on the basis of the consensus of various interest groups representing producers and consumers), and that it should be determined so as to contribute to the long-term stabilization of the consumer price in the light of the evolution of international price.
New rôle of agriculture

3. Finally, it would be necessary to point out that people's expectation upon a new rôle of agriculture is growing in connexion with the socio-economic nature of the recent environmental questions. In other words, there is a rising national attention to the essential rôle which agriculture can play through the utilization of land for the protection and conservation of the nature, the prevention of natural disasters as well as maintenance of better human environments through preserving green for the whole nation. In the coming years, this seems to imply that this function of agriculture will become more important for this country.