



Farming in Japan

## Field work

TOKYO

With fewer, bigger plots and fewer part-time farmers, agriculture could compete

MUTSUO BANBA's rice farm in Ishikawa prefecture, on the north-west coast of Japan's main island, is a mosaic of plots, many separated by land belonging to others. In the season, Mr Banba, a full-time farmer, takes care to water his rice every day. Others, he says disapprovingly, do not. These part-time farmers, he complains, "stay inside with their air-conditioning, while their rice dries out and cracks". This angers him, because their harvest is mixed with his when the local co-op picks up the crop for sale.

Part-time farmers mounting their tractors in their spare hours are a much-loved part of the Japanese landscape. Often elderly, they have other employment too, or their families help them financially: either way, farming is not their sole source of income. The sheer number of such farmers drags down the sector's productivity. Of Japan's 1.5m farmers, only 420,000 are engaged in farming full-time. Part-timers tend not to invest, and often farm badly.

Yet by force of numbers, they wield political influence, through the national network of local farm co-operatives called Japan Agriculture (JA). With its tight links to the Liberal Democratic Party (LDP) and the agriculture ministry, and employing an astonishing 240,000 staff in Tokyo and around the country, the JA is probably Japan's most powerful lobby. It campaigns to keep high import tariffs on farm goods: the tariff on rice is 777.7%, that on butter is

360%, while sugar attracts a 328% levy. So the announcement in March by the prime minister, Shinzo Abe, that Japan intends to enter talks to join the Trans-Pacific Partnership (TPP), a free-trade grouping, came as a shock. The LDP is expecting a backlash. Farmers may prove the biggest barrier to entering the TPP. The farm ministry will also object, claiming that nine-tenths of Japanese rice production would go with the TPP, and 3.4m jobs overall.

Letting in cheap foreign rice is the most controversial part of entering the talks. Rice, says Kozo Watanabe, who until recently represented JA interests in the Diet, is a "spiritual cornerstone". The communal efforts that were required to grow it shaped Japanese culture and identity. Moreover, says Mr Watanabe, Japanese small-scale farming will collapse in the face of American agribusinesses sowing seed from planes. Yet, in the case of rice, an aim of protection is to keep the domestic price high by restricting production. That is fine for farmers paid to grow less, as well as for the JA, but a lousy deal for consumers.

Rice cultivation has the highest concentration of part-timers. Elsewhere, farming has diversified towards other crops, market gardening and livestock. There, professionals dominate. But, apart from in livestock, their farms are small, with an average size of 1.5 hectares.

The farm lobby argues that tiny farms are a natural result of Japan's history and

### Also in this section

48 India's Narendra Modi

49 Malaysia's general election

49 North Korea

50 Banyan: Firebug or matchmaker?

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mountainous landscape. After 1945 a crucial land reform redistributed land from large landlords to tenants, with an average plot size of around 3 hectares. Under the devoted care of the small landowners, agricultural yields shot up, laying a crucial foundation for growth.

The hope was that small farmers would before long take other jobs as new industries were born, says Masatoshi Wakabayashi, who was agriculture minister in 2007 during Mr Abe's first term as prime minister. They were expected to sell their land to other farmers seeking scale and efficiency. But as the value of land soared during the bubble era, he says, farmers preferred to hang on in the hope of selling their plots for development. Today, with rural areas increasingly depopulated, perhaps a tenth of all plots are abandoned to weeds. Farmers are often old: in 2010, the average age was 70. Few offspring want to follow them into farming. Yet tight land laws make it hard for just anyone to come in and buy. Japanese agriculture, says an official at the agriculture ministry, has a choice to make between improvement and decline.

Joining the TPP and lowering tariffs is just the medicine, says Mr Banba, who is 56 and once won a government award for his farm management. "Strong farmers", he adds, "are not afraid of the TPP". Entry would allow professionals like him to amass more land. He has a point. A 74-year-old neighbour with three small fields says that on the day Japan signs up to the TPP to let in cheap American rice, he will quit and lease his land to Mr Banba, who has plans to join up with a fish company and start selling frozen sushi to California.

If Japan joins the TPP, it is likely to insist on being given several years to dismantle protection for its farmers, especially for key products such as rice. Yet radical steps ►



► some industries to repatriate all of their export earnings, and almost halted the flow of foreign currency at the official rate.

The aim is to prevent Argentina responding to an uncertain economy the way they normally do, by rushing to devalue the peso. In that sense, the contrast is stark: they have slashed exports from \$21.5 billion in 2011 to \$1.5 billion in 2012; profits and dividends have fallen from \$200m in 2011 to \$10m in 2012. One: consumer spending is shot to pieces. Longer-term: the economy is no longer growing. Unemployment is off the charts.

Also in this section

India's Narendra Modi

Gujarat's general election

Big or matchmaker?

The Economist April 13th 2013

47

to boost competitiveness might be disastrous.

Both the TPP and wider reforms, a hurdle will be J.A. Its influence fits depend on the size of its membership. So it has an interest in maintaining the current distribution of power. Yet new co-ops are also springing up. They do a better job of serving the full-time farmers like Mr Banba, and of urban consumers who want choice and competition. And all the A's members are ageing. Japan's powerful lobby is losing its potency over them. ■

Hence Mr Modi's second source of power: as a moderniser flaunting the economic progress of Gujarat. Investors in his state like the bountiful power, decent roads, quick and fairly clean decision-making and the easy provision of land. Migrants come for jobs. Gujaratis' incomes have much more than doubled under him.

Gujarat is not all golden. Academics note that social indicators—child malnutrition, the lot of women—painfully lag economic growth. Other states tackle poverty and ill health better. Nor can its experience easily be transplanted. Gujaratis' history of trade and entrepreneurship is exceptional. And, as head of a national coalition, Mr Modi would lack the near-presidential powers he enjoys as chief minister.

This week he undertook a roadshow of sorts with a series of speeches and television addresses. He set out a vision of smaller, better government and promoted the privatisation of state-run firms, an education-voucher system and solar power. He also proposes easing cumbersome labour laws. Some talked this week of their son of a tea-seller as India's answer to the grocer's daughter, Margaret Thatcher.

National campaigning will start after various state-assembly elections in November. Observers expect a more presidential style of contest than usual. So television will especially matter: at the last election in 2009, 460m people had a box at home. Next year nearer 800m will. That should suit Mr Modi: he is charismatic, physically large, at times aggressive, and his outsider status is appealing. He will probably run from beyond Gujarat, in a constituency in Uttar Pradesh, India's most populous state, where the BJP must make gains if it is to form a national government.

His main opponent may be Congress's Rahul Gandhi, the ultimate privileged insider. Mr Gandhi also spoke to a business lobby in Delhi, on April 4th. His speech was crammed with well-meaning talk of "inclusive" growth. But he also rejected the idea of "a hero riding a horse" to save India. His distaste for politics sounded visceral; the question of who will be prime minister is "irrelevant" noise.

Thus the BJP may bet heavily on Mr Modi. But there are risks. He could be rejected by Muslims and moderate Hindus. Mr Modi's campaigning outside Gujarat in 2009 brought out crowds but gathered few votes. The other possibility is that next year's election is decided less by presidential style and more by old-fashioned, state-level deals between parties on fielding candidates. That calls for organisation, not flashy leadership. Voters may yet care most about local issues. And, counter-intuitively, even Mr Gandhi's diffidence might turn out to be a boon. Congress may try to attract national coalition allies among those wary of serving alongside the uncompromising, never apologetic, Mr Modi. ■

DELHI

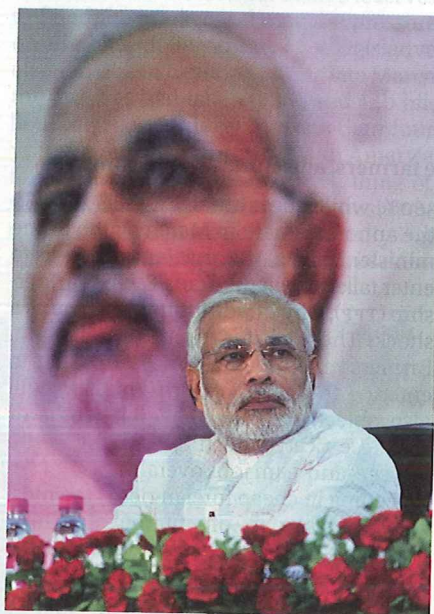
## A controversial leader has ambitions to be India's next prime minister

HOW far will Narendra Modi rise? The stocky chief minister of Gujarat, a state in western India, already boasts a rags-to-success story. The son of a low-caste *chai-wallah* who became a lowly member of the Hindu nationalist movement, has in the past few weeks at last emerged as the dominant figure of the opposition Bharatiya Janata Party (BJP).

Re-elected in Gujarat in December after 11 years in power, his ambitions are now national. The de facto BJP candidate to be prime minister after the election due by next year, evidence abounds of his growing clout. In March the BJP's president, Rajnath Singh, an old opponent, was forced into two concessions. First Mr Modi, alone among chief ministers, muscled himself onto a pair of important party committees. Then his right-hand man, Amit Shah, was installed as the party's general secretary. A fellow Gujarati, Mr Shah will be tried over the murder in custody of a Muslim couple who allegedly planned to kill Mr Modi in 2005. Yet he is an asset for the leader: a back-room fixer and election manager, utterly loyal to his boss.

Mr Modi's strength comes from two sources. The more troubling is an assertive strain of Hindu-based politics. Leaders of the influential Hindu nationalist movement, the Rashtriya Swayamsevak Sangh, distrust him as too independent-minded. But ordinary members back him fervently, yearning for a Hindu strongman.

They like his unapologetic stance over riots in Gujarat in 2002, when over 1,000 people were killed, mostly Muslims. Police and politicians ignored or actively directed the massacres. Subsequent investigations by state bodies were feeble, but out-of-state judicial efforts also failed to find evi-



Good Modi, Bad Modi

dence to convict Mr Modi. Others did fall, however. Last year an ex-minister of his, Maya Kodnani, was jailed for 28 years for directing murderous mobs.

Asked about the riots last year, Mr Modi retorted that since he keeps winning elections, "I have completed this examination, and with distinction marks". Hardliners, notably his noisy social-media camp, cheer such defiance. Yet Hindu chauvinism pays diminishing returns nationally. For the BJP to get anything near to the 200 (out of 545) seats it needs in 2014 to be sure of leading a coalition government, Mr Modi must appeal beyond his base to an emerging urban middle class worried about jobs, development and corruption.