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## THE CURRENT LAND PROBLEM AND THE ESTABLISHMENT OF PEASANT PROPRIETORSHIP

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### I.

Since the agricultural crisis of 1930, Japanese agricultural policy has been framed with special regard for the stabilisation of the prices of farm products, much attention being paid at the same time to the encouragement of self-help among the farmers for their own economic recovery. For the agricultural crisis caused a sharp decline in the prices of farm products and created a disparity between the prices of agricultural products and those of industrial manufactures ... cartel manufactures especially ... to the serious distress of the agricultural communities. Moreover, taxes and interest payments on their debts began to weigh more heavily on the farmers, as they did not fall proportionately to the decline in the prices of farm products. However, as a quick removal of this price disparity ... which is due to the fact that whereas industry is under a capitalistic monopoly, there exist a multitude of small farmers engaged in various forms of agriculture or of the excessive tax burden or of the heavy debt pressure was impossible, the Government's attention was directed first to the pursuit of the policy of forcing up to a certain extent, or of stabilising at least, the prices of farm products. The Rice Control Law, the Rice Voluntary Control Law, the Law for the Control of the Disposal of Cocoons and the Fertiliser Control Law are all ramifications of this price policy.

Next, the policy of reviving the economic prosperity of the agricultural community by the farmer's own efforts claimed attention. In pursuance of this policy, the spirit of

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the farmers was aroused in the first place. It was urged that true peace should be restored to their village life by suspending partisan strife and farm tenancy disputes through the cultivation of genuine accord among the vilagers ... an accord based on the spirit of good neighbourliness and mutual aid, which has been one of the splendid customs of Japanese agricultural communities from ancient times. Emphasis was also laid on the need of fostering industrious and thrifty habits among the farmers and of promoting self-sufficiency in farm economics. For the attainment of this object, efforts were made to promote co-operation in all spheres of agricultural activity.

It must be admitted that such a price policy was absolutely necessary to remedy the effects of the agricultural crisis and that it really contributed something towards relieving the distress of the farming population. In a country like Japan, where the landowner figures not only as the recipient of farm rent in kind but as the seller of the farm produce received as rent, this policy of regulating the price of farm produce is in perfect accord with his interests. Moreover, a large number of landowners who, because they do not cultivate land themselves, play no part either as farmers or as agricultural entrepreneurs, naturally attempt to influence economy through State politics, as they are not in a position to influence economy through their own economic activity, and consequently they give this policy their positive support. On the other hand, the paying of farm rent in kind, as is practised in Japan, tends to prevent the producers of farm goods from reaping full benefit from the price policy. If, therefore, the agricultural price policy is to attain its desired end, it is imperative that the farm tenancy system should be properly revised. In other words, in so far as the agricultural price policy aims at the stabilisation of agricultural life, the solution of the farm tenancy problem and, accordingly, the settlement of the land

problem is required, as a matter of course, for its proper execution.

So long as the policy of encouraging self-help among the farmers confines attention to the cultivation of a sound spirit and industrious and thrifty habits among the farmers and the promotion of self-sufficiency in farm economics, and so long as the programme for the revival of farm economics is concerned only with the increase of production and the improvement of the marketing system, these measures may be carried out comparatively easily, but they are not likely to bring about a reduction in farm rents. It is more probable that they will end by keeping farm rents at their present level, if, indeed, they do not positively raise them. The practice of keeping accounts is urged in many quarters as the first requisite for the farmer's genuine effort to improve his economic position, and incidentally, by keeping accounts many farmers will find that their farm rent is high, that their tax burden heavy and that their debts are crushing. The removal of these impediments to revival being beyond their power, they are naturally compelled to look to the Government for help in their removal or alleviation. It is also noticeable that, notwithstanding the fact that the need for the cultivation of the spirit of good neighbourliness, mutual aid and perfect unity and accord among the farmers is urged, and that the necessity of ending disputes between the landowner and the tenant farmer is emphasised, there is still an yearly increase in the number of farm tenancy disputes. According to the latest statistics, the number of such disputes exceeds 5,000 a year. Worse still, they are growing more serious in nature, for whereas formerly the demand for a temporary reduction of farm rent formed the main cause, the landowner's demand for the surrender of rented land is now responsible for a large proportion of such disputes. Such being the case, the solution of both the farm tenancy and the land problems is absolutely neces-

sary for the success of the movement for the economic revival of agricultural communities, the ultimate aim of which is to stabilise the livelihood of the farming population.

## II.

As already explained, the measures adopted to remedy the situation arising from the agricultural crisis of 1930 consisted chiefly of the policy to regulate the prices of farm products and the policy to cultivate the spirit of self-help among the farmers for their own economic revival. It has now become clear that if these two policies are to be carried out effectually, the solution of the land problem is absolutely necessary. But seeing that the land problem, unlike the policy to increase production or that to improve marketing methods, has important bearings on the internal organisation of agricultural life, many cases of friction are bound to attend its solution. However, no matter how difficult the solution may be, the land problem must be solved, if true peace is to be restored to agricultural communities by stabilising agricultural life.

What measures should, then, be adopted for solving the land problem? So long as its solution is sought as one means of stabilising the livelihood of the farmer, the measures to be adopted must of necessity take account of the present state of agricultural management and the tendency of its development. In Japan ... a country which requires intensive agricultural management because of its surplus agricultural population ... there is little indication of agriculture passing under large-scale capitalistic management. Nor is there any tendency for the present individual management to be supplanted by co-operative management. Although it must be admitted that there is some growth of co-operation in the circulation section of agriculture, such as marketing, purchases and credit, to make up the defects inherent in small-scale individual management, and that co-operative work is gradually developing both in the stages preparatory for

agricultural production and in the sphere of working up agricultural products, there is practically no tendency for organic agricultural production as a whole to pass under collective management. It is fair to conclude in these circumstances that Japanese agriculture will remain under individual management for a long time to come. It therefore follows that in trying to solve the Japanese land problem, the interests of individual farm management, which rely on family labour, must be kept chiefly in view.

In this connection, due note must be taken of the fact that the average area of arable land per farm family in Japan is only one *cho* one *tan* (about 2.7 acres), and that the farm families, who cultivate less than five *tan* (1.225 acres), constitute about 34 per cent. of the total number of farm families. In suburban districts, where intensive horticultural management is possible, the cultivation of arable land covering five *tan* or less may bring in an income large enough to support an ordinary farm family, but in most districts, where farmers earn their living by growing rice, such a small tract of land can hardly support a family. If such small farmers are to be helped to earn their living by farm work only, something must be done for them beyond improving the conditions of farm tenancy and converting tenant farmers into peasant-proprietors. Attention will then have to be directed even to the question of the re-distribution of arable land. In Japan, as every tract of arable land is utilised to the full, the abolition of the present landowners and the conversion of all tenant-farmers into peasant-proprietors would not add anything to the acreage of arable land. Therefore, in order to enable small farmers to earn their living by farming only, it is imperative that the question of the re-distribution of arable land should be considered in conjunction with the settlement of the land problem. In Japan, where small-scale agricultural management is dominant, however, relatively big farmers, who cultivate three to five *cho* (one *cho* being 2.45 acres) of land, number only 129,000 out of a total of 5,617,000 farm families, 36 per cent.

of them being in Hokkaidō. The big farm families, who cultivate more than five *cho*, number only 76,000, of whom 84 per cent. are in Hokkaidō.<sup>1)</sup> Such being the case, it is very doubtful whether, through the re-distribution of arable land, small farmers now cultivating only five *tan* can be put in possession of, say, one *cho* of arable land, on the average. Again, if the re-distribution of arable land is to be carried out in such a drastic manner, it will surely provoke vehement opposition from those farmers who are bound to suffer a curtailment in the acreage of their land, with the result that peace in agrarian life will be greatly disturbed. While it is, of course, necessary to consider the position of small farmers in solving the land problem, it may be more pertinent to try to improve their livelihood either by encouraging subsidiary work by developing suitable manufacturing industries in rural districts or by encouraging emigration. From the statistics compiled by the Department of Agriculture and Forestry, we can see how many small farmers exist in all prefectures, but no sufficient material is available to enlighten us as to what subsidiary work, besides their main farm work, these small farmers are doing to earn their living, or what percentage of them are living by farm work only in suburban districts. It is certainly very important to ascertain these facts, if the land problem is to be adequately solved.

Let me now consider measures which can usefully be adopted in solving the land problem, with due regard for the points enumerated.

First, the nationalisation of land suggests itself. If the nationalisation of land is to be carried out as a practical agricultural policy, the only way to achieve it is for the State to expropriate the land by paying due compensation

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1) It is clear that, for climatic reasons, a larger acreage of arable land is required in Hokkaidō than in Japan proper, Shikoku or Kyūshū, for supporting a family. Whereas in Japan proper the average acreage of arable land per farm family was 1.07 *cho* in 1934, in Hokkaidō it was 4.74 *cho*.

to its owners, and allow its present tenant-farmers to cultivate it, collecting from them specified rates of rent. This will eliminate disputes between the landowner and the tenant-farmer, but there may arise disputes between the State and tenant-farmers instead. In order to preclude such disputes, therefore, it becomes necessary to carry out the fundamental reform of the farm-tenancy system at the same time. At any rate, the nationalisation of land entails heavy expenditure on the part of the State, and consequently it is very difficult to carry out such a project in the present state of national finance.

Secondly, it may be suggested that while maintaining the present farm-tenancy system, its defects should be removed by the enactment of a farm-tenancy law so that the livelihood of tenant-farmers may be stabilised. If tenant-right is established by a farm-tenancy law and if, moreover, farm-rent is fixed fairly, the tenant-farmer's love for his rented land will increase, notwithstanding that ownership is denied him, for the right of possession invariably fosters in some degree a love for the land possessed. As the promulgation of a farm-tenancy law does not involve the State in heavy expenditure, it may be realised comparatively easily, if only the Government is determined to take such action. It will, indeed, contribute greatly towards the solution of the land problem. But, then, the tenant-farmer will have to remain in his present status. As to how a farm-tenancy law ought to be framed, I had occasion to discuss at length in a previous article, so I shall refrain from dwelling on this point here.

Thirdly, the establishment of peasant-proprietorship may be suggested. The fundamental cause of farm-tenancy disputes is that the same land is owned and used by different men, and that the small agricultural profit from the land has to be divided between the landowner and the tenant-farmer. The best way to solve the land problem is, therefore, to convert all tenant-farmers into peasant-proprietors so that this conflict of interests between landowner and



tenant-farmer may be obliterated. Arthur Young spoke the most plain truth when he said that the natural attachment of peasant-proprietors for their own land (the magic power of property) is the biggest asset in the maintenance and development of the productive power of land. The enrichment of agricultural economics is not the sole aim of the establishment of peasant-proprietorship. It also aims at the creation of a sound state of things in which farm land is possessed by those who cultivate it, so that true peace may be brought to agricultural communities and the farmer can work happily and live a life of security. In Germany, the solution of the land problem is being promoted chiefly along the lines of creating peasant-proprietors or yeomen farmers (Bauer). Under the slogan, "Union of blood and soil," every effort is being made to create and maintain yeomen farmers, enacting the Reich Inherited Freehold Act (Reichserbhofgesetz) for the purpose. This shows that the German authorities are alive to the advantages of having as many peasant-proprietors or yeomen farmers as possible from various points of view ... from the points of view of agricultural administration, national economics, national health and national defence. If, as already mentioned, agriculture in this country is not likely to pass under large-scale capitalistic management and if, moreover, there is no likelihood of collective farm management being widely introduced, it cannot but remain under the present form of management dependent on family labour. If so, the cultivation of farm land by peasant-proprietors must be the best form of management in the circumstances.

A fact which cannot be overlooked in this connection is, however, that according to investigations made into the state of agricultural management in Germany in 1925, 88 per cent. of the total area of arable land belonged to peasant-proprietors, only 11 per cent. being rented land. Moreover, rented land was found, comparatively, largely among the farms (of less than five hectares) under small-scale management and among those (of over 100 hectares)

under large-scale management. Of the total area of the land under agricultural management on the exceedingly small scale of two hectares or less, 37.4 per cent. was rented land, while in the case of the land under large-scale management, embracing more than 200 hectares, rented land represented 24.8 of the total.<sup>1)</sup> In Japan, however, of the total area of arable land, the land belonging to peasant-proprietors constituted 53.2 per cent., and rented land 46.7 per cent., in 1934. Whereas in Germany the land cultivated by its owners represents 88 per cent. of the total area of arable land, the percentage of such land in Japan is only 53. Judged by these objective circumstances, it would be a mistake to copy German legislation without modification. The measures to be adopted in Japan for the creation and the maintenance of peasant-proprietors must necessarily be so devised as to meet the peculiar conditions of this country.

On abstract principles, everybody will admit that peasant-proprietors are preferable to tenant farmers from various points of view ... from the view-point of agricultural administration, from that of national economics and from that of social policy. Yet, in practice, the policy of establishing peasant-proprietorship does not meet with unanimous approval. The reason is that in Japan rented land occupies a comparatively large proportion of arable land and that consequently the creation of peasant-proprietors on a large scale involves the State in heavy expenditure. Besides, the measures hitherto carried out, or made public, have not been above reproach. Some critics denounced them as designed for the protection of landowning interests, because they paid so little attention to the organic relationship between the establishment of peasant-proprietorship and legislation for farm-tenancy that they were apt to be interpreted as intended to facilitate the sale of land by landowners.

The relative merits of two courses . the creation of peasant-proprietors and legislation for farm tenancy ... suggested for the solution of the land problem were a subject

1) K. Thalheim, Agrarpolitik, 1934, S. 19.

of much discussion in this country ten years ago, and I have no desire to re-open this hackneyed controversy here. I do not think that the land problem can be effectually solved by farm tenancy legislation only. Although I am convinced that it is absolutely necessary for a farm-tenancy law to be enacted before the work of establishing peasant-proprietorship is undertaken on a large scale, I yet believe that the establishment of peasant-proprietorship is the more important of the two for the solution of the land problem. The consideration of the selfish instincts of farmers... or rather the selfishness of mankind... and of their natural attachment to their land leads me to believe in the special efficacy of the establishment of peasant-proprietorship. It must, of course, be admitted that in consequence of the frequent occurrence of farm-tenancy disputes in recent years, the farmers' attachment to their land has somewhat suffered, but in the event of the right of cultivation being assured tenant-farmers by the enactment of a farm-tenancy law, their love for the land they till will become stronger. The question is what means and methods should be adopted to establish peasant-proprietorship. Although the question of whether the solution of the land problem should be mainly based on the establishment of peasant-proprietorship or whether it should follow the lines of the improvement of the farm-tenancy system was thoroughly discussed years ago, it deserves a further and deeper study at the present time in the light of the changes which have subsequently come over the objective political and economic circumstances in this country.

Fourthly, the spread of the co-operative land-utilisation societies is urged in some quarters. Such a society is able to function in two different ways. It may simply rent land from landowners collectively and sub-let it to its members for their individual management, or the land thus rented may be placed under the collective management of the society's members. In order to ensure the sound development of such a society, it is important that the right of

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cultivation should be established at least by the enactment of a farm-tenancy law. If anybody thinks that the land problem can be solved through the operation of such cooperative societies only and that there is no need for the promulgation of a farm tenancy law, one can only say that he is over-rating the powers of these societies and is expecting too much from the self-help of the farmers who compose them.

### III.

As already stated, the solution of the land problem in Japan ought to be sought along the lines of the establishment of peasant-proprietorship. But the enactment of a farm-tenancy law is an essential pre-requisite. It is anything but a welcome phenomenon, from the point of view of agricultural policy, that, as is shown in the following table, there has been a decline since 1928 both in the number of peasant-proprietors and in the acreage of the land cultivated by them.

Table No. 1.

Fluctuations in the number of peasant-proprietors and in the acreage of fields and truck farms under their cultivation.<sup>1)</sup>

Years	Number of peasant-proprietors' households		Peasant-proprietors' fields		Peasant-proprietors' truck farms	
	Actual number	Index number	Acreage	Index number	Acreage	Index number
1928	1,748,071	100.0	1,542,252 <sup>cho</sup>	100.0	1,755,174 <sup>cho</sup>	100.0
1929	1,737,438	99.4	1,480,387	96.0	1,604,534	91.4
1930	1,742,993	99.7	1,483,879	96.2	1,607,818	91.6
1931	1,756,399	100.5	1,497,070	97.1	1,649,691	94.0
1932	1,754,537	100.4	1,502,829	97.4	1,661,325	94.6
1933	1,745,847	99.8	1,508,835	97.8	1,676,847	95.5
1934	1,740,219	99.5	1,505,964	97.6	1,693,053	96.5

1) The figures are those of the 11th statistical table published by the Department of Agriculture and Forestry.

Let me now survey the results so far achieved by the undertaking for the establishment and maintenance of peasant-proprietorship and consider how it should be planned in future.

This undertaking was launched in 1920 with funds advanced by the Japan Hypothec Bank and the Prefectural Agricultural and Industrial Bank, but what with the small amount of the funds advanced, the high rates of interest and the troublesome procedure provided for securing the loans, practically no results worth mentioning were achieved. Since the way was opened in 1922 for accommodation from the State Life Insurance reserve fund for this purpose, however, the work has made some appreciable progress. It was carried on by the prefectures, towns and villages, farmers' co-operative societies and agricultural societies, but chiefly by the prefectures. Between 1922 and 1925, a total of ¥13,300,000 was advanced out of the State Life Insurance reserve fund. This, together with the funds of the farmers' co-operative societies, the funds advanced by the Japan Hypothec Bank and the Agricultural and Industrial Bank, the dividends on the shares of these two Banks held by the prefectures, the cheap funds advanced by the Deposits Department, and the prefectural industrial funds, together brought the total amount advanced up to ¥17,000,000. The loans to individual farmers averaged from five to six hundred yen and according to the arrangements usually made, they were to be redeemed in annual instalments over a period of fifteen to twenty years.

Later, in accordance with the recommendations made by the Farm Tenancy System Commission, the regulations governing the State subsidy for the undertaking were promulgated in the shape of the Agriculture and Forestry Department Order No. 10, dated May 21st, 1926. Under the new regulations, the undertaking carried on up to that time by the prefectures and various organisations independently of one another was unified by the Department of the Agriculture and Forestry.

This plan of the Department of Agriculture and Forestry to subsidise the establishment and maintenance of peasant-proprietorship is spread over twenty-five years, from 1926. According to this scheme, the State Life Insurance reserve fund, and other funds which are analogous to it in their methods of redemption, interest rates and other terms, and which the Minister of Agriculture and Forestry deems proper for the purpose, are to be advanced to the prefectures as long-term loans, so that they may carry on the work of establishing and maintaining peasant-proprietors, with a view to reducing the burden of those who borrow these funds

from their prefectures to purchase land or maintain their own land, the Government pays a subsidy of 1.3 per cent. out of the interest rate of 4.8 per cent. charged on loans from the State Life Insurance reserve fund and similar funds, so that the money can be borrowed at the low net interest rate of 3.5 per cent. The funds to be advanced for the stipulated period of twenty-five years under this programme are put at ¥468,500,000, that is, ¥7,000,000 in the initial year, ¥13,500,000 in the second year, ¥15,000,000 in each of third and the fourth years, ¥18,000,000 in the fifth year, and ¥20,000,000 in each of the remaining years. The Department of Agriculture and Forestry's total subsidy amounts to ¥102,900,000. Assuming the average price of land purchased by tenant-farmers to be ¥400 per *tan* (about 0.245 acres), some 117,000 *cho* of land can be bought with the above funds. This means that about one-twenty-third of the entire acreage of the land cultivated by tenant farmers in this country becomes converted into their own land. As the actual operation of this programme is in the hands of the prefectures and other organs, the part played by the State in the work is indirect. And it is to be noted that there is no provision whereby application may be made to compel landowners to part with their land. Such being the case, the present organisation for creating and maintaining peasant-proprietors is very small in scale, and the methods adopted for its execution are very lukewarm.

Realising that this scheme was on too small a scale, and that it could hardly be expected to solve the land problem ... much less the farm-tenancy problem ..., the Government drew up another programme on a larger scale and made it public in September, 1932, as a draft Peasant-Proprietors' Agricultural Land Bill. According to this plan, a juridical person called the Agricultural Land Treasury was to be established to attend to matters relative to the establishment and the maintenance of peasant-proprietors. On behalf of the purchasers of land for their own cultivation, the Treasury was to deliver its bonds to the landowners concerned, collecting from the purchasers in annual instalments the money due to it. This programme was spread over 35 years, the maximum annual issues of agricultural land bonds being fixed at ¥80,000,000. By this means, it was intended to convert 18,000 *cho* of rented land into peasant-proprietors' farms each year, so that

altogether 630,000 *cho* might be so converted in thirty-five years. As another 120,000 *cho* of land is to pass under the management of peasant-proprietors under the 25-year programme already mentioned, over 700,000 *cho*, or about 30 per cent. of the present rented land, viz., 2,850,000 *cho*, would be turned into peasant-proprietors' farms under these two programmes, it was calculated.

This programme provoked adverse criticism from many quarters because (1) it lacked effectual provisions regarding the method of fixing the purchase-price of agricultural land; (2) it carried no provision for the compulsory sale of arable land; (3) it was not accompanied by a homestead law such as is necessary for maintaining the peasant-proprietors newly created; and (4) it paid no attention to its organic relation with a farm tenancy law. Some critics condemned it as a device invented to enable landowners to dispose of the land which was a burden to them. Due to this unfavourable reception, the plan did not materialise after all.

#### IV.

In such circumstances, the work of establishing and maintaining peasant-proprietors is still being carried on, on a small scale, under the regulations enacted in 1926. How much, then, has this work achieved, and what are the points which claim attention in extending its scope?

The following table shows the amounts advanced in the years from 1926 to 1933 and the acreage of peasant-proprietors' farms established or maintained.

It will be seen from Table No. 2 that the amount advanced during the eight years under review totalled something like ¥11,000,000, and the acreage converted into peasant-proprietors' farms was 51,500 *cho*, or only 1.8 per cent. of the entire area of rented land covering 2,800,000 *cho*. The present plan is thus quite ineffectual as a measure for solving the land problem.

The area which peasant-proprietors were enabled to retain in their possession, under the plan, was about 6,200 *cho*.

Table No. 3 gives the number of peasant-proprietors established or maintained by this plan, the size of the farms established or maintained, and the average acreage of newly

Table No. 2.

The amounts advanced and the area of peasant-proprietors' farms created and maintained.<sup>1)</sup>

Years	Amounts advanced		
	For farms created (In ¥1,000)	For farms maintained (In ¥1,000)	Total (In ¥1,000)
1926	8,407	153	8,560
1927	9,912	188	10,100
1928	14,189	291	14,480
1929	14,821	179	15,000
1930	15,910	290	16,200
1931	13,144	2,497	15,641
1932	12,516	4,093	16,609
1933	12,198	2,095	14,292
Total	101,097	9,789	110,882

  

Years	Area established (In <i>tan</i> )				Area maintained (In <i>tan</i> )
	Paddy fields	Truck farms	Other farms	Total	
1926	20,161	9,909	3,736	33,806	623
1927	23,585	18,008	735	42,328	645
1928	32,755	26,752	687	60,194	928
1929	33,715	32,349	710	66,771	597
1930	39,679	37,703	657	78,039	1,050
1931	37,159	38,260	1,071	76,490	18,248
1932	36,396	40,747	1,909	79,053	28,515
1933	36,423	39,357	2,299	78,079	11,045
Total	259,873	243,082	11,804	514,760	61,651

established farms per family, and the average amount advanced to individual families:—

1) For the figures in the above table I am indebted to the report on the results of the enterprise for the establishment of peasant-proprietorship for 1933, published by the Agricultural Affairs Bureau of the Department of Agriculture and Forestry.



Table No. 3.

The number of peasant-proprietors established and maintained and the average area per family.<sup>1)</sup>

Years	Less than one <i>tan</i>	Less than five <i>tan</i>	Less than 1.5 <i>cho</i>	Over 1.5 <i>cho</i>	Total	Average acreage of peasant farms established or maintained per family	Average value of peasant farms established or maintained per family	Average amount advanced per family	
Established	1926	(people) 2,291	(people) 6,941	(people) 936	(people) 145	(people) 10,313	( <i>tan</i> ) 3.3	Y927	¥815
	1927	1,798	8,366	1,197	276	11,637	3.6	929	851
	1928	2,373	11,335	1,666	422	15,796	3.8	950	897
	1929	2,443	11,391	2,046	501	16,381	4.1	949	904
	1930	2,312	12,358	2,643	522	17,835	4.4	930	890
	1931	1,951	10,886	2,940	543	16,320	4.7	835	804
	1932	1,924	10,494	2,828	609	15,855	5.0	816	789
	1933	1,682	10,369	2,825	587	15,463	5.0	810	788
	Total	16,774	82,140	17,081	3,605	119,600	4.3	890	844
(%)	(14.0)	(68.7)	(14.3)	(3.0)	(100.0)				
Maintained	1926	42	163	33	—	238	2.6	734	644
	1927	34	201	24	—	259	2.5	766	725
	1928	49	275	39	—	363	2.6	854	803
	1929	11	176	30	—	217	2.8	873	824
	1930	39	259	48	2	348	3.0	871	832
	1931	535	2,609	418	140	3,702	4.9	712	674
	1932	1,425	5,268	623	276	7,592	3.8	583	539
	1933	421	2,304	431	42	3,198	3.5	678	655
	Total	2,556	11,255	1,848	460	15,917	3.9	655	615
(%)	(16.1)	(70.7)	(10.3)	(2.6)	(100.0)				
Grand Total	19,330	93,395	18,727	4,065	135,517				
(%)	(14.3)	(68.9)	(13.8)	(3.0)	(100.0)				

1) For the figures in the above table I am indebted to the report on the results of the enterprise for the establishment of peasant-proprietorship for 1933, published by the Agricultural Affairs Bureau of the Department of Agriculture and Forestry in July, 1935.

It will be seen from the above table that of a total of 119,600 people who have purchased their family farm, those who have purchased lots of less than one *tan* in acreage constitute 14 per cent., those who have purchased more than one *tan* but less than five *tan*, 68 per cent., those who have acquired more than five *tan* but less than 1.5 *cho*, 14 per cent., and those who have bought more than 1.5 *cho*, three per cent. In the case of the tenant farmers also who were helped to retain their land under the plan, those possessing less than five *tan* constitute the largest proportion, viz. 86 per cent. of the total. The newly established peasant farms average 4.3 per cent., and the peasant-farms retained average 3.9 *tan* per head. As to how much land farmers have been enabled to own under the plan, it varies according to local conditions and other factors. The area of land they formerly possessed was not the same, nor was the land newly purchased by individual farmers of the same area. Some have attained the status of peasant-proprietor, pure and simple, some have become quasi-peasant-proprietors in that they continue to cultivate some rented land besides their own, while some others remain tenant farmers, to all practical purposes. "Taken altogether, it seems that those who have become semi-peasant-proprietors with an area of about five or six *tan* represent the largest proportion."<sup>1)</sup> Although nominally intended for the establishment and maintenance of peasant-proprietors, the work is, in practice, one of establishing and maintaining quasi-peasant-proprietors. This is inevitable, in view of the fact that the funds available for the purpose are not plentiful and the amount of money to be advanced to individual farmers is consequently limited. If an enterprise of this kind is to be undertaken on a larger scale hereafter, it must aim at the establishment of peasant proprietorship, pure and simple.

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1) The report for 1933 on the results of the enterprise for the establishment of peasant-proprietorship, published by the Agricultural Affairs Bureau of the Department of Agriculture and Forestry in July, 1935. p. 6.

As, under the present enterprise, those who follow agricultural pursuits exclusively are given the priority of attention, and as the aim of the work is to help tenant farmers in the purchase of the land under their own cultivation, it is natural that the area of the land owned by the newly created peasant-proprietors should be larger than the average area owned by the Japanese farmers generally.

Table No. 4.

Comparison between the area of the arable land cultivated by the newly established peasant-proprietors and that cultivated by Japanese farmers in general.

Acreage	Total number of farm families	Total number of newly established peasant-proprietors
Less than five <i>tan</i>	1,920,643 (34.2%)	11,394 (8.4%)
Less than one <i>cho</i>	1,927,660 (34.3%)	68,157 (50.2%)
Over one <i>cho</i>	1,773,232 (31.5%)	56,138 (41.4%)
Total	5,621,535(100.0%)	135,689(100.0%)

The present enterprise of establishing peasant-proprietors is planned on a very conservative scale. It has no interest in putting small farmers cultivating, say, less than five *tan* in possession of an area of one *cho* or thereabouts, and consequently it does not dispose of the problem of the peasants with very small holdings. If this problem is to be solved, a re-distribution of arable land is imperative. Seeing, however, that in Japan the area of arable land is disproportionately small compared with the farm population, the land problem will not be completely solved, even if the establishment of peasant-proprietorship is undertaken on a large scale or the nationalisation of land is carried out. For the solution of the problem of small peasants, attention will have to be directed to the question of the re-distribution of the world's resources, to say nothing of achieving the industrialisation of the countryside, the increase of the capacity of urban districts to absorb population through the

development of industry, commerce and trade, and the encouragement of emigration.

Regarding the beneficial effects of the establishment of peasant-proprietorship, the authorities say that the "natural attachment of the newly established peasant-proprietors for their own land has become considerably stronger. They now manure more plentifully and otherwise improve their land more carefully than before and spare no effort to increase its productive power and improve the quality of its products. The result is that in many cases production has actually increased. Many of these peasants are trying to improve their economic position further by increasing the volume of their subsidiary work. Thanks to these increased efforts, their financial position is steadily improving."<sup>1)</sup> Concerning its salutary effects on agricultural communities, it is mentioned that "in the districts where farm tenancy disputes had been persistent for many years, things have improved remarkably. Not only has an effectual end been put to such disputes but steady habits have been fostered among the farmers, with the result that harmony has been restored to the community and the healthy development of self-government has been assured agricultural life."<sup>2)</sup> It must, indeed, be admitted that the newly established peasant-proprietors, now being furnished with a sure basis on which to found their efforts to increase the productive power of the soil, have come to develop a stronger love for land *per se*. In order to facilitate the redemption of the long-term loan by these farmers, the Department of Agriculture and Forestry is encouraging the organisation of peasant-proprietors' societies to provide against unfavourable changes in economic conditions, poor crops and other natural disasters. By this means, the Department intends to secure the farmers' regular redemption of the loan, to promote the spirit of mutual aid among them and to achieve agricultural improvement. Such

1) *ibid.* p. 8.

2) *ibid.* p. 9.

societies numbered 1,557, with a total membership of 56,488, in October, 1934.

Since the agricultural crisis of 1930, however, the price of rice has fallen about 50 per cent. or even more, as compared with the price ruling at the time the scheme was first launched, with the result that the number of those who defaulted in their annual instalment payments increased. At the same time, complaints regarding the Government's undertaking became louder in many districts. Those who deferred their payments, on account of poor harvest and unlooked-for defrayals due to fires or other misfortunes, totalled 255 during the three years from 1926 to 1928, the amount involved aggregating ¥37,519. Nothing authentic has been made public regarding the number of those who deferred payments or otherwise defaulted in subsequent years, but it is probable that their number has witnessed a further increase since 1930. It is said that in Japan the Government that can influence agriculture most effectually does not take risks consequent on dynamic changes in the agricultural world caused by its own policy. However, the increase in the number of those who deferred the payment of their annual instalments compelled the Government to take steps to reduce the burden of debtor farmers. It set up an interim non-redemption period of one year in 1930—1931 and another non-redemption period of three years between 1932 and 1934. During these periods of grace, the debtor farmers had to pay interest only on the unredeemed portion of the principal, the term of redemption being extended to that extent. It is conceivable that this measure of relief enabled many peasant-proprietors' societies to tide over their crises.

The Government was not, of course, entirely responsible for the consequences of the agricultural crisis, but it is at least possible to say that the establishment of the rice policy ought to have come before the work of establishing peasant-proprietorship. In Germany, the comprehensive policy of maintaining peasant-proprietors is being carried out side by

side and in close association with the policy of controlling the prices of agricultural products. The establishment of peasant-proprietorship must, therefore, be accompanied by the policy of controlling the prices of farm products.

Secondly, it must be accompanied by agricultural insurance, that is, insurance against the failure of agricultural crops. Where the farm rent is paid in kind, the tenant-farmer can ask his landowner for the reduction or remission of the rent, in the event of the failure of the crop, but after he has become a peasant-proprietor, burdened with the obligation to redeem in annual instalments the loan obtained for the purchase of land, he must pay his debt, principal and interest, without regard to the state of the harvest; he cannot ask for its reduction or remission. It is, therefore, necessary to initiate an agricultural insurance system to provide against a possible diminution in farmers' incomes due to a poor harvest.

Thirdly, it is necessary to fix the price of the arable land to be purchased by tenant farmers at a fairly low level. Under the present scheme, the price of the land to be purchased is left to be fixed by free contracts between the parties directly concerned. The only official restriction provided is that it should not exceed the so-called standard price or the normal price ruling in the districts concerned. The standard price of land<sup>1)</sup> is worked out by the method of finding its capital value by dividing the farm rent minus various imposts by a certain specified interest rate. As the present farm rent is generally regarded as too high, the standard price worked out in this way cannot but be unduly high. Moreover, when the State undertakes the establishment of peasant-proprietors on a large scale, the demand for agricultural land will necessarily increase, with the result that the price of land will go up.

Fourthly, it must be urged that before embarking on

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1) Standard price =  $\frac{\text{Amount of farm-rent—land tax, land surtax or local tax of similar nature}}{0.06227}$

the scheme to establish peasant-proprietors, a farm tenancy law should be enacted so that the present farm-rent may be properly revised and the price of land may accordingly be fixed fairly. Under a farm-tenancy law, a rise in the price of land can be prevented and the separate assessment of what belongs to landownership and what belongs to the right of cultivation can be rendered easier, so that a clear distinction may be made between the purchase of landownership and compensation for the right of cultivation. It will also be possible to make clear the compensation-money to be paid for the improvement effected in, and the value added to, the land by the tenant-farmer during the tenure of his tenancy.

Fifthly it is necessary to provide for compulsion in some form or other to be exerted on landowners to induce them to sell their land, as the absence of compulsion in the present scheme militates greatly against its value. So long as landowners have entire freedom to sell or retain their land, the scheme, no matter how large the scale on which it may be drawn up, may prove ineffectual. It is also necessary for the scheme to be carried out by the State and for an agricultural land treasury to be set up under State management, so as to facilitate the purchase of agricultural land by tenant-farmers.

Sixthly, in order to enable the newly established peasant-proprietors to maintain their new status over a long period, a homestead law should be enacted, under which they should register their newly acquired land as their homestead, the disposal of which should be restricted to a certain extent. Under the scheme in force, those who have become peasant-proprietors with the funds supplied are forbidden to abandon their position as peasant-proprietors before the expiry of the term of redemption, except with the permission of the suppliers of the funds. Nor are they allowed to sell their land to others, pending the redemption of the loan. But as these restrictions cease to operate when the loan has been redeemed, they have no force to keep peasant-proprietors as

such permanently. From the point of view of Roman law, which regards individual ownership as sacred, the homestead law may be objectionable, but since the maintenance of peasant-proprietors is necessary in the interests of both agricultural policy and national policy, it is necessary to restrict to a certain extent the freedom of peasant-proprietors to dispose of their land. This will, indeed, be for the benefit of the farmers themselves.

Seventhly, besides enacting a homestead law, various measures must be carried out for the purpose of facilitating the redemption of the loan by the newly established peasant-proprietors and of ensuring their economic prosperity. To this end, as already mentioned, the control of the prices of farm products and the initiation of the agricultural insurance system are both called for. Furthermore, the reduction of the tax burden is necessary. In Japan, since 1926, the land owned by its cultivators in their own or neighbouring villages has been exempt from the national land tax, provided its land value does not exceed ¥200. After 1932, this exemption point was altered to a rental value of ¥200. This means that peasant-proprietors who cultivate paddy fields only need not pay the land tax on an area of about seven *tan* and that in the case of those who cultivate truck farms only, they are exempt from taxation on an acreage of about 2.5 *cho*. But if, in future, the work of establishing peasant-proprietorship is to be carried out on a large scale, peasant-proprietors will have to bear part of the local taxes at present borne by landowners, as, in that case, the number of these landowners will gradually decrease. From the point of view of reducing the burden of local taxation on peasant-proprietors and of stabilising their livelihood, it is therefore, necessary to frame, on a sufficiently large scale and on a permanent basis, a system of local adjustment grants for the relief of local finance, which is now engaging a good deal of official and public attention. As, moreover, the enforcement of a homestead law would diminish the credit capacity of land, it becomes necessary to encourage the development of co-



operative credit associations, so that they can at once supply peasant-proprietors with the funds requisite for agricultural management and help them in their effort to increase agricultural productive power. At the same time, steps must be taken to help the farmers to repay their present debts, in order to reduce the burden of their interest payments.

Of a total of 57,000 *cho* of peasant-farms established and maintained between 1926 and 1933, 268.4 *cho* (0.47 per cent. of the total) has changed hands either because peasant-proprietors have given up the plough or owing to their financial straits or from other causes. Such being the case, in the execution of the future large-scale undertakings to establish peasant-proprietorship, efforts must be made to devise effectual means along the lines already described, in order to maintain the peasant-proprietors once they are established.

#### V.

In the foregoing chapters, I have dwelt on the necessity of solving the land problem, making clear the outlines of, and the results achieved by, the work actually being carried on in Japan for the establishment and maintenance of peasant-proprietors, and have enumerated the various measures which, in my opinion, ought to be adopted, if this work is to be undertaken on a large scale in future. I do believe that the enactment of a farm-tenancy law is a prerequisite for the successful operation of the work, but I do not think that this law alone can effectually solve the land problem. Some people may argue that an undertaking on a scale such as I have suggested is impossible, but I do not think it is. Through the operation of the Rice Control Law and the Rice Voluntary Control Law, the price of rice has now been stabilised to a large extent, and the adjustment of farm debts is being carried out, though on a small scale. Again, the Government has decided to introduce a system of local adjustment grants for the relief of local finance in the form of temporary subsidies for towns and

villages. These measures will probably be extended in scope in the near future, and there is even a good prospect of their being made permanent. Moreover, it is now confidently expected that a Farm Tenancy Bill and an Agricultural Insurance Bill will be introduced in the forthcoming session of the Diet. All this shows that the pre-requisites for the successful operation of a large-scale plan for the establishment of peasant-proprietorship are in the process of realisation.

Some scholars may discountenance the establishment of peasant-proprietorship and uphold farm tenancy legislation as the only effective way to solve the land problem fundamentally, while some may urge the nationalisation of land as the best course to be followed. In my opinion, the solution of the land problem ought to be sought along the lines of the establishment of peasant-proprietorship, which, however, should be preceded by the enactment of a farm-tenancy law. In any case, I believe that if the land problem is to be solved properly, it is necessary to study it most carefully both in the light of the actual conditions in Japan and with due consideration of the objective political and economic circumstances not only of this country but of the world.

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