This study aims to examine the structural change of Japanese agriculture in order to better understand family farms in transition under the declining agricultural sector. The current average size of Japanese family farms is as small as 2.1ha. It is believed that the size of 2.1ha is too small to produce agricultural products which can survive in a competitive market including imported ones. Japanese government has been encouraging farmers to expand their farm so far. Agricultural structural improvement (ASI) is the policy to maintain domestic farming through accumulating farmlands in “principal farmers.” Actually, land accumulation through ASI has progressed in the past couple of decades. ASI can be evaluated as giving positive impacts on family farm management. On the other hand, AIS can also give negative impact on sustainability of regional agriculture in recent years.

“Regional Agriculture” (RA) is a key concept to approach the issue of ASI especially from a viewpoint of its negative impact and family farm management. Japanese agriculture is sustained by means of endeavor in two dimensions: managing individual farm and maintaining regional agriculture. RA does not mean just amassed individual farms. They behave as an economic intermediate organization, which is usually based on a community. Agricultural production system embedded in RA has been practicing collective activity among farms belonging to a community. Farmers have needed to utilize regional assets or common facilities, for example irrigation network maintained by a farmers’ community in the region. Each farm is too small to maintain the regional assets or common facilities by itself.

From the above, two issues are discussed in this study. Firstly, as for the progress of ASI, Japanese government has set a goal of structural improvement as main farms accumulate 80% of all farmland. This goal has made the assumption that average farm size is over 30ha. Farmland accumulation in principal farmers has progressed certainly, but its pace is slowing simultaneously. It appears that the speed slowing begins early especially in disadvantaged areas. Weak effects of socio-economic environmental factors indicate that land accumulation has taken place across different regions in Japan. The reverse effects of Agricultural production and Agricultural income per unit land area signal the possibility that the "economy of

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scale" in lands accumulated in principal farmers is being generated. Decline in Agricultural production in Japan prompts land accumulation into principal farmers, resulting in the economy of scale.

Secondly, as for the sustainability of RA, ASI can spawn more farm households not engaged in agriculture. It might decrease the sustainability of Japanese regional agriculture by weakening collective farming activity. That is why farm households not engaged in agriculture are expected to join the collaborative activity. The foundation of Japanese rice-based agriculture lies in collective production activities undertaken by rural community (villages or hamlets) people. Proliferation of rural households not engaged in farming is undermining this foundational production system. Mobilizing the former farming families to collective actions for agricultural production would be critically important. Educating not-in-farming rural households to acknowledge that they also benefit from the local agriculture, which is in fact a local "commons," should be also encouraged.

Finally, this study can be concluded as follows. It is necessary to prompt land accumulation in various way and entity under declining of the pace. Improving economic condition like products' price works to encourage farmers to increase in the size of farm especially in disadvantaged areas. Motivating farm households not engaged in agriculture to join the collective activity needs to change the regional assets from a club goods of farmers to public goods of the community.