

Dead-Letter Food Control Law

By Hiroshi Kakurai

Rice remains an essential part of the Japanese diet. Although its consumption has dropped considerably over the past few decades, it still accounts for one-fourth of the nation's per capita daily calorie intake. Today Japanese eat more bread and more meat than they once did, and take more milk and dairy products yet the status of rice as Japan's staple food remains essentially unchanged.

Rice for the Japanese

Rice is the product of Japan's geography and climate. It is grown in paddy fields in lowlands well equipped with irrigation and drainage facilities. In ancient times the Japanese called their country the "Land of Abundant Reed Plains and Rice Fields." Indeed it was a country where rice plants in water-abundant lowlands bore rich ears of golden yellow in the harvest season. Japan, much of it occupied by steep mountains and hills, is not well suited to large-scale farming. But it has one thing going for it—an abundance of water. Major European cities like London, Paris, Rome and Berlin have rainfalls of about 500mm to 600mm a year. In Tokyo, by contrast, the annual rainfall reaches 1,500mm. That is why Japan is well suited to rice cultivation.

Rice farming has another distinct advantage: rice crops are more stable than dry field crops because they are protected by the surrounding water which "insulates" against temperature changes. Irrigation water supplies the surrounding environment with a certain amount of nutrition. Perhaps the most wonderful thing about rice cultivation is that no damage is done to the soil even if a crop is planted in the same field year in and year out. There is no need for crop rotation, as in Europe. So, at least in the past, output from a unit area of rice-growing farmland could sustain much more population than any other crops. No wonder that rice became the mainstay crop in a Japan that was moving toward overpopulation.

Japanese had long made up for under-nutrition by eating a large amount of rice. Rice contains carbohydrate, protein and even oil, the three most important nutrition elements. Intake of a large amount of rice ensured enough nutrition.

After reaching a peak of 117kg a year in 1962, in the early stages of Japan's economic growth, per-capita consumption of rice has decreased steadily in parallel with the improvement in living standards. Today it is down to 70kg a year. In the prewar days, however, the Japanese used to eat an incredibly large amount of rice. According to records by Rintaro Mori, the surgeon-general of the Imperial Army (better known as the novelist Ogai Mori), the per-capita ration of rice for soldiers in the Meiji era (1868-1912) was as much as 383kg a year.

A lesson from riots

To better understand the present food control system one must know about the Rice Riots of 1918, one of the most tragic events in the history of modern Japan. Four years earlier, in 1914, World War I broke out. In August of the same year, Japan declared war on Germany. Three years later, in 1917, the Russian Revolution occurred, and in July of the next year Japan sent troops to Siberia. It was against this historical background

that the Rice Riots broke out across the country.

In 1917, the price of rice began to rise sharply. The economic boom following the outbreak of World War I had led to a sharp increase in the urban population. As a result, rice consumption in the cities shot up. On the other hand, rice production—the 1917 crop that was to be consumed in 1918—dropped about 7% to 8.19 million tons. Rice was traded at the commodity exchange at the time. Because it was at the mercy of rampant speculation, even the slightest drop in production would cause a steep price rise through hoarding and market cornering.

In January 1917, one *koku* (180 liters) of rice at Dojima, the trading center in Osaka, was quoted at just over ¥15. In July of the following year, the between-crop season, the price surged to the ¥30 level. A riot broke out, almost spontaneously, involving housewives in a fishing village in Toyama Prefecture on the Sea of Japan. Given a meager income and a skyrocketing rice price, fishing households simply could not make ends meet. Angry women stormed the homes of the wealthy as well as rice stores.

The riot in Toyama, reported widely by newspapers, spread like wildfire to many parts of the country. In Osaka, hundreds of thousands of people took to the streets, causing the largest of the rice riots, which

Annual Consumption of Rice Per Person



Source: Ministry of Agriculture, Forestry and Fisheries



Photo: Masatsugu Yokoyama

Paddy fields filled with water, which protects the soil.

was brought under control only after military intervention. In coal-mining areas in Yamaguchi and Fukuoka prefectures, miners threw dynamite at troops, causing many deaths.

The Rice Riots lasted about 50 days, and involved about a million people in 41 prefectures across the country. An estimated 50,000 troops were mobilized in more than 100 cities, towns and villages. What is notable about these violent protests is that they broke out almost spontaneously, without any organized leadership. The riots were a shocking reminder of the potent social impact of rice.

Birth of the Food Control System

The lesson for the government was that a sharp rise in rice prices must be prevented because it could trigger large-scale riots among the people. This lesson was embodied in the "Rice Law" established in 1921. This law, designed to adjust the supply-demand balance of the staple grain through government intervention, was the predecessor of the current Law of Governmental Food Management—the so-called Food Control Law.

The present Food Control Law was promulgated in February 1942, three

months after Japan's attack on Pearl Harbor. The law was one of the wartime statutes enacted in connection with the Pacific War. Its aim was to put rice and other major grain crops firmly under government control to prevent food shortages. The law as it pertains to rice has the following provisions:

(1) The government shall estimate annual rice output and draw up supply-demand plans accordingly.

(2) All rice harvests, except minimum necessary quantities to be consumed by the farming households, shall be purchased by the government at a given price.

(3) The purchasing price shall be set by the government at a level that will make it possible to ensure the continuing production of rice.

(4) The inspection, warehousing and transport of rice shall be under government control.

(5) The government shall ration the necessary quantities of rice to consumers.

(6) The selling price shall be set at a level that will help stabilize the household economy of the consumers.

(7) The Food Public Corporation shall be in charge of rice distribution.

(8) The export and import of rice shall be under government control.

The Food Control System played an

important role in handling the serious food shortages during and after the Pacific War. In the last phase of the conflict, Japan suffered acute food shortages because rice imports were largely prevented by the allied naval blockade.

In 1942, which saw a bumper crop, 10 million tons was produced, but in 1943, domestic rice output dropped to 9.4 million tons, of which 5.9 million tons was purchased by the government. In the same year, 1.2 million tons of rice was imported from Manchuria, Korea and Taiwan. Assuming that the government distributed the same volume of rice as it purchased, imports made up 17% of the distribution volume.

In the following years to 1945, when the war ended, production declined steadily because of severe farm labor shortages caused by general mobilization and also because of the dearth of production equipment and materials, including fertilizers. Output fell to 8.8 million tons in 1944 and 5.9 million tons in 1945.

As a result, rice rations in the cities gradually decreased, with the daily ration for an adult limited to 2.3 *go* (0.4 liters). At the same time, the degree to which rice is polished was reduced from 70% to 50% (unpolished brown rice taken as zero). In addition, a variety of substitute foods, such as sweet potatoes, common potatoes, wheat, and corn and kaoliang, produced in Manchuria, were supplied. The food crisis, however, did not cause panic among the people, because the minimum necessary quantities were supplied by rationing under the Food Control System.

With the war's end the nation's power structure collapsed, but the administrative system survived. Farmers who refused to supply rice to the government were subjected to punishment. Those who could not produce rice were obliged to supply such substitutes as sweet potatoes. If any farmer refused to cooperate, policemen would search his premises. Any food found in secret storage was confiscated. The Food Control System was fair at least to the consuming public, and was trusted by the people.

The Food Control Law is a socioeconomic law, aimed at meeting certain spe-

cific needs of the economy and society in a given period. The end of the war resolved the problem of food shortages, particularly the serious shortage of rice. In fact, overproduction of rice has become a major problem for postwar farm policy. Yet the original law, aimed at securing stable rice supply, has remained in force with only minor changes.

Changes in the postwar Food Control System

As Japan was reborn as a new nation after the war's end, the social system was restructured under a democratic Constitution. Laws governing agriculture were no exception. Almost all the laws that govern current farm policy, such as the Farmland Law, the Agricultural Cooperatives Law, the Agricultural Improvement Promotion Law and the Agricultural Disaster Compensation Law, were enacted in the postwar period. Only the Food Control Law, the centerpiece of Japan's farm policy, remains essentially unchanged even in the postwar period.

The highest domestic priority of the government during the Pacific War was to ration what little food was available in the country. The Food Control Law was designed precisely to protect consumers against major food shortages. Ironically, the same law has come to be used to protect rice producers against overproduction in the postwar period. The government purchases practically all the rice the farmers produce under a price support system.

As mentioned earlier, the law stipulates that the government shall buy rice from domestic producers at a "price at which continuing production of rice is ensured." So the purchase price is normally set at a sufficiently high level to cover the cost of production. On the other hand, the selling price is to be set at a "price at which the household economy is stabilized." So this price is normally set fairly low. In other words, the Food Control System works in such a way that rice is sold to consumers at considerably less than the government pays domestic producers, creating a large deficit in the government's Food Control Account.

Moves to scrap the Food Control System have been made time and again as Japanese society has become stabilized. But each time, such calls for reform have been suppressed under political pressure. It is already half a century since the law was promulgated, and over this period it has spawned a privileged class that has much to gain from its continued existence. People with vested interests naturally try hard to maintain the status quo—not surprisingly, for the law has existed for most Japanese ever since they were born.

Of course, resistance to change comes mainly from rice farmers. Japan is no longer an agrarian economy, and farming households today account for only 15% of the total population. Yet the farmers and their associated groups remain too formidable a force to be ignored by politicians.

The reason, of course, is that farmers form a large bloc of organized votes. No Diet members, not even those who are not professed friends of the farmers, would dare to antagonize them. The strong political influence of the farming bloc also has to do with defects in the electoral system, which has not been reformed despite major demographic changes that have caused a wide gap in voter representation between rural and urban constituencies. One eligible vote in a rural district is in many cases worth three votes in an urban district.

Almost everyone now acknowledges that the Food Control System is far removed from reality, yet none of the political parties is calling for its abolition. The lack of a political will to face reality is contributing to the rigidity of Japan's postwar farm policy.

Consumers are also opposed to the abolition of the system. Many leaders of consumer groups belong to the generation that experienced an acute food shortage toward the end of the war and in the immediate postwar years. It is difficult for them to forget what a vital role the Food Control System played in tiding Japan over its food crisis. One leader says two of his children died of malnutrition in the immediate postwar years. This and other similar experiences have helped

to make Japan's consumer movement rather conservative.

The Ministry of Agriculture, Forestry and Fisheries would have its power greatly weakened by the abolition of the Food Control System and the ministry would have to abandon its strong authority, its large reservoir of manpower and the large budget that it now commands under the existing system. No ministry would want to cut its own size of its own volition. No wonder the agriculture ministry wants to keep the system largely intact.

For agricultural cooperatives known as *Nokyo*, the largest of Japanese farm groups, rice is a special agricultural product. For one thing, the government pays through the *Nokyo* for the rice it purchases from the producers. These huge payments constitute a financial bonanza for the *Nokyo*, with which the producers have deposit accounts. Rice collected from producers is also stored in warehouses managed by the *Nokyo* until it is shipped out to consuming areas, meaning that the *Nokyo* receive large warehousing fees from the government. They also act as assemblers, collecting and combining rice harvests from individual farmers. Assembling fees are also paid by the government. Thus the *Nokyo* stands to benefit directly from continuation of the Food Control System.

For rice distributors the system seemingly severely restricts their freedom. They must obtain government approval in order to open a rice store. Retailers cannot buy rice except from designated wholesalers. It can be sold only at certain retail stores at designated locations. One would expect, therefore, that distributors would not like these restrictions. Nevertheless, distributors too favor continued existence of the system, despite a plethora of distribution controls.

There are more than 65,000 rice retailers across the country—mostly former employees of the wartime Food Public Corporation affiliated with the agriculture ministry. They are, as it were, members of the same family under the Food Control System. The rice distributors, both wholesalers and retailers, have been accustomed to government protection for so long that they would consider abolition

of the system and introduction of free competition nothing but a nuisance.

Thus everyone in Japan—producers, consumers, the agriculture ministry, distributors and politicians—is hoping, openly or not, that the Food Control System will be continued in one way or another. That is why half a century after it came into existence this system is still alive despite radical changes in social and economic circumstances.

Dilemmas in the Food Control System

The Food Control System imposes a heavy fiscal burden on the government, but the Japanese public does not make much of an issue out of this because many people now lead an affluent life. The biggest problem caused by the continuation of the system is that rice production has become the most vulnerable part of Japanese agriculture. The government has continued to protect rice farmers because rice occupies a central position in the nation's agriculture. The upshot is that rice farming has become Japan's least competitive agricultural sector.

Rice farming requires the intensive utilization of farmland. Consequently, the cost of production cannot be reduced unless the scale of farming is increased. Yet the average size of a Japanese rice farm is less than 1 hectare—not much different from the days when rice seedlings were planted by hand. To be sure, farm mechanization has made great progress, but machines are not being used at full capacity because the scale of farming remains small. Many expensive machines spend much time idle in storage sheds. The unit cost of production is appallingly higher than in other rice-producing countries. It is about 10 times the U.S. cost of production. It would be impossible, of course, to practice U.S.-style extensive farming in Japan, where flat farmland is scarce. Yet it seems abnormal, given the availability of various types of agricultural machines, that Japanese rice farms still cannot reach even a relatively small scale of 10 or 15 hectares.

As already noted, rice growers have an



Taking advantage of the outdated Food Control Law, more ambitious rice growers are rushing to produce high-quality brand name rice for a free market to meet consumers' preference.

iron-clad assurance that their crops will be purchased at an official price. There is not much difference in the varieties and grades of rice purchased by the government. So most producers do not have to make much of an effort to compete for better quality. The only goal they set for themselves is to maximize output from a unit area of farmland—with little concern for whether the product tastes good, looks good, or meets consumer preferences.

Since the official purchasing price guarantees that production costs are covered, little effort has been made to cut costs. It makes much more sense to rice farmers to get the government to raise the purchasing price than to try to achieve technological innovations or expand the scale of management. For these reasons, rice farming in Japan has long stagnated under the outdated Food Control System.

Another problem with Japanese rice farming is that an overwhelming majority of producers are part-time farmers who have regular jobs in the cities. It is possible even for company employees to cultivate about one hectare of paddy fields if they do it in their free time at weekends and during holidays. Part-time farmers have continued to grow rice, but have abandoned other types of farming, because the price of rice has been kept at a relatively high level. Thus even today much of Japan's rice is grown by such

“Sunday farmers”—another factor contributing to high production costs.

The government policy of cutting the amount of land used for rice growing so as to prevent overproduction is another problem. The rice farmers must comply with this policy, which decides areas to be cut on a pro rata basis. If they do not comply, they are punished in the form of “administrative guidance.” For the farmers, however, such cuts mean reduction of the scale of management—which clearly runs counter to the economic logic that large-scale farming translates into lower production costs. Thus the policy of reducing land used for rice growing represents a serious dilemma, stemming from the fact that the government has given rice farmers wholesale protection under the Food Control System.

This system once saved the country from a food crisis. Now, however, it distorts Japanese agriculture and makes Japanese rice farming grossly uncompetitive. Yet nobody dares to have it abolished. There are not even any attempts to revise, let alone scrap, the Food Control Law and bring it more in line with reality—and that is indeed a tragedy for Japanese agriculture.

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