Land Reform in Japan

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OF all of the various reforms which, under Allied pressure, are being effected in Japan today, the land-reform program is among the most important. Its terms are quite broad and, if completely successful, it may produce results more lasting than those of any other reform.

The present article proposes (1) to indicate the significance of the land problem in the democratization of Japan, (2) to demonstrate the attitude toward land reform of the Japanese ruling groups, (3) to analyze the Land Reform Law, from which the reform stems, and (4) to examine the present stage of reform.

The Tenancy Problem

On April 26, 1946, the population of Japan was reported as 73,114,308, of which 34,542,171 (47.2 per cent) were classed as "farm population". The subsequent return of overseas troops and of Japanese repatriates, together with the natural increase, brought the population of Japan to 78,627,000 on October 1, 1947, in which year the farm population represented more than 46 per cent of the total. Thus from 46 to 47 per cent of the population of postwar Japan derives part or all of its income from the land,[1] which is to say that agrarian problems concern almost half of the people of Japan. In the next decade this percentage will probably be maintained. The table on page 116 reveals the extent of tenancy in Japan.

Agrarian relations in Japan, as elsewhere, are complicated, and frequently it is difficult to place farmers in exact classifications. Some tenants, for example, are landlords too: they lease out land in one locality and rent land in another. Yet it is clear from the table that, in April 1946, 67.1 per cent of the farming population were tenants in one form or another. Moreover, many among the "owner-farmer"

[1] In the 1930's the number of farming families had declined steadily—from 5,642,509 in 1932 to 5,491,838 in 1939, and, probably, to less than five million in 1944. But the destruction of a considerable portion of industry, as well as the complete stoppage of war industries and partial shut-down of other industries, reversed this trend. On August 1, 1947, the number of farming families reached an all-time high of 5,909,229.

STATUS OF JAPANESE FARM HOUSEHOLDS

Status	*Number*		*Percentage*	
	April 26, 1946	*August 1, 1947*	*April 26, 1946*	*August 1, 1947*
Owner-farmer-landlord[1]	214,054		3.8	
Owner-farmer[2]	1,655,244	2,153,611	29.0	36.5
Tenant:				
Chiefly owner-farmer[3]	1,127,166	1,183,408	19.8	20.0
Chiefly tenant[4]	1,061,188	996,986	18.6	16.9
Wholly tenant[5]	1,637,051	1,573,838	28.7	26.6
Non-cultivating farmer[6]	3,245	1,386	0.1	0.0
TOTALS	5,697,948	5,909,229	100.0	100.0

[1]Includes persons who lease out at least one *cho* (2.45 acres) of land and cultivate the rest themselves. Many landlords are in this group.
[2]Includes tenants whose rented land constitutes less than 10 per cent of the total area cultivated by them.
[3]Tenants whose own land constitutes 50 to 90 per cent of the area cultivated by them.
[4]Tenants whose own land constitutes 10 to 50 per cent of the area cultivated by them.
[5]Tenants whose own land constitutes less than 10 per cent of the area cultivated by them.
[6]Livestock breeders, sericulturists, greenhouse operators, apiarists, etc.

group, as defined in this table, rented some land. This rented portion may have been relatively small, but without it the economy of such farmers might have become unbalanced. Thus, being "owner-farmers" did not necessarily place them in a position of special advantage as compared with true tenants. It may, accordingly, be estimated that at least 70 per cent of the farming population depended in some measure upon rented land. The figures for August 1, 1947, reflect, in some degree, the effect of the land-reform program. The economic implications of this situation may be shown by the following calculations.

Estimated gross value of total agricultural production in Japan in 1937 was 3,924,900,000 yen. Rentals from paddy fields in the same year may be estimated at 550 million yen, and from dry fields at 170 million yen[2]—a total of 720 million yen.[3] To this figure should be added the

[2] These figures were obtained in the following manner. In the case of paddy fields, rent for 1937 was estimated at 10.4 *koku* per *cho* (1 *koku* = 5.119 dry bushels), and at 147 yen per *cho* of dry land.

Statistics for rented land in 1937 and 1947 follow (in thousand *cho*):

	Owner-Cultivated			*Tenant-Cultivated*			*Total*		
Year	*Paddy Fields*	*Dry Fields*	*Total*	*Paddy Fields*	*Dry Fields*	*Total*	*Paddy Fields*	*Dry Fields*	*Grand Total*
1937	1,538	1,728	3,266	1,680	1,153	2,833	3,266	2,832	6,098
1947*	1,594	1,437	3,031	1,256	725	1,981	2,850	2,162	5,012

*August 1.

Rent from 1,680,000 *cho* of paddy may be estimated at 17,470,000 *koku;* at 31.2 yen per

burden of farm indebtedness. Interest paid on farm debts in 1937 may be estimated at not less than 600 million yen (10 per cent on 6 billion yen). One might think that such indebtedness had nothing to do with the problem of tenancy. Yet it can be shown that the major part of this burden resulted from tenancy conditions. In the first place, tenants had to borrow because frequently, after paying rent, they did not have the wherewithal for their own needs. Second, while the interest paid by landlords and wealthy landowners on their borrowings did not exceed five or six per cent, tenants paid interest at 10, 15 and not infrequently 25 per cent. Therefore it is safe to say that at least two-thirds of the 600 million yen spent in servicing debts represented overpayment by poor farmers due to the conditions of tenancy. Total tribute paid to landlords and usurers (frequently the same persons) by tenants in 1937 may thus be estimated at about 1,100,000,000 yen, or approximately 28 per cent of total agricultural production for the same year.

The loss to the tenants was greater than even this figure would suggest, because poverty prevented them from making full use of their economic opportunities. They could not, for example, improve their farms or cultivation methods.

Many writers have dwelt upon the narrowness of the Japanese domestic market which compelled industry to seek outlets abroad. This narrowness was accentuated by the poverty of the farmers and the low wages of the workers. The second were in considerable measure the result of the first, because each year thousands of farmers left the villages in search of work in the cities, where they competed with urban workers and drove wage levels down.

In this connection it may be pointed out that in the five-year period 1933-37 Japan's exports averaged 2,480 million yen. An increase in tenants' purchasing power of more than a billion yen would have opened new domestic outlets for industry.[4]

There were also important non-economic consequences of tenancy. The rights of tenants were ill protected by law. A tenant might be evicted by his landlord at will. And since his very life depended upon

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koku, this would amount to 545 million yen. Rent from 1,153,000 *cho* of dry fields at 147 yen per *cho* would amount to 170 million yen.

[3] In fact, the total was greater, because in many localities tenants pay *two* rentals each year for paddy fields from which two annual crops are taken.

[4] The landlords, of course, bought goods or services, but these were mainly of the luxury type.

the continuation of his lease, the average tenant was completely subservient to his landlord. Landlords were more than mere owners of the land: they were also political leaders and officeholders, members of the prefectural assemblies and mayors, members of the House of Representatives and House of Peers, because they commanded the votes of their constituencies. This is not to say that they were particularly cruel or unkind to their tenants. Far from it. Custom did not permit the landlord to evict the tenant or to raise his rent beyond what was considered normal; custom demanded a reduction in payment of rent in case of partial crop failure, and assistance to the tenant in case of a complete failure. But custom likewise demanded certain conduct on the part of tenants, not unlike that characteristic of serfdom.

The tenant was ordinarily not dependent on only one landlord. Almost all tenants had to rent land from several landlords—one *tan* from one, two *tan* from another, one and a half *tan* from a third, etc. It might appear that this system would have strengthened the position of tenants by enabling them to play one landlord off against another. But such was not the case: every plot of land was needed. Thus, the tenant depended not upon one master but upon several. Disrespect shown to one landlord was resented by all, because all of them wished to preserve the existing order. It was this order which the Occupation sought to remove so that democracy might take root in the Japanese countryside.

The Background of the Reform

The history of land reform in Japan, which can be only briefly outlined here, is very important in one respect. Such reforms as have been introduced in postwar Japan have been accomplished under pressure from the Occupation authorities. Some observers may claim that the Japanese legislators themselves understood the necessity for broad and basic reforms and that, even without outside pressure, they would have effected such a reorganization. The validity of this claim will be of paramount importance to the fate of the reforms in the event that the Occupation should end soon. In this respect it will be instructive to trace the vicissitudes of the land-reform program since 1945 because the so-called First Reform was undertaken after the Occupation authorities had directed the Japanese legislators to initiate land reform, without specifying exactly what should be done.

The starting point of land reform in postwar Japan was a visit of

Baron Shidehara, then Prime Minister, to General MacArthur in October 1945, at which time the Supreme Commander for the Allied Powers (SCAP) pointed out the necessity for agrarian reform consonant with the democratization of Japan. Under the direction of Hiroo Wada, an official of the Ministry of Agriculture, the Ministry prepared a Bill which was approved by the Cabinet on November 22, 1945, made public on the next day, and submitted to the House of Representatives on December 5. As originally drafted, this Bill was intended to deprive landlords of holdings in excess of three *cho,* to rely on agricultural associations in buying some of the land from landlords, and to encourage direct negotiations between tenants and landlords in other cases. The reform was to be completed in five years. It was estimated that, under the plan, of a total of 2.6 million *cho* of rented land 1.5 million *cho* would be sold to tenants, while the remainder would continue to be rented.

The Cabinet, consisting of persons in sympathy with the Liberal and Progressive parties,[5] which dominated the Diet, made several changes in the Bill, of which the most important was the decision to buy from each landlord only so much of his land as exceeded five (instead of three) *cho.* It was estimated that, with five *cho* of land left to each non-absentee landlord, .95 million *cho* would be available for sale, while 1.65 million *cho* would continue to be rented. In view of the various loopholes in the Bill, it is doubtful that even .95 million *cho* would have been transferred to tenants. When the Bill was introduced in the Diet, the members of the Progressive and Liberal parties not only endorsed the higher limitation on landlords' holdings to five instead of three *cho*; in addition, they sought to insert a clause permitting the retention of more than five *cho* in "exceptional cases". One Progressive member of the House of Representatives, Hiroshi Tsuchiya, asked that "the possession of more than five cho be permitted in accordance with local rural conditions". The reply of Minister of Agriculture and Forestry Matsumura was revealing: "I cannot agree with Mr. Tsuchiya as to the raising of the five-cho limit. The decision [concerning this limit] is based on the basic policy [of the government] to send absentee landowners back to cultivate their fields."[6] Thus the purpose of the reform appeared to be

[5] Its Prime Minister later became President of the Progressive Party, and its Foreign Minister, President of the Liberal Party.

[6] *Tokyo Shimbun,* December 17, 1945, as translated by Allied Translator and Interpreter Section (ATIS), SCAP, Report 422, December 20, 1945, Economic Series 87, Item 2.

not to improve the status of tenants but to send absentee landowners back to their lands! In replying to an interpellation by another member of the Diet, the Minister said: "The reason for the decision to increase the minimum to five cho, instead of three, is that the government anticipated that the five-cho limit would more effectively establish [stabilize?] the rural society. Too great an increase in small farms would not necessarily be welcomed."[7]

Both the Liberal and Progressive parties vigorously opposed a provision of the Bill calling for payment of future rents—under any reform plan some tenancy would have remained—in money instead of in kind, as was customary in Japan. They wanted payments in kind permitted "in case of mutual agreement between landlord and tenant". To anyone acquainted with Japanese rural conditions it was clear that this would mean perpetuation of payments in kind.

The question of Land Commissions will be examined in greater detail later. Here it is sufficient to note that the government proposed that the Land Commissions (entrusted with solving difficult transfer problems and other disagreements) should consist of 15 members: five tenants, five owner-cultivators, and five landlords. The Liberals approved, but the Progressives suggested the addition of three other members "of high moral reputation", and the Bill was so amended.

Even in this mild form the Bill would have stood little chance of passage by the House of Representatives had not SCAP on December 9 directed the Japanese government to present a program of rural land reform on or before March 15, 1946. This directive was a clear indication of the dissatisfaction of SCAP with the Bill. Yet the Diet chose to pass the Bill, apparently in the hope that its passage might appease SCAP: in this sense the SCAP directive served to hasten Diet approval of the Bill. The Bill was enacted on December 29 and was to have become effective early in 1946. But this so-called First Land Reform Law in reality remained a dead letter, because the Supreme Commander could not and did not consider it as complying with his December directive. In consequence, the Japanese had to prepare the plan of what later became known as the Second Land Reform. This, too, when presented to SCAP in March, was found to be unsatisfactory. In May SCAP sent a memorandum to the Ministry of Agriculture and Forestry, enumerating

[7] *Nippon Sangyo Keizai,* December 7, 1945, as translated by ATIS, Report 276, December 8, 1945, Economic Series 57, Item 6.

changes that were to be made in the Bill. In June the subject of land reform was discussed by the Allied Council for Japan and certain recommendations were made. As the Council discussion and its recommendations became widely known in Japan, while the contents of the May memorandum remained unpublished, the general impression was that subsequent changes in the Land Reform Law had resulted from suggestions made by the British Commonwealth representative in the Allied Council. In reality, however, almost all of his suggestions were contained in the May memorandum.

Finally, in July, the reform plan won SCAP approval, was introduced in the Diet as a Bill and, on October 21, 1946, became a Law.[8] It is especially important to note that practically all of the changes which distinguished this Law from the December 1945 Reform Bill were made by Japanese officials or Diet members, not on their own initiative, but at the insistence of SCAP experts who brought pressure to bear in endless conferences. In this sense the Land Reform Law of October 21, 1946, is not a Japanese product. The Diet was given to understand that SCAP supported the Bill, approval of which was therefore required. How the Bill would otherwise have fared in the Diet may be inferred from the discussions, already mentioned, of the far milder December Reform Bill, which the Liberal and Progressive parties regarded as too radical a measure.

Before proceeding to a discussion of the October Land Reform Law, it may be useful briefly to restate the main provisions of the Law approved in December 1945. The latter required absentee landowners to sell their land; other landowners might retain up to five *cho* of land. A landlord was not to be considered as absentee if he lived in a neighboring village. Although the Law was not specific on this point, the previously quoted statement of Minister of Agriculture Matsumura suggests that any absentee landlord would have an opportunity to start cultivation, and, if he did so, would not be considered as an absentee. In 1940 (the latest year for which data are available), ownership of cultivated land in Japan was divided, by size of estate, as follows: 943,522 persons owned from one to three *cho;* 222,347 owned from three to five *cho;* 106,493 owned from five to ten *cho;* and 45,784 owned ten *cho* or

[8] In reality, there are two Laws: the *Owner-Farmer Establishment and Special Measures Law* and the *Agricultural Land Adjustment Law* of April 2, 1938, as amended on October 21, 1946. Important provisions are to be found also in the two Imperial Ordinances corresponding to these two Laws and in the ministerial regulations concerned with the same Laws.

more. The Law affected only the last two groups. Moreover, the five-*cho* limit was applied to individuals, not to families, thus permitting the splitting of estates among family members. The Law provided for direct negotiations between tenant and landlord; it placed the arbitration of conflicts in the hands of commissions weighted heavily on the side of the landlords; it left indirect purchases of land to the landlord-dominated agricultural associations; it provided for government subsidies to landlords; and it allowed five years for completion of the reform. There can be little doubt that if the December 1945 Law had been implemented, it would have enabled only a few tenants to become owners.

The Land Reform Law

The Land Reform Law of October 1946 contains numerous provisions not included in previous bills. It provides that absentee landlords shall sell all of their land to the government, while non-absentee landlords may retain only one *cho* of land.[9] If this provision is faithfully carried out, it will transfer slightly more than two million *cho* of rented land to tenants; about 600,000 *cho* will continue to be leased. It is quite possible that landlords may try to evict tenants from their remaining *cho* and cultivate it themselves, and in many cases they may be successful. In such an event, the area of rented land will be less than 600,000 *cho*.

Absentee landlordism is to disappear completely. It should be noted that the holdings of many landlords are scattered. For example, Mr. Ambe, of the town of Fukaya, owns 40 *cho* of land and lives in the town, but has holdings also in Hatara, Okabe, Oyori and other surrounding villages. He may retain one *cho* of land within the town limits, but will lose all of his holdings in the surrounding villages because there he is an absentee landlord, even though Hatara village is closer to his mansion than is some of his land lying within the limits of the town.[10]

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[9] This figure represents an average only. A limit is established for each prefecture, varying from .6 *cho* in Hiroshima and five other prefectures to 1.5 *cho* in Aomori and Miyagi. On Hokkaido, where conditions are quite different, the limit is four *cho*.

[10] The following simple examples may serve to illustrate the operation of the Law.

1. A man living in Tokyo who owns 60 *cho* of land outside of Tokyo loses ("sells" to the government) *all* of his land.

2. A man who owns 60 *cho* of land and lives in a village around which his holdings lie loses all of his land except one *cho* in the village in which he resides.

3. A man owns 45 *cho* of land, of which he cultivates 5 *cho* with hired labor. If these 5 *cho*

Many farmers' unions have protested against permitting landlords to retain even one *cho* of land. They fear that this one *cho* may become a nucleus enabling the landlords to regain control of their lands by taking advantage of usury, periods of depression, and other familiar means. Some unions have demanded a so-called Third Land Reform which would dispossess landlords entirely. But such a reform will not be realized easily. There are many "landlords" in Japan whose holdings consist of only a very few *tan* (10 *tan* = 1 *cho*). Of more than two million persons owning less than five *tan,* hundreds of thousands are "landlords". For example, a farmer who goes to work in the city, leasing out his little plot of two *tan* to his neighbor, is an absentee landlord in the eyes of the 1946 Law and should lose his two *tan.* If a farmer falls sick and leases his five *tan* to some one in his village, he retains his land under the present Law but would lose it under the "Third Reform". In other words, elimination of the one-*cho* provision would affect hundreds of thousands of little people.[11]

Land Purchase

According to the October 1946 Law, landlords' holdings are to be bought by the government at prices so low as to be almost confiscatory. This situation came about against the wishes of the legislators and without pressure from SCAP; it is a natural result of the system of government-fixed prices prevailing in Japan. Invoking powers given it under the General Mobilization Law, the government on September 19, 1939, had frozen the prices of various commodities, including land, at the level prevailing on September 18, 1939. Prices of rice and other foodstuffs had been frozen shortly afterward by the Foodstuffs Control Law of the same year. During the war, in order to assure a supply of grain for the army and the cities, the government ordered tenants to

are cultivated more efficiently than are other fields in the neighborhood, he may retain them but loses the other 40 *cho;* otherwise he may retain only 3 *cho* and loses 42 *cho.*

4. A farmer who, with the help of his family, cultivates 6 *cho* in his own village and leases out 3 *cho* in a neighboring village, may retain the 6 *cho* but loses the 3 *cho.*

5. A farmer who, with the help of his family, cultivates 5 *cho* of land, may retain all of it.

6. A man who owns ¼ *cho* but does not reside in the village where his land is situated loses all of it.

7. A farmer who leases out 2 *cho* in one village and rents 3 *cho* in his village of residence loses his 2 *cho* but has a preferential right to purchase the 3 *cho.*

[11] The existing Law could, of course, be amended so that only landlords whose total holdings exceed one, or more, *cho* would lose land leased out to others, while small landowners would not be affected. Such an amendment, if offered in 1946, would have been approved; now approval would be less certain.

surrender the grain paid as rent, not to their landlords, but directly to the government, while the latter paid the landlords for their rice at fixed prices. In 1943 the government paid landlords 47 yen for each *koku* of rice thus surrendered; at the same time, in order to encourage rice production, it paid tenants (as producers) 62.50 yen per *koku*. By the end of 1945 the government was paying 300 yen to producers and only 55 yen to landlords. Thus for a number of years landlords had no direct interest in either the land or its crops, and in 1945 received only 18 per cent of the price paid to the tenants. An important circumstance was the fact that it was the wartime government of Hideki Tojo which cut the bond between the landlord and his land. Although the landlords might protest, they had to accept this development for patriotic reasons. Now the war is over, but the system of regulations, government rice collections and fixed prices continues.

The government was unable to establish "real" (i.e., market) prices for land, because there were only two types of prices, fixed prices at the 1939 level, and black-market prices, which the government could not recognize without destroying the whole flimsy structure of fixed prices and, it was feared, opening the door to uncontrolled inflation. Thus, when the government came to fix land prices in connection with land reform, only one set of prices was available, namely, that of 1939. There were no other prices: private dealings in land were forbidden and only official prices were recognized.

In this particular instance, the system worked to the disadvantage of the landlords; but in certain other respects it benefited them. For example, when the government imposed a capital levy (called a property tax) early in 1947, the impression gained abroad was that the levy would wipe out capitalists. Assessment rates in the upper brackets exceeded 70 per cent! But property was assessed at 1939 valuations, and the author knew of one landowner who paid the levy on his property simply by selling three clocks at black-market prices.

Of course, another road was open to the government: it could have disregarded prices and issued the landlords bonds payable in rice instead of in money. But two circumstances prevented this. The reform was intended to substitute payments in money for payments in kind. Rents in kind were termed "medieval". How, then, could the government suggest payment in rice bonds?

Since, moreover, the feeling in the Diet in December 1945 was that

the reform would at most affect only a few persons and would in general be successfully sabotaged, as had been all preceding attempts to convert tenants into proprietors, the legislators paid little attention to the question of land prices. SCAP experts recognized the implications of the legislation, but they had no special sympathy for the landlords and saw no reason to override the decision of the Japanese government on this point. In consequence, the Law provides that tenants shall pay the government 757.60 yen per *tan* of paddy and 446.98 yen per *tan* of upland fields, while the landlords are to receive 978.33 and 577.33 yen respectively, the difference being paid by the government as a subsidy. The government subsidy is payable on only the first three *cho* of any one person's land. That is to say, land in excess of three *cho* is paid for at the rate of 757.60 yen per *tan* of paddy.[12] The buyer may pay the full price at once or may pay in 30 annual installments with interest charged on the balance at 3.2 per cent per year. Landowners may be paid with bonds redeemable within 30 years.

Under the Law, the landlord sells his land, not directly to the tenant, but to the government, which, through the Land Commissions, sells it to the tenants. This provision is intended to eliminate the possibility of personal controversy, illegal bargaining and other deals in which the tenant would normally be the loser. In theory at least, the buyer of land has nothing to do with its former owner; he deals only with the Commission. But this advantage is largely theoretical since the landlord still considers that it is his tenant who has taken his land for a pittance.

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[12] The implications of these prices may be seen from the following illustration.

The average yield from one *tan* of paddy is 2.2 *koku* of rice. Current prices of rice per *koku* are 1,750 yen (official), 8,000 yen (in the village black market) and up to 20,000 yen (in the city black market). On the average, a farmer surrenders one *koku* of rice per *tan* to the government at the official price of 1,750 yen. Let us assume that he sells the remaining 1.2 *koku* at the village black-market price, receiving 9,600 yen for it. His total receipts from 2.2 *koku* of rice thus total 11,350 yen.

In selling this same *tan* of paddy, the big landlord receives only 757.60 yen, or 6.6 per cent of the value of the crop taken from it. In 1937 (according to calculations of the Japan Hypothec Bank) 2.2 *koku* of rice were valued at 68.64 yen, and one *tan* of paddy at 602 yen. In other words, the value of land in 1937 was 877 per cent of that of the crop grown on it, while in 1948 the percentage has dropped to 6.6 per cent. The landlord now receives for his land less than two per cent of what he would have received for it in 1937: current government purchases of land are tantamount to confiscation. However, there is no reason to feel particularly sorry for the landlords. Owners of Japanese government bonds are in the same position; those whose homes were destroyed in air raids or who lost their wage earners in the war are worse off.

Land Distribution

Once land has been bought from the landlord, to whom shall it be sold? The Law provides that the tenant-farmer engaged in cultivating it shall have the first option on its purchase. The Imperial Ordinance issued in connection with the Law specifies that tenants possessing a greater labor force than is needed for the cultivation of their land may buy additional land. Further, a Land Commission may assign land to another tenant-farmer or to any other person who appears to be a promising cultivator. In view of the shortage of land, however, it is probable that only tenants who are actually cultivating it will get the land.

An important question was how much land a tenant should be permitted to buy. It appeared desirable to set an upper limit which would apply also to owner-cultivators. The limit was fixed at three *cho,*[13] excess land being bought up by the government even if the owner is himself cultivating it. Two exceptions were made to this rule: an owner-cultivator may retain land in excess of three *cho* if he can cultivate it without hired labor, or if subdivision of his land would reduce its productivity. The three-*cho* limit has been criticized by some experts because, in their opinion, it destroys large farms that already exist and prevents the formation of such farms in the future. Their argument is that the productivity of Japanese farmers is very low; increasing the size of farms would increase productivity per laborer and thus rationalize Japanese agriculture. In weighing these objections, it may be useful to examine the following facts.

In April 1946 there were in Japan only 838 farms with cultivated areas of 20 *cho* or more; of these, 832 were in Hokkaido. At that time farms with cultivated areas of three *cho* or more numbered 127,823, or 2.3 per cent of the total of 5,697,948 farms; of these, about 110,000 were in Hokkaido, where the legal limit is now not three, but 12, *cho.* Thus, in April 1946 there were in Japan, excluding Hokkaido, fewer than 18,000 farms with three *cho* or more of land. Probably very few of these are affected by the new three-*cho* limit because one or the other of the exceptions mentioned above applies to them.

Therefore, the Law does not alter the existing situation: Japan is already a country of small farms. Large farms (which are rather small by, say, American standards) are very few and are cultivated chiefly by the

[13] This represents an average. The limit is 1.8 *cho* in Hiroshima prefecture, 1.9 in Osaka, 2.3 in Nagasaki, 3.0 in Saitama, 3.3 in Saga, 4.5 in Aomori, and 12 in Hokkaido.

owners' families. The question, then, is this: is it desirable to favor the formation of big farms in Japan? To the extent that such formation results from a voluntary merger of several small farms, the Law interposes no obstacle. If 30 farmers, each owning three *cho* of land, wish to form one 90-*cho* farm, they may do so. The Law merely forbids a person to buy 30 farms and to cultivate his 90 *cho* with hired labor.

In the United States the average size of farms in 1940 was 63 acres (including fallow land). If the average size of Japanese farms were 63 acres, there would be enough land for only 235,000 farms, not for 5,697,948 (the 1946 total). What would be done with the millions of owner-cultivators thus deprived of their land? For this and other reasons it is doubtful that Japanese agricultural policy will favor the establishment of large farms in the foreseeable future.

Initiation of Reform

The First Land Reform Bill was introduced in the Diet in December 1945; the Second Land Reform Law was passed in October 1946; and it was not until several months later that the reform really got under way. Landlords had ample time, therefore, in which to heed the warning signals and to try to act accordingly. They could have evicted their tenants and started cultivation themselves, posing as owner-cultivators and claiming three *cho;* they could have divided the land among their children, establishing them as independent farmers; or they could have sold it to dummies for resale to their tenants at high prices. Many landlords tried these methods, with some success.[14] But such attempts did not assume very significant proportions for the reason that there was no free market in real estate during this entire period. Each sale or change

[14] That the situation is not yet under control is indicated by a Tokyo dispatch to the *New York Times* (January 12, 1948), describing how abbots of Buddhist temples were sending their monks and acolytes to cultivate temple lands from which the tenants were being driven. If the Law has any meaning, it should be too late now for temples to start cultivating lands that have hitherto been leased to tenants.

According to a report in the *Oriental Economist* (December 6, 1947, p. 995), the Ministry of Agriculture and Forestry decided, on November 26, 1947, that temples, shrines and churches shall be considered absentee landlords, but that their farmlands may be resold to them if they are judged to be able and willing to cultivate them. This decision violates the spirit and the letter of the Law. The question is not whether these institutions are able to cultivate the land, but whether they should be permitted to evict their tenants and thus deprive them of the means of subsistence.

Recently, the Niigata Prefectural Land Commission ruled that temple and shrine lands not formerly cultivated by the owners should be distributed among the tenants.

of title had to have official sanction, which in most cases was not easily secured. There was the additional factor that tenants, too, were aware of the coming changes and hence offered resistance. Yet there is no doubt that in many cases landlords were able to recover their land from tenants[15] and either start cultivation, or sell it, usually to the tenant. To prevent these practices a supplementary clause in the Law provided that the Land Commissions should decide ownership of land on the basis of the situation existing on November 23, 1945, the date on which Japanese newspapers had reported the Cabinet's decision to institute land reform. Thus, even if a landlord regained his land from a tenant after that date, he must return it to the tenant.[16]

Completion of the Reform

In the First Reform Law the government allowed five years for its implementation. Since SCAP considered five years too long and insisted that the whole reform should be completed in two years, the relevant Imperial Ordinance prescribes that the purchase of land from landowners and its sale to tenants shall be completed "not later than December 31, 1948".

The Land Commissions

Execution of the reform is the responsibility of the Agricultural Land Commissions, of which there are three types: Local, Prefectural, and Central.

[15] The Ministry of Agriculture and Forestry estimated that between August 1945 and June 1946 there were 250,000 cases in which landlords demanded that tenants return rented land to them.

[16] Two examples, the first hypothetical and the second actual, may be helpful to an understanding of how this provision operates.

After learning of the Cabinet's decision on November 22, 1945, to initiate land reform, a landlord evicted his ignorant tenants from his 10 *cho* of land, sold four *cho* of it at black-market prices, established his son on a separate 3-*cho* farm, and began to cultivate the remaining 3 *cho*. He then claimed that, since he had become an owner-cultivator and was no longer a landlord, the Land Reform Law did not apply to him. On reviewing the case, the Land Commission decided that the man's claim was fraudulent because he had been a landlord on November 23, 1945. Accordingly, the Commission took away the 3 *cho* from his son and 2 *cho* from the man himself, leaving him one *cho*. In addition, it recovered the 4 *cho* which he had sold and awarded them, plus the other 5 *cho*, to the tenants who had occupied them on November 23, 1945.

One big landowner, who lived in the city of Tokyo and was an absentee landlord in respect to Nakaze village, secretly sold much of his land at 8,000 yen per *tan*, retaining 2 *cho* which are cultivated by hired labor. In his case, the Nakaze Land Commission, less efficient than the Commission referred to in the preceding example, failed to enforce the provisions of the Reform Law. The evicted tenants are now seeking justice through intercession by the military government officials of the American Eighth Army stationed in their prefecture.

Local Land Commissions are in charge of the actual execution of the reform in villages, towns and cities. They prepare plans governing the purchase and sale of land, and decide all questions connected with the reform, though appeal to the Prefectural Land Commissions (and in some cases to the courts) is permitted.

Their membership, comprising three landlords, two owner-cultivators, five tenants, and three "learned and experienced persons", is unsatisfactory. Landlords represent a vanishing group; those remaining will be small owners who are for some reason unable to cultivate their land. The Commissions have functions other than those related to land reform.[17] Why, then, should the landlords' voice in these Land Commissions be so disproportionate to their real importance? Why should they have anything to say about who will receive land, and how much, and where? The influence which they have exerted, and still exert, in the villages will be used by many of the landlord members to the detriment of reform. The purpose of reform is to eliminate landlords, yet even after the reform is completed, they will occupy three seats in the Local Commissions. They should have none.

The post of Land Commissioner is honorary; no salary is paid to Commission members even though their work involves much time and effort. SCAP tried to convince the government that Commissioners should be paid. The principle of payment for services rendered is now recognized throughout local government. Why should an exception be made of the Land Commissions? Apparently the government was afraid of incurring large expenditures. But the value of the lands involved, even at 1939 levels, is at least 12 billion yen; and surely an additional expenditure on this enormously important reform of, say, 200 million yen—i.e., less than two per cent of this unrealistically low figure —cannot be considered excessive. As it is, numerous honest but poor farmers have preferred not to serve on the Commissions, and there is no doubt that many Commission members are of necessity influenced in their decisions by secret donations.

A Prefectural Commission may overrule a Local Commission. Each Prefectural Commission comprises ten tenants elected by the tenant members of the Local Commissions, six landlords and four owner-culti-

[17] Accordingly, their organization is prescribed, not in the Owner-Farmer Establishment Law, but in an amendment to the 1938 Agricultural Land Adjustment Law, which was intended to adjust landlord-tenant disputes, govern decisions concerning land transfers, fix farm rents, prescribe procedures for settlement of landlord-tenant disputes, etc.

vators elected by their fellows on the Local Commissions, and from five to ten persons appointed "by the competent Minister from among learned and experienced persons". The governor of the prefecture is the chairman. The Commission is too big to be effective. Most probably, it was purposely made unwieldy in order to give a decisive voice to the Ministry officials (i.e., the "learned and experienced persons").

The Central Commission is mainly the policy-making body. It comprises eight tenants, eight landlords, one representative of the Nippon Farmers' Union, one representative of the more conservative National Farmers' Union, and four university professors. The tenant and landlord members are elected by the Prefectural Commissions. Again, it is difficult to understand why, out of 22 seats in the policy-making body, it was necessary to give eight to landlords.

In general it is fair to say of the Land Commissions, on which the success of the reform depends, that their membership is too big, that they are overweighted with landlords and bureaucrats, and that, as long as membership in them is honorary, it will be unwise to expect efficient and honest work from many of the Commissioners.

The Tenants' Future Position

When the reform has been completed, approximately 600,000 *cho* of land, or about 10 per cent of the cultivated area, will still be rented. Many experts hold that a certain amount of tenancy is desirable since it lends flexibility to the system. But if tenancy is to remain a constant feature of the Japanese village scene, even though on a much reduced scale, conditions of rent should be regulated. Such regulations are provided in the Agricultural Land Adjustment Law.

This Law forbids payment of rent in kind, states that rent shall "not exceed 25 per cent [of the value of the crop] in respect to paddy fields and 15 per cent in respect to [dry] fields", and prescribes that leases must be "clearly stated in writing". All of this is quite satisfactory.[18] Yet on one very important point—certainty of lease—the Law is evasive. It states that a landowner may not "terminate or rescind the lease or refuse its renewal unless . . ." certain conditions exist. One such condition arises "where the operation of the land by the lessor himself is deemed

[18] Yet tenants complain that, as a result of the reform, they will be in a worse position than in 1945-46, when landlords received only about 18 per cent of the official value of the crop.

reasonable or where there exists any other just cause". Thus, the security of the contract is left in doubt. Under existing conditions a landowner can easily adduce good reasons why he should undertake cultivation of his land himself. This is important because the demand for land far exceeds the supply, and, relying on uncertainty of tenure, the landlord will always be able, through secret agreements, to nullify the provisions which establish a 25-15 per cent ceiling on rents.

Scope of the Law

The Land Reform Law applies in general only to cultivated land, not to forests, wasteland and other kinds of land, though leaders of the Farmers' Union have asserted that its failure to include forests and wasteland jeopardizes the success of the reform. It should be remembered that, while the rented cultivated area amounted in 1936 to 2.8 million *cho,* the area of privately-owned forests and wasteland in the same year amounted to 10.5 million *cho.* In many mountainous districts the liberation of farmers from their serf-like dependence upon the landlords (the term "liberation" is used in this connection by Japanese writers) cannot be achieved unless the government takes over the forests. It is interesting to note that the Niigata Prefectural Land Commission has ruled that forests and wasteland, if needed for the establishment of owner-farmers, may be purchased from landlords.

Penalties

A Law of such scope, affecting the lives of millions of persons and in effect expropriating the property of hundreds of thousands, is bound to meet obstruction, resistance and sabotage. Offenders are liable to imprisonment of not more than six months *or* to a fine of not more than 500 yen. In April 1948 the latter sum was equivalent to a few days' wages of a laborer; to most landlords it must appear even less significant. In addition, it should be noted that the Japanese system of justice, though reformed, leaves much to be desired.

The Present State of the Reform

The Law requires that the reform shall be completed by December 31, 1948. How much progress has been made since it became effective late in 1946?

As of March 2, 1948, the government had purchased 1,342,764 *cho* of

land from the landlords; an additional 278,315 *cho* had come into government possession in lieu of payments of the capital levy in 1947. Thus, as of March, the government had secured 1,621,079 *cho* out of the approximately two million *cho* that are affected by the reform. In this respect the situation has progressed favorably.

Yet it should be recognized that the success of the reform must be measured not by the size of the government land purchases, which in most cases are purely nominal (since landlords have not enjoyed possession of their land for several years), but by the amount of land sold to tenants, and in this respect the situation is unsatisfactory. As of March 2, 1948, only 280,762 *cho* had been sold. At this rate only 580,000 *cho* will have been sold by the end of 1948, and nearly three more years will be needed for completion of the reform. It is doubtful that direct Allied supervision of Japan will continue for another four years; and when that supervision is removed, a wholly conservative Cabinet may gain power, which is to say that land reform can be halted. Therefore, if the reform is to take hold, it must be completed before the Allied Occupation ends.

The official Japanese explanation of the slow distribution of land among tenants is that consolidation of scattered plots and the purchase and sale of land are time-consuming. There is the additional factor of landlord resistance of all kinds.[19] It is true that consolidation, which is desirable, does take time. The six million *cho* of cultivated land in Japan[20] are divided into scores of millions of little plots, each farmer cultivating from 5 to 15 such scattered holdings. The huge task of consolidation was needlessly combined with that of land distribution, which is relatively simple and involves no friction among tenants and owner-cultivators since, in the overwhelming majority of cases, the land goes to those who till it—to the tenants who are already on the spot. The only difficulty is to decide which plots of land should be left to the landowner as his "one *cho*". The problem of consolidation, on the other hand, is very difficult and delicate because it involves disputes over the amount of poor land to be given to a person who surrenders his good

[19] In an excellent article on "The Promise of Agricultural Reform in Japan" (*Foreign Affairs*, January 1948), William M. Gilmartin and W. I. Ladejinsky, quoting official sources, cite the following causes as retarding reform: "landlord hostility, attempts at corruption, sabotage, attempts at intimidation of tenants and public officials".

[20] The official estimate is at present a little more than five million *cho*, but this figure is an underestimation, due chiefly to a desire to avoid higher taxation.

plot, its location (everyone prefers a nearby field, other circumstances being equal), and similar considerations. The two problems are quite different and their solution should not have been combined in one operation.

As for landlord resistance, it should be noted that landlords did not begin to organize unions of their own until the autumn of 1947. Such unions are now very active. In one prefecture the operations of one landlords' union were of such a character that the governor was compelled to dissolve it, whereupon the members immediately organized a new union under a different name. These unions are active in every prefecture, trying to win the support of groups (such as owner-cultivators, tenants who will continue to rent land, non-cultivating villagers, etc.) which have nothing to gain from the reform.

Landlords have had recourse to the courts in several prefectures to test the constitutionality of the reform. They argue that, according to the new Constitution, "the right to own or hold property is inviolable". The same article of the Constitution states that "private property may be taken for public use upon just compensation therefor". But the landlords claim that the government does not appropriate their land for public use, since it is transferred to the tenants, and that the compensation received cannot be considered "just".

Their contentions, which in the view of the writer have some basis in fact, could be rejected on either of two grounds. (1) SCAP could rule that the Land Reform Law had been enacted in accordance with the Potsdam Declaration and therefore cannot be questioned on legal grounds. The Potsdam Declaration stated that "The Japanese government shall remove all obstacles to the revival and strengthening of democratic tendencies among the Japanese people." As long as medieval conditions persist in rural Japan, democracy cannot take hold. Any reform which would compel tenants to pay prices even approaching the true value of land could not succeed. (2) It may be argued that the new Constitution is not applicable to the situation because the Land Reform Law was enacted in October 1946, whereas the new Constitution did not become effective until May 3, 1947. The *old* Constitution stated that "the right of property shall remain inviolate" but added that "measures necessary to be taken for the public benefit shall be provided for by law". Land reform was certainly undertaken for the public benefit. But, since it is doubtful whether the extremely low compensation offered the land-

lords may be considered as just without violating the spirit of the law, invocation of the Potsdam Declaration would be preferable.

Reports from the prefectures mention secret deals between landlords and tenants, causing tenants to pay higher prices for land than provided by law. As long as such deals are consummated in terms of money and not of rice, they do not endanger the success of the reform. Many tenants have cash available (about 70 per cent of those who already have bought land from the government paid the full price at once[21]), and inflation continues unabated. It has wiped out rural indebtedness once, and can do it again. Many landlords have been badly hit by the reform program. Therefore, landlord-tenant transactions which serve to *end* the traditional relationship that has existed between the two parties should be regarded more tolerantly than private deals between future landowners and tenants which would perpetuate the serf-like position of the tenant.

Summing up, the Land Reform Law will wipe out *all* large holdings in cultivated land and a considerable part of smaller landholdings. It will transfer this land to farmers who cultivate it, at prices which cannot be considered burdensome. Japanese agriculture will be based on a system of small-scale owner-cultivators. Some tenants will remain, but conditions of tenancy have been improved, at least on paper.

Yet land reform is still far from complete. Constant vigilance on the part of the Occupation authorities will be needed to bring it to a speedy and successful conclusion. In view of the important part which the Land Commissions will play in village life, a change in their composition is necessary to eliminate the influence of landlords. Also, the Land Reform Law should be amended to establish the tenants' right of occupancy as long as they pay their rents. Otherwise the liberal provisions of the Law will be nullified by the pressure of competition.

It would be naive to think that the Land Reform will resolve all of the difficulties from which rural Japan suffers. It is only the first step on a long road, though a necessary step, without which no other steps can be taken. Strengthening of the democratic farmers' unions is one such

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[21] Recently, however, tenants have tended not to pay the full price at once, but to pay in installments. With inflation rampant, it is wise to defer payment as long as possible. Why pay the equivalent of five *koku* of rice now when in two years' time payment may require the equivalent of only one *koku*?

According to some experts, however, the recent tendency to pay in installments is due, not to the farmers' shrewdness, but to more efficient government collection of rice and income taxes.

step; cooperation among farmers, giving them the benefits of large-scale enterprise, is another; measures to prevent further uneconomic division and subdivision of land, still another. If these and other steps are taken, the Japanese countryside, instead of being a citadel of reaction, may become a bulwark of democracy. But we must remember that the old forces in the villages have been only weakened, not destroyed, and that it will be a long time before the goals of the Occupation are achieved.

New York, April 1948