

# **The Noneconomics and Trade Issues of the Rice Export Boost Plan**

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## **MAFF's plan to boost Japan's rice exports**

Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) has announced a plan to increase rice exports almost eightfold to 350,000 tonnes by 2030 and further to one million tonnes thereafter. For this to happen, the average rice production cost per 60 kilograms (kg) for farmers in Japan, which now stands at about 16,000 yen, needs to be lowered to 9,500 yen for rice for export. To this end, the plan says Japan will take the following measures for structural reform and productivity improvement:

- (1) Eliminating farmland dispersion through its accumulation and consolidation (expanding the area cultivated by operations that export rice with a farm of 15 hectares or more).
- (2) Expanding farm plots (creating consolidated parcels with one hectare or more)
- (3) Improving rice varieties and increasing the planting of high-yield varieties
- (4) Putting smart agricultural technology to good use by capitalizing on farm plot expansion (increasing the proportion of farmland to which such technology is applied in the total area of cultivated land to 50 percent or more)

TV broadcaster TBS news reported that MAFF will revise the basic plan for Japan's agricultural policy to boost rice exports, including packaged precooked rice, to 350,000 tonnes by 2030, an almost eightfold increase from last year's level. According to the report, Japan will divert such exports to the domestic market if rice becomes in short supply. Admitting that the rice panic of the Reiwa era (2019– ) that had been lingering from last year was behind the revision, Agriculture, Forestry and Fisheries Minister Taku Eto was quoted as saying that rice produced for export can be diverted to domestic consumption anytime because rice is rice. The revision is aimed at ensuring food security by boosting supply capacity.

The purpose of this article is to elucidate problems with the new policy from the perspectives of economics and international economic law (the WTO law). To put the conclusion first, the new policy has the following problems:

- (1) Judging from the planned revisions to the Food, Agriculture and Rural Areas Basic Act and remarks made by the incumbent agriculture minister, the plan could increase, not reduce, government spending.
- (2) Although the plan is intended to improve productivity through structural reforms, it could keep small-scale farmers afloat, putting a brake on such reforms.
- (3) The plan could invite retaliatory trade policy measures from other countries, especially the United States, which, in turn, could wreak havoc on Japan's export industries such as automobiles.

## **Fake news surrounding the abolition of the gentan program**

Let me first explain the central rice policy, i.e., the rice acreage reduction (“gentan”) program. The rice export boosting policy will be conducted as part of the gentan program, and so in all likelihood, the direction of this policy will not or could not change going forward.

It is generally believed that the gentan program was abolished in 2018, but that is totally fake news. All that was abolished was production/acreage quotas that were allocated all the way down to individual farmers by way of prefectures and municipalities. That was in 2014, when the government of the Liberal Democratic Party (LDP) reformed the Income Support Direct Payment Program (ISDPP). Farmers who have met their production/acreage quotas were eligible for ISDPP, which was introduced by the Democratic Party. When the ISDPP was abolished in 2018, production/acreage quotas lost their policy relevance. Their abolition was a logical consequence.

Then Prime Minister Shinzo Abe bragged that he would abolish the gentan program, which he claimed no one could do for 40 years, although he was barely involved in the 2014 policy shift.

The reality was that the arrangement in which the central government would stop the allocation of production/acreage quotas and leave the matter to voluntary production adjustment by farmers and agricultural groups – in other words, the arrangement in which such intervention by the government and authorities would be terminated to allow the Japan Agricultural Cooperatives (JA) to take care of gentan – was decided by the government and the LDP in 2003 and implemented in rice year (RY) 2007. After the prices of rice produced in RY2007 fell, however, this policy change was withdrawn during RY2007 under strong pressure from *norinzoku* or lawmakers representing agricultural interests. The original arrangement in which the central government, prefectures, and municipalities were responsible for the gentan program was restored. However, no media outlets described this policy as the abolition of the gentan program in 2007. That was exactly because the program was not abolished. This came during the first Abe Cabinet. Contrary to his claim that no one dared touch the program for four decades, Mr. Abe himself did so six years ago.

Back in 2014, Senior LDP *norinzoku*, the agriculture minister, and MAFF officials all denied clearly that the policy shift constituted the abolition of the program. The Japan Agricultural News, the newspaper of the Japan Agricultural Cooperatives (JA) Group, was the only media outlet that reported accurately on this matter. Most mass media outlets reported that the government abolished the gentan program, as Mr. Abe claimed. The essence of the gentan program lies in the act of reducing production (supply) with subsidies to raise rice prices above the levels determined by the market. If the gentan program had ever been abolished, rice prices would have crashed. Japanese agriculture groups would have been put in more serious turmoil than the Japanese joining the Trans-Pacific Partnership (TPP). Japan’s agricultural sector would have been thrown into utter confusion. Protest flags would have been all over Nagata-cho, Japan’s political center in Tokyo. Of course, no such things happened. At any rate, this is how the notion that the gentan program has been abolished has become a conventional wisdom. MAFF, which once denied the notion back then, now positively affirms it.

Even today, the allocation of production/acreage quotas and similar production guidance are practiced. MAFF decides and announces “the appropriate production level” for rice that will be produced in the next rice year. Based on such figures, local agriculture revitalization councils made up of local JAs, authorities, and other entities decide how much rice and other crops should be produced at the prefectural and municipal levels. They notify producers of such production figures. This was because when the government decided in 2014 to abolish the ISDPP and production/acreage quotas in 2018, the JA Group insisted that it was inappropriate for MAFF to withdraw altogether from production guidance. The state of affairs has remained the same.

To begin with, communicating and imposing production/acreage quotas alone without giving gentan subsidies could not possibly prompt farmers to switch to the production of wheat, soybeans, rice for export, or feed rice. This is because such production generates much smaller revenues than the production of table rice. Gentan (crop switching) subsidies have been at the heart of the gentan program since 1970. Unless such subsidies are abolished, the gentan program cannot be abolished.

### **The essence of the gentan program**

The gentan program was not originally designed to maintain rice prices. Rice prices had been decided by the government under the food control system. Since the termination of the system in 1995, however, the gentan program has served to prop up rice prices. Giving subsidies to farmers to reduce supply will raise rice prices above the levels determined by the market. When the food control system was in place, the JA Group expressed opposition to the gentan program in order to increase its sales to the government. After the system was abolished, it became an active supporter of the program, which was now the only means to maintain rice prices.

Rice production is adjusted by a cartel in which the government plays a part. This, in turn, forms rice prices. Why is such a cartel possible even though it could not be possible in the presence of so many producers? Gentan subsidies, which are tantamount to crop switching subsidies, shape and maintain the cartel that serves to offer a carrot (incentive) not to break it up. By giving subsidies to encourage farmers to switch crops or otherwise reduce rice acreage, the government has been reducing the supply of table rice and thus keeping the prices of such rice high.

Why must the government pay huge subsidies to prompt switching to feed rice or other crops? The amount of subsidy for switching to say, feed rice equals the difference between the price per 60 kg of table rice (15,000 yen) and that of feed rice (1,500 yen). The government spends around 90 billion yen to produce only 740,000 tonnes or so of feed rice. This amount of money can import 2.5 to 4 million tonnes of corn. This is a completely irrelevant policy in itself. Why does the government assume such enormous government spending to make farmers produce feed rice? The reason is to reduce the supply of table rice to keep its prices high. The gentan program has not changed at its core.

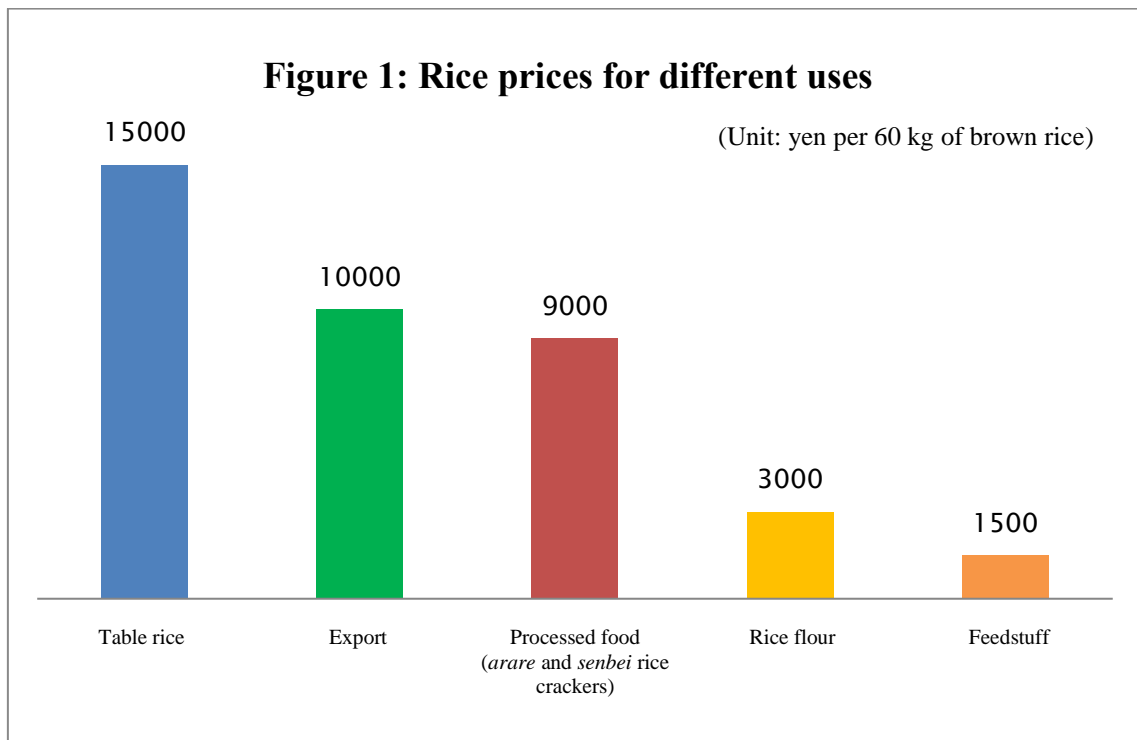
### **MAFF has made rice a substitution crop for rice**

What the then Ministry of Agriculture and Forestry (MAF), the predecessor of MAFF,

intended to do soon after the gentan program started was not limited to reducing rice production. Rather, MAF intended to increase Japan's food self-sufficiency by switching crops from rice to wheat, soybeans, and other crops, whose supply was heavily dependent on imports. However, switching to wheat and soybeans requires new machines and skills. Part-time farmers who work on their farms only on weekends cannot afford such an option. Today, the average rice farm household in all prefectures except Hokkaido, whose acreage is one hectare or so, engages in farming for only 27 days a year. Rice can be produced easily if salaried workers who double as part-time farmers work in rice paddies for just a few hours on weekends. To qualify for crop switching subsidies, they have come to sow the seeds of alternative crops such as wheat and refrained from harvesting the crops in a practice known as *sutezukuri* (cultivation for disposal). MAFF still connives at such inappropriate practice, according to the Board of Audit. This is attested to by the fact that although crop switching subsidies lasted more than 50 years and totaled ten trillion yen, Japan food self-sufficiency has gone down, not up.

Faced with the lack of options for substitution crops for many farmers, MAFF came up with an extraordinary trick. It made rice a substitution crop for rice. This is simply because rice is the easiest crop for part-time rice farmers to grow. The trick works like this. While the gentan program keeps the prices of table rice artificially high, crop switching (acreage reduction) subsidies compensate for the difference between the high prices of table rice and the low prices of rice for other uses. This arrangement keeps low the prices of rice for other uses, a product that could not otherwise be traded for the same price of table rice, thereby creating demand for that product and making it a substitution crop for table rice.

At first, MAFF applied crop switching subsidies to rice for *arare* and *senbei* crackers. It was not long before demand for rice fell to the extent that MAFF had to increase the acreage subject to gentan in order to keep rice prices high. In this way, MAFF added more and more uses other than direct human consumption to the list of substitution crops. When rice prices fell so low as to upset public administration in agriculture, MAFF expanded the scope of subsidies to include rice for feed. For such rice, which was traded for throwaway prices, MAFF offered huge subsidies, which were almost equal to the prices of table rice. Finally, MAFF included rice for export. Why did MAFF not touch it until the last minute? It may be because MAFF thought subsidies for rice for export constituted export subsidies, which are banned by the WTO.



The media reports that Japanese rice is available cheaper overseas than in Japan. This is because Japan exports the product for 10,000 yen per 60 kilograms, which represents the difference between 15,000 yen (the price for table rice) and 5,000 yen, which is the amount of gentan (crop switching) subsidies. Selling it for less than half the domestic price of 26,000 yen constitutes an act of dumping. Some domestic animals in Japan feed on rice priced at 1,500 yen per 60 kilograms. If such rice had been diverted to the domestic market, the current rice panic could not have happened. Nevertheless, farmers cannot change the uses of rice at their discretion because they receive subsidies for such uses. This time around, however, MAFF planned to allow the change of use as far as rice for export was concerned.

### **Different prices for one product invite health concerns: the tainted rice incident and the traceability act**

The arrangement in which many different prices are set for rice of the same quality depending on its use makes for wrongdoing. This is because buying rice low and reselling it high is sure to make a big profit, as evidenced by the tainted rice incident of 2008. (This incident involved imported rice.) To prevent such illicit sales, the government has enacted the Rice Traceability Act, formally known as the Act for Keeping Transaction Records and Transmitting Place of Origin Information Relating to Rice and Rice Products Trade.

However, MAFF is failing to enforce this act properly. The act stipulates that all entities involved, from producers to distributors, must keep a record of their transactions and the places where rice is brought in and out. If the act were observed properly, there would be no such thing as “disappearance of rice” as the MAFF claims in the mysterious and incomprehensible increase in the price of rice in 2025. Suppose a trader that has newly

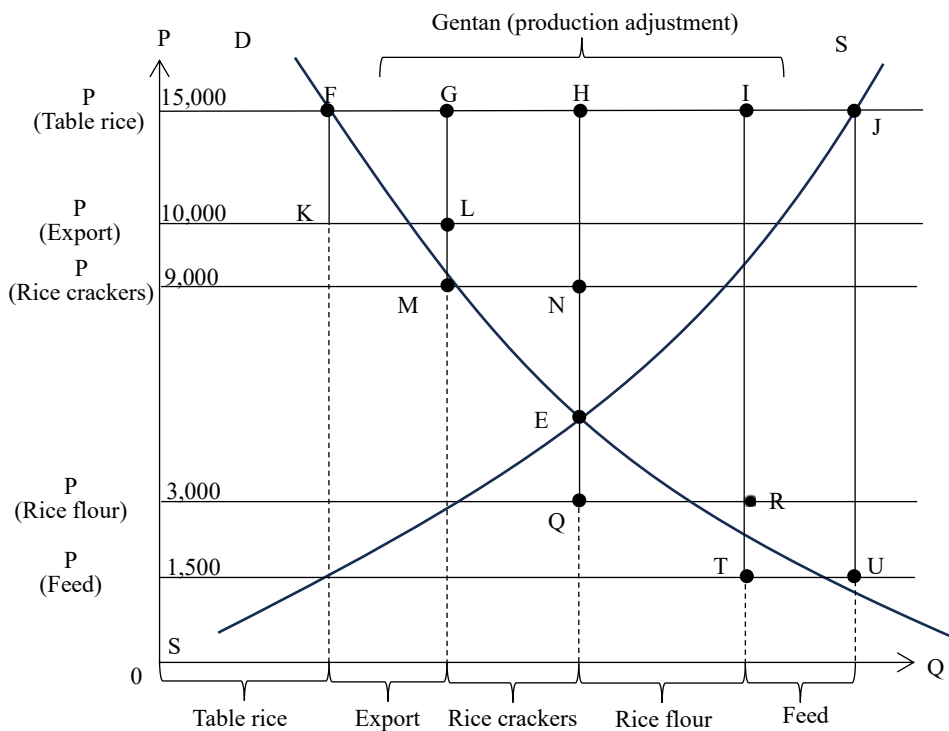
entered the market in 2025 to capitalize on rising prices of rice stores the commodity improperly, allows it to become contaminated with mold or pest, and thus generates health hazards for consumers. In that case, MAFF must invoke this act to pinpoint the rice distribution channel involved and withdraw all the rice with the same lot number from the distribution process. The food traceability system is designed just for that purpose. It is hard to believe, however, that MAFF, which insists that rice has disappeared, can cope with the situation.

### The gentan program as it stands

Figure 2 shows how the price is determined under the gentan program. (For purposes of simplicity, the graph omits substitution crops such as wheat, and soybeans. Note that the core concept applies to these crops as well.)

The amount of gentan subsidies is essentially determined so as to meet the formula: the price of table rice  $\leq$  the price of substitution crop (non-table rice, wheat, or soybeans) + the amount of gentan subsidies. This amount is converted to the figure per 10 ares in area for granting purposes. The graph represents supply and demand relationships in terms of per 60 kilograms of rice, the basic unit for calculating the gentan subsidy amount.

Figure 2: Conceptual rendering of the gentan program



FJ represents the total amount of production adjustment. FKLG represents the amount of gentan (crop switching) subsidies for rice for export (where FK represents the unit price and FG represents the subsidized quantity). ITUJ represents the amount of the same subsidies for rice for feed (where IT represents the unit price and IJ represents the subsidized quantity). The total amount of gentan subsidies is the sum of FKLG, GMNH, HQRI, and ITUJ.

Government spending on feed rice is enormous. This means that decreasing the subsidized quantity of feed rice (IJ) and increasing the subsidized quantity of rice for export (FG) will result in less government spending. The Ministry of Finance has been complaining to MAFF about government spending on feed rice. Increasing rice exports is a solution to this.

Note here that farmers can still change the use of rice from feed to table rice if they return the subsidies involved. It is not that rice for export can be diverted to domestic consumption anytime because rice is rice as the agriculture ministry claims. This policy shift lacks the perspective of food security.

### **Government spending could increase**

Will government spending ever be reduced? There are two causes for concern.

First, the idea of forming fair prices that is intended to increase prices is at the heart of the 2024 revision to the Food, Agriculture and Rural Areas Basic Act. This is the idea that any rise in the prices of fertilizers, agrochemicals, and other materials should be passed onto prices. The JA Group has a monopolistic power in the agricultural production materials market. Farmers in Japan have to purchase fertilizers, agrochemicals, machines, and feed whose prices are two times higher than in the US even though they are made of or from the same raw materials. The JA Group has no intention of rectifying the situation. Nor does it have any intention of cutting down costs to reduce the prices of farm products. In fact, Agriculture Minister Eto says that the current rice prices, which are an all-time high, are at the fair level.

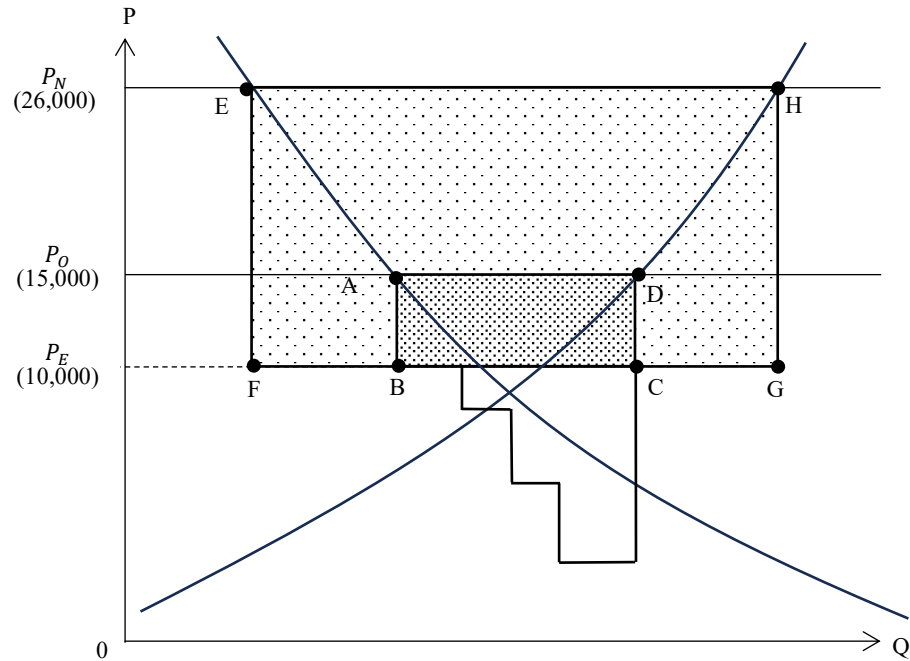
Again, the economic condition for the gentan (crop switching) program is that the following formula stands:

The price of table rice  $\leq$  the price of substitution crop (non-table rice, wheat, or soybeans) + the amount of gentan (crop switching) subsidies

Currently, the table rice price is assumed to be 15,000 yen per 60 kg. If the current price of 26,000 yen, which Mr. Edo considers fair, is assumed, this economic condition will not stand unless the amount of gentan subsidies is substantially increased. The unit amount of such subsidies for rice for export will jump from 5,000 yen to 16,000 yen. This is higher than the current unit subsidy amount of 14,000 yen for feed rice.

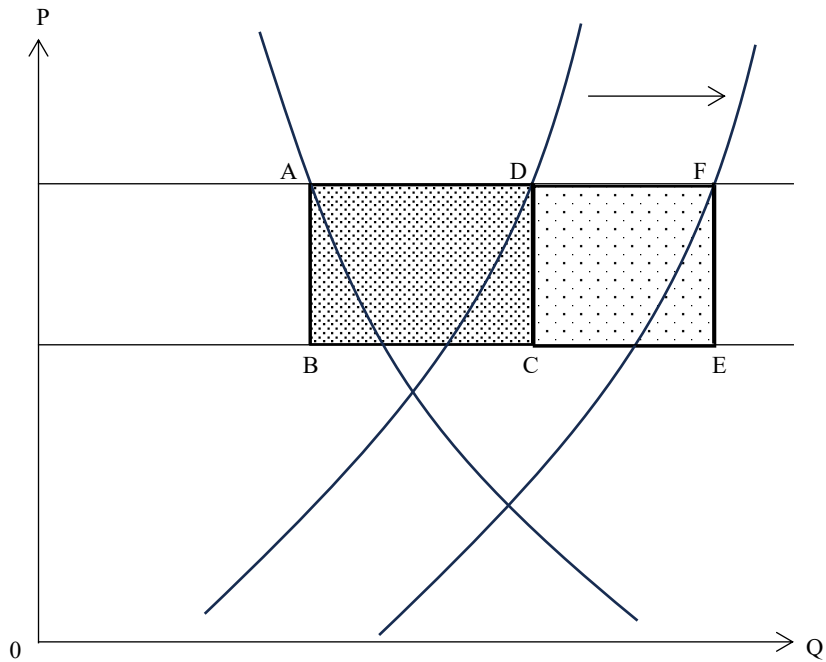
In the graph, given the current high price ( $P_n$ ), the unit subsidy amount that allows for export will increase from AB to EF. Meanwhile, because the rice price level guaranteed in Japan will go up, demand will decrease and supply will increase, and the quantity of subsidies needed for production adjustment will expand from AD to EH. Total government spending will swell from ABCD to EFGH.

Figure 3



The other cause of concern is that measures to improve productivity will increase supply (as represented by a rightward shift of the supply curve). Because the subsidized quantity will expand from AD to AF even without raising prices, total government spending will increase by DCEF.

Figure 4



These two factors will push up government spending.

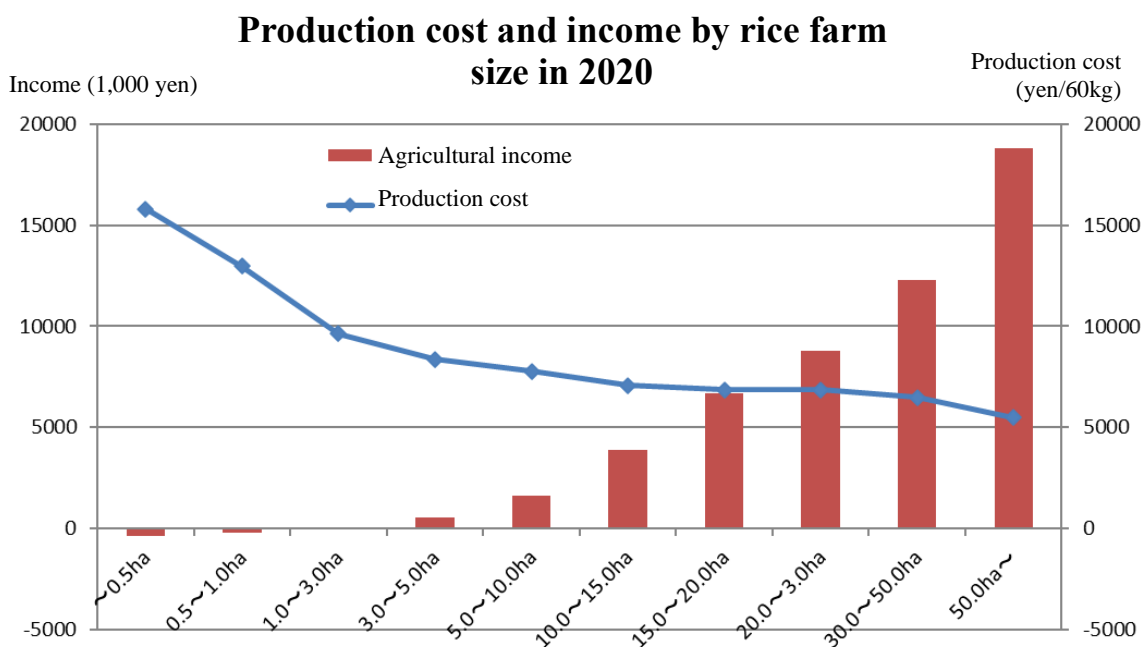


## Structural reforms could regress

The media reports that the current hike in rice prices gives rice farmers a sigh of relief or that they work for 10 yen per hour. However, the income of small-scale, part-time farmers with a farm of less than one hectare has been in the negative for decades. It is true that their agricultural income is now in the positive thanks to the rising rice prices. Still, they have been producing rice simply because it is less costly to grow rice themselves than to buy expensive rice in town. The gentan program designed to keep rice prices high has been working to retain “zombie” farmers, who should withdraw from the market. The program has been in place for the prosperity of the JA Group, which wants to capitalize on their non-farm and other income in the form of deposits.

The hourly wage of 10 yen is a false claim. To begin with, small-scale farmers are in the red. In 2020, when the rice price was 15,000 yen, however, households with a farm of 20–30 hectares earned an income of 8.77 million yen on average. Likewise, those with a farm of 30–50 hectares earned 12.27 million yen and those with a farm of 50 hectares or more earned 18.81 million yen. Households with a farm of less than one hectare account for 52 percent of all rice farmers but only eight percent of the total rice-cultivated area. By contrast, those with a farm of 30 hectares or more make up 2.4 percent in number but 44 percent in area. The bulk of rice production is currently done by large-scale business farmers and agricultural corporations. Some of them call for direct payments as practiced in Europe and the US, saying that they are fine with a rice price of 10,000 yen. Some rice farmers have difficulty exporting their product due to high prices. In fact, some want rice tariffs to be abolished altogether.

Figure 5



Source: Compiled from the Report of Statistical Survey on Farm Management and Economy 2020

Note: The production cost is calculated based on the material cost.

Some argue that rice production cannot be maintained if rice prices decrease. What they seem not to believe, however, is that it is a contradictory policy to raise rice prices to maintain rice production by reducing rice production (rice acreage).

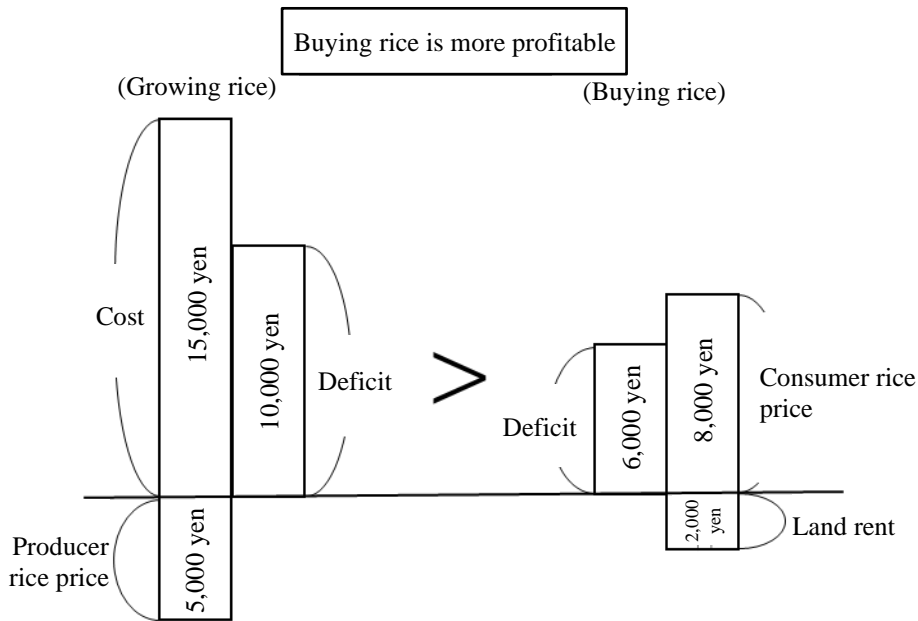
The agricultural sector calls for higher rice prices, saying that farmers cannot cover costs at the current price level. Again, households with a rice farm of less than one hectare, which represent a majority, have been incurring a deficit as far as rice production is concerned. Why won't they ever stop the unprofitable production of rice? Some agricultural economists contend that farmers grow rice for the benefit of the public even though it generates a deficit. This is a false claim.

If rice production costs farmers 15,000 yen per bale (60 kg) and the producer rice price is 5,000 yen, then they will incur a deficit of 10,000 yen. If they choose not to grow rice, they will incur a net expenditure (or a deficit) of only 6,000 yen on the assumption that they receive 2,000 yen in land rent and buy rice for the retail price of 8,000 yen in town. It makes economic sense not to grow rice. Suppose the producer rice price is raised to 10,000 yen. In that case, the deficit associated with rice production will decrease to 5,000 yen. The retail price in town will increase to 13,000 yen. If farmers stop growing rice and receive 2,000 yen in land rent instead, they will incur a net expenditure (or a deficit) of 11,000 yen when they buy rice in town. The deficit will be smaller if they grow rice themselves.

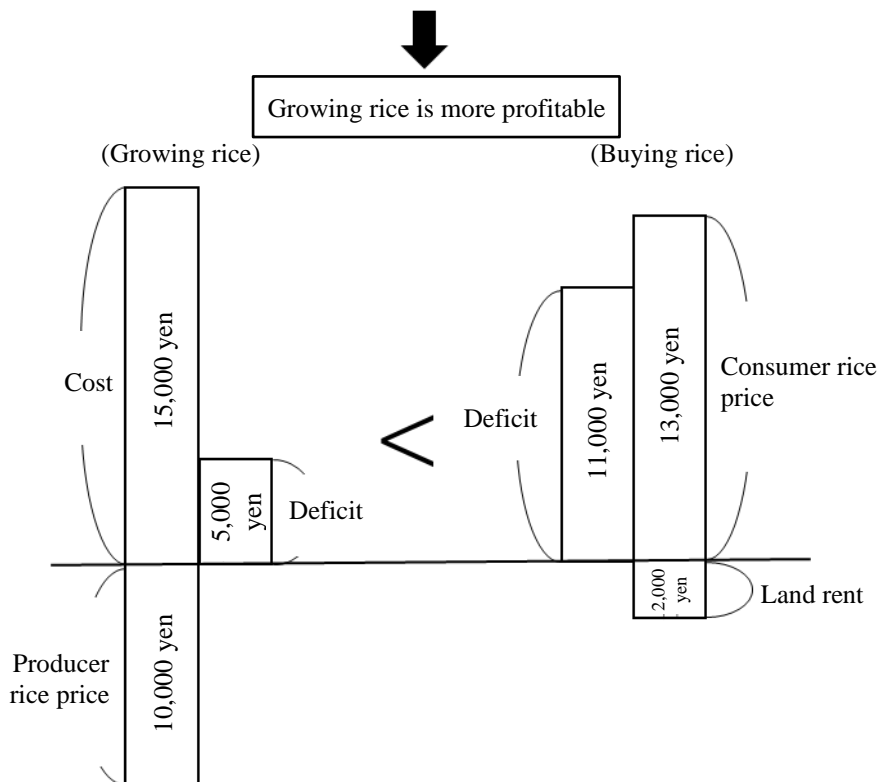
Small-scale farmers do not stop growing rice despite a deficit simply because rice prices are high. The benefit to the public is by no means the reason they continue to grow rice even though they need to make up the deficit with non-farm income. Moreover, they will generate an additional benefit if they report the deficit in rice farming as a deductible expense and receive a tax refund as salaried workers. They act in an economically reasonable manner, just like us.

Figure 6

The reason small-scale farmers grow rice despite a deficit



If the producer rice price is raised



If rice prices had been left to the market to decide, small-scale rice farmers, like those in other sectors of agriculture, would have stopped farming and rented out their farmland to business farmers in a bid to generate rent income. Raising rice prices has helped to retain

part-time farmers, reduce rice consumption, and implement the gentan program in the face of excessive supply, thus sending Japan's rice farming into a decline.

Suppose the producer rice price is raised to 20,000 yen rather than 10,000 yen. In that case, growing rice will mean a surplus of 5,000 yen. If farmers buy rice in town instead, they will generate a deficit of 21,000 yen after receiving the land rent because the consumer rice price will go up to 23,000 yen. Growing rice is far more profitable. More and more small-scale farmers will be retained and less and less farmland will be freed up.

### **Will the US impose retaliatory tariffs on automobiles?**

Likewise, the unit amount of subsidies will increase for rice for exports. This is likely to upset the US, a rice exporter. In fact, the White House press secretary has already considered Japan's rice policy to be problematic, saying that Japan imposes a tariff of 700 percent on rice from the US.

MAFF obstinately insists that gentan subsidies are not export subsidies. It is clear, however, that they are subsidies prohibited by World Trade Organization (WTO) agreements. More specifically, they constitute "subsidies contingent upon export performance" under Article 1 (e) of the Agreement on Agriculture or Article 3.1 of the Agreement on Subsidies and Countervailing Measures (not limited to those provided for under Article 9 of the Agreement on Agriculture and Annex I of the Agreement on Subsidies and Countervailing Measures). In addition, it is the WTO's Dispute Settlement Body, not MAFF, that makes the final decision on whether gentan subsidies constitute such export subsidies. Moreover, even if gentan subsidies did not constitute export subsidies, if they are determined to have "adverse effects," any WTO member country thus affected may take retaliatory measures (under Part II and Part III of the Agreement on Subsidies and Countervailing Measures).

Such retaliatory measures need not be in the same sector. Japan exports only a small quantity of rice to the US. Even if the US imposes high tariffs on rice imported from Japan, they are ineffective as a sanction. For this reason, the WTO permits countervailing measures in other sectors. This type of retaliation is referred to as "cross-retaliation." If US President Donald Trump complains that Japan's rice export subsidies have adverse effects on the US, he can impose import-prohibitive tariffs on automobiles exported from Japan.

As a matter of fact, the policy that the Japanese government plans to implement this time is definitely tantamount to the Common Agricultural Policy that the EU implemented before shifting to the policy of granting direct payments directly to farmers. The then Common Agricultural Policy caused a bitter trade dispute over agricultural products with the US, Australia, and other farm exporting countries during the 1980s. It is not too much to say that the US launched the GATT Uruguay Round negotiations in order to restrain the Common Agricultural Policy, especially export subsidies, of the EU. To navigate the negotiations, the EU carried out major agricultural policy reforms in 1993. These reforms are known as the MacSharry reforms because EU Commissioner for Agriculture Ray MacSharry led them. In the eyes of the US and Australia, Japan's latest policy shift is an attempt to turn back the clock to the 1980s before the Uruguay Round negotiations. It is something they could not possibly tolerate. The Japanese government must brace for harsh condemnation and retaliation from them.

### **Japan should pursue a food security policy that is genuinely needed**

To protect the income of farmers, the US and the EU shifted from a high-price support policy to direct payment policy decades ago (the 1960s for the US and 1993 for the EU). Japan spends more on the protection of agriculture than Western countries. Additionally, it allocates 70 to 80 percent of such spending for a high-price policy rather than direct payment policy. On top of that, the Japanese government imposes high tariffs on wheat, beef, and other products imported from other countries to keep the prices of their domestic counterparts high. Japanese consumers have no choice but to buy expensive foods. Replacing the high price policy with the direct payment policy to protect domestic products will obviate the need for tariffs on imports. This policy change will allow Japanese consumers to buy food at a low cost while Japan's agriculture is protected all the same. And yet, some political parties in Japan criticize the regressive nature of the consumption tax. Oddly enough, however, no parties make an issue of the nature of this agricultural policy.

Japan spends much money on price support as well. It is usually the case that the public are given affordable access to services if they bear a due share of the associated financial burden as in the healthcare sector. This is not the case, however, in the agricultural sector in Japan. The Japanese government spends 350 billion yen every year on the gentan program, in which it pays subsidies to farmers to keep their production low and to make consumers buy expensive rice. In short, the government spends a lot of money to increase the financial burden on consumers. The government should terminate the gentan program and divert rice made available to export. This arrangement makes it possible to redirect rice for export back to domestic consumption in times of a food crisis in Japan. It also allows Japan to brace for any disruption to food imports. Such exports make for free stockpiling. In that case, the government no longer needs to spend 50 billion yen a year on emergency rice stocks. If rice is exported under this arrangement, domestic prices will not go lower than export prices. Export prices will serve as the minimum support prices.

MAFF's latest plan to increase rice exports to 350,000 tonnes is no more than an attempt to increase the quantity of rice subject to crop switching (acreage reduction) by diverting subsidies from table rice to rice for export. It is not an attempt to reduce rice prices substantially to increase exports.

There is no need to make income compensation payments (direct payments) to salaried workers who double as part-time farmers. If the government makes payments that make up for any gap in prices directly to business farmers only, it will cost only 150 billion yen. The public will enjoy the benefit of lower rice prices and see their collective financial burden as taxpayers decrease by 250 billion yen. Lower rice prices following the abolition of the gentan program, as well as direct payments to business farmers will both prompt small-scale farmers to withdraw from the rice industry and cause farmland thus freed up to be absorbed by business farmers, who will benefit from lower costs and higher revenues. Former small-scale, part-time farmers will also benefit from renting their land to business farmers and receiving the increased rent.

Except when rice prices rise to extraordinary levels as in the current rice crisis, there is now little gap between Japanese rice and Californian rice. At times, the former is cheaper. The abolition of the gentan program will send rice prices even lower and increase the

export competitiveness of Japan-grown rice. If Japan produces a given crop in excess of domestic consumption and exports the surplus, its food self-sufficiency for that crop will exceed 100 percent. In addition, if the practice of double-cropping rice and wheat in paddy fields is revived to boost wheat production, Japan's overall food self-sufficiency will jump to 70 percent or more. Food security can be best achieved by terminating the gentan program to boost the production and exports of rice.

## **Conclusion**

Extremely high prices of rice are hurting the poor public in Japan. But none of the political parties – from the LDP to the Japanese Communist Party – call for reducing rice prices. They all want farmers' votes. It is worth noting here that farmers are no longer poor in Japan. Poor farmers disappeared from this country in the 1960s. Rather, Japanese farmers are richer than the average Japanese. The gentan program is designed to raise rice prices by reducing production with government spending. Unlike healthcare and other sectors, Japanese consumers shoulder a double burden both as taxpayers and as consumers in the agricultural sector. Many politicians and political parties treasure rice farmers as their constituencies. But no politicians care about people who use children's cafeterias and food banks.

The first MAFF official who graduated from the faculty of law of the University of Tokyo, just like me, was Kunio Yanagita. He worked to save farmers from poverty. Yet he was dead against the idea of raising rice prices to increase farm income because that will make poor Japanese consumers suffer. Hajime Kawakami, who was junior to Yanagita at the faculty of law of the University of Tokyo, was influenced by him. Best known as the author of *Bimbo Monogatari* (tales on poverty), Kawakami wrote: "Some call for raising the prices of farm products across the country to prevent the decline of farmers. That is the most unsound idea." Yanagita called for boosting both the production scale and productivity to save farmers. This was because reducing costs without increasing prices will result in higher income. Unlike the current MAFF, which tries to protect vested interests, Yanagita always cherished in his mind the idea of *keisei saimin* or the principle of governing a nation and providing relief to people.

The gentan program started off as a temporary emergency measure. It has lasted for 55 years. Now, as many as 40 percent of the total area of paddy fields in Japan is subject to the program. As rice prices are rising, Japanese people are turning their attention to the agricultural policy on rice. This must provide a golden opportunity to abolish the gentan program. The ill-conceived idea of boosting exports will invite a terrible disaster.