

Review of Basic Law on Food, Agriculture and Rural Areas, Which Jeopardizes Food Security

Policy Council Releases “Interim Report” Full of Contradictions

Introduction

The Government will review the Basic Law on Food, Agriculture and Rural Areas in the name of strengthening food security. At the end of May, the Council for Food, Agriculture and Rural Area Policies, an advisory body to the Minister of Agriculture, Forestry and Fisheries, released its Interim Report. In line with this, a bill to revise the Law will be submitted to the ordinary Diet session next year.

As can be seen from the food crisis in the immediate aftermath of World War II, it is the agricultural community, including farmers, that benefits most from a food crisis. Yet, it is also the agricultural community that has been the most enthusiastic and vocal advocate of food security and increased food self-sufficiency to prevent food crises from occurring. They have taken such an approach because they thought it would help increase agricultural protection.

Again, the recently-released Interim Report stresses the possibility of a food crisis claiming that Japan’s economic position has declined to the point where it can no longer afford to buy grain and other commodities, and calls for the expansion of domestic production of wheat and other products. However, it does not mention anything about the policies that could starve most of the population to death in the event of a crisis. This is because any attempt to implement food security policies that are truly necessary for the Japanese people would undermine the interests of the agricultural-community.

The WTO negotiations failed, and the TPP negotiations have avoided a drastic reduction in agricultural tariffs. The Interim Report aims to turn back the clock from the Basic Law on Food, Agriculture and Rural Areas of 1999, which emphasized structural reforms in agriculture in response to trade liberalization, to the policies implemented in the 1960s through the 1980s to protect farmers in a blanket manner by supporting prices.

Raising prices will put pressure on poorer households. It will become increasingly difficult to negotiate tariff reductions on agricultural products in trade negotiations. Policies to develop agriculture and rural areas while lowering food and agricultural prices have not been considered. This is because such policies will hurt the interests of the agricultural community.

Both the past agricultural administration and policies and the recent Interim Report are a mass of contradictions. The government seeks to exploit the argument for food security,

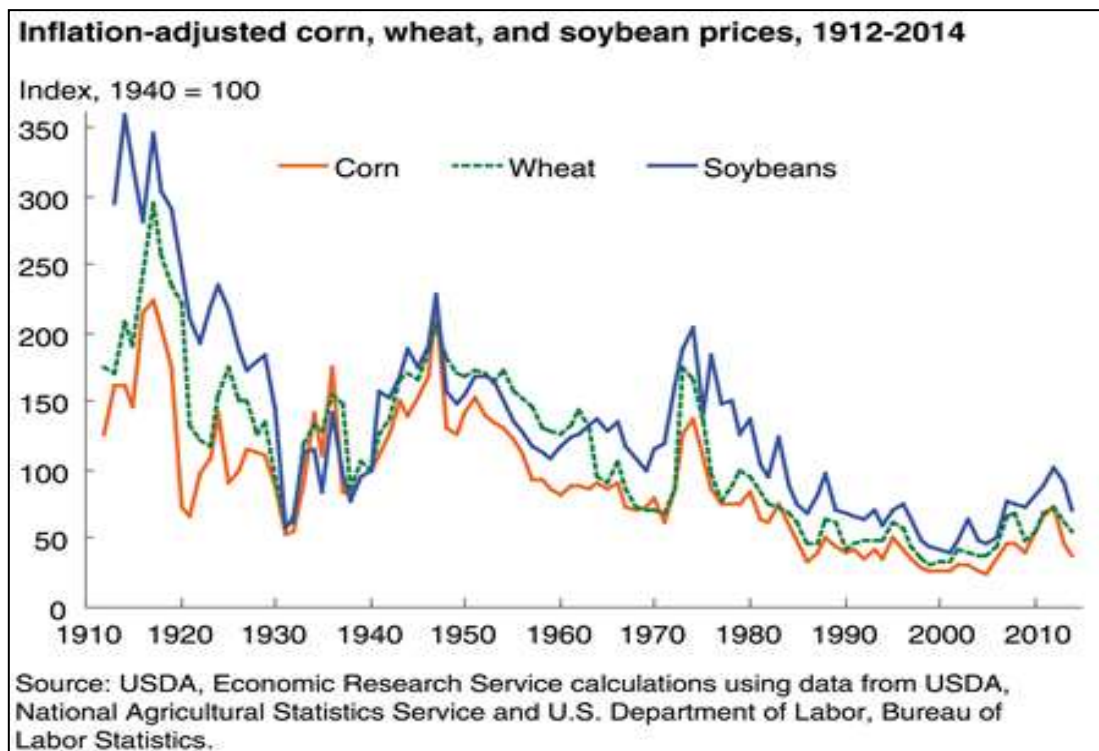
which should have been intended for the people and consumers, for the vested interests of some in the agricultural community. As a result, the actual policies implemented significantly harm the interests of the Japanese nation. The agricultural community, while clamoring for food security, has been promoting policies that would cause many people to starve to death in the event of a food crisis.

1. An inconvenient truth about the agricultural community: Do you lose out on buying grain and other commodities owing to declining economic status?

The agricultural community and the Interim Report are trying to take advantage of the food crises occurring in the world to increase domestic agricultural protection (to promote the production of domestic wheat and other products), claiming that Japan’s economic strength has weakened and thus import risks have increased. For the agricultural community, however, the world grain trade is full of inconvenient truths.

First, the real prices (excluding price fluctuations) of global grains and soybeans (hereinafter referred to as “grains, etc.”) have been on a long-term downward trend for more than 100 years. This is because production has greatly outpaced population growth.

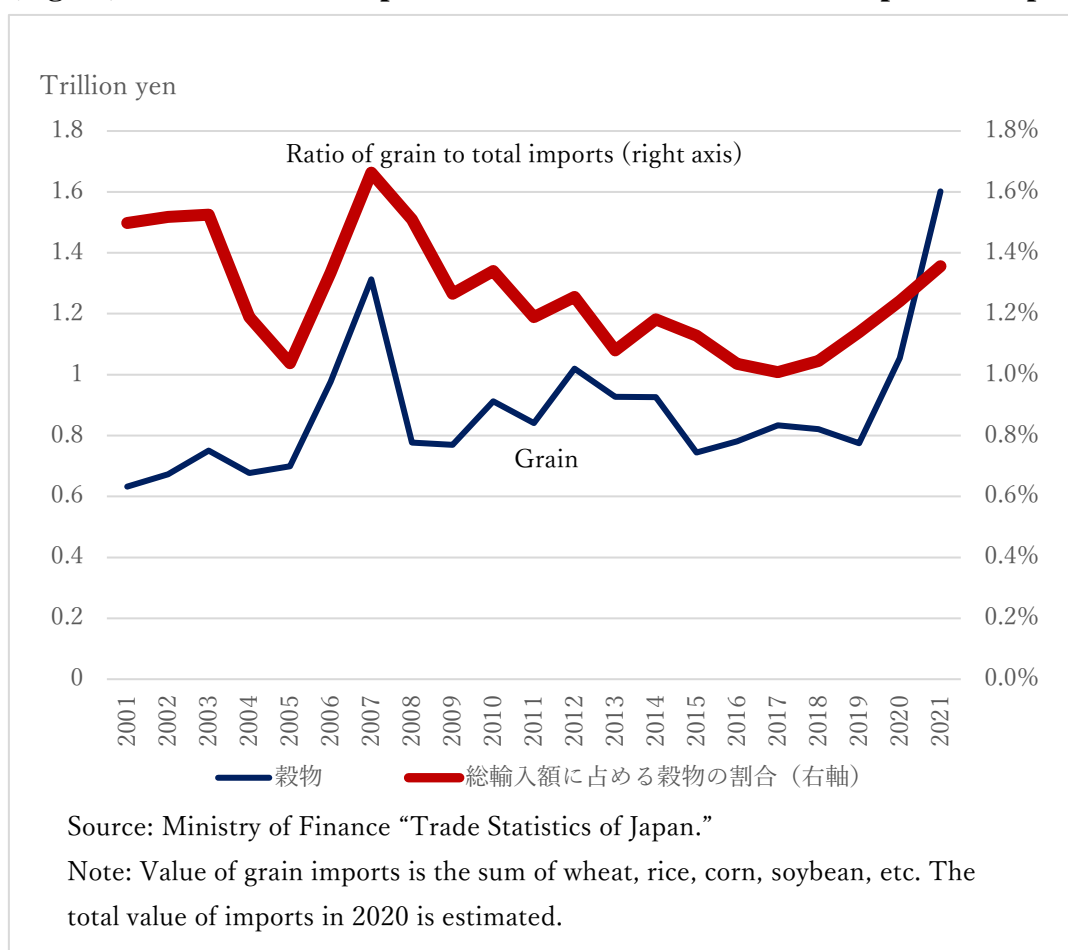
(Figure) Real Prices of Corn, Wheat, and Soybeans (Source: U.S. Department of Agriculture)



Of course, there are times, such as in 2008 and 2022, when prices rise abruptly and temporarily. Prices in 2022 were at record highs only in nominal terms; they were much lower in real terms than in 1973.

Second, grains, etc. account for only about 1-1.5% of Japan’s total imports. Even if the price of grains, etc. soars 10 times owing to a decline in supplies to the international market as a result of global major crop failures or logistics disruptions, Japan would never be unable to import the grains, etc. it needs.

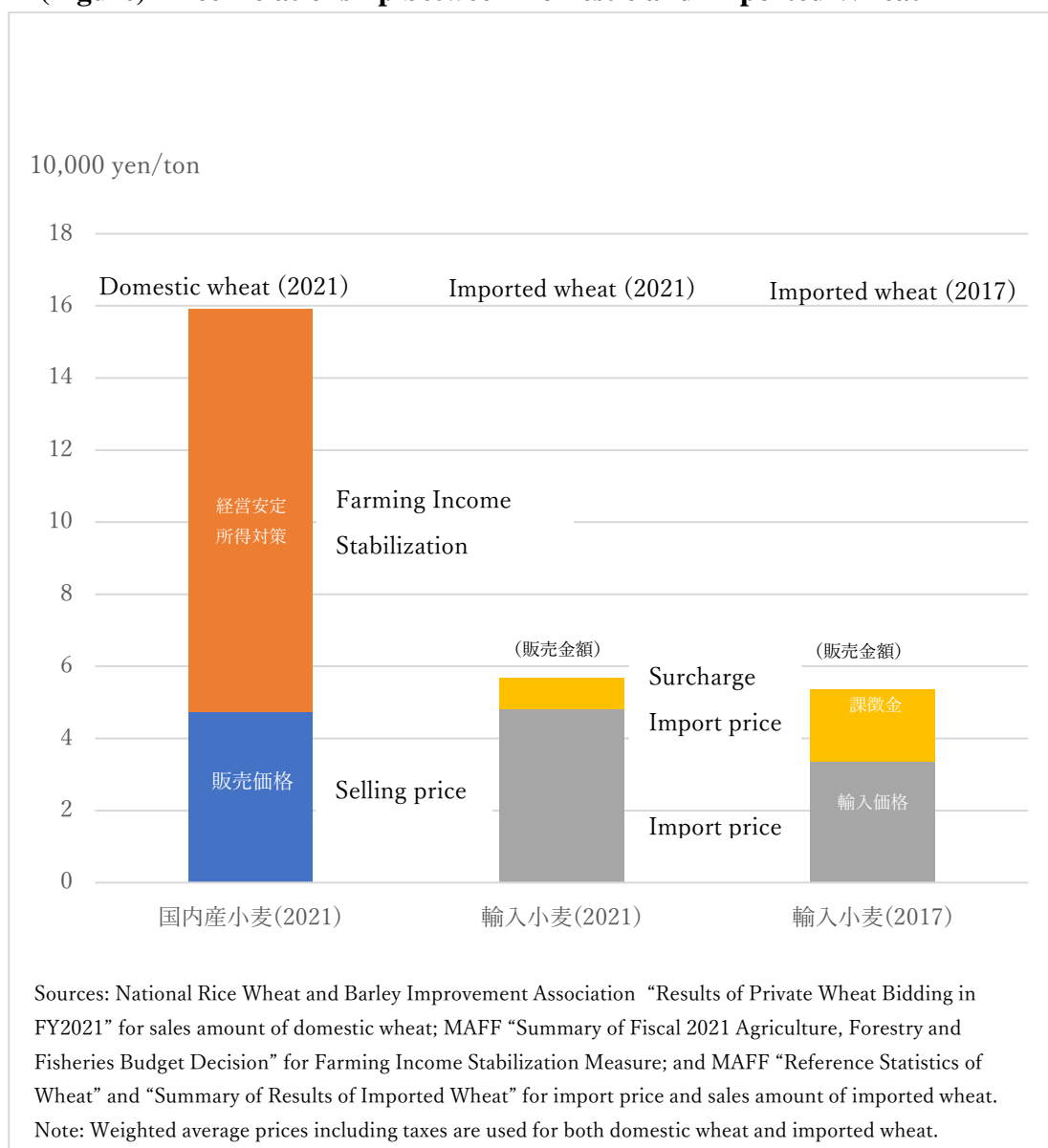
(Figure) Value of Grain Imports and Ratio of Grain to Total Imports in Japan



The following figure shows the price relationship between domestic and imported wheat. The Farming Income Stabilization Measure is a subsidy payment from public finances to farmers. Farmers’ take-home pay (i.e., the burden on the public and consumers) is the selling price plus Farming Income Stabilization Measure. The surcharges collected by the Ministry of Agriculture, Forestry and Fisheries (MAFF) are similar in nature to tariffs (in 2021, the surcharges were reduced in order to control

prices). The amount the people in Japan pay for domestic wheat is three to eight times the import price. How can Japanese people, who currently shoulder a heavy burden of domestic agricultural products, not afford cheaper foreign agricultural products?

(Figure) Price Relationship between Domestic and Imported Wheat



More food can be prepared for a crisis by importing and stockpiling cheap grains, etc. than by producing them domestically at high cost. At present, less than 1.3 million tons of wheat and soybeans are produced in Japan each year with a contribution of about 230 billion yen from public finance. For the same amount of money, we can import about 7

million tons of wheat, more than one year's consumption in Japan. No one says that we should buy a domestic fighter jet no matter how expensive it is.

2. What matters is not import risk, but agricultural policy risk

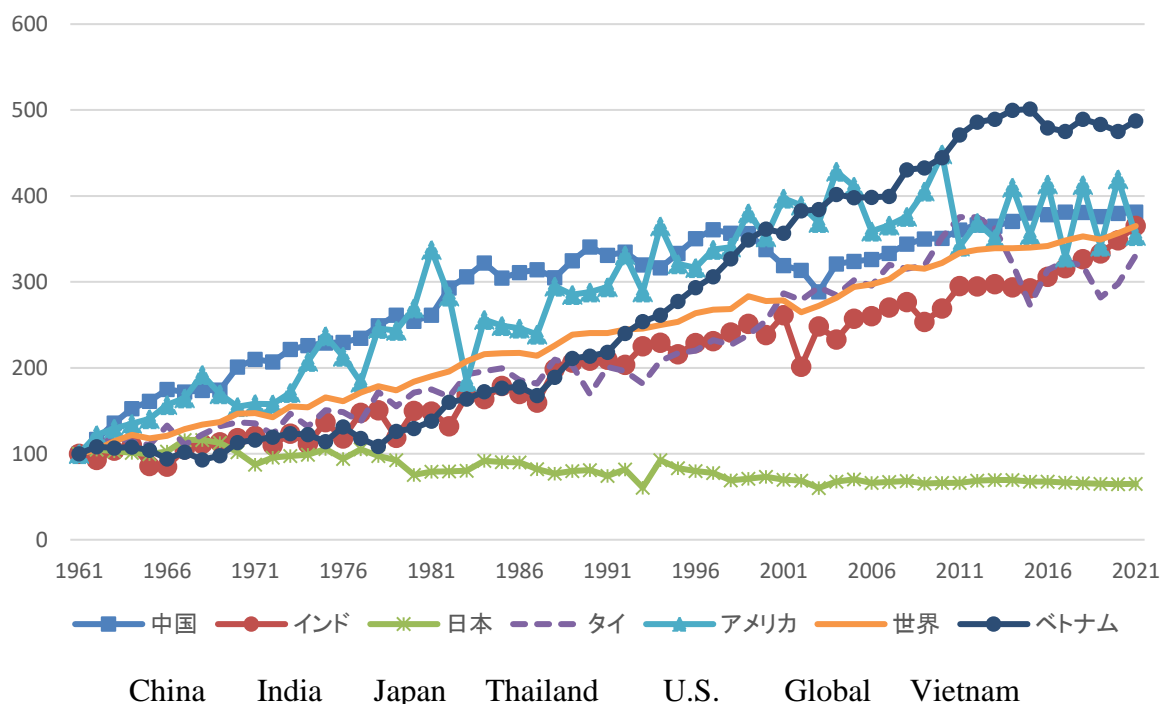
If sea lanes are destroyed and imports are cut off owing to a Taiwan crisis, etc., a serious food crisis will occur in Japan. Japan will not be able to import wheat, beef, or cheese. Livestock production in Japan, which depends on imported grain, will be almost completely destroyed (livestock production does not contribute to food security). The Japanese public would have no choice but to adopt a diet with minimum calories for survival, which corresponds to the diet in the immediate aftermath of World War II, which primarily depended on rice, sweet potatoes, and wheat.

At that time, the daily rice ration per person was two *go* and three *shaku* (330 g). No one eats this much rice a day now. However, since there were few side dishes, such as meat, milk, and eggs, and rice was the only food available, the people at that time suffered from hunger even with a daily intake of 330 g of rice. To provide 125.5 million people with that ration, Japan would need 16 million tons of brown rice.

And yet, policy measures that the government has taken would further exacerbate the damage that can occur in the event of a crisis. They are rice acreage reduction (production adjustment) to keep rice prices high and the conversion and loss of agricultural land resources.

Compared with 1960, global rice production has increased 3.5 times, whereas Japan's has decreased 40%. On top of that, Japan has cut the production of rice, the national staple food, with subsidies. It is agricultural policy risks, not import risks, that threaten Japan's food security.

(Figure) Rice Production by Country (1961 = 100)



Food security measures lacking essential points

The Interim Report does not show how much food we will need to prevent 125 million people from starving to death if imports are disrupted. Without this, it is impossible to determine how much agricultural production should be expanded, the necessary agricultural land resources and production elements, such as oil and fertilizer, or the size of grain reserves. The MAFF's food security argument lacks the most fundamental factors.

However, the presentation of these factors will make it clear that Japan's agricultural authorities have so far put food security in jeopardy, as described below. It appears that fearing that this would happen, the MAFF did not dare to present them.

Food will not reach the people unless the entire food supply chain, which encompasses not only agricultural production but also upstream production of production elements, such as fertilizers and pesticides, and downstream processing, storage, and distribution, functions properly. Moreover, a lot of energy is required to maintain and secure it.

There would be no rice that is needed in times of food crisis

For some time after the crisis occurs, we are supposed to consume the food (domestically produced and imported) existing in Japan at that time. If the crisis occurred in June, rice planting would have ended and rice production would have to

wait until the autumn after next, i.e., one year and four months later. However, with only about eight million tons of rice, including stockpiles, being supplied domestically owing to the rice paddy reduction policy, there is a risk that the entire population will starve to death in six months even if a rationing system is introduced to distribute food evenly among the population.

Mr. Yasushi Masago, a member of the Council of Food, Agriculture and Rural Area Policies, argues that the policy of reducing rice acreage should be reviewed. But this is not reflected in the Interim Report.

He says: "I have mentioned about three times in our discussions that we should stop adjusting rice production. For example, I said that when exporting, high rice prices make it impossible to export and also that it is not a good idea to engage in a production cartel while telling consumers that the price is fair. Am I right in understanding that nothing was written in the Report about the issue of rice production adjustment because it was positioned as being outside the scope of this discussion?"

I simply cannot understand why the rice acreage reduction policy was not subject to the discussion. What is "a review of the Basic Law" without addressing the rice acreage reduction policy, which is seriously works against food security and agriculture's multifaceted functions?

Domestic production in the absence of oil

If the import disruption continued further (for more than one year), there would be a limit to how much domestic production alone can handle. This is because energy (especially oil) supplies would also be disrupted. Without oil, not only would agricultural machinery be unable to operate, but also fertilizers (imports of phosphorus and potassium, raw materials for fertilizers, would also be cut off) and pesticides would not be produced. We could not help but replace machines, fertilizers, and pesticides with manual labor. Rice would be planted by hand. We would have to pull weeds by hand. The situation would return to the state of agriculture before and immediately after World War II, when there was no agricultural machinery or pesticides.

Productivity (land yield) would be greatly reduced. Since food could not be imported, we would have to expand domestic production, but we could not even maintain the level of domestic production before the crisis.

There is little farmland left because the agricultural community have destroyed it

The agricultural land area reached 6.09 million ha in 1961, and about 1.6 million-hectare plots of farmland had been newly developed through public works projects after that. Accordingly, there should have been about 7.7 million ha of farmland, but actually there are only 4.3 million ha. The Japanese people lost 3.4 million ha, more than double

the area they had developed and far exceeding the 2.4 million ha of rice paddies they have today. Of the 3.4 million ha of farmland, half were lost owing to field conversion to residential, factory and other use, and the other half, abandonment. If 1.6 million ha were converted, farmers would have earned at least 250 trillion yen in conversion profits (equivalent to about half of Japan's current GDP).

In order to recover a part of the lost farmland after conversion, the notorious Isahaya Bay land reclamation and other farmland developments were carried out at the taxpayers' expense. This is a self-produced scheme by the MAFF to make profit.

The agricultural community argues that the reason for opposing the acquisition of farmland by the joint-stock company is that the joint-stock company will convert farmland. However, it is the farmers who gained huge profits by destroying this amount of farmland. JA Bank also earned a fortune by investing the conversion profits in securities transactions in Wall Street, etc. JA Cooperatives in urban areas that use converted land are also called real-estate cooperatives.

The Interim Report shows no remorse or sense of crisis over the decline in agricultural land resources, which are crucial for food security. This is because it is the agricultural community that are responsible for the decrease in farmland. Food security and increased food self-sufficiency are used only when it suits the agricultural community to increase agricultural protection. Tighter regulations on the conversion of agricultural land, even if necessary for the benefit of the public, are not proposed because they undermine the interests of farmers and JA Cooperatives.

It is the local chambers of commerce and industry, not the JA Cooperative crying out for food security, that have seriously urged the government not to approve the conversion of farmland. Because they have seen that when farmland in the suburbs of urban areas was converted and large stores were opened there, local shopping districts that have lost their customers turned into "shuttered streets" (i.e., lifeless shopping streets).

The population in Japan at the end of World War II was 72 million, and the farmland was six million ha. Based on these figures, at least 10.5 million ha of farmland would be needed to feed a population of 125 million. This means that in addition to the current 4.3 million ha, we would need more than 6 million ha of farmland, which is larger than the combined area of Kyushu and Shikoku. Even if golf courses were forcibly expropriated and converted to farmland, it would only be a drop in the bucket.

No more double cropping reduces farmland utilization rate

But that is not the end of the story. Until around 1960, rice was planted after the secondary crop of wheat was harvested in June. Double cropping was once a common practice in Japan. Therefore, the farmland utilization rate in 1960 was about 135%.

However, with the increase in the number of farmers where the head of the household is a salaried worker, rice planting could only be done in early May, during the Golden Week holidays. Consequently, the secondary crop of wheat was no longer grown, and the “wheat autumn” disappeared. Furthermore, since 1970, unused paddy fields have increased owing to the rice acreage reduction program. The farmland utilization rate has now dropped to 92%.

When the utilization rate of agricultural land is taken into account, the current 4.3 million ha of farmland in Japan is only 2.9 million ha in real terms compared to after the end of the war. It is necessary to switch from rice farming led by part-time farmers to rice farming led by full-time farmers and revive the practice of double cropping.

However, the government is striving to convert paddy fields into dry fields to promote the acreage cutbacks. This is because it does not have to pay the acreage reduction subsidy any more if paddies are converted into dry fields. But if that happens, the possibility of double cropping in paddy fields will disappear. Only wheat and soybeans will be mono-cropped. If we plan to expand wheat production from the viewpoint of food security, what we should do is to revive the practice of double cropping in rice paddy fields.

In the end, we have to import and stockpile food

At the end of World War II, we used the pond of Ueno Shinobazu as a paddy field to grow rice, and the playground of the elementary school, as a potato field. The government would have no choice but to expropriate land to convert golf courses into farmland. Even in urban areas, rooftops of buildings would have to be used as farms. Home gardens would also need to be converted into valuable farmland to produce high-calorie agricultural products, such as potatoes. In addition, since agricultural machinery would not be available, it would be necessary to mobilize the people for agricultural production. Before that, to prepare for the crisis, we would have to educate all Japanese about agriculture and farming practices. Emergency legislation would be needed to implement these measures.

However, even with the above efforts, domestic agriculture alone would not be able to supply enough food to the people. The reason is that the agricultural community have destroyed the food supply base. Domestic production would be unreliable in times of crisis. The only way to prevent starvation is to import large amounts of grain and soybeans from overseas and stockpile them beforehand.

3. Proper price formation that is far from being proper

““Proper price formation” is necessary as deflation is making it increasingly difficult

to raise prices even though production costs increase,” the Interim Report says.

With that said, if producers are allowed to reflect the increase in costs directly in prices, they may no longer make cost-reduction efforts. It is contradictory to raise prices, which deteriorate export competitiveness, while emphasizing the promotion of exports. High tariffs cannot be reduced when domestic agricultural prices rise. Agriculture has been Japan’s biggest barrier to trade negotiations. Trade negotiations will become increasingly difficult for Japan.

Meanwhile, the Interim Report states that with the number of people who cannot afford enough food owing to a decrease in household income or other economic reasons increasing, the government will support food banks, children’s cafeterias, etc. This is a contradiction. If prices go up, poor people will not be able to eat. If this is the reason for supporting food banks, children’s cafeterias, etc., it is another self-produced scheme by the government to increase the work and budget of the MAFF.

What it must do is implement structural reforms and direct payments.

Kunio Yanagita’s opinion

Kunio Yanagita (1875-1962), who joined the Ministry of Agriculture and Commerce in 1900, opposed efforts by the landowners to raise rice prices through import tariffs. In those days, farmers were poor, and factory workers were also poor. If productivity is improved and costs are lowered by increasing the size of farmers or through other measures, producers’ incomes will rise without raising prices. Along with the liberation of peasants, this was Kunio Yanagita’s solution to the problem of rural poverty.

Unusually high agricultural protection in Japan

To what extent the farming sector of a country is protected can be measured with the Producer Support Estimate (PSE), developed by the Organization for Economic Cooperation and Development (OECD). The PSE is the sum of the “taxpayer burden,” or the fiscal burden to maintain farmers’ income, and the “consumer burden,” which is the difference between domestic and international prices multiplied by domestic production. The consumer burden represents the amount of income transferred to farmers by consumers paying high domestic prices to farmers instead of low international prices. The equation: $PSE = \text{the fiscal burden} + \text{the difference between domestic and international prices} \times \text{domestic production}$.

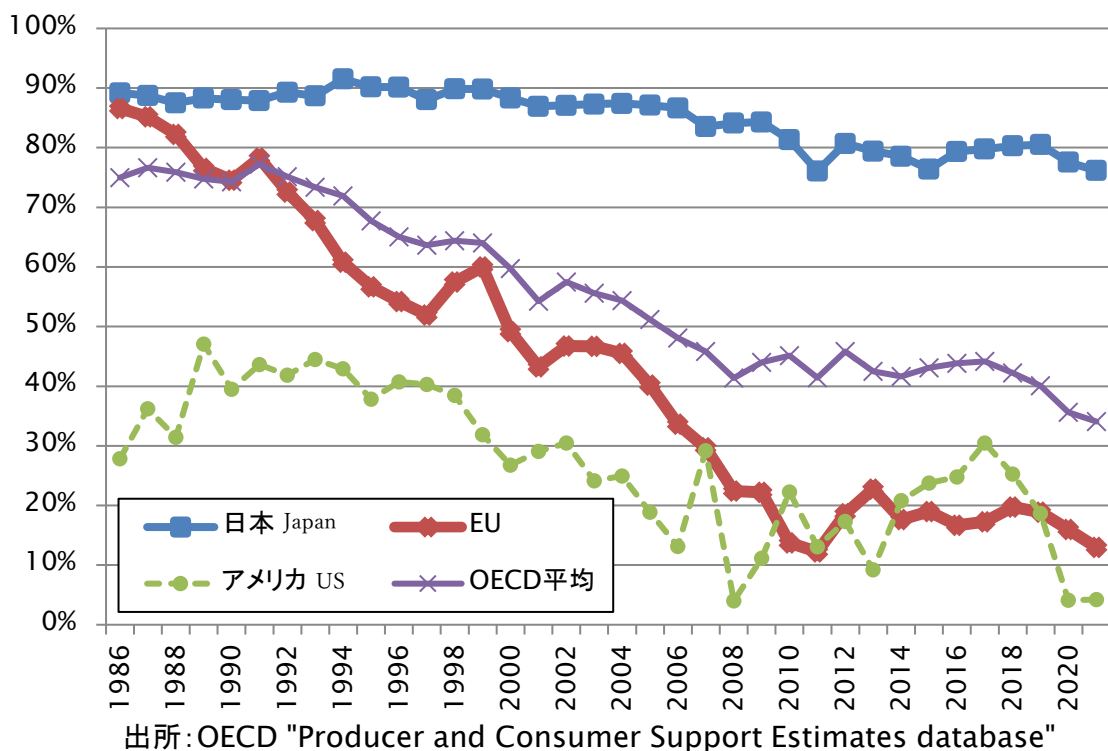
The percentage PSE (% PSE) or the ratio of the PSE to the value of total gross farm receipts was 37.5% for Japan as against 10.6% for the U.S. and 17.6% for the EU (2021). In other words, some 40% of farmers’ income in Japan comes from policy measures designed to protect agriculture.

Consumers bear the brunt of Japan’s agricultural protection (regressive

agricultural policy)

On top of that, the overwhelming high proportion of Japan's agricultural protection is borne by the consumer (high price support). In 2021, the proportion was 4% for the U.S., 13% for the EU, and 76% (about 4 trillion yen) for Japan. While Western countries have shifted from price support to direct payments, Japan's agricultural protection policy remains centered on price support. This is far more regressive than the consumption tax.

(Figure) Price Support as Percentage of PSE (Agricultural Protection)



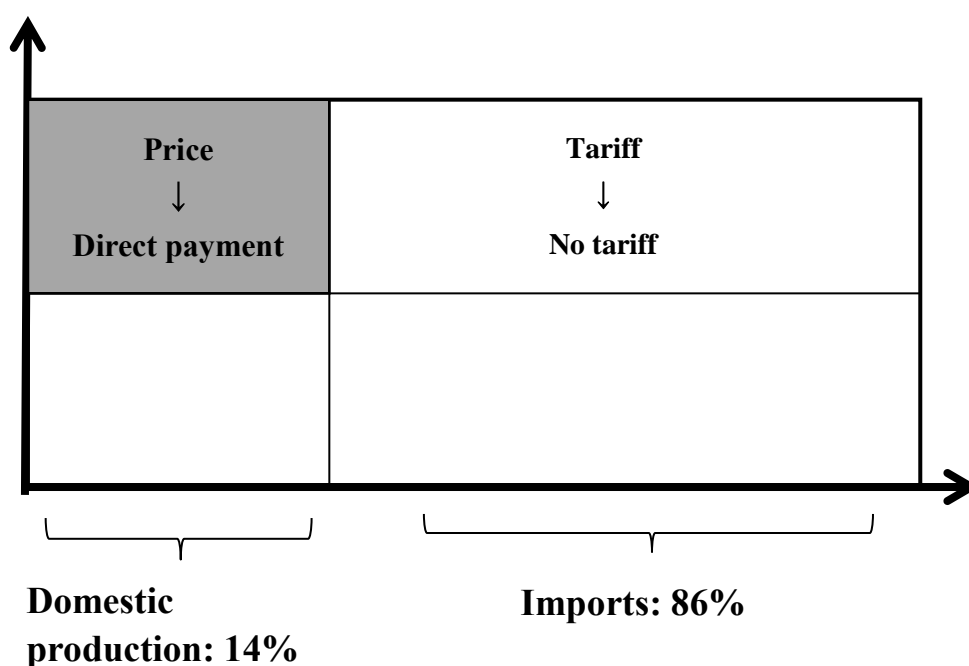
Direct payments help the poor

In the case of Japan, consumers also bear high tariffs imposed on imported agricultural products, such as wheat, butter and beef, to maintain high prices for domestic counterparts.

The government has been imposing a high tariff on foreign-produced wheat, which accounts for 86% of wheat consumption in Japan, to maintain the high prices of domestically-produced wheat, which accounts for only 14%. This tariff, or a surcharge collected by the MAFF to be more precise, has meant that Japanese consumers have no

choice but to buy high-priced bread and *udon* noodles. The government should compensate for the gaps between the prices of domestically-made products and those of foreign-made products by direct payments to farmers from government finances. Japanese consumers would benefit greatly from this because it would obviate their need to shoulder the extra burden associated with foreign as well as domestic products. This could reduce the burden on Japanese consumers while providing the same level of protection to the domestic agricultural sector.

(Figure) Reduction of Public Burden through Direct Payments



Why is it impossible to introduce direct payments in Japan?

For farmers, there is no difference in income, when protected either through price support or through direct payments. Why is Japan’s agricultural policy so fixated on prices? It is because Japan has something that Western countries do not. It is the JA Cooperative.

There are political groups in both the U.S. and the EU that represent the interests of farmers. However, a critical difference between these groups and JA Cooperatives is that JA Cooperatives themselves also engage in economic activities. If such organizations are allowed to engage in political activities, they seek to realize the benefits of their economic activities rather than those of farmers. And they have used high rice prices and the rice acreage reduction program as a means to achieve this.

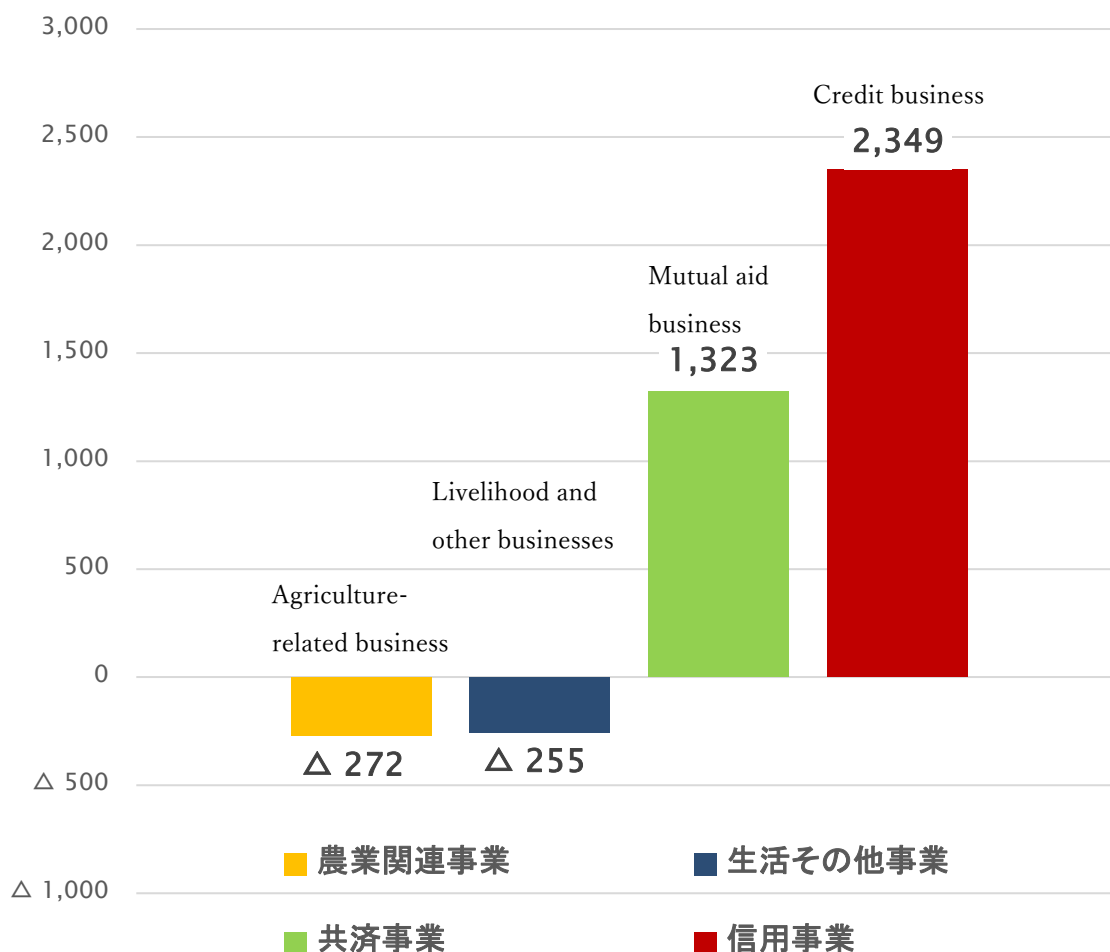
Even if rice prices are lowered, if the full-time farmers are paid directly by the government, not only they but also the part-time farmers who rent their land to the former will benefit. Even with the current high rice prices, the net income for farmers with an acreage of one ha or less, which represents the average farm size for all prefectures except Hokkaido, is negative. Accordingly, it is more profitable to stop farming and rent out farmland.

The JA Cooperative's source of income is the banking (credit) business. As rice prices were raised, part-time farmers did not stop farming. Part-time farmers deposited income from their part-time jobs and profits from the sale of farmland with JA Bank, which has become one of the top banks in Japan with deposits exceeding 100 trillion yen. JA Bank made a huge profit by investing its deposits in Wall Street. The JA Cooperative is using the profits of its financial business to drive out ceremony operators and other businesses and gain a monopoly in the region. If small part-time farmers stop farming and cease to be cooperative members, this structure will disappear. In addition, if the number of farm households decreases, JA Cooperatives lose their political base.

For this reason, the Interim Report attempts to position part-time farmers, who are essential members of JA Cooperatives, as key players in agriculture. The reason why JA Cooperatives insist on high rice prices underpinned by rice acreage reduction and oppose direct payments and structural reforms of agriculture is because they want to protect the profits of their banking business.

The Interim Report refuses to make any mention of direct payments, which are recommended by economists around the world. This is because such policies will hurt the interests of the agricultural community.

(Figure) Net Income of JA Cooperatives by Business (2021; 100 million yen)



Source: Compiled by the author based on MAFF “Statistics on Agricultural Cooperatives.”

3. Food security by abolishing rice production adjustment (rice acreage cutbacks)

Agricultural policy violates Basic Law

Japan’s agricultural policy and administration have hurt the stable supply of food at reasonable prices (food security) and the multiple functions performed by agriculture as provided for in the current Basic Law.

Only when paddy fields are used as paddy fields can agriculture exercise its multifunctionality as represented by flood control and water resource replenishment.

Maintaining paddy fields leads to food security as well. And yet, the government has been carrying out the rice acreage reduction program, which grants subsidies to farmers who refrain from using paddy fields as paddy fields. This has undermined such benefits of agriculture's multifunctionality as flood control and water resource replenishment. It has also undercut food security by causing rice paddies to be converted or abandoned (so that farmland is no longer used for agriculture). In short, for more than half a century, Japan's agricultural authorities themselves have been executing policies that go against the goals stipulated in the Basic Law.

The agricultural community has been reducing rice production, citing the need for high rice prices to maintain rice production. That is ridiculous. What country in the world is decreasing the production of rice, a staple food, by subsidizing it when other countries are increasing rice production? It was the Army Ministry that squashed the prewar Ministry of Agriculture and Forestry's plan to reduce rice acreage. The rice acreage reduction policy is the polar opposite of national security.

Agricultural policy is unconstitutional

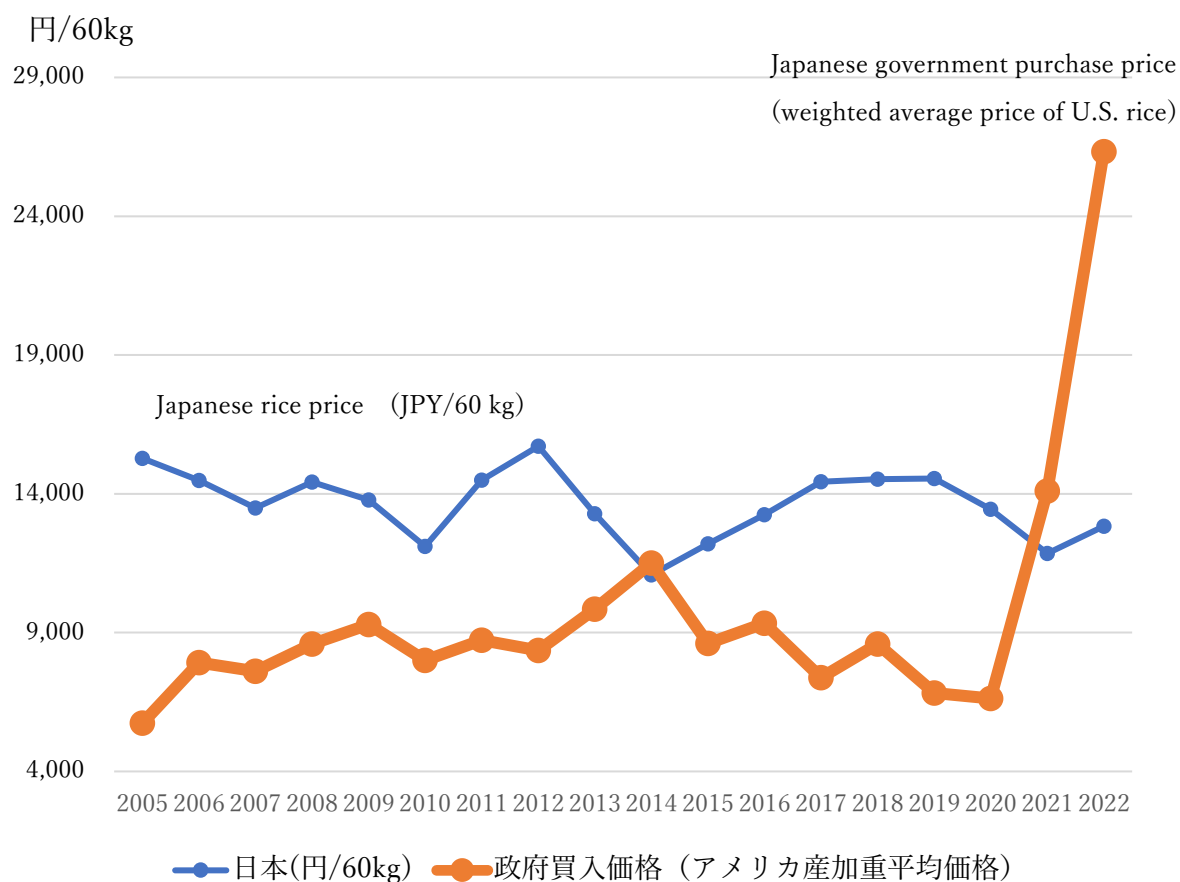
Taxpayers who bear the burden of subsidies to reduce rice acreage, poor consumers who are forced to pay high rice prices, small and medium-sized rice wholesalers who have gone out of business owing to decreased handling volume, full-time farmers who have failed to expand their rice paddies because small farmers have continued to engage in rice farming, and above all, the people who would not be provided with sufficient food if imports were cut off – all of these are victims of agricultural policy and administration, but not the JA Cooperatives.

Japan's agricultural authorities have worked only for specific interest groups. The MAFF violates Article 15 (2) of the Constitution of Japan, which states that "All public officials are servants of the whole community and not of any group thereof." The problem lies not with the Basic Law but with the agricultural policy and administration in breach of the Basic Law.

Domestic and international price differences have narrowed and reversed

The price difference between Japanese rice and California rice has now almost disappeared, and there are times when Japanese rice is cheaper. Consequently, there are many years when 100,000 tons of rice for human consumption imported under a minimum-access quota (import quota) system cannot be fully consumed. In the past, rice imported under the minimum-access obligation was 100% consumed because it was always profitable to import at a low price and sell at a high price. In recent years, however, it has become common for the ratio of consumption to not reach 100%; it was less than 20% in both 2021 and 2022.

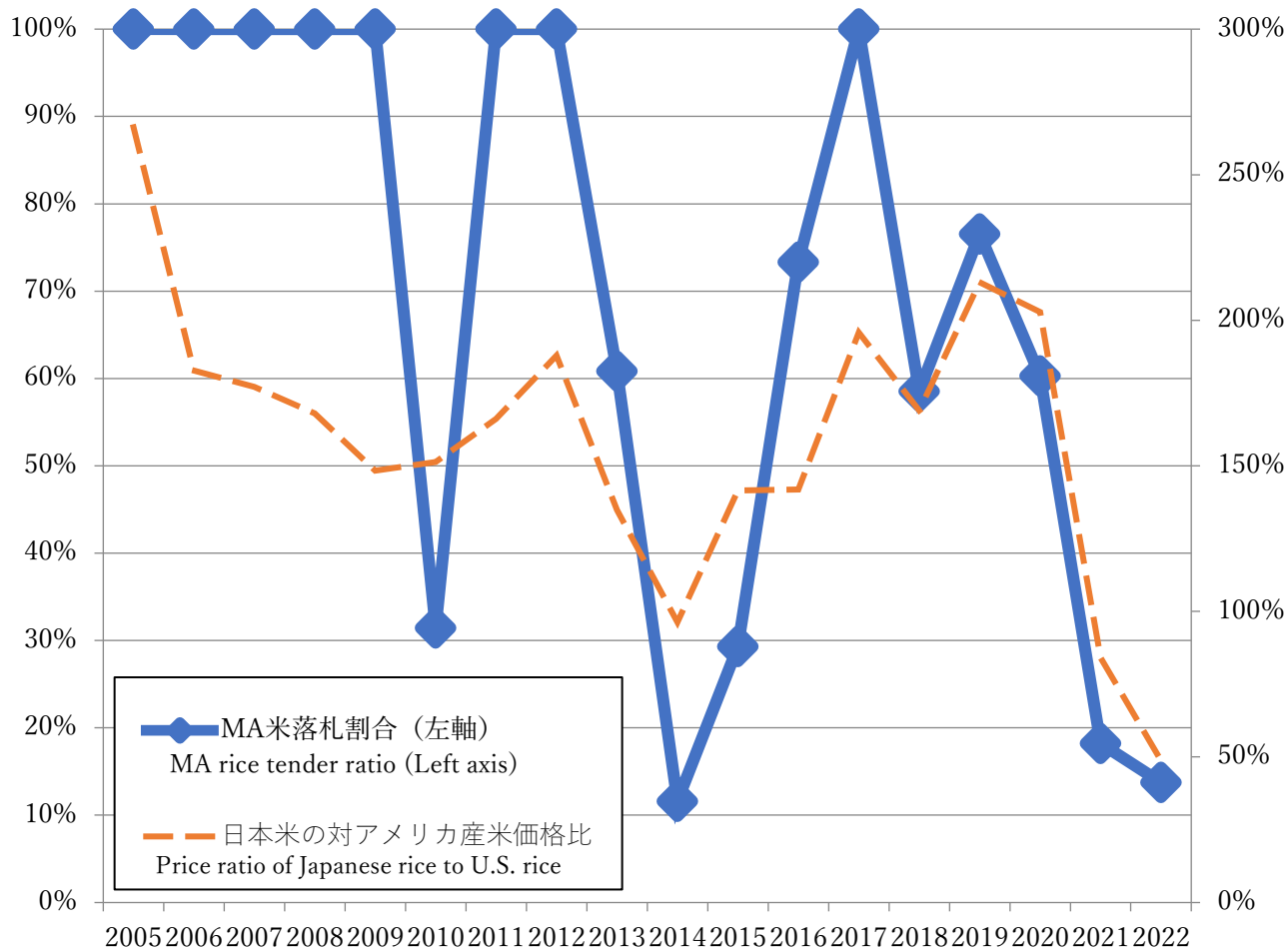
(Figure) Japanese and U.S. Rice Prices



Note: Prices excluding consumption tax are used for both Japanese and U.S. rice. The price of rice produced in Japan in 2022 is the average monthly price up to March 2023.

Sources: Compiled by the author based on MAFF “Changes in relative rice prices and quantities, contracts and sales, private inventories, etc.” for Japanese rice price, and MAFF “Summary of simultaneous buy and sell (SBS) rice tender results” for Japanese government purchase price.

(Figure) Minimum Access (MA) Rice Tender Ratio and Japan-U.S. Rice Price Ratio



Sources: Compiled by the author based on MAFF “Summary of SBS rice tender results” for MA rice tender ratio; and MAFF “Changes in relative rice prices and quantities, contracts and sales, private inventories, etc.” and MAFF “Summary of SBS rice tender results” for rice price ratio.

Two trillion yen in rice exports

Discontinuation of the rice acreage reduction program will lower rice prices further.

If Japan uses all its current paddy fields to plant the type of rice whose yield per unit area is on par with that of Californian rice, it will likely be able to boost rice production to 17 million tons. If Japan exports 10 million tons of high quality and highly valued

Japanese rice, the export value will be 2 trillion yen (12,000 yen per 60 kg). This alone is enough for the Japanese government to meet its export target.

In addition, it will exceed the current import value of grains, etc. of 1.5 trillion yen, resulting in a surplus in grain trade. Exporting rice is more than enough to cover the cost of importing wheat and other commodities. There is no need to worry about losing out on buying grain and other commodities.

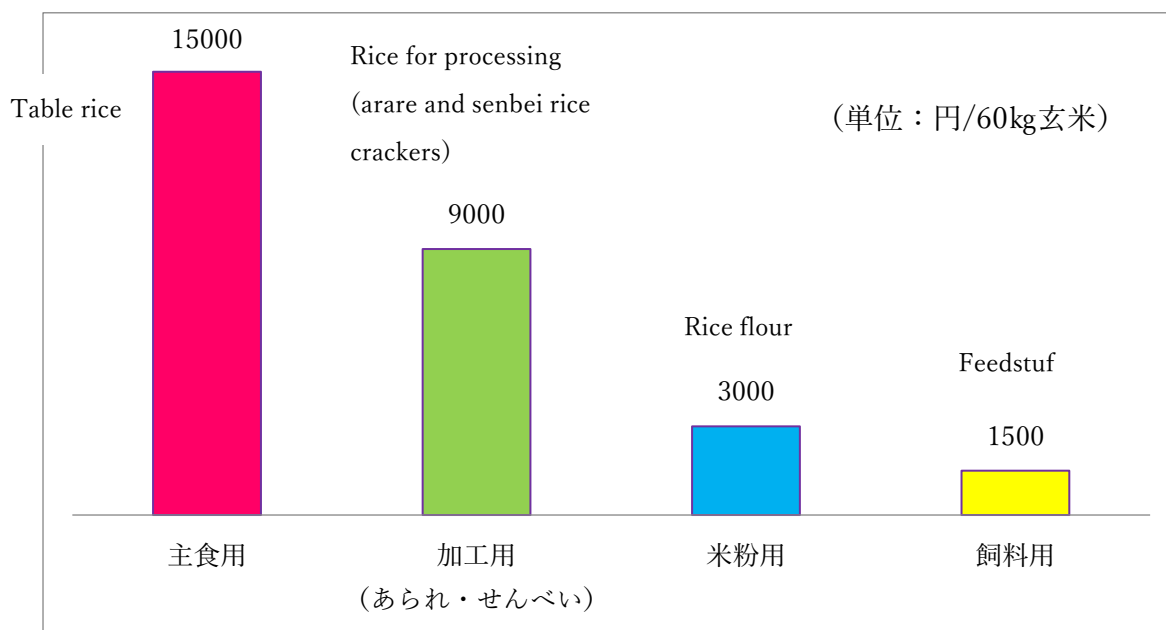
Food security can be best achieved by stopping acreage reduction to boost the production and exports of rice. This approach will allow Japan to export surplus rice in peacetime and divert such rice to feed the Japanese public in times of crisis. Rice for exports in peacetime will serve as a free stockpile with no financial burden. This would secure the per capita ration of rice after World War II (330 g; with the current population, the total required amount is 16 million tons).

Let us eliminate the distortions created by agricultural administration

In 2008, a fraudulent distribution case came to light that involved stained rice. The MAFF sold imported minimum-access rice that had become moldy as a paste material. Some food-related businesses bought this tainted rice for low prices and resold it as table rice for higher prices for profit. In 2013, a rice trader called Mitaki Shoji illegally sold rice for processing purposes as table rice.

The heart of the problem lies in the fact that while keeping the prices of table rice high under the acreage reduction program, the government compensates for the price gaps between table rice and rice to be used for other purposes with crop switching (acreage reduction) subsidies and sets the price of rice for other use, which is not normally traded at the same price as table rice, at lower levels to create demand for such rice. In short, different prices are set for rice of the same quality depending on its use. The different-prices-for-one-product arrangement makes for wrongdoing. To prevent such wrongdoing, the acreage reduction policy that distorts the market should be abandoned.

(Figure) Rice Prices for Different Uses



Source: The author.

5. Let us reduce the burden on the public and build prosperous farming communities

When contributions are made from public finance, as in the case of health care, the public can receive goods and services at a lower cost. However, reducing rice acreage is an unusual policy of making subsidy payments (taxpayer burden) to raise the price of rice (increased consumer burden). Japanese people shoulder a double burden both as taxpayers and as consumers. Raising the price of rice, the national staple food, is more regressive in nature than the consumption tax.

Simply abolishing acreage reduction would eliminate 350 billion yen in the fiscal burden. The losses that full-time farmers would incur owing to a fall in rice prices can be compensated for with direct payments totaling some 150 billion yen at the most. Part-time farmers who depend on a salaried income will not need such direct payments to support their income.

Rice prices would fall and consumers would benefit. Small-scale, part-time farmers would stop high-cost farming and lease their farmland to full-time farmers. Direct subsidies to full-time farmers would help them pay the rent, with the result that farmland would be smoothly concentrated in their hands. Resultant larger farm sizes will reduce the cost for full-time farmers, pushing up both their revenue and the rent

they pay to their landlords, former part-time farmers.

The net income for rice farmers with an acreage of less than one ha, which represents the average farm scale for all prefectures except Hokkaido, is almost zero or negative. The collective net income of such farmers, even if they total 20 or 40 in number, amounts to zero. Zero times 20 or 40 equals zero. But if, say, 20 ha of farmland in a community is cultivated by one farmer, he or she will earn 15 million yen in net income. Part of this income would be distributed among the farmer landlords, former part-time farmers who lease their farmland to him or her as a rent. This would better benefit the entire community.

Rent paid for farmland would be compensation for the landowner's maintenance and management of farmland and waterways, which are part of the agricultural infrastructure. The rent paid by creditworthy tenants (or farmers) would allow the owners of the buildings (or farmland) to carry out repair works. Unless such a relationship is established, rural communities are bound to decline. Agricultural structural reform is needed not least to revitalize rural areas.

Unless rice prices are lowered, part-time farmers will not give up their farmland. The lack of farmland mobilization and the lack of export growth are all due to high rice prices. Conversely, the Interim Report even tries to raise the rice price in the name of "proper price formation."

The Report states: "Based on the fact that a variety of agricultural human resources, such as business entities that operate agriculture as a side business, play a certain role, these individuals shall properly conserve and manage agricultural lands." That is to say, the government wants to position part-time farmers as key players in agriculture as well. However, in order to build a farming village as described above, part-time farmers should stop farming and concentrate on the maintenance and management of farmland, etc. Otherwise, farmland will not be concentrated in the hands of full-time and other business farmers.

6 . Food self-sufficiency rate increases if acreage reduction stops and double cropping practices in paddy fields restart

Japan's food self-sufficiency rate will rise to 64% if the rice paddy reduction program is abolished

Whether Japan's food self-sufficiency rate was 79% in 1960 or 38% today, rice continues to account for the majority of our food self-sufficiency. In other words, the drop in food self-sufficiency is largely attributable to reduced rice production.

The export of rice means a food self-sufficiency rate of 100% or higher as it cannot be done without production in excess of domestic consumption. If 17 million tons of rice

were produced in Japan, of which seven million tons are consumed domestically and the remaining 10 million tons are exported, the rice self-sufficiency rate would be 243%.

Of the current food self-sufficiency rate of 38%, 20 percentage points come from rice and 18 percentage points come from other crops. Suppose three percentage points is lost from the 18 percentage points when rice acreage increases at the expense of the acreage of other crops. The food self-sufficiency rate will be 64% ($20\% \times 243\% + 18\% - 3\%$), far exceeding the government's long-held target of 45%.

Production of domestic wheat fell to 1/8, from 3.83 million tons in 1960 to 0.46 million tons in 1975, just 15 years later. Since the food crisis in 1973, the government has taken measures to promote wheat production (initially, the producer wheat price was raised, and now subsidy payments are made through the Farming Income Stabilization Measure). Despite these measures, current wheat production is only 1.15 million tons. If rice was cultivated mainly by full-time farmers and the planting season returned to June, double cropping practices in paddy fields would be revived. Wheat production would increase and the food self-sufficiency rate further improve.

If a double cropping system was used in rice paddies with wheat as a secondary crop, not only could we use the farmland twice as much, but also the amount of oxygen produced through photosynthesis would be almost equal to that of a tropical rainforest. That is not all. *Dempata Rinkan* (paddy-upland rotation or alternation of land usage) is the alternation of anoxic waterlogged and oxidative field conditions. This can drastically reduce weeds, lower the incidence of soil diseases, increase yields with less nitrogen fertilizer use, and improve the physical properties of the soil, such as soil aggregation, by creating a field condition. This greatly reduces the use of fertilizers and pesticides. Not only can environmentally friendly agriculture be realized, but also dependence on overseas chemical fertilizers, etc. can be reduced in preparation for the threat of import disruptions.

7. Agricultural land mobilization measures

The Farmland Act, which rejects agricultural successors

If you want to enter farming, you need a lot of money, including capital investment, such as land and machinery, and working capital. However, under the Farmland Act, it is not permitted to get into agriculture by creating a stock company that can own farmland with investment from friends and relatives who are not related to agriculture. Entry into farming on leased land would be allowed, but without ownership, no one would be willing to invest in improving the land. Even if you put a lot of effort into improving the leased land, when the landowner asks you to return it, you have no choice but to cry yourself to

sleep.

For this reason, new entrants have no choice but to borrow money from banks, etc. So, if you fail, you will be left with debt. By contrast, if it is a stock company, you will simply lose your investment. It takes at least five years for new entrants to master the relevant technology and stabilize their business. Agriculture entails a risk that production will be influenced by nature. On top of this, the Farmland Act makes agriculture a high-risk industry to enter in terms of financing.

While saying that there is a shortage of successors, the agricultural administration is cutting off the route for aspiring farmers to enter the industry through venture companies. At the end of the day, only the successors of farmers can become successors of the farming industry. If the successors of farmers do not care about agriculture, the successors of agriculture will also cease to exist. Even if they do not farm or live in a city, farmers' children can own farmland through inheritance. However, for non-farmers from non-farming backgrounds who want to farm seriously, the barriers to entry into agriculture are high. In Denmark, 60% of new farmers come from a non-farming background.

Farm zoning, the abolition of Farmland Act, and the introduction of first refusal rights

In Europe, zoning regulations have been established to clearly distinguish between urban and agricultural uses of land. In order to secure agricultural land resources, zoning should be strictly enforced. In addition, the Farmland Act, which prohibits the entry of corporate entities and prevents the emergence of agricultural successors, should be abolished. Europe protects farmland by zoning alone. They have no law like the Farmland Act.

In France, which established the Basic Law on Agriculture in 1960, the organism for rural land design and rural settlement (SAFER) was created to promote policies, such as the acquisition of farmland through the exercise of the right of first refusal (you can always buy the land you want to buy and have its price reduced by court order), the transfer of farmland to farmers who are in charge of farming, and the exchange of scattered farmlands among farm households and the consolidation of farmlands in one location.

In Japan, the Farmland Ownership Rationalization Corporation was established in 1970, and the Farmland Intermediary Management Institution (farmland bank) was established in 2014. However, they have not worked well because they do not have the right of first refusal. The Farmland Intermediary Management Institution should be given the right of first refusal and strongly promote aggregation of agricultural land.

8. New regional development measures

In Japan's industrial structure, the position of the manufacturing industry has declined to below 20% of GDP, while the service industry now accounts for 70% of GDP. We can no longer use measures to correct income disparities between large cities and rural areas such as regional distribution of factories.

That being said, there are significant challenges in promoting regional development through the service industry. This is because the service industry is closely linked to urbanization and population concentration. The service industry is characterized by simultaneity of production and consumption. Food cooked in restaurants is served to customers on the spot. In order to promote the service industry and make it big, there must be many people there as consumers.

In the service industry, human concentration and economies of density are necessary, whereas in agriculture, the scale per farm with few farmers is important. If successors are chosen from outside the community at large and newly employed in marginal villages, they can do farming on a scale of 20 ha.

We would concentrate population and industry in a city which would serve as a center of a wide economic area. At the same time, we would develop compact cities around the central city to build nursing care, medical care, and residential facilities. Living in the city of Naha, Okinawan farmers commute to remote islands when necessary to engage in large-scale farming. Likewise, a small number of farmers who live in compact cities would commute to farms to do farming. It is impossible to promote farming villages unless we address the issue from a wide-area perspective. Could this be seen as one new regional vision in response to the declining population and changing industrial structure?

9. Genome editing and food security

The Interim Report emphasizes smart agriculture using IT, but does not mention anything about genome editing. Smart agriculture is a gradual process, like climbing stairs one step at a time, whereas genome editing is a technology that is like taking an elevator to the tenth floor in one go. If genome editing can improve the yield of a variety, food can be produced with less chemical fertilizers ("produce more with less"). Therefore, it would not only contribute to food security but also to environmental protection. Improved yield would cut the cost and enhance international competitiveness of Japanese agriculture.

While genetic engineering artificially achieves what cannot happen in nature by inserting genes from other organisms, genome editing achieves breed improvement simply by cutting the organism's own genes. This is not different from mutations found in nature or conventional crop improvement.

As Japan has promoted the policy of reducing rice paddies, it has been taboo to improve rice varieties to increase the yield. In addition, rice with a low protein content has been developed because producers preferred to produce rice with a good taste. These are in the opposite direction from the perspective of responding to a food crisis that requires increased production and the provision of nutrients. We should use genome editing to make a major change in breeding efforts.

Agricultural and food products produced through genome editing will contribute to food security in developing countries that still suffer from food insecurity in terms of quantity. Japan should also consider exporting rice with improved yield through genome editing to developing countries. Furthermore, highly functional genome-edited foods that help maintain health, life, and body may be accepted in Japan. Insulin currently used for the treatment of diabetes is based on gene recombination technology.

1 0 . Streamline agricultural administration

In Japan, unlike in Western countries, the government takes the lead in setting challenges in detail and gives financial assistance to address them. Moreover, in addition to laws and regulations, the government issues a number of notices regarding complicated grant conditions and application procedures for each subsidized project. Local government employees must first get a clear understanding of these laws, regulations, and notices before they help farmers and others apply for subsidies. In other words, the MAFF deprives local government employees of the time needed for them to consider policies necessary for promoting local agriculture.

In addition, various and complex projects are created by many sections in the MAFF , so policy consistency is not ensured. For example, the MAFF's explanation for land improvement by public works is that even if farm households make investments to cut costs, they will be unable to secure a return on such investment because resultant drops in the prices of their farm products benefit consumers but not themselves. The MAFF has used this logic to justify the practice of conducting farmland development as public works projects, which should be private investment projects. Yet, the government spent a huge amount of money to reduce rice acreage, which is aimed at keeping agricultural produce prices high. Agricultural administration is a system of contradictions.

The use of the private economy can stop wasteful government spending. Futures trading provides a means for producers to mitigate the risk of price fluctuations and conduct business in a stable manner. If you make a futures contract selling for 15,000 yen, you can earn 15,000 yen even if the price is 10,000 yen during the fall harvest period. If futures are used, current price compensation and insurance systems will not be necessary.

The financial burden on the public will be reduced.

Food security and multifunctionality can be achieved only when farmland resources are well maintained. If that is the case, the government just has to do away with item-by-item agricultural policies and assorted subsidy programs for new farmers altogether and grant farmers a set amount of subsidy per unit of farmland. Such a single direct subsidy embodies what the protection of agriculture should look like—an ideal that has been achieved after years of reform efforts by the EU.

The government should not grant direct subsidies to livestock farmers who depend on imported feed and use no farmland. It is up to a farmer's business decision how to use direct payments. Those who want land improvement should finance such a project with direct subsidies they receive. If Japan's agricultural administration was streamlined like this, technical MAFF officials responsible for agricultural civil engineering would no longer mount campaigns to secure budgets for public works projects in order to land high-paying jobs at general construction contractors after they leave the MAFF. The MAFF would be substantially streamlined in terms of organization, personnel, and budget. Local government employees would not be bothered by the motley assortment of subsidy programs any more. This is what agricultural administration for the people should be all about.

Conclusion

The Interim Report was released by the Council of Food, Agriculture and Rural Area Policies after adding some minor textual corrections at the request of members of the Council to a draft written by the MAFF officials in consideration of the wishes of the JA Cooperatives and the Diet members concerned with agriculture and forestry. There is no change in the idea of the draft (i.e., the idea of the agricultural community).

Many members of the Council are those who represent the interests of the agricultural community or have no detailed knowledge of agriculture or agricultural administration and policies. In addition, if they think that serving as a member of a government council will be appreciated by the organization which they belong to, they will refrain from directly refuting the MAFF's draft even if they have objections. In this way, the Council has functioned as an organ to give a rubber stamp to the ideas of the MAFF, the JA Cooperative, and the Diet members concerned with agriculture and forestry.

In particular, this Interim Report is a contradictory report that lacks theory, facts, and evidence. Above all, it does not mention anything about the reduction of rice acreage or agricultural land resources, which could affect the life and death of the Japanese people from a perspective of food security. This is because any attempts to change the current

policy or address the contradictions will hurt the interests of the agricultural community.
For whom was the Basic Law reviewed?