

## A Comparative Approach To Agricultural Protectionism

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### Abstract

This paper compares the role of *Nokyo* (JA) in gerrymandering the political process in Japan with that of 19th century Great Britain, Bismarck's Germany and the New Deal policies of the American Farm Bureau. For each industrial power, the shift away from an agrarian based economy had serious socio-political ramifications that were the result of each nation's distinct cultural heritage.

### Keywords

*Nokyo* (JA), Corn Laws, agrarianism, *Junkers*, American Farm Bureau Federation, political reapportionment, economic interdependency

### Introduction

During my initial visit to Japan over ten years ago, I came away fascinated by a culture far different than my own. It inspired me to learn more about Japanese society, economics, and modern history. While researching this aspect of Japanese life, I was perplexed at the exorbitant price of grains and fruit. In particular, rice-a staple food-was 8-10 times more than the average world price. Perhaps, part of my confusion was based on a biased cultural landscape. Coming from the United States, where vast land holdings allow for extremely efficient cultivation methods, there is a distinct cost advantage over Japan for most agricultural products. Thus, my quest to understand why this phenomenon exists in Japan began a long study that included analysis of farmer subsidies on a global scale, worker displacement, and the changing values of an industrial society. For the U.S. and Japan, although trade friction regrettably exists, both nations agricultural policies are in fact far more similar than different.

Since the end of World War II, Japan's inefficient small scale farms have been heavily subsidized by the government in an effort to sustain the agricultural sector and its cultural traditions. This paper will analyze the role of the national agricultural movement, *Nokyo*, now better known as JA, and its political role to ward off *gaiatsu* and influence government trade policy. *Nokyo* was by no means the first agricultural movement to rally the masses to support farm policy for the sake of the nation. The political economies of Great Britain, Germany and the United States will be used to show that historically industrial powers have struggled giving up their agrarian past.

### **The British Model For Free Trade**

For England, the rise of the industrial revolution and allure of relatively high paying manufacturing jobs drew agrarian masses from the farms to the cities. As a result, the issue of income parity first became a legitimate concern for an advancing nation and its leaders. Faced with harsh conditions, farmers raised commodity prices to cope with the drastic socioeconomic conditions. However, they quickly learned that their traditional agrarian society had changed. Since this occurred after the French Revolution, a time when Western nations tended to pursue political liberalism, urban dwellers exerted their democratic right to voice disapproval of escalating food prices. Nevertheless, the government attempted to appease farmers by enacting another round of the Corn Laws-the first of which were adopted back in 1663-whereby protective tariffs compensated farmers for their declining socioeconomic situation (Barnes, 1961). Regardless, as the population shift gathered steam, urban livelihood took precedence over the farming sector. In England, the interest of the consumer was considered a key component in the industrialization process and affordable foodstuffs became a rallying cry among urban workers.

Shortly thereafter, the work of the Anti-Corn Law League (Hilton, 1977) -a group of Manchester industrialists influenced by the writings of Adam Smith and free trade-helped force the government to rescind its special status for the agricultural sector. As a result in 1846, demographic changes forced British Parliament to reduce rural representation within the government. Reapportionment was necessary for Great Britain if it were to claim to represent the interests of all of its inhabitants. Nevertheless, the government did devise subsidies to restore income parity for rural dwellers. This system came to be virtually etched in stone as England rode its industrial might into the twentieth century.

For the United Kingdom, the transition to industrialization from an agrarian society was relatively calm. It caused agrarian unrest and job displacement but it did not produce virulent political rebellion. Thus, England was able to devote its full energy to industrialization. The shift was not as easy for Bismarck's Germany, a nation quite similar to Meiji Japan, for it had only become unified in 1871 and faced many of the same challenges as Japan did after the Meiji Restoration. In their quest for modernity, both Germany and Japan sought preservation of elements from their feudalistic past. Agrarianism was used as a means to that end.

### **Bread & Democracy**

During this turbulent period, rural opinion in Germany strongly favored free trade. German agriculture prospered from 1850 to 1870, for its farmers were then a net exporter of grain and its agriculture did not need protection. Moreover, farmers opposed protection for industry, fearing that it would

raise the costs of manufactured items and lead to reprisals by Britain against German grain exports. Industrialists, on the other hand, wanted protection from the competition of Britain's established industries.

Germany's conversion to protectionism began with the tariff of 1879, which restored duties on various manufactures and imposed moderate duties on agricultural imports. The protectionist movement was able to draw inspiration and justification from Friedrich List's school of nationalist economics (Hirst, 1965) with its stress on economic development through protection. In addition another movement began to take hold by a group known as the *Agrarstaat*, which stressed the social disadvantages of an increase in the nation's population and the risks of excessive dependence on food imports.

A classic study by Alexander Gershenkron, "Bread and Democracy in Germany," highlighted the importance of the relation between the nature of the political system and protectionism. Gershenkron argued that high tariffs perpetuated a belligerent foreign policy and served to buttress the authoritarian Imperial Constitution of 1871. Behind Germany's protectionist measures was a resilient political interest group, the Prussian landlords, or estate owners, known as the *Junkers*. Exploiting their great prestige and superior resources, the *Junkers* imposed protectionism as a means of preserving the status quo on the land.

Some twenty years later, the Prussian landlords organized themselves in the *Bund der Landwirte* (Farmers' League). Quickly they became a powerful political interest group. Its methods were at times unscrupulous. It organized demonstrations, distributed propaganda, issued manifestos, and ordered its members to boycott traders who did not give it support. It was said to have threatened physical violence against opponents and was vigorously anti-semitic. The *bund* worked hard to cultivate and capitalize upon national sympathy for the agrarian way of life. Many of its attributes were later utilized by the Nazi party and many consider it a harbinger for the totalitarian state that soon followed. Consequently, Gershenkron and his followers argue, high tariffs helped lead to fascism and both world wars. Following the arguments in "Bread and Democracy" numerous social scientists have adhered to the notion that free trade and democracy go hand in hand, as do protection and authoritarian rule.

The German experience attests to the fact that systemic corrections are extremely difficult for a nation to institute. Perhaps the worst aspect of this protectionist period was that Germany did not let market forces dictate the national agricultural policy. Figures clearly indicate that the population was consuming less and less rye, which was the main product of the *Junkers*, and opting instead for wheat bread (Gershenkron, 1966). The production of rye, however, increased due to the interest group politics practiced by the *Junkers* and the national sympathy for the agrarian life.

Modern Japan displays a similar scenario. The consumption of rice has decreased an estimated 50 percent over the past thirty years and is continuing to decline (Gordon, 1990; M.A.F.F., 1990).

Yet, the majority of Japan's small scale rice farmers have not converted their holdings to higher yielding crops. Government programs designed to encourage agricultural reform have been implemented at a lethargic pace. More important, rice continues to have a major symbolic role in the nation's psyche, thus helping to prevent further liberalization of Japanese agriculture. How does this way of thinking or mentality differ from the *Junkers'* glorification of bread in Bismarck's Germany? As Gershenron pointed out, "bread had for thousands of years symbolized the reward of human labor, a measure of wealth, home life, happiness, and hospitality." The *Junkers* sought to turn such sentiment to their own advantage, just as *Nokyo* has sought to profit from the almost mystical appeal of rice agriculture in Japan. Although the agricultural movements in Germany and Japan were detrimental, perhaps no more evident example of bureaucratic entrenchment in agricultural policy is the one exemplified by the United States.

### **Do As I Say Not As I Do**

Almost from its inception in 1919, the primary function of the American Farm Bureau Federation (A.F.B.F.) was to influence national agricultural policy (Kile, 1921). It quickly developed a farm bloc (McConnell, 1953) on Capitol Hill in Washington that assured rural votes for Congressman committed to continued farm subsidies. Later, the A.F.B.F. shifted its focus to commercial services by offering farm supplies and got into such fields as life, automobile, fire, and crop insurance. These services benefited farmers, but locked out private companies and limited competition.

The parallels between this and developments in post-war Japan were not coincidental. Many S.C.A.P. (Supreme Commander for Allied Powers) agricultural economists had experience in the New Deal era's farm policies, programs shaped by and often built around the A.F.B.F. Therefore, during the American Occupation of Japan, S.C.A.P. authorities were faced with similar agrarian problems and implemented the only social remedies they knew. It would be too far-reaching to proclaim that *Nokyo* had its origins in the A.F.B.F., given the rich history of agrarian cooperative spirit in Japan, but the concept of a farmers' cooperative was given an exceptionally high priority by S.C.A.P. in part because of the background American experts brought with them to Japan (S.C.A.P., 1950).

Perhaps the American planners had chosen to remember only the positive role of the farm bureau in the United States. The truth about the organization was that its drive to uplift agrarian livelihood was short lived. It quickly evolved into a highly bureaucratized political machine. Critics charged that it gave priority to organizational self-preservation rather than the needs of American farmers. They also charged that leaders were primarily interested in a large membership to create a strong revenue base for the organization (Fortune, 1944).

For the American farmer, the period from the Great Depression until after the Second World War

was extremely profitable. The New Deal policies reaped huge benefits for the nation's farmers. The A.F.B.F. did their part by ensuring that New Deal policies stayed in effect well into the 1950's. However, a dramatic turning point came in 1962, when the United States Supreme Court accepted jurisdiction in the case of *Baker v. Carr*. The case was a challenge by urban plaintiffs in Tennessee to the failure for over half a century of that state's legislature to reapportion legislative seats to reflect population shifts. With support from the Kennedy administration and its idealistic principles of the New Frontier, *Baker v. Carr* produced a wave of legal suits in other states and led to rapid adjustment of apportionment. With one swoop, the apportionment revolution jeopardized the farm bureau's influence over American agricultural policy, for redistributing profoundly affected the vaunted access of the American Farm Bureau Federation.

### Conclusion

Throughout history, each industrial power has had a difficult transformation away from its agrarian past. Some movements caused civil unrest and others provoked trade embargoes. In Japan, the political strength of *Nokyo* (1955-1990) has begun to subside (Fujitani, 1992), however serious social issues remain. The lack of domestic food self-sufficiency and *kasō*, or migration away from rural areas, remain formidable problems for legislators. In all likelihood, it will take decades to solve these problems. The same way it took decades for England, Germany, and the United States to slowly overcome their rural-to-urban transformation.

Although it is important to respect the heritage of farming, it is crucial to place it in its proper socio-economic status. Today, our world is based on an international trading system delicately intertwined between all developed nations. For the citizens of free trade, global commerce allows consumers to have choices. As a result, people have access to lower priced foreign goods and have more products from which to choose. Protectionism, on the other hand, runs counter to the logic of a global trading system that has enriched the lives of millions of people for over half a century. It is in the interest of all participants to promote further interdependency so all nations will continue to grow together.

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