

and Australia. Yet it is clear from the outset that this is the work of an economist who is based in Australia and who sees that the growth of economic co-operation is of great importance to the continued economic prosperity of his own country as well as the wider East Asian and Pacific region. The analysis understandably flows from this perspective. Overall it must be underscored that this book makes a major contribution to an increasingly significant topic.

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***Agricultural Trade and Protection in Japan.* By Jimmye S. Hillman and Robert A. Rothenberg. Aldershot: Gower for the Trade Policy Research Centre, 1988. Pp. 96.**

This is a small but important study on Japan's agricultural policy, focusing on the problem of how agricultural protection has emerged and persisted. Presenting a precise analysis on the subject from three different perspectives (1) the objectives of domestic economic planning, (2) the political coalition of farm and nonfarm interests, and (3) the response of international commercial diplomacy (p. 1), the book under review has done a superb job in coming to terms with nagging farm problems in Japan.

The book has three main chapters in tandem with the aforementioned three perspectives. Chapter 2 deals with the competitiveness of agriculture in Japan. The authors point out that there is a structurally built-in factor to aggravate agricultural protection and there are two sides of this competitive disadvantage: (1) the decisive comparative advantage that the manufacturing sector has achieved, and (2) the high comparative costs, or low productivity, of Japanese farmers relative to farmers in exporting countries (p. 6).

In a nutshell, the postwar policy of industrial development has exacerbated sectoral imbalances which has led to the systematic protection of Japanese agriculture, as embodied in the 1961 Agricultural Basic Law.

Consequently, what has happened in Japan is partial disengagement, that is rather than leaving the farm and moving to the place of non-farm work, the farmer himself has found outside employment on a temporary and seasonal basis. The emergence of massive part-time farms has in turn severely retarded productivity in Japanese agriculture. As the authors claim, "High returns to rice have been largely responsible for the entrenchment of small part-time farmers, which has obstructed concentration of land and capital needed for the viability of full-time farming" (pp. 30-31).

Chapter 3 deals with political aspects of Japan's agricultural protection. While recognizing the close relationship between the ruling Liberal Democratic Party (LDP) and the farm associations, the authors correctly argue that "the party that has dominated politics in the post-war era, the Liberal Democrats, receive more than three-quarters of their seats in the Diet from rural districts. Liberal Democratic governments have little incentive to promote an unfavourable shift in the balance of power" (pp. 37-38).

Furthermore, the Japanese public at large are concerned with increasing import dependence and insecurity, as the 1973 American soyabean embargo amply demonstrated. As a result, the view that trade liberalization may be detrimental to food safety has come to be shared among the public. This is a critical factor because "[a]lthough contradictions in its food policy grow more apparent every year, as long as the public accepts them, decisive choices can be indefinitely deferred" (p. 57). Thus, agricultural protection is portrayed as the *modus operandi* of a general policy on food in Japan.

Chapter 4 focuses on agriculture and foreign economic relations and takes a close look at the conflict that has been developing between Japan and the United States. The authors emphasize

that the trade dispute between Tokyo and Washington arose because "the costs of adjustment to the international division of labour have not been equally borne because the Government of Japan has shielded its domestic producers more than the United States" (p. 63). Accordingly, Japan and the United States are at loggerheads over agricultural trade. This has led to the aggravation of trade relations: "opportunities for reciprocal accommodation have generally been neglected. Turbulence on the one side and obstinacy on the other have prevailed" (p. 73).

Worse still, this problem is analogous to the General Agreement on Tariffs and Trade (GATT) negotiations that are currently going on. Since many member countries seem to believe in two premises: (1) Ensuring an adequate food supply is the paramount purpose of national government, and (2) comparative advantage, although reasonable for industrial trade, is not an appropriate standard for determining the pattern of food production among countries" (p. 80), an agreement on needed liberalization of agricultural products is far from reality.

In conclusion, the book's message is clear: Japan is approaching a situation where it will no longer be able both to protect and to reconstruct farming under the banner of food security. Agricultural disputes between Tokyo and Washington need to be resolved accordingly because the disputes are bound to affect not only their economies but also those of third countries, including the countries of Southeast Asia. However controversial it may sound, the Japanese Government will have to embark on a vigorous reform of farm price support to gain international competitiveness in Japanese agriculture.

The authors have accomplished a well-researched and balanced analysis on Japan's agricultural problems with impressive comparative insights. Although the work is superb, there is one minor point for improvement. Chapter 3 could have put more emphasis on the political nature of farm problems in Japan. In fact, it is largely a mighty group of LDP Diet members known as *norinzoku* (agricultural tribes) that has

played a key role in representing and protecting farmers' interests. In other words, LDP's farm policy could have been more closely explained in order to highlight the essence of the problems (see, for instance, Peter J. Gordon, "Rice Policy of Japan's LDP", *Asian Survey*, October 1990, pp. 943-58).

Can Japan eventually liberalize its agricultural market? The suspension of the recent Uruguay Round in Geneva has demonstrated almost insurmountable difficulties in opening up the agricultural markets of developed countries. Japan is arguably most hard pressed to reconsider its agricultural protection. In fact, in June 1988, the external pressure forced the Japanese Government to liberalize beef and orange imports from April 1991, and imports of orange juice from April 1992 (see *Asahi Shimbun*, 20 June 1988, p. 1). It was partly because of this decision that the ruling LDP has lost the majority in the Upper House election for the first time in July 1989. The most contentious issue is the long-secluded rice market — the issue that has been deemed as "sacred territory" so far. With politically sensitive issues involved, the Japanese Government is totally divided over the thorny rice problem and drifting like a ship without a navigator in an uncharted sea.

A good sign is emerging, however. In recent years, several LDP members have begun to voice the possibility of changes. In July 1990, for instance, Toshio Yamaguchi, a prominent LDP member, stated that Japan may need to open about 5 per cent of its rice market (see his article in *Bungei Shunju*, September 1990, pp.130-35). Muted opposition to his proposal suggests that the view advocating gradual and phased opening of Japan's farm market is gaining a foothold within the circle of Japanese policy-makers. Nonetheless, whether or not Japan can lend a helping hand to the ongoing Uruguay Round negotiations by tapering off its rigid insistence on rice protection remains to be seen.

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