



Japanese Agricultural Co-ops: Looking Towards the Future

The following is a transcription of Asia in Washington's podcast episode "Japanese Agricultural Co-ops: Looking Towards the Future" featuring Dr. Patricia Maclachlan. It was created using a speech recognition program with edits made by hosts and Reischauer Policy Research Fellows, Jada Fraser and Adriana Reinecke, sound editor, Lauren Mosely, and, Producer, Neave Denny. You can find us on [Apple Podcasts](#), [Google Podcasts](#), and [Soundcloud](#). To keep up to date with upcoming Reischauer Center events and programs, please follow us on [Facebook](#), [Twitter](#), and [YouTube](#).

“There's an emerging consensus as agriculture faces all these new demographic and economic challenges, that in order for JA and cooperation to function effectively, farmers and their co-ops at the local level must be given as much freedom as possible to respond creatively and flexibly to the opportunities within their communities.” - Dr. Patricia Maclachlan

Jada Fraser

Welcome to Asia in Washington, the podcast examining key questions animating debate in D.C. on the Indo-Pacific region. I'm Jada Fraser, here with my co-host Adri Reinecke, recording in Washington D.C. at the Edwin O. Reischauer Center for East Asian Studies at Johns Hopkins SAIS.

Adriana Reinecke

Today we're joined by Dr. Patricia Maclachlan, Professor of Government and Asian Studies and Mitsubishi Heavy Industries professor in Japanese Studies at the University of Texas at Austin. Dr. Maclachlan received her Ph.D. in Political Science and Japan Studies from Columbia University and spent one year as a research associate in the program on U.S.-Japan relations at Harvard University. Her research and teaching interests include comparative political institutions and the politics of [the] political economy of East Asia, with a focus on Japan. Dr. Maclachlan is the author of *The People's Post Office: The History and Politics of the Japanese Postal System: 1871-2010*, as well as *Consumer Politics in Postwar Japan: The Institutional Boundaries of Citizen Advocacy*. Her upcoming book, co-authored with Kay Shimizu of the University of Pittsburgh, is titled “*Betting on the Farm: Institutional Change in Japanese Agriculture*.”

Jada Fraser

Today, we'll be speaking with Dr. Maclachlan about her new book based on her recent seminar at the Reischauer Center on organizational and strategic change among Japanese agricultural cooperatives in the context of rural demographic and economic decline. Dr. Maclachlan, it's a real pleasure to have you on the Asia in Washington podcast today. Dr. Calder and the rest of the Center thoroughly enjoyed your seminar, and as you know, it generated quite a robust discussion. We'll be diving deeper into some of those questions that were raised in today's episode. Thank you so much for taking the time to be here with us today.

Dr. Patricia Maclachlan

Well, it's my pleasure. Thank you for inviting me, and I'm looking forward to our conversation.



Jada Fraser

So to start off with, in your seminar, you explored the question of why some Japanese agricultural cooperatives — referred to as ‘JA’ — are adapting to changing market incentives, while others are not. You also described what you found to be three sets of criteria that are needed for effective strategic change. To begin, can you share with our listeners what factors have contributed to this need for change within the Japanese agricultural sector? And then what are these three sets of criteria you determined were necessary for JA's to successfully innovate?

Dr. Patricia Maclachlan

Good question! It's something that we've been spending a lot of time on. So, on the basis of a great deal of fieldwork, Dr. Shimizu and I talked to a number of farmers and local agricultural cooperatives within the so-called system of ‘Japan agricultural cooperatives’ or ‘JA,’ sometimes known as “*noukyou*” in the past. And we're very curious to see how JA organizations are responding to the transformation of Japanese agriculture. Agriculture is facing huge challenges from a demographic decline of the farm population, the aging of the farm population, and an increasing lack of successors for farm households. And the other problem or challenge, and sometimes opportunity, for farmers is that the agricultural sector is becoming far more open, liberal: open to globalization, to imports from abroad, and a host of other challenges that we normally associate with a more market-oriented economy. Now, farming has never been known as an open market in Japan, and the old JA was really set up to reflect a closed market with high protected prices guaranteed by the government. So, as things open, JA organizations have been caught unawares and struggling to keep up. So, the big question for us in this book, or at least one of them, is: Of all of the local co-ops — and there are today nearly 600 of them — of all those co-ops, why do some of them change their strategies in order to become more profit-oriented and consumer-oriented — in other words, more businesslike — while others seem to do nothing? So, what explains variations in strategic adaptation to new market signals in the agricultural sector?

So, like any student in the social sciences, as we perused the literature and tried to see what others had to say about it. We found that this is a relatively new question, and there's not a whole lot written on why some co-ops reform and others do not. So, on the basis of our fieldwork and our interviews, and observing how these co-ops behave, we came up with this argument that basically attributes change to the fulfillment of three sets of criteria. And those criteria are: first of all, resources and corresponding market opportunities. Co-ops can change if they have the soil and climatic conditions to grow products that consumers want. In other words, if there's a market opportunity to sell those products at a high price. And this, we found, is particularly true for producers and co-ops in regions where there is high potential to grow good vegetables; high quality vegetables and fruits. So those co-ops tend to be innovating perhaps a little more easily than other kinds of co-ops. On the other hand, co-ops that are rice-centric — that produce more rice than any other product — struggle in this regard, in part because so many co-ops that are rice-centered are located in areas where they can produce Japan's best rice. And meanwhile, the prices of rice have been going down because consumer demand has been going down. So, the first criteria — and it's a make-or-break criteria — [is that] if you don't have the resources and the climatic conditions to produce a high-quality product that people want, it's going to be hard for you to take the next few steps. And that is the threshold for whether or not a co-op is even going to try. So, a lot of co-ops don't even try to change, because they know they don't have the market opportunities to do so.



The second set of criteria has to do with agency. So, you might have market opportunities, resource opportunities, to produce a good crop that consumers want. But if you don't have the leadership to translate those opportunities into real market strategies, the co-op effort at reform are going to be halted. We've discovered that agency — good co-op leadership — can emerge from amongst the personnel that run the co-ops, and sometimes it can even be generated from amongst the farmers who are members of these co-ops. And sometimes the initiative comes through a combination or collaboration between co-op leaders and the farmer members that they serve. So that's the second set of criteria.

And then finally, we argue that organization is crucial to effective co-op reform. Now it's one thing to have agency, but since co-ops are economic membership organizations, if those farmers aren't mobilized behind new strategies for branding these products that have market opportunities, or selling them at an opportune price, or advertising [or] marketing them well, if those farmers aren't mobilized, co-op efforts are not going to get very far. So, farmers have to be mobilized and effectively organized behind the co-op, in ways that correspond with the particular strategies that the co-op is introducing. So, in a nutshell, you need resources and market opportunity; you need good leadership, either from the farmers or the co-op leaders; and you also need effective farmer organizations that are tailor-made to the specific strategies that a co-op is pursuing, in order to take advantage of these other opportunities.

Adriana Reinecke

Thank you so much. So obviously, there's a lot to unpack there. But before we move on to our sort of main discussion, I just thought it would be nice to give a little bit of context for listeners who maybe are less familiar with JA, or with its significance within Japan. So, can you tell us just a little bit about the significance of the agricultural industry in Japan, historically? And then also, as a correlate, is it similar to Monsanto in the U.S., for example? How should listeners be thinking about the JA?

Dr. Patricia Maclachlan

Well, JA, or 'Japan Agricultural Cooperatives,' is a network of agricultural co-ops, and co-ops are a different kind of organization; they're different from a commercial enterprise. They're organized, ideally, by and for farmers. And the benefits of co-op activity are supposed to be distributed to the farmers, not go back in the form of profits to the actual organization, although that's starting to change a little bit. And, throughout the 20th century — actually, well into the 21st — agricultural production has been dominated on the ground, first of all, by small-scale family farms, who, almost to a person, would channel their farm product through the JA network. So, JA is this pyramidal organization with, at the bottom, local co-ops that are the interface between the JA network and the farmers, and then a series of prefectural organizations, and then a small handful of very powerful function-specific organizations at the national level. Unlike other co-ops elsewhere in the world, JA is very much a top-down pyramidal organization, where demands or directives flow from the national level through the prefectural level and then to the local level. The idea of [a] bottom-up, demographic cooperative organization has kind of been turned on its head in the Japanese case.

The other major distinction of JA is that it tended to monopolize agricultural production. A hundred percent of Japanese farmers belong to JA, that's still the case. Today, JA faces more competition, so members have more options on how they get their product to market. And the other major distinction of JA, is that JA has tended to dominate, under one roof, all the various



functions that are performed by different kinds of co-ops in the West. So, whereas you have credit co-ops in the West, versus marketing co-ops in the West, or purchasing co-ops that provide inputs to farmers. In Japan, these functions are all combined by one single co-op, which monopolized the attention of these farmers. So, it's a very distinctive organization compared to co-ops elsewhere and certainly to commercial enterprises.

Now, this is a cooperative set of organizations — they're membership organizations — and as such, they differ from agribusinesses like Monsanto. Agribusinesses are relatively underdeveloped in Japan for a whole range of reasons, but Monsanto, Tyson, Cargill — all these major behemoths in the United States that dominate agriculture — these are for-profit commercial enterprises that don't have memberships like the co-ops do. But Japan hasn't given rise to those sorts of institutions, in part because JA got there first, but there's also legal restrictions on these kinds of agribusinesses in Japan, and also a cultural taboo on these sorts of agribusinesses in Japan. So, they've been very slow to materialize. Now, that said, there's some overlap between what JA does and what, say, these agribusinesses do elsewhere, particularly in agriculture-producing superpowers like the United States or Australia. JA over time has begun to behave like a commercial enterprise, where the fruits of its labors tend to channel back into the JA organization, and not enough to the farmers that they serve. So, some have criticized JA, ironically, for behaving just like Monsanto; for forcing farmers to use their services rather than to look elsewhere for alternatives. And that's been at the core of criticisms about JA, and one, I think, that's very rightly put, and has led to a number of attempts to reform the way JA functions, all in an effort to make JA behave more like a traditional co-op. So, the short answer to your question: JA should behave like a traditional agricultural cooperative, and in some ways it does, and others, it does not. And in those areas where it departs from a traditional agricultural cooperation, it behaves, in many ways, like a commercial enterprise.

Jada Fraser

That's a really important comparison because it's almost interesting: what some of these JA organizations need to do in order to succeed and deliver for their farmers is to take on some of those characteristics that make commercial enterprises successful. But at the same time, the nefarious or self-serving parts of those agribusiness giants in the United States, when JA moves towards that direction, that's a criticism. So, it's like striking that balance between the commercial side and the cooperative side. So, for these JA organizations that have been able to adapt successfully to a liberalizing agricultural market, was that success distributed evenly across the community? Additionally, has the success of some of these local JA organizations and the stagnation of others, led to increased inequality across the agricultural sector as a whole?

Dr. Patricia Maclachlan

Very interesting, at the local level, of all of the organizers we spoke to, and farmers, there is an expectation within JA amongst the members — and even officially amongst the co-ops themselves — that we see has held fairly steadily over the decades, and including today. And that is that every farmer should be treated equally. So, we have seen at the local level amongst co-ops that have changed, and have [adapted] and, ironically in a way, become more businesslike in the way they send their products to market and try to minimize costs for the farmer, etc., that the efforts that they take in order to do that, these co-ops tend to strive to treat all of their farmers equally. One precedent for that is that, in Japan, farmers who do play a role in, at least nominally, in the management of their co-ops, they're each given one vote regardless of the size of their farm, or the amount of usage that they have of JA services. So, that's sort of one built-in



protection of farmer equality within the co-op. But we've seen with a number of organizers within the co-ops over the last few years — and it's very impressive — the extent to which they go to ensure that any strategic change incorporates all farmers, and benefits all farmers equally. And so they really go out of their way to make sure that the rules of engagement are such that every farmer gets a fair shake, to the point where the mantra of 'no farmer left behind' holds true.

Now, that said, there are successful co-ops, and unsuccessful co-ops. And, I should point out that, because co-ops are growing so large now as a result of cross co-op mergers, even within co-ops, there are successful portions of co-ops or co-op branches, and unsuccessful [portions], depending on who their leaders are and what the resource opportunities are within a particular co-op. And so, we see a lot of variations across small communities within and between co-ops of strategic success that benefit farmers. So, while there may be equality of opportunity within the reforming co-op, there ends up [being] inequality emerging amongst those co-ops that are able to better serve their farmers, and those that are not, which is an interesting way of looking at how co-op reform can actually benefit local communities.

Adriana Reinecke

That's really interesting, what you've just described in terms of the structure of JA as a top-down organization. Obviously, top-down directives are going to be one-size-fits-all.

Dr. Patricia Maclachlan

Exactly.

Adriana Reinecke

But what your findings indicate, and what you've just described, is that that's the exact opposite of the reality on the ground, is that one size absolutely does not fit all. So, we begin to see where the, sort of, issues are stemming from in some ways. Do you see bottom-up organization, or are we still largely top-down here?

Dr. Patricia Maclachlan

No, that's a really good question, Adri, and it gets to the heart of what's happening in JA. So, traditionally, JA has developed into a structure that has been too top-down and it runs against the grain of agricultural cooperative principles. And so, there's an emerging consensus as agriculture faces all these new demographic and economic challenges, that in order for JA and cooperation to function effectively, farmers and their co-ops at the local level must be given as much freedom as possible to respond creatively and flexibly to the opportunities within their communities. And sometimes it can change over the course of a few miles, what a co-op can do or not do. Even at the national level of JA, and amongst the political and bureaucratic establishment of Japan, there is this recognition that a good co-op is one that responds to the needs of the area and, therefore, of the co-op. There has been a bit of a sea change in attitudes about how JA has functioned, and more and more effort to release co-ops from that top-down imposition of directives — from that one-size-fits-all strategy of getting product to market that JA used to follow, particularly for rice — and to create more opportunity for a more free and flexible response to local conditions and new market opportunities. So, yes, things are changing, but I have to stress it's really, really slow. Because the old way of doing things is stuck in many areas, and there's a lot of resistance in some co-ops and within the co-op network to this kind of approach.



Jada Fraser

So, during your seminar, you mentioned that for co-ops that do successfully innovate, sometimes there are unintended consequences that result from these changes. For example, innovation in JA production strategies can lead to unsustainable and environmentally wasteful practices. On the other side, in order to meet Japan's demographic challenge, newer immigration programs in Japan that are meant to help farmers, and also help migrants bring back technical knowledge to their own country, end up exacerbating inefficiencies due to short visa allowances and high turnover. So, for you, what would a more sustainable JA look like, that meets these issues of environmental waste and inefficiencies from temporary immigration programs?

Dr. Patricia Maclachlan

That's an interesting question, and I think you've identified two ways of thinking about sustainability. One is environmental, and one has to do with employment. Again, I want to stress that JA does seem to be slowly changing in a way that's more aware of environmental challenges involved in Japanese agriculture. Sometimes we often forget about traditional wet rice agriculture, which is still very pervasive in Japan – 70% of farmers still produce rice to varying degrees – is that it is naturally environmentally sustainable, particularly when it's located in hilly areas, and irrigation flows naturally from higher areas to lower areas. Water usage is not wasteful within traditional production methods. And the way that rice cultivation has developed over the decades and the generations does have within it a degree of sustainability in terms of replenishing essential nutrients to the soil and, again, water usage. So, slowly but surely, I think JA is starting to pay more attention to this, but I do think that farmers and especially consumers are ahead of JA in thinking about that.

But the other problem of sustainability is of course, finding enough people to till that soil. And that's been one of Japan's biggest challenges. Japanese farmers worry more about who's going to work the land over the next few generations than any other issue. It worries them more [than] about cracking open rice markets to imports from abroad. Finding workers to till the field, finding successors to farm households, is a huge challenge. So, immigration from abroad has been one step toward addressing that, but it's not nearly enough. The number of interns who come into Japan — particularly from Southeast Asia, and China — to work in Japanese farms is certainly increasing, and it's increased as a result of reforms to immigration policy. But it really captures just a fraction of what is needed within the agricultural sector. And part of the problem, Jada, as you pointed out, [is that] there are limits on how long farmworkers can come into Japan, and it's frustrating for both the workers and for the farmers, and particularly for the farmers. The worker, if they stay three-to-five years, acquires great knowledge about state-of-the-art technologies and cultivation strategies, and can take that knowledge back to their home country and become farmers there themselves. And then the farmer within Japan has to start again, and hire and train a new crop of temporary workers. Japan needs, and it is trying, to develop more programs to bring new Japanese farmers to the soil. And they're really only marginally successful in meeting that. And I don't think blame should be heaped on the Japanese government for this or even JA. This reflects a very deep seated structural demographic problem that has been decades in the making, and will take a very, very long time to even ameliorate, let alone reverse.

Adriana Reinecke

So, if Japan's population is declining, and its farmer population is aging and not being replaced by a younger generation, what is the business model that the JA should be pursuing? So, one thing that you had mentioned was that AEON in Japan is building a new sort of corporate farming



strategy. Do you think JA should be pursuing a similar strategy? Or should it be focusing its efforts on expanding support for local farmers? Or should they be working with policymakers to pursue immigration reform? What would be your advice to people who are now having to work to combat these trends?

Dr. Patricia Maclachlan

Well again, these are slow-moving structural changes. The demographic set of changes is particularly problematic for Japanese farmers, but so are changes to the economic context of farming, liberalization of farming, declining prices, etc.: good for consumers, bad for farmers, bad for farmers who want to attract young blood to the soil. In order to address all of this, I think all of the above, Adri, of what you just mentioned. All of it has to be tried. And everyone we've spoken to, Dr. Shimizu and myself, in government, in JA, amongst farming, amongst non-JA farm enterprises – and they are increasing in number – they all recognize this, and they all recognize that the challenges that plague Japanese agriculture need a multi-pronged approach in order to ameliorate them.

The big challenge for agriculture is that agricultural communities, rural communities, are starting to disappear. Now, if you're an economist, that's not such a big problem. If it's not profitable, and this village depends primarily on agriculture but it's producing products that are not well attuned to consumption, well, they're going to slowly fade away and that shouldn't be a problem. But we know that socially and politically, that's a huge problem, and it's something that JA takes really seriously. So, JA is trying very hard to preserve these communities and the people who are left behind in these communities by changing their strategies, by thinking outside of the box. Some JA co-ops are partnering with non-JA organizations — we've seen a lot of this in our own field research: They're thinking of ways to appeal to new sets of consumers; they're even thinking, in some limited cases, on how quality produce can be exported to markets abroad, particularly in Asia. So, all of this is being considered, often in partnership with local government. We've both come to the conclusion — Dr. Shimizu and I — that the best hope for Japanese agriculture is to (A) recognize that some of these trends cannot be beat, but some of them can be ameliorated; not through one-size-fits-all JA or government policies, but by freeing up local communities and enabling partnerships between various kinds of stakeholders, including JA and local government; partnerships between businesses and JA and local authorities, and tourism industry, etc. [There are] all kinds of innovative ways — school systems — to open up the network of consumers who can consume these products and help keep these farm communities alive. We think the solution is largely local, not national. And local in a way that responds to the diversification of consumer demand, not only within Japan, but internationally.

Adriana Reinecke

That's a great segue as we're coming to the end of our podcast, we are starting to look forward to what comes next after this. And one thing that you had mentioned: Koizumi Shinjiro, son to previous Prime Minister Koizumi, is now becoming a prominent figure in the Japanese agriculture sector, and what do you think this means, if anything, for the JA's power in future politics or for the potential to begin to implement some of the things that you've just spoken to?

Dr. Patricia Maclachlan

That's a fun question. I find Koizumi Shinjiro very interesting. He's a new, young, modern kind of politician who likes to rock the boat, and he's rocked the boat on the agricultural front quite a few times. He was an ally of Abe Shinzo in Abe's attempts, as he was Prime Minister, to reform the



JA network and free up the local co-ops from the controls of the national network. So, he was very much behind that. He has spoken out against the kinds of practices that many JA organizations seem to be stuck in. He is for a more market-oriented approach, a more profit-oriented approach, business-oriented approach, to agricultural production, which speaks to some of the innovations we see in some, but not all, co-ops. So, he is sort of the farmer-entrepreneurs' kind of politician. And he scares the traditional farmer and the traditional co-op that is stuck in its own ways. To my mind, I think he represents the future of Japanese agriculture. And before Dr. Shimizu and I come across as being these sort of advocates for running your farm like a business, we just want to highlight that no farm can be run like a business, it's not a factory, it is a very distinctive kind of industry that requires special care. And no agricultural sector in any country can operate with[out] some government oversight and protections, otherwise those industries will collapse. So, there needs to be a careful mix of market-oriented change, while preserving the foundations of a sector that is not by definition or by nature, designed to withstand the challenges of the free market.

I'm not sure how much Koizumi Jr. is mixed in that or feels about that kind of thinking. I think he is more of a 'if the market can do it, let the market do it' sort of guy, like his father. But he does represent a very important voice that's necessary to build and generate debate that gets people fired up about the kinds of necessary changes that must be introduced to really prepare Japanese agriculture for an uncertain future.

Jada Fraser

I think that's a really great way to wrap up the podcast, looking forward to what's next. And especially right now, I think a topic that a lot of Japan watchers are excited about is potentially this generational change that we're seeing happen within the LDP, within the Liberal Democratic Party, the ruling party in Japan. So, there, I think, is great potential for some of these really innovative changes and reforms to take place, and that's really exciting. I do want to ask one last question, though. It's unsurprising that many of our podcast listeners are students or young professionals since we're produced out of Johns Hopkins SAIS at the Reischauer Center. And so it's a really great opportunity having experts and really senior people in the field come on the podcast because we can pick your brain and ask you what advice do you have for people that are our age or our position that are interested in pursuing a career in the field of East Asian Studies.

Dr. Patricia Maclachlan

It depends on the field that you go into. And before you take that leap: know your discipline. Because the way you will be trained is going to be distinctive, whether it's political science, economics, history, literature, or anthropology. Tailor your ambitions accordingly and prepare yourself accordingly. And, with that in mind, I think the first thing that jumps to my mind in what advice to offer to someone that's just entering into the field of Japan or East Asian Studies, is do what you can to master the language as early as possible – if it's Chinese or Japanese or Korean, or a Southeast Asian language. Increasingly, because the training in so many disciplines, in the social sciences in particular, is becoming more and more competitive, and more and more targeted towards theories and methodologies, opportunities for graduate students to really hone their language skills and their field work skills are becoming narrower. So, if you can master that and get as much behind you before you start a PhD program, if that's your future, I think you'll be in a stronger position to be not only an expert in your discipline, but someone who also has expertise in an important area of the world.



Adriana Reinecke

Thank you so much. Dr. Maclachlan, it's truly been a pleasure. We so enjoyed your talk and we're really grateful that we had a chance to dig down a bit more today. So, thank you so much for joining us.

Jada Fraser

And on that note, Dr. Maclachlan's and Dr. Shimizu's book, *Betting on the Farm: Institutional Change in Japanese Agriculture*, is set to be published in March of 2022. Is that right, Dr. Maclachlan?

Dr. Patricia Maclachlan

That's right!

Jada Fraser

Awesome! Well, we highly encourage our interested listeners to pick up a copy for an in-depth exploration of institutional change in Japanese agriculture.

Dr. Patricia Maclachlan

Thank you for that plug!

Jada Fraser

Absolutely. Thank you.

Adriana Reinecke

Thank you so much.

Jada Fraser

Thank you for joining us for this episode of Asia in Washington. If you'd like to learn more about the Reischauer Center and our current research, please visit us at www.reischauercenter.org. If you have comments, questions or suggestions for the podcast, please feel free to email us at EORC.Podcastsais@jhu.edu. Don't forget to rate and subscribe to stay up to date on the latest from Asia in Washington.

Transcribed by <https://otter.ai>