

Understanding Japanese Rural History in a Comparative Context: from Surplus Labour to the Labour-Intensive Path of Development

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The purpose of this paper is to outline some of the ways in which Japan's historical experience of rural development might usefully be viewed within a comparative framework. How does the Japanese case fit into the comparative study of agricultural development and agriculture's role in industrialisation? What can we learn from considering Japan in this light? Can its inclusion help to improve our understanding of general processes? The method I shall use is not that of strict comparison with one or more other countries, but rather that of testing how Japan fits into prevailing theoretical frameworks derived from the study of other historical cases. Long ago, in the 1970s, when surplus labour/dual-economy models dominated development economics, if not economic history, the Japanese case was influentially used in this way. Since then, however, such approaches to Japan's economic history have gone out of fashion, and Japanese economic historians have proceeded to build up a substantial body of research largely outside the comparative context. This has begun to change since the inception of the 'Great Divergence' debate, following the publication of Kenneth Pomeranz's book in 2000. Nonetheless, this paper will argue that theoretical/comparative approaches that have emerged since the 1970s, especially those related to rural income diversification and what I shall call the multi-functional

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rural household, can help us to understand better both the role of the rural sector in Japan's development and the forces underlying its comparative position within the Great Divergence.

Of course, environmentally and in many other respects, Japan is very different from the European and other countries that might be used as historical examples of the industrialisation process. Only around 14 per cent of the Japanese land area is cultivable and the population has long been sustained only by an intensive form of cultivation based on irrigated rice that has much more in common with agriculture in other parts of Asia than with industrial Europe or North America. Hence, Hayami and Ruttan (1971) used Japan to provide the example of a land-saving path of induced technical change, in comparison with the land-using American path. As will be discussed in more detail below, holding size has remained extremely small, comparatively speaking, with the average Japanese farm household managing no more than about a hectare to this day. An irrigation system, the outline construction of which dates back to at least the seventeenth century in many places, continues to channel the water from rivers and reservoirs to make rice cultivation possible, while the village institutions that maintain this system, as well as performing many other functions, survive as vital sources of support for cultivating households. In general, an agricultural landscape more different from that of, say, much of Europe is difficult to imagine.

Nonetheless, the Japanese rural economy has been subject to many of the same forces – the spread of the market, the growth of non-agricultural production and employment, the establishment of modern state and social institutions – as most other

industrialising countries, so that although the responses of rural households to those forces may have produced interestingly distinctive outcomes, the application of a comparative framework is by no means impossible. In what follows, therefore, from a starting-point in the first post-war Western attempts to apply general theories to Japan, I will outline the ways in which the story of Japanese rural development might be told within the comparative context that has emerged, in development studies and economic history, in the decades since.¹

‘Surplus labour’ and its critique

It was really not until the 1970s that the success of Japan’s post-war ‘economic miracle’ began to oblige those studying economic development in Europe and North America to recognise the existence of the first non-Western case of modern industrialisation. ‘The Japanese model’ began to be promoted to the developing world of the time and economic historians turned their attention to the pre-war conditions that might have shaped it. In those days, the Lewisian surplus labour approach still held sway and consequently Japan came to be used as a central case within the Ranis/Fei dual-economy model. Hence, it was argued, up to the ‘turning point’ (there was quite a lot of debate about exactly when this was), agriculture’s role in Japanese growth was simply to give up its low-productivity labour, and to some extent other resources, to the modern industrial sector which acted as the driving force behind economic growth, on the basis of its imported technology and economic

¹ For a discussion of the issues involved in the comparative study of agriculture and economic development which has informed my approach here, see Lains and Pinilla (2009).

organisation.² Japan was thus viewed as an archetypal dual economy, with a modern industrial sector organised along Western-style lines, and a traditional sector, dominated by small-scale agriculture, sustaining a reservoir of surplus labour.

This fitted in well with the way in which both Japanese and non-Japanese historians in general wanted to interpret Japanese history, from the vantage point of the post-war period and the emerging economic miracle. A poor and over-populated pre-war rural world of tiny holdings struggling to support too many workers – for some, the breeding ground of support for fascism and imperialism; for others, in the long tradition of Marxist scholarship in Japan, a classic example of landlord/tenant class division and conflict – eventually transformed by the growth of the modern industrial sector and the institutional reforms, such as the post-war Land Reform, that defeat and occupation brought about. This picture of a low-productivity, low-income, oppressed and passive rural sector, acting simply as a reservoir of resources (especially labour) to be transferred and utilised in the growth of the high-productivity modern sector, still underlies text-book accounts of Japan's history and even some quite recent academic analysis of agriculture's part in Japan's industrialisation.³

However, this picture in fact began to come in for criticism almost as soon as it was first promulgated.⁴ It proved difficult to demonstrate that agricultural labour really had had such low and static marginal productivity on the eve of industrialisation.

There was a good deal of evidence that industrial employers did not find it so easy to recruit workers from amongst the supposedly unlimited supplies of surplus rural

² See for example the extensive use of the Japanese case in Fei and Ranis 1964.

³ E.g. Prescott and Hayami 2008

⁴ For an outline of the arguments involved, together with more detailed sources, see Francks 1992: 114-23

people and that some of Japan's apparently distinctive industrial employment practices were in fact a response to this. A heated debate arose concerning yields and the level of agricultural output that was being achieved on the eve of modern industrialisation in the mid-to-late nineteenth century – hence about labour productivity and subsequent agricultural growth rates. This was never really resolved, though it did lead to an upward revision of the output figures for the late nineteenth century that the dual-economy modellers had used.⁵ Nonetheless, it caused renewed interest in how agricultural production was actually carried out in pre-industrial and industrialising Japan – in technology, irrigation, labour utilisation and the household, and so on – and how this inter-related with non-agricultural activities.

This of course coincided with changes in approaches to the rural economy and the farm household outside Japan that reflected the Green Revolution and the growing recognition of agriculture and agriculturalists as central to the whole process of economic development, both historically and in the contemporary Third World. The role of the rural sector came to be seen to involve much more than just the release of labour to the modern sector, and understanding how technical change and output growth might take place in agriculture or how rural households allocated their labour began to seem more important than the macro modelling of inter-sectoral resource flows. The positive growth of agricultural output and productivity came to be seen as an essential element in the development process, from the points of view of both understanding industrialisation in the past and improving living standards in the present.

⁵ These are to be found in Volume 6 of the series *Chūki Keizai Tōkei/Long-Term Economic Statistics of Japan*, which now constitutes the standard source of aggregate data on the agricultural sector.

Meanwhile, for historians of Europe, the ‘discovery’ of proto-industrialisation, or at least of the networks of manufacturing that preceded industrialisation, also encouraged research into the non-agricultural activities of rural households. The clear linkages which could be analysed between agricultural and non-agricultural activities within rural households, villages and regions began to undermine the idea that agriculture and industry can be treated as separate, specialised sectors of the economy as it develops and gave rise to the idea of a ‘virtuous circle’ of interaction between agriculture and manufacturing/services within the rural economy.⁶ This also involved looking at the ‘traditional’ institutions of the rural sector in a new light, less as the ‘backward’ structures of a peasant world that had to be superseded by ‘modern’ forms of large-scale organisation and more as the means to the adoption and development of appropriate technology and effective forms of labour utilisation, in the interests of livelihood security.

Work on Japan’s economic history has in many ways run parallel with this shifting path of thinking about agriculture’s role in development, but intersections between the two have become increasingly rare. In what follows, therefore, I shall try to suggest ways in which inclusion of Japan within the comparative framework of rural history can both reinforce and enhance developments in understanding of the role of the rural sector in economic growth and industrialisation.

⁶ For an application of the ‘virtuous circle’ approach to Japan, see Francks 2002

Pre-industrial growth, proto-industrialisation and the industrious revolution

The traditional picture of pre-industrial or early modern Japan was of a static feudal society, presided over by Shoguns of the Tokugawa family and a ruling class of samurai administrators and cut off from external forces for economic change and growth. This picture has long since been abandoned, in the face of evidence of significant expansion in both agricultural and manufacturing output, in conjunction with the spread of the commercial market economy, and a reassessment of Tokugawa Japan's place in wider Asian economic networks. It is now clear that, through the seventeenth and eighteenth centuries, Japan came to possess not only some of the world's biggest and most sophisticated cities, but also significant areas of high-yielding, commercial agriculture and widespread manufacturing networks producing a broad range of differentiated products – processed food products, textiles, ceramic and metal household goods and so on – to supply the large urban and growing rural market for commercial goods.⁷

Attempts to quantify these changes and to analyse their sources are of course fraught with difficulty at anything other than the level of the local case-study. However, in response to the debate over comparative pre-modern living standards sparked by Pomeranz's *Great Divergence*, Sait_ Osamu has been pioneering ways of comparing wages, labour productivity and living standards between Japan and Western Europe, as well as China.⁸ On the basis of admittedly fragmentary data, he concludes that

⁷ An English translation of the major collection of Japanese research on which this picture is based is now available as Hayami, Sait_ and Toby (2004)

⁸ Sait_'s important recent work on this (Sait_ 2008) is not available in English but some of the ideas and data from it appeared earlier as Sait_ 2005.

overall output grew slowly but steadily through the Tokugawa period (1600—1868), and this, when combined with relatively little population growth, especially in the second half of the period, led to steadily rising living standards. As a result, it seems likely that incomes and living standards in pre-industrial Japan were not significantly below those of much of rural Europe at comparable times, especially given that income distribution was probably more equal in Japan. This confirms earlier non-quantitative work by Susan Hanley which concluded that, although in terms of housing, dietary patterns, forms of clothing and household furnishings and much else, Japan differed enormously from early-modern Europe, levels of material well-being were comparable, if not higher (Hanley 1997).

What is most significant about these conclusions from our point of view, however, is that the output growth and spread of the market that sustained living standards took place within what remained a predominantly rural, agriculture-based economy. The goods that met growing urban and rural demand were typically produced and marketed within networks of rural producers and traders, making use of labour and skills that remained based in households also practising agriculture. On the one hand, farm households were developing methods to raise the yields of the rice they needed to pay as tax to their feudal masters, while freeing up land and labour for the cultivation of a diversifying range of commercial crops; on the other, they were increasingly finding themselves able to utilise any spare labour time they could generate in non-agricultural income-earning activities, on the farm or in wage work away from home.

This is reflected both in the growth in output of commercial crops, such as cotton, mulberry for silkworms, tobacco, fruit and vegetables, and in evidence of the growing significance of by-employment, and the income derived from it, for farm households. The best available data on this comes from the domain of Ch_sh_ where it can be shown that, by the 1840s, income from non-agricultural sources ranged from 20—30 per cent of total household income in the most agricultural areas to over 70 per cent in the least (Smith 1988: 82). However, there is evidence of farm-family by-employment throughout the country and the administrations of the feudal domains, far from resisting the diversification of rural household income, could be active in encouraging the manufacturing and agricultural initiatives that might enable farmers to meet their tax obligations more securely (Roberts 1998). Meanwhile, the merchants who traded and profited from rural output represented a fertile source of loans and subventions, even if they operated outside the formal class system on which Tokugawa rule was based.

As Sait_ has argued, proto-industrialisation in its Japanese form, while bearing clear similarities to its European counterpart, also differed in significant ways from the standard model of the process as first set out by Mendels (Sait_ 1985). It did not lead to population growth or to regional agricultural or manufacturing specialisation and it remained firmly rooted in the rural household that combined both agricultural and non-agricultural activities. Well before Jan de Vries adopted the term ‘industrious revolution’ to describe the consumption-led intensification of work and commercialisation that he observed in northern European rural households, Hayami Akira had used it to refer to the supply-side process whereby, in land-scarce but

labour-abundant Japan, households had devised the means to increase their overall output through more intensive and effective use of their labour forces.⁹

Out of the work of scholars such as Hayami and Saito, there thus emerges a pattern of pre-industrial growth and development based, not on regional and household specialisation and emerging wage labour, but on multi-functional rural households utilising the land and labour available to them as effectively as possible in the effort to secure and expand their incomes. For Saito, this is ‘Smithian growth’, as observed in, for example, pre-industrial Britain and also, following Pomeranz, the Yangzi delta in China, but of a particular Japanese form. This pattern was not undermined by the opening of the country to economic contact with the West in the middle of the nineteenth century, or by the subsequent overthrow of the Tokugawa system and the adoption of a modern industrialisation strategy, and its implications for the long-term growth of the Japanese economy and the role of the rural/traditional sector within it cannot be ignored. Its institutional basis in the rural household and the ways in which this conditioned inter-sectoral (agriculture-industry) relations and the developing labour market are the subject of the next section.

The household and the multi-functional rural economy

Japanese agriculture has remained to this day organised on the basis of the residential grouping of the household. It is thought that, before the establishment of the Tokugawa regime in the early seventeenth century, larger-scale, extended-family or

⁹ Hayami’s work is also not easily accessible in English but is summarised in Sugihara 2003. For the most recent and detailed account of de Vries’ s model, which is nonetheless relevant to Japan in many ways, see de Vries 2008.

clan-based cultivation units had prevailed. Thereafter, however, with the removal of the samurai warrior class from the countryside into the towns under the system of government used by most domains after 1600, and the spread of commercial production for the growing urban market, such holdings increasingly came to be broken up into smaller-scale, household-based units. Ever since, farm management has been carried out by households and although wage labour was not uncommon, within and outside agriculture, membership of the village has depended on household access to land and to irrigation and cultivation rights within it, and pure wage-labourer households have always been rare.¹⁰

Tokugawa-period villages therefore typically (with regional variations) came to contain two or three significant ‘main households’, often descended from those that had originally established the village and its cultivable land, who provided the village leaders required to deal with the tax-gathering samurai officials of the feudal lord. Below them was the mass of ordinary households, typically cultivating no more than a hectare of land on the basis of their household labour forces. Wherever possible – i.e. where there were sufficient assets and cultivation rights to pass on – such households organised themselves as *ie* – the traditional Japanese household form – with a patriarchal head duty-bound to hand on the continuing household and its assets to his successor, ideally his eldest son. Younger sons and daughters were expected to move out of the household in due course, to establish their own branch units if there was land to spare for them, to marry or to find employment elsewhere. The household was a residential, rather than kin-based, unit, and it was possible to adopt in a successor where necessary to ensure continuity. Villages were (and still are)

¹⁰ Commercial businesses were also organised along household lines during the Tokugawa period and often, in the small-scale sector at least, ever since.

composed of households with rights to cultivate their portions of village land and to participate in irrigation systems and, except in cases of, for example, famine (increasingly rare over time), the number of households changed little. Once national-level statistical data began to be collected, after the overthrow of the Tokugawa system in 1868, it becomes clear that, even as modern urbanisation and industrialisation became established over the period up to World War II, the number of farm households in Japan remained more-or-less constant.

What this can be shown to demonstrate is the effectiveness of the small-scale, household-based unit as a form of economic organisation under the conditions that prevailed in commercialising and eventually industrialising Japan. As T.C. Smith (1959) famously showed, the driving force behind the break-up of larger-scale cultivating and residential units was rising labour productivity and the increased demand for labour which made it difficult to retain and manage the labour forces of household servants and retainers on which larger-scale farm management had been based. 'Main households' therefore increasingly came to hive off parts of their holdings to 'branch households' better able both to make effective use of improved agricultural techniques and to take advantage of the other income-earning opportunities that the spread of the market was coming to generate.

This reflects, first of all, from the point of view of agriculture, the characteristics of the package of improved inputs and techniques that underlay the ability to increase crop output. Although pre-industrial population growth was not rapid and by the second half of the Tokugawa period at least, population control was almost certainly being practised, under Japanese conditions of factor supply, labour was always going

to be abundant relative to cultivable land. As the market developed and demand in the cities and castle-towns grew,¹¹ yield-increasing and if necessary labour-using technical changes were therefore central to agriculture's response. In part, these focused on the cultivation of irrigated rice, which rural households were obliged to grow to meet the tax demands in kind of the feudal administration, but which could also be marketed as the more-or-less luxury grain desired by urban consumers (rural people typically grew and ate other, less highly-prized, grains, such as barley, on a day-to-day basis). The development and diffusion, through the later Tokugawa period and into the second half of the nineteenth century, of higher-yielding rice varieties and of the labour-intensive cultivation and irrigation practices that sustained them is now well established.¹² As a result of them, by the second half of the nineteenth century, average rice yields in Japan had reached levels not achieved in much of the rest of East Asia until at least the 1950s (Hayami and Yamada 1969: Table 1).

However, what more recent research has also come to demonstrate is the fact that this technical change was designed, not just to increase rice yields, but also to facilitate diversification into a widening range of other crops and activities. The spread of the package of higher-yielding rice cultivation techniques was correlated with investment in improvements to irrigation facilities that enabled paddy fields to be flooded and drained as required, making possible the cultivation of second crops on a growing proportion of the 50 per cent or so of the cultivable area suitable for rice. Here, and on the remaining unirrigated land, households with access to market networks were coming to cultivate a widening range of commercial crops – cotton, tobacco, indigo,

¹¹ The Shogun's capital Edo (now Tokyo) was probably the largest city in the world in the eighteenth century and Osaka and Kyoto were also already large by global standards at the time, while the castle-towns of the feudal domains throughout the country also emerged as substantial urban concentrations.

¹² For a basic description, see Francks 1992: ch.7

mat-rush, etc., etc. – alongside grains, pulses, fruit and vegetables for their own use, as long as the labour requirements of different crops could be made compatible.

Overall, as the package of intensive cultivation techniques developed and spread, though the later Tokugawa period and on beyond the end of the nineteenth century, total yields rose, and so also did output per worker, though labour input, in terms of hours worked per year, almost certainly increased as well.

Meanwhile, as the towns and cities grew and the market spread, rural households were faced not only with growing demand for commercial crops but also expanding opportunities for employment in processing, manufacturing and services. Given the intensive demand for labour time in the cultivation of rice and other crops, at some points in the year at least, the exploitation of these opportunities had to be compatible with the worker's contribution to the household's agricultural production.¹³ Seasonal employment off the farm – in agriculture elsewhere, in construction or service work in the cities, in seasonal forms of food-processing such as sake-brewing, in fishing, and so on – became increasingly widespread, but more significant was the growth in non-agricultural employment taking place in the countryside and utilising the labour time of workers based in agricultural households. By the second half of the Tokugawa period, the growth in manufacturing activity was largely taking place away from the cities, with merchant-organisers setting up rural production and marketing networks to supply the expanding demand – increasingly by now among the better-off in the countryside as well as the town – for textiles, ceramics, processed food products and much, much more.

¹³ Most domains also sought to prevent labour movement away from the village in which the household was registered, in the interests of maintaining the rice-cultivating capacity of their territory, although it is clear that significant numbers of workers did find more-or-less temporary forms of employment away from their home villages. After the Meiji Restoration in 1868, workers were legally free to move wherever they wished, although social and familial constraints, especially on eldest sons, remained.

This by-employment took a variety of forms. As elsewhere in the world, much textile production was carried out under types of putting-out system that made use of the time and skills of women and girls based in farming households. Cotton was processed, dyed and woven in a whole range of locally-branded colours and patterns, within networks of village-based workers; the expansion of silk production – in response to export demand after the opening to trade with the West in the mid-nineteenth century, as well as for the domestic market – was the result of the labour of rural women, rearing the silk-worms and preparing the cocoons for reeling and weaving in local workshops and eventually factories. However, many other forms of manufacturing and service production came to make use of the labour time of workers who lived in and contributed their earnings to cultivating farm households.

The path of technical and economic change that emerged in rural Japan during the Tokugawa period thus depended on the year-round co-ordination of labour time in both higher-yielding and more diversified forms of cultivation and in non-agricultural by-employment. This required the development of a range of techniques and skills to which the small-scale farm household proved better adapted than the large, with the result that the production of both agricultural and non-agricultural goods expanded on the basis of the multi-functional rural unit, flexibly making the maximum use it could of the labour resources available to it, as the means to securing and increasing its income. The emergence of this path has many implications for our understanding of the nature of the rural economy and its role in Japan's development, in a comparative context, and it is to some of these that we can now turn.

Markets, institutions and the multi-functional rural household

The significance of the diversified, labour- and skill-intensive path of technical and economic change that was being defined in rural Japan from the Tokugawa period onwards can be observed in what we know of the pattern of structural change in agriculture and the rural economy. As we have seen, larger-scale cultivating units utilising extended labour forces were being broken up from the early Tokugawa period and by the nineteenth century, few households managed the cultivation of more than 2—3 hectares of land. By the Meiji period (1868—1912), the upper level of village society was typically composed of so-called ‘cultivating landlord’ households. These combined cultivation of as much of their land-holding as their household labour forces, supplemented by temporarily hired-in workers if necessary, could manage with renting out the rest of their land and engaging in money-lending, local industry and finance, trading in local products and so on. Members of such households, increasingly literate and well-travelled in the wider world, have long been recognised as bringing both political leadership and technical and economic investment and innovation to their villages, acting as channels whereby improved agricultural technology, for instance, was diffused into the villages (Waswo 1977).

Nonetheless, it is clear that, given the pattern of technical and economic change in agriculture and rural manufacturing, over time the economic centre of gravity within the village was shifting towards the class of small-to-medium-scale cultivating households, managing around a hectare on the basis of household labour and able to take advantage of the whole range of income-earning activities available as proto- and

eventually real industrialisation took place. Once national-level data on the scale of cultivation become available from 1908, it is clear that gradually the cultivating-landlord class was shifting its interests and investments away from agriculture and the rural economy, while those with only very small holdings were either succeeding in acquiring access to more land or moving more-or-less full-time into non-agricultural work (Francks 2006: Table 6.1). This process left the village dominated by small-to-medium-scale cultivating households who were beginning, by the inter-war period, to provide political and economic leadership and to determine the direction of technical and organisational change in agriculture.¹⁴ Many also benefited from sources of non-agricultural income, as their daughters engaged in textile work and their younger sons found (increasingly not so temporary) wage work locally or further afield.

However, the failure of the rural economy to follow the prescribed path towards larger-scale cultivation, wage labour, and specialist agriculture did not imply stagnation in the countryside. Agricultural output continued to grow steadily, meeting almost all of Japan's food needs, as well as demand for many manufacturing inputs, such as silk cocoons, until the inter-war period. At the same time, the growing demand for non-agricultural labour was met, even if not in the conventional form of more-or-less 'surplus' workers moving from agriculture to industry. Yield-increasing, labour-using techniques continued to be developed and diffused in agriculture, though increasingly also in forms that sought to ease the bottlenecks that prevented members of rural households from taking maximum advantage of non-agricultural employment opportunities. Hence, mechanisation, when it eventually began to emerge in the inter-war period, was embodied in small-scale equipment that

¹⁴ For a summary of Japanese research on this, see Francks 2006: 231—236.

eased pressure on the household labour force at particular peak times – irrigation pumps, threshers, hullers – rather than substituted for them in the long-term business of field operations.¹⁵ The outlines of the technology that enabled almost all post-war rural households to practise ‘part-time farming’ were clearly being laid down much earlier.

At the same time, the persistence of the small-scale, multi-functional farm household does not appear to have inhibited the spread of market relations into the rural economy, only to have prescribed different forms for them.¹⁶ It is true that a market in the ownership of agricultural land as such has never developed in Japan: in the Tokugawa period, it was legally impossible to transfer ownership of land between households and even when legal title to land was issued, under the Meiji Land Tax Reform, little buying or selling appears to have taken place. However, even under the Tokugawa system, mechanisms existed for transferring cultivation rights between households within villages: domain administrations were not bothered about who cultivated land, as long as it was cultivated, and the main concern of villages appears to have been to ensure that village land remained available to village members and did not come under the control of outsiders. Leasing of land between households was widely practised even before 1868, so that, when title to cultivated land was eventually issued, approximately 30 per cent of the area was deemed to be owned by someone other than the cultivator. Despite the absence of a land market, therefore, the structure of cultivated holdings could shift, in response to technological and economic change as well as the land/labour balance of individual households, by

¹⁵ For case-studies, see Francks 1983 or 1996

¹⁶ The following is mainly based on the Japanese research presented in Sakane (2002) and Watanabe (2002)

means of forms of tenancy that enabled households to adjust the holdings they cultivated to their economic and demographic circumstances.

This continued to be the case, even as economic growth and industrialisation accelerated from the late nineteenth century onwards. The proportion of the cultivated area farmed by tenants undoubtedly increased through to the inter-war period and this was once seen as evidence of ‘bipolarisation’ in the countryside, with poor tenant farmers being driven into ‘semi-proletarianisation’ and class conflict with landlords. However, this interpretation of developments in the pre-war countryside has largely been abandoned and the growth in tenancy is nowadays viewed more as reflecting the process whereby larger landowners gave up cultivation of their land to the small-to-medium-scale households better able to take advantage of technical change in agriculture and economic diversification. Many such households were ‘owner-tenants’, renting in parcels of land from a number of landlords in order to supplement what they owned and make maximum use of their available household labour in agriculture. Most landlords owned and rented out only relatively small areas of land and remained resident and cultivating in their villages, maintaining long-term relationships with their tenants.¹⁷ These are now seen, from the landlord’s side, as serving to reduce the transaction costs involved in the tenancy arrangement, while, from the tenant’s side, providing a degree of security, protection and bargaining power.¹⁸ Meanwhile, landlord/tenant conflict, up to the 1930s at least, has been

¹⁷ Local landowners provided credit, loan of draft animals and so on if necessary and promoted technological and other improvements among their tenants, which also benefited the landlord in terms of the stability and quality of the rents he received. Although rental rates were nominally high, landlords were expected to make adjustments according to the state of the harvest and the market and the full contracted rent was often not paid. For details on the so-called ‘cultivating landlords’ and their decline, see Waswo 1977.

¹⁸ Sakane 1999. Sakane’s institutional-economics approach supersedes longstanding earlier debates over the ‘feudal’ or ‘altruistic’ nature of the patriarchal village landlord. See Dore 1959 or Waswo 1977.

reinterpreted as reflecting the efforts of the rising class of '1—2 hectare owner/tenants' to improve their tenancy conditions (Waswo 1977; Smethurst 1986).

If the small-scale rural household was thus able to adjust its land-holding as required, despite the absence of a land market and the persistence of long-term landlord/tenant relationships, so was it also able to take advantage of labour-market opportunities, without abandoning cultivation and adopting wage-labourer status. Forms of employment existed such that household members could utilise whatever time they had available in earning outside income. The most well-known form of such employment involved the contract work of young rural women in textile mills, but many other kinds of work were available in this form. Alternatively, manufacturing work in the home or in small-scale local workshops and factories was also increasingly possible through the second half of the nineteenth century and beyond. While in practice by no means all of those who went off to work on contract away from their rural homes ever returned on a permanent basis – younger sons might establish themselves in urban employment; daughters married and stayed in the cities – rural households remained adept at taking advantage of wage-earning opportunities in the labour market while still maintaining and expanding their income as cultivators.¹⁹

At the same time, the ability of the small-scale, multi-functional rural household to survive, and even improve its lot, within a market-based and increasingly industrial economy was also enhanced by the activities of wider, village-based institutions. Through the Tokugawa period, what went on within the village was largely left in the

¹⁹ For more detail on female textile employment and rural households, see Hunter 2003.

hands of village leaders, provided its taxes – for which it as a whole was responsible – were paid. Intra-village irrigation organisation and much else remained in the hands of communal village bodies and despite the efforts of the Meiji government after 1868 to establish more centralised forms of administration, village self-government continued as a force to be reckoned with. Hence, when it came to dealing with the market economy or the modern state, rural households naturally looked to village institutions for support. Whether for obtaining government funding for irrigation improvements or organising the marketing of produce, the village provided a ready-made institutional basis, and village agricultural co-operatives, linked into a hierarchical national network, have remained the basis of the agricultural sector's disproportionate political influence to this day.

As Japan industrialised, therefore, cultivation was increasingly dominated by rural households farming around a hectare of owned or tenanted, irrigated and non-irrigated land and relying on their own labour resources. With assistance from village institutions and, as time went by, government extension services, they developed the technology that enabled them to produce more from their land and the mechanisms whereby they could engage with the expanding market for their agricultural output. At the same time, they did not hesitate to take advantage of opportunities to participate in the outside labour market, provided this could be made compatible with the maintenance of their agricultural base. The pursuit of the strategy of small-scale cultivation combined with income diversification was not without its ups and downs – the Great Depression hit Japanese farmers, especially those engaged in silk-cocoon

production, hard, as it did their counterparts elsewhere in the world – but it enabled the mass of rural households to increase their incomes and secure their positions, even as they also became engaged with the commercial and industrial economy. In many ways, the post-war Land Reform, carried out under the Occupation, simply served to consolidate the position of the multi-functional small-scale cultivator, paving the way for part-time farming and the massive adjustment problems that Japanese agriculture faced by the closing decades of the twentieth century.

The multi-functional rural household and the path of development

The persistence, through the industrialisation process, of an agricultural sector dominated by small-scale, multi-functional household units has many implications, I would argue, for understanding of Japan's development process in its comparative context. When looked at from the point of view of the development of the non-agricultural sector, it is clear that it helps to explain a number of the features of Japan's industrial growth and organisation. As Tanimoto's pioneering research on a nineteenth-century textile putting-out master has demonstrated, those seeking to employ rural labour – which was clearly cheaper than full-time urban wage labour but still relatively skilled and reliable – had to adapt their employment methods to the requirements of the farm households supplying it, for example paying the highest piece rates, not when demand for the cloth was greatest, but when the competing demands of agricultural work were most intense.²⁰ Such adaptations made possible the survival and development of a whole range of small-scale local industries relying

²⁰ Tanimoto 1998: 304—7. Tanimoto has used this research in various English-language publications, including most recently Tanimoto 2006

on workers still based in farming households. These are often collectively labelled the ‘traditional’ sector but many were in fact able to develop technologically – for example, through application of the electric motor – and by no means all produced ‘traditional’ products – many of Japan’s early manufactured exports, or the parts for them, were made in such small-scale workshops or by means of home-work (Takeuchi 1991). Moreover, ‘traditional’ industries based in rural areas, such as sake-brewing or the production of Japanese-style textiles, remained crucial for the supply of goods to meet growing domestic consumer demand.

The emergence of Japan’s ‘dual economy’, composed of, on the one hand, a ‘modern’, high-wage industrial sector employing imported forms of organisation and technology and, on the other, a ‘traditional’ sector made up of a mass of small-scale, low-wage producers in agriculture and manufacturing, can thus be seen as inextricably bound up with the strategies adopted by rural households in the face of the growth of the market. The re-evaluation of the ‘traditional’ sector and its role in industrialisation also therefore implies a rethinking of the meaning of the multi-functional rural household and its activities. Japan’s small-scale businesses, operating within networks of producers in their own industrial districts, can be seen as providing clear examples of ‘alternatives to mass production’, producing locally differentiated and branded products and parts which found their niches within the overall structure of output.²¹ In many cases, rural households supplied the labour and skills, and often the entrepreneurship, which made such businesses possible, and their organisational forms reflected the structures of labour use in the rural economy into which they had to fit. Underlying the post-war economic miracle, David Friedman (1988) has argued,

²¹ For a comparison with northern Italy in this respect, see Francks 1995

were thousands of small businesses like the ones he observed, utilising the most modern equipment in workshops attached to rural houses and employing workers who belonged to households that still engaged in agriculture. Rural non-agricultural activities thus appear, not as 'side-lines' pursued only because agricultural incomes were inadequate, but as integral and often dynamic elements in households' livelihoods and in the wider growth of the economy.

At the same time, it was not just small businesses whose structures and practices were influenced by the world of the multi-functional rural household. The difficulties experienced by modern textile producers in recruiting and retaining female workers led them to offer contracts to employ girls from villages increasingly distant from their mills, and necessitated the provision of dormitory accommodation and facilities for the care and education of workers in ways that have influenced approaches to the employment of women ever since (Macnaughtan 2005). Meanwhile, Andrew Gordon (1985) has argued that even modern heavy-industrial employers found it initially difficult to retain workers used to travelling about from one short-term job to another with a view to one day setting up their own household business. Hence, practices such as 'life-time employment' and 'age-related wages' emerged as the means to induce male workers to stay and develop skills within the company. Far from being simple reservoirs of surplus labour, rural households, and the methods they devised for diversifying their income sources while continuing to practise intensive agriculture, can be seen as actively conditioning the path of industrial growth in Japan.

The distinctiveness of the Japanese (or possibly East Asian) path of industrialisation, when compared with the classic cases of the industrial revolution, is nowadays of central concern within the literature coming out of the Great Divergence debate (see Sugihara 2003). Here, it is the 'labour intensiveness' of the Japanese path that is emphasised but again, I would argue, this has to be seen in the light of the technological, economic and institutional strategies adopted by rural households through the eras of proto- and then real industrialisation from the late eighteenth century onwards. These were designed to enable the household to employ its labour resources more fully and effectively, on and off the farm, raising output per hectare but also output/income per person, by means of increased work time, to be sure, but also of the technology and skills that raised the productivity of that labour. The success of rural households, especially up to the World-War I period, in utilising these means to increase output of both agricultural and industrial goods provided the conditions under which modern industry emerged and to which it had to adapt, with consequences that have persisted for the economy as a whole.

One such consequence can be seen through a closer analysis of Saito's recent work on incomes and living standards in Japan within the comparative context of the Great Divergence (see n.7). Such comparisons have typically been made on the basis of available historical data on wage rates but, Saito argues, wages are not necessarily the best indicator of overall incomes and living standards in societies where the multi-functional rural household of the Japanese kind is predominant. His resulting efforts to compare income from all sources for households across the Eurasian divide are what lead him to suggest that pre-industrial living standards in Japan, while not at the levels achieved in the most advanced regions of north-western Europe, were

comparable with those of rural areas throughout the continent. This is also, he argues, in part a reflection of the fact that the distribution of income between the ruling class and the mass of ordinary households was probably more equal in Japan, as a result of the ability of rural households to generate income from diversified sources (not just wages). In general, therefore, he argues for a convergence of pre-industrial living standards across Eurasia, but one based on a divergence in the economic structures of ‘Smithian’ growth which was to have profound consequences for the long-term path of development and industrialisation (small-scale, labour- and skill-intensive in Japan; large-scale and capital-intensive under the Anglo-American industrial revolution).

What the Japanese case can therefore demonstrate is that there is more than one path towards a modern industrial economy and that the path taken is strongly conditioned by the nature and responses of the rural economy. As in much of the more recent development studies literature, the passive and ‘traditional’ peasant has been replaced, as a category in economic history, by the active rural household, devising the means to secure and diversify its livelihood in the face of the spread of market relations and the growth of non-agricultural production (see e.g. Vanhaute 2008). Japan’s successful pre-war industrialisation – compared with, for example, China’s experience – demonstrates that the persistence of the small-scale, multi-functional, rural household and its practices is by no means incompatible with economic growth and the development of manufacturing industry, even if that industry may emerge with a different structure from that observed in the classic model of the industrial revolution. It is perhaps finally worth pointing out that the very long-term view permitted by the Japanese case also reveals the immense adjustment problems that this path of development has implied for agriculture, in the world of globalised

capitalism that post-industrial Japan was facing by the late twentieth century. But, for most developing countries today, and in comparison with a number of European examples, I suspect, this would be a price well worth paying, in return for the positive role of the agricultural sector and the long-term and relatively equal improvements in rural living standards experienced over the course of Japan's industrialisation.

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