

Consultation and Guidance Functions of Agricultural Cooperatives in Japan

わが国の農業協同組合における指導機能

Naoko Tabuchi

田 渕 直 子

概 要

わが国の農業協同組合（総合農協）は、その特殊な歴史性によって次のような特徴を有する。まず①総合的な事業方式を取り、信用・販売・購買・共済・利用等の事業を同時に営み、②属地主義（ゾーニング）と③網羅主義（ほとんどの農家が加盟）によって、その地域の農業・農家全体を対象とした事業および組織を持つ経済組織である。さらに、政府の農業近代化政策等の受け入れ機関でもあり、政治的な組織としての特徴も有する。

これらの特徴は、かつては遅れた形態による好ましくない特徴と捉えられていたが、1980年代より、むしろ地域社会創りを可能とする積極的な意味づけを持つものとして、評価されるようになった。

さて、以上のようなわが国農協の特質が組合員に対する様々な指導機能（営農・生活・その他）を可能にしてきたといえよう。その中で、営農指導機能はかつての技術指導中心のあり方から経営指導や産地形成のための指導に転換してきている。事例として取り上げた富良野農協は、この営農指導が高い効果をあげ、一大野菜産地に成長した典型例である。

1. Characteristics of Agricultural Cooperatives in Japan

In a capitalist society, various resources, including labor, are efficiently distributed via the market. This, however, draws a distinctive line between the economically strong and weak. Peasants are usually in an economically disadvantageous position. This is because few farms develop into large enterprises as land-based agricultural production cannot be separated from nature, unlike factory-based machine industry. While agricultural management provides the means of support for families, the produce is designed for the national market. Farming materials are products of large companies which form oligopolistic markets. Thus, disadvantaged peasants in a capitalist society, who face a huge market, are in an extremely unstable position. This leaves room for merchants to go between. Such merchants could lend funds to farmers at exorbitant rates of interest and simultaneously reap huge benefits. To protect themselves, farmers establish cooperatives. Cooperatives provide marketing of agricultural and livestock products, price negotiations, efficient delivery and other services that individual farmers cannot do. Cooperatives also play a major role as mutual aid organizations by extending loans for management funds, and providing daily

necessities and insurance (mutual) services.

The aforementioned needs of farmers for cooperatives are only the prerequisites for the establishment of cooperatives. Development of cooperatives requires the need for cooperatives in the nation and the establishment of relevant systems. On the one hand, capitalist nations require "free individuals who both own and work," like self-employed farmers, to maintain the stability of society. On the other hand, such nations try to suppress prices and achieve a stable supply of agricultural and livestock products by agricultural "modernization" (improvement of productivity by introducing large machinery). The cooperative system is effective in preventing farmers from failing en masse, and also functions to control the nation's measures of agricultural modernization. This is how the protected, yet restricted cooperative systems, unlike general companies, have spread in many countries, especially, late capitalist starters.

After all, in a capitalist society agricultural cooperatives double as "economic organizations" which accommodate the market economy and as "political organizations" which represent interest groups of farmers and accommodate national policies. Of course, there are so many variations that it is difficult to cite a typical one. Japanese agricultural cooperatives used to be considered "backward." When the majority of people believed that the development of agricultural management meant full-time, large-scale farming, it was considered necessary to form single-purpose agricultural cooperatives by crop type and function. Some people even advocated the creation of such producers' cooperatives as large plantations in socialist countries. That is why Japanese agricultural cooperatives, which take all small-scale, compound family farming under their wing, were regarded backward. I will touch upon the circumstances leading to the reversal of assessment later, but I believe that the history of Japanese agricultural cooperatives provides important clues to developing nations. This is because history shows that the national government was closely involved in the take off of capitalism, while the establishment of the peasant system and nurturing of cooperatives were promoted simultaneously. It is also important to note that the cooperatives, which were regarded responsible for controlled economy during World War II, gradually transformed themselves into ordinary economic organizations as controls were lifted in phases. Accordingly, numerous farmers gradually became laborers, thus transforming Japan from an agricultural power to one of the largest industrial powers. During the course of transformation, agricultural cooperatives contributed to maintaining social stability. Regarding the last point I mentioned, agricultural cooperatives have a poor reputation among "reformists." They criticized agricultural cooperatives for their persuasiveness as an interest group, allowing the Liberal Democratic Party, the political party they supported, to govern the nation single-handedly. Amid the current of deregulation and reduced agricultural protection in recent years, even "conservative" forces speak ill of agricultural cooperatives for their excessive influence as an interest group. In Japan, where only manufacturing in-

dustry achieved amazing development, it is agricultural cooperatives which have maintained agriculture and farming villages up to the present, albeit at a declining level. Now that the eco-friendly functions of agriculture are reevaluated, agricultural cooperatives will have to assume new roles. I believe this will also provide you with some ideas.

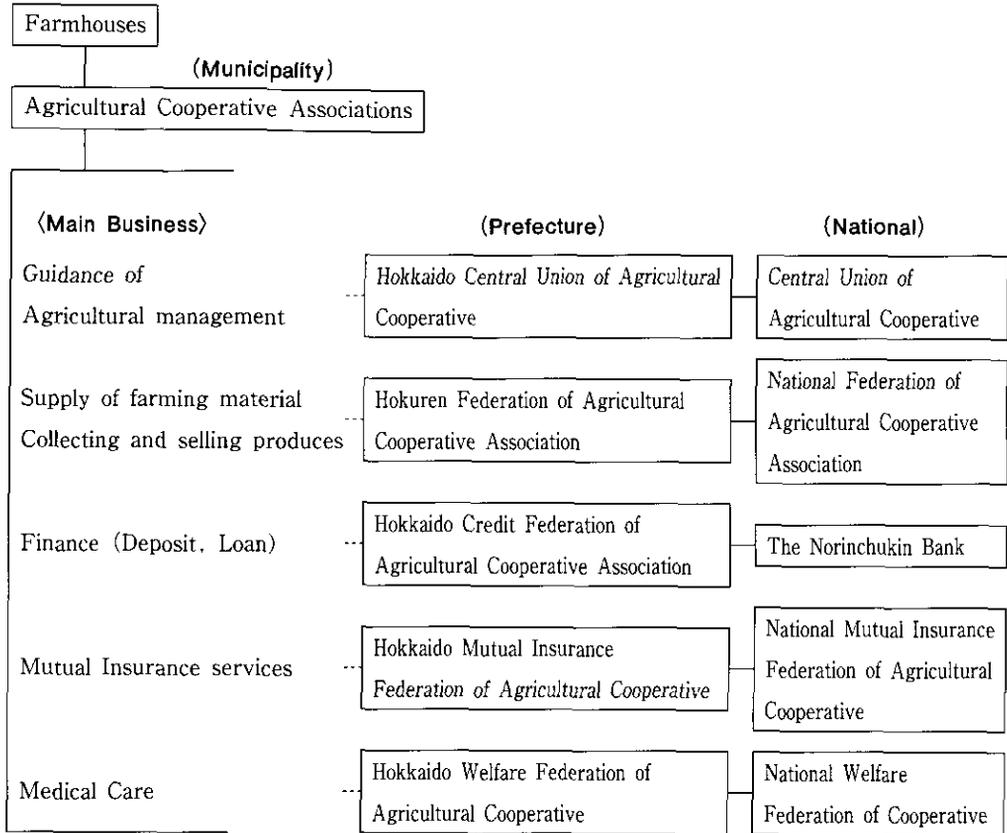
2. Reevaluation of the "comprehensive (multipurpose) type" agricultural cooperatives in Japan

Agricultural cooperatives in Japan form a huge organization of 1,618 unit (comprehensive [multipurpose]) associations as of the end of fiscal year 1999. Its membership is 5.34 million (plus approximately 3.78 million associate non-farming members). One of their characteristics is that each agricultural cooperative adopts comprehensive business methods. They engage in various kinds of business at the same time: finance (deposit and loan), mutual insurance services (life and nonlife insurance), sales of agricultural and livestock products, purchase of farming materials and daily commodities, processing of agricultural and livestock products, and providing facilities for communal use. Almost all members use more than one service, and the relations between agricultural cooperatives, members' farming activities and their daily lives are comprehensive. Japanese agricultural cooperatives are "comprehensive" both in terms of management and of membership. This is the first characteristic. Thus, cooperatives provide consultation and guidance on farming and daily lives (health management, welfare and hobbies), which members use without hesitation. They organize federations on the central and prefectural levels of every business. (See Fig. 1.) The second characteristic is their territorial jurisdiction (zoning) and all-encompassing principles (in principle, all farmhouses should join an agricultural cooperative). Basically, there is a single comprehensive agricultural cooperative which exercises jurisdiction over a given district. Farmhouses usually are members of a cooperative, although they are free to join it or secede from it. (Ohtahara, Takaaki "Agricultural cooperatives in future (Asu-no-Nokyo)" Nosangyoson Bunka-Kyokai)

These characteristics are attributable to the history of Japan's agricultural cooperatives and to management features of member farms. The agricultural association that existed during World War II was the predecessor of agricultural cooperatives. The agricultural association was a controlled organization with compulsory membership and comprehensive management. The agricultural cooperative as we know it today has taken over these features. It is also significant that the agricultural cooperative system was established in conjunction with agricultural land reforms (to protect owner farmers). As paddy field farming required collective water management, i.e., irrigation and drainage, and farms were small in scale and dispersed, agricultural cooperatives with territorial jurisdiction and all-encompassing principles were taken for granted.

As mentioned earlier, the comprehensive agricultural cooperative with territorial jurisdic-

Fig. 1 Agricultural Cooperative Association (Hokkaido)



Source : Agriculture in Hokkaido 2000 English Edition
 Hokkaido Kyodokumiai Tsushinsha, Sapporo, Japan

tion and all-encompassing principles were believed to be “backward.” These days, no one argues that specialized agricultural cooperatives in the West or Socialistic Producers’ Cooperatives are absolute models. Many people believe, however, that “Japan’s non-modernized agriculture is equivalent to non-modernized agricultural cooperatives.” Japan’s comprehensive agricultural cooperatives, however, were highly valued in a report presented at the 1980 ICA Moscow meeting. This is a report written by A.F. Laidlaw, entitled “Co-operatives in the Year 2000.” Laidlaw aimed to suggest “changeovers” which he considered necessary for cooperatives to keep developing until the year 2000, i.e., overcoming ideological crises. He seemed to believe that “success stories of low-profile cooperatives which continuously progressed make the best propaganda for cooperatives.” Japan’s comprehensive cooperatives drew his attention and were cited as “successful examples of the establishment of cooperatives-based communities.” He said, “Comprehensive methods, as seen in Japan’s comprehensive agricultural cooperatives, are necessary to exert strong impact on people in urban areas in

creating cooperative-based communities...I want to consider what typical Japanese comprehensive cooperatives are doing and what services they provide. They provide farming materials, sell agricultural produce, and serve as savings and credit organizations, insurance agents and supply centers of daily commodities. They also provide medical services and, in some areas, are responsible for making diagnoses and giving treatment at hospitals. They also offer consultation and guidance on farming and run community centers for cultural activities. In short, this type of cooperative provides wide-ranging socioeconomic services. Without comprehensive agricultural cooperatives, farmers' lives and communities as a whole would have been completely different" (Laidlaw; "Co-operatives in the Year 2000" translated and edited by The Japanese Society for Co-operative Studies in 1989; published by Nihon Keizai Hyoron Co., Ltd.; p.175). We feel embarrassed by this excessive praise, but I believe he assessed the Japanese-style comprehensive agricultural cooperative from the viewpoint of "community building," which cannot be measured simply by short-term economic effects.

This does not mean, however, that Japan's agricultural cooperatives have never striven for broader-based, specialized cooperatives as in Western Europe and North America. Actually, specialized cooperatives are prospering in dairy farming, fruit cultivation and others that were recently introduced and fully commercialized. Around 1960, specialized cooperatives rapidly developed in marketing fruit and vegetables in Western Japan. It, however, coincided with the implementation of national policies of agricultural modernization, and situations surrounding agricultural cooperatives have undergone huge changes. While they no longer had the characteristic of being a controlled organization, policies of agricultural modernization were promoted via agricultural cooperatives. Loans for modernization were provided to farmhouses via cooperatives, and agricultural machinery was supplied as part of agricultural cooperative activities. Land improvement projects (land readjustment and drainage projects to enable mechanization) were promoted, with agricultural cooperatives serving as arbitrators. Agricultural cooperatives, which are comprehensive cooperatives, with territorial jurisdiction and all-encompassing principles, have become rational in the new sense of the word. With the competition among cooperative-based production centers intensified as seen today, the larger the production centers become, the more they are in need of business strategies of comprehensive cooperatives. It is difficult to maintain production centers without systematic coordination of various kinds of business: consultation and guidance on farming, purchase of materials, lending of funds, sales and use of facilities. The busier farms become, the greater roles agricultural cooperatives assume in daily-life business, such as health management and supply of household dishes.

Even with its territorial jurisdiction and all-encompassing principles, every business has its own problem of appropriate scale. In other words, its once appropriate organizational scale for business operations becomes too small. In terms of management, business scale

falls short of break-even points. Issues of proper size are complicated because agricultural cooperatives operate more than one business. Break-even points differ in each business, and the scope of economy (complementary nature of business) should also be taken into consideration. In all cases, however, agricultural cooperatives have come to call the excessive smallness into question. In the beginning, there was one or a few cooperatives in every municipality. As mentioned earlier, since Japan's agricultural cooperatives were closely related to national policies, it was reasonable to have administrative units consistent with the organizational scope of agricultural cooperatives. Municipal mergers took place after the 1950s, and the Agricultural Cooperatives Amalgamation Assistance Law was enforced in 1961. This prompted mergers of agricultural cooperatives. And this law remained in effect for a long time, it was in the 1970s that the next wave of mergers took place. At that time, agricultural cooperatives merged with each other on a broad base (mergers transcending administrative borders) as business necessitated. The excessively small scale of business was resolved by mergers. As a result, the comprehensiveness, territorial jurisdiction and all-encompassing principles were maintained. Actually, agricultural cooperatives are in the midst of a third wave of mergers. The current characteristic is that unit cooperatives are merging on a broader scale than ever before to adapt themselves to financial liberalization. Federations are also about to be restructured. Some prefectures plan to promote mergers to reduce the number of cooperatives to one digit (only one cooperative in some prefectures). Still, the aforementioned three characteristics of agricultural cooperatives are likely to persist.

3. What are consultation and guidance functions of agricultural cooperatives?

The term "consultation and guidance" is often used for Japan's agricultural cooperatives. In many cases, the term is used to describe the "consultation and guidance" that the staff of agricultural cooperatives provides to members regarding agricultural technologies, management and daily lives. Viewed from the perspective of the principles of cooperatives, however, this is a strange expression. This is because cooperative staff and members should be equal, instead of the former leading the latter. If I were to venture an opinion, since the board of directors, selected by members, employs staff members, members should stand above staff, in principle.

In reality, however, Japan's cooperative staff used to possess far more agricultural information. Receiving support from the administration through its agricultural extension guidance activities, as well as from food industry and vendors of agricultural materials, staff members conveyed information they obtained to members while providing consultation and guidance. "Consultation and guidance services" are basically defined as the "generic term for services to improve basic conditions of agricultural cooperatives' activities." Specifically, "they mainly refer to services of providing consultation and guidance on farming and daily lives in compre-

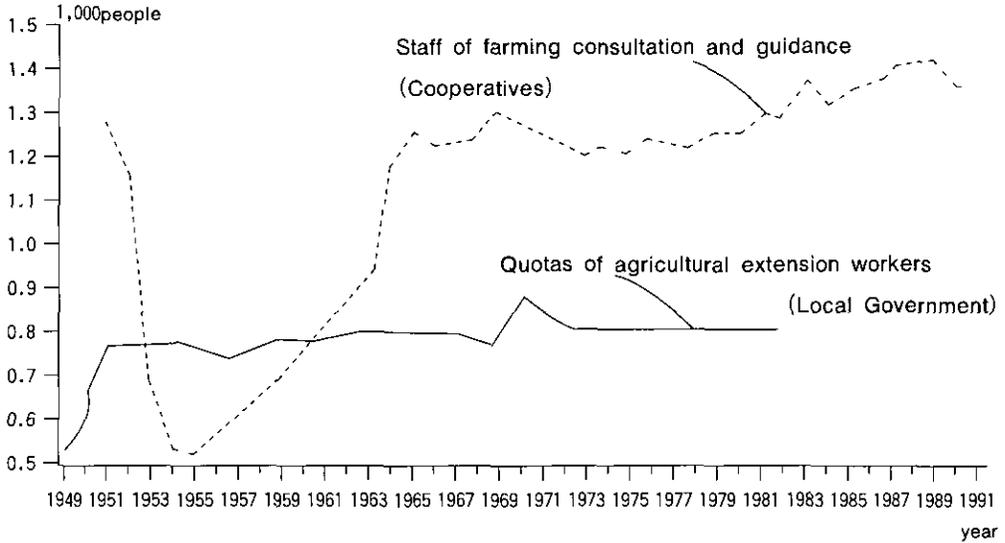
hensive agricultural cooperatives. It should be noted, however, that (consultation and guidance services) are not necessarily the services provided only by consultation and guidance departments" ("Basic Knowledge of Terms Related to Agricultural Cooperatives"; Tatsuo Yonesaka; Zenkoku Kyodo Shuppan). That is to say, consultation and guidance on purchasing and financial affairs, which I will mention later, are also included in the category of "consultation and guidance services."

1) Consultation and guidance on farming (technologies, management and others)

"Consultation and guidance on farming" is part of the history of agricultural organizations since before World War II. "Consultation and guidance on farming" by agricultural cooperatives, however, do not follow the tradition as it is. One of the most important functions of agricultural associations (the predecessor of agricultural cooperatives) during World War II, was to spread technologies by specialists. The consultation and guidance at that time, however, aimed to increase food production. Improvement of farming was considered a means of increasing food production. Even after the war, until the mid-1950s, consultation and guidance on farming (technologies), which specialists at agricultural cooperatives provided, inherited prewar characteristics. Amid financial difficulties of agricultural cooperatives, however, the number of specialists was reduced (see Fig. 2). This weakened the traditional technological consultation and guidance. Nevertheless, the increase in rice yield per hectare as shown in Fig. 3, for example, is connected to agricultural cooperatives' consultation and guidance on farming.

It was in the middle of the 1960s that "consultation and guidance on farming" and "farming advisers" based on a new concept were born. At that time, the meaning of increased food production became less important, and the production of agricultural and livestock products as merchandise was promoted. Since that time, the terms "technological guidance" and "specialists" were intentionally replaced with "farming consultation and guidance" and "farming advisers". In "farming consultation and guidance," guidance on farm management, or planning of such management, in particular, was considered important as a means of improving farming. (See Fig. 2 for rapid increases in the number of staff.) Every member farm formulated annual farming plans after consulting with farming advisers. The said plans included planting plans, stock feeding plans, and projections of revenues and expenditures. Although the degree to which such plans reflected reality varied, members were required to submit farming plans, in principle.

Fig. 2 Changes in the number of Agricultural cooperatives' staff of farming consultation and guidance and agricultural extension workers in Local Government (Hokkaido)



Source: Statistics of comprehensive agricultural cooperatives for the number of staff of farming consultation and guidance from 1952 (data unavailable for 1956, 1960 and 1961)

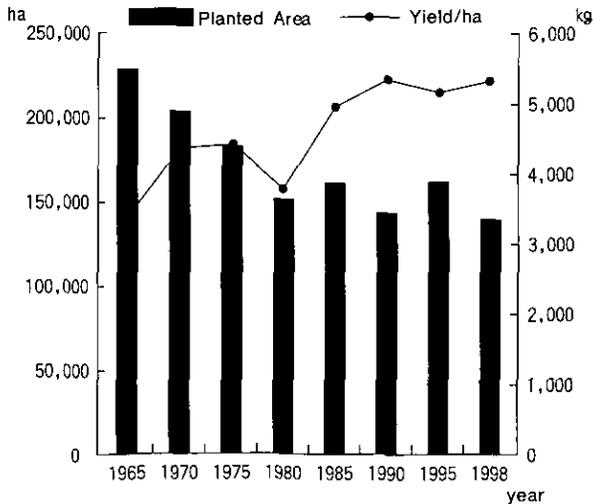
Materials of the Hokkaido Government for the quotas of agricultural extension workers

Note 1: Staff of farming consultation and guidance until 1963 refer to specialists or agricultural specialists while the figure for 1951 includes part-timers.

Note 2: The quotas of agricultural extension workers are budgetary quotas based on the nation's subsidy system, and they differ from actual numbers (assigned numbers). Due to the change to the grant-in-aid system, no budgetary quotas are available in and after 1983.

Note 3: The rapid increase in the quota of agricultural extension workers in 1970 was due to the transfer of development and farming instructors (under the jurisdiction of the development administration)

Fig. 3 Acreage and Yield of Rice (Hokkaido)



Source: Agriculture in Hokkaido 2000 English Edition
Hokkaido Kyodokumiai Tsushinsha, Sapporo, Japan

Since the 1970s, the function of forming production centers has been added to the scope of farming consultation and guidance. That is to say, advanced agricultural cooperatives came to take the initiative in forming production centers. They improved distribution facilities and developed the outlet for specified items to create production centers for mass consumption areas. In doing so, agricultural cooperatives established producer groups (sections) for the items concerned (fruit, vegetables, flowers, livestock, high-quality rice, etc.) within agricultural cooperatives. While selecting breeds and providing consultation and guidance on methods of cultivation and feeding, and timing and modes of shipment, they again engaged in technology-related farming consultation and guidance. Unlike prewar specialists, however, the staff of agricultural cooperatives assumed an assisting role in producer group activities for acquiring technologies.

That is, "the roles of farming advisers were changing from their conventional role of providing technical guidance on rice and wheat, to the promotion of farming groups in the community, the formulation of broader-based agricultural promotion measures, cost reduction...countermeasures for part-time farming and other wide-ranging issues". ("Dictionary for Terms Concerning Agricultural Cooperatives, revised"; Central Union of Agricultural Cooperatives)

2) Lifestyle consultation and guidance

Lifestyle consultation and guidance is focused on the improvement in "welfare" (in the broad sense of the word) for members and their families. Movements for constructing agricultural cooperatives' hospitals and for group medical examinations, however, go back to pre-war times. After the war, numerous welfare hospitals and clinics were established. Home calls and group medical examinations provided by such hospitals and clinics literally improved the "welfare" of farming villages, which were abandoned by conventional medical service providers. The mutual insurance services of agricultural cooperatives started with the aim of protecting the lives of farmers and other low-income groups from accident, illness and other economic damage. Now that mutual insurance services have developed into huge business activities, they have different meanings from before, as the most profitable activities. Initially, however, they took on the character of "welfare" activities.

In the meantime, the "Basic Plan on Living," which was established at the 12th National Convention of Agricultural Cooperatives in 1970, advocated the full-fledged engagement of agricultural cooperatives in daily life-related business. This Plan included two objectives of daily life-related activities of cooperatives: "protection of living conditions and improvement of functions" and "creation of farming communities." It also cited specific items for realization. After the Plan was launched, the allocation of advisers on living conditions, revitalization of Women's Group, the development of living and cultural movements, and home delivery services of foodstuff, were observed. Because Hokkaido's agricultural cooperatives were

pioneers in tackling daily life-related purchasing business (supply of daily necessities), daily life-related activities tended to concentrate on store operations. The store operations were initially developed, however, in accordance with their objectives, namely "establishing stores in mountainous areas and other shopless areas," "providing nutritionally improved products (fish sausage and edible oil)" and "increasing consumption levels and living standards to those comparable with urban areas." In this regard, they strove for "welfare improvement" in the broad sense of the word. As supermarkets rapidly advanced into rural areas, private cars became widespread and consumption levels increased to (or exceeded) those of urban areas, and the nature of shop operations changed to that of mere economic activities.

On the other hand, welfare activities for elderly people drew attention as a new field for living consultation and guidance during the 1990s. At its background is the fact that aging proceeds faster in farming district than urban areas. It is also true that the provision of care to elderly people by their families has reached its limits amid the decrease in family members. It is also a contributing factor that Japan's social welfare administration changed its course toward greater utilization of the private sector vitality. Although activities in this field have just started in Hokkaido, they are expected to develop in the future.

3) Consultation and guidance on financial affairs and purchasing

I have summarized consultation and guidance on farming and lifestyle so far. Other general services also include the aspect of "consultation and guidance."

Those involved in credit services, for example, are advised to provide "consultation and guidance on financial affairs." The "consultation and guidance on financial affairs" refer to providing short-term loans in coordination with the aforementioned farming plans, long-term loans which enable appropriate asset formation, taking mid- and long-term farming development into consideration, and consultation and guidance on repayment plans. Likewise, consultation and guidance on purchasing refer to purchasing of farming materials and other commodities, including "consultation and guidance on streamlined purchasing customs, selection of proper products, product knowledge among needy people and usage of products (in the aforementioned book; Yonesaka)."

Nevertheless, there is no guarantee that operational efficiency of agricultural cooperatives will be consistent with the optimal "consultation and guidance." Although the term does exist, I have to emphasize that it is difficult to achieve it.

4. Meaning and results of consultation and guidance by agricultural cooperatives

— based on examples

How should we position the functions of consultation and guidance of Japan's agricultural cooperatives? Firstly, they are different from "education" which is distant from economic activities, as in the case of school education and also agricultural extension activities conducted by administration. Agricultural cooperatives are both political and economic organizations, and their consultation and guidance is closely related to the economic merits to their members. It is thus inevitable that they will contribute to the business of agricultural cooperatives (albeit indirectly). Conversely speaking, independent of the social meanings they have, they never provide consultation and guidance which are economically detrimental to their members and themselves. What constitutes merits to agricultural cooperatives, however, differs depending on social situations. For example, we currently have a boom of "organic cultivation" of rice, fruit and vegetables, and agricultural cooperatives are also positive toward marketing "organically grown farm produce." Only a little more than 10 years ago, however, the majority of agricultural cooperatives were negative toward "organically grown farm produce," because they might cause an outbreak of pests and the appearances of such products were also bad. With greater global interest in environmental issues, an established market for "organic produce" and the profitability of such products, however, the "organic cultivation" has been promoted.

Secondly, agricultural cooperatives' consultation and guidance have the power to convert members' private issues into public ones and to form agricultural cooperatives' business. That is, members realize that "what they believed was a private issue or what they were forced to believe was private" is actually a public issue (via consultation and guidance). They then include the issue in the activities or business of agricultural cooperatives. This is how cooperatives should be and what cooperatives' business should be like. For example, farmers cannot overcome poverty not because their efforts are lacking (private issues), but rather because some buyers purchase their produce at unreasonably low prices or vendors sell materials at exorbitant prices (public issues). These findings have led to the establishment of business of agricultural cooperatives (or their predecessor). Or it was considered a matter of course that families would take care of elderly people, and that any related problem was a private issue. In the aging society, with a low birthrate, however, it has become difficult to solve such problems as private issues. Instead, they are considered public issues, resulting in the establishment and development of welfare services for elderly people. The aforementioned cases are typical examples.

I would now like to introduce examples from the Furano Agricultural Cooperative in Hokkaido, for which consultation and guidance on farming brought about development of the agricultural cooperative's services and merits to its members.

1) Summary of the Furano District

Geographically speaking, Furano is located in the middle of Hokkaido (see Fig. 4). It consists of a flat basin and surrounding hills. A famous tourist spot for skiing and enjoying

Fig. 4



“hilly scenery” which includes lavender fields. Furano District is also well known as one of Japan’s major vegetable production centers. Among other products, output of onions and carrots is high. Furano District also produces watermelons, melons, lettuce and spinach.

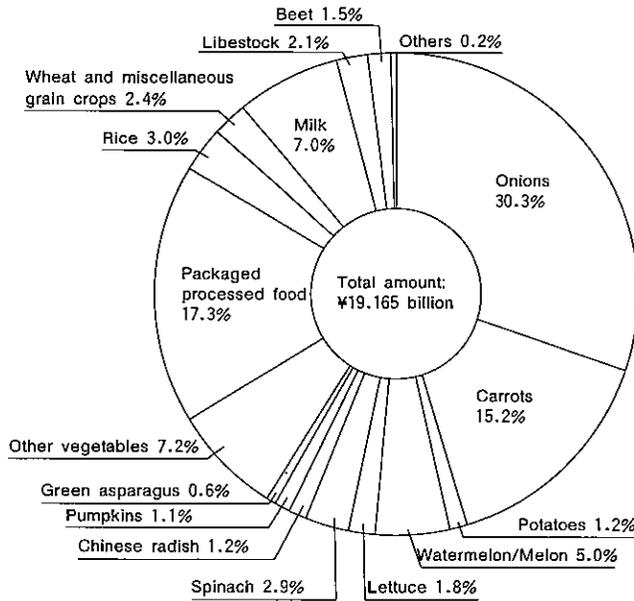
The area of Furano Agriculture Cooperative (a part of Furano City) is covering approximately 5400ha of farmland. Until around 1970, rice farming prospered in flat areas, while upland farming, producing potatoes, beans and beets, was mainly conducted in hilly areas. In Hokkaido, however, both rice and upland farming in Furano was small in scale and economically unstable. Rice farming on 3 - 5 hectares and upland farming covering 5 - 10 hectares are large compared with Japan’s average. Compared with the major agricultural areas of Hokkaido (Sorachi for rice farming and Tokachi for upland farming), however, they are rather small. To overcome the disadvantage, after production adjustment policies for paddy rice (due to a rice surplus), farmers of Furano expanded vegetable cultivation. As high-quality onions had been produced in flat areas since before the war, the agricultural cooperative exercised strong leadership in creating a comprehensive production center for vegetables. The leadership was supported by the commitment of the top managers and the farming consultation and guidance which were faithfully conducted, based on management policies. Untiring farmland improvement efforts and investment in distribution facilities for vegetables also contributed to the realization of a production center.

2) Summary of the Furano Agricultural Cooperative

The number of member farmhouses of the Furano Agricultural Cooperative was 595 as of 1998, while the staff of the cooperative numbered 211 (including 15 part-timers). The sales of agricultural and livestock products reached ¥19 billion 165 million in that year, which was one of the highest among agricultural cooperatives in Hokkaido. Vegetables (and food processed from vegetables) accounted for approximately 85% of the sales (Fig. 5).

Table 1 describes the business that the Furano Agricultural Cooperative conducts as a comprehensive cooperative. Partly because it is located in a local city with a population of 26,000 which has revenues from the tourist industry, not only its regular members, but also 2,600 associate members (non-farmers) are using its credit services (savings and loans), mutual insurance services (life and nonlife) and daily life-related store business.

Fig. 5 (1) Breakdown of Items for sales in FY 1998
(Furano Agriculture Cooperative)



Results of shipment outside Hokkaido by agricultural cooperative in FY 1998
(as of October by Hokuren)

Fig. 5 (2) Changes in sales (Furano Agriculture Cooperative)

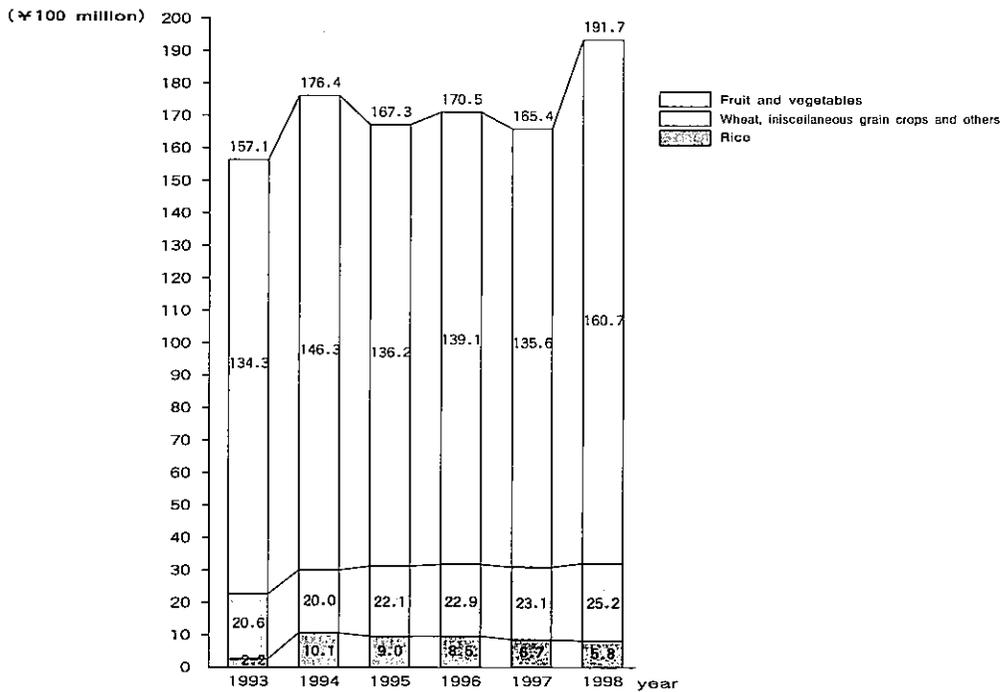


Table 1 The businesses of Furano Agricultural Cooperative

Contents of business (FY 1997) (Unit: ¥1,000)

Savings	24,189,787
Loans	7,651,528
Borrowed money	1,264,260
Deposits	9,999,874
Mutual insurance holdings	116,063,150
Sales	16,737,061
Purchase	10,014,539

3) Characteristics of farming consultation and guidance

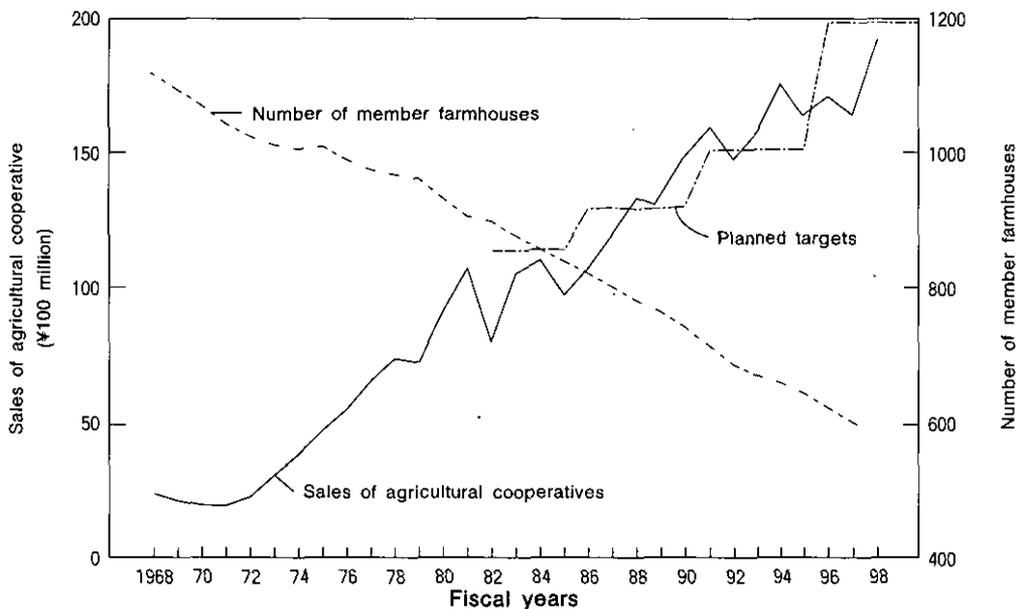
The farming consultation and guidance which support Furano, a comprehensive production center of vegetables, have conspicuously many and high-quality staff, especially in the case of those who can provide technical guidance. The Farming Consultation and Guidance Department has 31 staff members, nine of whom are assigned to the "Production Section", which is directly related to consultation and guidance on agricultural technologies. Personnel of the "Production Section" are competent enough to cooperate with researchers and agricultural experimentation stations in creating new breeds of disease-resistant onions suited for local conditions. It is especially important that the "Production Section" served as the brain that formulated five plans for regional agricultural promotion since the 1970s. The nicknames of the promotion plans constitute a story when combined: 1. Sowing seeds; 2. Budding; 3. Growing young leaves; 4. Creating green roads; 5. Realizing the land of harvest.

The first promotion plan was established in 1978. Looking back on those years, the then Director General, Mr. Fujino, said as follows: "In 1975, (when we had discussions with the Youth Group,) it was decided that our agricultural cooperative would establish indexes for agricultural promotion plans. It was in 1978 that "A Seed" was completed. Four or five specialists would take only two weeks to produce that kind of book, but such books had no readership. Thus, we started conducting thorough investigations into the awareness of members using questionnaires. It took approximately two months, because we made sure that members consulted with their families in filling out the questionnaires, and we collected the forms by visiting their houses one by one. As a result, it was revealed that members hoped to increase their gross earnings from the then average of ¥5.6 million to ¥8.13 million (without price fluctuation) in five years. Some people doubted the feasibility, but we established a policy of achieving the objective without reducing the number of farmhouses. We started with market surveys in Tokyo. We then learned that spinach, lettuce, cabbage and field peas are promising in summer. Trial production conducted by some farmhouses upon our request, made us realize that the objective was attainable, leading to the formulation of plans." ("Community and Agricultural Cooperatives—the Course of 15 Years," a magazine issued in commemoration of the 15th anniversary of Hokkaido Nogyo-Nokyo Mondai Konwakai; 1986)

Consultation and Guidance Functions of Agricultural Cooperatives in Japan

Likewise, the second to the fifth promotion plans were established. We materialized the agricultural promotion while making the most of support provided by the administration, which target agricultural modernization, and maintaining the initiatives of the agricultural cooperative. Fig. 6 shows changes in the sales of the agricultural cooperative and production targets in every promotional plan. You can see that production increased in accordance with targets. The results indicate an annual average of 7-8% production increase. Japan's high economic growth period (from around 1960 to 1973) saw an annual growth rate of approximately 10% in GNP. As this was referred to as a "miraculous economic growth," we can say that Furano has enjoyed "miraculous growth" for more than 20 years.

Fig. 6 Changes in sales of the agricultural cooperative and the number of member farmhouses within the jurisdiction of the Furano Agricultural Cooperative



Note: Modification of original materials of the Furano Agricultural Cooperative, i.e., a diagram prepared by Mr. Kurosaki, former part-time employee at the cooperative

It is not that Furano was free of problems, of course. As changes in the number of farmhouses are described in Fig. 6 above, the speed of reduction in the said number exceeds estimates in promotion plans. The problem is the shortage of laborers and successors. Excessive decreases in the number of farmhouses are problematic not only to agricultural production, but also to the sustainability of the community. Amid sluggish vegetable prices and stagnant revenues from credit business, managerial problems of the agricultural cooperative have surfaced and the plans to merge with neighboring cooperatives have taken shape*. Under these circumstances, personnel reduction, including the staff of the

Farming Consultation and Guidance Department, is also under way. Judging from the underlying current of the past 30 years, the agricultural cooperative played a major role in establishing "Furano, the Kingdom of Vegetables."

※Feb.1, 2001, Furano Agricultural Cooperative has amalgamated with neighboring 5 cooperatives. "New Furano Agricultural Cooperative" has a biggest size of business in Hokkaido's agricultural cooperatives.

5. General and specific characteristics of agricultural cooperatives in Japan

What are the general and specific characteristics of agricultural cooperatives in Japan, especially in terms of farming and other consultation and guidance functions?

I believe that specific characteristics stand out. In the background is the fact that farmers in Japan have a long history of being "independent peasants" even though they were tenant farmers since the age of feudalism. It should also be noted that farmers, with a traditionally high literacy rate, have nurtured their power of self-government. In addition, it was fortunate that postwar agricultural land reforms were conducted successfully, producing numerous independent farmers (peasants). As the wartime agricultural association supported the war regime, it should have been dissolved. To avoid economic chaos immediately after the defeat of the war, however, agricultural cooperatives, which succeeded to the agricultural association in entirety, were allowed to join the controlled economy. The agricultural cooperatives were protected by the government so that the controlled economy could be maintained, approximately 50 years ago. As the controlled economy was gradually loosened, agricultural cooperatives assumed the new role of implementing agricultural modernization policies. Incorporated into the conservative political regime, agricultural cooperatives have become both "economic and political organizations." Their consultation and guidance functions are peculiar in that private organizations which are neither administrative nor educational institutions provide consultation and guidance to their constituent members on a regular basis. Among other things, it is unique that both farming consultation and guidance and agricultural modernization policies were promoted in close connection with the introduction of subsidies and agricultural financing by the nation. It is undeniable that the course of agricultural cooperatives was politically biased.

It is unquestionable, however, that Japan's agricultural cooperatives are mutual-aid economic organizations which peasants formed to improve their management and daily lives. In this regard, they are general and universal. The consultation and guidance function was also incorporated with the aim of bringing about economic advantages to members and agricultural cooperatives. The "Cooperative" means "The People's Business (Johnston Birchall)." Even with various problems, agricultural cooperatives in Japan have not lost this characteristic yet.

Reference Books

- 1) Birchall, Johnston, *CO-OP: THE PEOPLE'S BUSINESS*, Manchester University Press, 1994 (translated by Nakagawa, Yuichiro & Sugimoto, Takashi, Otsuki Shoten, 1997, Tokyo, Japan)
- 2) Central Union of Agricultural Cooperatives, *Dictionary for Terms Concerning Agricultural Cooperatives, revised*, Central Union of Agricultural Cooperatives, Tokyo, Japan
- 3) Hokkaido Kyodokumiai Tsushinsha, *Agriculture in Hokkaido 2000, English Edition*, Hokkaido Kyodokumiai Tsushinsha, 2000, Sapporo, Japan
- 4) Hokkaido Nogyo-Nokyo mondai konwa-kai, *Community and agricultural Cooperatives—the Course of 15 years—a magazine issued in commemoration of 15th anniversary of Hokkaido Nogyo-Nokyo mondai konwa-kai*, Sapporo, Japan
- 5) Laidraw, A.F. *Co-operatives in the Year 2000*, translated and edited by The Japanese Society for Co-operative Studies, Nihon Keizai Hyoronsha, 1989, Tokyo, Japan
- 6) Ohtahara, Takaaki, *Agricultural Cooperatives in the future (Asu no Nokyo)*, Nosangyoson Bunka-kyokai, 1986, Tokyo, Japan
- 7) Yonesaka, Tatsuo, *Basic Knowledge of Terms Related to Agricultural Cooperatives*, Zenkoku Kyodo Shuppan, Tokyo, Japan

※This paper is based on my report at "The 2000 Obihiro Asia and Pacific Seminar on Education for Rural Development" in Obihiro University of Agricultural and Veterinary Medicine on Aug.29-Sept.5, 2000.