# The Characteristics of Landlord-Tenant Relations in Modern Japan

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# **1. Introduction**

This report deals with a similar question to that of Osamu Saito, who mentioned in the introduction of his paper "A comparative history of rice farming and development: Middle Ages and Early Modern Ages of Japan, as seen from the perspective of Thailand." He stated, 'in my case, I felt that I would come up with an interesting new perspective, if I reconsidered the Japanese society and its history with a certain concept or perspective, based on the reality of Asia in mind.' (Saito, 1997, p.36.) I have dealt with this point of issue since the publication of my book (Sakane, 1996), and have been considering the historical changes and reality of Japan as compared to those of various areas of Asia. I have noticed, especially in the last few years, some less-emphasized topics of discussion in the Japanese History studies, as well as a peculiar 'distortion' in the logic. There is a lot of room to discuss such points at issue, one of which is the subject of this report. In this sense, this report is a part of the reconsideration process of the Japanese Agricultural History studies which I intend to pursue, with the above perspective.

This report will first discuss the landlord-tenant relations in Asia, focusing on the human relations or the social relations which it's based upon. Then, it will compare them with the landlord-tenant relations in - 30 - The Characteristics of Landlord-Tenant Relations in Modern Japan

Japan prior to the WWII, to define their characteristics and to clarify the elements that they based themselves on. Through this process, I intend to focus on the aspects which were not necessarily deliberated consciously, and reconsider the characteristics of landlord-tenant relations in Japan. This in turn provides a perspective in reconsidering the economic development of Japan since Meiji period.

# 2. The characteristics of relations in Asian (Bangladeshi) agricultural society and comparison with those of Japan

In order to tackle the goal above, Bangladesh in South Asia is drawn here as a reference. The reason for selecting this particular country is availability of a study that provides an excellent reference to the focus of this report, "An Introductory Analysis of Bangladesh Agricultural Development: Institutional Constraints" by Koichi Fujita. (Fujita, 1993.) In this book, Fujita conducted an analysis with a very insightful perspective, 'agricultural structure defined by the social structure, rooted in the human relations unique to South Asia' (Fujita, 1993, p. i), which is much related to the perspective of this report. The outline of his study will be shared below.

Fujita's point of focus is clarification of the 'South Asian type' agricultural structure, which is a characteristic of the contemporary Bangladesh. It includes elements such as immature rented land market with a remarkably low rate (20%) of tenant land, systematic exclusion of landless agricultural labor force and those engaged in miscellaneous labor from rented land market, and counter-flow of rented land from the poor to the rich. In essence, it is a structure that fixes the unfair distribution of land ownership without chances of improvement through the rented land market. It allows large-scale landlords to depend upon hired labor force extensively. In pursuing the elements that constitute the 'South Asian type' agricultural structure, Fujita asserts that (one of the elements) 'seems to boil down to fragility of trust among village members.' In other words, 'it can be assumed that such fragility of trust and weakness of reciprocal check lead to spread of an opportunistic behavior by both parties involved in any economic transaction, which results in preference of low-cost of transaction.' (Fujita, 1993, p. 243.) Since this report focuses on the social relations and human relations of rented land market in Bangladeshi farming villages, it will not touch further upon the issues relative to the 'South Asian type' agricultural structure itself. It will focus mainly on Fujita's points about 'fragility of trust and weakness of reciprocal check' issue, as seen in the rented land market and rented labor animal market in the Bangladeshi villages.

First, regarding the labor animal market, in Bangladeshi agriculture, labor animals, work oxen in particular are crucial. Farmers almost never hoe or weed the soil by themselves, tractors and cultivators are almost unknown, and plow pulled by two oxen are exclusively used throughout the country. Although ownership of such work oxen is quite limited to certain social strata, work ox market is quite imperfect. Following are the points mentioned in relation to the fact.

First, a major root cause preventing the development of rental work ox market is that the lessor cannot keenly supervise the lessee and prevent abuse of the oxen by them. Secondly, this fact calls for a preponderance to confine the loan relations to relatives and close friends who are the most trustworthy to the lessor. Thirdly, it is pointed out that tenant farming by landless farmer to depend on rented labor animals is very rare. Therefore, landlords try to find a tenant who has kept oxen and plows to till the land for several years, possibly with good reputation in doing so, in order to minimize the supervision cost of tenants who rent the oxen. What happens is that the number of farmers qualified as preferred tenant shrinks, due to

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immature rental labor animal market (because landless farmers tend to be driven out of the rental land market, and hired by the landlords). As a result, the landlords with relatively large land choose to run the business by themselves with hired workforce, rather than finding excellent tenants to till the land. The landowners without oxen who fails to rent them (mostly those in the petty landlord stratum) lease out their land to a tenant farmer. (This is one crucial factor to generate the petty landowners who live on revenue from their land: a factor leading to a counter-flow of land from the poor to the rich).

Now, for the tenant land market.<sup>1)</sup> First, instability of landlord-tenant relations in the tenant land market within a farming village should be pointed out. Such relations only last for one to three years on average,<sup>2)</sup> and landlords claim that the tenant farmers 'start to goof off when they attend to a land for too long,' and they 'start to cheat in reporting the crops.' (Fujita, 1993, p. 266.) Table 1 is Fujita's survey result of the length

	-3 years	3 years-	5 years-	Total	
Bangladesh	55.3	21.9	22.8	100	

Table 1 Comparison of the length of Tenancy (%)

	-3 years	3 years-	5 years-	10 years-	20 years-	30 years-	Total
Japan/Okayama	2.1	7.9	12.3	22.8	17.9	37.0	100

Note: 1) Fujita, 1993, p. 125. Original source is Land Occupancy Survey in 1977 and 1978. Based on occurrence.

 Breakdown of forms of contract are as follows: métayage: 72 %, fixed sum system: 11 %, 'khaikhalasi' or prepaid system: 4 %, mortgage system: 8 %, and others: 6 %. (From 1983-1984 Census on Agriculture and Livestock, Fujita, 1993, p. 97.) Refer also to Usami & Hossain (1990).

2) This is also pointed out by Usami & Hossain (1990).

Note: 2) Oota, 1958, p. 186. Areas subjected to the survey was 2851. Surveyed in 1924. Survey encompassed Oku, Jodo, Akaiwa and Wake counties, Okayama prefecture.

of tenancy, with 55 % of the cases are less than 3 years, and 22 % less than 5 years. This indicates that in more than half of landlord-tenant relations, duration is less than 3 years, and around 80 % less than 5 years. Secondly, in order to avoid the preventive action against productivity of the tenant land, shorter tenancy contract is actually used (to check the attitude and achievement of the tenants on a more frequent basis, to keep the tenants threatened of land taken back). Fujita mentions that in effect, shorter the tenancy contract is, higher the productivity gap is with the land of owner cultivators.<sup>3)</sup>

Based on this situation, Fujita concludes, 'it is an unmistakable fact that Bangladeshi farming village communities in general have a scarce sense of community, with very weak trust and reciprocal check. It could be said that it is led by an open, free individualism, but at the same time, it could be called as a cluster of selfish opportunists.' (Fujita, 1993, pp. 265-266.) As mentioned above, he considers that such a characteristic of local community relations forms a basis for the 'South Asian type' agricultural structure.

Based on Fujita's research, this report focuses on the following points as

<sup>3)</sup> Although I will not go into further detail, there were other issues including: 1) issue of so-called transaction cost between the seller and buyer being too high, as symbolized in nonpayment of water rights charge (Fujita, 1993, p. 242): 2) Control issue of the opportunistic behavior of laborers even inside the village, which results in higher cost of securing and supervising of laborers (Fujita, 1993, p. 121), and lack of fixed employment at the agricultural labor market in a village (Fujita, 1993, p. 266). Further, 3) lack of proactive coordination ability among the farmers, with regards to building and repairing of waterways, employment of pumps, coordination of water distribution, and collection of water rights charge (Fujita, 1993, p. 59). And 'though it strikes us as surprise,' as Fujita asserts, 4) issues of frequent deferred payment or evasion of water rights charge by the farmers, and bilking of credit they have run at the small grocer in a village (Fujita, 1993, p. 74 and p. 78).

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characteristics of the Bangladeshi agricultural structure, in comparison with Japan. First, in the rented labor animal market, abuse of rented oxen by the lessees is observed, which cannot be supervised and avoided. It gives the lessors reasons for limiting the loan relation to trusted parties such as relatives and close friends. Second point is instability of tenant land market, for which landlords utilize an effective of shortening the period of tenancy contract (i. e., constantly threat the tenant to withdraw the tenant land) to cope with preventive action against productivity. Third, the social relations among the Bangladeshi farming village members 'have a scarce sense of community, with very weak trust and reciprocal check.'

As have discussed above, loan relations in general are unstable in Bangladesh. This led to the practice of shorter tenancy contract, with landlords claiming that the tenant farmers 'start to goof off when they attend to a land for too long,' and they 'start to cheat in reporting the crops.' This was caused by 'fragility of trust and weakness of reciprocal check', as seen in the rented labor animal market, and it led to limit the loan relationship to trusted parties such as relatives and close friends.<sup>4)</sup>

On the contrary, landlord-tenant relations in Japan are considerably stabler than those in Bangladesh. Table 1 indicates the length of tenancy

<sup>4)</sup> Usami & Hossain (1990) show the short length of tenancy and large ratio of kin and neighbors in the landlord-tenant relations. In order to explain the high ratio of kinship, various approaches are possible, including emphasis on the following: 1) the aspect of mutual assistance: 2) the circumstance in which tenancy is hard to secure, because of overcrowding the population-carrying capacity of a given stretch of land: and 3) a transitional phenomenon seen in the alteration of generation as a part of partible inheritance. (In order to assure the retired life, the farmland is rented out to a family member, keeping the right of ownership). It is also explainable from the economic aspect of maturity level of small farm management, compared to Japan. This report, however, constructs an argument in terms of the characteristics of social and individual relations that Fujita emphasizes.

for rice fields from a survey in Okayama prefecture. Compared to Bangladesh, the period of tenancy is obviously longer. Compared to Bangladesh whose ratio of tenancy less than 3 years was 55 %, that of Okayama was only 2 %. Also, as much as 55 % of tenancy in Okayama is

longer than 20 years, and 37 % longer than 30 years. It can be readily said that the tenancy in Japan is considerably long.<sup>5)</sup> Other studies and diaries of landlords also back up this implication, where concern over farmers who 'start to goof off when they attend to a land for too long' hardly appears. Based on this situation, the Japanese landlord-tenant relations spread out the local village.

The point this report emphasizes is a possibility that an issue regarding degree of trust and reciprocal check among the village members may exist behind the difference between Bangladeshi and Japanese landlord-tenant relations. In the past, when the Japanese landlord-tenant relations were discussed, stability of the relations was taken for granted. But it can be said that this given assumption may not necessarily hold true universally when such situation as that in Bangladesh is considered. So this report calls out for reconstructing an argument with this notion in mind. From this standpoint, 'trusting relations' among community members will be discussed in the next section.<sup>6)</sup>

<sup>5)</sup> I feel that so-called landlord studies in Japan have not been paying attention to the length of tenancy. It is difficult to detect charts showing the length of tenancy in preceding works. This in itself shows the fact that the researchers have taken this aspect of long tenancy and stability of landlord-tenant relations for granted, because the circumstance as observed in Bangladesh in terms of tenancy contract is hardly seen. In this connection, it can be assumed that longer the tenancy is, more improved the productivity is due to land improvement by the tenant farmer, and shorter the less the productivity is.

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# 3. The characteristics of landlord-tenant relations in Japan

This report will use the term 'fragility of trust.' I would like to touch upon the context where 'fragility of trust' and 'weakness of reciprocal check' among village members are referred to.

First, 'strong trust' assumes a situation where landlord A has a confidence in tenant B's behavior or act, i.e., A can suppose a certain conduct of B with a fairly high probability. For example, A can expect that B will not cheat in reporting the crops, will pay the farm rent, will not abuse the tenant land, will not do anything reckless that annoys A. A foresees what B's action will be and controls it as necessary. In the case of Bangladesh, the landlord-tenant relations with 'strong trust' can be found among extended family members, close friends and neighbors in friendly terms. In such cases, it can be assumed that relatively stable landlord-tenant relations can exist.

Now, as for 'fragility of local trust,' suppose landlord A, tenant B, C and D live in the same village. A and B are either relatives or close friends with 'strong trust,' and B and C are also connected with 'strong trust,' whereas D is not connected with strong bondage with anybody. In this case, A can supposedly sign up for a stable landlord-tenant relations with B, but not necessarily with C or D. Which means, control of A is not extended over C

<sup>6)</sup> I'd like to provide a supplementary fact on the Bangladeshi villages. The past studies have assumed 'para' or 'small village in the form of natural village' as a base unit for collective dwellings of a Bangladeshi village. A 'para' consists of a few to tens of 'bari' or block consisting of a string of residential sites. (A 'bari' includes a collection of few to more than ten 'ghar' or human dwellings). Villages in Bangladesh are sometimes described as 'elusive village,' with weak organization, high mobility and 'vagueness' which are different from those of Japanese in nature. See Ando & Kawai (1989), Kawai & Ando (1990), Kawai (ed.)(1995), and Fujita (1993) for Bangladeshi villages.

or D the same way as over B. The 'trust' between the members in the local village context is called 'local trusting relations' here. When 'fragility of local trusting relations' is mentioned, this report presumes a situation described above. It can be considered that it inhibits stable landlord-tenant relations in the village, and stable loan relationship, as was the case for Bangladesh in section 2.

How is the question above applied to Japan? It can be assumed that landlord A could enter a stable landlord-tenant relations not only with tenant B, but also with C and D. What realized it should have been the 'local trusting relations'. It should also be mentioned that it was developed and was maintained by the perpetual, rigid, and uniquely Japanese '*ie*' or household, and uniquely Japanese '*mura*' or farming community which is a conglomerate of relations between '*ie*'s.

Next, landlord-tenant relations in Japan in terms of 'local trusting relations' will be discussed. In the context of the social order defined by '*ie*' and '*mura*,'<sup>7</sup> landlord-tenant relations are equivalent to a contract between '*ie*' (landlord) and '*ie*' (tenant) that are both fixed beyond generations. Unlike Southeast Asia, Japanese society is characterized by very little mobility of households. Needless to say, this characteristic is mostly defined by the Japanese '*ie*' system. In the '*mura*' society which consists of perpetual '*ie*'s, trust between '*ie*'s is more important than between individuals, whose accumulative 'trust' nurtured through the times generates a relatively strong 'local trusting relations.' As Keiji Kamiya puts it, it is 'a society consisting of people who live together there, whose

<sup>7)</sup> Recently, there are many arguments regarding the formation of 'ie' and 'mura.' In the Japanese Middle Age studies, there is a strong propensity to assume their formation back earlier. Sakata (1997), for example, positions the formation of perpetual 'ie' at the latter half of Middle Ages. This report assumes the formation of Japanese 'ie' and 'mura' at the first half of the Early Modern period and later, considering geographical variation. See Sakane (1996) for detail.

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ancestors have lived together, and who are convinced that they'll continue to live together: a society where integration of present and super-present is shown as perpetual indigenous phenomenon.' (Tohhata and Kamiya eds., 1964, p. 369.) Masana Kamimura describes the villagers belonging to '*ie*' system as 'intimate comrades so to speak, or who know each other's origin and lineage well, who share the destiny with the local community.' (Kamimura, 1996, p. 457.) Of course, existence of such a strong 'local trusting relations' implies the presence of 'reciprocal check in the community' at the same time,<sup>8)</sup> as coined by Kunio Okama. (Okama, 1994, p. 371.) It further became an external compelling factor for the villagers to enhance the 'local trusting relations'. In any case, the perpetual '*ie*'-to-'*ie*' contract can be said to have become stable, thanks to the 'local trusting relations'.

These landlord-tenant relations based on the 'local trusting relations' seems to have a conformity with the theory of 'landlord with morality' by Nobushige Hozumi, one of the drafters of Civil Codes of Japan. He is mentioned in the thesis, 'Centering around Creation of the Civil Codes' by Shun'ichiro Koyanagi. Hozumi claims that the Japanese landlords and tenants are linked together by 'human, social and moral relations, and landlords do not only act according to a mere economic interest,' and 'protection of tenants should be expected to be realized by the "morality" of landlord than national codes.' (Koyanagi, 1985, pp. 91-93.) Also, Yukiaki Oguri quotes a landlord in Tochigi prefecture; 'if you procure a land, your honor and credit are enhanced. However, keep in mind your obligation and responsibility that come along with it.' (Oguri, 1997, p. 175.) Both the examples can be said to show the pride of landlords in line with 'local trusting relations'. The above-mentioned 'reciprocal check' as an element

<sup>8)</sup> Needless to say, this was one of the factors by which 'community' was evaluated in a negative sense in the conventional 'community' studies.

of 'local trusting relations' does bind landlords as well as tenants. Landlords are expected to function 'highly morally' by protecting the tenants and by pursuing not only economic interest, 'being aware of honor and credit' that are expected of them in the local community. This in turn becomes a factor to maintain and reproduce the tenant practice as it is, sometimes working in a way that limits the ownership rights of the landlords, in the adjustment of land-related issues in the local community and landlord-tenant relations. So, landlords as well are not free from certain regulations, just like tenants are not. This paternalistic relationship between landlords and tenants has been pointed out in the past studies, and we should not go into detail.

What was the situation for absentee landlords, versus that of the resident landlords? Generally speaking, though it depends on their nature, their 'trusting relations' with tenants are thought to be relatively fragile. Because they live outside of 'mura,' they are considered to be less indigenous in nature, and less intact with the locals, thus with less 'trusting relations' for that matter. "The Survey on Tenancy Practice in Taisho 10" (Editorial Team for Documents of Land-System History in Modern Japan, 1970) has shown that all the prefectures reported the adverse effect of absentee landlords, except for Yamagata and Tokyo. Specifically, complaints range from indifference to readjustment of arable land, agricultural improvement and shelter for the tenants, tendency to not cooperate closely with other resident landlords, to very few contribution to charity and other public welfare services in the farming villages. Behind this, one can observe a

<sup>9)</sup> Further, "The Survey on Tenancy Practice in Taisho 1" (Editorial Team for Documents of Land-System History in Modern Japan, 1970), for example, shows that oral contracts accounted for most of the tenancy contracts. When a written document was prepared, it is specified in the section of 'term of tenancy contract' that 'tenancy is subjected to renewal every year unless determined otherwise by certain circumstances.' Strong 'local trusting relations' in Japan should be pointed

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relative weakness of 'trusting relations between absentee landlords and their tenants.'<sup>9)</sup> Notwithstanding that, it is also clarified in the past achievements that the resident landlords treated the local and out-of-village tenants differently in terms of tenant fee and various loans.<sup>10)</sup> It corresponds with what was discussed above. Thus, in order to manage the tenants in a different area, the absentee landlords were obliged to work through the existing 'local trusting relations' channel between '*ie*' s in a '*mura*' by appointing an '*ie*' as their land agent.<sup>11)</sup>

Lastly, economic implication of this 'local trusting relations' should be mentioned. The work of Yujiro Hayami and other developmental economic theories emphasizing the economic function of a 'community' can be utilized as a reference. It is an assertion that the mutual trusting and cooperative relations of community supplements the lack of information, avoids failure in the market and saves the transaction costs.<sup>12)</sup> Fujita also argues the 'South Asian type' agricultural structure from this standpoint,

out as a factor to explain the vast number of such reports. Also, the report that written contract is common in case 'landlord or tenant is from another region, or there is a special circumstance,' implies that absentee landlords tend to have weaker 'local trusting relations within the community.'

- 10) In the recent years, Oguri has touched upon this point in his study of North Kanto region (Oguri, 1997). Although Oguri does not regard it a point of issue, the existence of land transaction with 'a contract of returning land' (Oguri, 1997, pp. 174-175), it should be an interesting point of discussion in relation to the land transaction practices in the Early Modern Ages.
- 11) Relative to this subject, recent history studies on early modern villages emphasize the pronounced existence of 'mura' in the landlord-tenant relations. For instance, Otsuka (1996) clarified, in his study of a document in Totoumi region, the role 'mura' played in the formation of landlord-tenant relations. It included setting of the tenant fee, in which 'mura' and village officials played a major role. He claims that landlord-tenant relations should be understood collectively and community-wise. It is a very interesting notion which suggests that 'local trusting relations' played an inseparable role in the formation of landlord-tenant relations.

and so does this report. If one may ask what the economic function of 'local trusting relations' is, the answer should be a saving in transaction costs. This point is much discussed recently in the 'trust as a social infrastructure' debate.<sup>13)</sup>

What has been stressed above as a characteristic of landlord-tenant relations in Japan is the extended period and stability of the relationship, which were not necessarily emphasized in the past.<sup>14)</sup> The negligence is obviously shown in the fact that the length of tenancy was not a subject of discussion in the past agricultural history studies. It is certain that these are the elements that have functioned as an unquestionable incentive through the times, for a better productivity of land through land

- 12) Refer to Hayami (1995) with regard to this point. This report is inspired primarily by this focal point. Likewise, Arai (1997) provides an interesting argument on the economical implication of Japanese values, such as trust and self regulation. In relation to economic history, Okazaki (1997) ventured into writing a modern Japanese economic history with an eye to the institutional analysis of the new institutional school. However, frankly speaking, his attempt seems to fall short of providing a clear view on effectiveness of the institutional analysis.
- 13) Francis Fukuyama (1996) and others. Refer to Yamazaki (1996) for an outline of the recent highly-discussed concept of 'social infrastructure' and 're-evaluation of the function of small community,' including that of Fukuyama.
- 14) In Japan, it is conventional for a tenant farmer to rent out a piece of tenant land from more than one landlord. For example, Miyamoto (1939, p. 149) concludes his study of 466 tenant households in 104 municipalities in 31 prefectures, 'it can be said that on an average, a typical tenant farmer rents out tenant land from four landlords. To be specific, the result shows that the ones renting out from three landlords are the largest in number, and most of them rent out from three to five landlords.' From this survey, one can make out a characteristic that the number of landlords per one tenant farmer is larger for the West Japan than the East, and least in Hokkaido. Naturally, this multiple tenancy situation brought about complicated landlord-tenant relations in a village. However, this is thought to have contributed to the stability of landlord-tenant relations by enhancing the 'reciprocal check' (Okama, 1994)

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improvement and other efforts. And it was 'local trusting relations' that assured the extended period and stability of the landlord-tenant relations, and it was the Japanese '*ie*' and '*mura*' which sprang up in the first half of the Early Modern Ages that nurtured it. Therefore, the expansion of landlord-tenant relations since the Early Modern Ages in Japan could not be made stable, if it were not for the formation of '*ie*' and '*mura*.' It was characterized with Japanese distinctiveness in that sense. In other words, it seems that the Japanese landlord-tenant relations came about, because 'local trusting relations' existed, or because '*ie*' and '*mura*' existed. This is also consistent with the phenomenon of Kagoshima region<sup>15</sup>) which is characterized with partible inheritance, including shorter tenancy, frequent change of tenancy, '*azuke-azukari*' type of land utilization, and difficulty of establishing the distinguished status as a landlord, without '*ie*' and '*mura*' in the Japanese sense.<sup>16</sup>

- 15) Refer to Sakane (1996). 'Azuke-azukari' practice is a form of tenancy to maintain and preserve a farmland while its landowner leaves the land for several years for a work elsewhere. In this case, the land is rented out to a sibling or extended family member without tenant fee. When the owner comes back, the land is unconditionally returned.
- 16) As a supplementary explanation, there are two reasons behind differentiating 'local trusting relations' from '*mura*' and 'community' in this report. First one is because the terms '*mura*' and 'community' contain fairy diverse aspects in them, thus needs clarification of what is subjected to comparison among them. The validity of this perspective and its scope have been clarified to a certain extent in the argument above. The second is that by using the term 'local trusting relations' one can maintain the relative uniqueness to it, as opposed to the conventional '*mura*' and 'community.' Therefore, I do not consider these three terms as interchangeable concepts. 'Local trusting relations' is an important aspect of the Japanese '*ie*' and '*mura*.' However, it is not something that fades away in parallel with '*mura*' society, as happened after Meiji period, when practical functions of '*mura*' was diminished (though with regional variation). Also, in the scope of this report, 'local trusting relations' is used in a regionally limited manner, but I believe

# 4. Conclusion

I would like to conclude this report by stating that the 'local trusting relations' has played an important role in the development of the Japanese economy in a respect other than agricultural one.

In the area of Japanese Economic History, Otsuka's 'community' theory has had a significant influence, in which 'community' tended to be regarded negatively as an obstacle to economic development. This propensity was also shared by the researchers who were not in line with Otsuka's theory. Argument, for example, dealt with the existence of community regulation in land utilization as an obstacle to the development of commodity economy. (Miwa, 1993, p. 4.) This report, however, emphasizes that the opposite aspect can also hold true for the characteristics of Japan, when compared with Asian countries. I would like to elaborate on the point that its economic implication should have played a significant role in the economic development of Japan, not confined to the landlord-tenant relations.

In doing so, I'd like to take up the analysis of putting-out system (*Verlagsystem*) in Meiji and Taisho periods in a recent publication by Masayuki Tanimoto as an example. (Tanimoto, 1998) By analyzing the weaving manufacture, this book intends to detect a pattern of

that this has stretched to encompass the entire country as a characteristic of the Japanese society, or as a societal norm or behavioral discipline. I am convinced that the 'trusting relations' can have a similar economic function outside the context of farming society, though the way it functions may be different, but this requires a further study. Anyhow, by using the term 'local trusting relations,' instead of '*mura*' or 'community' or 'autonomous village,' one can avoid a counter-argument focusing on the definition of the concept itself, maintenance or dissolution of it. Therefore, by separating this term from the others, I secured its relative independence in a relative sense, as well as defining the point of comparison.

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'conventional economic development,' separate from the 'modern economic development' which is based on the factories and enterprises since Meiji era. From the analysis of textile manufacturer-paid weaver relations in putting-out system, he developed an interesting detailed analysis on textile manufacturer-paid weaver transaction in Iruma region. Saitama prefecture. He states that a certain managerial stress is generated when putting-out system and cottage industry are linked together, at the cross section of the logic of each in the bilateral relationship. This report emphasizes this point. As an element of the survival and development of putting-out system. Tanimono puts a stress on the resolution of issues that organizer of putting-out system had to address in managing the product collection. Specifically, those issues are embezzlement (pilferage) of raw material (threads) and management of delivery date. Embezzlement of raw material is conducted by paid weavers by setting aside a part of threads entrusted for production for their own sake. In a worsened case with far less threads, the quality of the product is deteriorated, by which shrinkage occurs when washed. This hurt the reliability of the product in the market considerably, thus had a high impact on the textile manufacturer. Therefore, the key to this issue was to curb the yield of the threads to a minimum by the paid weaver management. In the delivery date management, it was important to seize the opportunity in selling the textile while the demand was, as well as to source the textile as promptly and in a planned manner as possible, in order to minimize labor cost and inventory. But it was equally crucial to curb the delay of delivery date. Tanimoto analyzed the documents stored at a textile manufacturer family in detail, and showed that they (textile manufacturer) managed the thread embezzlement to a certain extent through weight control of raw threads and finished products. They were successful also in delivery timing control, to a certain degree, by maintaining frequent contact with the paid weavers. Tanimoto pays a special attention to the propensity in case the production level of textile increased, that major paid weavers were concentrated in and around the village of the textile manufacturer, and that the length of putting-out relations with the major paid weavers was long. The formation of close relations with major paid weavers in terms of distance and time worked in a way that prevented the material control issues such as thread embezzlement and delay of the delivery date. In other words, proximity and continuous, extended period of business relations must have been the factor that overcame the management issue unique to putting-out system, and allowed the continuation and development of it.

I am basically in line with Tanimoto, when he mentions close relation between textile manufacturer and paid weaver, asserting that 'positioning of certain social relations which supposedly exist within the Japanese local society should be a point of discussion,' and 'it is essential to include the issues on "community" and others.' (Tanimono, 1998, p. 472.) This report calls for a consideration that 'local trusting relations' is equivalent to this point of argument. In other words, it must be the 'local trusting relations' that has guaranteed the savings in transaction cost between textile manufacturer and paid weavers by making the transaction relations smoother, as was the case in landlord-tenant relations. In that sense, it can be said to have a considerable economic significance in the economic development of Japan. And its economic function not only encompassed the agricultural aspects such as the formation and development of the landlord-tenant relations, but also stretched to play an important role as an 'social infrastructure' that sustained the economic growth since Meiji period.

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