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SUMMARIES OF ARTICLES

Change of Farm Transfer System: Establishment of New Transfer System by Unrelated Party

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The purpose of this paper is to discuss the issue of intergenerational farm transfer. The farm transfer process is influenced by many factors. The type of farming or farm size is important, but perhaps more so is the type of ownership; business type or family system; family farm or corporate farm, conjugal or stem family system. Such institutional factors including the taxation system, inheritance customs, and the pension system form the farm transfer system.

The current farm transfer system in Japan is a stem family system. Japanese agriculture has been struggling to reform such traditional systems. The basic idea should not be the change from the stem family but to expand the range of farm transfer systems to include both the stem family system and new types.

One new farm transfer system is farm succession by an unrelated party of the farm family. There are two ways to do this. One is the foundation of a new farm and another is to use the corporate farm system. In general, corporate farms can accept beginning farmers as employees or regular members (shareholders). But most of corporate farms are organized as farmers' groups on the principle of equality. New farmers are required to invest equal amounts of capital and hold farmland to obtain regular membership.

In order to overcome these obstacles, a corporate farm has to change from a farmers' group to a company with greater entrepreneurial skills. Policies should encourage corporate farms to change their business plans and organization. On the other hand, policies should try to establish modern corporate farms that can co-exist with traditional ones because creating new systems is easier than transforming old ones.

An Analysis of the Expansion and Profitability of Large-Scale Upland Farming in Tokachi District

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In the Tokachi District there has been an astonishing increase in the development of large-scale upland farming, especially in the peripheral areas where agricultural production capacity is lower. Recently, there has been an increase in number of upland farms that are more than 50 hectares in size. The purpose of this paper is to illustrate the potential problems associated with expanding the scale of upland farms. The study examined four upland farmers in the Tokachi District.

- 1) The proportion of cultivated crops relative to farm size has steadily declined in the last ten years. By changing work procedures it is possible to maintain current upland farming land use patterns and the crop rotation system for farms up to 50 hectares in size. When farms reach 70 hectares in size, however, it is very difficult to maintain the crop rotation system without changing work procedures and the combination of cultivated crops. If changes are not made the farmer is forced to perform work at less than optimal times. Expanding upland farming scale to 70 hectares, without a technical foundation, will cause a decrease in land productivity.
- 2) Enlarging farm size while maintaining the crop rotation system requires an increase in fixed capital expenditures. This in turn raises depreciation costs. The depreciation costs for a 70-hectare farm are especially high and the depreciation costs per hectare cannot be reduced. In short, economies of scale do not exist in large-scale upland farming. This suggests that fixed machinery costs will not decrease with an increase in farm size.
- 3) Enlarging farm size, up to 50 hectares, in peripheral areas clearly increases farm income, but at 70 hectares, because of a decrease in land productivity and an increase in depreciation costs, farm income is severely restricted. At 70 hectares the efficiency of farm management decreases and both income ratio and income per acre falls.