

Japan's "Sixth Industrialization": Operating Mechanism and Poverty Reduction Mechanism¹

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Abstract: The problem of rural poverty in China restricts the development of rural economy and hinders the process of agricultural and rural modernization. Since it was first proposed in October 2015, rural poverty alleviation through industrialization, as the priority of the "five series of program" (promote the development of certain areas by assisting their production and employment, improve the living conditions of certain people by relocation, help reducing poverty by ecological protection, bring certain people out of poverty by education, and secure the basic life of certain people by providing basic living allowances), has gradually become the leading poverty alleviation model as China advances the strategies of "development of linked pieces" and "targeted poverty alleviation." It has made great contributions to the overall poverty alleviation. Japan has successful experience in industrial integration, which can be used for reference to solve the problems related to agriculture, rural areas and farmers in China. This paper summarizes the main practices of Japan's "sixth industrialization," and discusses the aspects of external promotion, self-motivation, platform support, industry integration, and target incentive. Based on this, the paper reviews the operational mechanism of the sixth industrialization, and finally summarizes the experience and inspirations regarding poverty reduction from Japan's sixth industrialization.

Key words: Japan's sixth industrialization; industrial integration; rural poverty; poverty alleviation.

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I. The Background of Japan's Sixth Industrialization

Japan's economic development has been greatly influenced by its natural and historical environment. Poverty exists in hilly and rural areas. First, Japan is a small country with mountains and hills occupying most of its land. In mountainous and hilly areas, natural resources are scarce, the environment is harsh, transportation is inconvenient, agricultural development is greatly hindered, economic development is backward, the living standard of local residents is low, and poverty rate is high. Second, after WWII, Japan's economy was severely damaged, with a large reduction of urban population. The mass migration of rural population to cities and the sparsely populated rural areas led to the abandonment of arable land, backward development of agricultural economy and high poverty rate in rural areas.

From 1955 to 1971, Japan's agricultural population decreased from 16 million to 7.6 million, and the proportion of agricultural employment in the total population decreased from 40% to 13.9%. With the influx of a large number of farmers into the cities, abandoned farmland became a serious problem. Agriculture experienced even worse decline. Rural poverty continued to aggravate. High costs and low income became the trend in Japan's agricultural development. As a result, young labor force did not want to engage in agriculture, the number of young farmers fell sharply, and the aging of rural farmers became very serious. According to the Japanese government's statistics, the proportion of agricultural population in Japan was 9.8% in 1980, and only 2.5% in 2011. Among the existing farmers in rural areas, the labor force over 65 accounts for more than 64%, and the average age is about 68. Japan's agricultural development was already limited by the lack of resources, the reduction of young and middle-aged farmers made agricultural development even more backward. With the progress of science and

technology, the income of part-time farmers mainly engaged in secondary and tertiary industries has become far greater than that of farmers mainly engaged in agriculture alone. In order to solve the problems encountered in rural development, the Japanese government launched the "village path creation" movement in the late 1970s, aiming to promote rural development through the development of agricultural industrialization and rural tourism and other new forms of agricultural business. In December 2008, the Japanese government mentioned the "sixth industry" in its Policy Outline for the first time. In 2010, Japan officially proposed to develop the sixth industrialization to narrow the gap between urban and rural rich and poor and improve the income of farmers. After WWII, the economic focus of Japan gradually shifted to heavy industry and processing manufacturing. Japan's regional economy continued to be in the downturn, the labor force kept flowing out, the income of farmers declined, the rural areas became old-aged and empty, and the gap between urban and rural development grew wider. All these led the Japanese government to put forward the concept of "sixth industrialization."

II. Operational Mechanisms of Japan's Sixth Industrialization Policy

(1) Government management mechanism

In order to support the rapid development of the sixth industrialization, the Japanese government issued a series of relevant laws and regulations, and provided legal consultation and policy support for farmers and business entities of the sixth industries. Japan also establishes the bureau and division for the sixth industrialization, which are specialized in the management of the sixth industrialization, including planning guidance, identification of sixth industries and promotion. The government has set up an expert service team at three levels of the agricultural department, mainly consisting of the support and promotion center and companies for the growth of agriculture, forestry, and fishery. They give advice and suggestions on the policy implementation,

production arrangement and technical services in the development of the sixth industrialization. The Japanese government also helps farmers in agriculture, forestry, and fishery by providing product design, packaging services, market publicity and other planning and guidance for their agricultural products. It is because of the establishment of the hierarchical management system for the sixth industrialization by various departments that the positive and steady development is realized.

(2) Fiscal and financial support mechanisms

The Japanese government has provided rich financial subsidies for the sixth industrialization, such as agricultural facility subsidies, water conservancy construction subsidies, loan interest subsidies, etc. At the same time, Japan adopts the policy supporting the price of agricultural products to ensure the income stability of workers in the sixth industries. Most agricultural products are supported and protected by the government to varying degrees. Japan implements controlled price protection for rice, tobacco and other agricultural products, and provides price support policies for wheat, potatoes, sugar crops, meat, milk, and other important foods. There are measures to provide special financial support policies and professional development fund support for workers of the sixth industry. Special funds for integrated industrial development, supporting funds for agricultural development, and funds for risk control have been set up.

(3) Legal protection

Since the promulgation and implementation of the Basic Law on Agriculture in Japan, the law has been regarded as the "mother law" in the field of agriculture in Japan. In the following years, the Japanese government formulated hundreds of agricultural laws to supplement the Basic Law, and gradually built a complete agricultural legal system. (1) The Japanese

government takes the Basic Law on Food, Agriculture and Rural Areas promulgated in July 1999 as the basic principle of food, agriculture, and rural legal policies in the 21st century. (2) Law on Local Consumption of Local Products. Its original intention is to encourage a large number of farmers to consume more local or nearby produce, which can not only guarantee the freshness of food but also save transportation costs and reduce energy consumption. (3) In 2005, the Ministry of Agriculture, Forestry and Fisheries of Japan issued a new Basic Plan for Food, Agriculture and Rural Areas, and for the first time, issued the Agricultural Environmental Standards, which required that agricultural workers must abide by the production standards for environment-friendly agriculture in the process of production and operation. According to the new documents, more attention should be paid to the multiple functions of agriculture and the maintenance and promotion of the circulation of matters. It was required to vigorously develop the sixth industrialization of agriculture to enhance the vitality of rural economy, and inherit rural traditional culture. While improving rural living conditions, agricultural workers should protect the ecological system and the rural environment, including the landscape, and comprehensively develop diversified agriculture.

III. Poverty Reduction Mechanisms of Japan's Sixth Industrialization Policy

(1) Participation of multiple players

There are multiple players in the poverty reduction mechanisms of the sixth industrialization, including government, enterprises, agricultural associations, banks, insurance institutions, etc., all of which have different functions and roles. Only by giving full play to the functions of different players and creating a pattern of coordination and cooperation among the players can the sixth industrialization drive the prosperity of farmers. The structure of diversified players is the core of the poverty reduction mechanism of Japan's sixth industrialization. Mainly through the construction of organizational forms such as agricultural producer-oriented, socially-oriented, enterprise-

oriented, autonomy-oriented, and agriculture-industrial-commercial driven mechanisms, Japan has created the organizational models of "horizontal sixth industries," "vertical sixth industries" and "mixed sixth industries," gradually expanding the scope of business from production to crop processing, native products development, direct selling of crops, housing distribution of agricultural products, catering business, accommodation facilities management and operation. The five organizational forms fundamentally adhere to the leading role of the government in poverty alleviation. They also provide greater potential for the industrial poverty reduction mechanism, which is not only reflected in resources, but also in the potential of diversified players in resource allocation and mechanism innovation. The structure of multiple players participation has improved the division of labor, shared technology and information among different industries, and promoted the integrated development of the primary, secondary and tertiary industries.

(2) Factors support

The poverty reduction mechanism of the sixth industrialization calls for multiple players as well as economic resources and factors of production. Factors of production can be divided into mobile factors and immobile factors. The construction of poverty reduction mechanism must fully consider the nature, characteristics and operation mode of different production factors.

The market operation of immobile factors in the sixth industrialization. Immobile factors are the inherent production factors in rural areas, the total amount of which cannot be added through cultivation, introduction, and regeneration. The inherent form of factors restricts, to some extent, its effect on agricultural production and farmers' income. However, under the mechanism of poverty reduction through industrialization, these immobile factors can be systematically operated, the forms of their functions can be changed, and the utilization rate of these factors can be improved.

As the most basic factor owned by farmers, land is typically immobile. Under the traditional model of financial support policy, the effect of land resources on agricultural development and farmers' income are subject to objective factors such as land fertility and agricultural infrastructure on the one hand, and to subjective factors such as physical strength, intelligence and technical level of the landowners to the other hand. In the mechanism of poverty reduction through industrialization, the transfer mode of land resources is diversified and market-oriented. Putting land resources under the dynamic and value-added model of market-oriented transactions can improve the efficiency of resources and attract more players.

Implementing the sixth industrialization to reduce the shortage of supply and demand for mobile factors. First, there is a huge gap between supply and demand about capital, technology, information and other mobile factors in rural areas. The sixth industrialization can stimulate the government, banks and industrial and commercial capital to invest in mobile factors, reduce the gap between supply and demand of mobile factors, and facilitate the creation of endogenous power for rural development. Second, technological innovation. With the continuous development of economy, technological innovation, demonstration, and promotion play an increasingly significant role in the high-quality development of agriculture which narrows the gap between the rich and the poor in rural areas. Agricultural technology can resist the natural risk of agricultural production and maintain the stability of agricultural production. It can increase the added value of agricultural products, meet the needs of consumers, and improve the competitiveness of agricultural and sideline products in the market. It can also promote the innovation of agricultural production mode, and expand the income sources of agricultural and sideline industries. Third, human capital. Rural human capital investment, including vocational education, adult education, and labor training, has cultivated agricultural professionals on the one hand, and, on the other hand, attracted

agricultural talents from other industries and regions, facilitated the formation of a system of agricultural talents, promoted the overall improvement of the quality of rural labor, and further accelerated the development of agricultural technologies. Fourth, financial resources. The shortage of financial resources is a common problem in poor rural areas. The sixth industrialization can attract social capital's flow into agricultural production, and solve the problem that unsustainable fiscal funds cause the interruption of funding for industrial development, which is an effective measure to address the shortage of funds. The sixth industrialization attracts financial resources. While alleviating financial support for poverty reduction, it can strengthen farmers' competition and risk awareness, which is conducive to improving the efficiency of funds. Fifth, informatization. The efforts of the sixth industrialization to promote rural areas' information construction can better realize the connectivity between farmers and the external market, and improve production efficiency. At the same time, it can broaden farmers' horizons, increase their knowledge, and improve their comprehensive quality and development abilities.

(3) Resource integration

On the basis of introducing diversified players and production factors, the sixth industrialization seeks to strengthen the integration of resources, optimize the allocation of resources and innovate the operation mode of traditional production factors through various ways such as industrial development and project-driven approaches, so as to achieve a "1+1>2" effect. This is the core content of building the poverty reduction mechanism of the sixth industrialization. (1) Development of special industries: the development of special industries is an effective way to integrate various production factors. In the development of sixth industrialization, we should focus on the distribution of characteristic industries in rural areas, as well as industrial operation and service organizations. The layout of characteristic industries should focus on

market demand, adjust the structure of industrial development, highlight the focus of industrial development, optimize the arrangement of characteristic industries. The layout of characteristic industries must take into consideration various elements such as conditions of local land resources, foundation of industrial development, technical level, traffic conditions, etc. Through the targeted identification, support, and cultivation of "one village one product" policy, we can build competitive industries in the market, and build an industrial chain to drive local economic development and shake off poverty and get rich. In addition, it is also necessary to improve the quality of service providers for industrial operation. Industrial development calls for a series of service providers to lead, guide and serve farmers. Leading enterprises are important carriers for the development of agricultural industrialization, deep processing of agricultural and sideline products, and employment opportunities for rural labor. Specialized agricultural cooperatives have changed the farmers' decentralized management mode, and facilitated the communication and cooperation between farmers. (2) Large-scale base development: The development of bases under the mechanism of poverty reduction of the sixth industrialization mainly focuses on the development of leading enterprises, agricultural associations, and supporting services. Leading enterprises and agricultural associations have the interactive effect of connecting the market, driving the base and leading the farmers. The constant introduction, development, and expansion of leading enterprises can attract capital investment, promote technological innovation, and improve management efficiency. Regarding the supporting services, with the increasing demand for food quality and safety, storage equipment and logistics channels are playing an increasingly important role in the development of agricultural and sideline industries. (3) Project-driven approaches: investment projects from the government and the industrial and commercial capital are important carriers for capital, technology, and other factors to enter the agricultural industry, and important ways to attract diversified players to participate in poverty reduction

through industrial development. Investment in projects can build effective connections with targets of market support by identifying the differentiated needs of rural population.

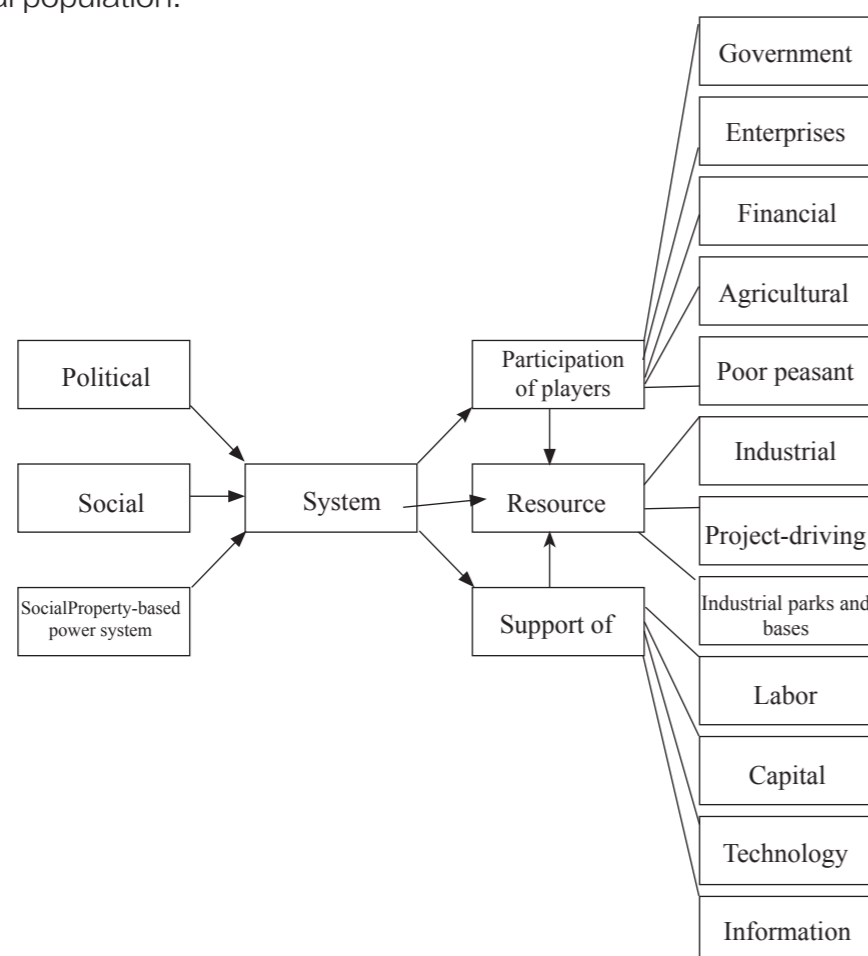


Figure 1 Diagram of the Framework of Poverty Reduction Mechanism of Sixth Industrialization

IV. Poverty Reduction Achievements of Sixth Industrialization in Japan

Japan's "sixth industrialization" was put forward by Imamura Naraomi² in 1994. The proposal of "sixth industrialization" aims to enable farmers to share the benefits of processing and service of agricultural products by connecting the primary industry to the secondary and tertiary industries, and realize the

² transliteration

win-win situation of multiple players through the rational allocation of various resources. As far as farmers are concerned, the achievements of Japan's "sixth industrialization" include: (1) fully tapped rural resources, innovated agricultural management forms, gave rural women and the elderly more job opportunities, improved room for profits for vulnerable groups; (2) integrated development of multiple players injected new momentum into the extension of the chain of sixth industrialization, attracted migrant farmers to return to their hometown for employment and entrepreneurship, and narrowed the gap between urban and rural rich and poor; (3) the guarantee of sound policies and laws and diversified organizations gave professional farmers stable right of management and a voice, improved farmers' capital for livelihood, and strengthened farmers' abilities for production and management; (4) rural industry development strengthened the supply of infrastructure and public services, and created a secure and harmonious social environment for farmers.

From the perspective of industry, the development of the sixth industrialization promoted the better integration of the primary industry into the secondary and tertiary industries, increased the market share of agricultural products, enabled agricultural business entities to share the value-added benefits of the secondary and tertiary industries, reduced the risks of agricultural business entities, and attracted more agricultural business entities to work in related industries. The development and expansion of the sixth industrialization created more jobs and attracted more agricultural talents to start businesses in villages. The specific achievements are as follows:

(1) The income of poor farmers increased

The Japanese government increased support for the development of industries by poor farmers and encouraged and supported them to develop

characteristic industries. The production and living conditions of a large number of farmers in impoverished villages were greatly improved, effectively alleviating the problem that some poor people lacked funds for development and projects to shake off poverty. At the same time, Japan gave full play to the role of mutual aid societies for poverty alleviation, used funds for mutual assistance in poverty alleviation in a sufficient and flexible way, solved the shortage of funds for production and development of some poor farmers, directly increased their incomes, realized the sustained poverty alleviation by industry, and achieved the transformation from "donation-oriented poverty alleviation" to "empowerment-oriented poverty alleviation."

(2) The market share of agricultural products increased year by year

From 2011 to 2015, the sales of six industrialization of Japan's agriculture and fishery showed an upward trend year by year. In 2015, compared with 2011, the sales of agriculture's sixth industrialization increased by 332.058 billion yen, an increase of 20.3%, and the processing and direct selling of agricultural products also increased by 14.4% and 25.8%, respectively. Compared with the previous year, the sales of fishery's sixth industrialization increased by 28.046 billion yen in 2015, with a year-on-year growth of 13.6%. The sales of processing and direct selling of agricultural products increased by 12.322 billion yen and 3.282 billion yen respectively, up by 7.14% and 9.9% respectively.

(3) The number of agricultural business entities increased

In recent years, the number of business entities that have passed the certification of "comprehensive business plan" keeps rising, from 1,321 in 2012 to 2,227 in 2016, an increase of 906, or 68.6%. As the sixth industrialization gradually entered a stage of steady development, the growth range of entities that got the certification also became stable, and the growth

range narrowed down year by year, while the growth trend still existed. As the operating conditions of the certified entities were in line with the development expectation of the sixth industrialization, their economic benefits kept rising.

To examine the businesses' satisfaction with the policies on sixth industrialization and their business expectations in a period of time, in 2011 and 2012, the Japan Finance Corporation conducted a nationwide mail survey and financial analysis on the farmers who used the funds of the public treasury and the agricultural producers and business entities (large-scale agricultural operation system) whose sales met certain standards in carrying out six industrialization undertakings. The results showed that the business entities of sixth industrialization were very optimistic about the future business prospects (76.2% for expansion; 17.7% for maintaining the status quo; 4.9% for reduction; 1.2% for stop). And 54.9% of the added value created by the sixth industrialization was converted into the wages of employees. At that time, the average time for business entities to work on the sixth industrialization was 8.3 years, and the median was 5 years. 68.7% of the business entities sold products directly and 67.6% of them chose agricultural product processing, followed by agricultural restaurants (16.6%), sightseeing agriculture (12.2%), rural home stay (2.6%) and others (4.6%). Taking the business entities who borrowed from the public treasury as research object, the sales growth rate of those who have involved in sixth industrialization was 24.7%, while that of the business entities who had not done so was 14.6%, with a gap of 10.1%, indicating that the sixth industrialization contributed a lot to income growth. The growth of income of owners engaged in the sixth industrialization due to the increase of job opportunities was 32.0%, while those who had not engaged in the sixth industrialization was only 9.1%. The share of the added value belonging to employees' salaries was 59.6% and 31.8%.

Table 1 Annual sales of businesses related to agricultural and fishery production

Year	Businesses related to agricultural production	Businesses related to fishery production
2010	1654372	...
2011	1635989	161521
2012	1739418	185361
2013	1817468	203191
2014	1867233	205593
2015	1968047	233639
2016	2027512 (million Japanese Yen)	230012
	Total sales amount of the year	Total sales amount of the year
	Agricultural processing	Aquatic product processing
	Direct sellers of agricultural products	Direct sellers of aquatic products
	Sightseeing agriculture	Other businesses related to fishery production
	Other businesses related to agricultural production	Other businesses related to fishery production
	Number of workers	Number of workers
	3995	...
	4292	182
	4512	211
	4671	230
	4415	240
	4594	296
	4721 (100 persons)	292 (100 persons)

Note: Other businesses related to agricultural production include rural home stay and restaurant

V. Integrated Development of Industries in China: Status Quo and Existing Problems

(1) The status quo of integrated development of the three industries in China

Since the issuance of the Guiding Opinions of the General Office of the State Council on Promoting the Integrated Development of Primary, Secondary and Tertiary Industries in Rural Areas in 2015, the integrated development of the three industries in China's rural areas has achieved something, but not that much. As can be seen from Figure 2-1, in 2015, 2016, 2017, and 2018, the added value of China's primary industry was 5,777.46 billion yuan, 6,013.92 billion yuan, 6,209.95 billion yuan, and 6,473.40 billion yuan respectively. In 2017, the added value of the primary industry increased by 196.03 billion yuan over the previous year, up 3.2% year-on-year. In 2018, the added value of the primary industry increased by 263.45 billion yuan over the previous year, up 4.2% year-on-year. In 2015, 2016, 2017, and 2018, the added value of China's secondary industry was 28,204.03 billion yuan, 29,654.77 billion yuan, 33,274.27 billion yuan, and 36,600.09 billion yuan respectively. In 2015, 2016, 2017 and 2018, the added value of China's tertiary industry was 34,617.80 billion yuan, 38,337.39 billion yuan, 42,591.21 billion yuan, and 46,957.46 billion yuan respectively. For four consecutive years, the value added of the primary industry accounted for a small proportion of the total value added, indicating that the growth momentum of the primary industry was insufficient in China's economic development.

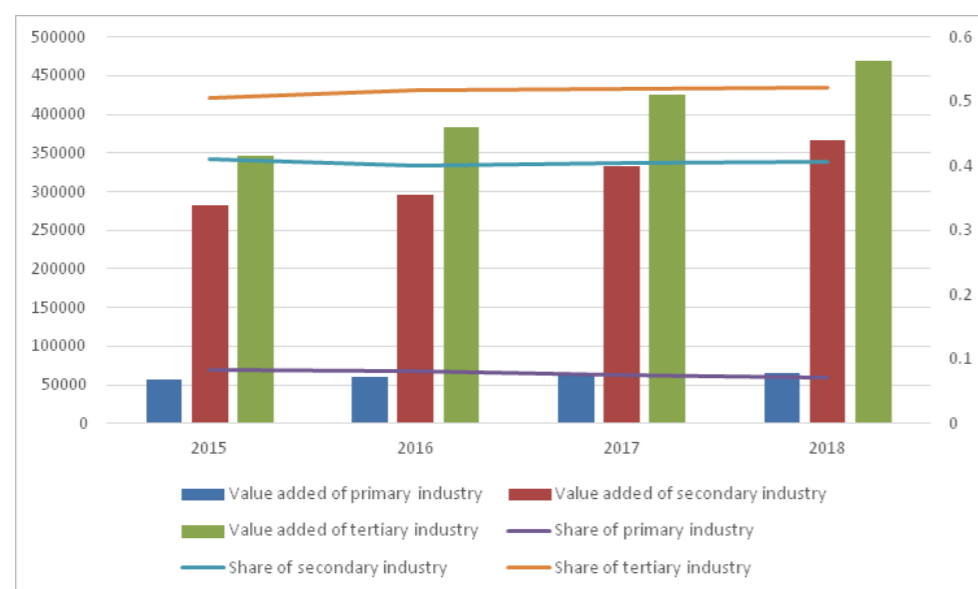


Figure 2 Trend of value added of three industries and the proportion of each industry from 2015 to 2018

Regarding the export number of agricultural products, from 2015 to 2017, the export number of agricultural products in China increased by 31.35 billion yuan, an increase of 7.1%. In 2017, agricultural exports totaled 475.32 billion yuan, up 15.97 billion yuan from the previous year, up 3.4% year-on-year. With the "integration of three industries" in rural areas, the international competitiveness of China's agricultural products will continue to improve, which will be reflected by the increase in the number of agricultural exports.

Regarding the main products of the primary industry, in 2017, grain output increased by 1.67 million tons from the previous year, cotton by 150,000 tons, oil by 1.19 million tons, sugar by 2.57 million tons, tea by 1.67 million tons, and area of grain sown land by 810,000 hectares. It can be seen that, with the "integration of three industries" in rural areas, the output of major crops in the primary industry increased to different degrees. The fact that more productive crops were produced in the face of a decrease in the sown area indicates that agricultural efficiency was improved and the quality of agricultural production was also improved.

The "integration of three industries" in rural areas promoted the formation of a new model for the organization of agricultural production. This injected vitality into agricultural and rural development. Sichuan Province took advantage of its location to develop special and advantageous agriculture. Jiangsu Province took the lead in creating e-commerce villages and e-commerce towns, which were new explorations in industrial integration. The "integration of three industries" in rural areas improved the profit mechanism of producers and business entities within the agricultural industrial chain, and the interests of producers and business entities are more closely linked. Interests mechanisms in various forms, such as "company + cooperative + peasant household," "company + base + farmer," "order + share cooperation," and "farmer shares + guaranteed dividend," were constantly improved, which enhanced the enthusiasm of peasant households to participate in the "integration of three industries" and increased the income of agricultural producers and business entities.

(2) Problems in the integration of three industries in China

"Integration of three industries" in rural areas in China started late, and there are still a lot of problems in its development. The paper will expound from the aspects of agricultural business entities, government and other departments. In the "integration of three industries," we should make joint efforts to create a situation of multi-industry integration, so as to advance the "integration of three industries" in China.

1. With the shortage of personnel, the leadership of business entities is weak. As the "integration of three industries" in rural China started late, all parties are still in the initial stage of exploration. With weak development capabilities and leadership, these parties are difficult to establish a relatively mature development model that can be copied and popularized. The lack of leading

enterprises that could be regarded as the models of "integration of three industries" will slow down the integrated development of rural industries. Since 2011, the number of employment in the primary industry has been in continuous decline, and its share has also shown a downward trend. For five consecutive years, its share has been 34.80%, 33.60%, 31.40%, 29.50%, 28.30%, and 27.70%, respectively. This indicates that the number of personnel engaged in the "integration of three industries" in rural China declines with the decrease of the number of jobs in the primary industry, which will also make the rural areas too sparsely populated and cause the aging of rural population. This has increased difficulties for the "integration of three industries" in rural areas and seriously affected the development of agriculture.

2. Lack of specialized agricultural talents. Among the agricultural producers and business entities, people received junior middle education and below account for about 89.6%, while those received senior high education and above only account for 10.4%. The lack of professional and high-quality talents will hinder the "integration of three industries." Agricultural producers and business entities are mainly engaged in planting and animal husbandry, accounting for about 89% of the total, while the service providers for agriculture, forestry, animal husbandry, and fishery account for only 1.9%. The proposal of "integration of three industries" in rural areas will extend the industrial chain, and fully explore the versatility of agriculture, so as to improve the utilization rate of agricultural resources. However, from the perspective of talent supply, only when the effective supply of specialized agricultural talents is ensured can the development of "integration of three industries" in rural areas be fully supported.

Table 2 Total number of agricultural producers and industrial composition

	China	Eastern region	Central region	Western region	Northeastern China
Total number of agricultural producers and business entities (10,000)	1289	382	280	411	217
Composition of education level of agricultural producers and business entities (%)					
Not been to school	3.6	3.4	3.7	5.2	1.0
Primary school	30.6	28.8	26.9	35.7	28.6
Junior high school	55.4	56.5	56.8	48.6	64.3
High school or technical secondary school	8.9	9.9	11.2	8.4	5.2
Junior college or above	1.5	1.3	1.4	2.1	0.9
Composition of sectors of agriculture engaged in by producers and business entities (%)					
Farming	67.7	60.0	60.9	73.3	79.8
Forestry	2.7	2.9	3.0	3.1	1.6
Animal husbandry	21.3	19.3	28.6	21.6	14.6
Fishery	6.4	15.5	4.6	1.0	2.8
Services for agriculture, forestry, animal husbandry, and fishery	1.9	2.3	2.9	1.1	1.6

3. The management ability of the government and other responsible departments needs to be improved, and the financial support from the government needs to be strengthened. The Chinese government is still playing the role of policymaker. But it is not yet deeply involved in the management of the "integration of three industries," which makes the policies it makes too general. Government departments should act as the main force to promote the "integration of three industries" in rural areas, thoroughly understand the difficulties in the process of industrial integration, pay close attention to the development trend, and take the development of "integration of three industries" in rural areas as an important way to realize agricultural modernization and to improve the production and living environment in rural

areas. There are few financial services related to agriculture, let alone a special supporting development fund for the integration of three industries. Rural loans are backward and financing channels are narrow, which undoubtedly adds difficulties to agriculture-related enterprises that already lack of financing means and channels. Without the strong support of funds, the "integration of three industries" will be hindered. In the process of "integration of three industries" in rural China, the financing cost of some enterprises is extremely high, accounting for about 20% of the total profits, which will affect the enthusiasm of enterprises to participate in "integration of three industries," and will do no good as they seek to play a leading role.

VI. What China Can Learn from Japan's "Sixth Industrialization"

(1) Policy support

Government management mechanism: Borrowing the experience of sixth industrialization of Japanese agriculture, which promotes the coordinated development of industries by implementing the market-oriented mode with government guidance, China should solve the chronic problem of "government dominance with absence of market" in the development rural industries, stick to the dominance of the market and guidance of the government, highlight the focus of industrial development, and advance the coordinated development among industries. In the integration of rural industries and the promotion of poverty alleviation through the industry, we should borrow market forces and be market-oriented.

Fiscal and financial support mechanism: As Japan developed the sixth industrialization, it gave great preferential subsidies from fiscal and financial aspects to the farmers, forestry and fishery business entities involved, as well as small and medium-sized enterprises that were recognized. The development and growth of a new type of business cannot be separated from

financial support. In the process of integrated development of the primary, secondary and tertiary industries in rural areas, the government should increase financial input, and make subsidy standards more detailed, including loan subsidies, subsidies for purchasing agricultural facilities, investment subsidies, and subsidies for production and processing expenses.

Legal guarantee: In order to protect the interests of local business entities from being harmed in the integrated development of industries, the sixth industrialization of Japanese agriculture was legislated to clarify the access threshold for industrial and commercial capital and to limit the shareholding ratio of industrial and commercial capital. According to this experience, China should consider adopting the form of legislation to strengthen the examination of the admittance of foreign industrial and commercial capital in rural industrial integration, or further consider the explicit limitation of the share of foreign industrial and commercial capital. At the same time, relevant law enforcement departments should strictly enforce the law, and promptly investigate and punish all kinds of behaviors that harm the interests of local industrial business entities, especially individual farmers, so as to protect the legitimate rights and interests of all economies from being harmed.

(2) Promotion of society

Multi-player cooperation mechanism: For cooperative organizations, to give full play to their function of targeted poverty alleviation, it is necessary to ensure their healthy development, avoid the possibility of alienation in the market economy, prevent the control of the minority over the majority, and limit the deprivation of labor by the capital. Therefore, there must be a complete system of internal organization. We should improve the general assembly, the board of supervisors and the board of directors, and make them truly effective. Based on the gradual improvement of rural cooperative organizations, we

should accelerate the formation of an effective benefit distribution mechanism and incentive mechanism.

Multi-player interest connection mechanism: The main players of the sixth industrialization are small and medium-sized farmers. In order for this industry to effectively drive small and medium-sized farmers to increase their income and get rich in the process of development, and then revitalize the rural economy, it is necessary to re-structure the form of agricultural operation and organization, change the multi-level sales mode of traditional agricultural products, bring producers to consumers directly, and make agricultural products reach consumers directly from producers. Only in this way can the leading position of agricultural producers be established in the industrial chain, and then enhance their market competitiveness.

(3) Technological progress

Agricultural technologies innovation program: In order to support the development of the "sixth industries," the Ministry of Agriculture, Forestry and Fisheries of Japan formulated the Basic Research Plan for Agriculture, Forestry and Fisheries Technology, which clarified its support for the research and development, technology popularization, as well as the protection and use of intellectual property rights regarding innovative technologies. By borrowing the experience of Japan, China should build a system of industrial technologies, so as to enable the transformation from short-term project management to long-term stable support, from scattered research to targeted efforts for breakthrough in the industrial chain, and from focusing on agricultural commodities to giving play to the traditional advantages of small crops. We have basically established a framework of technology-supported industrial development, and agricultural scientific research is more consistent with the law of industry.

Sound agricultural science and education system: We should actively develop

agricultural education. Ordinary high schools in Japan offer agricultural education courses, and a variety of agricultural technical personnel and farmers training institutions are in place. The development levels of rural planting industry, breeding industry, and processing industry are largely determined by the level of professional technologies. This puts forward requirements to the targets of poverty alleviation regarding their professional and technical abilities. We should learn from the experience of the United States and Japan and other developed countries to strengthen farmers' agricultural education and technical training.

(4) Organizational structure

In order to ensure the effective implementation of the sixth industrialization strategy, the Japanese government established an organization to promote it from top to bottom. The Ministry of Agriculture, Forestry and Fisheries set up more than a dozen departments for this, involving various links of agriculture, forestry, fishery and animal husbandry. Borrowing the experience of Japan, when it comes to institutional support, we should establish a top-down specialized guiding institution, so as to ensure the implementation of the strategy to integrate the primary, secondary and tertiary industries in rural areas. We should give full scope to social forces, and establish various kinds of socialized supporting organizations through government guidance and industry participation to serve the integrated development of primary, secondary and tertiary industries in rural areas. We should explore the service functions of trade associations and farmers' specialized cooperatives, encourage them to play a leading role in rural industrial integration, and deeply participate in the production, processing, and trade of agricultural products.

(5) Cultural inheritance

In the 1970s, the Japanese government launched the "village path creation"

movement. The movement aimed to protect rural history and culture, increase rural cultural supply, develop rural tourism, improve the rural environment, and strengthen the security of rural society. Rural cultural heritage is the wealth in the historical changes of rural society. With the rapid development of industrial civilization in modern society, the development of traditional rural cultural heritage is gradually hindered. Therefore, it is necessary to strengthen the protection of rural cultural heritage, introduce government forces, and build a sound rural cultural heritage protection system, so as to minimize the impact of the ideology of market economy and interests and seek a sustainable development path for the inheritance and development of rural cultural heritage.

The "one village one product" policy originated in Japan's Oita Prefecture in 1979. Japan's "one village one product" policy took industry rather than "product" as its core. It is suggested to learn from the experience of Japan. To be specific, the development of "one village one product" should be independently participated by farmers, who decide projects, choose products or industries, manage and develop by themselves. In this process, the government provides some guidance and financial support to fully stimulate the wisdom of farmers, and cultivate a group of "local experts" that can become the leader and backbone of the movement of "one village one product." Many characteristic villages and towns have been built in the "one village one product" movement.

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