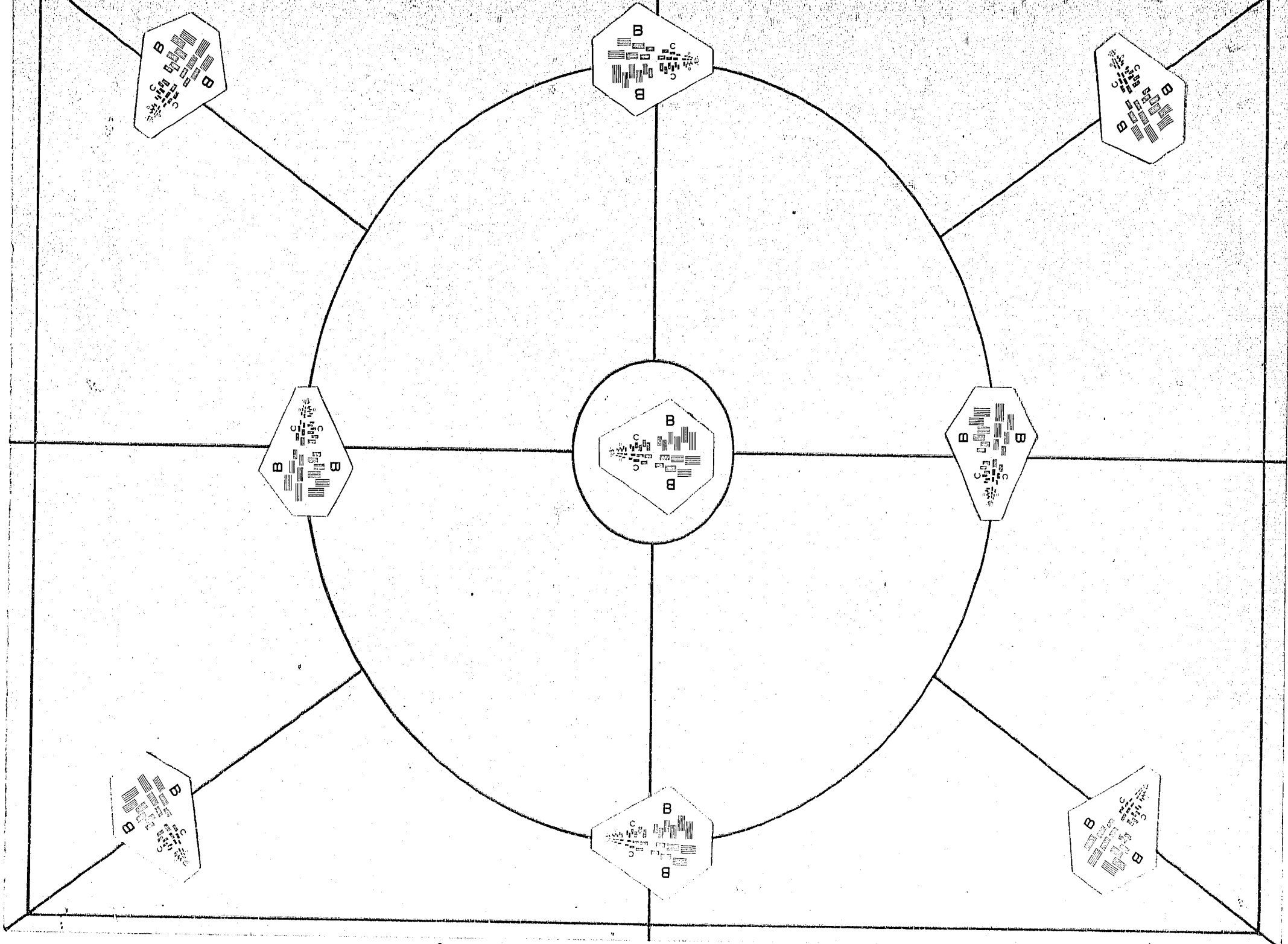


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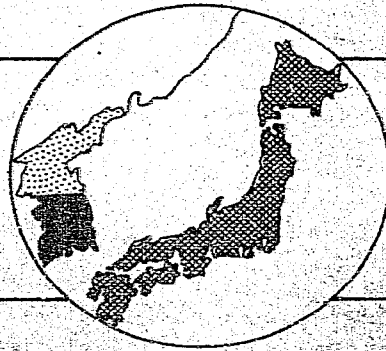
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海外情報

**SUPREME COMMANDER
FOR THE ALLIED POWERS**



SUMMATION

of

Non-Military Activities

in

JAPAN and KOREA

No 1 September - October 1945

0001

GENERAL HEADQUARTERS
SUPREME COMMANDER
FOR THE ALLIED POWERS

SUMMATION Nº 1

Non-Military Activities
IN
JAPAN AND KOREA

FOR THE MONTHS OF
SEPTEMBER - OCTOBER 1945

Summation No. 1 was originally mimeographed and unbound. This reproduction will provide a complete, current series of bound printed volumes. Minor changes and corrections were made in the text.

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

SUMMATION NO. 1

SEPTEMBER - OCTOBER 1945

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

SUMMATION
of
NON-MILITARY ACTIVITIES
in
JAPAN and KOREA

Number 1.

September - October 1945

PART I

GENERAL

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SECTION 1

ORGANIZATION UNDER SCAP

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INITIAL ACTIONS

1. General of the Army Douglas MacArthur, Supreme Commander for the Allied Powers (SCAP), landed at Atsugi Airfield on 30 August 1945 and established his headquarters at Yokohama.

On 2 September 1945 the Instrument of Surrender was signed aboard the USS Missouri in Tokyo Bay.

On the same date Directive Number 1 GHQ AFPAC which provided for the surrender and disarmament of all Japanese forces wherever located was issued.

On 3 September 1945 Directive Number 2 GHQ AFPAC which provided for the prompt and orderly establishment of the Occupation Forces in designated areas and established controls over the disarmament and demobilization of the Japanese armed forces was issued.

During the initial two-week period numerous memoranda primarily concerning the military phases of the occupation, the release of prisoners of war and related matters were issued.

In order to establish early and adequate control over Japanese civilian economy the Economic and Scientific Section was created by General Orders No. 170 GHQ AFPAC dated 15 September 1945.

2. GHQ AFPAC moved to Tokyo on 17 September 1945.

3. On 22 September 1945 Directive Number 3 providing for the establishment of wage and price controls and the stimulation of production of essential commodities was issued.

On the same date General Orders No. 183 GHQ AFPAC activated the Civil Information and Education Section to effectuate control over Japanese education, religion and media of expression.

4. During the latter part of September numerous memoranda directed the Japanese Government to furnish information on commodity prices, production of various essentials, governmental controls over industry and similar activities.

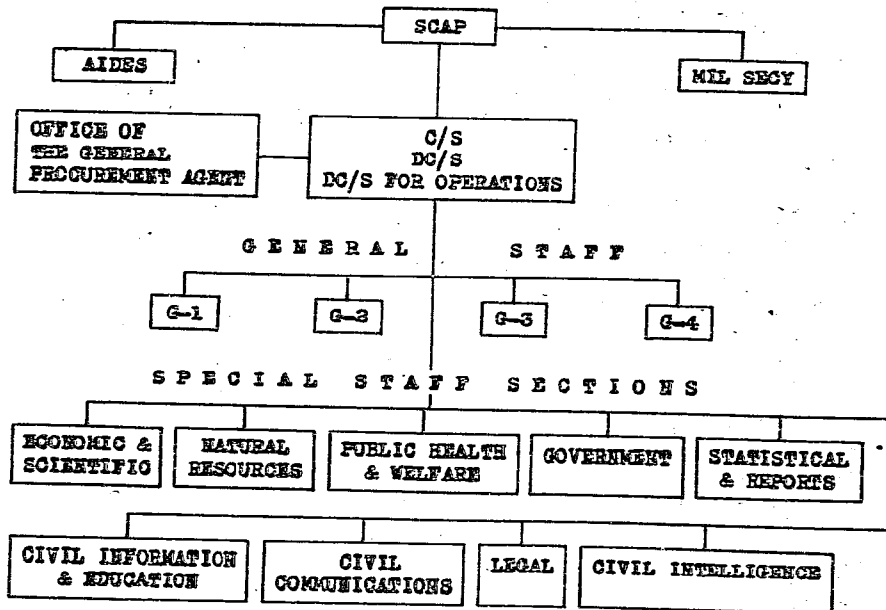
ORGANIZATION OF GHQ SCAP

5. General Headquarters of the Supreme Commander for the Allied Powers was established, and the General and Special Staff Officers were announced in General Orders No. 1 and 2 GHQ SCAP dated 2 October 1945.

6. General Orders, listed below, activated nine Special Staff Sections to advise the Supreme Commander on policies for the non-military activities in Japan and Korea with major responsibilities as indicated.

- No. 3. Economic and Scientific: Economic, industrial, financial and scientific affairs.
- No. 4. Civil Information and Education: Public information, including press, radio, motion pictures and theater; also, education, religion, fine arts and monuments.
- No. 6. Natural Resources: Agriculture, forestry, fishing and mining (including geology and hydrology).
- No. 7. Public Health and Welfare.
- No. 8. Government: Military Government in Korea and the internal structure of civil government in Japan.
- No. 10. Legal: General legal matters and the prosecution of war criminals.
- No. 11. Civil Communications: Rehabilitation of signal communications in Japan and Korea.
- No. 12. Statistical and Reports: Assemble, edit and prepare statistical data and reports.
- No. 13. Civil Intelligence: Civil public safety and investigation of compliance with instructions to the Japanese Government.

STAFF FUNCTIONS OF SCAP (AG OMITTED)



General Orders No. 5 dated 2 October 1945 established the Office of General Procurement Agent to coordinate, control and issue regulations governing the procurement of supplies, equipment, materials, services, real property and facilities by the forces of the Allied Powers in the occupied areas of Japan and Korea.

On the same date General Orders No. 9 designated the Assistant Chief of Staff G-2 to coordinate and supervise the exploitation of military intelligence targets in Japan and Korea.

MEDIUM OF CONTROL OVER JAPAN

7. The Supreme Commander transmits his instructions through directives and memoranda to the Japanese Government. Army and Corps Commanders conduct investigations and make reports, and in cases of non-compliance by the Japanese Government take appropriate action, as directed by this Headquarters.

8. Directives and memoranda are transmitted through the Liaison Officer, G-2, to the Central Liaison Office (CLO) of the Japanese Government. The latter directs the proper course of the instructions to the appropriate ministries for compliance. Close liaison and expedition is provided for through frequent informal conferences between Special Staff Sections of this Headquarters and the appropriate bureaus within the Japanese Ministries.

9. On the prefectural and local levels the SIXTH and EIGHTH Armies perform such military government activities as directed by SCAP. Annex No. 8 to Operations Memorandum No. 4 GHQ AFPAC 28 August 1945 delegates to Armies and Corps the following responsibilities in addition to those of a strictly military character; (1) the procurement of labor, and (2) the procurement of supplies, equipment and facilities.

10. Military Government officers and units are assigned to Armies, Corps and Divisions. Liaison Officers of the SIXTH and EIGHTH Armies and XXIV Corps are stationed with GHQ SCAP.

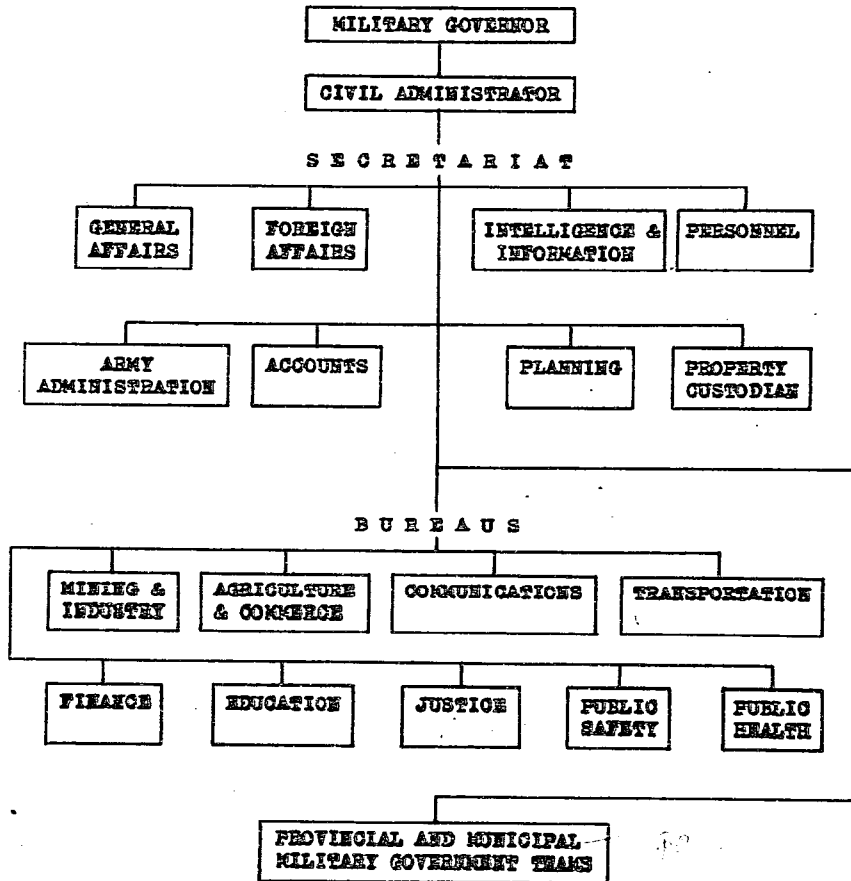
ADMINISTRATION OF CIVIL AFFAIRS IN KOREA

11. Military Government at the top level is organized to correspond to the existing central government organization in Korea which is called the Government General. The Military Governor is acting Governor General and commands all Military Government detachments and teams not attached to tactical units. To assist the Military Governor there is a Civil Administrator to coordinate activities of the Secretariat and the Bureaus.

12. Eight sections make up the Secretariat which constitutes the staff of the Governor General. The Directors of the nine bureaus and the Civil Administrator constitute the cabinet of the Governor General. Policy questions are submitted by the various bureaus to the appropriate sections of the Secretariat for final study before being placed in the hands of the Civil Administrator.

13. Liaison between the Government General and Military Government teams attached to tactical units is through the Secretariat. As the occupation develops, it is anticipated that the Military Government teams will be removed from the command of tactical units and will operate directly under the Military Governor.

ORGANIZATION OF MILITARY GOVERNMENT IN KOREA



SECTION 2
POLITICAL AND SOCIAL ACTIVITIES IN JAPAN

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1. The policy of the Supreme Commander for the Allied Powers is to use, not support, the existing government in Japan, and to permit and favor changes in the form of government initiated by the Japanese people or government in the direction of modifying its feudal and authoritarian tendencies.

GOVERNMENTAL CHANGES

2. On 13 September, pursuant to SCAP directives No. 1 and 2, the Japanese Imperial General Headquarters was disbanded and superseded by the Japanese War Department. It is anticipated that this Department and the Navy Ministry, which are now engaged in demobilization, will be abolished about 1 December 1945 and replaced by the First and Second Demobilization Ministries, respectively, operating as civilian agencies to complete demobilization of Japanese armed forces overseas.

3. An initial reform required in the Japanese Government was the abolition of the Greater East Asia Ministry, once one of the most powerful political forces in Japan. This ministry was created as the general agency for conducting administrative work concerning the field of politics, economy and culture within the Greater East Asia Sphere, except Japan Proper, Chosen, Taiwan and Karafuto.

4. Approval was granted the Japanese Government to establish Regional Administrative Affairs Bureaus in the place of the abolished Regional Administrative Districts. Although the Bureaus are under direct supervision of the Ministry of Home Affairs, directions are received from the Prime Minister and the Cabinet. Within each respective region these Bureaus will coordinate and adjust all the industrial, economic and other peacetime aspects of local administration.

5. On 9 September 1945 the Ministry of Education abolished the nationalistic Students' Mobilization Bureau and added the Scientific Education Bureau, the General Affairs Bureau and the Physical Training Bureau.

6. The Board of Information has been divested of its powers of censorship and other wartime duties. It will be reorganized on 1 November 1945 to investigate national policies and public opinion,

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and to provide services to the press and radio, to motion pictures and to theatrical and other cultural enterprises.

7. The Ministry of Home Affairs, long the most powerful body in domestic matters, was stripped of much of its authority by a directive of 4 October, referred to as the "Bill of Rights". Provisions of this directive removed the Minister and eliminated activities pertaining to peace preservation, foreign affairs and censorship. On the day following the issuance of the directive, the Higashikuni Cabinet resigned en bloc and on 9 October the Shidehara Cabinet was formed.

8. On 27 October there was a sweeping reorganization in prefectural government which affected some 32 governors and 130 department chiefs. As a result 13 governors were dismissed, six transferred to other prefectures, and four new governors appointed from private life. The remaining changes involved personnel shifts between governorships and other government departmental positions.

9. Agencies within the Ministry of Justice administering "thought ideology" activities were abolished. This included the Protection and Surveillance Commission and the Protection and Surveillance Stations whose officials were removed from office.

10. The "Bill of Rights" directive resulted in a drastic shake-up in the police organization through the abolition of secret police organs, police departments charged with censorship and other police agencies concerned with control of thought, speech, religion and assembly. Pursuant to this directive requiring the removal of secret police and top-ranking police officials, 4,800 members of the police system including approximately 100 senior police officials were removed.

An application for an increase in the strength and armament of the police force was denied by SCAP on 11 October.

11. In ordering the removal of the Minister of Home Affairs, the Chief of the Bureau of Police in the Ministry of Home Affairs, Special Higher Police on all levels, and Guiding and Protecting officials, the "Bill of Rights" provided that these persons be thereafter excluded from public office and from any other position of public or substantial private responsibility.

A directive of 24 October requiring the removal of certain school officials likewise provided that none of these officials be employed in any public or private educational or religious institution.

CONSTITUTIONAL CHANGES

12. Prime Minister Shidehara in his first meeting with the Supreme Commander on 11 October 1945 was pointedly advised that the reforms which Japan must undertake "will unquestionably involve a liberalization of the constitution". These reforms are so fundamental in character that they cannot be effected by statutory legislation alone but necessitate inclusion in the constitution in order to assure their permanency.

13. On 31 October the Japanese Government surrendered its diplomatic property and records abroad and recalled all Japanese diplomatic and consular representatives. Initial steps were taken toward the discontinuance by the Japanese Government of official relations with the governments represented in Japan, except as may be authorized.

14. SCAP directive of 21 October charged the Japanese Government with responsibility for caring for Allied and Neutral diplomatic staffs in accordance with international custom and on the standard scale established by the Japanese Government for this class of personnel. Fujiya Hotel at Miyagoshita was set aside for diplomatic personnel desiring residence there; the government was directed to provide suitable quarters for personnel desiring residence in Tokyo.

ESTABLISHMENT OF CIVIL LIBERTIES

15. The "Bill of Rights" directive forbade the government to abridge freedom of thought, religion, assembly and speech, and further permitted unrestricted discussion of the Emperor and Government.

In addition to specifically enumerated laws, all other laws which operated unequally in favor of or against any person by reason of race, nationality, creed or political opinion were ordered abrogated. All organizations and agencies charged with the enforcement of these restrictions were ordered abolished.

In compliance with the directive, the Japanese Government announced on 12 October that the Peace Preservation Act would be revoked. Later it was announced that the temporary law controlling seditious publications and 11 other laws relating to the control of speech, press and assembly were scheduled for repeal.

A second provision of the "Bill of Rights" directed the release by 10 October of all persons confined on political grounds and the filing of a complete report indicating in detail the present and past status of all such persons. An October report showed the release of 507 political prisoners and the discontinuance of surveillance over 2,026.

Abolition of Nationalistic Societies

16. Despite the various stated purposes of Japan's many pre-war organizations, the different labels attached to them, and the varying nature of their membership, each had only one purpose, that of furthering the militaristic aims of the government. Organizations labelled as church, school, political and women's groups were engaged solely in the prosecution of the war effort.

A national pseudo-religion known as Shinto, with elaborate ritual and ceremony, was used to sanctify all group activities and thus make support of the government a sacred obligation of all citizens. Those failing to comply were subjected to severe methods of coercion. Steps are under way to separate Shintoism from the State and to eliminate it from the schools.

Consideration is being given to the dissolving of ultra-nationalistic, secret and other societies and organizations whose existence might be inimical to the fulfillment of the terms of surrender. Studies include the following points: (1) listing of the societies whose aims are known to be ultra-nationalistic, militaristic or subversive; (2) definition of terms; (3) means of prohibiting the future formation of similar societies; (4) methods of requiring all existing societies to file a list of purpose and membership for public record; and (5) possible exemption in the case of labor unions.

Other affirmative action taken includes abolition of the Religious Bureau in the Ministry of Education, removal of thought restriction from the media of expression by abolition of government

controlled agencies, dissolution of the Greater Japan Political Association and disbanding of the wartime Student Youth Corps.

End of Government Domination over Media of Expression

17. The "Bill of Rights" lifted all former restrictions on the collection and dissemination of information. The press, radio, cinema and theater are now free to express themselves even to the extent of discussing the Imperial institution. Government subsidies for propaganda agencies are abolished.

Domei News Agency, which had exercised a monopoly of news services and was controlled by the government, was a powerful agent of militarism and propaganda. This agency was suspended on 14 September and immediately thereafter the Board of Directors voted its dissolution.

Although the radio, cinema and theatrical organizations have taken full advantage of their opportunities for unlimited self-expression, the newspapers have not shown the same initiative. Instruction and guidance have been furnished to the newspapers concerning the duties, opportunities and responsibilities of a free press.

Recent analysis of the daily papers reveals better coverage of foreign news and explanations of the significance of current domestic activities and trends.

EDUCATIONAL REFORMS

18. At the time of surrender education was virtually at a standstill. Eighteen million students were idle, 4,000 schools had been destroyed, only twenty percent of necessary textbooks were available and teachers were permeated with nationalistic militarism.

Between the time of Japanese capitulation and the establishment of SCAP, the Japanese voluntarily conducted a rough school survey, initiated textbook censorship, reorganized the Ministry of Education and reopened the schools. The laws, orders and regulations which had been the basis of authority for militaristic and ultra-nationalistic indoctrination in the schools were abrogated.

Since the establishment of SCAP military schools have been closed, objectionable subjects eliminated from curricula and a beginning made on the censoring of textbooks. Religious education is again permitted in private schools. The radio is used to re-orient both teacher and student and a start has been made on the production and distribution of educational films to supplement textbooks.

Pending the completion of a plan for the screening of all teachers, known objectionable teachers have been removed and demobilized military personnel barred from teaching until thoroughly investigated. Plans are nearing completion for the equitable admission of ex-military personnel and ex-war-workers as students, and for bringing an educational mission to Japan to advise in the rehabilitation of the school system.

POLITICAL PARTIES

19. The formation of democratic political parties in Japan is encouraged. There is evidence that because of their many years of party limitation, the meanings of democracy and the dignity of the individual are quite vague to most Japanese. The participation of

the people in politics is being hampered by their anxieties over the problems of daily living.

A trend toward an increase in political activity is evident which is encouraging in view of the many years of rigorous suppression by the police.

The "Bill of Rights" furnished the needed impetus to liberal political organizations. At present there are more than 20 political parties. Party lines are blurred and many parties will merge or disappear, but in general they fall into four main groups.

Extreme Right Wing

Parties in this category are bound together by personalities as much as by political principles. No formal party programs have been announced, but main policies are apparently the retention of the present powers of the Emperor and the opposition to communism.

Conservatives

The Japan Liberal Party is the strongest in this category. Its partially formulated platform calls for supreme power for the Diet, respect for human rights and criticism of the China policy. No stand on the Imperial institution has been stated but reliable sources indicate that the party will favor reducing its prerogatives.

Socialist

This group shades from communist to conservative. Although members are agreed on a common program of land reform, social legislation and revision of the constitution, party unity seems impossible with the various factions now represented. Party leaders are generally agreed that the prerogatives of the Emperor should be reduced but many differences exist in regard to his ultimate status.

Radical

Although not formally reconstituted the Communist Party carries on a vigorous program. Published statements indicate a desire to break the hold of the financial oligarchy and to establish a democratic Japan through abolition of the Imperial institution. Further indications point to a modification of this stand to provide a basis for united action with other factions.

TREATMENT OF NON-JAPANESE NATIONALS

20. A complete survey of the location and condition of all Koreans in Japan is being made and the Japanese plan for repatriation is under close surveillance. The Japanese Government estimated that on 15 August 1945 there were about 2,000,000 Koreans in Japan, including 350,000 contract (requisitioned) laborers and that through 31 October approximately 160,000 had been repatriated to Fusan in Korea.

Instructions were given the Japanese Government requiring adequate provision of food, clothing, shelter and medical care for Koreans awaiting repatriation. Japanese shipping used in returning Japanese nationals from Fusan to the Shimonoseki area is employed on the return trip to transport Koreans from Japan.

21. Repatriation of the Chinese groups has been started by the Japanese Government. Approximately 30,000 Formosan-Chinese, 30,000 Chinese and 6,000 other foreign nationals were resident in Japan at the time of surrender. Most Western nationals desire to remain in Japan.

Monetary relief to foreign nationals has not been required but it has been found necessary to supplement their diet and bring it above the normal Japanese standard in order to prevent malnutrition. As an interim measure the International Red Cross was utilized to distribute excess POW supplies to United Nations nationals and certain neutrals in need of assistance.

22. The activities of foreign nationals living in Japan, especially Nazis, are the subject of close scrutiny. By directives of 13 and 19 September the Japanese Government was required to impound and report all property, books of account and records of the governments or nationals of Germany, Italy, Bulgaria, Finland, Thailand, Rumania and Hungary; it was also required to provide the name and latest known address of every foreign national living in Japan prior to surrender, with the exception of diplomatic personnel.

23. A directive of 22 September held the Japanese Government responsible for protection of all property in which nations friendly to the Allied Powers, or the nationals thereof, had rights or interest.

By the terms of a directive of 9 October the Japanese Government was prohibited from arresting members of the Occupation Forces; Japanese courts were deprived of jurisdiction of all cases against members of the Occupation Forces; and all cases instituted against or in favor of nationals of any of the United Nations were required to be reported for review by SCAP.

PROSECUTION OF WAR CRIMINALS

24. An important aspect of the initial phase of the occupation involved the identification and apprehension of war criminals. Special attention was given to atrocities occurring in POW camps and personnel accompanied Advance Recovery Teams to these camps for the purpose of obtaining evidence from liberated prisoners.

The prompt identification of Japanese suspects was facilitated through the establishment of interrogation centers at repatriation assembly areas in the Marianas and Philippines where returning liberated prisoners were further screened. The Japanese Government was required to furnish complete rosters of Japanese personnel on duty at all POW camps.

At an early date an order was issued for the arrest of some 40 persons including former Premier Hideki Tojo, members of Tojo's Pearl Harbor Cabinet and persons charged with atrocities in the Philippines. Many of the initial arrests were made by the Occupation Forces; subsequently this responsibility was delegated to the Japanese Government. The latest in the series of directives added 300 names to the lists of those to be arrested.

SECTION 3
ECONOMIC ACTIVITIES IN JAPAN

C O N T E N T S

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DEMILITARIZATION AND CONTROLS OVER INDUSTRY

1. The destruction of the industrial basis of Japan's war-making power is one of the primary aims of this occupation. The measures taken during the first two months of the occupation together with the war-time destruction resulting from air raids and other attacks have already reduced Japan's war potential to an insignificant level. In addition the loss of colonial sources of raw materials and the controls imposed on foreign trade and shipping further curtailed Japan's economic power.

2. War industries were closed immediately after surrender. Directive Number 1 to the Japanese Government specified that the manufacture and distribution of all arms, ammunition and implements of war will cease forthwith. This ban was further elaborated in Directive Number 3 issued 22 September 1945 which prohibited the manufacture of arms, ammunition and implements of war, parts and components thereof, and combat naval vessels.

Heavy Industries

3. The heavy industries of war potential were listed in Directive Number 3 as follows: Iron and steel, chemicals, non-ferrous metals, aluminum, magnesium, synthetic rubber, synthetic oil, machine tools, radio and electrical equipment, automotive vehicles, merchant ships, and heavy machinery and important parts thereof. As the result of the disorganization of industry and the acute shortage of raw materials, production in all these industries will apparently be well below the level of minimum peacetime requirements for some time to come.

4. Under the provisions of Directive Number 3, the Japanese Government is required to safeguard the plants, equipment and records of all war and war potential industries. It is also required to submit as rapidly as possible detailed inventories of all significant plants in these industries, including condition and capacity of equipment and stocks of fuel, raw materials, finished and semi-finished goods.

Further information was requested under a memorandum to the Japanese Government dated 19 September 1945 requiring detailed reports of all industrial, manufacturing and mining companies which did more than ¥ 1,000,000 business in 1944. Many of these reports have already been received.

An inventory of the Japanese merchant marine has been received. On the basis of this detailed information it will be possible to fix the level of heavy industry to be allowed to Japan and also to determine the program of repatriations.

Conversion of War Plants

5. The conversion of war and war potential plants to the manufacture of essential consumer goods is permitted under Directive Number 3. The processing of individual applications for such conversion has been assigned to the SIXTH and EIGHTH Armies.

Research

6. All laboratories, research institutes and similar organizations are required to submit detailed monthly reports of their personnel and the projects on which they are engaged. Directive Number 3 prohibits all research in connection with uranium.

Inspection and Control

7. Plants converting from the manufacture of war materials must obtain individual permits before resuming production on essential civilian goods. These permits state the commodity and amount of production that has been authorized. Military Government personnel attached to tactical units stationed throughout Japan made spot checks to insure that these authorizations are not exceeded.

In order to verify the monthly reports submitted by research organizations, spot checks are made by tactical units and by special teams working on specific projects from this Headquarters.

DEMOCRATIZATION OF ECONOMIC LIFE

8. The elimination of war industries and the control of industries of war potential have been accompanied by the enforcement of policies designed to promote the democratization of Japan's economic life. The virtual monopoly of economic power which was formerly in the hands of a few leading families (Zaibatsu) is being broken up by a series of measures which involve the dissolution of the Zaibatsu holding companies, the encouragement of labor organization, the control of cartels and the relaxation of government controls.

The Zaibatsu

9. In anticipation of action by this Headquarters certain of the Zaibatsu have voluntarily taken steps to reform their organizations. In order to control this situation and to assure the adequacy of the proposed reforms, directives were issued to the Japanese Government requiring the prior approval of this Headquarters to any plan of reorganization of the Zaibatsu and prohibiting the sale or transfer of their securities. The 15 leading companies in this category have been directed to supply full details regarding their holdings and operations.

Removal of Key Personnel

10. All officers, directors and advisors of the 29 banks and development companies closed by SCAP directive have been removed. The primary purpose of these institutions was to aid in financing the war and in the exploitation of conquered territory.

It was made known that virtually all key Zaibatsu officials would be removed. As a result many directors and officers of Mitsubishi, Yasuda, Sumitomo, Mitsui, Fuyo, Daijima, Nippon and other companies have already resigned. All directors, auditors and officers of the Zaibatsu holding companies will be removed as soon as the plan of this Headquarters for the dissolution of these companies is completed.

Cartels and Control Associations

11. During the war Japan's entire economy was organized into a system of control societies and control associations. So completely has Japan's economic life been bound up in these organizations that it has been found impracticable to change the system immediately. Full reports have been received on the operations of the various control associations and their legal basis is being examined.

Plans are in progress for the dissolution of the control organizations and the transfer of their necessary functions to voluntary associations of producers. The Japanese government was directed to dissolve the silk and newspaper associations and has withdrawn a number of war-time ordinances and regulations on economic matters.

In response to a directive requiring full information on cartels and other international agreements, the Japanese Government reported only one such agreement covering the sale of potash. The existence of possible secret agreements is being investigated.

Labor

12. Significant improvements have taken place in the position of labor. Legal hindrances to the formation of labor unions have been removed and full freedom is now enjoyed in organizational activities. A number of former unions have reorganized and organizational campaigns are currently being conducted among other important labor groups.

The principal labor leaders have agreed to join forces and a single labor federation may result. In the political field labor leaders are among the principal sponsors of the new Social Democratic Party.

The two war-time "labor front" organizations have dissolved voluntarily. As an interim measure one has been allowed to continue as a semi-official agency for the procurement of labor for the Occupation Forces. Protective labor legislation that was suspended during the war has been reinstated.

PRESENT ECONOMIC SITUATION

13. In supervising Japan's peaceful economic activities the major considerations are: (1) maintaining a minimum peacetime economy, (2) controlling all foreign trade and (3) continuing such economic controls and rationing systems as are necessary to avoid acute economic distress and to assure a fair distribution of domestic and imported supplies.

14. Japan's economic situation is extremely poor. The industrial plant is unbalanced and run down and raw material stocks are being rapidly exhausted. Transportation is inadequate and the situation is being aggravated by disastrous decline in coal production. The food shortage is the most acute in many decades and the market is starved for consumer goods. Black markets therefore exist.

Production of Essential Goods

15. Directive Number 3 instructed the Japanese Government to stimulate the immediate maximum production of all commodities essential to the feeding, clothing and housing of the population, and of

producers goods necessary to the output of these commodities. The conversion of war plants to the manufacture of essential consumers goods was also authorized on application by each individual plant. This Headquarters has liberally authorized the diversion of suitable Japanese Army and Navy supplies for civilian use.

16. The resumption of Japanese industry, which had shut down almost completely at the time of surrender, has been slow and unsatisfactory. The government officials have been unable to act decisively or effectively. The individual industrialist subject to government control for a long period finds it difficult to plan and operate independently.

The larger concerns, whose operations involve long term plans and a considerable capital outlay, have held back in resuming production. This was due to fear of violating SCAP orders regarding heavy industry, anxiety over the program of dissolving the big combines, government failure to settle the question of payments to munitions companies and uncertainties arising from inflationary conditions.

Foreign Trade

17. The revival of essential industries and the provision of a minimum diet to avoid starvation and disease may demand certain imports. Directive of 9 October 1945 decreed that such imports will be permitted only when essential to the maintenance of a minimum standard of living; also that payment thereof must be covered by approved exports.

The Japanese Government has been directed to submit a detailed program for marshalling resources for export and for conserving such resources from use within Japan. In order to minimize the need for imports, all practicable measures will be taken to achieve the maximum utilization of Japanese resources. Such measures include the maximum production of foodstuffs, fertilizer, salt, fuel and petroleum.

18. Although the Japanese Government has made several general requests for imports, approval awaits the detailed plans for imports and exports as required by SCAP directives. Small shipments of coal to Korea have begun on a barter basis.

19. Because of the disorganized condition of Japan's economy, the supply of possible export goods is extremely limited. Raw silk and silk goods which were of outstanding importance in Japan's pre-war export trade offer the most immediate possibilities and have therefore been the subject of two SCAP directives.

The first, dated 25 September 1945, forbids the domestic use of raw silk or silk-wired goods. The second, dated 13 October 1945, directed the Japanese Government to revoke the orders previously issued for the reduction of mulberry acreage. The resumption of silk exports on a moderate scale may be expected.

Rationing and Price Controls

20. The acute shortage of foodstuffs and all consumer goods made it necessary to continue the rationing system on staple foods, clothing and other staple commodities. Existing price controls also were continued. Because rationing and price controls are handled through control associations, certain of them have been permitted to continue their functions in the distribution of essential commodities.

FINANCIAL MEASURES AND CONTROLS

21. During the course of the war Japan's financial system had been made completely subservient to war purposes. A vast credit expansion was permitted, for the most part under Government guarantees. Currency circulation was allowed to soar and publicly held government debts to rise freely. The government guaranteed all property war damage and other insurance.

Owing to the paralysis of economic activity, government revenues are falling more slowly for although direct war expenditures have ceased, war claims remain to be liquidated and occupation costs have become a new factor.

Initial actions of SCAP have been concerned with eliminating the imperialistic and militaristic functions of Japan's financial system. The Japanese Government has been instructed to curtail expenditures and increase revenues by every possible means.

Financial Institutions

22. Japanese banking institutions have been permitted to function except certain national policy banks used exclusively for war purposes. The Bank of Japan has been required to furnish currency and banking facilities for the Occupation Forces. Security and commodity exchanges have not been allowed to reopen.

External Assets, Foreign Exchange and Alien Property

23. Foreign transactions by Japanese have been blocked and statistics on foreign assets were required from the Japanese Government. Gold, silver and platinum bullion were impounded as well as gold and silver coins and foreign exchange assets. Plates, paper and unissued stocks of currency and stamps for use outside Japan were seized.

Transactions in the properties of Axis nationals in Japan were prohibited and reports of such properties required. The Japanese Government was charged with the protection of the properties of allied nationals.

Insurance

24. Claims against Japanese insurance companies due to war damage were guaranteed by the Japanese Government. Unsettled claims are estimated at \$ 14,000,000,000. Cash payments are restricted to \$ 5,000 per claim, the balance being paid into blocked bank accounts. A special problem is the claims of Korean life insurance policy holders on Japanese insurance companies. A search is being made for Japanese assets in Korea which may be used to settle these claims.

Public Finance

25. The present financial position of the Japanese Government is unsatisfactory. For the fiscal year April 1945 to March 1946, the budget estimate of revenues is \$ 18,000,000,000, but actual revenues may fall as low as \$ 9,000,000,000. Exclusive of war costs made prior to September 1945, liquidation of war commitments and occupation costs, the ordinary expenditures are estimated at \$ 22,000,000,000. The public debt had reached \$ 118,000,000,000 on 31 October 1945.

Important financial policies such as the disposition of the many guarantees assumed during the war have not yet been determined by the Japanese Government. The net total of currency supplied to disbursing officers for occupation costs up to 31 October 1945 amounted to over \$ 1,000,000,000.

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SECTION 4

CIVIL ADMINISTRATION IN KOREA

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GENERAL

1. From annexation in 1910 until liberation in September 1945 Korea was kept in a state of abject subservience to Japan. All government posts of significance and all key positions in other branches of activity were held by Japanese. The police were completely Japanese and the Koreans were deprived of their legitimate right to agitate for freedom.

Upon liberation, the immediate reorganization of the governmental setup became necessary and appropriate steps to achieve that end were taken. This situation was complicated by the Korean expectation of immediate independence, by the collaborators, by the artificial division of the country along the 38th parallel and by the confused political situation produced by the multiplicity of parties.

The Occupying Forces are carrying out their immediate task of disarming and repatriating Japanese troops, separating Korea from Japan and paving the way for independent Korean governmental, economic and social institutions.

POLITICAL

Establishment of Military Government

2. A Military Government was established by proclamation on 7 September 1945 and the Commanding General, United States Army Forces in Korea, was appointed Military Governor. A functional Military Government staff was organized to parallel the Government General at Seoul, whose personnel being largely Japanese were for the most part dismissed. Military Government teams are operating in three principal cities and will be deployed in others.

In accordance with defined policy no Korean Government, provisional or otherwise, has been recognized. This has not received the approval of any major Korean political party nor has the extensive use of Korean Advisory Councils mollified those who hoped for immediate independence.

Interrone Activities

3. Since North and South Korea are mutually dependent, all phases of life in the country suffer from the arbitrary division at the 38th parallel. The solution to problems occasioned by this division can be solved only by active cooperation between the

governments of the United States and the Soviet Union.

Civil Administration

4. Objectionable Japanese-imposed laws have been repealed and a series of general orders and ordinances promulgated. The courts have continued to function. All Japanese judges and prosecutors of the Supreme Court, the Court of Appeals and certain district courts have been removed and replaced by Koreans.

A similar procedure has been adopted in the case of the police who have also been deprived of the former Japanese custom of exercising summary police punishment without trial.

It has been difficult to obtain satisfactory Korean personnel for police duties and a training program has been established.

Political Parties

5. By 24 October 1945 there were 54 political parties registered with the Military Government Headquarters. The chief parties are the Korean People's Republic (radical) and the Korean Democratic Party (conservative). Many of the other parties have only a few dozen followers. All are vigorously anti-Japanese and favor immediate independence--their only common ground. Their activities have not been curtailed except for restrictions effecting the publication and distribution of posters and handbills.

ECONOMIC

Transportation and Communications

6. The railway system of South Korea has thus far been able to meet the demands of troops, civilians and evacuees, but maintenance is behind schedule and lack of assured supply of coal threatens curtailed service. Rolling stock is good with about half the equipment in South Korea, except tank and refrigerator cars which are practically all in North Korea. There is a shortage of gondolas and locomotives. Resumption of rail traffic with North Korea is an urgent problem.

7. There are available about 140 ships averaging 20 tons each. These are particularly needed to move coal.

8. Of the 20,000 communications employees in Korea, 4,000 were Japanese holding key positions. Principal Japanese have been removed. The communications system is in good condition having suffered little war damage, but there is a shortage of some inside equipment. Efficiency of operation is now being stepped up. The radio telephone circuit to Tokyo and the eleven cable lines to Shimonoseki are in excellent condition.

Finance

9. Bank of Chosen notes and "Type A" supplemental Allied Military yen are the only authorized legal tender. Japanese notes of 10 yen or less are used because of the shortage of small denomination notes and coins.

All dealings in foreign exchange are strictly controlled and public funds have been frozen. All dealings with Japan are prohibited. Taxes are not being collected because of confusion and corruption in the old system. The formulation of a new simplified system is in progress.

Agriculture and Commerce

4

10. The Bureau of Agriculture and Commerce is being reorganized. A spot shortage of rice in October was remedied by seizing stocks and requisitioning transportation. A bumper rice crop for 1946 is estimated. Fertiliser from the Russian area is urgently needed.

The market in rice is free and plans are being made to place almost all other commodities on the same basis. The fishing industry which had collapsed during the war is being revived. Commerce is almost at a standstill for lack of raw materials. Intensified sericulture is being planned.

Fuel

11. The principal source of coal is North Korea. It is estimated that by 31 December 1945 coal production in South Korea will not exceed 62,500 tons per month against estimated requirements of 230,000 tons per month. At this rate a reserve of 800,000 tons in South Korea will be rapidly depleted and additional supply from North Korea will be urgently needed.

Labor

12. The immediate problem is to persuade Koreans who have left work because of easy money and the cessation of war production to return to work. Labor relations are under the jurisdiction of The Bureau of Mining and Industry.

SOCIAL

Repatriation

13. About 10 percent of the 700,000 Japanese civilians in Korea had been repatriated by 25 October 1945; 160,000 Koreans had been returned from Japan to Korea.

Education

14. The Bureau of Education has authority to reopen all previously existing schools above the secondary level; and to open new public primary schools and all new schools both public and private above the primary level. Each province has an educational office with authority to open new private primary schools and all previously existing schools at the secondary level.

Ordinance No. 6 provides for the opening of private schools on proper application if there is assurance of freedom from racial or religious discrimination, of the use of the Korean language and of the abolishment of subject matter inimical to Korean interests.

Japanese personnel have been eliminated wherever possible but the problem of replacements is acute. Japanese textbooks will be replaced by textbooks which have been rewritten in Korean in all elementary and high schools. Schools at the secondary level (middle schools) were opened 1 October.

Press and Radio

15. The Military Government is keeping the people informed through their newly freed press and radio which provide a variety of information services. It has sponsored a radio hour, two weekly news digests and a daily newspaper.

Public Health

16. Medical facilities are in general inadequate. Many common diseases are widespread. The system of reporting communicable diseases is unreliable. Epidemic louse-borne typhus is expected to be the greatest hazard during the coming winter. Chlorine for water purification is lacking and sanitary facilities are inadequate.

These conditions are gradually being improved by the requisition of supplies, construction of facilities, institution of surveys and instruction to Korean doctors. Steps are being taken to gear up local production of needed vaccines. Narcotics have been poorly supervised and controlled.

Welfare

17. Welfare activities have been mainly confined to caring for Korean repatriates from Japan and Japanese departing from Korea.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

SUMMATION
of
NON-MILITARY ACTIVITIES
in
JAPAN and KOREA

Number 1.

September - October 1945

PART II

POLITICAL - JAPAN

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SECTION 1

GOVERNMENT AND CIVIL ADMINISTRATION

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1. The policy of the Supreme Commander has involved the utilization of the entire structure of the Japanese Government to the fullest extent necessary to effectuate the terms of surrender. Military control and authority have been imposed upon the government structure but with the exception of major changes on the political plane there has been minimum interference with the existing administration.

This policy attained the desired ends and avoided the use of hundreds of thousands of personnel which would have been required had the basic structure of the Japanese Government been reconstituted and replaced. Some necessary changes have been made by directives from this Headquarters, others have resulted from the independent action of the Japanese officials.

JAPANESE DIET

2. The Diet came into being in 1889 by virtue of the new Imperial Constitution which provides for a House of Peers and a House of Representatives. The present membership of the House of Peers is 422 and the House of Representatives 466. The latter are elected from 119 electoral districts, 3 to 5 members from each district. Each voter is permitted to vote for only one candidate for the lower chamber, which results in a form of proportional representation.

Powers and Functions

3. The Japanese Diet can scarcely be termed a representative body. All Peers owe their appointment to the Emperor. Those who are elected from districts and might be expected to represent a constituency are chosen by the fifteen largest taxpayers in each district from among their number. Thereafter they must be nominated (named) by the Emperor before they can qualify. The House of Peers has full authority along with the House of Representatives in all matters that come from the Diet.

The House of Representatives has no control over the government. It is convened and dissolved by the Emperor. On dissolution, a general election must be held to organize a new House of Representatives.

The Diet cannot initiate constitutional amendments. It has no real control over the national purse and cannot carry on investigations concerning public matters. It is little more than

an advisory body through which the Emperor may obtain information concerning public sentiment.

4. The Imperial Rescript of 24 August 1945 called for the convening of a two-day Extraordinary Session of the Diet on 4 September. Notable feature of the session was the appearance of the Emperor who stated that his relationship with all Japanese as one family had been preserved. He then called upon all Japanese to abide by the terms of surrender but avoided the use of that word.

The Prime Minister reported on circumstances leading to Japan's acceptance of the Potsdam Declaration, subsequent negotiations with the Allied Powers, the Emperor's Proclamation on Allied Occupation, the Instrument of Surrender and the Supreme Commander's General Order No. 1.

At a special meeting held in the House of Representatives on 14 September the Dai Nippon Seiji-kai (Great Japan Political Association), successor to the former Taisei Yokusan-kai (Imperial Rule Assistance Political Association), was formally dissolved.

After the Emperor's address the Prime Minister gave the government's report to the Diet on the termination of the war. In return a group of 34 members of the House of Representatives presented 14 interpellations for the government to answer. These were directed toward learning the causes of Japan's defeat. They also questioned whether there had not been shortcomings in such things as military and political leadership, bureaucratic control, home front activity and ideology, scientific research, utilization of human resources and the food supply policy.

TWO CABINETS

5. When the Suzuki Cabinet fell, Prince Higashikuni formed a new cabinet by Imperial command on 17 August. This cabinet was to effectuate the surrender and its formalities, conduct an election and demobilize the Army and Navy and munitions industries. Underlying the cabinet's formation was the inference that its duration would be only until such time as a general election could be held.

When the cabinet resigned en bloc on 5 October the first of the tasks had been completed but the latter two were only partly finished. A census was ordered to be completed by 23 November so that populational records would be available in time for the election to be held in January. The cabinet was criticized for the failure to formulate a program to speed up civilian reemployment. It lasted only one month and a half.

The reason given by the Japanese for the sudden resignation of the Higashikuni Cabinet was the SCAP Memorandum of 4 October 1945 entitled "Removal of Restrictions on Political, Civilian and Religious liberties".

6. On 9 October after a four-day interim Baron K. Shidehara, who had once served as Ambassador to the United States, formed his cabinet. In the coming winter months the Shidehara Cabinet faces such major problems as shortages in food, clothing, coal and housing, reconversion of industry, constitutional reform and conducting of the forthcoming general election.

GOVERNMENTAL CHANGES

Regional Affairs Bureau

7. Approval was granted the Japanese Government 3 November

0026

1945 to establish Regional Administrative Affairs Bureaus in place of the abolished Regional Administrative Districts which had constituted a new legal echelon in the governmental machinery. Important officials of this new Bureau System include a director-general and seven deputy-generals.

Although the affairs of the bureau are under the supervision of the Ministry of Home Affairs, the Prime Minister and Cabinet Ministers give directions to these officials. Supplanting the functions of a wartime organization the present bureaus are to coordinate and adjust within each respective region all the industrial, economic and all peacetime aspects of local administration.

Ministry of Education

8. The Ministry of Education as of 9 September abolished the Students' Mobilization Bureau which had been essentially vested with nationalistic functions. The educational system has been liberalized by demanding demilitarization of schools, dismissal of ultra-nationalist teachers and modification of curricula. The Bureau of Religions within the Ministry of Education has been abolished and the nationalistic Youth Corps dissolved.

Board of Information

9. The reorganization of the influential Board of Information was announced effective 1 November 1945. The Board's three functions now will be concerned with the investigation of national policies and public opinion; provision of services to the press and radio; and provisions of services to the motion picture, theatrical and other cultural enterprises.

The Board of Information has been divested of all its censorship powers and wartime duties which had made it so dominating and feared by the Japanese press.

Ministry of Home Affairs

10. The Ministry of Home Affairs has long been the most powerful department in domestic matters. Some of its authority was abolished by a directive from SCAP on 4 October 1945. On the national level, the sections of Peace Preservation, Foreign Affairs and Censorship were dispensed with. Below the national level, likewise eliminated, were Special Police, Censorship, and Foreign Affairs Sections all in the Metropolitan Police Board and Special Police and Foreign Affairs Sections in the prefectural governments.

Other Bureau Changes

11. An important cabinet change was the abolishment on 5 September of the Technological Board and the transfer of the Patents and Standards Bureau to the Ministry of Commerce and Industry and of the Research and Scientific Training Bureau to the Ministry of Education.

Prefectural Changes

12. The second level of civilian government in Japan is that of the prefecture. There are 47 prefectures in all. The structures of Tokyo, Kyoto, Osaka and Hokkaido differ from the rest, although their powers are approximately the same. Another exception is Okinawa Prefecture which does not at present come under Japanese Admin-

istration.

Appointment of prefectural governors is one of the powers belonging to the Minister of Home Affairs; confirmation is made by the Prime Minister. On 27 October a sweeping reshuffle was made involving 32 governors and 130 departmental chiefs. The changes in prefectural governorships involved the dismissal of 13 governors and the transfer of six to other prefectures.

Only four persons were chosen from private life and the remainder from among Japanese career officials. The cabinet approved the major changes and an announcement was made by the Emperor.

Electoral Changes

13. Extension of the franchise to women over 25 years of age was the major change in the election procedure tentatively agreed upon at an extraordinary cabinet meeting on 20 October 1945.

CONSTITUTIONAL REFORMS

Reforms Suggested by SCAP

14. Representatives of the Japanese Government have been informed that the fulfillment of the Potsdam Declaration requires liberalization of the Japanese Constitution. The weaknesses of their governmental structure, they were told, include the limited powers of the Diet and the subordinate position of the House of Representatives; the absence of a true Bill of Rights; the power of the extra-constitutional bodies; the direct responsibility of the cabinet to the Emperor; the special position of the War and Navy Ministers; the lack of a truly independent judiciary; and the inordinate powers of the Emperor.

A procedure has been established whereby this Headquarters will be kept currently informed on the progress of proposed legislation whether government or Diet-sponsored.

Japanese Government's Reaction

15. In an apparent effort to meet the problem of fulfilling the terms of the Potsdam Declaration, the Japanese Government on 13 October 1945 appointed Dr. Joji Matsumoto, Minister without Portfolio under Baron Shidehara, to head a group to conduct an investigation into the question of revising the Constitution. Prince Konoye, under Lord Keeper of the Privy Seal Marquis Kido, is in charge of a group conducting similar investigations on behalf of the Privy Council.

The Society for the study of Constitutional Revision, a civilian body, was reported to have been formed on 1 November 1945 by a number of prominent writers and scholars to conduct a study independently of both the cabinet group and the Office of the Lord Keeper of the Privy Seal. Some of the groups has presented any concrete proposals.

There appears to be a tendency on the part of the government to minimize public discussion of constitutional reforms until it has had time to formulate a program. Some questions have received recurring attention in the press. The position of the Diet in the governmental structure, the abolition of the military command and the degree of imperial prerogatives have been the most prominent.

The government has announced its intention of submitting to the next Extraordinary Session of the Diet, which is expected to meet in the first part of December, a bill for revising the Election Law. The government's plan has not yet reached the form of a draft bill, but among the points expected to be covered are: lowering the age limit for voting, granting the franchise to women, adoption of a new election district system and proportional representation.

Reforms in the mode of election to the House of Representatives and in the structure of the House of Peers are understood to be under consideration. The whole institution of the Peerage has been under strong criticism.

ACTION TAKEN BY SCAP

Foreign Affairs

16. Japanese foreign affairs have been placed under the control of SCAP. The Japanese Government was directed to surrender its diplomatic property and records abroad and to recall all Japanese diplomatic and consular representatives. The Japanese Government on 31 October complied with these orders. Directions will be issued requiring it to cease official relations with the representative foreign governments in Japan except as authorized by SCAP.

The State Department has been asked to advise neutral governments that they may designate representatives to maintain relations with this Headquarters in matters concerning Japan.

Imposed Reforms

17. Positive steps have been taken to lay the groundwork for a democratic structure in Japan. Through the issuance of directives, government restrictions on freedom of speech, press, assembly and religion have been lifted, and the Japanese people have been provided with a "Bill of Rights". All monopolistic government controlled agencies have been dissolved.

SCAP ordered the disestablishment of the secret "Thought" police system and the freeing of thousands of political prisoners, thereby precipitating the fall of the Higashikuni Cabinet. Closing the overseas development banks eliminated an important source of military strength.

The presence of thousands of American soldiers in the chief population centers of the four main islands may be a decisive factor in shaping the future of Japan. The conduct of United States troops has been exemplary. If democracy cannot yet be imposed directly it is at least being demonstrated.

POLITICAL TRENDS

18. The Japanese Government has suggested little during the two months of occupation pointing toward fundamental democratic reform. There is nothing as yet to indicate that the Shidehara Cabinet will propose genuine liberal changes. This is not surprising since democracy and reform are contrary to long established policies.

A number of measures are being currently discussed and considered by the press, public officials and emerging political parties or factions. The most popular topics concern the revision of the Constitution, democratization of economic institutions, general elections, women suffrage, reorganization of government bureaus and pun-

ishment of high policy makers who engineered the war.

Many of the younger Japanese are awake to the reality that a new different Japan must emerge and as one university student has summed up in a direct question: "Which is better Democratism or Communism to rescue modern Japan?"

Political Outlook

19. Political activity is hampered by the concentration of the people on the paramount problems of food, clothing and shelter. Even if the essentials of life were adequate in Japan, it would be unrealistic to expect spontaneous and widespread participation of the people in politics. They would willingly punish the policy-makers and bureaucrats for losing the war but that is about all.

The people have had no experience with democracy. Dignity of the individual is completely foreign to their background of feudalism and totalitarianism. Millions of peasants and the women in general are politically ignorant. Add to this the fact that real leaders are afraid to speak out, not knowing how long United States troops will be here to protect them against the dreaded secret police and it will be readily understood why political developments in Japan are slow.

POLITICAL PARTIES

Socialist Democratic Party

20. The first of the political parties to be inaugurated formally was the Socialist Democratic Party of Japan (Nippon Shaito). The president of the party, Komakichi Matsuoka, has been the central figure in the Japanese Federation of Labor. The party has 15 members in the present Diet and may exert some influence in the coming election.

Communist Party

21. The Communist Party (though not yet inaugurated formally) under the leadership of Mr. Yoshio Shiga, made advances to the Socialists for a coalition, but was refused on the ground that the Communists have not yet determined their own platform.

The Communist and Socialists have platforms befitting their party labels but there is no evidence that their leadership is capable of forming a coalition of intellectuals, industrial workers, peasants, women and small business men.

Refusing to take a positive stand on the Imperial Institution (except for a small group of Communists who demand its abolition) the left wing elements favor, among other things, confiscation of industries, retirement of bureau heads, resignation of members of the House of Peers and investigation of war expenditures.

Japanese Liberal Party

22. The Japanese Liberal Party (Nippon Jiyuto), containing 50 members of the Diet, was inaugurated 9 November. Within this group there are some outstanding Japanese leaders; in particular, Ichiro Hatoyama, who has been a prominent member in the Diet; Shigeru Yoshida Foreign Minister in the Shidehara Cabinet, Hitoshi Ashida, the present Minister of Welfare and president of former "Japan Times" and Takao Saito, a former member of the Diet who some time before criticized the military in a long speech for which he was persecuted

during the war.

This new Liberal Party has a women's section and favors woman suffrage, lowering the voting age, and the reorganization of the House of Peers, the Privy Council and the educational system. Like all parties it would abolish bureaucracy. Foreign Minister Yoshida for the present has taken the stand that the Constitution is democratic, suggesting that the enormous powers of the Emperor and the insignificant powers of the Diet should remain unchanged.

People's Party

23. The People's Party, or the Central Political Party (Minpento), has made the announcement that its formal inauguration will take place on 16 November. This party is an amalgamation of the two old line parties existing before the war, Minseitō and Seiyūkai, with 240 seats in the present Diet. It enjoys a strong position for the coming election. Many of its members belonged to the wartime Imperial Rule Assistance Association and may constitute a reactionary influence. The leader of the party is Toshio Shimada.

SECTION 2

LEGAL, PUBLIC SAFETY AND INTELLIGENCE

C O N T E N T S

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GENERAL

1. The occupation of key points in Japan by the American Forces proceeded swiftly but was marked by alertness since the reaction of the Japanese people was unpredictable. No incidents of resistance or action against the American Forces were reported.

Demobilization of the Japanese Army progressed smoothly. By 15 October 1945 Japan's Army had ceased to exist and her Navy was virtually dissolved. Directives of 16 September, 30 September and 23 October provided for the surrender of arms, certain exceptions being made for hunting arms, heirloom swords and explosives for legitimate business and industrial use.

2. The Japanese police have maintained satisfactory law and order. The termination of the war resulted in some increase in crime, especially juvenile delinquency in urban areas. Large-scale black market activities have not been in evidence.

3. Free thought and speech were completely suppressed by the special types of Japanese police. Ruthless methods prevented the emergence of authentic democratic groups. This situation was met with the issuance to the Japanese Government on 4 October of a four-point order referred to as the "Bill of Rights" directive.

One provision directed the removal of restrictions on political, civil and religious liberties. In compliance, the Japanese took prompt steps to abrogate the Peace Preservation Act and other enactments whose nullification had been directed.

Initial directives had already been issued by SCAP on 10 September and 27 September requiring the Japanese Government to discontinue restrictions on both press and communications. On 16 October the provisions of these directives were made applicable to the motion picture industry, and government restrictions were ordered lifted. These directives resulted in the removal of all important restrictions previously imposed by the Japanese Government on speech and press.

4. A second provision of the "Bill of Rights" required the release by 10 October of all persons confined on political grounds. The Japanese Government complied with instructions to render a full report on the status of all persons released and details of their confinement.

5. A third important provision involved the abolition of the secret police and allied agencies, the dismissal of the Home Minister in the Higashikuni Cabinet, and all top officials connected

with "thought control". Pursuant to this order, 4,800 members of the secret police and top officials on all levels of police administration lost their positions.

6. Application of the Japanese Government for an increase in the strength and armament of the civil police force was denied 11 October. The local press demanded the adoption of modern scientific methods of crime detection.

7. Recommended changes are being prepared for the administration of the Fire Department which is now under police control.

8. To uncover subversive activities, Counter Intelligence Corps Units are being installed in the capital of every prefecture. Special metropolitan teams provide coverage for the larger cities. In addition, Civil Censorship Units maintain widespread coverage of the press and radio.

9. The activities of foreign nationals living in Japan, especially Nazis, are the subject of close scrutiny. By two directives, of 13 September and 19 September, the Japanese Government was required to furnish needed information. These data have been provided and appropriate action is being taken.

LEGAL AND WAR CRIMES

Legal Advice

10. Numerous questions of a general legal nature presented for advice and opinions were accepted and acted upon by this Headquarters. Illustrations of the general questions are problems of domestic Japanese law, international law and requests for comment on and drafting of proposed directives.

War Crimes

11. The initial phases of occupation required the obtaining from liberated prisoners of war all evidence and information within their knowledge concerning the commission of war crimes and atrocities. Special emphasis was placed on war crimes and atrocities occurring during the periods of their confinement.

Under the terms of the Japanese surrender, all prisoners of war were gathered at central points and evacuated without undue delay. Personnel accompanied the Advanced Recovery Teams to the POW camps for the purpose of gathering evidence. Due to the rapid evacuation of a large number of prisoners of war, it was recognized that complete coverage by this method could not be ensured.

Interrogation centers were established in the Marianas and the Philippines where the repatriates were taken from Japan. Processing of those individuals who temporarily remained aboard hospital ships continued. These arrangements resulted in a thorough screening of almost every former prisoner of war. Hundreds of affidavits admissible before military commissions were secured and are being studied for trial use.

12. In response to demands upon the Japanese Government complete rosters of Japanese personnel on duty at the various POW camps were obtained. These lists, when compared with the evidence obtained from the liberated prisoners, provided several hundred names of potential war criminals.

The Japanese Government has lately been directed to apprehend and deliver into proper custody 300 persons against whom

there is sufficient evidence to constitute prima facie cases of guilt.

Shortly after initial landings an order had been issued directing the arrest of 40 persons, the most notorious of whom was the former Premier Hideki Tojo. Also included in the order were all 10 members of Tojo's Pearl Harbor Cabinet, eight prison guards charged with maltreatment and five officers and government officials known to have committed atrocities in the Philippines.

The responsibility for arrests has now been delegated to the Japanese Government. Satisfactory cooperation is being obtained.

PUBLIC SAFETY

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LAW AND ORDER

15. The Supreme Commander characterized the initial landing as the greatest gamble which had been taken in history. Balanced against a well-armed Army, the secret police, terrorist and nationalist societies and other potential forces of possible resistance was the assurance that the United States possessed the use of the most important and powerful single instrument of authority in Japan—the Emperor.

The power of the Emperor to facilitate absolute surrender and to aid in the establishment of complete control by the American Army was gambled. It was hoped that few, if any, would dare disobey the Imperial Rescript on capitulation.

The gamble proved justified as control of the civilian population did not manifest itself as a problem. Since the majority of the Japanese people were found to be passive and, in many cases, anxious to assist the American Forces, the occupation was orderly and devoid of casualties.

Demobilization

14. Smooth and uneventful progress was made in demobilizing the Japanese Army and Navy. On 1 September 1945 the combined strength of the home Army and Navy totaled 4,000,000 while 3,400,000 more Army and Navy personnel were deployed throughout Japanese occupied territories. By 15 October 1945 the Army had ceased to exist and the Navy was virtually dissolved.

It was learned that the Japanese Government had not taken satisfactory steps to complete the dissolution of the Japanese military police. The result was the issuance on 17 October of an order requiring the prompt demobilization of the military police in strict accordance with the General Army Demobilization Plan previously announced, and directing the assumption by the Japanese civil police of the remaining duties previously performed by the military police.

By 17 October the Imperial Guards, in response to an

order previously issued, had changed from the tan-colored military uniform to the blue of the civilian police.

Surrender of Civilian Arms

15. A memorandum of 16 September 1945 outlined the procedure whereby the Japanese Government was to collect all civilian arms and surrender them to the Occupation Forces. It was modified 30 September to permit the retention and licensing of hunting guns and knives. A directive of 23 October extended the excepted arms to include heirloom swords and permitted the Japanese government to license the use of explosives by legitimate business and industrial organizations.

Crime Status

16. Despite numerous changes in the existing police organization and the dismissal of certain top personnel, the police have been able to maintain a satisfactory degree of law and order. Preliminary reports indicate some increase in crime. Seven murders were reported in Tokyo City from the first of the year until August.

In September and October, 11 murder cases were reported, seven of which were solved. Robberies reported do not show a substantial increase. The termination of the war has accelerated the pace of juvenile delinquency, particularly in urban areas where food supplies are more limited. In Tokyo the Chief of the Metropolitan Police Board has issued specific instructions to cope with this situation.

17. Black market operations involving the Japanese are under the jurisdiction of their own police. The Occupation Forces do not intervene except in operations involving American goods and occupation personnel.

Several factors exist which hinder prompt crime detection. Police communications and transportation facilities which had been partially paralyzed have not been restored to normalcy. The general disruption of the civilian population has impeded the location of persons whose evidence was sought.

18. In two reported instances the Japanese Government has taken stern measures to preserve the authority of justice over its own officials. One procurator was dismissed and a judge disciplined for illegal distribution among the court staff of large amounts of sugar which had been held as evidence in an embezzlement case.

The Japanese Naval authorities have directed court-martial inquiries involving some 2,500 officers, sailors and civil service officials who allegedly appropriated large amounts of government goods to their own use.

FREEDOM OF SPEECH

19. Free thought and free expression have been practically unknown in Japan. The police have occupied a dominant role in the government and have exercised almost complete control over all phases of Japanese life. In addition to the regular police employed in maintaining law and order, Japan had an extensive network of secret police (Kempei-tai) and "thought police".

The former possessed Army authority and the latter authority of the Peace Preservation Act of 1941 and similar enactments on "thought control". Together they had been given unlimited power to deal with any signs of unrest or dissatisfaction. Thus the emergence

of democratic groups was subjected immediately to ruthless terrorization and brutality. The press and radio have served as the mouthpiece of government policy.

Bill of Rights Directive

20. One of the most drastic house-cleaning measures was the Bill of Rights directive of 4 October 1945. Among other things, this order required the Japanese Government to remove restrictions on political, civil and religious liberties, and discrimination on grounds of race, nationality, creed or political opinion.

The list of laws to be abrogated included, but were not limited to, 15 specifically enumerated enactments. The more important enactments were the Peace Preservation Law, the Protection and Surveillance Law for Thought Offense and the Precautionary Detention Procedure Order. Further directed was the abolition of all organizations or agencies created to carry out the provisions of these enactments.

In compliance with the directive it was announced, after a regular meeting of the Japanese Cabinet on 12 October, that the Peace Preservation Law would be abolished. Later it was announced that the temporary law controlling seditious publications and 11 other laws relating to the control of speech, press and assembly had been included for abolition.

Removal of Other Restrictions

21. An initial directive of 10 September ordered the Japanese Government to discontinue dissemination of untrue or biased statements and to take immediate steps to remove all existing restrictions on freedom of speech. On 24 September a directive further defined government-created barriers to dissemination of news and ordered it to discontinue controls over the press and news agencies. Preferential treatment to any press agency was forbidden.

On 27 September a directive entitled "Further Steps Toward Freedom of Speech and Press" required the Japanese Government to discontinue restrictions on both press and communications and cancel imposition of fines and other punitive actions against the press. Future restrictions were to be controlled entirely by the Supreme Commander. Voluntary writers' and publishers' organizations were to supersede former organizations which were compulsory.

On 16 October a directive was issued stipulating that all previous directives on freedom of speech would be made applicable to the motion picture industry, that laws imposing restrictions on motion pictures would be immediately suspended pending appeal, and that punitive action against persons in the motion picture industry for exercising lawful freedom of speech be forbidden. Seventeen laws were listed for prompt suspension including those pertaining to police control over the industry and its personnel.

POLITICAL PRISONERS

22. The "Bill of Rights" directive ordered the release by 10 October of all persons unjustly confined by the Japanese Government on political grounds. The directive included all persons who were detained, imprisoned, under "protection and surveillance" or whose freedom had been restricted in any manner under the Peace Preservation Law and related enactments.

The Japanese Government was further directed to submit not later than 15 October, a report giving full information concerning the persons released, including their names, nationality,

race, occupation, specification of charge, place from which released or controlled, date of release and contemplated address after release.

The Japanese Government has submitted the required data which is now in the process of translation. Five hundred seven political prisoners have been released and "surveillance" over 2,026 prisoners has been discontinued. Prisoners still held on secondary charges number 37, but it is expected that some of these will be ordered released.

POLICE

Departmental Changes

23. As a result of the Bill of Rights directive a drastic shake-up occurred in the police organization. Ordered abolished were: all secret police organs; all police departments charged with censorship or supervision of publications, public meetings and motion pictures; and all departments concerned with the control of thought, speech, religion or assembly.

Ordered removed from office were: (1) the Minister of Home Affairs; (2) the chiefs of the metropolitan police boards, the Chief of Police of the Territorial Administration of Hokkaido, and the chiefs of each prefectural police department; (3) all personnel of the Special Higher Police of all metropolitan, territorial and prefectural police departments; and (4) all "guiding and protection" officials and other personnel of the Protection and Surveillance Commission and of the Protection and Surveillance Stations.

It was further directed that none of these persons be reappointed to any position under the Ministry of Home Affairs, the Ministry of Justice or any police organ in Japan.

24. Pursuant to the directive 4,800 members of the secret police throughout Japan were suspended. Senior officials who lost their positions as a result of the shake-up numbered approximately 100 including two officials of the Chokunin rank (appointed by the Emperor), 49 senior officials including chiefs of sections of the Home Office and chiefs of the prefectural police, and 55 chiefs of the prefectural secret police.

The prefectural governments have announced suspension lists including such larger number of Hannin rank officials of the prefectural secret police. As a temporary measure, vacancies which occurred in the positions of the chiefs of prefectural police are to be filled by chiefs of internal affairs of the prefecture concerned, who will handle police affairs in addition to their usual duties.

25. On the day following the publication of the directive the Japanese Government made an application for an increase in the strength and armament of the civil police force, for the establishment of a mobile force and for the augmentation of the water police. The SCAP reply of 11 October was brief: "There shall be no increase in the strength, organization or armament of the civil police at this time."

Substitution of New Methods

26. The local press demanded a thorough renovation of many police methods and a substitution of new methods to replace some which had already been banned. As a substitution for torture previously used in obtaining evidence, the introduction of modern

scientific methods of crime detection of the type employed by the FBI in the United States was urged.

Fire

27. General administration of the fire department in Japan is under police control. This matter is being studied in connection with police problems.

Prisons

28. The Bill of Rights directive required the Japanese Government to submit not later than 15 October a comprehensive report on the organization and personnel of the prison system.

INTELLIGENCE

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SCOPE

29. Counter intelligence activities in Japan are under the operational control of a Special Staff Section. Special metropolitan teams provide complete coverage of all large cities and CIC units are being established in the capital of every prefecture. In addition to independent investigations these units inquire into matters reported by the Japanese pertaining to abuses of the local police, racketeers, black-market activities, the unauthorized possession of weapons and other violations of SCAP directives.

Through this procedure the legitimate interests of the Japanese people are protected and valuable information, voluntarily given, is accumulated for intelligence use. Released political prisoners have been a primary source for the collection of such data.

Civil censorship units maintain widespread coverage of the press, radio and mail.

30. An excellent example of the success of intelligence was illustrated when it was disclosed that St. Paul's University and Middle School, founded as a religious institution by funds from the Episcopal Church in the United States, was being used for improper purposes. The Christian faculty had been removed from office. Christian teachings and services had been abolished.

After investigation a directive was issued 24 October with the following instructions: that certain officials be dismissed and denied further employment in any public or private educational or religious institution, that the school be completely reorganized, that a complete survey be made of all Japanese educational institutions founded or maintained by missions or contributions of Christians and that a detailed report of all findings be submitted to SCAP by 15 November.

FOREIGN NATIONALS

31. The activities of a large number of foreign nationals living in Japan at the time of capitulation was a matter of concern. Numerous active Nazi officials were directly connected with

business firms. It was known for some time that many of these were serving as agents for spreading the Nazi doctrine and culture.

A directive was issued 13 September ordering the Japanese Government to impound at once and report within 15 days "all property and other assets, books of account and other records owned or controlled, in whole or in part, directly or indirectly, by the governments or any nationals, within or without Japan, of Germany, Italy, Bulgaria, Finland, Thailand, Rumania and Hungary."

Simultaneously it was directed that all such property or books owned or controlled by the governments or nationals of any of the United Nations on 7 December 1941 be preserved in good condition and reported to SCAP.

32. For the purpose of investigating individual foreign nationals, this Headquarters issued a directive 19 September, requiring that the Japanese Government furnish the name and latest known address of every foreign national living in Japan prior to surrender, with the exception of diplomatic personnel. This list has been received.

CENSORSHIP

Press Censorship

33. As early as 18 September the "Asahi Shimbun" was suspended for two days for publishing an article considered to be in violation of the previously announced policy. The following day a similar order was issued suspending the "Nippon Times" for one day.

A directive of this same date supplied a code of censorship for newspapers and periodicals. Its main provisions forbade untruthful statements, destructive criticism of the Allied Powers inviting mistrust and resentment against the Occupation Forces, unauthorized discussion of Allied Troop movements and the development of any propaganda line.

34. Pre-censorship of the Tokyo daily newspapers as well as national news agencies began 8 October. At present all major Tokyo newspapers and magazines are pre-censored, and pre-censorship of publications in Osaka and Fukuoka will commence shortly.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

SUMMATION
of
NON-MILITARY ACTIVITIES
in
JAPAN and KOREA

Number 1.

September - October 1945

PART III
ECONOMIC - JAPAN

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SECTION 1
NATURAL RESOURCES

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GENERAL

1. The breakdown of Japanese war economy caused the operations of the natural resources industries to disintegrate upon cessation of hostilities.

2. Agriculture is producing less than normal amounts of foodstuffs and supplies for 1946 may be insufficient without some imports. To an extent this is due to typhoon and flood damage to the current rice crop.

Japan does not produce sufficient commercial chemical fertilizer for its domestic needs and during the war years the soil had not received sufficient plant nutrients for maximum yields. In an effort to counteract the resulting poorer crop yields, a considerable acreage formerly devoted to industrial crops such as tea, mulberry and pyrethrum was planted to food crops. The result was of slight temporary benefit to food crop production, but today Japan finds itself without these industrial crops which now could be used in export trade to pay for imports.

3. The Allied military activity prevented the Japanese deep sea and coastal fishing fleets from operating on their customary scale. At the cessation of hostilities fishing facilities in the South Seas, Formosa, North China, Manchuria, Korea, Russian Maritime Provinces and the Kuriles all passed out of Japanese control. In addition needed labor had been absorbed by the military forces.

At the time of surrender, according to Japanese estimates, the output of the marine industry had dropped 40 percent below the prewar level. Since then the areas in which fishing is permitted have been fixed. To rehabilitate the industry so it can supply domestic requirements, essential petroleum products must be furnished, damaged equipment repaired or new equipment constructed, the black market must be controlled and the distribution of fish returned to normal channels of trade.

4. Forests constitute one half of the total area of the home islands of Japan. The nation's economy is intimately related to forest products. Some of the most pressing problems that have arisen are the charcoal needs in the Tokyo-Yokohama area, the shipment of mine timbers to China and the needs of the Occupation Forces for lumber.

5. Mineral production and processing in Japan have declined from approximately double the prewar level to a level from 20 to

50 percent of the prewar figure. Coal is the most important mineral commodity, and the current monthly production is only about 20 percent of 1935.

AGRICULTURE

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FOOD POSITION

6. The food situation in Japan proper promises to be critical in 1946 if the 20 September estimates of the Japanese Ministry of Agriculture and Forestry prove to be a correct appraisal.

Japanese officials have estimated the total amount of foodstuffs available for consumption from 1945 production at 30,289,000 metric tons, of which 26,692,300 metric tons are available for food after the deduction of non-food uses, such as seed and industrial uses. The food available for intake in Japan after the deduction of waste is computed at 833 grams, consisting of 1,782 calories and 58.4 grams of protein per capita per day.

Destruction of foodstuffs by air raids was a negligible factor in 1945. Ministry officials estimated that a total of approximately 170,789 metric tons were destroyed, or about 0.6 percent of the amount available for food.

7. The principal factor in the food situation in Japan is the rice crop, which normally furnishes about 60 percent of the calories in the average diet. The production of rice for 1945 was estimated as 8,389,500 metric tons on 31 August 1945. However, the current rice crop was severely damaged by typhoons which swept across Southeast Japan on 17 and 18 September. Based on the latest reports from the Agriculture and Forestry Ministry, the loss to the present rice crop is now estimated at 1,200,000 metric tons, which leaves an estimated crop for the year of 7,189,500 metric tons.

8. A food position report for Japan proper was prepared as of 20 September by the Japanese Government by taking into account the typhoon losses. The estimate indicates an expected total production of 26,610,800 metric tons of foodstuffs in 1945, of which 24,355,700 metric tons would be available for food. This would furnish an estimated average food intake of approximately 719.5 grams, consisting of 1,375 calories and 41.1 grams of protein, per capita per day during 1945.

9. The minimum caloric and protein intake requirement per capita per day for the average Japanese is stated by the Ministry to be 2,160 calories and 76 grams of protein. In 1942 the Japanese received an average food intake of 1,872 calories and 49 grams of protein per person per day. There is no evidence that the average food intake ever reached 2,160 calories for any year during the war.

10. Since the 20 September food position report for 1945 was prepared an additional loss to the rice crop of 357,000 metric tons has been reported by the Ministry because of flood damage on 9 and 10 October. This reduces the estimated crop from 7,189,500 metric tons to 6,832,500 metric tons.

FERTILIZERS

11. The scarcity of chemical commercial fertilizers will undoubtedly be a contributing factor to the critical food shortage in Japan proper in 1946. It is common knowledge that Japanese agriculture in prewar years was dependent upon commercial fertilizers to supplement plant food supply of the inferior type soils prevalent in Japan.

12. According to information furnished by officials of the Fertilizer Section of the Ministry of Agriculture and Forestry, consumption of the chemical commercial fertilizers was greatly curtailed during the war because of an inadequate supply of these materials. Consumption of the most important fertilizer, ammonium sulphate, which averaged 1,143,000 metric tons annually from 1937 to 1940, had decreased to less than 300,000 metric tons in 1945 due to war damage to plants and lack of raw materials.

Superphosphate plants suffered no war damage, but on account of reduction of imports of phosphate rock from abroad they were forced to reduce production. Consumption in 1945 had dropped below 50,000 metric tons, as against an average annual consumption from 1937 to 1940 of approximately 1,169,000 metric tons. Consumption of other fertilizers had been reduced in approximately the same ratios from 1940 to 1945. Consequently large areas of crop lands have received little or no chemical fertilizers for from one to three years. The residual effects in the soil of most of these chemically supplied plant foods have been exhausted to such an extent that crop production will be greatly affected unless the application of these fertilizers is resumed in reasonable amounts in 1946.

13. According to data furnished by the Ministry of Agriculture and Forestry on experiments in the use of basic fertilizers materials on certain major crops, important increases in yields have resulted from their applications.

Where nitrogen in the form of ammonium sulphate was applied to the soil rice yield increases averaged 43 percent, wheat and barley increases averaged 100 percent and potato increases averaged 45 percent over the yields from plots where no nitrogen was applied.

By the application of phosphorus in the form of superphosphate, rice yields were increased by 5 percent, wheat and barley by 50 percent and potatoes by 29 percent.

By the application of potash in the form of potassium salts or muriate of potash, rice yields were increased by 8 percent, wheat and barley by 85 percent and potatoes by 30 percent.

Such increases by the addition of these basic chemical fertilizer materials clearly demonstrate the important potential of these elements on food crops of Japan in 1946.

14. Based on the present outlook, Japanese officials estimate the chemical production of nitrogenous fertilizers in 1946 to be approximately 600,000 metric tons; phosphatic fertilizers, 600,000 metric tons; and potassic fertilizers, 20,000 metric tons.

The average annual consumption of organic fertilizers in the period 1930-35 was given as 940,000 metric tons of soya bean and other oil cake, 198,000 metric tons of fish products and 60,000 metric tons of bone meal. The officials of the Ministry of Agriculture furnished the following estimates of production of

organic fertilizers in 1946; 15,250 metric tons of soy bean and other oil cake, 10,500 metric tons of fish products and 550 metric tons of bone meal. Such low levels of production of organic fertilizers in 1946 indicate a greater shortage of chemical fertilizers for application to the 1946 crops.

15. The Japanese estimates of 31 October 1945 for current stocks of fertilizer on hand (expressed in equivalents of ammonium sulphate, superphosphate and muriate of potash) are respectively by type: 11,000 metric tons of nitrogenous, 4,200 metric tons of phosphatic and 400 metric tons of potassic fertilizers.

Besides the near exhaustion of the supply of fertilizers on the eve of the new year, there exist several problems in 1946 production, such as obtaining large quantities of phosphate rock from abroad, repairing nitrogenous plants and providing anthracite, high grade coal and coke for calcium cyanamid production. The facilities for producing potassic fertilizers in Japan are very limited and if minimum requirements are obtained for use in 1946 most will have to be purchased and imported from other countries.

POTENTIAL SOURCES OF EXPORTS

16. Industrial crops furnish Japan's chief source of agricultural exports. Of these grown in Japan only silk, pyrethrum and tea are produced in sufficient quantities to be of any export importance.

Silk

17. Mulberry acreage has been decreased progressively from 1,749,000 acres in 1930 to 524,000 acres in 1945, and the production of raw silk has decreased during the same period from 710,314 bales to an estimated 100,000 bales in 1945. An additional decrease in mulberry acreage in the autumn of 1945 was planned by the Japanese Government, but was halted by an order from GHQ. Thus the acreage for the year 1946 will be approximately the same as for 1945.

The Bureau of Sericulture, Ministry of Agriculture and Forestry, has estimated the minimum annual domestic consumer needs of Japan for raw silk at 35,000 bales. With present mulberry acreage the Sericulture Bureau estimates an output in 1946 of 170,000 bales, of which a possible 135,000 bales would be available for export.

Pyrethrum

18. The pyrethrum plant, a member of the chrysanthemum family, is the source of an important insecticide used in the form of extracts or liquid sprays. Prior to the war it was one of Japan's important exports but, as has been true with mulberry, its acreage has decreased considerably. At present the production is hardly enough for domestic consumption and consequently it cannot be considered as an export commodity in the immediate future. If acreage could be expanded to the 1935 figure, the annual exportable surplus of pyrethrum would possibly reach 10,000,000 pounds.

Tea

19. Tea production has also been curtailed to a very great extent as a result of the war. Production reached a peak of 137,000,000 pounds in 1941 but has decreased continually until in 1945 the production is estimated to be approximately 54,000,000 pounds.

Normal consumption during the 1930's averaged about 63,000,000 pounds but due to reduced acreage and production during the war it will be only about 50,000,000 pounds in 1945. At present there are 1,864,000 pounds of tea available for export and an expected 1,700,000 pounds more will become available by 31 December 1945.

Production prospects for 1946 are not bright in view of pressing need for foodstuffs production. Tea acreage will increase as soon as the food situation eases, particularly when a considerable amount of land that is hilly and relatively unsuited to the production of food crops is reconverted to tea production.

Export Outlook

20. The outlook for silk appears brighter than it did two months ago and instead of preparing for a decrease in raw silk production the silk industry is planning to repair and replace some of its worn machinery and to increase its production some 70,000 bales over this year's output. The outlook for pyrethrum and tea has not changed appreciably during the past two months, and it can be expected to remain relatively unaltered at least until the food situation has become less critical.

FISHERIES

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GENERAL

21. As the result of Allied armed superiority the Japanese fishing fleet was completely swept from the high seas and communication with fishing bases in the far flung Empire practically ceased to exist. Even in coastal waters fishing activities were seriously hampered by the harassing attacks of American air and naval craft.

22. The elaborate fishing establishments, including ships, docks, processing plants, repair yards and similar equipment in the South Seas, Formosa, North China, Manchuria, Korea, Russian Maritime Provinces and the Kuriles, have all passed out of the control of the Japanese. In addition to the effects of direct military action, the disintegration of the Japanese fishing industry was brought about by the shortage of materials for the operation, building and repair of fishing craft and for the manufacture and repair of equipment; the withdrawal of needed labor into military activities and finally, with peace, the lassitude that followed upon the heels of uncertainty and the sudden disappearance of plans in a highly disciplined society. When peace was restored there were no fisheries activities in Japan.

At the time of surrender the Japanese authorities estimated that the production output of Japan's marine industry, as compared with that before the outbreak of the war, had dropped 40 percent.

23. Fishing areas were established soon after the occupation became a fact. At first fishing activities were allowed in a narrow band along the coast, but were soon enlarged to permit much broader fisheries operations. With freedom of movement over a much

wider area larger numbers of fishing boats put out to sea. As a result greatly increased landings of fish were reported by the Japanese Government for most areas, according to the statistics available at this early date. These increased landings were made in spite of the fact that only very limited supplies of fuel oil were available for the fishing fleet. Other factors have contributed to the early resumption of fishing within the permitted zone. Not the least of these is the time-honored compulsion of habit occasioned by the beginning of the winter fishing season.

24. In order to resuscitate the fisheries industry to the extent of meeting domestic requirements of marine products many things must yet be done. The problem of the supply of essential petroleum products must be solved. Repair of damaged and operationally disabled equipment must be accomplished in spite of a drastic shortage of repair materials. Where such action conforms to the pattern for Japanese fisheries established by the Occupation Forces, new equipment must be built to replace that lost during the course of the war. Cotton for nets, line and sails, salt, abaca for rope and other materials must be secured where no substitutes can be found. The black market must be controlled and the distribution of fish returned to normal channels of trade.

FISHING AREAS

Consumer Needs for Fish

25. Estimates vary on the normal consumer needs for aquatic foods in Japan. The most recurrent figure is that of 65 pounds of fish per capita per year. On this basis a population of about 78,000,000 in the four main islands (as of 31 August 1945) would require about 2,200,000 metric tons annually.

It is believed that the figure of 65 pounds per capita is based on the weight of the edible dressed fish. This weight is roughly equal to two-thirds of the weight of the raw whole fish. On this basis the consumption of fishery products for food would approximate 3,300,000 metric tons annually.

Establishment

26. Under requirements for Allied entry into Japan, Japanese fishing vessels of 100 gross tons and over were to undertake no movement beyond voyages in progress pending instructions from the Supreme Commander. On 12 September this restriction was eased somewhat and Japanese wooden vessels (auxiliary sailing vessels) were permitted to operate in Japanese coastal waters provided: (1) these vessels operate within 12 miles of the Japanese coast, except where special permission is obtained; (2) these vessels keep clear of areas designated by the U. S. Naval Authorities as restricted or operating areas (as for example the restricted areas in Tokyo Bay); and (3) these vessels obey instructions and orders from the U. S. or Allied Naval Authorities.

27. These military exigencies precluded any but the most limited fishing activities within the first few weeks of the occupation. By 27 September the situation was well enough under control so that fishing could be authorized in a wider area throughout Japan proper. The following boundaries then were decided upon:

*From FOSAPPU MIZAKI to 41-30 North 150 East, south to 30 North 150 East, west along 30th parallel to 130 East, south to 29 North 130 East, west to 29 North 126 East, south to 26 North 126 East, west to 26 North 123 East, northeast to southern tip TSUSHIMA.

From northern tip TSUSHIMA to 40 North 135 East to 45-30 North 140 East to 45-30 North 145 East, south along 145th meridian to HOKKAIDO^u.

Within this area fishing operations may be conducted on an unrestricted basis except that: (1) all vessels are subject to search by Allied craft at any time; (2) vessels must obey all instructions or future regulations established for their control from any Allied source; (3) all craft over 100 gross tons must, before they leave port for the first time, be listed via Japanese channels with the U. S. Naval Authorities.

28. The annual catch of Japan proper (the area in which fishing operations are now permitted) in prewar years amounted to 3,000,000 metric tons. About 1,500,000 people were engaged in making the catch, many of whom were farmers who devoted only part-time to fishing. Aquatic foods supplied the major source of animal protein in the Japanese diet. The fisheries also supplied large quantities of fertilizer, fish meal and oil.

The fishing fleet consisted in 1936 of some 366,000 boats and vessels, of which about 62,000 were propelled by engines. The value of the exports from Japan to all areas during the period 1932-33 averaged about 92,000,000 yen annually. A large proportion of these exports was produced outside Japan proper.

Readjustments

29. Readjustments in the boundaries of the area in which Japanese fishing craft are permitted to operate will be made as proved need arises. One such case has already arisen and the boundary has been altered in a small but fundamental fashion.

Japanese fishing vessels under the restriction of 27 September had been for security reasons completely denied the use of the straits between Hokkaido and Karafuto and Hokkaido and Nemuro (the most westerly of the Chishima Archipelago). Since this prohibition prevented the use of the major fishing port of Wakkanai by boats to the east of Cape Soya and seriously interfered with all coast fishing in the Hokkaido area by breaking the coast regions of the island into three separate areas with no permitted movement of fishing vessels from one area to another, and since security will not be jeopardized, a Japanese request for a readjustment was granted. Use of Wakkanai by boats from East Hokkaido is now possible and movements of fishing vessels completely around the island within the three-mile limit is now permitted.

The very important fishing grounds around Hokkaido may now be more completely utilized, and it is expected that returns of fish from that area will slowly but steadily increase. This readjustment may be considered the pattern for future similar actions.

FISHERY INDUSTRY

Fishing craft

30. In an effort to make up for the loss of fishing craft due to the war, a number of Japanese military craft has been transferred to fishing activities. At Miigata 80 amphibious landing craft formerly used by the Japanese in landing operations were turned over to the prefectural authorities for use in fishing thus easing a serious local situation for food.

Textile Fishing Equipment

31. The situation with reference to stocks of fishing nets in

Japan is very serious. As of 1 October there were reported to be sufficient nets to supply the industry for three months. Major repairs and replacements are normally required at the end of the winter fishing season. Reports are being prepared now by the Japanese Government which should furnish a basis for evaluating the needs of the fisheries industry for nets and the requirements of the net manufacturers for the next year.

The requirements of line for fishing activities and the stocks of materials on hand are approximately in the same condition as the nets mentioned above. Together these two items absorb, according to Japanese figures, over 15,000 metric tons of cotton per year. This figure seems unusually high. In addition the manufacture of canvas for sails takes over 700 metric tons of cotton per year.

Petroleum

32. Methods have been worked out for the more equitable distribution of the meager supply of fuel oil to the fishing fleet. Still there is a long way to go before the larger fishing craft operating at considerable distances from shore will be able to secure sufficient fuel oil. According to the Japanese Government 506,000 kiloliters of petroleum are required by the fishing industry annually.

Salt

33. During normal times large quantities of fish are salted in Japan. Now, due to the shortage of salt, difficulty is being experienced in handling catches in some areas and some fish may be going to waste. Efforts are in progress to secure salt from abroad for fish-curing operations. Meanwhile the Japanese Government is encouraging the home production of salt from sea water. The estimated annual salt requirement for the fishing industry is 143,000 metric tons.

Black Market in Fish

34. Large quantities of fish have been finding their way into the black market where they bring three or more times the official price. Efforts are being made to cope with this problem through the Japanese Government and the fish distributors. Already the central distributors of Tokyo, Yokohama, Nagoya, Kyoto, Osaka and Kobe, who form the membership of the "Six Cities Market Control Association", have met together of their own volition to discuss means of combating the black market by re-establishing some degree of order in the distribution of fish in all parts of the country. Factors in their favor are the greater abundance of fish with the coming of the winter fishing season and the return of more normal conditions of life.

Aquiculture

35. Prior to the war aquiculture was practiced in Japan on a scale unequalled anywhere else in the world. Carp and eels were the principal species raised in fresh-water ponds, while various species of shellfish such as oysters and clams were cultivated in the brackish shallow waters of bays and estuaries.

36. Because of the exigencies of war aquiculture operations were seriously retarded and in some cases entirely abandoned. The seed-oyster industry was so badly neglected that no stocks will be available for export in the spring of 1946. There are not even sufficient transplants for normal oyster cultivation in Japan.

The cultured pearl industry has been inoperative since 1942 and the earliest possible date of resumption of culture operations is the spring of 1946. The first crop of any size from these operations will be available in the spring of 1948. The stocks of gem pearls now on hand will likely be used for making necklaces or other souvenirs for the Occupation Troops.

Whaling and Sealing

37. Within the area in which the Japanese are permitted to fish there are valuable whale and fur seal resources. In 1911 Japan became a party to the Fur Seal Treaty along with the United States, Great Britain and Russia. This was terminated in October 1941 upon notice from Japan on the ground that Japan's herds were endangering her fisheries.

Since the occupation it was found that Japanese vessels were conducting pelagic sealing operations within the fishing area. This method of hunting seals was not permitted under the treaty of 1911. In order to correct this situation the Japanese Government was instructed to carry on no sealing operations prohibited by the original Fur Seal Treaty of 1911.

38. There are a number of agreements in effect regarding the conservation of whales to which the United States is a party. Japan participated in the conferences preparing the conventions, but failed to ratify. Since Japanese nationals are now conducting whaling operations in the waters to which they are permitted access, the Japanese Government has been instructed to conduct her whaling industry in strict conformity to the terms of the International Conventions regarding whaling except where directives from this Headquarters are in conflict. The Japanese Government was directed to make complete utilization of the carcass of each whale taken by the Japanese whaling industry and insofar as possible to market the meat of the whales as food.

Scientific and Educational Activities

39. Investigations have been made of the buildings, equipment and program of the Imperial Fisheries Institute and the Fisheries Experimental Laboratory in Tokyo. Both of these institutions are under the direction of the Bureau of Fisheries of the Ministry of Agriculture and Forestry. Neither was damaged by military action. Both institutions are carrying on programs at present similar to their prewar activities.

The Marine Institute is a school in which students are taught, during a normal four-year course, to be fishermen capable of utilizing the latest developments in the trade. The "Deep Sea" class takes five years to graduate. Also a two-year post-graduate course is offered for those who desire additional work in the biology of fishing.

40. The Fisheries Experimental Laboratory is a well-equipped technical laboratory comparable in equipment and personnel to similar practical research laboratories found anywhere else in the world. Its primary function is the improvement of Japanese fisheries equipment and technique, not the training of personnel. Its buildings house equipment for testing nets and hull designs under conditions simulating use, employing for this purpose a very elaborate model ship basin. Excellent facilities are available for the testing of all types of fisheries supplies and for studying aquiculture and all methods of fish processing.

FORESTRY

41. One half of the area of Japan's four main islands is classed as forest land. Japan carefully manages its forests and is dependent upon them for many of its essential commodities. Since surrender some of the most urgent problems that have arisen are the charcoal need in the Tokyo-Yokohama area, the shipment of mine timbers and the use of Japanese lumber for the Occupation Forces.

Charcoal

42. One of the first problems brought out in discussion with the Japanese Bureau of Forestry was the urgent need by people in the Tokyo-Yokohama area for charcoal. About 200,000 tons of charcoal are consumed annually in this area. This commodity cannot be completely supplanted by either fuelwood or coal for use in heating Japanese homes because usually the only facilities available are open charcoal braziers. Transportation was the main deterrent and to some extent this has been overcome by the release of military-impounded Japanese trucks.

Mine Timbers for China

43. Chinese coal mining companies in the Peiping area are in need of mine timbers and props which they formerly obtained from Japan at the rate of about 300,000 pieces monthly. The flow of these materials, which ceased with the embargo and lack of shipping, may be resumed as soon as a current estimate of the situation is completed.

Lumber for Occupation Forces

44. During World War II Japan manufactured about 5,000,000,000 board feet of lumber annually. If lumber can be furnished by the Japanese, there will be no need to import it from the United States except possibly for filling immediate needs of the Occupation Forces. A study is being made of Japanese forests, sawmills and lumber stockpiles to determine what Japan can supply for occupation needs and reparations as well as essential civilian needs. In cooperation with the Bureau of Forestry and the Development Bureau, steps have already been taken to make available to the Occupation Forces some of Hokkaido's vast timber resources.

MINING AND GEOLOGY

45. Since the cessation of hostilities mineral production and processing in Japan have declined from the wartime peak of approximately double the prewar level of production to a low point of between 20 and 50 percent of the prewar level depending on the mineral concerned. Coal, of which production at the present time is critically low, is the most important mineral commodity in Japan both from the standpoint of supplying needs of the Occupation Forces and of maintaining essential Japanese industry.

Condition of Mineral Industry

46. The mineral industry of Japan was heavily subsidized during the war, and for the greater part of the war period production of minerals was almost double the normal peacetime tonnage. During the latter phase of the war a production decline began and upon cessation of hostilities the industry collapsed.

Production of major mineral commodities is now 20 to 50 percent of the prewar level. Coal production is among the lowest

of the major mineral commodities. It is at present about 20 percent of the prewar average. For example, the Japanese coal industry produced 3,400,000 metric tons of coal in June 1945, and produced less than 600,000 tons in October 1945.

47. The major factors contributing to the decline of mineral production follow:

- (1) Cessation of government subsidies.
- (2) Bombing of factories which upset the market of the mineral industry and seriously affected its sources of explosives, and equipment.
- (3) Shortage of workers due to liberation of Chinese and Koreans.
- (4) Food ration insufficient for heavy labor.
- (5) Shortage of explosives due to closing of explosive manufacturing plants.
- (6) Shortages and breakdown of equipment (notably wire rope).
- (7) Inefficient bureaucratic control of the industry.

48. Remedies for these problems have so far been forthcoming mainly through the efforts of the EIGHTH Army, which has taken steps to stabilize the labor situation and to provide supplies from seized military stocks. The Japanese Government is considering an increase in the food allowance to miners.

Coal

49. Coal production at the present time is approximately 20 percent of the prewar production level. The monthly deficit of coal is more than 80 percent of requirements. Before the war Japan imported several hundred thousand tons of high grade coal monthly. Now in addition to the loss of imported coal Japan must provide monthly 75,000 tons for the Occupation Forces, 70,000 tons for Korea and 18,000 tons for the British Forces. Needs of the Occupation Forces can be supplied, but the essential industries and the civil population will suffer in the coming winter.

Approximate production figures for the home islands of Japan given as monthly averages follow:

<u>Fiscal Year</u>	<u>Metric Tons per Month</u>
1935	3,150,000
1936	3,600,000
1937	3,750,000
1938	4,000,000
1939	4,300,000
1940	4,750,000
1941	4,600,000

<u>Fiscal Year</u>	<u>Metric Tons per Month</u>
1942	5,500,000
1943	4,600,000
1944	4,600,000

Monthly production of coal in 1945 is as follows:

<u>Month</u>	<u>Metric Tons</u>
April	3,400,000
May	3,500,000
June	3,400,000
July	2,600,000
August	1,600,000
September	900,000
October (est)	600,000

50. A serious labor shortage exists in the coal industry. Approximately 40 percent of the coal miners in the home islands were Korean and Chinese forced laborers who have been liberated and are in a state of serious unrest.

Petroleum

51. Most facilities for crude oil production in Japan proper were operative at the time of occupation and are producing under near normal conditions with 4,526 wells producing approximately 3,700 U. S. barrels per day. The domestic production of crude oil is inadequate in both quantity and quality; annual production supplies only about 15 percent of normal civilian requirements.

The probability of any appreciable increase in production from oil horizons being tapped at the present time is questionable. A field survey is being initiated to investigate the possibilities of increasing production from fields by use of improved production methods and proper handling of the existing facilities.

Cessation of government subsidies for drilling has resulted in a decrease in drilling activities. Only 40 wells are drilling at the present time.

52. The report of crude oil production in Japan, exclusive of Formosa, as submitted by the Fuels Bureau of the Japanese Ministry of Commerce and Industry indicates production for the year 1 April 1944 to 31 March 1945 as 238,687 kiloliters, or 1,629,728 U. S. barrels; and production for the period 1 April 1945 to 1 August 1945 as 106,391 kiloliters or 670,263 U. S. barrels.

53. All statistics used in this report are Japanese figures many of which have not been verified.

SECTION 2

INDUSTRY

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GENERAL

1. With the announcement of Japan's surrender production in Japanese industry ceased almost completely and employees fled from the urban industrial areas. Although the production of all materials to fill civilian needs has been authorized by SCAP, factories and workshops have been slow to resume operations.

There are a number of reasons for the failure of industry to revive despite the urgent need for all consumers goods. The reconversion of war factories has been held back by fears of possible violation of SCAP orders prohibiting war production. The government has not stepped in energetically to direct production for civilian use.

Government control over production was so complete that its loosening left industry floundering for lack of direction. The average Japanese industrialist seems unable to plan a production program without having an outline given him by the government or a quasi-governmental control association.

In many cases the labor supply is inadequate because shortages of food, clothing and housing have made working conditions in urban areas unfavorable.

2. Due to the inflationary character of the present economy many industrialists seem to be devoting their major efforts to converting liquid assets into any type of machinery, raw material or finished goods available. There is continuous pressure to release

machinery and equipment owned by the Japanese Army and Navy for purchase by private individuals.

3. General policies governing the operation of Japanese industry were announced in Directive No. 3 issued 22 September 1945. It provides for the maximum production of essential consumers goods and permits the conversion of war plants to such production on the individual application of each plant. Specified types of war production are prohibited. The directive also provides for the safeguarding of the plants and records of the war and war-potential industries and requires the submission of detailed reports on plants of a significant size.

4. Initial efforts have been concentrated on stimulating the maximum production of essential consumers goods in order to alleviate critical shortages now existing or impending. The Japanese Government control associations and individual firms have been told to put all industries except war goods into maximum production as rapidly as possible. As a result many plants have been reopened.

MACHINERY INDUSTRIES

Production Machinery

5. Based on 1940-1942 average production of ¥ 857,000,000, it is estimated that 73 percent of this industry's production capacity remains. There is a considerable variation between the different branches of the industry as a result of wartime policy.

Major deficiencies exist in machinery for textiles, printing, food processing and elevators because a substantial part of such machinery was scrapped for metal. A surplus exists in chemical, steel processing and civil engineering machinery because the munitions program emphasized these lines.

Power Producing Machinery

6. Present capacity is approximately 28 percent of the 1940-42 average of production, amounting to ¥ 203,000,000. The reduction is due partly to air-raid damage and partly to the conversion of factories to the manufacture of munitions. Despite this large decline, present capacity is considered adequate to meet the requirements of the Japanese mainland, with about 15 percent of present capacity available for other uses.

An excess of capacity exists in producer gas units and in steam boilers; that of internal combustion engines is about equal to the expected demand. Any shortages in the production of power machinery that may develop in the next three or four months will be caused by inadequate supplies of coal or steel or of the inability of factories to secure sufficient labor.

Precision Machines

7. This industry emerged from the war with 83 percent of its wartime capacity intact. While air raids destroyed important plants in the Tokyo area, shortages of raw materials were a more effective factor in curtailing production. Output in the fiscal year ending 31 March 1945 and estimated capacity in October 1945 are as follows: