

<u>Name of Prefecture</u>	<u>No. of Unions</u>	<u>Membership</u>
Tokyo	22	62,670
Hyogo	36	38,500
Hokkaido	35	35,000
Kyoto	18	26,860
Miigata	13	24,500
Osaka	11	20,570
Kanagawa	33	19,040
Saitama	14	17,590
Kochi	16	13,500
Fukushima	2	8,034
Ishikawa	1	5,590
Miyagi	16	5,100
Hiroshima	1	4,300
Akita	2	3,500
Chiba	5	1,730
Kagawa	6	1,700
Gumma	3	1,500
Kyushu Prefectures	37	39,140
Aichi	5	Unknown
Wakayama	4	Unknown
Shizuoka	3	Unknown
Aomori	3	Unknown
Tochigi	1	Unknown
Toyama	1	Unknown
	<u>288</u>	<u>328,824</u>

4. At the close of 1945 two competing labor movements were developing in Japan. One was Communist-inspired and the other was promoted by the Social Democrats. The return on 7 January 1946, from Yenan, China, of Sanzo Mozaka (Susumu Okano), prime advocate of a united front of all "democratic" elements, and his selection as president of the Japan Communist Party touched off the movement to unite all labor union groups.

The response among labor unions was widespread and rapid. Top Communist and Social Democrat labor leaders appeared on the same platform. Unions, particularly in Tokyo, Kanagawa and Hokkaido, are now federating without regard to political origin.

5. In January labor union organizational activity was most prominent among government and public utility employees. Unions and councils of unorganized workers throughout the 200,000 employees in the government communication system formed a Preparatory Committee for a federation of all unions in communications enterprises.

Similar organizational movements took place among the 550,000 employees in the government railways and the 100,000 employees in the quasi-governmental power generation and distribution system. Finally, unions appeared among the employees of the Ministry of Transportation and the Ministry of Agriculture and Forestry.

LABOR RELATIONS

6. The pressure of organized labor in January was exerted to offset the rapid rise in the cost of living, estimated at three to four times workers' current earnings. Substantial wage increases resulted as well as limited participation in management for some 1,000,000 employees.

Organized parades and mass meetings demonstrated against the City of Tokyo and the Ministry of Transportation, but no interruption in essential production or services and no strike of any consequence occurred.

7. The Tokyo Metropolitan Traffic Labor Union, led by the veteran prewar Social Democrat labor leader, Hisaharu Shigemori, spearheaded the pressure on the Metropolis of Tokyo by demanding an increase to five times present earnings of his 8,500 Tokyo tram and bus workers.

On 15 January, after 36 hours of continuous negotiation which climaxed two weeks of public demonstrations, the union concluded a contract with the metropolitan authorities providing for a 300 percent increase in earnings and union representation on councils which would be responsible for rationing, commodity distribution and welfare services.

On 19 January the Metropolis of Tokyo extended similar concessions to 70,000 municipal employees.

8. Treatment Improvement Councils, established under government sponsorship as a result of employee pressure and consisting of officials, employees and neutrals, concluded various arrangements with the Ministry of Transportation. These covered 750,000 communications and railroad workers and provided for: (1) a special cost-of-living allowance equal to three to six times the monthly base salary, (2) employee supervision of the distribution of rations and commodities at official prices and (3) special provisions on housing and transportation for employees suffering from displacements due to air raids.

9. On 26 January, after 11 days of negotiations, the union reached a settlement with the Kanto Electricity Distribution Company which employs 7,000 workers and supplies electricity to the metropolitan areas of Tokyo and Yokohama. The settlement provided for about a 300 percent increase in earnings, an eight-hour day and a degree of participation in management by the union. The details of this participation were to be worked out by a joint council.

In the course of the dispute the union decided not to strike since an interruption in essential services has been prohibited by SCAP, but instead took over the management of the company and operated it in accordance with a prearranged plan worked out in conjunction with the company officials. The management later admitted that the union did a responsible job and in some respects actually improved the service.

A similar settlement was reached between the semi-official Japan Power Generation and Transmission Company, which generates 95 percent of the electricity for the nation, and its union of 25,000 employees. The settlement was extended to the eight remaining distributing companies. The ten companies employ a total of about 100,000 workers.

10. Associations of employers similar in membership to the U.S. Chamber of Commerce and the National Association of Manufacturers have been undergoing reorganization. Representatives of the four most prominent employer organizations met on 10 January. After deciding to dissolve their organizations they organized a special committee to formulate a program for a new organization to represent Japan's leading industries.

The four organizations to be dissolved are Chamber of Commerce and Industry, Important Industries Deliberative Association, Japan Economic Federation and the Central Association of the Commercial and Industrial Unions.

Mr. Kei Ohashi, chairman of the new movement, announced that the new organization would endorse collective bargaining with

labor unions as the basic principle in its labor relations policy.

11. On 21 January the Ministry of Commerce and Industry proposed the organization of Productive Management Councils with employee representation so that workers might participate in the reorganization and rehabilitation of Japan's industries.

WAGES

12. Surveys indicated that in January the ordinary working man was unable to supply himself and his family with the necessities of life out of his current earnings.

13. Preliminary estimates disclosed that take-home earnings (base wages plus bonuses and allowances) as of January 1946 were approximately 300 to 400 percent of the 1937 levels. Estimates made by the Cabinet Bureau of Statistics indicated that January 1946 earnings averaged 270 percent of the 1941 levels.

14. In contrast the Cabinet Bureau of Statistics revealed that cost of living had increased from an index of 100 in 1937 to the following on 2 January 1946: 1,858 in Kumamoto, 1,834 in Osaka, 1,741 in Yokohama, 1,635 in Nagoya, 1,444 in Kyoto, 1,287 in Tokyo, 997 in Sendai and 785 in Kanazawa.

15. Preliminary reports of sample budgets confirm the above. They indicated that current earnings accounted for only 35 to 60 percent of the cost of living while withdrawals from savings, sales of household articles, separation allowances and loans accounted for 30 to 55 percent of the current cost of living expenses. In addition, an indeterminate share of workers' incomes was derived from illegal black-market activities in which some laborers engaged to supplement their income.

16. Certain large segments of workers stand out as exceptions to the above situation. On the one hand are those whose current income just about equals their current cost of living. As a rule these are workers who belong to strong unions that have successfully achieved collective bargaining agreements or who are employed in essential industries. Often the adjustment in income was made in part by supplementing wages with food, fuel and clothing. This class of employees totalled about 1,480,000 or 14 percent of the non-agricultural workers registered on 1 December, distributed as follows:

50,000 railway and tramcar workers

400,000 other land transport workers

250,000 postal, telephone, telegraph and other communications employees

150,000 miners (principally in Hokkaido and Kyushu)

60,000 rolling stock manufacturing workers

20,000 newspaper employees

100,000 construction workers (mostly employed on occupation projects)

In addition the wages of some 10,000 merchant seamen to be engaged in repatriation were being adjusted upwards.

At the other extreme is a much larger segment comprising nearly 40 percent of all non-agricultural workers. This group has been hit harder by post-war economic circumstances than has the average worker. These workers number about 4,280,000 and consist of 3,300,000 unemployed, 530,000 civil service and government employees and 450,000 teachers.

17. Workers' supplementary sources of income were rapidly being exhausted and could not be counted on to supplement current earnings for more than a short time. As the lag of wages behind prices grew more pronounced there was a marked tendency to supplement money wages with payments of food, clothing, fuel and the like.

18. Some seven or eight ministries formerly exercised control over wages and salaries. As of 15 January all administration of wage and salary laws was consolidated under the jurisdiction of the Ministry of Health and Welfare, with the exception of control over directors' salaries which was retained by the particular ministries under whose general jurisdiction the enterprise fell.

19. In view of the rising cost of living, significant upward revisions in the wages of laborers on occupation projects are being made by the Central Liaison Office in order to insure satisfactory procurement, particularly in special categories of skilled workmen. Other wage adjustments decided by the Japanese Government include the granting of a cost-of-living bonus equal to 2.5 months' pay to all government employees during February 1946.

20. The Central Wage Committee of the Ministry of Health and Welfare is continuing its study of minimum wages and wage controls and has submitted to SCAP the findings of the recently completed Wage and Cost of Living Survey.

These data are inadequate since they do not include the Temporary Commodity Price Allowance, the increased Family Allowance or increases resulting from wage negotiations between labor unions and management. The wage and cost-of-living data are in no case more recent than November 1945. Average earnings of industrial and new workers were:

AVERAGE MONTHLY EARNINGS BY INDUSTRY IN SELECTED AGE GROUPS
October 1945
(yen)

Industry	14 - 15 Years		23 - 25 Years		Over 39 Years	
	Male	Female	Male	Female	Male	Female
Metals	54.93	52.78	158.90	94.67	220.36	113.26
Machinery	58.14	48.65	149.59	76.37	230.33	114.99
Chemicals	60.67	49.48	126.83	79.46	175.42	84.79
Construction	51.40	42.50	147.12	51.23	194.81	94.80
Textiles	47.18	37.44	94.79	61.69	155.74	67.18
Woodwork	43.14	37.74	95.33	57.28	152.68	76.20
Foodstuffs	48.13	36.40	97.10	63.52	138.77	73.64
Printing	-	-	182.71	-	212.07	-

SOURCE: Wage Survey of Ministry of Health and Welfare.

AVERAGE MONTHLY EARNINGS OF NEW WORKERS
October 1945
(yen)

Industry	14 - 15 Years		23 - 25 Years		Over 39 Years	
	Male	Female	Male	Female	Male	Female
Metals	43.25	39.47	92.64	66.54	108.62	67.45
Machinery	55.75	49.43	110.15	77.95	135.29	87.09
Chemicals	57.66	49.86	106.89	81.36	132.07	88.49
Construction	47.78	54.23	155.80	93.20	169.40	111.00
Textile	36.86	32.94	75.97	51.11	87.12	58.21
Woodwork	33.75	32.15	112.58	79.43	120.82	69.60
Foodstuffs	37.28	31.59	77.66	55.28	97.15	56.23
Printing	55.93	-	110.94	-	145.32	-
Weighted Average	48.73	34.49	100.39	69.50	122.37	75.51

SOURCE: Wage Survey of Ministry of Health and Welfare.

EMPLOYMENT

21. Further details received from the Ministry of Health and Welfare on the Employment Registration of 1 December 1945 reveal that 28,126,401 persons (17,627,636 male and 10,498,765 female) registered. Of these 22,683,725 were employed, 3,336,750 registered as unemployed and 2,105,926 were students.

22. This registration covered males from 12 to 59 and unmarried females from 12 to 39 and excluded physicians, dentists, veterinarians, nurses, apothecaries, primary school students, persons adjudged to be incompetent and Japanese nationals overseas. It is estimated to be better than 90 percent complete on the basis of comparison with the 32,504,323 employed of the 1944 census which included all ages, occupations and servicemen overseas.

23. According to this registration, more than half the working population or 12,158,600 were engaged in agriculture. Manufacturing employed 4,831,317, transportation and communication 1,317,743, commerce 1,260,156 and public service and education 1,093,461.

24. The December 1945 employment pattern shows marked deviation from that of 1944 and tends to revert to the pre-war employment patterns shown by the 1930 and 1940 census. In particular, agriculture and forestry again account for about 50 percent of the employed as in 1930.

Employment in manufacturing and construction has dropped to 21.3 percent of the total, as compared with 28.9 percent in 1944 and 25.0 percent in 1940; it is close to the 19.9 percent figure of 1930.

The effect of widespread incendiary bombing on the destruction of small shops is revealed by the small percentage of individuals engaged in commerce, only 5.1 percent of the total, compared to 7.7 percent in 1944 and 15.0 percent in 1940.

25. The unemployment figure of 3,336,750 reported by the final returns, while higher than the preliminary figure, is still considerably lower than the actual number believed to be unemployed. The explanation advanced earlier by Japanese officials that a large number of the unemployed engaged in black-market operations had registered as being in commerce is not borne out by the relatively small commercial employment figure.

The 15 April 1946 employment census will require that each person indicate the number of days worked during the previous month. The answers to this question will permit a more comprehensive understanding of the employment situation.

26. Acknowledged unemployment as revealed in the 1 December 1945 registration was highest in Tokyo Prefecture with 20.0 percent of the registered population unemployed, in Osaka Prefecture 19.5 percent, Hyogo with 17.3 percent, Kanagawa with 17.1 percent, Hiroshima with 15.2 percent and Aichi with 15.1 percent. These compare with a national average of 11.9 percent.

27. The detailed data presented by the Ministry of Health and Welfare regarding the 1 December registration are being analyzed. A breakdown of employment by prefecture and industry and of unemployment by cause, sex, age and previous occupation will appear as a separate publication of SCAP.

COAL MINE LABOR

28. The program to recruit coal miners has been successful. The goal was 60,000 new miners by 1 January and 70,000 additional by 1 March 1946. Among the measures taken to improve recruitment was the mid-January increase of the rice ration to six go (approximately one quart) for the miner plus three go per dependent.

The average daily wage for the outside worker was raised to ¥ 10 and for the underground miner to ¥ 18. Special distribution of essential commodities at official prices has enhanced real wages. Absenteeism declined from 32 percent in early December 1945 to 21 percent in mid-January 1946. The breakdown showed:

COAL MINE LABOR (Daily average actually working)

<u>Period</u>	<u>Miners</u>
1 - 10 December 1945	145,579
11 - 20 December 1945	156,730
21 - 31 December 1945	167,308
1 - 10 January 1946	184,400
11 - 20 January 1946	199,083

29. In the three principal coal areas, Hokkaido, Kyushu and Joban, labor unions have been established in all the principal mines. In Hokkaido and Kyushu the unions formed regional federations and by the end of January each federation claimed 35,000 members. Negotiations concerning wage inequalities, ration and commodity distribution and working conditions have been taking place continuously in an orderly manner. There was no reported work stoppage in January.

30. Late in December the government established a Coal Board to investigate and make recommendations to stimulate production. The board is studying the adequacy and enforcement of mining and safety regulations. It is considering extension of its supervision to the approximate 1,000 lignite mines with a total capacity of 250,000 tons per month. About 60 percent of the lignite mines were operating at the end of January.

31. Inquiry during January disclosed that 300 to 800 prison laborers were being used in coal mines. In December there were

approximately 43,000 women working in coal mines. The regional distribution is given below:

WOMEN COAL MINE WORKERS
December 1945

<u>District</u>	<u>Underground</u>	<u>Above Ground</u>	<u>Total</u>
Hokkaido a/.	220	8,500	8,720
Tohoku	1,153	1,774	2,927
Kanto	413	891	1,304
Kansai a/	80	170	230
Yamaguchi	613	2,217	2,830
Kyushu	<u>5,505</u>	<u>20,341</u>	<u>26,846</u>
Total	8,964	33,893	42,857

a/ Approximations.

SOURCE: Ministry of Commerce and Industry.

Present regulations permit women over 20 years of age to work in coal mines and those over 25 in mineral mines, subject to physical and mental qualifications and the permission of the Chief Inspector of the local Mining Bureau. The advisability of amending these regulations to eliminate female labor from coal mines is being studied.

RECRUITMENT OF SEAMEN

32. The inability of the Japanese Civilian Merchant Marine Committee to secure sufficient seamen to man the 209 ships being turned over to them for repatriating Japanese nationals from abroad appeared to threaten the program with serious delays. SCAP found it necessary to expedite the recruitment of such seamen.

33. Conferences were held with representatives of the Committee, the Ministry of Transportation, the Japan Seamen's Union and independent seamen. These conferences revealed that low pay, poor food, inadequate clothing, poor working conditions, lack of medical attention and inadequate orientation were discouraging seamen from applying for the repatriation service and resulted in discontent and desertion among those who had already reported.

34. The Committee and the Ministry of Transportation were directed to prepare a program for improving these conditions and to present a weekly report on the progress of recruitment. The Seamen's Union was asked to use its facilities for recruiting and orienting seamen. The Second Demobilization Ministry was requested to supply the Committee with a list of diesel-engine trained engineers who had been recently discharged from the Navy and were available for repatriation service.

35. The program presented for approval by the Japanese Civilian Merchant Marine Committee and the Ministry of Transportation has been tentatively put into operation. It does not fully meet the seamen's demands but provides for an increase of approximately 200 percent in take-home pay, an increase in rice and supplemental food and a partial supply of clothing.

The program did not grant other seamen's demands of a further increase in wages, specific measures for the improvement of living conditions in the pre-assignment "barrack ship", distribution of suitable surplus military and naval property or assignment of a doctor.

SPECIAL LABOR PROBLEMS

36. Two principal violations of workers' personal freedom which have been common in Japan in the past were the contract labor system which compelled the worker, in fact although not always in law, to complete a contracted term of employment and the dormitory confinement system which often deprived the worker of the freedom of movement outside working hours. Women and children have been the principal sufferers, particularly in the textile, ceramic and amusement industries.

37. The proportion of prison labor employed by private industry is insignificant but there has been an increasing tendency to use such labor in recent months. On 1 November about 4,200 convicts were laboring for private concerns. The Ministry of Justice estimated that the number had increased to 8,000 by the end of 1945. Rates charged private concerns for such laborers are below those paid free laborers in similar employment.

38. In the middle of January the staff of the Central Japanese Red Cross Hospital was accused by a group of doctors and employees of administering the hospital and nurses' training along militaristic lines. The Japanese practice of assigning retired generals to administrative and staff positions and treating the Red Cross as an adjunct of the military had not been discontinued.

As a result of conferences between the groups concerned and members of SCAP Headquarters numerous militaristic practices were eliminated. The Central Headquarters of the Red Cross has indicated its intentions of reorganizing the administration of the hospital.

SECTION 7
COMMUNICATIONS

C O N T E N T S

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1. The communications industries are making a slow recovery from disorganization resulting from the war. In view of the extensive damage time required for full rehabilitation of operating plant and of manufacturing facilities will be measured in years.

The operations and manufacture currently underway are threatened by shortages of repair parts, raw materials and labor. Communications employees report that costs of living continue to exceed wages.

WIRE COMMUNICATIONS

Occupational Services

2. The reorganization of the SIXTH and EIGHTH Army areas under a single command plus movements of Air Force Units necessitated extensive rearrangements of the military communication networks furnished over Japanese toll and exchange telephone and telegraph facilities.

3. In general there are adequate telephone and telegraph facilities available to meet occupational requirements but anticipated improvements in maintenance of toll plant used by the Army have not materialized. Inspection of trouble reports on both military and domestic circuits shows that the trouble rate is increasing due to the continued lack of certain critical repair parts and maintenance items.

4. There has been some over-all improvement in the operation of exchange and local telephone and telegraph facilities used by the Occupation Forces due to the limited reintroduction of prewar operating practices, to special emphasis being placed on maintenance and to slow but steady repair of war damages.

5. A program has been initiated to increase the use of Japanese civilians to perform signal duties in the various Army headquarters within the limits of military security. It is contemplated that Japanese operating and technical personnel will maintain exchanges used solely for occupational services, operate and maintain teletype and radio equipment, act as radio transmitter and receiver attendants and perform other duties.

6. Arrangements have been made for the Japanese to install tie cables and repair exchange equipment preparatory to changing from the present GHQ dial EX to an 1800 line automatic exchange formerly used by the Japanese Navy.

Work has been started by the Japanese in assisting with the construction and loading of approximately 45 miles of cable in the northern Kanto Plain area to connect various units of the Fifth Air Force.

A coordinated program has been started to improve quality of telephone circuits used in the Armed Forces Radio System network.

A project has been initiated to establish a separate tele-type circuit using Japanese telegraph facilities to connect various Japanese weather bureau district offices, the Army Airways Communications System and air fields of the Air Transport Command and Fifth Air Force in order to improve delivery of weather information.

Demilitarization

7. A small number of telephone and telegraph circuits of the former Japanese Army and Navy military communication systems are still being used by the Japanese First and Second Demobilization Ministries. These are necessary to complete demobilization of Japanese military forces.

The remainder of the original military networks now returned to the control of the Board of Communications has assisted materially in providing circuit relief in sections where Occupational Forces requirements are high.

Construction and Rehabilitation

8. Domestic construction and rehabilitation projects of interest to the Occupational Forces are progressing satisfactorily.

Major construction activities were confined to the Tokyo-Sendai carrier cable project; replacement of temporary construction in the typhoon and bomb damaged area in the vicinity of Hiroshima and Matsuyama; construction of carrier cable between Matsuyama on northwestern Shikoku and Karume on northern Kyushu; and work on the new carrier cable route on Kyushu south from Karume.

The first three of these construction projects are important to Occupational Forces since they involve repair of existing facilities and provision of alternate routes in areas subject to seasonal service interruptions in which military requirements are considerable.

9. Rehabilitation of exchange plant and offices has been confined largely to making repairs to facilities which suffered severe war damage and to improving general conditions in building interiors.

Exchange and toll cable repair has been limited to main trunk routes, particularly those affecting occupational services. As a precautionary measure the Board of Communications has been asked to investigate the feasibility of placing certain cables under gas pressure where conditions are known to be bad.

Cable Ships

10. Three cable ships now available for submarine cable repair activities are:

(1) TSUEUSHIMA MARU, 1,700 tons: now enroute to the Matsuyama area to make cable repairs on the submarine section of the carrier cable between Matsuyama and Kure.

(2) OSEI MARU, 600 tons: scheduled to make cable repairs in the Bungo Strait area between the islands of Shikoku and Kyushu.

(3) ESTOKU MARU, power cable barge: made repairs on submarine cables along the east coast of Kyushu in the Aki-Kanazaki area. The barge is now scheduled to assist in the Matsuyama-Kure cable repair.

Maintenance

11. Maintenance of exchange plant used for domestic purposes has slightly improved, particularly in the larger metropolitan areas. Improvement has been due mainly to the return of experienced personnel from military service.

A school for central office technicians and instructors has been opened in Tokyo for about 50 students. It is well equipped and provides an excellent course of training.

12. Since toll plant maintenance has not been satisfactory, the Board of Communications has assigned experienced engineers throughout Japan to direct improvements.

13. The problem of heating telephone and telegraph buildings was temporarily and partially alleviated by the installation of electric heaters.

Labor

14. The likelihood of work stoppages was decreased because of wage adjustments, improved working conditions, better housing and additional food rations obtained by the Board of Communications for communication employees.

15. The return of a limited number of experienced exchange maintenance technicians has aided the service improvement program but further relief from the shortage of trained personnel from repatriation sources will be slight.

Rate Structure

16. Translated copies of the tariff schedules for communication services have been furnished by the Board of Communications and the rates, rules and regulations have been summarized in a report for the information and use of occupation agencies.

17. Supervision and control of the telephone and telegraph tariff has been exercised by the Board of Communications and a marked degree of uniformity prevails. The general over-all rate structure compares favorably with modern foreign rate structures but the number of services offered is extremely limited.

Distinctive features of the schedules include classification of telephone exchanges in 12 classes with rates uniform for each class; a single rate for business and residence service; use of actual line mileage in the determination of circuit length instead of air-line distances; a high restrictive charge for installation of telephone service; a single uniform rate for telegrams to all points throughout Japan; long distance calls handled on a station-to-station basis with charges the same for day and night service; and long distance charges made on units of three minutes each with no reduction in unit cost after the first three-minute period.

RADIO COMMUNICATIONS

Broadcasting Administration

18. Personnel for the Advisory Committee for Broadcasting.

consisting of 17 representatives from all walks of life, were selected by the Board of Communications from candidates approved by SCAP. Tsunego Baba, new president of Yomiuri Newspaper Company and noted Japanese liberal, was elected temporary chairman.

The Board of Communications was used in planning and designating the committee but will act further only in such normal governmental functions as the allocation of frequency and specification of power output.

19. At its opening meeting in Tokyo the committee heard representatives of SCAP state the general occupation objectives and their relation to the organization and operation of broadcasting services.

The committee will advise in the reorganization of the Broadcasting Corporation of Japan. The Japanese Board of Information no longer has any function in the corporation.

20. The committee submitted a list of three prospective nominees for the office of president of the Broadcasting Corporation. Final selection will be made by the committee after screening of the candidates by SCAP.

21. The Employees' Union of the Broadcasting Corporation has continued to show a lively interest in the corporation's reorganization and in the formation of the Advisory Committee. Its recommendation that the corporation's charter and by-laws be revised to eliminate the persistent deference to the "controlling government authorities" has been approved by the president and board of directors of the corporation.

The union recently adopted a resolution requesting a 300 percent pay raise and a labor contract with the corporation. The reduction in fees due to the large number of inoperative radio receivers has resulted in a decrease in the Broadcasting Corporation's revenue.

Broadcasting Networks

22. Network Number One of the Broadcasting Corporation of Japan consists of eight central stations, 35 local stations with studios and 42 stations consisting only of transmitters for relaying programs to listeners.

Network Number Two is composed of eight stations located at the eight broadcasting centrals.

The Armed Forces Radio has 14 stations operating.

23. Increases and improvements in services have been obtained largely by redistribution of existing facilities, including transmitting and studio equipment that was formerly employed in standby or auxiliary operation and from salvaged Japanese military equipment.

24. The transmission time for December represents a new high, totalling 500 hours for the month on Network Number One and 159 hours on Network Number Two.

International Circuits

25. Telephone service between Tokyo and the United States was re-established on 11 January 1946. Service at this time is restricted to certified emergency calls from Tokyo to the United States by military and accredited civilian personnel. It has been

found appropriate to limit all calls to 15 minutes and at times to 10 minutes.

These restrictions are believed justified under existing conditions, but the situation will be reviewed frequently with the idea of removing any restrictions no longer necessary. Observations indicate this service has had a beneficial effect upon the morale of United States military and civilian personnel.

Calls to the United States are set up only in Tokyo, and previous to the time set up the called party is notified that the call is to be made. This method insures maximum use of the circuit. Calls are now scheduled from 0800 hours to 1100 hours and 1500 hours to 1900 hours.

During 11-31 January, 327 calls were completed, an average of 16 calls per day. The average length of a conversation was seven minutes.

26. On 10 January 1946 radio telegraph service was restored between Osaka and London. This will enable accredited British subjects in Japan to send Sender Composition and Press Messages to points in England via London.

Messages filed at the telegraph office in Tokyo are relayed to the sending station in Osaka. At present no plan has been worked out to bring about a settlement in accounts between British Cable and Wireless and the Japanese Government.

27. A comparison of the overseas radio telegraph traffic for the months of December and January follows:

OVERSEAS RADIO TELEGRAPH TRAFFIC
(Messages)

	<u>December 1945</u>	<u>January 1946</u>
Tokyo-Keijo	117	15
Tokyo-Taihoku <u>a/</u>	116,023	497
Tokyo-Geneva	813	1,174
Tokyo-Moscow	316	782
Tokyo-Stockholm	264	435
Tokyo-Lisbon <u>b/</u>	5	0
Tokyo-San Francisco	113,058	49,229
Osaka-London	0	30 <u>c/</u>

a/ Discontinued 3 January.

b/ Discontinued 29 January.

c/ 13-20 January, only.

Domestic Radio Communications

28. The First Demobilization Ministry closed nine more radio stations it no longer required and applications to open several stations were denied by this Headquarters. The number of former Japanese Army stations in service was reduced from 43 to 34, of which 26 are in Japan, two in Korea, and six in other areas.

29. There was no change in the Second Demobilization Ministry radio circuits. The 22 stations in Japan and nine in other areas continued to carry traffic for Japanese repatriation shipping and for mine sweeping vessels.

30. Communication facilities of the Japanese General Central

Meteorological Observatory (Weather Bureau) were surveyed to determine which ones are required to provide adequate weather service to the Occupation Forces.

The radio facilities in the present system include seven stations and 27 point-to-point radio circuits. The latter are used to supplement wire lines and their continued operation is necessary for the present.

31. Since November the Lighthouse Bureau of the Ministry of Transportation has made temporary repairs to four additional radio beacon and direction finding stations. This increases the number of operating ship-to-shore navigational aid stations to eight of a total of 17 available for placement in service.

The nine stations not now operating are suffering mainly from damage to the direction finding equipment, batteries and power units. There is also an acute shortage of transportation to the isolated stations and fuel for the generator units.

32. A survey of private radio stations indicates 26 stations in use by the various Fishing Guilds in Japan. In addition, two private stations are operated by the Mitsubishi and Kawasaki radio manufacturing plants at Kobe as manufacturers' test stations.

33. As it is necessary to continue certain radio operations service for the Occupation Forces, the radio equipment and technical personnel of the Wireless Section of the disbanded Aeronautical Bureau were transferred to the Board of Communications.

34. There is urgent need for a communications net to provide for messages between Japanese ships at sea and the ports of Japan. A complete new plan for marine communications drawn up by the Board of Communications combines the use of the radio stations of the Second Demobilization Ministry, coastal stations of the Board of Communications and certain of the private stations owned by the Fishing Guilds.

In providing a more adequate communications system the service of the coastal and repatriation ships will be improved. The network will be valuable in passing information concerning sailings, cargoes, destinations and dispatches to and from shipping control authorities.

35. Two additional transmitters of the Second Demobilization Ministry station at Funabaashi, Chiba Prefecture, were made available to Army Air Forces to supply the Tokyo terminal of a Tokyo-to-Shanghai circuit.

Arrangements were also made for messages to Allied intelligence officers working with the various police departments throughout Japan to be dispatched over the National Police radio network.

POSTAL COMMUNICATIONS

36. Investigation has been undertaken of the transmission time for mail within Japan and of the feasibility of reopening international mail channels. Data secured thus far with respect to the routing of mail from Japan to foreign countries indicate that transportation facilities for mail are sufficient to handle the expected volume of mail.

For the survey of transmission time of mail between various points in Japan, 30 towns have been selected, chiefly in mining or industrial areas. The Board of Communications is conducting

this study and is expected to determine the cause of delays in the transmission of mail throughout Japan.

37. Problems in finance, censorship and general operations of the postal system will require the collecting of additional information.

Preliminary figures are available to indicate that the scope of postal activities, including savings and insurance, are large. The Post Office Savings Bank as of 26 November 1945 is reported to have almost 200,000,000 accounts involving nearly ¥ 40,000,000,000.

The post office life insurance business includes ordinary, endowment and infant policies. Maximum amounts of ¥ 2,000 per person have been established. Premiums collected per month are reported to aggregate over ¥ 100,000,000.

COMMUNICATIONS MANUFACTURING AND SUPPLY

38. A system has been established under which the Ministry of Commerce and Industry will report production accomplishments monthly, with a running forecast of production for the following 12 months. Improvements in production prospects will thus be promptly evident. The first report is due in February.

39. A supplemental memorandum to the Japanese Government was issued with the objective of attaining more rapid progress in production of radio receivers. This memorandum approved the official production goal of 3,100,000 receivers; requested supplementary information concerning allocations of materials to accomplish the production goals; and placed limitations on the production of all-wave sets and radio phonograph combinations. Limitations on the production of more elaborate equipment were established to provide more materials for small receiving sets.

Latest estimates show that the number of companies participating in receiver production has now increased to 48. The top five produce over 50 percent of the output of the industry.

40. Receiver tube production estimates indicate that the 12 companies participating will turn out 20,000,000 tubes in 1946. These figures are believed to be high and will require optimum conditions to be fulfilled. Lack of receiving tubes continues to be the limiting factor in the production of radio receivers.

41. Transmitter tube production, critical types in particular, lagged behind schedule. Faulty materials resulted in a high percentage of rejected tubes. The shortage of certain transmitting tubes presents a threat to continued efficient operation of radio communications and broadcasting facilities.

42. Telephone production schedules indicate that 45,000 instruments will be produced during the first quarter of 1946. Due primarily to the shortage of plastic materials, it is doubtful whether this schedule will be met.

Telephone switchboard equipment has been produced only in limited quantities. Lack of raw materials and parts are the principal difficulties.

Communication cable production is progressing satisfactorily. Manufacture of the cable for the Tairo-Sendai project has been completed.

Financial Structure and Control

43. Accounting data from the 10 largest manufacturers of communications equipment in Japan have been compiled into American forms of balance sheets to permit analysis of financial structure and possible difficulties confronting communications manufacturers.

The data now available for each company include the following: description and history; balance sheet information as of 30 September 1945, with schedules of accounts receivable, inventories, investments, war damage, fixed assets, bank loans and debentures; and a summary of profit and loss from 1 January 1936 through 30 September 1945.

44. Japanese Army and Navy signal communications equipment suitable for civilian use continued to be turned over to the Home Ministry.

45. To date 74 Japanese Army-Navy radio stations which are not being used have been reported to this Headquarters by Occupation Force units. Reported stations of this type have been ordered dismantled and the usable equipment so obtained is being released to the Home Ministry.

46. On 10 January the Japanese Board of Communications was directed to submit a weekly report showing the progress made in the distribution of the critical items of returned equipment. On the three reports which have been submitted the increase in the rate of distribution has been encouraging except on generators, telephones and tubes. The amount of equipment received and distributed by the Home Ministry is indicated in the following table:

DISPOSITION OF RETURNED JAPANESE
ARMY-NAVY SIGNAL COMMUNICATION EQUIPMENT
26 January 1946

<u>Unit</u>	<u>Total Received To Date</u>	<u>Total Distributed To Date</u>	<u>Percent Distributed To Date</u>
Wire			
Switchboards, misc. each	119	38	32
Telephones each	2,237	55	3
Telegraph sets each	5	0	0
Cable, lead covered meter	108,100	106,900	99
Radio			
Transmitters each	28	7	25
Receivers each	283	25	9
Tubes, assorted each	32,151	4,610	14
Power			
Generators each	78	0	0

SOURCE: Board of Communications.

47. The primary causes of delay in distribution have been the shortage of experienced men to control the distribution and organizational weakness.

Both of these problems are nearing solution. The necessary specialists have been obtained and arrangements, effective on 1 February, will provide the close liaison necessary for a more rapid and equitable distribution of the equipment.

SECTION 8
RATIONING AND PRICE CONTROL

C O N T E N T S

	Paragraph
Food	3
Clothing	18
Fuel	21
Lumber	30
Price Controls	33

1. The effectiveness of the rationing and price control program has been hampered by weaknesses in the distribution system.

Staple food products in particular are being withheld from government collection agents with the result that certain urban areas are suffering from food shortages.

2. The government has begun to raise the official prices of certain commodities and to tighten distributional controls. The new price levels have a closer relationship to existing conditions, which encourages legitimate dealers to release their present inventories and should curtail hoarding.

FOOD

Collection

3. From 1-10 January 1946 collection of staple foods from farmers reached 66 percent of planned collections. December figures showed 56 percent.

Supply

4. Food supply in the major cities of Honshu improved slightly. Supplies in the four main cities of Hokkaido dropped to critical levels. A comparison of the food supply in the major cities of Honshu and Hokkaido is illustrated in Chart No. 24. The reduced capacity of the railway ferry between Aomori and Hakodate and poor harvests caused by inclement weather have prevented the accumulation of foodstocks in Hokkaido. Food is being shipped by sea from the ports of Funakawa and Sakata in Honshu to Otaru in Hokkaido to relieve this situation.

The shipping schedule of foodstuffs from Honshu to Hokkaido during January follows:

SHIPPING SCHEDULE
January 1946

<u>Origin of Shipment</u>	<u>Shipment (metric tons)</u>
Miyagi	6,000
Akita	6,000
Yamagata	6,000
Niigata	1,500
Toyama	4,500
Kumamoto	1,500
TOTAL	25,500

SOURCE: Bureau of Staple Food Administration, Ministry of Agriculture and Forestry.

5. A report of food stocks by prefecture and by city as of 10 January submitted by the Ministry of Agriculture and Forestry reveals that the current low levels in various localities are the result of poor distribution. The supply of staple foods owned by the government and by the Prefectural Food Controlling Corporation, as shown in Chart No. 25, varies from a two-day supply in Hokkaido to a 165-day supply in Okayama prefecture. These stocks do not represent quantities held by farmers and agricultural associations which have not been sold to the government.

Consumption

6. Data on actual urban food consumption have been obtained through a nutritional survey supervised by SOAF. This survey included 16,020 families in Tokyo, constituting 0.5 percent of a representative cross-section of the population. The average daily caloric intake in December 1945 was 1,970 calories. Foodstuffs constituting the average diet of these families are shown in Chart No. 26.

Sources of foodstuffs consumed by these Tokyo families are indicated in Chart No. 27.

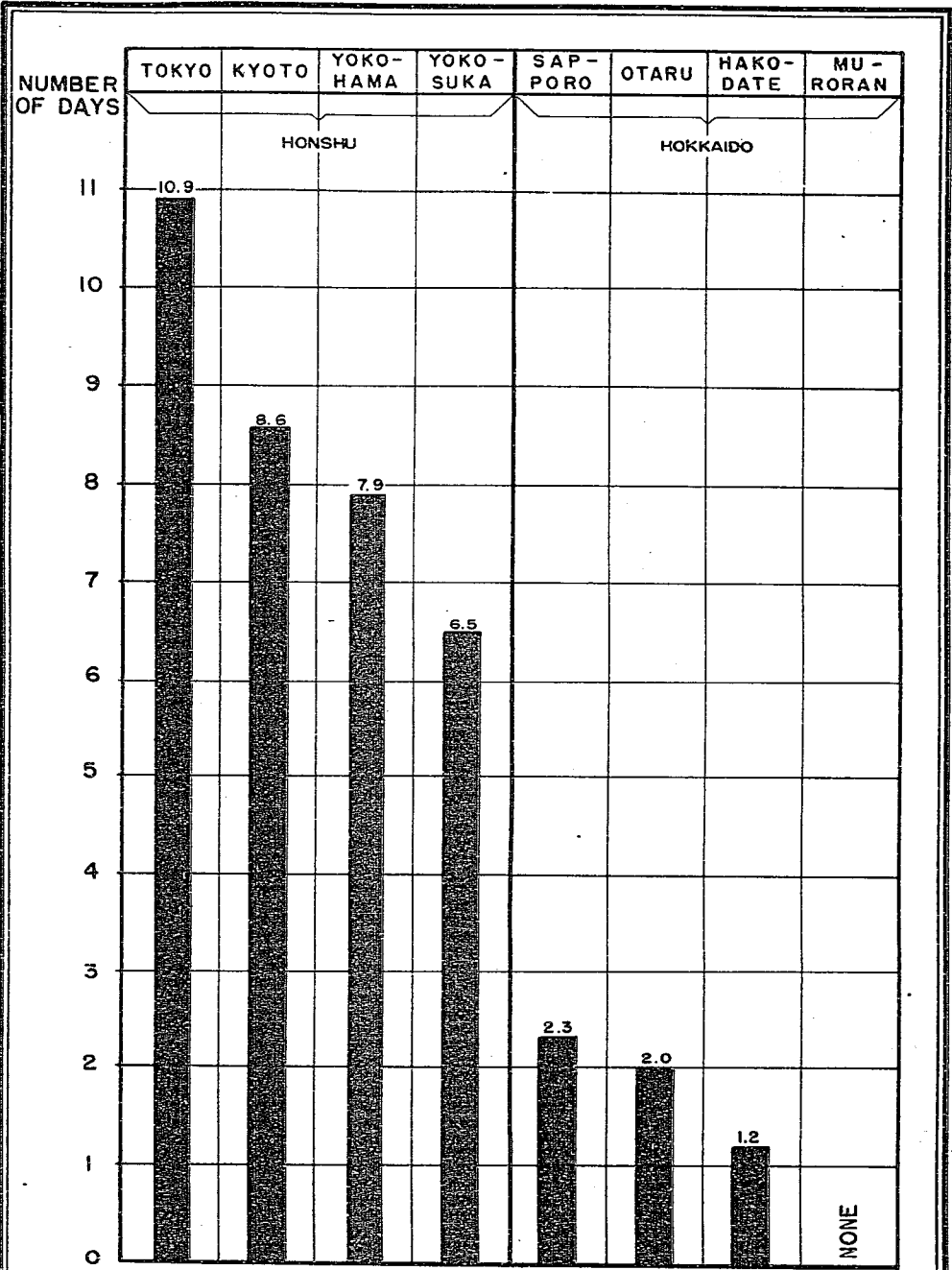
Imports

7. A shipment of 1,000 tons of wheat and flour arrived in Tokyo from Manila on 25 January.

Vegetables

8. Amounts of vegetables entering Tokyo daily from August through December 1945 are indicated in Chart No. 28.

9. The quantity of fresh vegetables distributed in Japanese cities during December represented an increase over October figures. The increased distribution of vegetables in six major cities is shown in the following table:



NOTE: DATA GIVEN BY AVERAGE NUMBER OF DAYS' SUPPLY ON HAND DURING JANUARY IN MAJOR CITIES.
 SOURCE: MINISTRY OF AGRICULTURE AND FORESTRY - BASED UPON INCOMPLETE RETURNS

FOOD SUPPLY ON HAND

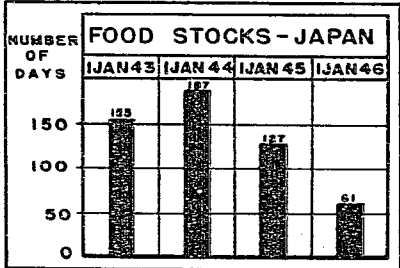
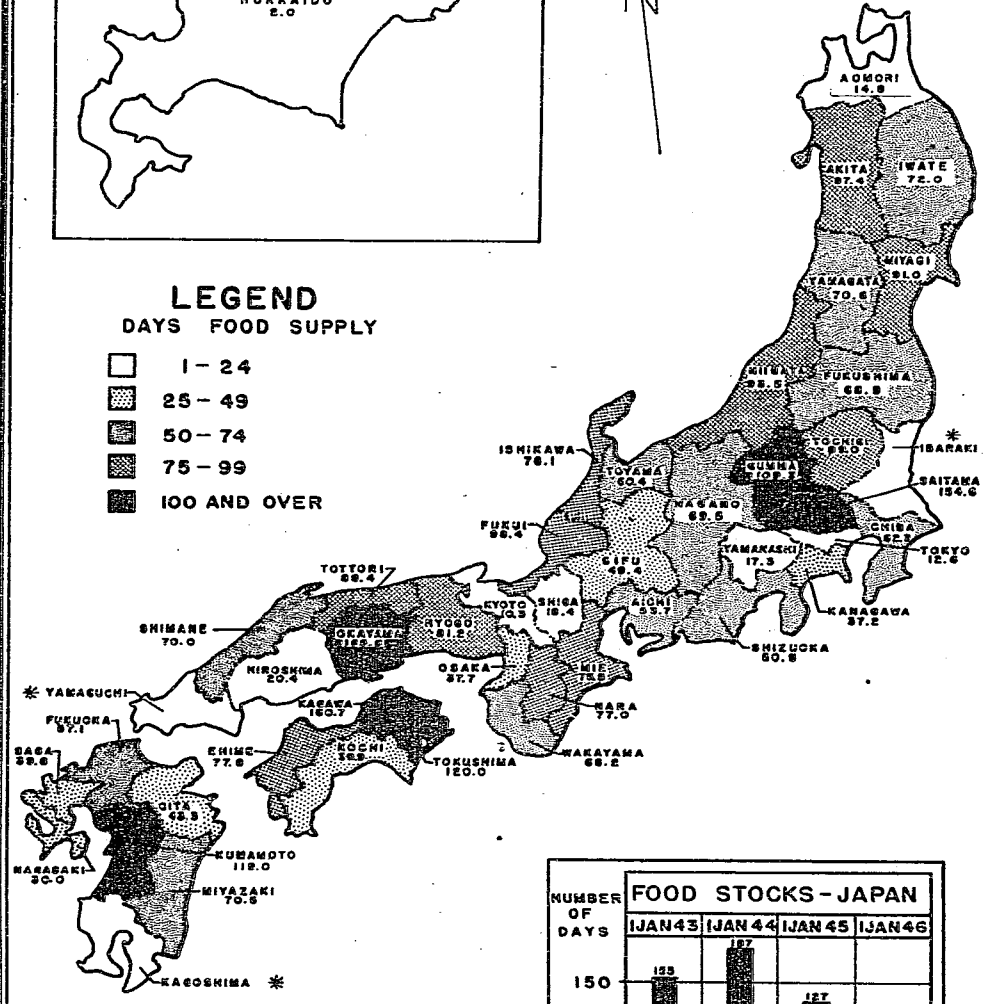
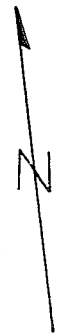
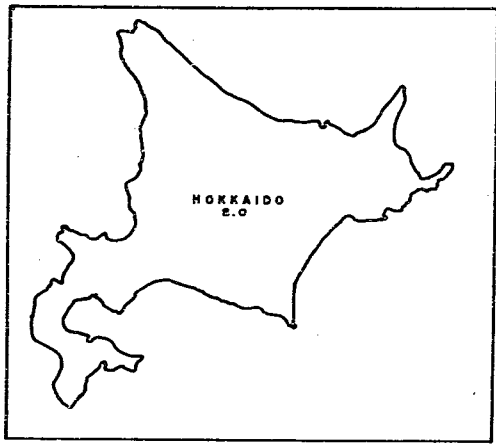
JANUARY 1946
 JAPAN

JANUARY 46

GHQ-SCAP

0166

NUMBER 24



* NO REPORTS AVAILABLE FOR YAMAGUCHI, IBARAKI AND KAGOSHIMA

SOURCE: MINISTRY OF AGRICULTURE AND FORESTRY.

GOVERNMENT CONTROLLED FOOD STOCKS

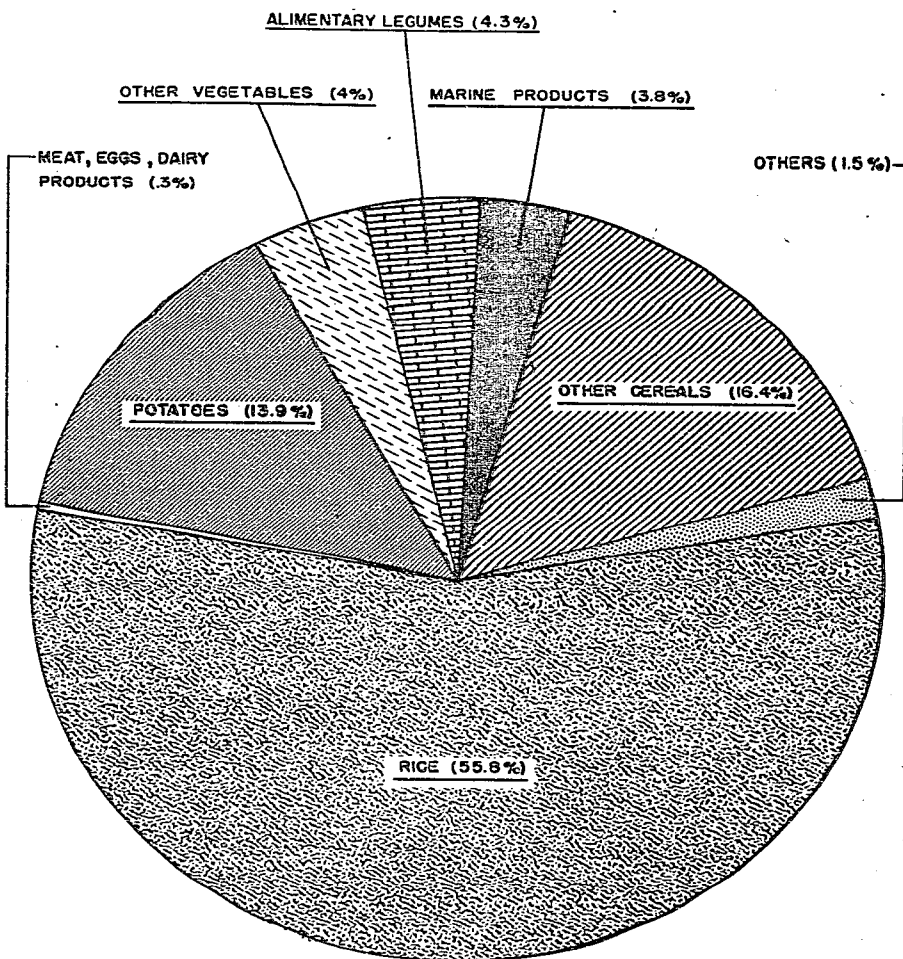
DAYS SUPPLY BY PREFECTURES (10 JANUARY 1946)
JAPAN

JANUARY 46

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NUMBER 25



FIGURES REPRESENT PERCENTAGE OF CALORIC INTAKE DERIVED FROM EACH CLASS OF FOOD

LEGEND

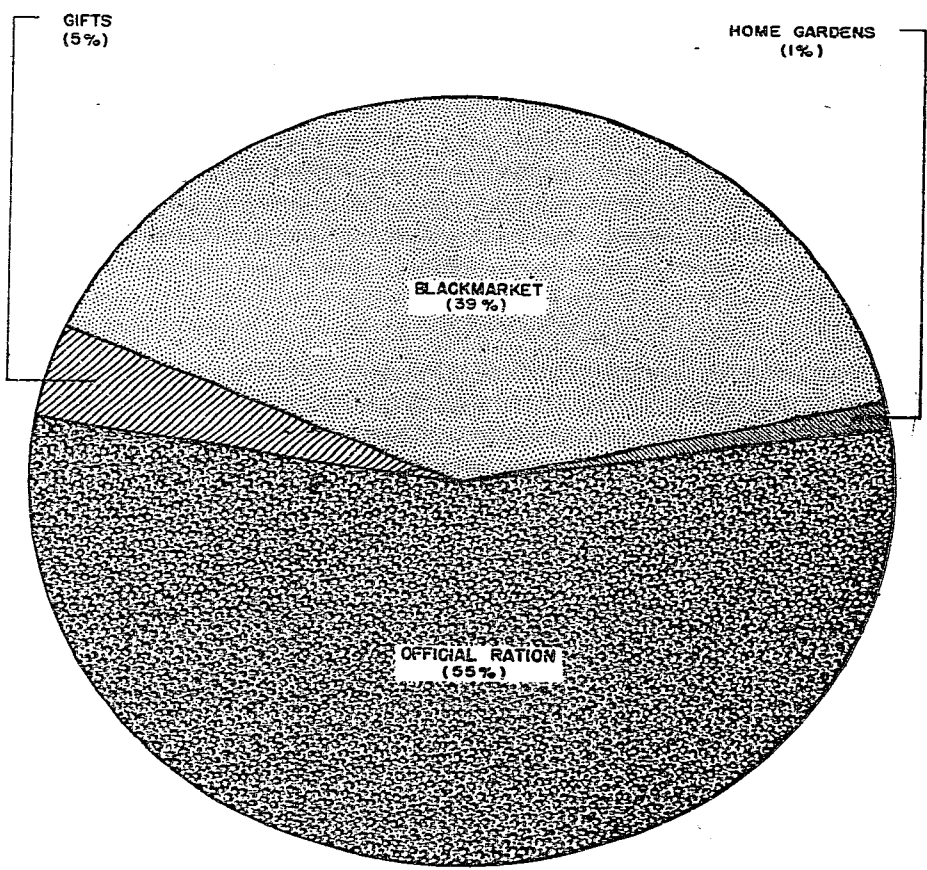
- | | | | |
|--|--------------------|--|----------------------------|
| | RICE | | OTHER VEGETABLES |
| | OTHER CEREALS | | MARINE PRODUCTS |
| | POTATOES | | MEAT, EGGS, DAIRY PRODUCTS |
| | ALIMENTARY LEGUMES | | OTHER FOODS |

*EXCLUDING IMPORTS
 BASED ON A SUPERVISED SURVEY OF 16,020 TOKYO FAMILIES

COMPOSITION OF JAPANESE FAMILY DIET*

DECEMBER 1945

0168



LEGEND

- | | |
|---|---|
|  OFFICIAL RATION |  HOME GARDENS |
|  BLACKMARKET |  GIFTS |

BASED ON A SUPERVISED STUDY OF 16,020 FAMILIES IN TOKYO

SOURCE OF A TOKYO FAMILY'S FOOD
 DECEMBER 1945

JAPAN

0169

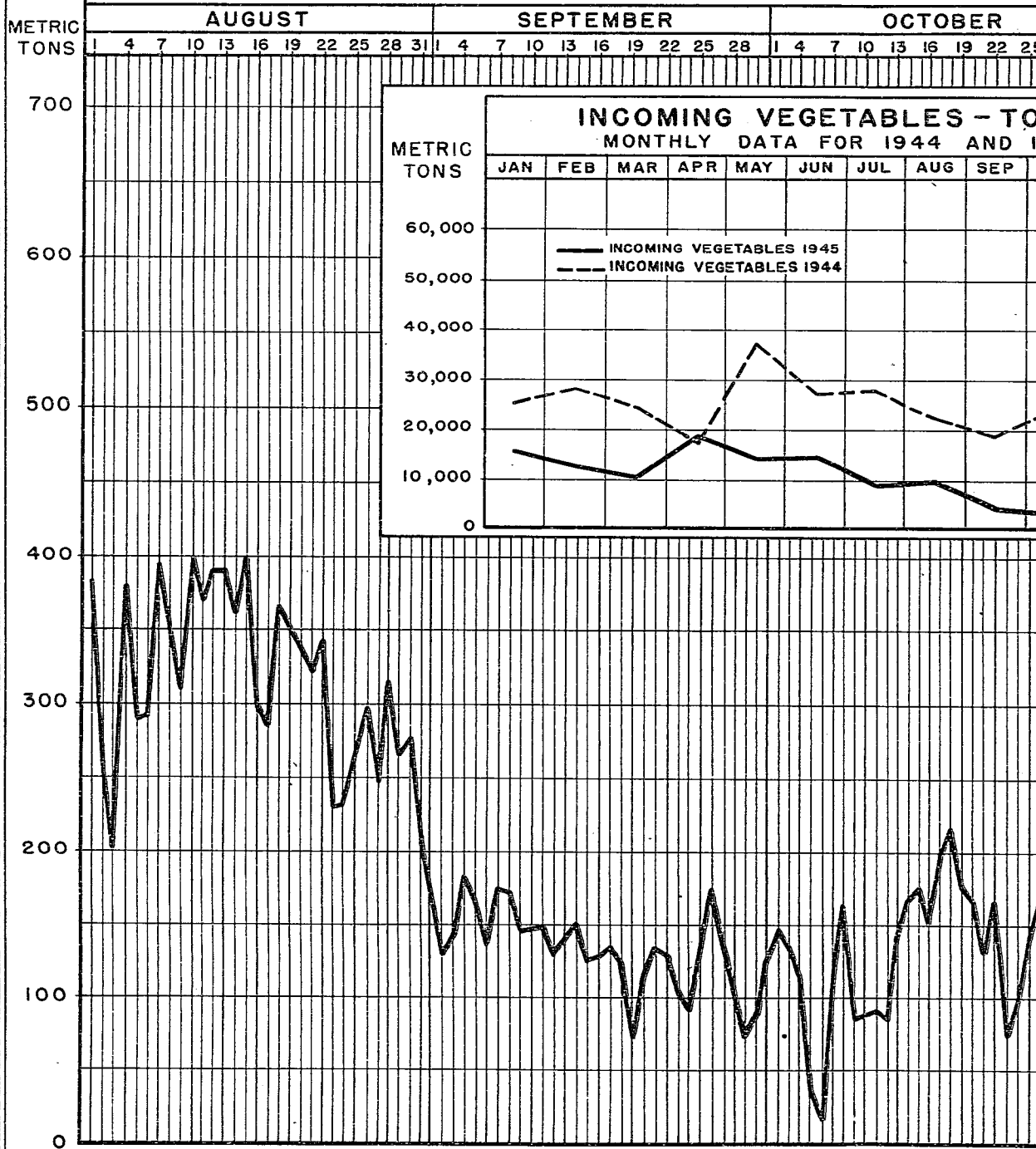
JANUARY 46

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NUMBER 27

INCOMING VEGETABLES

DAILY DATA FOR AUGUST TO



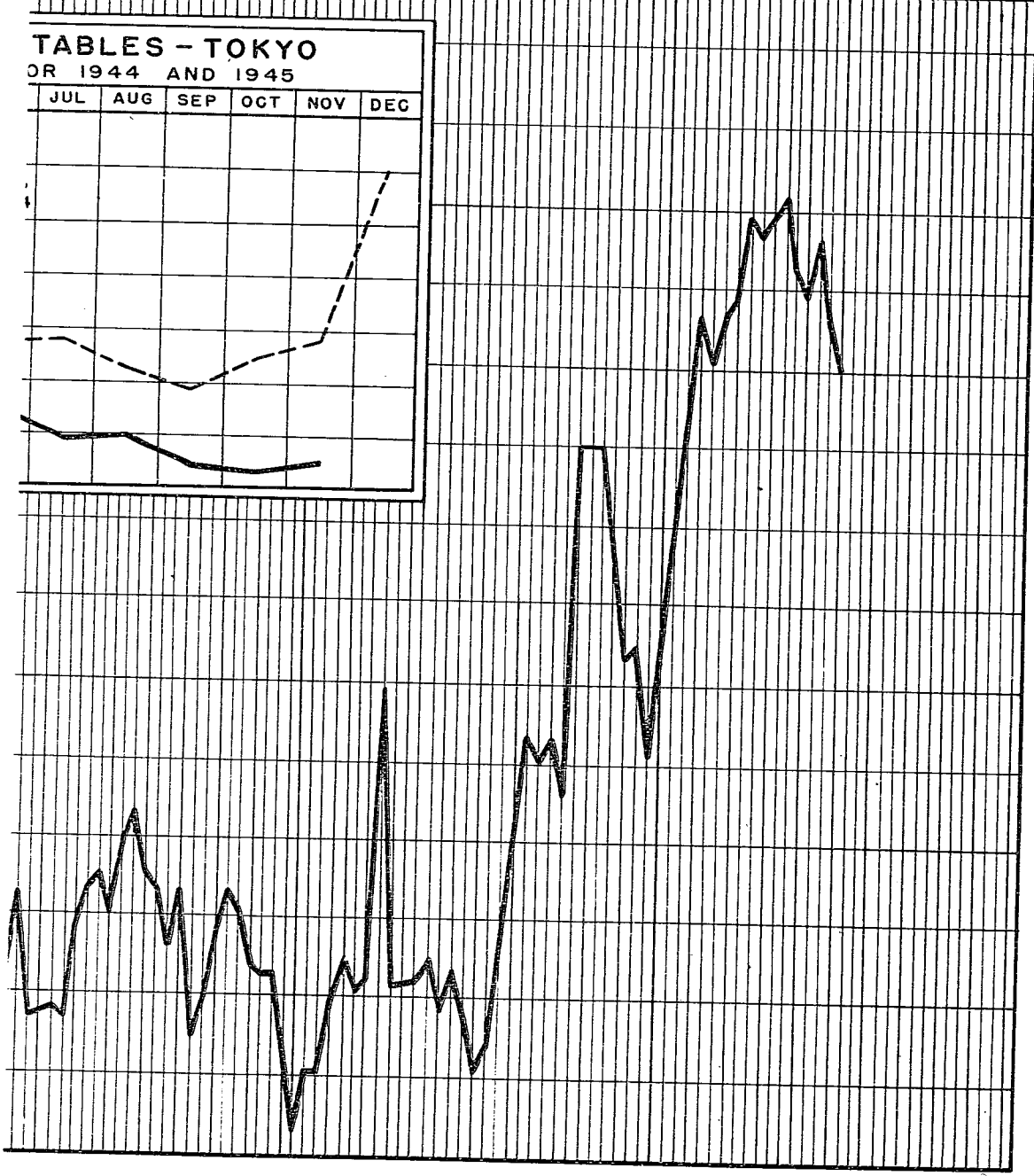
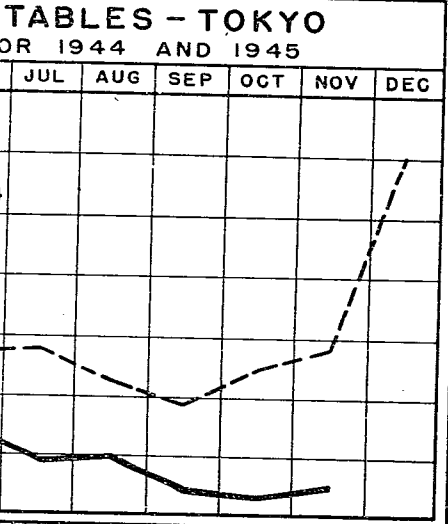
SOURCE: MINISTRY OF AGRICULTURE AND FORESTRY, BUREAU OF FOODSTUFFS

0170 1/2

VEGETABLES - TOKYO

R AUGUST TO DECEMBER 1945

OCTOBER							NOVEMBER							DECEMBER														
10	13	16	19	22	25	28	31	1	4	7	10	13	16	19	22	25	28	1	4	7	10	13	16	19	22	25	28	31



DISTRIBUTION OF FRESH VEGETABLES
October and December 1945
(metric tons)

<u>City</u>	<u>Quantity Distributed during October</u>	<u>Quantity Distributed during December</u>
Tokyo	4,482	18,560
Kyoto	2,252	5,652
Osaka	1,335	4,141
Yokohama	769	2,366
Nagoya	1,530	2,186
Kobe	1,075	2,060

SOURCE: Ministry of Agriculture and Forestry.

10. The accompanying price increase has been severe, varying from 50 percent to 700 percent for vegetables with an overall increase of approximately 500 percent. The trend of prices of three important vegetables is shown in Chart No. 29.

11. In Tokyo, Yokohama and Nagoya prices for produce carted to market by nearby farmers have been set by a controlled auction procedure. In late December the Ministry of Agriculture and Forestry ordered the discontinuance of the auction system. The action was prompted by the fact that this is the beginning of a period of short supply.

Standard prices have been established in Tokyo since 13 January. These prices are set each 10 days by representatives of the Fruit and Vegetable Control Company, Retail Dealer's Association, the Tokyo-Metropolitan government and the national and prefectural agricultural associations. Prices set for the initial period are higher than the average prices determined by auction in December but lower than those prevailing in the first two weeks of January when the seasonal shortage was felt. Some variation in price is allowed for different grades of vegetables.

12. Any plan of price control or rationing of fresh vegetables is complicated by the large seasonal fluctuations in supply. The winter low period is normally eased by the release of sweet potatoes stored in underground bins from the harvest season. The stocks of sweet potatoes have been depleted to a much greater extent than usual as they have been the principal black market supplement to the rationed diet.

The major suppliers of vegetables are farmers in nearby areas who transport their own produce to market and are therefore subject to little effective control by their agricultural associations or the government. The Japanese Government has not been successful in implementing the link system of distribution of farmers' requirements in proportion to their cooperation in the staple food collection program.

Fish

13. The increase in the quantity of fresh fish distributed through official channels has been considerably less than the increase in distribution of vegetables. The quantity of fish distributed in five major cities during October and December is shown in the following table:

DISTRIBUTION OF FRESH FISH
October and December 1945
(metric tons)

<u>City</u>	<u>Quantity Distributed during October</u>	<u>Quantity Distributed during December</u>
Tokyo	1,115	2,605.7
Osaka	552	1,739.9
Kobe	1,571	714.1
Nagoya	434	461.3
Yokohama	134	433.2

SOURCE: Ministry of Agriculture and Forestry.

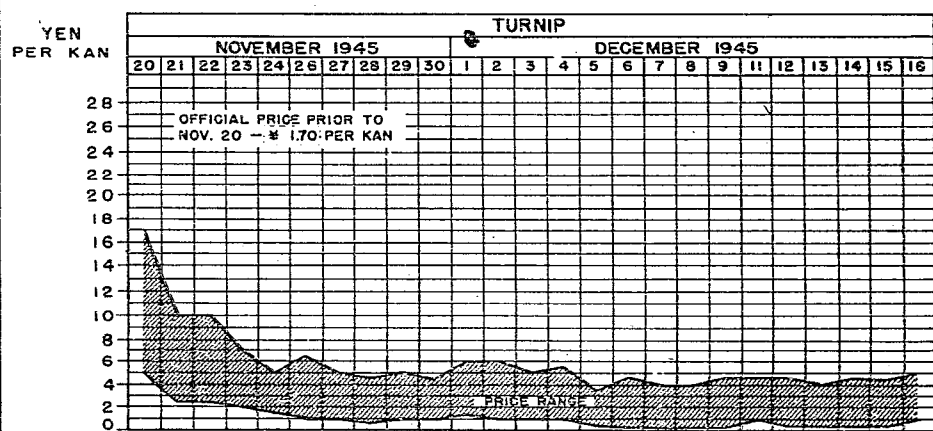
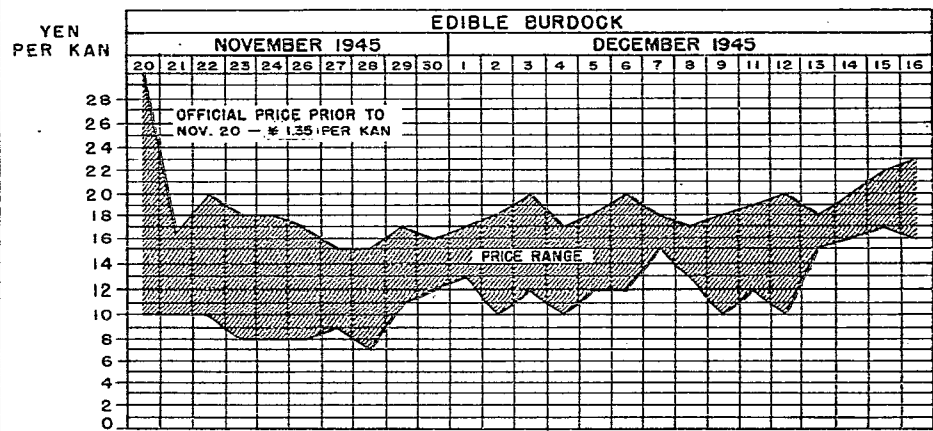
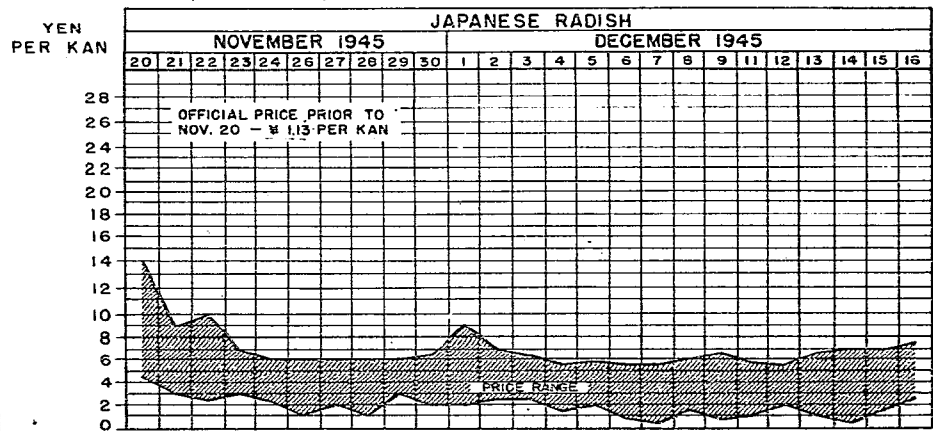
14. Fish is rationed through the neighborhood associations in the same informal manner as vegetables. Because of the exorbitant prices an even higher percentage of people refuse the option of buying their ration of fish. Over half of the fish is sold in the free market with the result that fish has not been distributed equitably and many persons are having increasing difficulty in buying fish.

15. The revised plan for distribution of fish has not worked out too satisfactorily. The procedure stipulated that distributional controls would be maintained and that all fish would be marketed through fishing associations or their equivalent, through the public markets in the large cities and through the established ration channels.

Instructions of the Ministry of Agriculture and Forestry to the prefectural governors had the effect of abolishing the provisions of the Sea Products Controlling Regulation which had required fresh fish to be distributed through controlled channels. In practice fishermen have been free to sell to whomever they desired.

16. Fish allocated under the revised link system have been arriving in Tokyo since 13 January. They are being sold at the prices agreed upon for the link system. Fish caught in excess of the quota established by the link system are sold in the open market at considerably higher prices. There are complaints that the less desirable species of fish, sometimes in poor condition, are being used to fulfill the link system quotas.

17. The Japanese Government decided to re-establish ceiling prices on perishable foods. The cabinet approved an emergency Imperial Ordinance which provides legal authority for reimposing ceiling prices and distributional controls. The Bureau of Fisheries and the Bureau of Foodstuffs are preparing plans for re-establishing price ceilings and the legal basis for a government plan of allocating fish.



SOURCE: BUREAU OF FOODSTUFFS, MINISTRY OF AGRICULTURE AND FORESTRY
 NOTES: (1) PRICES OF FRESH VEGETABLES UNFROZEN 20 NOV 1945
 (2) 1KAN = 3.75 KG.

WHOLESALE PRICE RANGE OF THREE COMMON VEGETABLES

20 NOV TO 16 DEC 1945 - TOKYO, JAPAN

0173

The present view of the Japanese Government is that the people, especially urban consumers, now realize the necessity for controls which will make it more practical to enforce the controlled distribution of these commodities. In spite of the practical obstacles involved the distribution of perishables at reasonable prices must be controlled because of the adverse effect of the disparity between perishable and staple food prices on the government's program to purchase staple food.

CLOTHING

18. Current releases of military stocks of clothing, blankets, bedding and piece goods have improved the clothing outlook for 1946 although stocks remain greatly below minimum requirements.

19. Recent reports from the Bureau of Textiles, Ministry of Commerce and Industry, reveal that many of the military stocks which had entered illegal channels immediately on termination of the war have been collected and placed under proper control. Other stocks are being investigated in order to prevent illicit transfer.

20. During the latter part of 1945 approximately half of the people needing clothing received bare essentials. Present stock levels cannot be maintained without imports of raw materials. The ratio of present stock levels to current minimum requirements is shown in the following table:

RATIO OF CLOTHING STOCKS TO REQUIREMENTS
31 January 1946

<u>Commodity</u>	<u>Percentage of Current Minimum Requirements on Hand</u>
Blankets	25
Work dresses	50
Tabi	25
Elementary school uniforms	50
Bedding	20

SOURCE: Bureau of Textiles, Ministry of Commerce and Industry.

FUEL

Charcoal

21. Because of the present low production rate of charcoal no attempt is being made to set quotas, but an equitable distribution of available stocks is being made.

The average amount of charcoal distributed in January was 1.63 kilograms per person.

22. Government control of charcoal prices involves the determination of a price for each stage in the distributional process. Throughout Japan the prices paid by the agricultural associations to the producers of charcoal are:

**PRICES PAID BY AGRICULTURAL ASSOCIATIONS
January 1946**

<u>Type of Charcoal</u>	<u>Price per Bale s/</u>
Hard	¥ 8.50
Mixed	8.00
Pine	7.90
Ground (powder)	6.15

s/ 15 kilograms.

SOURCE: Bureau of Charcoal and Firewood,
Ministry of Agriculture and Forestry.

From 1 December 1945 to 31 January 1946 the government paid two yen per bale in addition to the above prices in order to encourage producers to sell through approved distributional channels.

23. Prices charged by agricultural associations to the Fuel Distribution Association, which receives the charcoal in the rail yards and delivers it to the neighborhood associations, follow:

**PRICES PAID BY FUEL DISTRIBUTION ASSOCIATION
January 1946**

	<u>Hard Charcoal</u>	<u>Mixed Charcoal</u>	<u>Fine Charcoal</u>	<u>Ground (powder) Charcoal</u>
3 prefectures	¥ 10.15	¥ 9.35	¥ 9.25	¥ 6.60
28 prefectures	10.30	9.50	9.40	6.60
8 prefectures	10.45	9.65	9.55	6.60
7 prefectures	<u>10.65</u>	<u>9.85</u>	<u>9.75</u>	<u>6.60</u>
Average				
46 prefectures Price	¥10.39	¥ 9.56	¥ 9.49	¥ 6.60

SOURCE: Bureau of Charcoal and Firewood,
Ministry of Agriculture and Forestry.

The prices per bale listed above include transportation costs from agricultural associations to rail yards at the place of final destination. The prices in non-producing and heavily populated areas are higher than those in producing areas.

Transportation costs from the railheads to the neighborhood associations added to the price per bale at the railhead are shown below:

**TRANSPORTATION COSTS OF CHARCOAL
January 1946**

	<u>Transportation Cost per Bale</u>
7 prefectures	¥ .35
24 prefectures	.50
7 prefectures	.65
8 prefectures	.75

SOURCE: Bureau of Charcoal and Firewood,
Ministry of Agriculture and Forestry.

24. The last increase in the price of charcoal was made on 1 December 1945. With the 1940 average as 100 the index of the existing price of charcoal is 501.

Coal

25. The coal allocation plan for February is shown below:

COAL ALLOCATION PLAN
February 1946
(metric tons)

<u>Planned Use</u>	<u>Amount Allocated</u>
Mine consumption	231,000
Production of materials necessary for coal production	20,000
Ship bunker coal	59,000
Allied Forces in Japan	97,000
Export to Hongkong	18,000
Export to Korea	70,000
Railroads	524,600
Iron and steel manufacturing	56,700
Gas and coke	71,500
Ammonium sulfate for fertilizer	80,800
Salt	20,000
Heating in Hokkaido	71,000
Lime and briquette	43,400
Electrical generation plants	27,000
Paper for newspapers	13,000
Paper for currency	2,100
Medical supplies	3,400
Hospital	10,000
Foodstuffs	20,000
Film	700
Liquid chlorine	1,300
Soda	6,000
Sake	3,700
Textile industry	5,000
Coke for domestic consumption	15,000
Cement	2,000
Glass	5,000
Pottery	2,000
Miscellaneous uses	11,800
Total	1,491,000

SOURCE: Coal Board, Ministry of Commerce and Industry.

26. The supply of coal available for distribution during February is shown in the following table:

SUPPLY OF COAL AVAILABLE FOR DISTRIBUTION
February 1946
(1,000 metric tons)

<u>Source</u>	<u>Eastern Western</u>				<u>Total</u>
	<u>Hokkaido</u>	<u>Honshu</u>	<u>Honshu</u>	<u>Kyushu</u>	
Production	275	150	75	646	a/1,146 a/
Shipment from:					
Mines	36	-	15	121	172
Rail yards	37	-	-	-	37
Shipping ports	-	-	-	73	73
Army and Navy supply depots	-	-	37	26	63
Total	348	150	127	866	1,491

a/ Contains 36,000 metric tons actually produced in January but not included in January allocation figures. Available for distribution during February.

SOURCE: Coal Board, Ministry of Commerce and Industry.

27. Since 1940 the Japanese Government has been subsidizing the coal industry in order to maintain production and provide a low consumer's price on coal. The amount of this subsidy is indicated below:

GOVERNMENTAL SUBSIDIES TO COAL INDUSTRY

	<u>To Mines</u>		<u>To Nippon Coal Co.</u>	<u>Total</u>
	<u>Average per ton</u>	<u>Total</u>		
1940 All year	¥ 1.40	¥ 22,400	¥ -	¥ 22,400
1941 All year	2.00	110,100	-	110,100
1942 1st half	3.27			
2nd half	4.40	174,402	-	174,402
1943 1st half	6.25			
2nd half	8.75	407,375	19,449	426,824
1944 1st half	12.61			
2nd half	23.13	928,916	172,163	1,101,079
1945 1st half	23.13			
2nd half	45.00	1,308,695	215,246	1,523,941

SOURCE: Nippon Coal Company.

The total subsidy payment is given to the Nippon Coal Company which is the central control company whose member companies produce most of the coal in Japan. The Nippon Coal Company in turn distributes the subsidy payments to high-cost producers, both members and non-members.

28. Because unit cost of coal production decreases with increased output and because the present rate of production is low, coal producers generally are encountering high costs of production. Costs of production for coal are indicated below:

COST OF PRODUCTION FOR COAL a/
(yen per ton)

		Cost of Production <u>b/</u>	Selling Price At Mines	Differential
1940	All year <u>a/</u>	¥ 13.78	¥ 13.75	- .03
1941	1st half	15.13	14.85	- .28
	2nd half	16.02	15.56	- .46
1942	1st half	17.42	17.05	- .37
	2nd half	17.68	18.47	+ .79
1943	1st half	19.32	21.12	+ 1.80
	2nd half	21.82	23.56	+ 1.74
1944	1st half	26.19	26.54	+ .35
	2nd half	34.92	37.01	+ 2.09
1945	1st half	54.26	58.88	+ 4.62
	2nd half	146.33/255.99 <u>c/</u>	58.88	-

a/ Based on weighted average of costs of all 80 members of the Nippon Coal Company. Includes large and small mines, low-cost and marginal producers. Many small mines, generally high-cost producers, are not members of the Nippon Coal Company.

b/ Excludes profit and interest on loans.

c/ ¥ 146.33 does not include wage increases; ¥ 255.99 does. Both figures include some black-market purchases but exclude profits and interest on loans.

SOURCE: Nippon Coal Company.

On 1 December 1945 the price of coal to the consumer was raised from ¥ 20.13 per ton to ¥ 85.00 per ton, an increase of 322 percent.

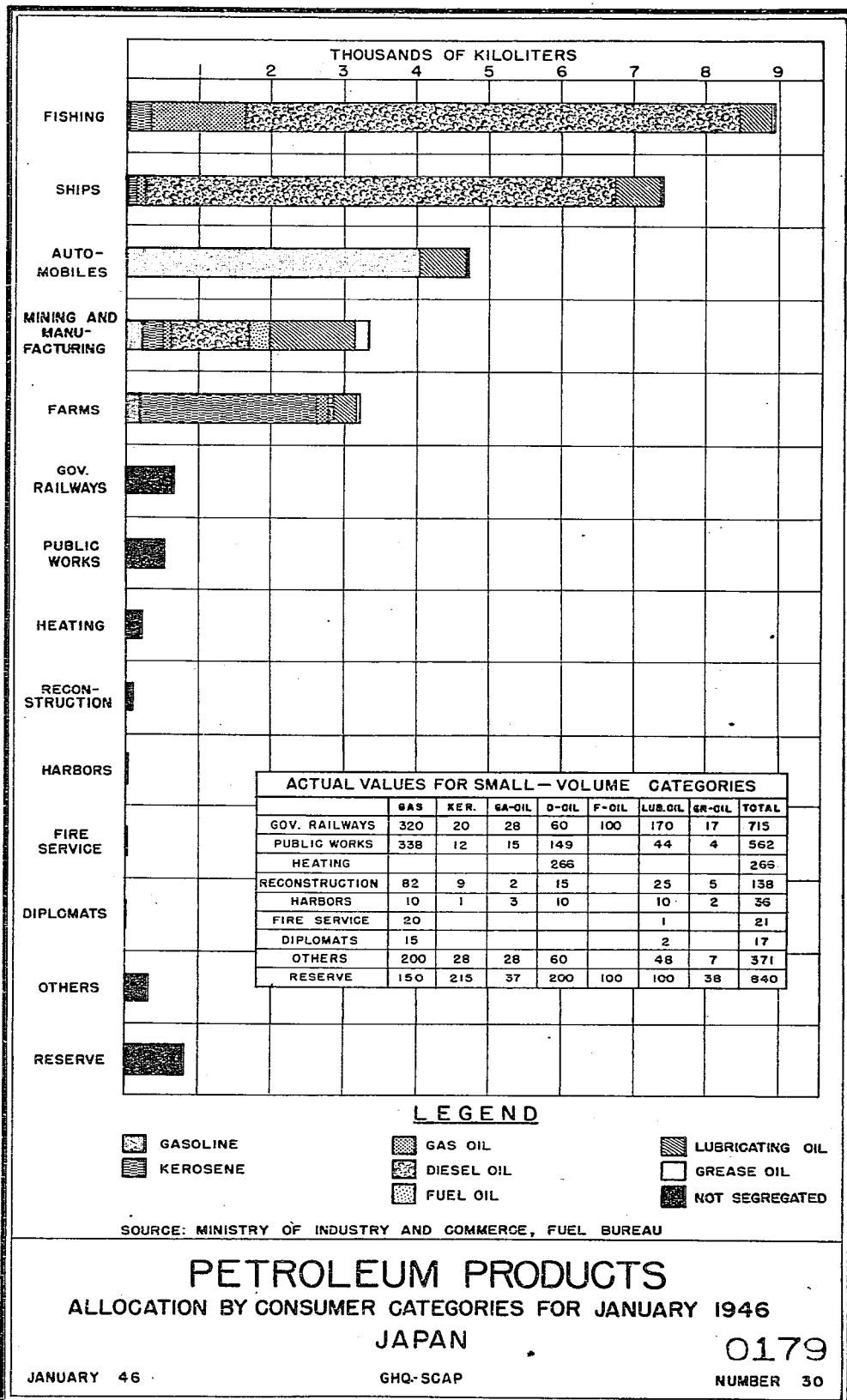
Petroleum

29. Allocations of petroleum products for January as determined by the Fuel Bureau of the Ministry of Commerce and Industry are shown in Chart No. 30.

Fuel oil allocated to fishing associations has been linked with the purchase of fish. Only those fishermen who deliver their fish to authorized dealers through fishing associations are allowed to purchase fuel oil. Black-market stocks of petroleum are rapidly being dissipated and fishermen will be forced to purchase fuel oil through authorized dealers on a ration basis.

LUMBER

30. The Forestry Bureau of the Ministry of Agriculture and Forestry has begun revision of the Lumber Distribution Control Regulation as a preliminary step toward the abolition of the Lumber Control Law. Local lumber control companies have been ordered to sell all sawed lumber to the Japan Lumber Company, the Central Lumber Control Association or to the Housing Corporation, a quasi-governmental organization established for the purpose of building housing facilities for Japanese whose homes were destroyed.



31. The Japanese Government instructed each prefecture to establish a local rationing committee composed of representatives of the Housing Corporation, local lumber control companies, associations of industries using lumber, coal control associations, transportation agencies and the Forest Owner's Association.

The functions of each local rationing committee are to allocate for specific purposes logs assigned by the government for general usage, to determine the source from which each industrial association will purchase rough logs, to devise methods for preventing violations of allocation plans and to make recommendations on permits for some construction to the police board.

32. The Forestry Bureau has approved a plan to convert the lumber industry to its peacetime status when the transition period has ended. Allocation of timber according to use will be made by the Forestry Bureau. The distribution and sale of timber in each prefecture will be handled by local forestry associations, local forest owners' associations and industrial associations.

PRICE CONTROLS

Enforcement

33. Sales by farmers through illegal channels of distribution continue to hamper the effective functioning of Japanese price and distributional controls. The number of street vendors and black-market dealers continues to increase. According to the Tokyo Metropolitan Police Board, there are approximately 55,500 black-market dealers operating in the Tokyo area. In Osaka and Kobe black-market activities are proportionately greater and prices higher. In Nagoya there are approximately 500 black-market dealers.

In the Osaka, Kobe, Yokohama and Miyagi areas most of the black-market activities are carried on by Chinese and Korean merchants. The Economic Police of the Home Ministry report great difficulty in carrying out enforcement measures against Chinese and Koreans, who maintain that as liberated and Allied nationals they are not subject to Japanese law. This is further aggravated by the extreme shortage of police personnel.

In one prefecture two raids by Japanese police resulted in the arrest of 17 Japanese, 35 Formosans and nine Chinese, and broke up a black-market ring which had been active in the illegal sale of brown sugar, white cotton clothes and vegetables.

34. As a result of a conference on enforcement policy officials of the Home Ministry, Ministry of Commerce and Industry and the Ministry of Agriculture and Forestry have agreed to initiate a program of strict enforcement measures over the distribution of basic staple foods. Once effective control has been established over these commodities other essential items will be included in the new enforcement campaign.

35. Fish and vegetable vendors are being watched in an effort to eliminate profiteering. The Economic Police consider profiteering to be a markup of over 50 percent.

36. In Hokkaido and 23 major charcoal producing prefectures control regulations on charcoal and firewood are receiving special

attention. Enforcement measures have been limited to insuring that producers sell through control channels. Only moderate success has been reported since production centers are deep within the mountainous interior and are widely separated.

SECTION 9
MONEY AND BANKING

CONTENTS

	Paragraph
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1. Current money and banking activities have been characterized by the increased expansion of bank notes, withdrawal of bank deposits, extension of bank loans, sluggish trading in stocks and changes in financial control.

FINANCIAL INSTITUTIONS

Currency

2. The note issue of the Bank of Japan continued to expand during December, increasing more than in any month since August. A slight contraction of notes in circulation occurred during the first ten days in January, but thereafter the upward trend was resumed. The note issue on selected dates in December and January is shown in the following table:

NOTE ISSUE OF BANK OF JAPAN
(millions of yen)

<u>Date</u>	<u>Note Issue</u>	<u>Net Change from Previous Report</u>
10 December 1945	49,168	+ 1,419
20 December 1945	51,091	+ 1,922
31 December 1945	55,440	+ 4,349
10 January 1946	54,902	- 537
20 January 1946	56,064	+ 1,161

SOURCE: Bank of Japan.

3. The note issue of ¥ 56,064,000,000 outstanding on 20 January 1946 represents an increase of 2 percent from 10 January 1946, 9 percent from 20 December 1945 and 243 percent from 20 January 1945.

4. Bank of Japan notes have always been the major item of legal tender and have recently gained importance in proportion to state notes and subsidiary coins, as is illustrated by the following table:

LEGAL TENDER
(millions of yen)

<u>Date</u>	<u>Bank of Japan Notes</u>	<u>State Notes</u>	<u>Subsidiary Coins</u>	<u>Total</u>
31 Dec 1940	4,777	349	406	5,532
31 Dec 1941	5,978	454	442	6,874
31 Dec 1942	7,148	535	453	8,136
31 Dec 1943	10,266	642	372	11,280
31 Dec 1944	17,745	799	375	18,919
31 Dec 1945	55,440	894	331	56,665

SOURCE: Bank of Japan.

5. Occupational currency "type B" is still legal tender, but it is being exchanged for Bank of Japan notes and very little remains in circulation.

Bank of Japan

6. The condensed statement of the Bank of Japan as of 20 January 1946 with net changes from 20 December 1945 follows:

BANK OF JAPAN
Condensed Statement
(millions of yen)

<u>Assets</u>	<u>20 January 1946</u>	<u>Net Change from 20 December 1945</u>
Cash and bullion	532	f 1
Government bonds and debentures	6,824	- 250
Advances to Government	14,187	f 889
Loans to banks	38,602	f 4,615
Agencies accounts	18,595	- 1
Miscellaneous accounts	1,181	f 389
Inter-office account	<u>173</u>	f <u>173</u>
Total Assets	80,094	f 5,816

<u>Liabilities</u>	<u>20 January 1946</u>	<u>Net Change from 20 December 1945</u>
Notes issued	56,064	/ 4,974
Government deposits	18,349	/ 562
Other deposits	3,725	/ 153
Miscellaneous accounts	1,276	/ 174
Net profit	318	/ 59
Capital and reserves	212	no change
Inter-office items on government account	150	/ 81
Inter-office account	<u>0</u>	- <u>187</u>
Total Liabilities	80,094	/ 5,816

SOURCE: Bank Of Japan.

7. Increases in the note issue reflect absorption of government bonds, advances to the government or an expansion of loans to banks by the Bank of Japan. The correlation between these factors and the note issue is indicated by the following table:

EFFECTS OF INCREASED NOTE ISSUES
(millions of yen)

<u>Date</u>	<u>Note Issue</u>	<u>Loans to Banks</u>	<u>Govt Bonds & Advances</u>
25 Mar 44	10,527	4,213	7,745
24 Jun 44	11,822	3,443	9,330
30 Sep 44	13,727	5,609	9,529
31 Dec 44	17,872	8,866	10,439
31 Mar 45	20,526	14,475	8,424
30 Jun 45	26,181	20,994	7,359
30 Sep 45	41,426	23,626	12,052
31 Dec 45	55,441	37,839	18,377

SOURCE: Bank of Japan.

8. During 1944 and 1945 a rapid increase in loans to banks by the Bank of Japan was necessary to support the very liberal extension of Bank credit which occurred. The expansion of loans to banks was further stimulated during December and January by a net withdrawal of bank deposits, but the extension of bank loans, particularly by the "Big Five" banks, has been the more important stimulant. The trends from August through December 1945 are indicated in the following table:

FACTORS AFFECTING EXPANSION OF LOANS
(millions of yen)

Date	Total Deposits		Loans		Borrowings from Bank of Japan	
	All Banks a/	Big Five	All Banks a/	Big Five	All Banks a/	Big Five
Aug	111,343	52,736	78,636	43,497	30,346	15,409
Sep	131,717	56,736	84,665	46,571	23,626	10,107
Oct	134,349	56,388	87,539	47,804	26,196	12,532
Nov	135,380	56,368	91,512	50,475	29,561	14,341
Dec	132,580	53,811	96,312	54,517	37,839	19,435

a/ Includes all special, ordinary and savings banks in Japan.

SOURCE: Bank of Japan.

9. Under the leadership of the Bank of Japan the "Big Five" ordinary banks agreed early in January 1946 to grant loans only to those companies which are engaged in production of marketable goods or services and to prevent an extension of loans that might be used for speculative purposes. The banks have also agreed to press their clients for repayment of old loans.

10. At the direction of SCAP the Japanese Government will no longer finance its deficit by borrowing from the Bank of Japan. This source of currency expansion has thus been eliminated.

Special Banks

11. The December trends in the operations of special banks were similar to the trends in ordinary banks. Aggregate deposits of special banks declined moderately during the month. Loans rose markedly and security holdings increased slightly. The special banks likewise were forced to rely upon loans from the Bank of Japan to support their credit extension and payment of depositors.

NINE SPECIAL BANKS
(millions of yen)

Date	Deposits	Net Change	Loans	Net Change	Securities	Net Change
		From Previous Month		From Previous Month		From Previous Month
31 Oct 45	10,220	+689	23,128	+536	3,814	+156
30 Nov 45	10,270	+ 50	23,501	+373	3,741	- 73
31 Dec 45	10,047	-223	24,795	+1,294	3,742	+ 1

SOURCE: Bank of Japan.

Ordinary Banks

12. Aggregate deposits in ordinary banks decreased ¥ 2,862, 000,000 during December, a reduction of 2.1 percent. The principal decline in deposits occurred in the "Big Five" banks. Bank loans continued to expand rapidly and total investments rose slightly although security holdings by the "Big Five" were reduced.

ORDINARY BANKS
(millions of yen)

	<u>31 December 1945</u>	<u>Net Change from 30 November 1945</u>
Deposits:		
All Ordinary Banks	102,349	-2,862
"Big Five"	53,811	-2,557
Loans:		
All Ordinary Banks	72,016	+6,221
"Big Five"	54,517	+4,800
Security Holdings:		
All Ordinary Banks	42,820	+ 117
"Big Five"	15,629	- 72

SOURCE: Bank of Japan.

Loan Portfolios of Large Banks

13. A classification of outstanding loans of ¥ 1,000,000 and larger by the status of the borrower with respect to conversion and government guarantees has been submitted to SCAP by the eight largest ordinary banks. The accompanying table indicates that virtually all of the loan portfolio is guaranteed directly or indirectly by the Japanese Government. Because of the lack of a clear definition of the legal status of certain types of wartime loans to munitions industries the report relative to the total of guaranteed loans is greater than the total supplied by the Ministry of Finance, and an investigation has been initiated.

Of the total loans over ¥ 1,000,000 approximately 40 percent were made to insurance companies in support of war damage claims and 56 percent were made to corporations. Analysis of the loan portfolios of the large banks is continuing.

LOANS OVER ¥ 1,000,000
Eight Largest Ordinary Banks a/
31 December 1945
(thousands of yen)

Loans to other banks	46,433
Loans to insurance companies	19,149,308 <u>b/</u>
Loans to other financial institutions	957,410
Loans to individuals	1,141,371
Loans to corporations	<u>27,063,181</u>
Total	48,358,303
Loan by government order with guarantee	2,326,265
Guaranteed munitions advances	20,052,653
Loans at bank's discretion	3,513,197
Partial government guaranteed loans	<u>22,466,188</u>
Total	48,358,303

a/ Tokyo and Osaka offices only.

b/ Virtually 100 percent against war claims.

SOURCE: Bank of Japan.

Savings Banks

14. The moderate decline in aggregate deposits in savings banks, which characterized the previous two months, was repeated in December at about the same rate. Loans by savings banks increased at a slightly accelerated rate while securities declined moderately. The same trends existed in October and November.

ALL SAVINGS BANKS (hundred thousands of yen)

	<u>30 Nov 45</u>	<u>31 Dec 45</u>
Deposits	7,649	7,433
Loans	695	773
Securities	8,701	8,634

SOURCE: Bank of Japan.

Deposit Funds Management Bureau

15. Supervision over the investment policy of the Deposit Funds Management Bureau was continued and investment policy defined by a memorandum issued to the Ministry of Finance on 29 January 1946. This memorandum required that the investment program of the Post Office Life Insurance and Life Annuities Funds be consolidated with that of the Deposit Funds Management Bureau and made subject to the same management and direction. Postal Savings deposits continued to increase and at the end of December totalled ¥ 41,838,000,000, but the rate of increase was somewhat smaller than in preceding months.

Blocked Accounts

16. Total funds in blocked accounts increased by ¥ 300,000,000 in December as compared to an increase of ¥ 1,294,000,000 during November. The Ministry of Finance is engaged in formulating new regulations and ordinances under which releases may be granted under the direct supervision of the Bank of Japan, subject to criteria to be established by SCAP.

Securities Exchanges

17. The securities markets of Japan have remained closed since 9 August 1945. Brokers' committees and government officials are holding meetings in order to devise an interim plan of operation while the Japan Securities Exchange is being decentralized and denationalized.

18. Over-the-counter trading is reported sluggish with wide spreads between bid and asked prices. Additional nervousness appeared with the announcement of a new Wartime Profits Tax and Property Tax. This news caused a slight upturn in volume of trading and a decline in the prices of most securities.

19. Price changes of specific stocks are shown in the following table:

PRICE CHANGES OF STOCKS

<u>Stock</u>	<u>Price</u> <u>January 1945</u>	<u>Price</u> <u>January 1946</u>
Shochiku Movie	¥ 49.3	¥ 69.5
Mitsukoshi Department Store	76.5	92.5

<u>Stock</u>	<u>Price</u> <u>January 1945</u>	<u>Price</u> <u>January 1946</u>
Dai Nippon Beer	¥ 98.0	¥ 104.5
Teikoku Bayon	79.0	66.0
Daia Nippon Spinning	89.0	77.0
Toyo Spinning	118.0	67.5
Tokyo Gas	59.3	54.0
Osaka Merchantile Marine	96.0	49.8
Japan Mail Steamship	111.7	60.5
Keisei Electric Railway	82.5	81.5
Keihanshin Express Line	100.0	106.5
Tohru Railway	92.3	100.0

SOURCE: Japan Securities Exchange.

REGULATING

Changes in Controls of Financial Transactions in Japan

20. Certain transactions involving property in Japan owned or controlled by persons abroad heretofore prohibited are now permitted. In order that concerns may resume more normal operations the Ministry of Finance has been authorized to approve individual applications for transactions in the property of branches or agencies in Japan of concerns with head offices outside of Japan. Favorable consideration is to be given only to those enterprises that manufacture or distribute essential consumer goods or commodities required for the production of such goods.

Licenses for transactions are to be limited to expenses ordinarily incurred in the normal conduct of business operations within Japan. Branches or agencies owned or controlled by nationals of former enemy powers are excluded from the provisions of this authorization. Branches and agencies of foreign concerns are not to be allowed to engage in any activities denied to domestic Japanese concerns.

21. A further change in financial controls was made to permit officers in Japan of Japanese concerns formerly operating branches abroad to pay salaries and allowances to employees of their foreign branches who have now returned to Japan. Necessary safeguards were imposed to protect any claims the former branch abroad may have upon the concern's assets located in Japan.

Changes in Controls Over External Assets of Japan

22. The Japanese Government has been authorized to permit the inheritance in accordance with established laws of Japan of property held abroad by persons in Japan. No other transactions in property owned in Japan and located abroad have been authorized.

23. The Japanese Government was authorized to permit the use of certain quantities of gold, silver and platinum for dental and medical purposes. Allocations will be made from non-governmental stocks to the greatest extent possible. Allotments of 510 kilograms of gold, 1,800 kilograms of silver and 30 grams of platinum were made for dental purposes during the first quarter of 1946. Amounts allotted were considered by SCAP to be minimum requirements.

Reports Being Secured on External Assets of Japan

24. All government departments, financial institutions, other corporations and individuals are submitting reports on their holdings

of property abroad and other external assets. Over 150,000 reports have been received. The Bank of Japan is preparing summaries of these reports by location and category of property. The summaries will be completed for financial institutions and government agencies by 1 March 1946, and will include the holdings of 72 government departments and prefectures and 740 financial institutions.

Financial and Commercial Communications with Persons Outside of Japan

25. Heretofore all telegraphic and mail communications transmitting financial instruments or information of a financial or commercial nature between persons in Japan and persons abroad have been condemned by censorship authorities. Because many communications have been of a purely informational character and not related to specific business transactions it was decided to permit the transmission of certain types of financial messages.

All financial instruments and documents other than those allowed to be carried into Japan by Japanese repatriates will continue to be picked up by censorship authorities. No message containing information related to a specific business transaction involving property inside or outside of Japan will be passed. Messages containing factual information of a financial or commercial character will be passed, but copies of such messages will be supplied to SCAP for use in supplementing other information regarding economic relationships between individuals and enterprises inside and outside of Japan.

Property of Former Enemy Nationals

26. No substantial releases from blocking and freezing controls were made with respect to property owned or controlled by nationals of former enemy powers. Funds for payment of insurance premiums necessary for the protection of property of a branch of a German concern were released as it was considered that such action was necessary to protect the interests of the Allied Control Council in Germany which has taken title to the property by decree.

Exportation of Financial Instruments

27. A directive issued to the Japanese government provides that all persons departing Japan except military and naval personnel of the Allied Powers, personnel accredited to the military and naval forces of the Allied Powers and nationals of Korea, Formosa, China, the Ryukyu Islands, Germany, Hungary, Bulgaria and Rumania may take with them currencies not to exceed \$250 or its equivalent and non-negotiable financial instruments such as personal bank books and insurance policies.

PROPERTY

28. Reports on property records of Axis Nationals have been received from the Japanese Government. Compilation of records and statistics concerning property of governments and nationals of Allied and Neutral Nations continued.

LIQUIDATION

29. The initial examination and investigation of the Bank of Chosen, Bank of Taiwan, Chosen Colonization Bank, Deutsche Bank fuer Ostasien and the Banque Franco-Japonaise have been completed by the Bank of Japan in accordance with policies and procedures established by SCAP.

30. The investigation and liquidation of the National Financial Control Association are proceeding with the Hypothec Bank acting as liquidator under the supervision and direction of SCAP.

31. The Japanese Government has been directed to appoint a Committee of Conservators acceptable to this Headquarters to conduct a thorough examination of 23 closed financial institutions, to preserve their assets pending liquidation and to perform the functions of management under the direction of SCAP.

32. A report on employee relief societies of closed institutions submitted by the Japanese Government indicated the transfer of substantial sums of money to such societies prior to the closing of the institutions by SCAP.

33. The Bank of Japan has been directed to collect the assets in Japan of the Bank of Chosen, Bank of Taiwan, Banque Franco-Japonaise, Chosen Colonization Bank and the Deutsche Bank fur Ostasien.

SECTION 10

PUBLIC FINANCE

C O N T E N T S

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1. Reduction of expenses, increase in revenue and use of non-inflationary sources in financing government deficits characterize the current financial policy of the Japanese Government.

NATIONAL GOVERNMENT BUDGET, EXPENDITURE AND BORROWING

Fiscal Policy

2. Because deficits resulting from the operating costs of the Japanese Government have been financed largely through inflationary methods, a directive was issued on 21 January requiring the government to adopt the following fiscal principles:

- (1) Government expenditures are to be reduced to the minimum necessary for essential functions.
- (2) Government deficits are to be financed to the greatest extent by borrowing from the current savings of the people through the agencies existing for the collection of these savings.
- (3) Government deficits are to be financed through the resources of the ordinary banks and the Bank of Japan only when other methods have proved inadequate.

3. The following instructions to implement these principles were issued by SCAP:

- (1) Financing the current deficit by overdraft on the government account with the Bank of Japan will cease. The existing overdraft will be retired by issuance of government bonds. The government will then have a positive treasury balance.
- (2) The Special Account for War Expenses will be abolished and remaining payments of that nature will be made from the General Account after approval by SCAP.
- (3) For the remainder of the 1945-46 fiscal year General Account expenditures are not to exceed an average of

¥ 2,000,000.000 per month without prior authorization by SCAP.

- (4) Blanket authority is granted for government borrowing in order to obtain working capital for self-sustaining government enterprises and to refinance outstanding short-term debts.
- (5) Issuance of savings debentures and similar securities, not to exceed ¥ 50,000,000 per issue, is authorized for sale directly to the public.
- (6) Government payments into blocked accounts, resulting from war damage and industrial conversions, will be segregated in a special account in order to simplify and clarify the budget picture. Blanket authorization is given for this debt with the proviso that it will bear no interest.
- (7) A new government borrowing program for the remainder of the 1945-46 fiscal year, embodying all the above changes, will be submitted. These principles with the exception of the monthly limit on expenditures will be followed in the 1946-47 budget.

Budget

4. On 17 January the General Account original budget for the fiscal year 1946-47 was submitted. From 24-30 January a series of conferences was held to discuss the budget of each ministry separately. A summary of the 1946-47 General Account original budget follows:

GENERAL ACCOUNT ORIGINAL BUDGET
1946-47
(millions of yen)

Revenues:

Taxes	9,321.3	
Enterprise profits	1,668.7	
Miscellaneous	<u>2,501.8</u>	
Total		13,491.8

Expenditures:

Imperial Household	4.5	
Ministry of:		
Foreign Affairs	48.2	
Home Affairs	1,520.2	
Finance	7,748.6	
Justice	139.8	
Education	819.7	
Welfare	366.3	
Agriculture & Forestry	1,072.0	
Commerce & Industry	960.2	
Transportation	<u>126.0</u>	
Total		<u>12,805.5</u>

Surplus a/

686.3

a/ *To be used as revenue for supplementary budget.

SOURCE: Ministry of Finance.

SPECIAL ACCOUNTS

5. Imperial Railway bonds amounting to ¥ 300,000,000, the proceeds from which will be used to finance the deficit of Imperial Railways, were approved by SCAP.

TAXATION AND REVENUE

6. On 31 December 1945 the Japanese Government presented for approval drafts of three laws written in compliance with SCAP directive of 24 November 1945. These laws are the Capital Levy Law, the War Profits Tax on Corporations and the Increased Property Tax on Individuals.

Analysis of the provisions of the above laws was made and discussions were held.

NATIONAL DEBT

7. The national debt of Japan as of 31 December 1945 follows:

Government bonds (domestic)	¥ 129,558,953,335 ^{a/}
Government bonds (external)	886,689,249
Bank loans	57,296,850,380
Rice bills and food securities	<u>2,040,068,397</u>
Total	¥ 189,782,561,361

^{a/} Includes bonds amounting to ¥ 22,614,296,920 issued from April through December 1945.

SOURCE: Ministry of Finance.

8. The items included in the government's borrowing from banks as of 31 December 1945 are shown in the following table:

GOVERNMENT BORROWING 31 December 1945 (millions of yen)

Expenditures in occupied areas	43,834
Short-term obligations of less than 1 yr.	9,970
Non-negotiable time deposit certificates ^{a/}	3,239
Navy arsenal funds (short-term)	40
Loans for miscellaneous purposes	<u>213</u>
Total	57,296

^{a/} Issued for government purchase of air fields and industrial facilities.

SOURCE: Ministry of Finance.

LOCAL GOVERNMENT FINANCES

9. In justification of requests for authorization of the 1945-46 borrowing program of local governments the Home Ministry submitted

data with respect to retrenchments made in budgeted expenditures. The decrease in local government revenues and expenditures for the 1945-46 fiscal year is shown below:

REVENUES AND EXPENDITURES
Fiscal year 1945-46
(millions of yen)

<u>Revenue</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Amount of Decrease</u>
Tax	2,474	1,972	502
Subsidies	4,089	2,450	1,639
Loans	1,384	943	441
All others	<u>2,277</u>	<u>1,860</u>	<u>417</u>
Total	10,224	7,225	2,999
 <u>Expenditure</u>			
Salary & office expenses	583	568	15
Police	470	448	22
Public works	833	777	56
Education	1,039	964	75
Sanitation	242	233	9
Encouragement of industry	803	753	50
Public welfare	131	112	19
Electricity & gas	221	215	6
Debt capital & interest	575	547	28
Measures to prevent property damage	3,846	1,746	2,100
Rehabilitation expenses	818	818	0
All others	<u>663</u>	<u>601</u>	<u>62</u>
Total	10,224	7,782	2,442
Deficit		557	

Distribution of the reduction in local government budgets has been examined and all practicable economies seem to have been effected in the 1945-46 budgets.

Authorization was granted for the issuance of local government bonds totaling ¥ 1,500,000,000, distributed as indicated below:

<u>Purpose</u>	<u>Amount Authorized (millions of yen)</u>
Education	5
Sanitation	20
Industry	50
Public works (calamities)	120
Public works (ordinary)	100
Electricity & gas	10
Measures to prevent property damage	350
Rehabilitation expense	250
Budgetary deficit	557
Miscellaneous	<u>38</u>
Total	1,500

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The largest item in the local government bond issue is the budgetary deficit.

IMPERIAL HOUSEHOLD

10. The following Imperial grants were approved during January:

- (1) ¥ 50,000 to the Association for the Prevention of Tuberculosis for the training of additional nurses.
- (2) ¥ 112,300 for retirement allowances.
- (3) ¥ 5,000 for the protection of infants.
- (4) ¥ 10,000 for retirement pay to Mr. Ishiwata, former Minister of the Imperial Household.
- (5) ¥ 230,000 to approximately 750 welfare societies.
- (6) ¥ 214,000 for expenditures of the Prince Ri household.

11. The new Minister of the Imperial Household is Viscount Yoshitami Matsudaira, formerly president of the Peers' School. He has arranged the transfer of the Imperial Palace Guards to the Home Ministry effective 1 April 1946.

ZAIBATSU

Holding Companies

12. The examination of the holding company subsidiaries is continuing, and the statistics accumulated on the subsidiaries of four large holding companies are shown in the accompanying tables.

Questionnaire on Inter-Relations of Individuals and Concerns

13. A directive of 19 January required 18 Zaibatsu concerns to submit reports on each person in their organizations who, since 1 January 1944, occupied any control or management position from president to factory superintendent. In addition the directive requires information as to positions held by them in the government, army or navy, trade associations and secret organizations. Other requirements of the directive include submission of recent financial statements of the 18 concerns and their subsidiaries and affiliates, and a showing by each concern of all its interconnections with any company on the Schedule of Restricted Concerns.

Zaibatsu family heads are required to furnish copies of the house rules of their families and to indicate relationship to the family of all persons whose names were submitted as holding executive or control positions in Zaibatsu concerns.

Dividend Payments

14. A directive of 21 December was sent to the Japanese Government permitting dividend payments under the following restrictions:

- (1) Concerns which are listed on the Schedule of Restricted Concerns and concerns which have claims for war insurance and government indemnity may not pay more than five percent per annum.
- (2) Dividends can be paid only from current earnings.

TABULATION OF MITSUI BONGSHA SUBSIDIARIES

<u>Company</u>	<u>Assets</u> <u>(thousands of yen)</u>	<u>Paid-up Capital</u> <u>(thousands of yen)</u>
Mitsui Bussan	6,526,447	100,000
Mitsui Mining	929,328	300,000
Mitsui Trust	45,807	750
Mitsui Life Insurance	422,404	500
Mitsui Chemical	282,377	81,000
Mitsui Real Estate	31,034	5,000
Mitsui Steamship	228,047	70,000
Mitsui Agriculture	13,778	9,450
Mitsui Dock Yard	258,554	45,000
Mitsui Precision Machine	118,431	100,000
Nippon Flour Mfg.	46,235	16,000
Mitsui Warehouse	30,437	12,500
Taisho Marine & Fire Ins.	136,605	5,750
Tropical Produce	8,395	5,525
Senki Industrial	169,632	17,000
Toyo Cotton	49,790	35,000
Toyo Rayon	121,604	29,031
Mitsui Light Metal	185,456	45,000
Mitsui Oil & Fat	32,128	20,000
Mitsui Wooden Shipbuilding	153,086	10,000
Mitsui Lumber Industry	83,431	30,000
Daito Industry	49,856	15,702
Hokkaido Coal Mine & Steamship	297,679	127,500
Korea Rayon	7,507	7,500
Manakata Industry	6,120	1,500
Nippi Medicinal Foods	2,407	1,000
Nippon Steel Mfg.	602,342	120,000
Nissin Steel Making	10,262	2,000
Ogura Productive Industry Enterprise	2,272	1,000
Safety Cableway	6,791	1,180
Showa Aircraft Mfg. Industry	165,865	39,500
Sanrin Anthracite Mining	2,732	1,000
Sanyo Oil & Fat Chemical Industry	12,128	10,000
Showa Wool-combing	253	100
Teikoku Bank	13,288,252	146,125
Toyo Silk & Weaving	29,233	11,600
Toyo Rubber Chemical Industry	6,550	5,000
Toyo Hosiery	6,593	2,000
Toyo Machinery Mfg.	7,344	2,000
Total	24,377,192	1,434,213

g/ Mitsui Family interest not included in totals.

SOURCE: Mitsui Bousha.

TABULATION OF MITSUI BOSHU SUBSIDIARIES

Shares Owned by Mitsui Boshu	Book Value of Holdings (thousands of yen)	Percentage Owned by Mitsui Boshu
828,215	41.411	41.4
4,786,640	196.604	59.6
45,230	2,224	15.4
10,000	854	25.0
481,501	20,037	19.8
100,000 g/	5,000 g/	100.0 g/
1,019,500	54,719	72.8
126,032	6,046	60.3
594,000	22,275	49.5
1,792,562	88,957	89.6
198,333	7,933	49.6
300,000	12,745	100.0
222,190	4,631	48.3
51,000	765	39.2
329,700	17,454	96.9
617,890	30,895	88.3
251,730	11,940	35.6
21,300	1,065	2.4
400,000	29,400	100.0
60,000	3,000	30.0
600,000	30,000	100.0
105,000	5,075	33.4
458,826	24,923	16.9
80,000	3,000	40.0
9,000	390	30.0
12,000	600	60.0
505,360	33,947	21.1
30,600	2,186	76.5
15,725	0.2	78.6
11,800	554	50.0
432,765	20,151	34.9
11,000	495	55.0
150,000	7,500	75.0
2,000	100	100.0
162,000	8,541	3.8
242,790	6,785	61.5
50,000	2,500	50.0
39,470	1,973	98.7
39,800	2,425	99.0
15,024,959	638,150.2	

TABULATION OF MITSUBISHI HONSHA SUBSIDIARIES

<u>Company</u>	<u>Assets</u> <u>(thousands of yen)</u>	<u>Paid-up Capital</u> <u>(thousands of yen)</u>
Mitsubishi Heavy Industry	5,196,130	750,000
Mitsubishi Warehouse	46,238	15,000
Mitsubishi Mining	422,929	254,625
Mitsubishi Trading	4,680,024	75,000
Mitsubishi Bank	14,145,174	87,675
Mitsubishi Electric Mfg.	914,420	120,000
Mitsubishi Trust	57,958	7,500
Mitsubishi Estate	31,304	14,750
Mitsubishi Oil	90,951	15,000
Mitsubishi Chemical Ind.	626,083	110,790
Mitsubishi Steel Mfg.	286,932	100,000
Manchuria Mitsubishi Engineering	53,130	20,000
Tawau Industrial	3,621	3,000
Boeton Industrial	5,432	2,000
Mitsubishi Steamship	100,751	67,000
Japan Corn Products	18,862	7,600
Shanghai Mitsubishi Warehousing	6,257	1,000
Fuji Industrial	unknown	1,000
Mitsubishi Light Alloy Mfg.	60,643	14,000
Nippon Aluminium	105,978	60,000
Korean Anthracitic	77,111	42,500
Mitsubishi Chemical Ind. Machinery	100,564	18,750
Nippon Architectural Steel	257,270	20,000
Kotoku Estate	3,626	3,200
Mitsubishi Magnesium Industry	22,843	2,500
Mitsubishi Kwantung Magnesium	48,671	3,750
Japan Optical Industry	329,672	50,000
Tokyo Marine & Fire Ins.	402,366	62,000
Haiji Life Insurance	1,252,474	2,700
Tozan Agriculture	13,740	8,000
Mitsubishi Papermills	48,100	10,798
Total	29,409,254	1,950,138

g/ Iwazaki Family interest not included in totals.

SOURCE: Mitsubishi Honsha.

TABULATION OF MITSUBISHI HONSHA SUBSIDIARIES

<u>Shares Owned by Mitsubishi Honsha</u>	<u>Book Value of Holdings (thousands of yen)</u>	<u>Percentage Owned by Mitsubishi Honsha</u>
4,524,366	169,926	22.9
187,300	8,286	46.8
3,474,524	109,330	42.6
807,350	40,430	40.3
817,698	29,844	30.2
1,063,950	54,204	44.3
114,320	1,519	19.0
241,000	9,912	65.1
180,000	6,000	45.0
265,000	13,250	11.9
1,020,940	53,172	51.0
50,000	2,500	12.5
30,000	1,500	50.0
20,000	1,000	50.0
100,000	5,000	7.2
79,800	4,215	52.0
10,000	500	50.0
2,000	unknown	20.0
82,500	4,575	29.4
157,377	8,752	13.0
172,920	6,484	17.0
52,000	2,600	12.6
120,000	6,000	30.0
48,000	2,400	75.0
50,000	1,250	50.0
75,000	937	25.0
221,885	11,094	22.0
245,086	10,850	15.3
3,749	1,957	13.8
63,800 <i>a/</i>	5,532 <i>a/</i>	63.8 <i>a/</i>
<u>78,400 <i>a/</i></u>	<u>3,320 <i>a/</i></u>	<u>35.7 <i>a/</i></u>
14,216,765	567,487	

TABULATION OF YASUDA HOZFNSHA SUBSIDIARIES

<u>Company</u>	<u>Assets</u> <u>(thousands of yen)</u>	<u>Paid-up Capital</u> <u>(thousands of yen)</u>
Yasuda Industrial Dev.	39,689	14,338
Yasuda Bank	15,098,526	102,700
Yasuda Trust	23,783	7,500
Yasuda Life Ins.	159,466	75
Yasuda Fire & Marine Ins.	384,241	8,475
Nippon Personal Estate Fire Ins.	28,294	1,175
Ogaki Kyoritsu Bank	495,607	3,816
Shikoku Bank	772,009	7,272
Oriental Steamship	40,691	17,500
Chugoku Railway	6,767	4,700
Tokyo Building	58,309	12,148
Kotoku Real Estate	3,768	1,250
Yasuda Warehouse	11,169	5,000
Nippon Paper Industry	23,306	9,000
Imperial Textile	287,499	85,946
Nippon Illumination	15,019	5,000
Takao Iron	15,894	5,000
Oriental Steam Engine	10,241	3,000
Tohoku Electric Wireless	3,030	2,500
Imperial Piston Ring	22,825	6,000
Total	17,500,133	302,395

SOURCE: Yasuda Hozensha.

TABULATION OF SUMITOMO HONSHA SUBSIDIARIES

<u>Company</u>	<u>Assets</u> <u>(thousands of yen)</u>	<u>Paid-up Capital</u> <u>(thousands of yen)</u>
Sumitomo Mining	364,294	80,000
Sumitomo Metal Industries	2,373,359	418,750
Sumitomo Elec. Industries	366,927	86,500
Sumitomo Chemical	363,776	98,750
Sumitomo Comm. Industrial	677,313	150,000
Sumitomo Machinery Works	123,518	35,000
Sumitomo Aluminum Reduction	51,717	20,000
Sumitomo Light Metal Co. of Korea	67,888	40,000
Sumitomo Co-op Elec Power	38,479	20,000
Sumitomo Bank	22,664,160	50,000
Sumitomo Trust	45,751	5,000
Sumitomo Life Insurance	432,960	750
Sumitomo Warehouse	27,184	15,000
Sumitomo Real Estate & Bldg	12,689	41,500
Sumitomo Borneo Plantation	6,447	2,500
Osaka Sumitomo Marine & Fire Ins.	208,366	6,000
Nippon Sheet Glass	22,345	7,750
Antung Light Metal	201,183	100,000
Sumitomo Synthetic Resin	56,815	11,915
Dainippon Mining	19,209	5,000
Dohi Mining	6,325	2,500
Manchurian Sumitomo Metal Industry	96,554	30,000
Nakka Fluoraper Mining	4,419	2,000
North China Gold Mining	1,701	1,700
Total	28,233,379	1,230,615

SOURCE: Sumitomo Honsha.

TABULATION OF YASUDA HOZFNSHA SUBSIDIARIES

<u>Shares Owned by Yasuda Hozensha</u>	<u>Book Value of Holdings (thousands of yen)</u>	<u>Percentage Owned by Yasuda Hozensha</u>
100,000	3,837	25.0
1,052,413	30,425	30.9
162,500	2,129	27.1
125	200	41.6
115,921	2,685	17.1
0	0	0.0
14,860	597	13.5
62,564	1,222	24.3
35,699	1,832	8.9
21,519	1,076	22.8
63,607	1,453	12.0
10,000	125	10.0
176,017	4,297	88.0
86,477	5,120	48.0
254,713	14,509	12.0
23,222	1,409	23.2
9,700	485	9.7
41,520	1,848	69.2
50,000	2,500	100.0
8,400	443	7.0
2,289,257	76,192	

TABULATION OF SUMITOMO HONSHA SUBSIDIARIES

<u>Shares Owned by Sumitomo Honsha</u>	<u>Book Value of Holdings (thousands of yen)</u>	<u>Percentage Owned by Sumitomo Honsha</u>
424,906	21,137	26.56
1,718,900	112,651	20.52
583,329	28,683	24.31
392,200	24,543	17.84
330,417	12,687	11.01
168,200	9,286	21.02
98,200	4,910	24.55
160,000	4,000	10.00
89,800	4,530	22.45
177,711	21,537	25.38
6,170	159	1.54
4,500	1,350	30.00
65,000	2,275	21.67
220,840	7,232	26.60
40,000	2,000	80.00
81,660	2,283	17.00
47,056	2,004	19.20
400,000	5,000	10.00
71,100	2,545	17.78
25,000	1,500	25.00
11,047	906	22.09
150,930	8,589	25.15
20,000	1,000	50.00
8,500	340	50.00
5,295,466	281,147	

- (3) No payments will be made by banks and other financial institutions.

Schedule of Restricted Concerns

15. The Oji Paper Company and 40 of its subsidiaries have been added to the Schedule of Restricted Concerns, making a total of 394 concerns now restricted in their financial operations. The Oji Paper Company has a paid-up capital of ¥ 310,000,000, assets of ¥ 800,000,000 and security holdings of ¥ 200,000,000. It produces more than 50 percent of the paper and paper products manufactured in Japan. It has approximately 25,000 stockholders, none of whom owns more than four percent of the total stock outstanding. The three largest stockholders are the Mitsui Honsha, Okawa Gomei and Dai-Ichi Life Insurance Company, but no family or group appears to own a controlling interest.

This concern was placed on the restricted list because of its dominating position in a key industry and not because of Zaibatsu control.

Holding Company Liquidation Commission

16. Frequent conferences were held with representatives of the Japanese Government and the Edwards Mission to discuss revisions of the proposed Imperial Ordinance governing the Holding Company Liquidation Commission. Drafts of ordinances and regulations implementing the Imperial Ordinance have been submitted to SCAF.

The Ministry of Finance and Mr. Nakane, prospective chairman of the commission, have submitted a list of candidates for membership on the commission. The Minister of Finance has been requested to furnish additional information, including biographical sketches, on a number of these candidates.

Control Associations

17. Plans to liquidate industrial control associations and related control organs of the Japanese Government were submitted by the government and industry. The major problems for most basic industries appear to be the necessity for securing and allocating materials and stimulating the production of essential goods. Production potential far exceeds available stocks of raw materials, and there is a demand for all types of goods. The control association mechanism of the Japanese Government has been the means by which the necessary materials are processed in accordance with the government's policy for production.

18. The complete domination of industry by control associations has closed the normal channels through which industry formerly carried on its operations. Conferences are being held with members of the various industries to determine the extent and kind of controls necessary to support the Japanese economic structure at the present time. Certain controls formerly exercised by the government control associations can be abandoned. The essential governmental control functions must be determined so that they can be limited.

Japanese industrialists are being encouraged to accept responsibility for participating in quasi-public control agencies. There appears to be a desire on the part of industry to rid itself of government controls, but it does not know how to accomplish this aim and still preserve order in the transition stage.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

SUMMATION
of
NON-MILITARY ACTIVITIES
in
JAPAN AND KOREA

Number 4

January 1946

PART IV
SOCIAL - JAPAN

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SECTION 1
PUBLIC HEALTH AND WELFARE

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PUBLIC WELFARE

General

1. A memorandum was issued which called the Japanese Government's attention to the serious health, economic and welfare problems which would develop if the movement of people from rural to urban areas should continue.

The government was directed to submit a plan indicating measures to be taken to restrict or prohibit unnecessary movement to urban centers which were defined as cities with 100,000 or more inhabitants.

Evacuees will be permitted to return to localities where their services are considered essential in re-establishing the minimum civilian economy of Japan.

2. The general food situation in southern Japan is satisfactory at present. Relief requirements in this area are increasing because of ineffectual price controls and black-market activities.

People with limited or small fixed incomes are finding it increasingly difficult to obtain food in amounts sufficient for their needs. An increase in requests for medical relief is attributed to the use of funds for food purchases and the resulting necessity of applying for free care whenever medical assistance is required.

Reconstruction of housing is progressing slowly. It is handicapped by shortages of material and transportation.

The most pressing needs are for clothing and fuel, both of which are critical items in short supply throughout the country.

Relief

3. The Japanese Ministry of Health and Welfare estimated the number of persons in need of relief as of 1 January 1946 as follows:

<u>Category of Need</u>	<u>Number</u>
Unemployable	760,000
Unemployed	4,340,000
Needy repatriates	860,000
Others	<u>2,040,000</u>
Total	8,000,000

4. Unemployment has increased because the people refuse to work for wages which are considered below the present cost of living. Some demobilized Japanese servicemen and repatriates have deferred seeking employment and prefer to engage in black-market activities.

5. Occupation Forces were directed to check the inventory of Japanese Army and Navy stocks returned to the government and which were to be held for relief purposes; also to supervise local Japanese relief distribution.

Social Insurance

6. The Ministry of Health and Welfare reported that on 31 December 1945 there were 10,443 local insurance agencies and organizations administering the social insurance issued by the National Health Insurance, Sickness Insurance, Pension Insurance, Worker's Liability Insurance and Seamen's Insurance Agencies. There were 41,409,450 individuals insured under the system.

Foreign Nationals

7. Occupation Forces were authorized to distribute stocks seized from enemy nationals, American Red Cross clothing supplies and certain POW supplies to needy foreign nationals of Allied or neutral countries. These relief supplies are to be distributed through responsible agencies, societies or committees representing the foreign national groups resident throughout Japan.

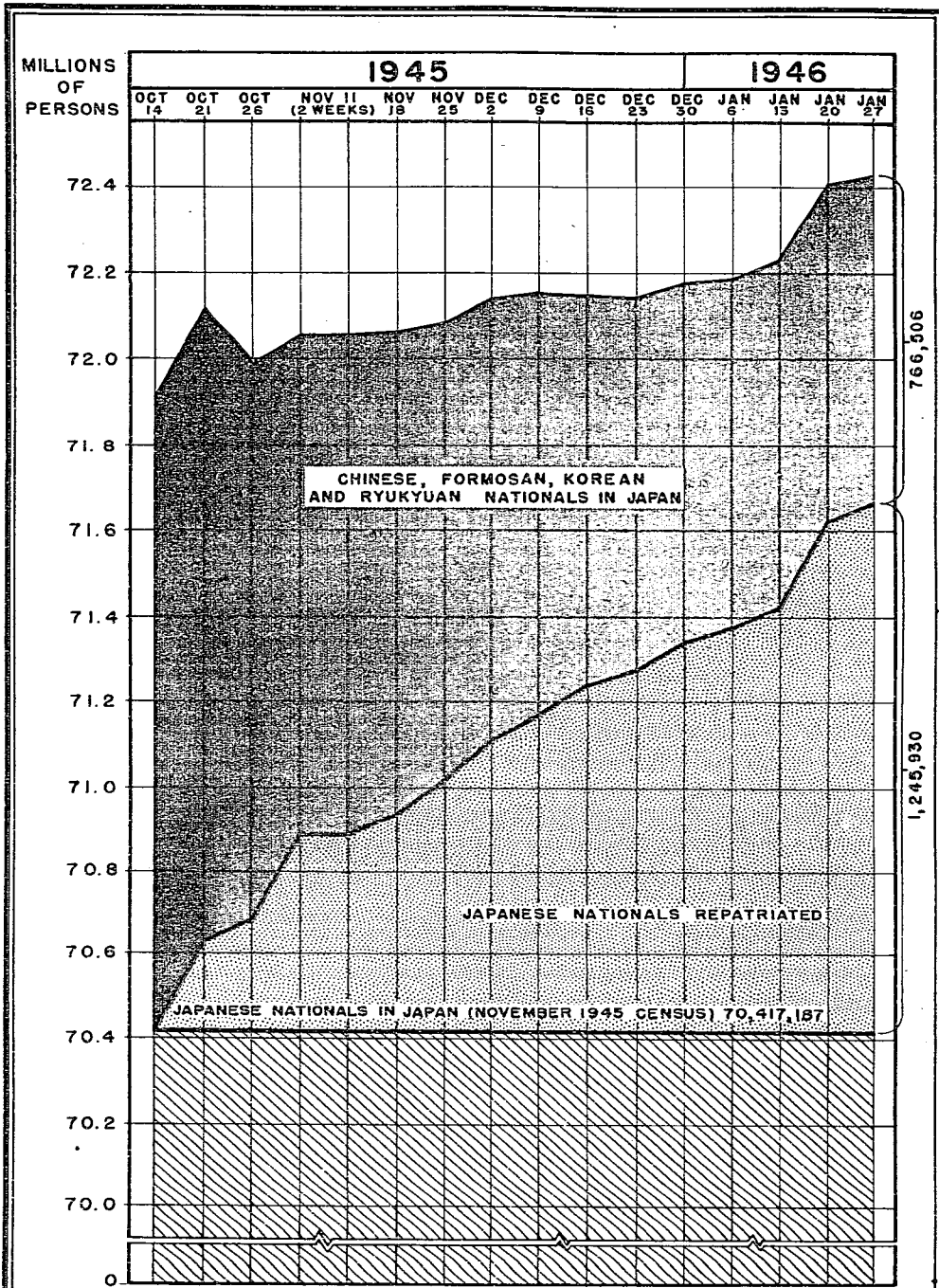
8. For nationals of countries with which the Allied Powers have been at war, the Japanese Government has been directed to supply those necessities which by reason of blocked accounts or other financial incapacity they cannot provide themselves.

Repatriation

9. As of 27 January 1946 the number of individuals repatriated from Japan totalled 730,458 while 1,245,930 Japanese ex-servicemen and civilians had been returned to Japan. Repatriates included 686,984 Koreans; 7,519 Formosans; 30,683 Chinese, 5,202 Ryukyans; and 70 nationals of other countries.

10. The net effect of this movement to and from Japan upon the population of Japan Proper is shown in Chart No. 31. Increases shown for January represent actual movement of individuals during the month and prior movements which had not been reported previously.

11. Many Koreans and Chinese have indicated their desire to remain in Japan rather than accept repatriation. This inclination has become increasingly apparent since it became known that they would be permitted to take only limited amounts of money and valuables with them.



NOTE: POPULATION OF JAPAN 1945 PRIOR TO REPATRIATION 71,910,869

THE EFFECT OF REPATRIATION UPON THE POPULATION OF JAPAN

HOSPITAL ADMINISTRATION

Japanese Civilian Hospitals

12. Since October 1945 new construction, re-establishment of partially destroyed facilities and the transfer of former Japanese Army and Navy hospitals to civilian administration have increased the number of operating hospitals by 413 and added 73,502 to the available number of beds.

13. The decline in occupied beds from 61 percent to less than 40 percent is caused by the increase in available beds rather than a decrease in the number of patients. The number of beds has increased 58 percent while the number of in-patients has increased two percent. Chart No. 32 shows that the in-patients, out-patients and the total of these two have not deviated greatly from the average of preceding months.

VETERINARY AFFAIRS

Veterinary Laws and Regulations

14. Translations of laws and regulations concerning veterinary activities were received from the Japanese Government. These show that the Ministry of Health and Welfare dairy regulations (1933 Code) are applicable to fluid milk traders and manufacturers of processed milk products.

Specific directions are given concerning employees, health of dairy cattle, undesirable types of milk, specific gravity, butterfat content, pasteurization, bacterial count, cooling and bottling of milk, cleanliness and sterilization of equipment, types of containers, markings to be placed thereon and fines to be imposed for violations.

Prefectural governors are charged with the responsibility of enforcing these regulations; the details concerning equipment, construction and management of dairy plants; and the employment of a competent sanitary expert to act as dairy inspector.

15. Prefectural governors are granted authority to order the slaughter of horses with infectious anemia, reimburse owners and impose fines for violations.

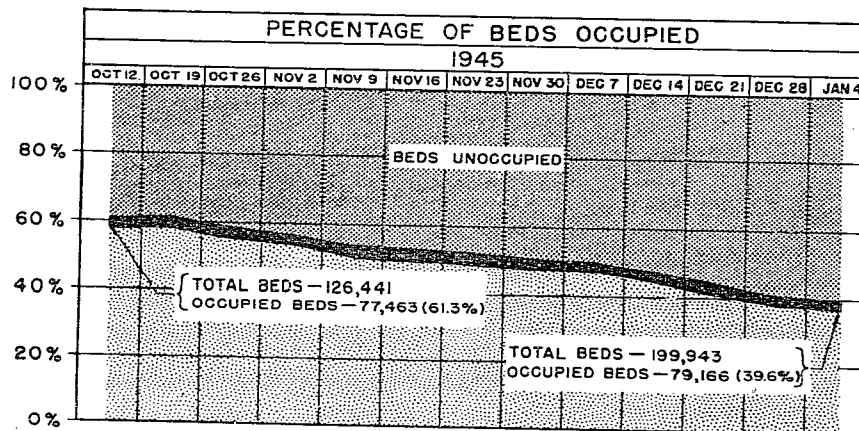
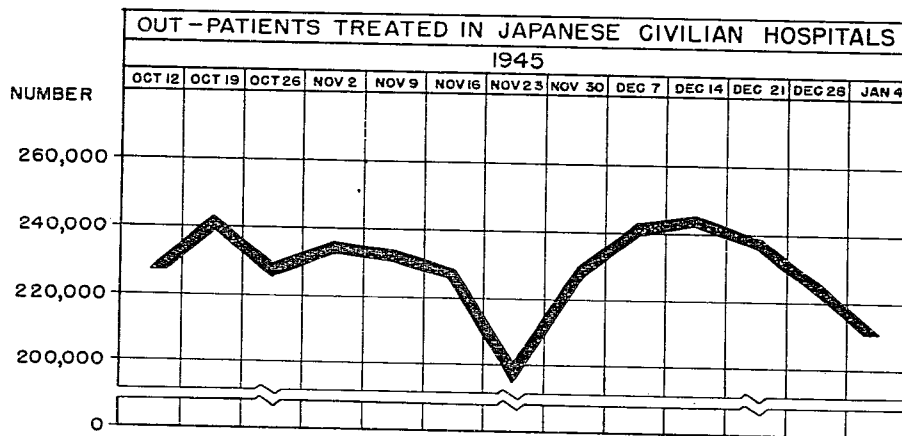
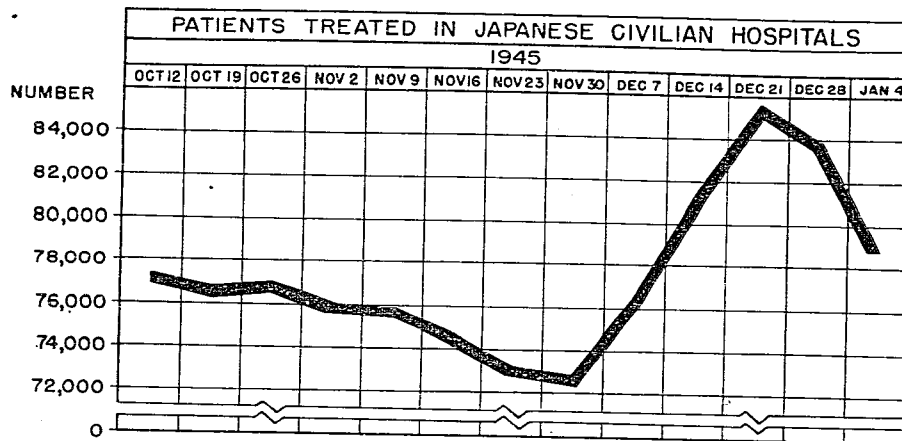
16. Ministry of Agriculture and Forestry regulations and laws include the animal disease law in which provisions are made for isolation, quarantine, disinfection, disposal of diseased carcasses, dipping, immunization, reporting, reimbursement and fines for violations.

Prefectural governors are charged with the responsibility of enforcing these regulations through the medium of local police and veterinary commissioners for the prevention of infectious diseases of domestic animals.

Bovine tuberculosis control includes specific instructions concerning all phases of tuberculosis eradication except for the frequency of application of the tuberculin test.

17. The Imperial Ordinance allocating expenses for infectious animal disease control charges the national treasury, prefectures, municipalities and owners with proportionate shares of the expense for tuberculosis and other infectious disease control.

18. The animal quarantine regulations provide for the location



SOURCE: MINISTRY OF HEALTH AND WELFARE

HOSPITAL PATIENTS (IN CIVILIAN HOSPITALS-JAPAN)

of quarantine stations, duties of inspectors and instructions concerning the disposal of diseased animals.

19. The law for the licensing of veterinarians contains information relative to the qualifications of applicants, fees, professional ethics, discontinuance of licenses and fines for violation.

Animal Industry

20. Horse racing in Japan is under the guidance of the Japanese Racing Association which is controlled by the Ministry of Agriculture and Forestry. The Association maintains 11 tracks located as follows: Fuchu (Tokyo Suburb), Osaka, Wakayama, Kokura, Myasaki, Niigata, Fukushima, Yokohama, Kyoto, Sapporo and Hokodate. It also maintains three horse and jockey training farms located at Morioka, Shizuanai (Hokkaido) and Setagaya (Tokyo Suburb).

Horse racing was terminated in 1943 by order of the Ministry of Agriculture and Forestry and none of the tracks have functioned since that time. The Ministry of Agriculture has, in the meantime, utilized the facilities by stabling draft horses.

Animal Disease Control

21. The Ministry of Agriculture and Forestry's summary of animal disease incidence for December 1945 included the following:

<u>Disease</u>	<u>Outbreaks</u>	<u>Cases</u>
Blackleg	2	3
Infectious abortion of cattle	5	16
Texas fever	1	23
Anthrax (cattle)	1	1
Swine cholera	1	51
Swine erysipelas	1	13
White diarrhea of chickens	6	2,791

The Ministry of Agriculture and Forestry has submitted a separate report of the incidence of equine infectious abortion. This report shows that a total of 331 cases occurred during the 1944-45 breeding season in Hokkaido, Aomori and Iwate Prefectures.

The animal disease incidence shows no marked changes from previous reports.

Veterinary Biological Production

22. The Veterinary Laboratory Section, Ministry of Agriculture and Forestry, has submitted the following biological production figures. They represent actual production for 1944 and 1945 and an estimate of production for 1946.

<u>Anti-Sera</u>	<u>Production (unit cc)</u>		
	<u>1944</u>	<u>1945</u>	<u>1946</u>
Anthrax	138,380	555,200	800,000
Blackleg	10,500	10,500	10,000
Swine cholera	357,800	43,850	300,000
Swine erysipelas	78,700	109,700	80,000
Tetanus	240,800	33,010	1,000,000
Fowl cholera	53,200	30,000	50,000
Canine distemper	30,900	24,000	5,000
Strangles	1,041,950	454,300	1,200,000
Fowl diphtheria	354,950	120,000	400,000
Equine infectious abortion	---	---	300,000

<u>Vaccines</u>	<u>Production (unit cc)</u>		
	<u>1944</u>	<u>1945</u>	<u>1946</u>
Anthrax	47,060	20,700	38,000
Rabies	190,350	50,100	50,000
Blackleg	680,600	236,900	700,000
Swine cholera	3,500,070	821,650	1,500,000
 <u>Diagnostic Agents</u>			
Mallein	300	560	1,000
Tuberculin	76,050	17,330	60,000

DENTAL AFFAIRS

Dental Supplies and Equipment

23. By direction of SCAP the Japanese Government has issued instructions giving medical and dental supplies priority in transportation.

24. An allotment of gold, silver and platinum to meet three months requirements has been released for dental purposes.

25. A fire in one of three warehouses belonging to the Dental Materials Control Company destroyed approximately three month's supply of a third of the items of dental material required by the dentists of Japan.

26. Prefectural Dental Associations elected their own officers who had formerly been appointed by the government.

NURSING AFFAIRS

27. The regulations of Japanese Public Health Nurses Association dated 25 April 1945 have been received. The purposes and rules by which members are governed are outlined. The organization is government controlled and the women have no voice in its policies.

28. The copy of Regulations for Public Health Nurses issued by the Ministry of Health and Welfare, Ordinance No. 21, 31 May 1945, was received. These regulations are divided into: I, General Rules; II, License; III, Duties; and IV, Punishments. Most of these regulations are poorly written and the meaning is vague. Observation indicates that they are not followed in practice.

29. The Tokyo Red Cross Hospital has been given permission to reprint three Japanese Red Cross First Aid Books which were not covered by previous directives. These books will be distributed to the 38 Red Cross Hospitals which have training schools for nurses.

30. The Ministry of Health and Welfare has organized three Public Health nursing courses for the new school year which begins in April.

Course "C" will be of one year's duration for midwives who wish to take Public Health. The "B" course will be two years in length and will be that available at the average nursing school. The "A" course will be at the college level and can be adopted by few schools at the present time. Courses "B" and "C" will be raised to the three year level as soon as conditions permit.

Principal changes involve increased time allotment to practical nursing and field practice. The time allotted to the

various services varies according to the type of hospital to which the school is attached.

MEDICAL SUPPLY

Production

31. Total production of medical supplies and equipment was approximately the same as during November 1945. Shortages of fuel and raw materials are the main problems. Increased allocations of those items have been directed.

32. The Japanese Government has been directed to submit a list of the minimum requirements of fuel and principal raw materials required for operation of manufacturing plants. Manufacturers of medical and sanitary materials will be provided with sufficient quantities of raw materials to insure adequate production.

Action is being taken to handle on the spot shortages of raw materials in order to stimulate production of critically needed medicines.

33. The Japanese Government was directed to submit by 20 February 1946 a plan for the manufacture of medical supplies and equipment with particular reference to the production of vaccines and sera.

34. The production of vaccines is increasing. The production of smallpox vaccine is expected to increase sufficiently to meet requirements for vaccination of repatriates and to vaccinate the Japanese population in areas where epidemics occur.

Definite efforts are being made by the Japanese Government to increase prices of medicines, particularly vaccines, in order to stimulate production.

35. Isolated cases of production of drugs of questionable quality and medicinal value have been noted and corrective measures taken to stop production of this nature.

36. Required vaccines and delousing supplies are not available in China for processing of Japanese repatriates and action is being taken to make these items available from stocks in Japan. Smallpox vaccine will be supplied from Japanese production.

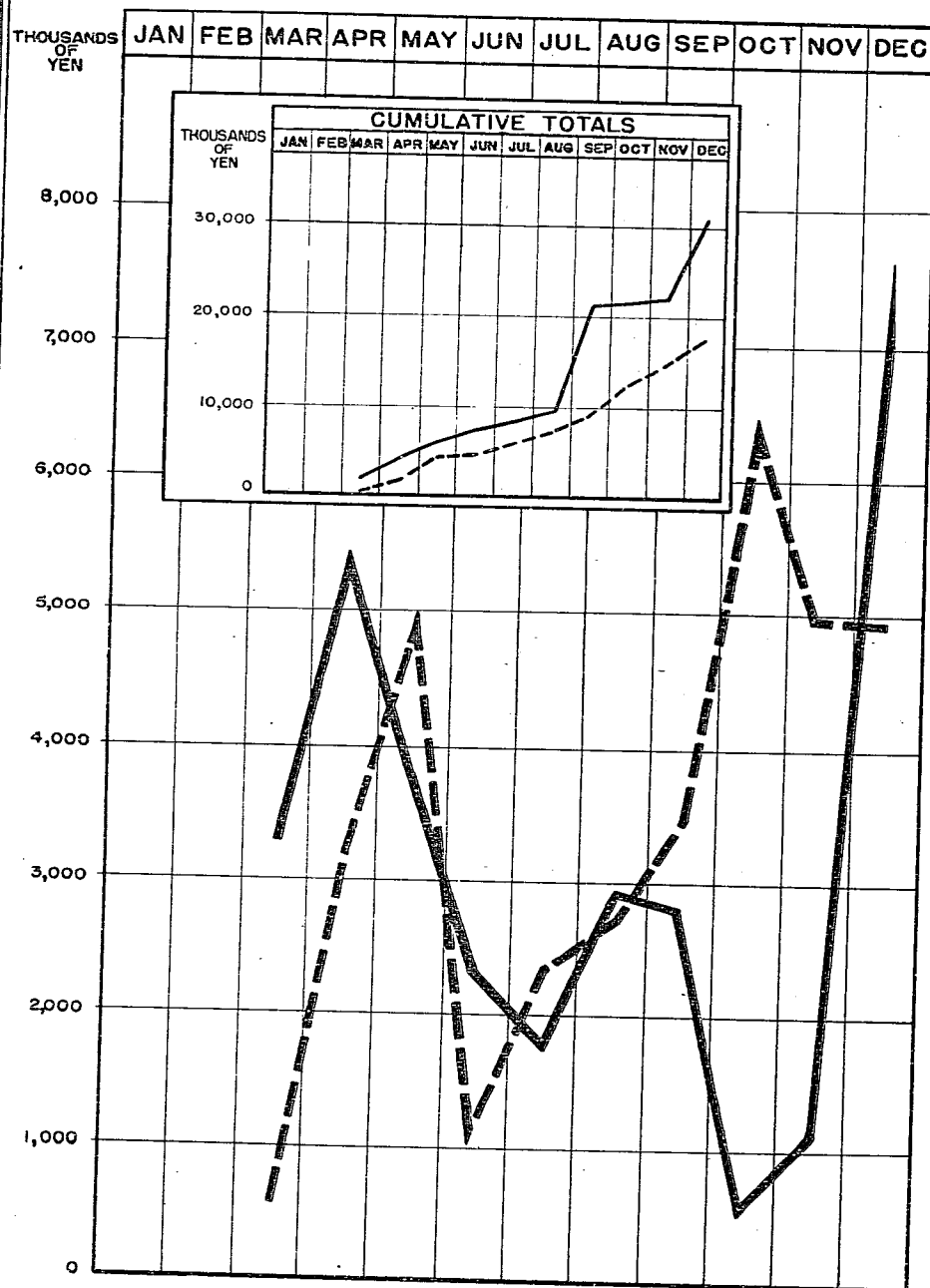
37. It has been determined that by using indigenous materials the Japanese are capable of supplying, grinding and mixing 200 tons of talc for use as a vehicle with DDT.

The Japanese Government has indicated they can manufacture hand dusting equipment and steps are being taken to initiate production.

Distribution of New Production

38. Continued progress has been shown in moving newly manufactured medical supplies into civilian channels. Graphs 33 to 37 inclusive indicate that shipments have increased generally from producers to central distributing agencies and from the central companies to the prefectural distributing concerns. Close supervision of the distributing agencies is being maintained to insure that supplies move to the ultimate consumers expeditiously.

39. Inspections indicated that transportation was a major factor hindering distribution. Transportation officials at both



LEGEND: — DISPOSED - - - RECEIVED

NOTE: JAN. & FEB. DATA NOT AVAILABLE - RECORDS DESTROYED BY FIRE

SOURCE: MINISTRY OF HEALTH AND WELFARE

SELECTED MEDICINES

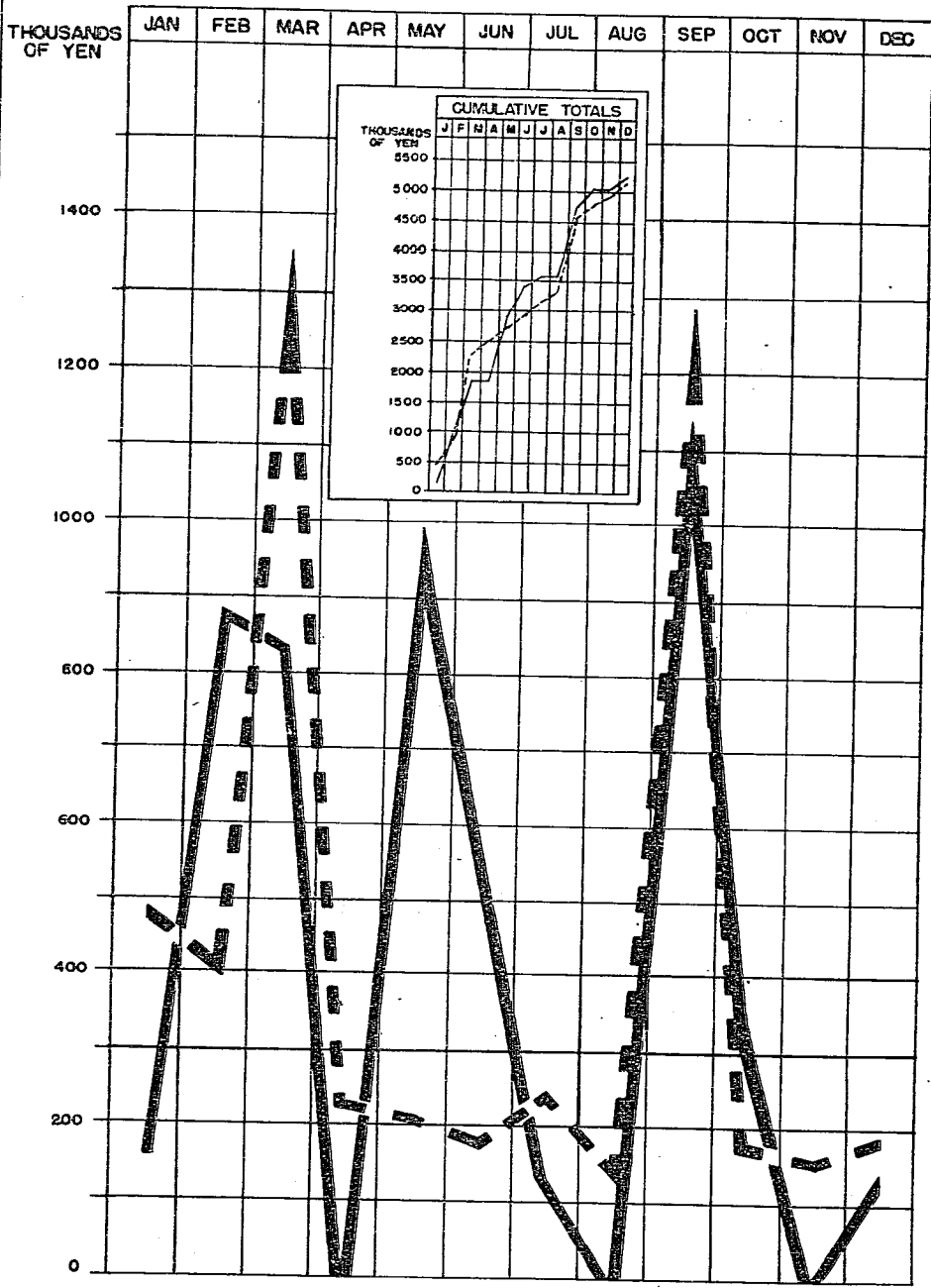
COST VALUE OF SUPPLIES RECEIVED AND DISPOSED
UNDER GOVERNMENT CONTROL-1945
JAPAN

JANUARY 46

GHQ SCAP

NUMBER 33

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SOURCE: MINISTRY OF HEALTH AND WELFARE

MEDICAL APPLIANCES
 COST VALUE OF SUPPLIES RECEIVED AND DISPOSED
 UNDER GOVERNMENT CONTROL - 1945

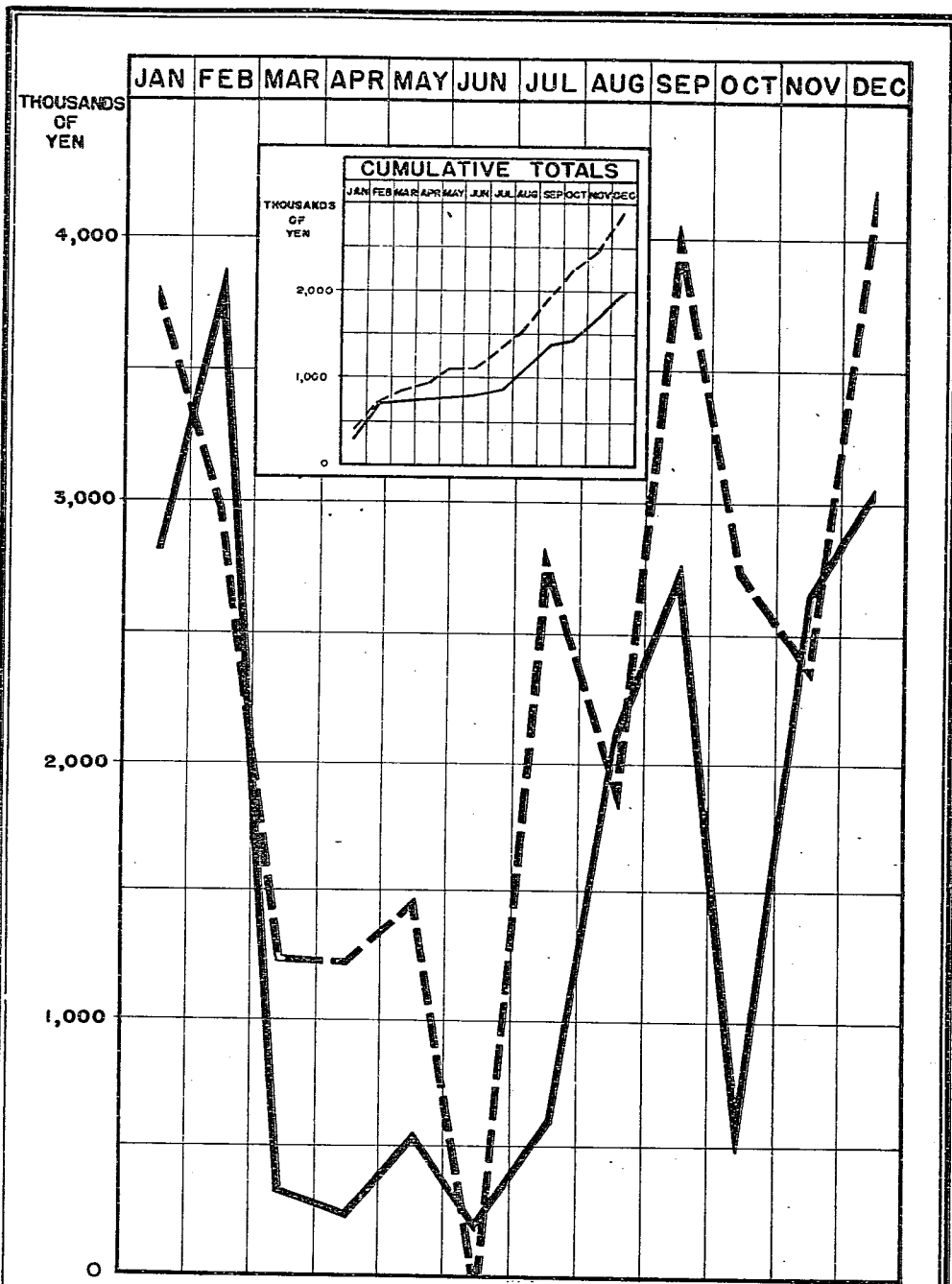
JAPAN

JANUARY 46

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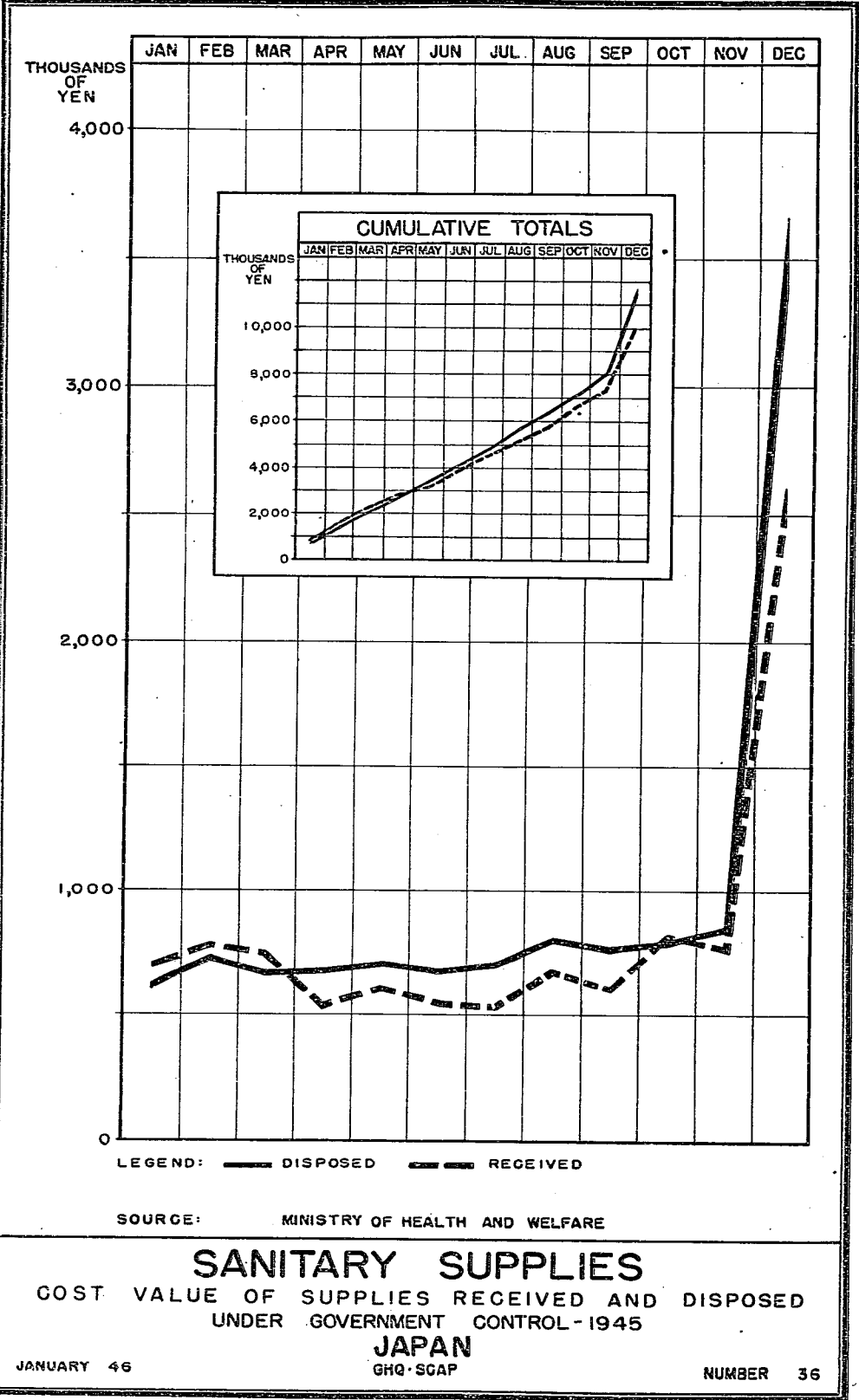
SOURCE: MINISTRY OF HEALTH AND WELFARE

DENTAL SUPPLIES
 COST VALUE OF SUPPLIES RECEIVED AND DISPOSED
 UNDER GOVERNMENT CONTROL - 1945

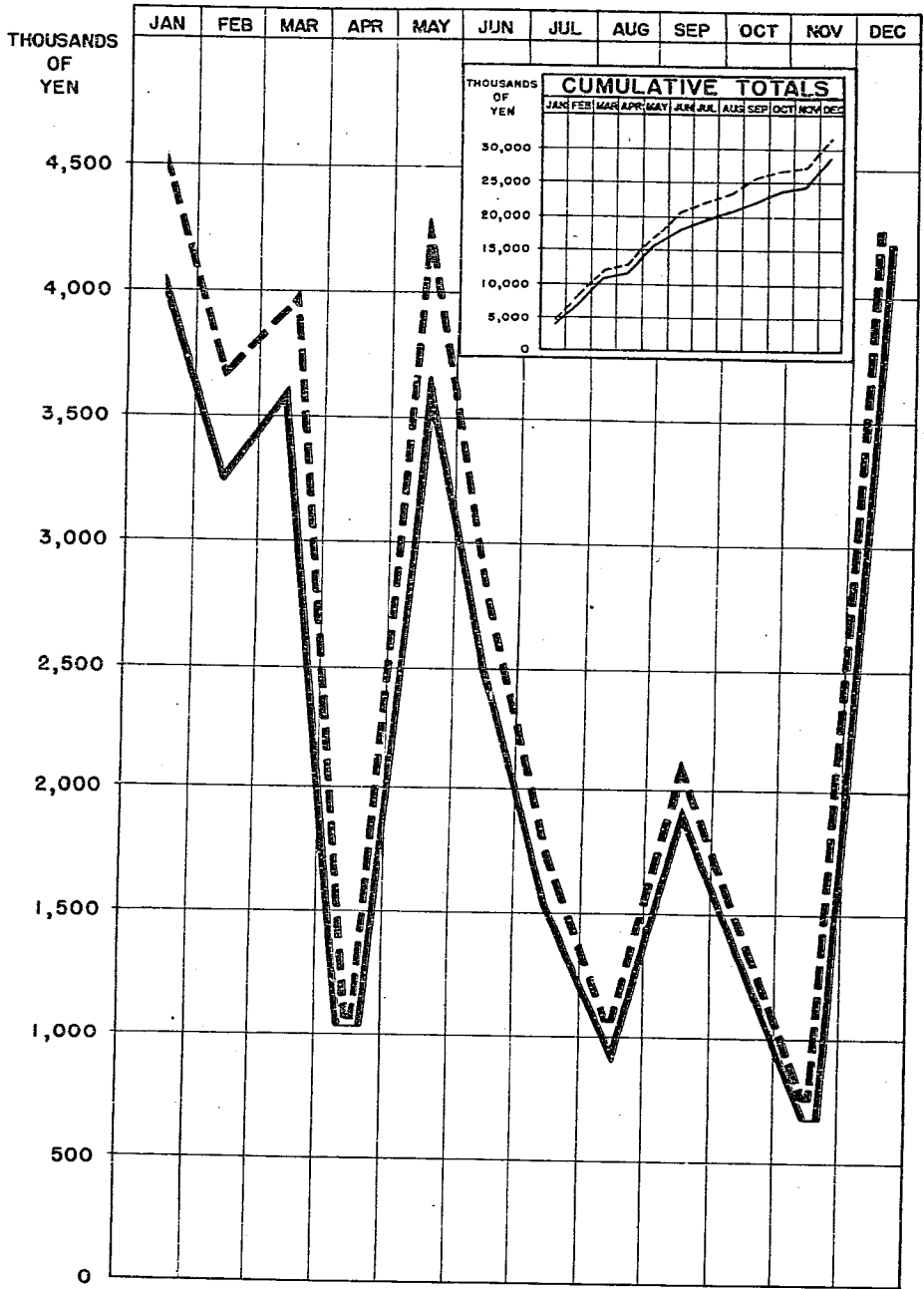
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JANUARY 46 NUMBER 35

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0215



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SOURCE: MINISTRY OF HEALTH AND WELFARE

HOME REMEDIES
 COST VALUE OF SUPPLIES RECEIVED AND DISPOSED
 UNDER GOVERNMENT CONTROL - 1945

JAPAN

JANUARY 46

GHO SCAP

NUMBER 37

0216

national and prefectural levels were directed to assign high priority to the movement of medical supplies.

40. Visits to prefectures revealed that delay in the distribution of supplies by prefectural agencies was due to slowness in preparation of distribution plans. A simple but complete program for distribution has been organized for prefectural distribution to insure rapid movement and wide distribution of supplies.

Distribution of Japanese Military Medical Supplies

41. Distribution of returned Japanese military medical supplies presents an important current problem of medical supply. Occupation Forces have returned the bulk of the medical supplies which will be transferred to the Japanese Government.

To date, the Japanese have inventoried ¥ 110,000,000 of these supplies and have authorized distribution into civilian channels valued at ¥ 21,000,000. The Japanese Government has been instructed to complete the inventory as soon as possible.

42. The ministry has been instructed to handle authorization of distribution to prefectures with dispatch and to balance stocks between prefectures at the earliest possible date.

Narcotic Control and Supply

43. The Japanese Government submitted a new list of drug wholesale houses to assume custody of Japanese military narcotic stocks which have been concentrated and are now being inventoried by the Occupation Forces.

Inspection of facilities for safekeeping is made prior to authorizing the transfer of the narcotics into the custody of these firms which are located in distribution centers throughout Japan.

44. Approximately 100,000 ounces of opium residue containing approximately one percent of morphine were burned.

45. Reports of reserve stocks of medicinal narcotics show the amounts as well above the required level at the present time.

46. On 27 January a directive to the Japanese Government required the establishment of an effective system for narcotic control in Japan.

The principal features of the required legislation will be the annual registration, licensing and classification of all narcotic dealers; submission of periodical reports of stocks and transactions by the dealers; proper accounting for all packages of narcotics which may only be sold pursuant to recorded order forms; and making violators of the narcotic law subject to severe penalties.

LEGAL AFFAIRS

Abolition of Licensed Prostitution

47. On 21 January a memorandum was sent to the Japanese Government directing the abolition of licensed prostitution throughout the nation and further directing that all contracts and agreements which have for their object the binding or committing of a woman to the practice of prostitution be nullified.

Japanese Ministry of Health and Welfare

48. A complete report was submitted by the ministry indicating the organization of the bureaus and component sections; the personnel thereof by number, rank, grade and duty performed; and the changes in each section expected as a consequence of the reorganization and personnel reduction as ordered in all ministries by the Japanese cabinet.

PREVENTIVE MEDICINE

Communicable Diseases During 1945

49. The reportable communicable diseases for the year 1945 are shown by prefecture on Maps No. 38 to 45 inclusive. The incidence and rates for Japan as a whole are:

<u>Disease</u>	<u>Cases</u>	<u>Rates/ 100,000/Annum</u>
Diphtheria	77,256	107.2
Dysentery	78,453	108.9
Epidemic Meningitis	3,815	5.3
Paratyphoid	9,278	12.9
Scarlet fever	2,267	3.1
Smallpox	1,719	2.4
Typhoid fever	51,294	71.2
Epidemic typhus	2,392	3.3
Plague	0	0
Cholera	0	0

The failure of the reporting system, particularly during the final months of the war, must be taken into account and allowances made for a greater factor of error than might otherwise be expected.

50. Two-day meetings with prefectural health officers were held in Tokyo, Yamagata, Kyoto and Fukuoka. While they had originally been planned for demonstration and instruction in typhus control, it was found that they presented an excellent opportunity to discuss various other aspects of communicable disease control in general.

The occurrence of an outbreak of typhus fever in Yamagata Prefecture just at the time of that meeting was used to demonstrate control measures in the field.

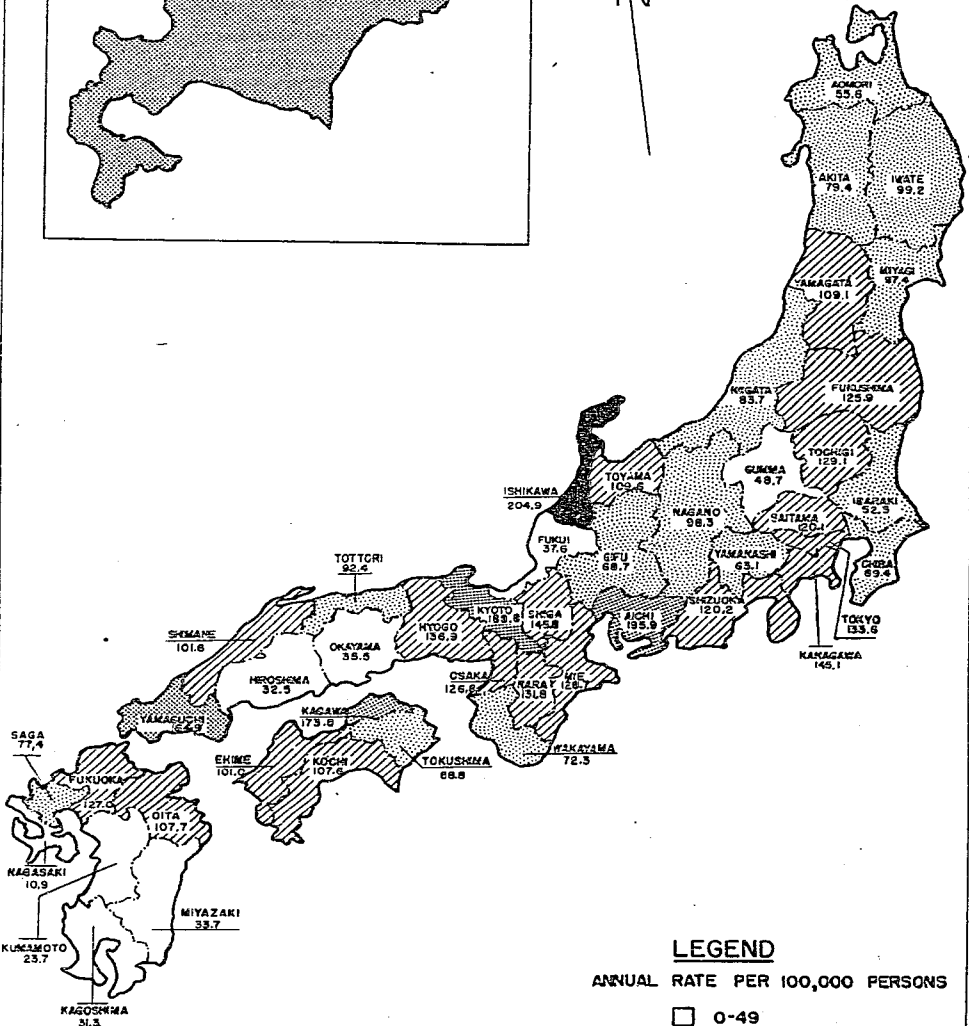
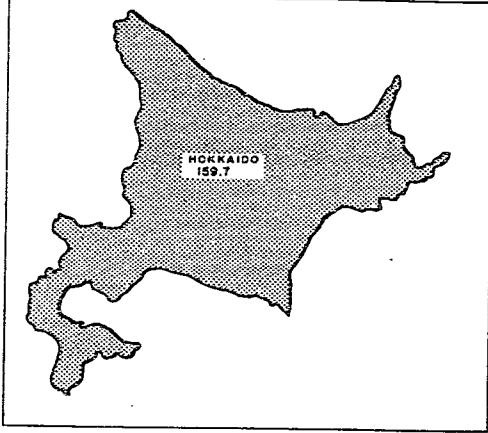
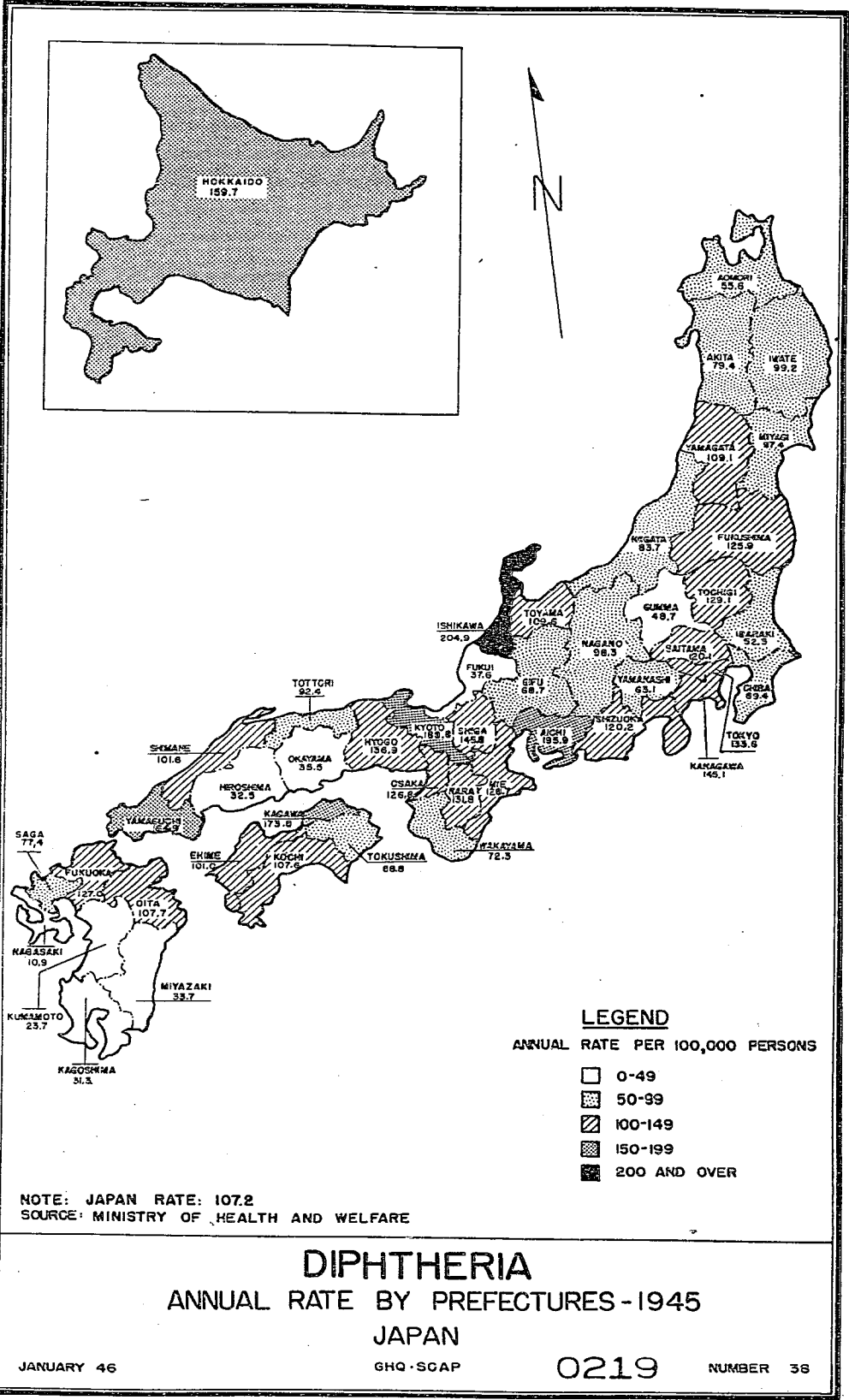
Typhus Fever

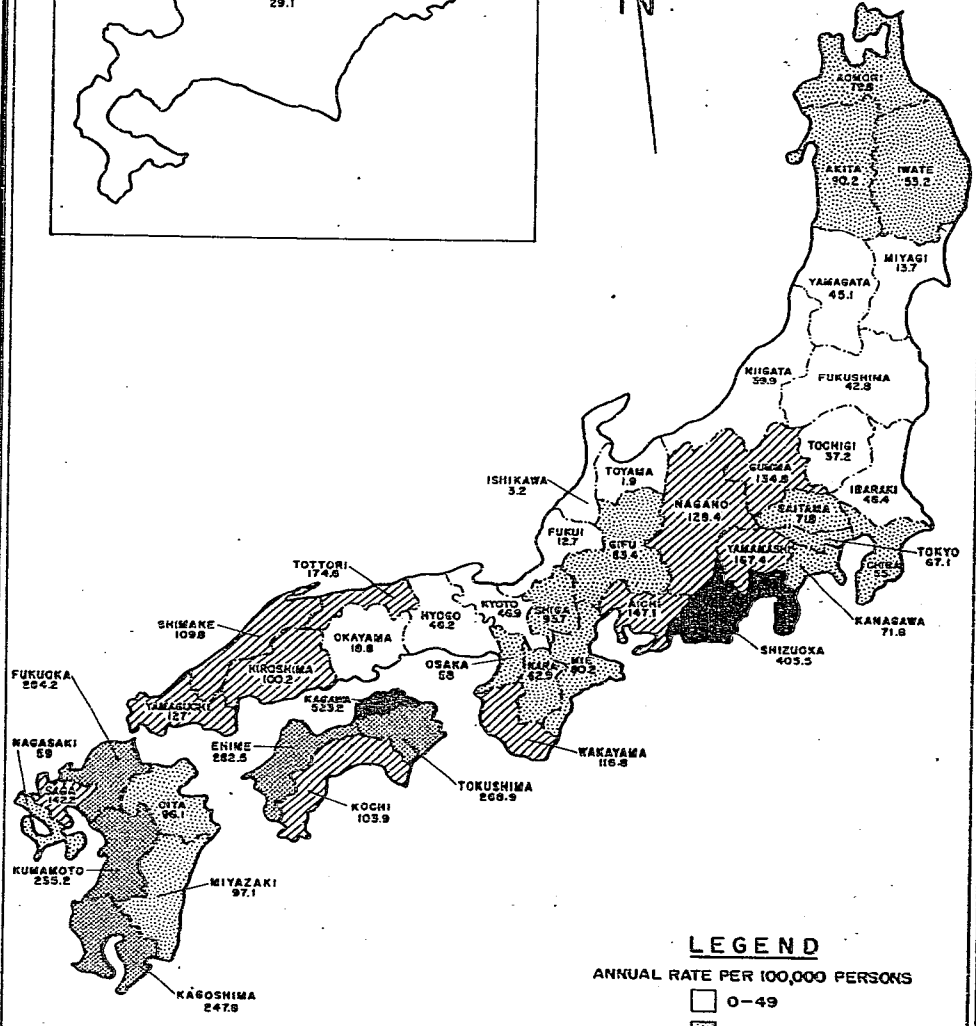
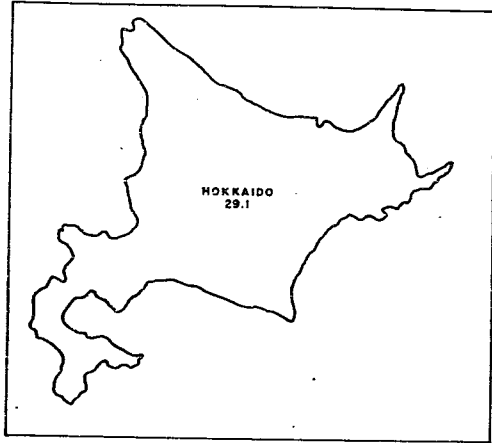
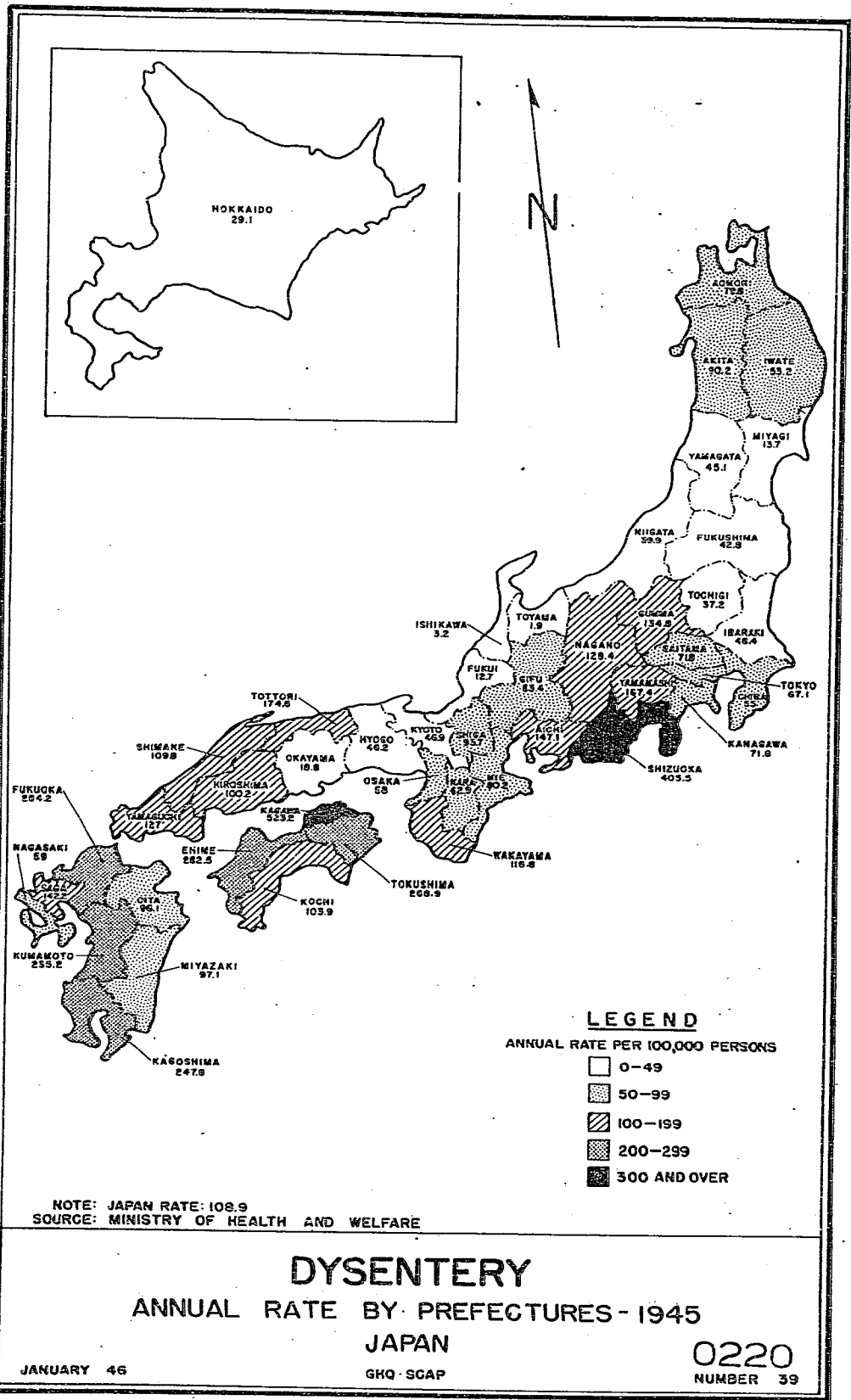
51. There has been some typhus fever on the island of Honshu, the principal source being Yamagata Prefecture. Sporadic cases have been reported from several other prefectures. There exists considerable evidence that the great majority of these cases were contracted in Korea by Japanese repatriates who moved to Japan during the incubation period of the disease.

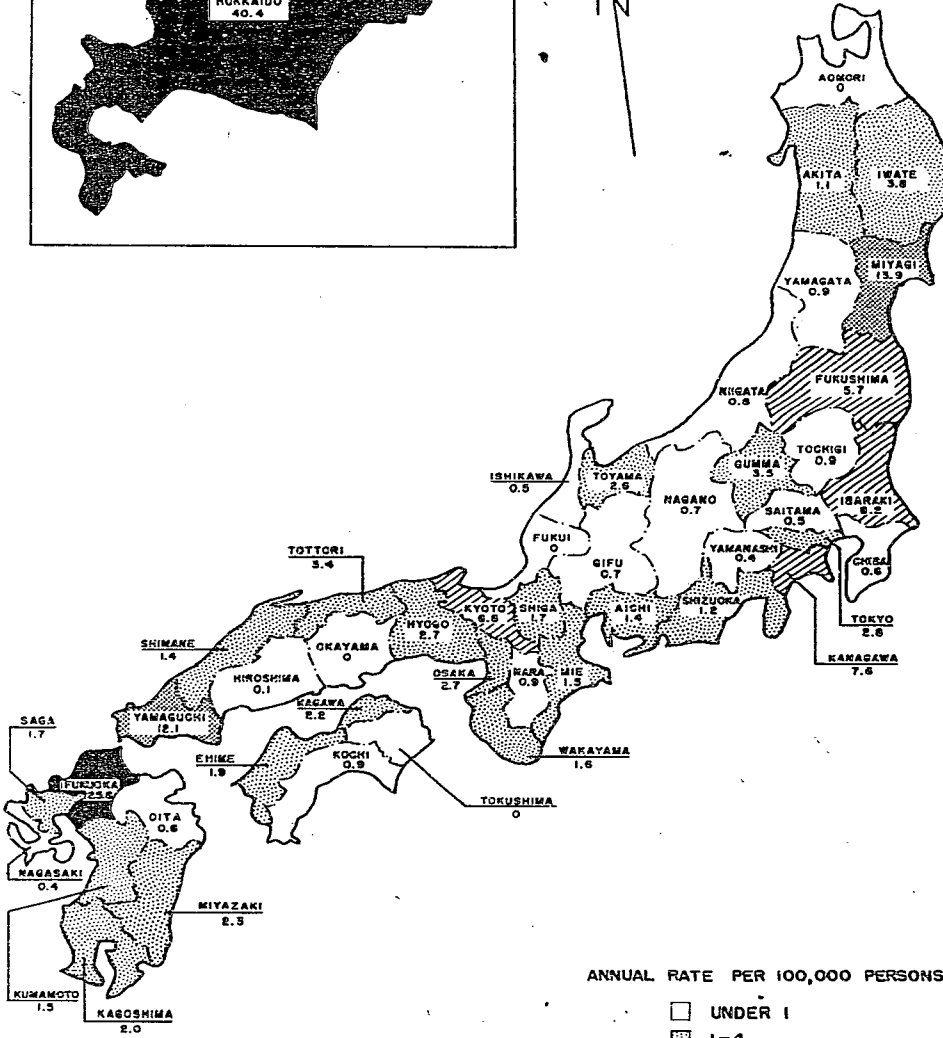
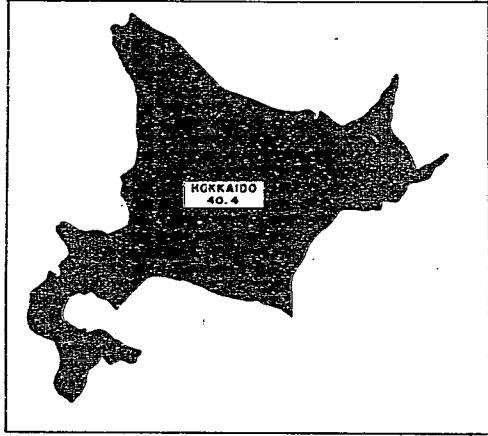
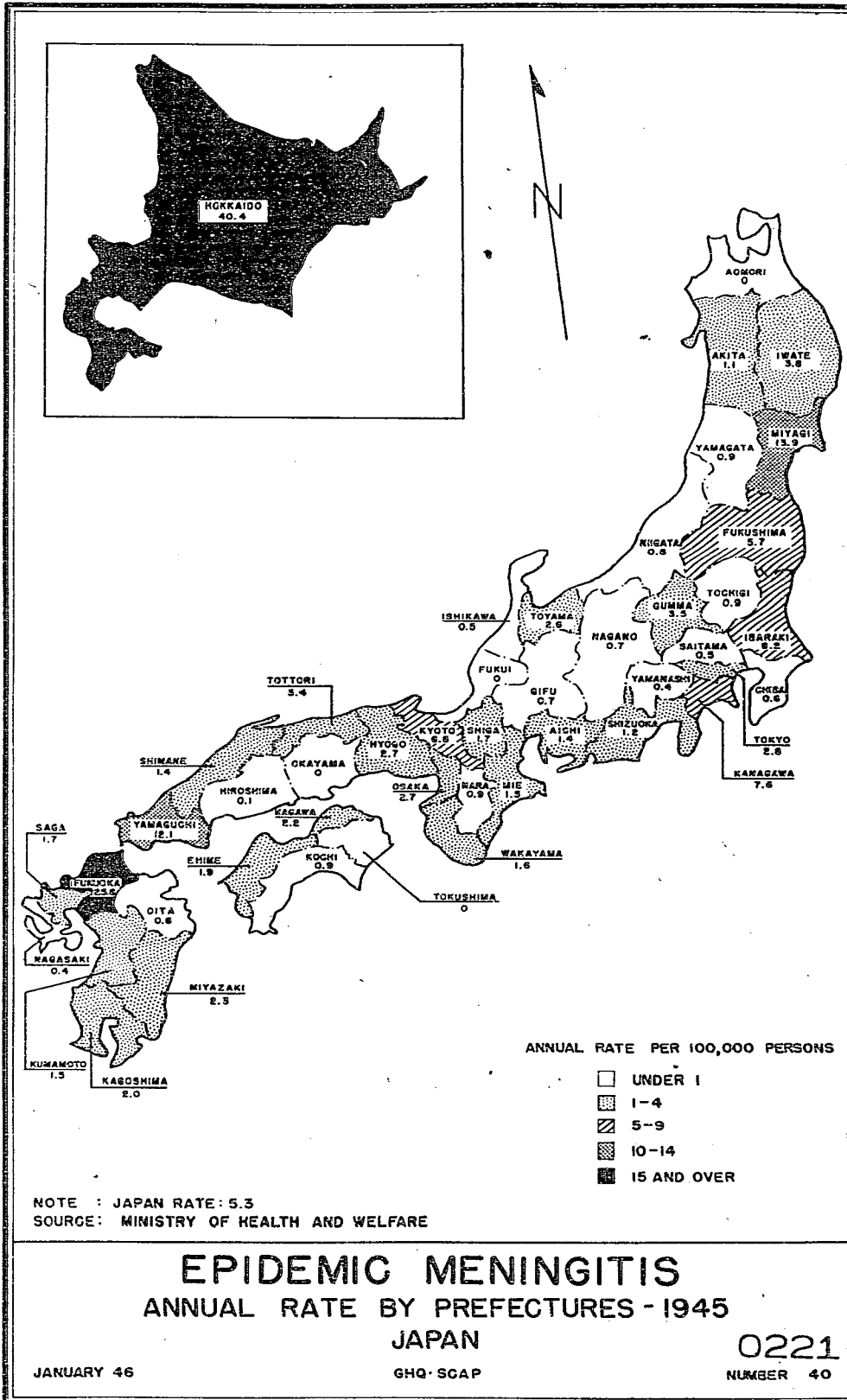
The typhus situation on the island of Hokkaido has been brought under control. The number of reported cases in that region has shown a marked decrease.

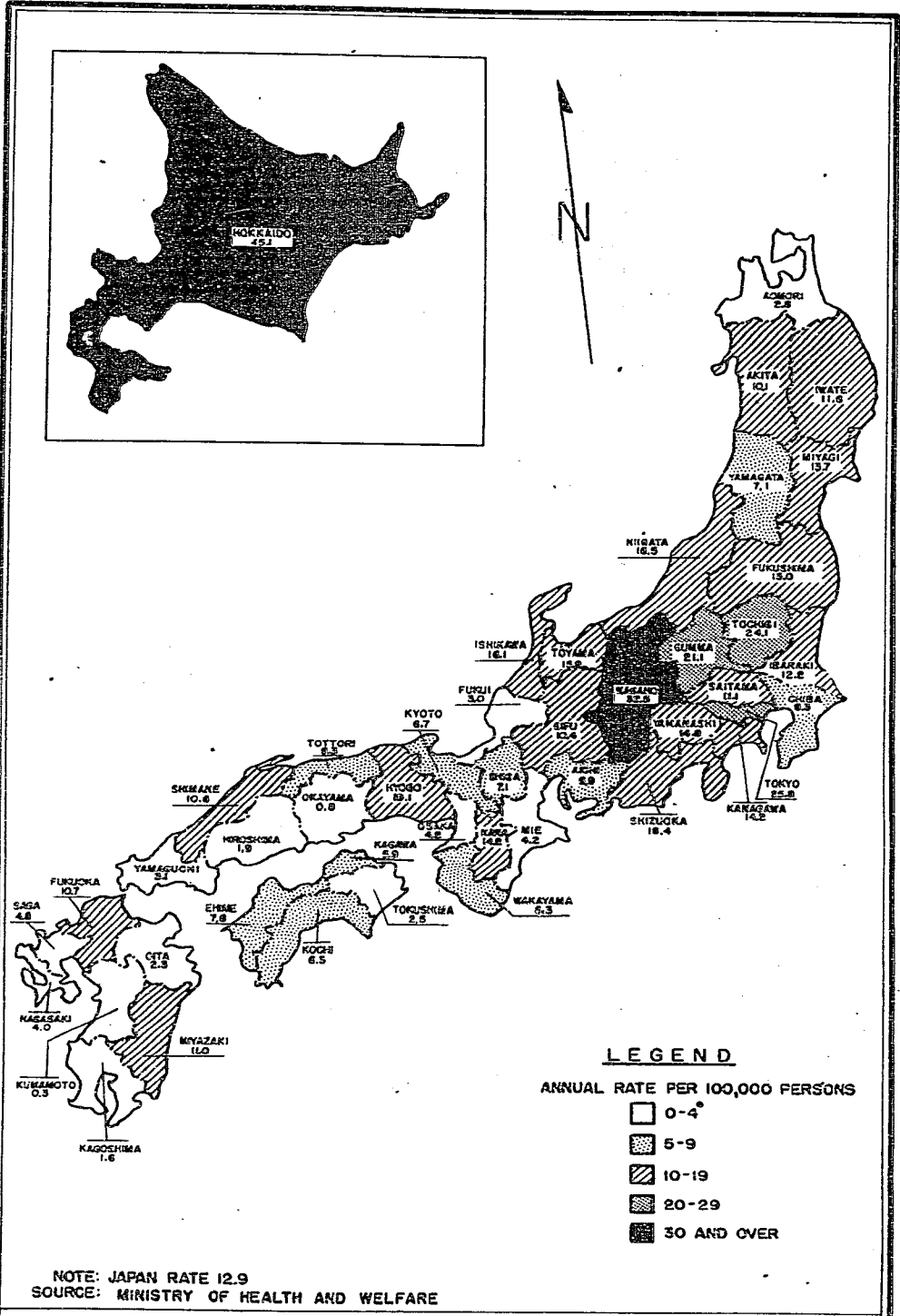
Smallpox

52. Smallpox has become widely disseminated throughout the entire country during January. The principal epidemic foci are located in Hyogo, Aichi and Nagasaki Prefectures, in Hokkaido and





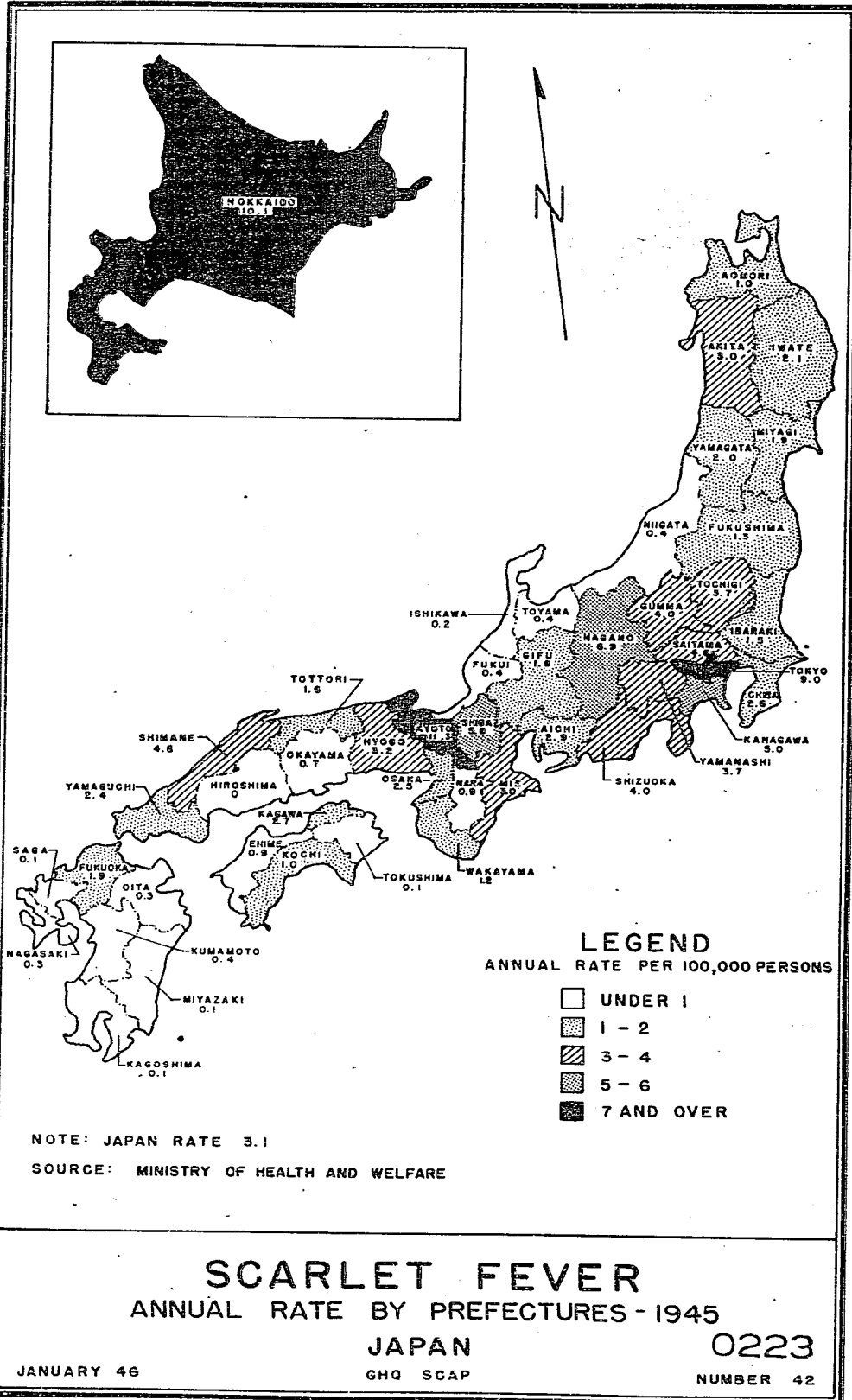




PARATYPHOID
 ANNUAL RATE BY PREFECTURES - 1945
 JAPAN

0222
 NUMBER 41

JANUARY 46 GHO · SCAP



SCARLET FEVER

ANNUAL RATE BY PREFECTURES - 1945

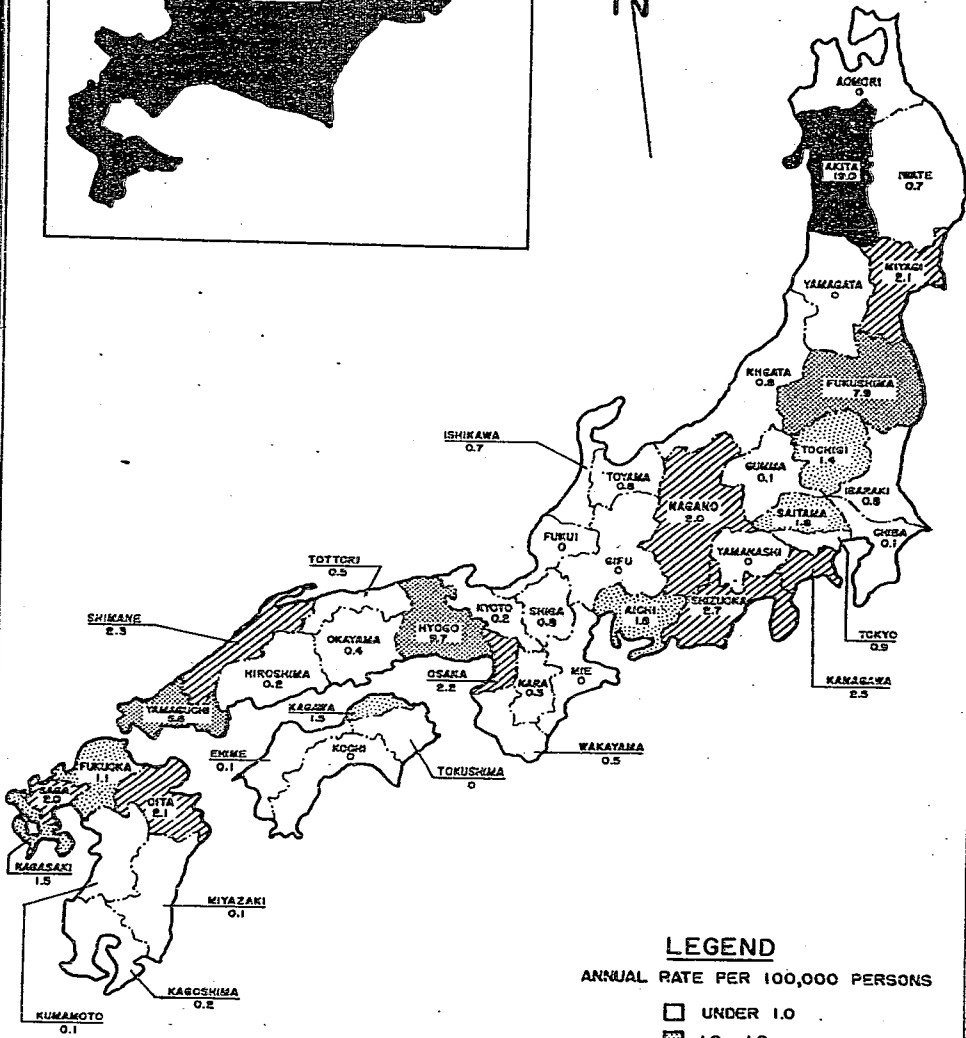
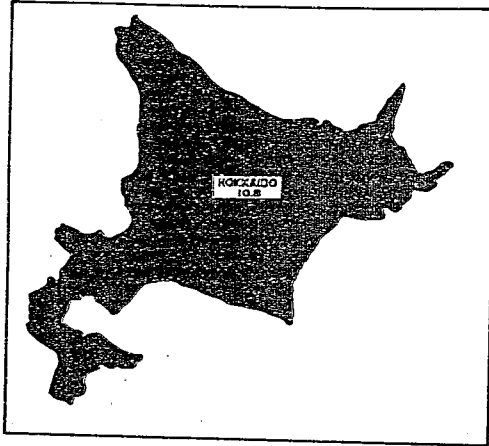
JAPAN

0223

JANUARY 46

GHO SCAP

NUMBER 42



LEGEND

ANNUAL RATE PER 100,000 PERSONS

- UNDER 1.0
- ▨ 1.0 - 1.9
- ▧ 2.0 - 4.9
- ▩ 5.0 - 9.9
- 10.0 AND OVER

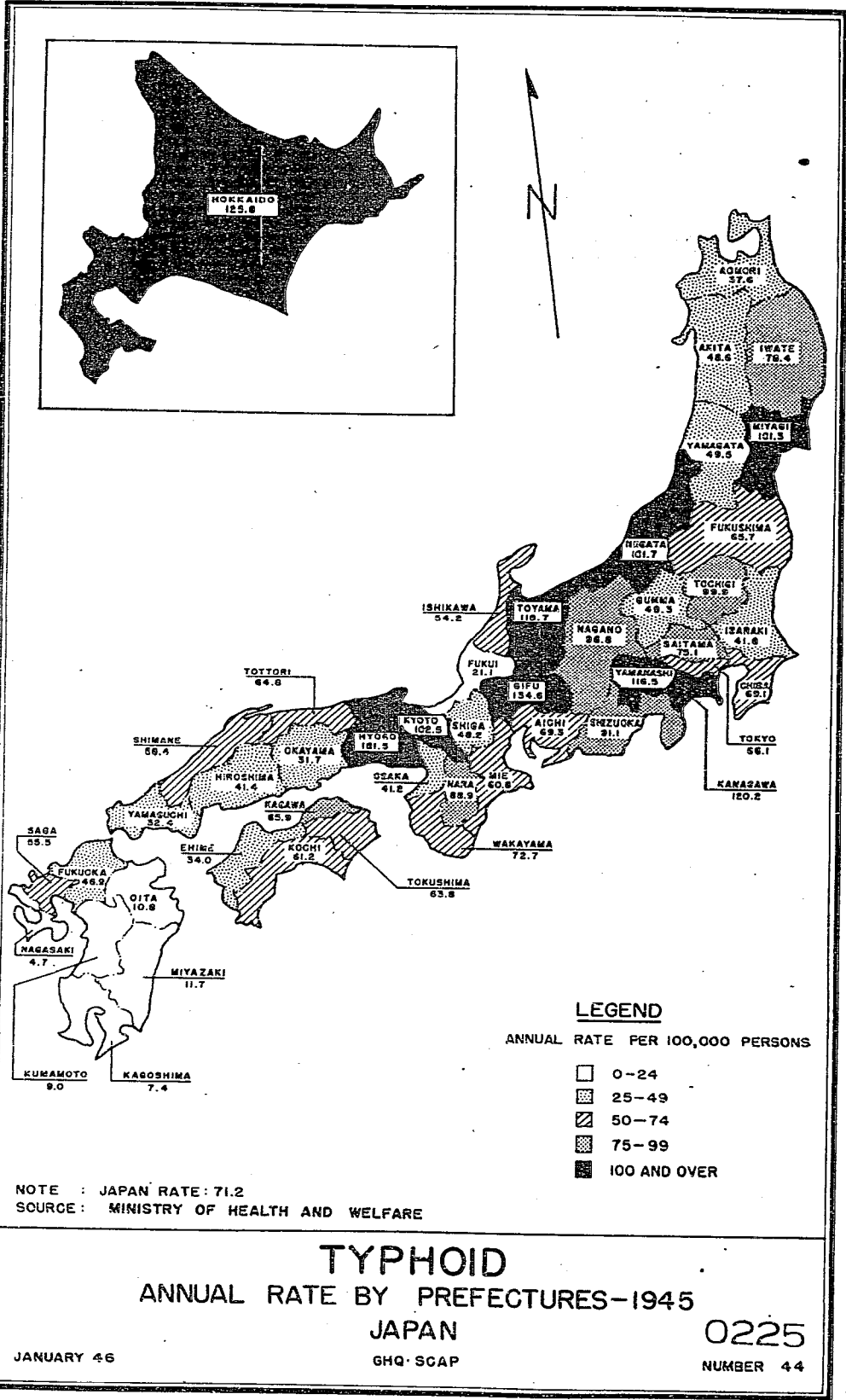
NOTE: JAPAN RATE: 2.4
SOURCE: MINISTRY OF HEALTH AND WELFARE

SMALLPOX
ANNUAL RATE BY PREFECTURES 1945
JAPAN

JANUARY 46

GHQ · SCAP

0224
NUMBER 43



TYPHOID
ANNUAL RATE BY PREFECTURES-1945

JAPAN
 GHQ-SCAP

0225
 NUMBER 44

JANUARY 46